Hawke's Bay Regional Council's

2016 – 17 Annual Plan

Part 3 | Financial Information

Contents

Prospective Financial Statements

Prospective Statement of Comprehensive Revenue and Expense

	Note	Annual Report 2014/15 ($'000)	Year 1 LTP 2015/16 ($'000)	Year 2 LTP 2016/17 ($'000)	Ann Pln 2a Ann Pln 2016/17 ($'000)
REVENUE					
Revenue from activities	1	5,916	6,168	6,381	6,868
Revenue from rates	2	15,907	16,584	17,527	17,406
Revenue from grants		3,277	2,983	3,076	3,055
Other revenue	3	15,965	13,492	16,122	15,720
Fair value gains on investments	7(a)	1,242	1,589	1,444	1,670
Reduction in ACC Leasehold Liability		-	1,263	1,256	1,152
Total Operating Revenue		**42,307**	**42,079**	**45,806**	**45,871**
EXPENDITURE					
Expenditure on activities	1	34,533	36,250	36,443	37,805
Finance costs	1	3,080	2,796	2,874	3,187
Depreciation & amortisation expense	5	2,379	2,349	2,486	2,490
Fair value losses		1,689	-	-	-
Other expenditure		425	-	-	-
Total Operating Expenditure		**42,106**	**41,395**	**41,803**	**43,482**
OPERATING SURPLUS					
Operating Surplus Before Income Tax		**201**	**684**	**4,003**	**2,389**
Income tax expense		-	-	-	-
Operating Surplus After Income Tax		**201**	**684**	**4,003**	**2,389**
OTHER COMPREHENSIVE REVENUE AND EXPENSE					
Gain / (loss) in revalued assets		57,920	597	22,353	21,557
Gain / (loss) in available-for-sale financial assets		-	-	-	-
Total Other Comprehensive Revenue and Expense		**57,920**	**597**	**22,353**	**21,557**
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		**58,121**	**1,281**	**26,356**	**23,946**
STATEMENT FOR GENERAL FUNDING POSITION					
CAPITAL EXPENDITURE					
Property, plant, equipment & intangible assets	5	2,470	2,577	1,884	2,973
Infrastructure assets - flood & drainage		649	762	1,453	1,498
Infrastructure assets - open spaces & regional assets		212	160	160	357
Forestry assets		102	37	35	22
Investments		-	-	-	-
Community net lending from reserves		-	-	-	-
Clean & solar heat net lending		2,169	1,498	1,260	725
Advances to regional investment company		2,133	39,194	23,681	39,991
Advances to Napier / Gisborne rail		116	5,342	-	5,342
Public debt repayments	4(a)	2,964	3,526	3,924	3,983
Total Capital Expenditure		**10,815**	**53,096**	**32,397**	**54,891**
RESERVE AND PUBLIC DEBT FUNDING					
Reserves funding	6	3,933	50,039	27,647	39,115
Public debt funding	4(a)	6,500	4,744	3,479	15,627
Leasehold annuity funding		-	-	-	-
Fair value gains on investments	7(a)	447	(1,589)	(1,444)	(1,670)
Fair value gains on other comprehensive income		(57,920)	(597)	(22,353)	(21,557)
Reduction in ACC Leasehold Liability		-	(1,263)	(1,256)	(1,152)
Total Reserve & Loan Funding		**(47,040)**	**51,334**	**6,074**	**30,362**
UNDERLYING SURPLUS / (DEFICIT)	8	**266**	**(480)**	**32**	**(583)**

Prospective Statement of Changes In Net Assets / Equity	Annual Report 2014/15 ($'000)	Year 1 LTP 2015/16 ($'000)	Year 2 LTP 2016/17 ($'000)	Ann Pln 2a Ann Pln 2016/17 ($'000)
Net Assets / Equity at the Start of the Year	469,795	480,643	481,924	529,197
Total Comprehensive Revenue and Expense	58,120	1,281	26,356	23,946
	58,120	1,281	26,356	23,946
Net Assets / Equity at the End of the Year	527,915	481,924	508,280	553,143

Prospective Financial Statements

Prospective Statement of Financial Position		Annual Report 2014/15 ($'000)	Year 1 LTP 2015/16 ($'000)	Year 2 LTP 2016/17 ($'000)	Ann Pln 2a Ann Pln 2016/17 ($'000)
ASSETS					
Non Current Assets					
Property, plant & equipment		18,207	19,467	19,530	21,244
Intangible assets		2,361	4,231	3,904	2,240
Infrastructure assets		151,538	152,519	175,181	174,821
Investment property		52,677	59,058	47,163	55,240
Forestry assets		5,887	5,611	5,985	6,637
Finance assets		10,579	15,285	15,286	10,579
Investment in council-controlled organisations		235,224	187,442	258,944	315,254
Advances to council-controlled organisations		-	51,153	3,332	1,666
Trade & other receivables		334	-	-	-
Napier / Gisborne rail lease		116	5,457	6,239	5,458
Total Non Current Assets		476,923	500,223	535,564	593,139
Current Assets					
Inventories		55	46	46	55
Trade & other receivables		9,164	6,884	6,884	9,164
Finance assets		83,408	30,985	20,304	14,093
Advances to council-controlled organisations		11,986	-	-	-
Cash & cash equivalents		8,882	7,426	7,422	11,143
Total Current Assets		113,495	45,341	34,656	34,455
TOTAL ASSETS		**590,418**	**545,564**	**570,219**	**627,594**
NET ASSETS / EQUITY					
Accumulated comprehensive revenue and expense	**9**	303,178	327,706	327,706	373,528
Fair value reserves	**9**	138,682	91,797	114,150	160,836
Other reserves	**9**	86,055	62,421	66,424	18,778
Total Net Assets / Equity		**527,915**	**481,924**	**508,280**	**553,142**
LIABILITIES					
Non Current Liabilities					
Borrowings		17,835	18,418	18,096	30,400
ACC Leasehold Liability		29,076	31,680	30,334	27,838
Provisions for other liabilities & charges		678	893	893	678
Total Non Current Liabilities		47,589	50,991	49,323	58,916
Current Liabilities					
Trade & other payables		9,110	6,529	6,529	9,110
Borrowings		3,289	3,924	3,801	3,829
ACC Leasehold Liability		1,157	1,256	1,346	1,238
Provisions for other liabilities & charges		1,358	940	940	1,358
Total Current Liabilities		14,914	12,649	12,616	15,536
Total Liabilities		**62,503**	**63,640**	**61,939**	**74,451**
TOTAL NET ASSETS / EQUITY AND LIABILITIES		**590,418**	**545,564**	**570,219**	**627,594**

Prospective Financial Statements

Prospective Cash Flow Statement	Annual Report 2014/15 ($'000)	Year 1 LTP 2015/16 ($'000)	Year 2 LTP 2016/17 ($'000)	Ann Pln 2a Ann Pln 2016/17 ($'000)
CASH FLOW FROM OPERATING ACTIVITIES				
Cash to be provided from:				
Receipts from customers	7,127	8,745	8,655	9,584
Rates	15,907	16,584	17,527	17,406
Dividends received	7,103	7,857	11,534	11,553
Interest received	4,374	2,736	1,791	1,175
Grants	3,221	2,983	3,076	3,055
Other income	1,752	322	523	276
	39,484	**39,227**	**43,106**	**43,049**
Cash to be applied to:				
Payments to suppliers	18,837	19,486	19,246	20,439
Payments to and behalf of employees	14,254	15,321	15,663	15,959
Finance expense	3,080	2,796	2,874	3,187
	36,171	**37,603**	**37,784**	**39,585**
Net Cash Flows from Operating Activities	**3,313**	**1,624**	**5,322**	**3,464**
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash to be provided from:				
Disposal of property, plant & equipment	372	275	184	203
Disposal of investment properties	3,885	-	13,000	-
Disposal of financial assets	155,755	25,194	23,681	39,991
Disposal of forestry assets	-	-	-	5
	160,012	**25,469**	**36,865**	**40,199**
Cash to be applied to:				
Purchase of property, plant & equipment	2,041	2,327	1,859	2,618
Purchase of intangible assets	429	250	25	355
Construction of infrastructure assets	861	922	1,613	1,855
Purchase of financial assets	163,755	-	13,000	-
Forestry asset development	102	37	35	22
Purchase of investments	-	0	0	0
Advances to Investment Company	2,045	39,194	23,681	39,991
Napier / Gisborne rail	116	5,342	-	5,342
	169,349	**48,072**	**40,213**	**50,183**
Net Cash Flows from Investing Activities	**(9,337)**	**(22,603)**	**(3,348)**	**(9,984)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash to be provided from:				
Loans drawn	6,500	4,744	3,479	15,627
Leasehold annuity	-	-	-	-
	6,500	**4,744**	**3,479**	**15,627**
Cash to be applied to:				
Loans repaid	2,964	3,526	3,924	3,983
Leasehold Annuity	4,468	1,443	1,533	1,407
	7,432	**4,969**	**5,458**	**5,389**
Net Cash Flows from Financing Activities	**(932)**	**(224)**	**(1,979)**	**10,237**
Net Increase / (Decrease) in Cash & cash equivalents	**(6,956)**	**(21,203)**	**(4)**	**3,717**
Opening cash & cash equivalents	15,838	28,629	7,426	7,426
Closing Cash & cash equivalents	**8,882**	**7,426**	**7,422**	**11,143**

Notes to the Financial Statements

NOTE 1 - Activity Revenue & Expenditure	Note	Annual Report 2014/15 ($'000)	Year 1 LTP 2015/16 ($'000)	Year 2 LTP 2016/17 ($'000)	Ann Pln 2a Ann Pln 2016/17 ($'000)
REVENUE					
Groups of Activities					
Strategic Planning		26	52	54	47
Land Drainage and River Control		1,016	650	660	681
Regional Resources		3,327	3,667	3,720	4,220
Regulation		1,183	1,533	1,624	1,608
Biosecurity		-	14	14	-
Emergency Management		168	119	122	175
Transport		35	-	-	-
Governance & Community Engagement		161	133	187	137
		5,916	**6,168**	**6,381**	**6,868**
Less Internal Revenue		-	-	-	-
TOTAL REVENUE FROM ACTIVITIES		**5,916**	**6,168**	**6,381**	**6,868**
EXPENDITURE					
Groups of Activities					
Strategic Planning		4,266	4,651	5,076	5,176
Land Drainage and River Control		6,924	7,235	7,377	7,263
Regional Resources		11,345	12,486	12,279	13,365
Regulation		2,745	3,369	3,456	3,460
Biosecurity		3,372	2,784	2,818	2,689
Emergency Management		1,770	1,935	1,991	2,063
Transport		4,325	4,274	4,465	4,215
Governance, Community Engagement and Services		3,001	2,927	2,520	3,227
		37,748	**39,661**	**39,982**	**41,458**
Less Internal Expenditure		(131)	(158)	(167)	(167)
Total Group Activities		**37,617**	**39,503**	**39,815**	**41,291**
Other Activities					
Regional Income Collection Expenditure		2,375	1,892	1,988	1,846
Interest Paid on Regional Income Loans		-	-	-	345
Total Other Activities		**2,375**	**1,892**	**1,988**	**2,191**
Less finance costs					
- interest on borrowings		(1,375)	(1,353)	(1,341)	(1,780)
- payments associated with the transfer of Napier leasehold cashflows to ACC		(1,705)	(1,443)	(1,533)	(1,407)
Total finance costs		(3,080)	(2,796)	(2,874)	(3,187)
Less depreciation and amortisation expense		(2,379)	(2,349)	(2,486)	(2,490)
TOTAL EXPENDITURE ON ACTIVITIES		**34,533**	**36,250**	**36,443**	**37,805**

Notes to the Financial Statements

NOTES 2 & 3 - Rates & Other Revenue

	Note	Annual Report 2014/15 ($'000)	Year 1 LTP 2015/16 ($'000)	Year 2 LTP 2016/17 ($'000)	Ann Pln 2a Ann Pln 2016/17 ($'000)
Note 2: Rates					
General Funding Rates					
Uniform Annual General Charge (UAGC)		1,735	1,836	1,970	1,947
General Rate on Land Value		1,140	1,294	1,257	1,248
Total General Funding Rates		**2,875**	**3,130**	**3,227**	**3,195**
Targeted Rates					
Upper Tukituki Catchment Control Scheme		666	689	714	714
Separate Flood Control & Drainage Schemes		276	298	306	307
Wairoa Rivers & Streams Scheme		155	154	158	158
Central & Southern Areas Rivers & Streams Scheme		221	224	229	229
Heretaunga Plains Flood Control & Drainage Schemes		5,071	5,088	5,261	5,245
Biosecurity Schemes		2,091	1,638	1,679	1,679
Subsidised Public Transport		1,621	1,604	1,652	1,604
Clean Heat Administration Rate		618	583	583	583
Sustainable Land Management		-	561	661	661
Economic Development Rate		1,397	1,721	2,058	1,997
Emergency Management Uniform Annual Charge		916	894	999	1,034
Total Targeted Rates		**13,032**	**13,454**	**14,300**	**14,211**
Total Rates		**15,907**	**16,584**	**17,527**	**17,406**
Note 3: Other Revenue					
Dividends		7,103	7,857	11,534	11,553
Interest		2,876	2,736	1,791	1,175
Leasehold rents		4,228	2,577	2,274	2,716
Forestry income		-	38	56	109
Subvention payments		562	140	140	-
Napier - Gisborne Rail Returns		-	144	327	167
Other income		1,190	-	-	-
Net gain / (loss) on disposal of assets		6	-	-	-
Total Other Income		**15,965**	**13,492**	**16,122**	**15,720**

NOTE 4(a) - External Debt & Interest Expense

	Annual Report 2014/15 ($'000)	Year 1 LTP 2015/16 ($'000)	Year 2 LTP 2016/17 ($'000)	Ann Pln 2a Ann Pln 2016/17 ($'000)
LOAN REQUIREMENTS				
New Borrowings				
Heat Smart Advances to Householders	4,780	2,752	2,034	2,034
Solar Water Advances to Householders	-	630	1,260	630
Computer Systems Integration Loans	420	250	25	240
Operations Group and Wairoa Office Extensions	600	-	-	-
Public Good Capital Assets Loans	700	660	160	920
Investment Projects	-	-	-	11,500
Hydrology/Science Equipment Loan	-	432	-	260
Air Quality Site Loan	-	20	-	43
Total New Borrowings	**6,500**	**4,744**	**3,479**	**15,627**
Principal Repayments				
Heat Smart Advances to Householders	1,170	1,545	1,786	1,821
Solar Water Advances to Householders	-	32	126	32
Computer Systems Integration Loans	240	250	264	275
Operations Group and Wairoa Office Extensions	30	60	60	60
Technical Equipment Loan (Monitoring Bores)	10	10	10	10
GIS Purchase Loan	19	19	-	-
HPFCS Flood & River Scheme Loan	45	45	45	45
Karamu & Tributaries Scheme Loan	40	40	40	40
Public Good Capital Assets Purchases	615	663	704	692
Sawfly Remediation Loans	670	670	420	420
Upper Tukituki Scheme Loans	30	30	30	30
Smap & SedNet Loans		-	-	104
Building Remediation Loan	61	61	317	317
Hydrology/Science Equipment Loan	35	57	78	93
Public Consultation on Oil & Gas Energy Engagement	-	20	20	20
Aerial Photography Loan	-	23	23	23
Air Quality Site Loan	-	1	1	1
Total Principal Repayments	**2,964**	**3,526**	**3,924**	**3,983**
TOTAL LOAN MOVEMENT	**3,536**	**1,219**	**(445)**	**11,644**
Loan Balances				
Heat Smart Advances to Householders	11,390	12,595	12,843	13,142
Solar Water Advances to Householders	-	599	1,733	599
Computer Systems Integration Loans	1,788	1,569	1,330	1,535
Operations Group and Wairoa Office Extensions	570	510	450	450
Technical Equipment Loan (Monitoring Bores)	60	50	40	40
HPFCS Flood & River Scheme Loan	295	250	205	205
Karamu & Tributaries Scheme Loan	200	160	120	120
Public Good Capital Assets Purchases	4,597	4,405	3,861	4,158
Sawfly Remediation Loans	1,230	560	140	140
Upper Tukituki Scheme Loans	160	130	100	100
Investment Projects	-	-	-	11,500
Smap & SedNet Loans		-	-	880
Building Remediation Loan	519	458	141	141
Hydrology/Science Equipment Loan	298	673	595	841
Public Consultation on Oil & Gas Energy Engagement	-	170	150	150
Aerial Photography Loan	-	196	173	173
Air Quality Site Loan	-	19	17	58
Total Outstanding Loan Balances	**21,124**	**22,342**	**21,897**	**34,229**

NOTE 4(a) - External Debt & Interest Expense

	Annual Report 2014/15 ($'000)	Year 1 LTP 2015/16 ($'000)	Year 2 LTP 2016/17 ($'000)	Ann Pln 2a Ann Pln 2016/17 ($'000)
Loan Interest Expense				
Heat Smart Advances to Householders	606	713	757	840
Solar Water Advances to Householders	-	17	70	13
Computer Systems Integration Loans	140	95	87	96
Operations Group Office Extensions	17	31	27	27
Technical Equipment Loan (Monitoring Bores)	4	4	3	3
GIS Purchase Loan	2	-	-	-
HPFCS Flood & River Scheme Loan	19	16	14	14
Karamu & Tributaries Scheme Loan	16	12	10	10
Public Good Capital Assets Purchases	292	295	262	265
Sawfly Remediation Loans	127	70	28	28
Upper Tukituki Scheme Loans	12	10	8	8
Investment Projects	-	-	-	345
Smap & SedNet Loans		-	-	47
Building Remediation Loan	39	31	18	18
Hydrology / Science Equipment Loan	23	35	37	44
Public Consultation on Oil & Gas Energy Engagement	-	10	9	9
Aerial Photography Loan	-	12	10	12
Air Quality Site Loan	-	1	1	1
Total Interest Expense	**1,297**	**1,353**	**1,341**	**1,780**

The loan balances for the end of the 2015/16 year reflect revised 2014/15 Annual Plan figures and therefore can not be reconciled on the above schedule by taking the opening balance and LTP movements.

NOTE 4(b) - Internal Debt & Interest Expense

	Annual Report 2014/15 ($'000)	Year 1 LTP 2015/16 ($'000)	Year 2 LTP 2016/17 ($'000)	Ann Pln 2a Ann Pln 2016/17 ($'000)
LOAN REQUIREMENTS				
New Borrowings				
Hydrology Equipment	300	100	100	100
Transport Electronic Ticketing	-	-	570	570
Makara Scheme Loan	220	-	-	-
Tangoio Easements	-	-	-	100
Total New Borrowings	**520**	**100**	**670**	**770**
Principal Repayments				
Building Weather Tightness	226	394	90	167
Computer Equipment	80	80	80	80
Hydrology Equipment	110	145	155	155
Makara Scheme Loan	-	7	7	7
Transport Electronic Ticketing	-	-	29	29
Total Principal Repayments	**416**	**626**	**361**	**437**
TOTAL LOAN MOVEMENT	**104**	**(526)**	**309**	**333**
Loan Balances				
Building Weather Tightness	543	90	-	-
Computer Equipment	660	580	500	500
Hydrology Equipment	1,230	1,185	1,130	1,130
Makara Scheme Loan	220	214	208	208
Transport Electronic Ticketing	-	-	542	542
Tangoio Easements	-	-	-	100
Total Outstanding Loan Balances	**2,653**	**2,069**	**2,379**	**2,479**
Loan Interest Expense				
Building Weather Tightness	33	12	2	2
Computer Equipment	33	27	23	15
Hydrology Equipment	46	53	51	32
Makara Scheme Loan	-	9	11	6
Transport Electronic Ticketing	-	-	14	8
Tangoio Easements	-	-	-	2
Total Interest Expense	**112**	**101**	**100**	**66**

NOTE 5 - Depreciation and Amortisation

	Annual Report 2014/15 ($'000)	Year 1 LTP 2015/16 ($'000)	Year 2 LTP 2016/17 ($'000)	Ann Pln 2a Ann Pln 2016/17 ($'000)
Capital Expenditure on Property, Plant & Equipment				
Land and Buildings	611	130	20	150
Motor Vehicles and Plant	804	1,160	841	887
Hydrological Equipment	383	705	165	793
Technical Equipment	23	23	593	593
Computer Equipment	174	284	215	120
Office Furniture and Equipment	46	25	25	75
Intangible Assets - Other	429	250	25	355
Intangible Assets - NWS Feasibility		-	-	
Total Capital Expenditure on Property, Plant & Equipment	**2,470**	**2,577**	**1,884**	**2,973**
Proceeds of Property, Plant & Equipment Disposals				
Land and Buildings	-	-	-	-
Motor Vehicles and Plant	154	275	184	203
Hydrological Equipment	-	-	-	-
Technical Equipment	-	-	-	-
Computer Equipment	-	-	-	-
Office Furniture and Equipment	-	-	-	-
Intangible Assets	-	-	-	-
Total Proceeds from Disposal of Property, Plant & Equipment	**154**	**275**	**184**	**203**
Depreciation on Property, Plant & Equipment				
Buildings	355	372	386	405
Motor Vehicles and Plant	511	497	497	482
Hydrological Equipment	269	252	309	363
Technical Equipment	59	55	80	77
Computer Equipment	181	248	290	207
Office Furniture and Equipment	56	53	50	51
Intangible Assets (Amortisation)	368	350	352	376
Property, Plant & Equipment Asset Depreciation	**1,799**	**1,827**	**1,964**	**1,961**
Depreciation on Infrastructure Assets				
Infrastructure Assets	580	522	522	529
Infrastructure Asset Depreciation	**580**	**522**	**522**	**529**
Total Depreciation & Amortisation	**2,379**	**2,349**	**2,486**	**2,490**

Notes to the Financial Statements

NOTE 6 & 7 - Reserve Movements & Fair Value Gains

	Note	Annual Report 2014/15 ($'000)	Year 1 LTP 2015/16 ($'000)	Year 2 LTP 2016/17 ($'000)	Ann Pln 2a Ann Pln 2016/17 ($'000)
Note 6: Funding from Reserves					
Project Scheme Reserves		(2,412)	400	35	(153)
Dividend Equalisation Reserve		75	900	(150)	(10)
Specific Regional Projects Reserve		30	-	-	-
Tangoio Soil Conservation Forestry Reserve		418	282	242	311
Asset Replacement Reserve		2,470	2,358	2,637	3,309
Infrastructure Asset Depreciation Reserve - Other Movement		446	(99)	402	427
Sale of Land Investment Reserve		3,904	44,826	23,980	34,191
Sale of Land Non-Investment Reserve		(70)	1,270	1,279	1,472
Council Disaster Damage Reserves		(283)	(153)	(153)	(133)
Scheme Disaster Damage Reserves		(58)	(172)	(218)	(120)
Other Reserves		(587)	427	(407)	(179)
Total Net Funding from Reserves		**3,933**	**50,039**	**27,647**	**39,115**
Note 7a: Fair Value Gains from Investments					
Investment Property at beginning of year		**57,787**	**57,787**	**59,058**	**53,948**
Additions		-	-	-	-
Disposals		(3,885)	-	(13,000)	-
Movement during the year		**(3,885)**	**0**	**(13,000)**	**0**
Fair value gains (included in statement of comprehensive revenue and expenditure)		(1,225)	1,271	1,105	1,292
Investment Property at end of year		**52,677**	**59,058**	**47,163**	**55,240**
Note 7a: Fair Value Gains from Forestry Assets					
Forestry Assets at beginning of year		**4,936**	**5,256**	**5,611**	**6,242**
Additions		101	37	35	22
Disposals		-	-	-	(5)
Movement during the year		**101**	**37**	**35**	**17**
Fair value gains (included in statement of comprehensive revenue and expenditure)		850	318	339	378
Forestry Assets at end of year		**5,887**	**5,611**	**5,985**	**6,637**
Other fair value gains (included in the statement of comprehensive revenue and expenditure		(72)	-	-	-
Total Fair value gains & losses (included in statement of comprehensive revenue and expendi		**(447)**	**1,589**	**1,444**	**1,670**

NOTE 8 - Reconciliation to Underlying Surplus / (Deficit)

	Note	Annual Report 2014/15 ($'000)	Year 1 LTP 2015/16 ($'000)	Year 2 LTP 2016/17 ($'000)	Ann Pln 2a Ann Pln 2016/17 ($'000)
Note 8: Underlying Surplus / (Deficit) Reconciliation					
Groups of Activities Underlying Surplus / (Deficits)					
[From Cost of Service Statements]					
Strategic Planning		(2,388)	(2,420)	(2,506)	(2,369)
Land Drainage and River Control		(1,261)	(1,370)	(1,447)	(1,494)
Regional Resources		(5,865)	(6,796)	(6,691)	(7,301)
Regulation		(1,562)	(1,836)	(1,832)	(1,853)
Biosecurity		(1,114)	(979)	(1,011)	(983)
Emergency Management		(646)	(649)	(670)	(657)
Transport		(69)	(75)	(84)	(76)
Governance & Community Engagement		(2,077)	(2,114)	(2,169)	(2,329)
Less Internal Expenditure & Income	1	131	158	167	167
Regional Income Collection	1	(2,375)	(1,892)	(1,988)	(1,846)
Total Groups of Activities Surplus / (Deficit)		**(17,226)**	**(17,973)**	**(18,231)**	**(18,741)**
Less Capital Expenditure					
[From Statement of Comprehensive Revenue and Expense]					
Capital Expenditure		(10,815)	(53,096)	(32,397)	(54,891)
Add Back:					
Capital Expenditure in Groups of Activities		5,771	6,639	7,510	7,073
Total Non-Groups of Activities Capital Expenditure		(5,044)	(46,457)	(24,887)	(47,818)
Plus General Funding					
Revenue from Rates	2	15,907	16,584	17,527	17,406
Other Revenue	3	15,965	13,492	16,122	15,720
Grants *[From Statement of Comprehensive Revenue and Expense]*		3,277	2,983	3,076	3,055
Loan Funding	4	6,500	4,744	3,479	15,627
Leasehold Annuity Funding		-	-	-	-
Less:					
Other Revenue in Groups of Activities		(23,615)	(21,920)	(22,645)	(22,448)
Other expenditure		-	-	-	(345)
Total Non-Groups of Activities General Funding		18,034	15,883	17,559	29,015
Plus / (Less) Reserves Funding					
[From Statement of Comprehensive Revenue and Expense]					
Reserves Funding	6	3,933	50,039	27,647	39,115
Less:					
Reserves Funding in Groups of Activities		569	(1,973)	(2,056)	(2,153)
Total Non-Groups of Activities Reserves & Loan Funding		4,502	48,066	25,591	36,962
Underlying Surplus / (Deficit)		**266**	**(480)**	**32**	**(583)**

NOTE 9 - Council Reserve Funds

	Accumulated Funds (1) ($'000)	Infra-structure Asset Renewal (2) ($'000)	Wairoa Rivers & Streams (3) ($'000)	Special Scheme (4) ($'000)	Port Dividend Equal-isation (5) ($'000)	Coastal Marine Area (6) ($'000)	Asset Replace-ment (7) ($'000)	Regional Disaster Damage (8) ($'000)	Scheme Disaster Damage (9) ($'000)	Clive River Dredging (10) ($'000)	Tangoio Soil Conser-vation (11) ($'000)	Catchment Fund (12) ($'000)	Sale of Land Invmt (13) ($'000)	Sale of Land Non-Invmt (14) ($'000)	Rabbit (15) ($'000)	Ngati-Pahawera (16) ($'000)	Total Operating and Capital Reserves ($'000)	Fair Value Reserves (17) ($'000)
At 1 July 2016	335,604	1,460	826	3,354	151	-	1,769	3,104	3,056	397	3,393	205	35,327	1,210	63	-	**54,314**	139,279
Deposits in year	37,924	1,101	46	21,750	10	1,734	3,038	133	139	65	89	107	11,500	1,114	2	-	**40,828**	21,557
Withdrawals in year	-	(1,308)	-	(21,661)	-	(1,734)	(3,023)	-	-	-	(400)	-	(46,775)	(1,464)	-	-	**(76,365)**	0
At 30 June 2017	373,528	1,253	872	3,443	161	-	1,784	3,237	3,195	462	3,082	312	52	860	65	-	18,778	160,836

Related Activities to Reserve Funds

Activities "√" denotes related activity	Accumulated Funds (1) ($'000)	Infra-structure Asset Renewal (2) ($'000)	Wairoa Rivers & Streams (3) ($'000)	Special Scheme (4) ($'000)	Port Dividend Equal-isation (5) ($'000)	Coastal Marine Area (6) ($'000)	Asset Replace-ment (7) ($'000)	Regional Disaster Damage (8) ($'000)	Scheme Disaster Damage (9) ($'000)	Clive River Dredging (10) ($'000)	Tangoio Soil Conser-vation (11) ($'000)	Catchment Fund (12) ($'000)	Sale of Land Invmt (13) ($'000)	Sale of Land Non-Invmt (14) ($'000)	Rabbit (15) ($'000)	Ngati-Pahawera (16) ($'000)	Total Operating and Capital Reserves ($'000)	Fair Value Reserves (17) ($'000)
Strategic Planning	√						√											
Land Drainage and River Control	√	√	√	√			√	√	√	√								√
Regional Resources	√			√			√				√	√	√	√				√
Regulation	√						√											
Biosecurity	√			√			√								√			
Emergency Management	√			√			√											√
Transport	√			√			√											
Governance & Community Engagement	√						√						√	√				
Regional Income Collection	√				√	√							√			√		√

Purpose of Reserve Funds: Refer to table next page

Notes to the Financial Statements

Purpose of Reserve Funds	
Reserve Type	**Definition**
1. Accumulated Funds	Funds required for the operating and capital requirements of Council.
2. Infrastructure asset depreciation reserve	A reserve established to fund the renewal of scheme infrastructure assets as required by the Local Government Act 2002.
3. Wairoa rivers & streams reserve	A reserve established to fund flood mitigation and recovery work within the Wairoa District.
4. Special scheme reserves	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. Includes flood and drainage, biosecurity, transport, emergency management and healthy homes.
5. Port dividend equalisation reserve	A reserve established to smooth out the dividend receipts from the Port so that fluctuations in Council's general funding rates are minimised.
6. Coastal marine area reserve	A reserve established to meet the statutory requirements on the use of rental income earned on Council's endowment leasehold land.
7. Asset replacement reserve	A reserve established to fund the replacement of operating property, plant and equipment, which are not scheme based.
8. Regional disaster damage reserve	A reserve established to meet the commercial insurance excess of $600,000 on each event, the uninsured 60% of edge protection damage and the costs of managing the response and recovery for a disaster event.
9. Scheme disaster damage reserve	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.
10. Clive river dredging reserve	A reserve established to meet the expenditure of dredging requirements on the Clive River.
11. Tangoio soil conservation reserve	A reserve established to separate the revenues and expenses associated with the Tangoio Soil Conservation Reserve as this reserve is managed and overseen by Council on behalf of the Crown.
12. Catchment Fund	A reserve established for the Maungaharuru - Tangitu catchment fund. This is funded from a yearly contribution from the Tangoio soil conservation reserve.
13. Sale of land investment reserve	A reserve established to hold the proceeds of endowment leasehold land sales to be reinvested in accordance with Council's policy on "Evaluation of Investment Opportunities" approved on 30 April 2008.
14. Sale of land non-investment reserve	A reserve established to hold transfers from the Sale of Land Investment Reserve to be invested in accordance with Council's policy on "Open Space Investment" approved on 25 June 2008 and Council's Investment Policy set out in the 2009/19 10 Year Plan.
15. Rabbit reserve	A reserve established to fund costs expected to be incurred with growing rabbit populations. The reserve is limited to a maximum balance of $100,000.
16. Ngati Pahauwera reserve	A reserve established to ring-fence funding for Ngati Pahauwera Rivers Initiatives. For the clean up of the Mohaka, Waikari and Waihua Rivers and their catchments.
17. Fair value reserves	A reserve required by generally accepted accounting practice to account for movements in the value of assets subject to regular fair value assessments.

Financial Metrics

Financial Metrics

The LTP set out a number of financial metrics to be monitored. The 2016-17 LTP metrics have been compared to the 2016-17 Annual Plan metrics in the table below along with an explanation of any major difference.

Trends of Other Financial Metrics	LTP	Ann Pln	Variance	Explanation
Metric	**2016-17**	**2016-17**		
Net Surplus Margin: (This metric shows the percentage of income retained by HBRC after meeting all operating costs for the year).	9.29%	5.55%	(3.74%)	The net surplus margin has decreased due to lower interest income as the OCR has significantly decrease since the LTP was written.
Return on Investment Assets: (This metric shows the amount of interest and dividend income generated each year by HBRC's total investment asset base).	4.47%	3.84%	(0.63%))	The return on investment assets ratio has decreased due to lower interest income and an increase in the total investment asset base due to the 2014-15 increase in the HBRIC Ltd valuation..
Rates to Total Revenue: (This metric shows the percentage of HBRC's total revenue that is collected through rates).	40.66%	40.43%	(0.23%)	Rates to total revenue have decreased slightly as overall rates have been reduced from 5.69% to 4.95%
General Rates to Total Rates: (This metric shows the percentage of HBRC's total rates revenue that is collected through general rates).	18.41%	18.36%	(0.05%)	General rates have decreased slightly from the LTP due to an overall reduction in costs
Capex to Total Cash Payments: (This metric shows the proportion of total cash payments that has been spent on fixed assets).	4.19%	5.07%	0.88%	Capex to total cash payments has increased due to increased funding for science equipment and investment in technology for regulatory systems, automated business processes and hosted infrastructure. There was also unspent capital spending from 2015-16 that has been carried forward to 2016-17.
Finance Expense (interest on borrowings and payments to ACC for leasehold cashflows) to Total Operating Expenditure	6.88%	7.33%	0.45%	Finance expenses have increased due to for the additional borrowing for investment funding. This approach was adopted instead of selling the Wellington leasehold property.as suggested in the LTP. It is financially beneficial to defer the sale and borrow short term.
Finance Expense (interest in borrowings only) to Total Operating Expenditure	3.21%	4.09%	0.88%	Finance expenses have increased due to for the additional borrowing for investment funding. This approach was adopted instead of selling the Wellington leasehold property.as suggested in the LTP. It is financially beneficial to defer the sale and borrow short term.
Debt to Debt Plus Equity	9.54%	10.27%	0.73%	Debt has increased due to for the additional borrowing for investment funding

Benchmarks

Annual plan disclosure statement for the year ending 30 June 2017

The purpose of this statement is to disclose the council's planned financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenue, expenses, assets, liabilities, and general financial dealings.
The council is required to include this statement in its annual plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Benchmark		LTP 2016/17	Planned 2016/17	Met
Rates Affordability Benchmark				
Income		$17,526,667	$17,404,351	**YES**
Increases		5.69%	4.95%	**YES**

For this benchmark, -
a) the council's planned rates income for the year is compared with the budgeted figure on rates contained in the financial strategy included in the council's long-term plan; and
b) the council's planned rates for the year are compared with budgeted percentage increase on rates for the year contained in the financial strategy included in the council's long-term plan

Debt Affordability Benchmark				
Debt to Debt / Equity Ratio	not exceed 28%		5.83%	**YES**
Interest to Total Operating Spend	not exceed 25%		7.33%	**YES**

For this benchmark, the council's planned borrowing is compared with debt to debt equity ratio not exceeding 28% and total interest expense on external public debt not exceeding 25% of total annual operating expenditure

Balanced Budget Benchmark	equal or greater than 100%		105.49%	**YES**

For this benchmark, the council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment).
The council meets the balanced budget benchmark if its operating revenue equals or is greater than its operating expenses

Essential Services Benchmark	equal or greater than 100%		283.18%	**YES**

For this benchmark, the council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.
The council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services
(NB Council only has one network service and that covers the flood and drainage schemes)

Capital expenditure on flood protection and control works are funded by a combination of depreciation, reserve funding and borrowing for new assets. Not all infrastructure assets are depreciated as items such as stop banks do not drop in value.

Debt Servicing Benchmark	equal or less than 10%		3.88%	**YES**

For this benchmark, the council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluation of property, plant and equipment)
Because Statistics New Zealand projects that council's population will grow as fast as the national population growth rate, it meets the debt servicing benchmark if councils' planned borrowing costs equal or are less than 10% of its planned revenue.

Summary of Significant Accounting Policies

General Information

Reporting Entity

The Hawke's Bay Regional Council (Council) is a regional local authority governed by the Local Government Act 2002 and is domiciled in New Zealand.

Its primary objective is to provide services and social benefits for the community rather than make a financial return. Accordingly, Council has designated itself as a Tier 1 public benefit entity under PBE IPSAS Accounting Standards.

The prospective financial statements presented are for the 12 month period beginning on 1 July 2016 and have been prepared in accordance with Sections 95 and 111 of the Local Government Act 2002.

Basis of Preparation

The prospective financial statements 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).

HBRC has not presented group prospective financial statements because we believe that parent prospective financial statements are more relevant to readers. The main purpose of prospective financial statements in an Annual Plan is to provide readers with information about the core services that HBRC intends to provide to its ratepayers; the expected cost of those services, and as a consequence how much is required by way of rates to fund the intended levels of service. The level of rates funding required is not affected by subsidiaries except to the extent that HBRC obtains distributions from, or further invests in, those subsidiaries. Such effects are included in the prospective financial statements.

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

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

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

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($’000).

The principal accounting policies applied in the preparation of these prospective financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 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.

1.1 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. They are recognised at the amounts due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- 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 the Council has received an application that satisfies its rates remission policy.

1.2 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 ar 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.

Summary of Significant Accounting Policies

1.3 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.

1.4 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. The majority of grant revenue is from NZTA for subsidised passenger transport. This is recognised when invoiced on a monthly basis as per the contract with NZTA.

1.5 Leasehold Land Rent

Leasehold land rent is recognised as revenue when they become receivable as per the individual lease agreements.

2 Expenditure Recognition

2.1 Borrowing Costs

Borrowing costs are recognised as an expense when incurred.

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

2.3 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.

3 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.

4 Leases

4.1 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 the Council 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.

4.2 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.

5 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at 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.

6 Receivables

Receivables are recorded at their face value, less any provision for impairment.

7 Derivative Financial Instruments and Hedging Accounting

Derivative financial instruments are used to manage exposure to foreign exchange arising from the Council's operational activities and interest rate risks arising from the Council's financing activities. In accordance with its treasury policy, the Council 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.

The Council and 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).

The Council and 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. The Council and 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.

7.1 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.

7.2 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.

8 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 the Council and group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council and group has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purpose of measurement:

- fair value through surplus or deficit
- loans and receivables
- held-to-maturity investments, and
- fair value through other comprehensive revenue and expense.

The classification of a financial asset depends on the purpose for which the instrument was acquired.

8.1 Financial Assets at Fair Value through Surplus or Deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking.

Derivatives are also categorised as held for trading unless they are designated into a hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset. The current/non-current classification of derivatives is explained in the derivatives accounting policy above.

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

8.2 Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. 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 when the asset is impaired or derecognised 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.

8.3 Held-to-Maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after 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 when the asset is impaired or derecognised are recognised in the surplus or deficit.

8.4 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 designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date. The Council and group includes in this category:

- investments that it intends to hold long-term but which may be realised before maturity; and
- 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, except for impairment losses, which are recognised in the surplus or deficit.

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

9 Impairment of Financial Assets

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

9.1 Loans and receivables, and held-to-maturity investments

Impairment is established when there is evidence that the Council and group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of 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.

Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government bonds, and community loans, are recognised directly against the instrument's carrying amount.

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

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

10 Inventory

Inventory is stated at the lower of cost (using the weighted average cost method) and net realisable value.

11 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.

12 Plant, Property and Equipment

12.1 Operational Assets

Council land and 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.

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 Council 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.

12.2 Infrastructure Assets

Infrastructure assets are tangible assets that are necessary to fulfil the Council'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 the Council 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.

12.3 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 the Council and 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.

12.4 Disclosure

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.

12.5 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 the Council or group and the cost can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive revenue and expense during the financial period in which they are incurred.

12.6 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 gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Revaluations are accounted for on a class-of- asset basis.

12.7 Value in use for non-cash-generating and cash-generating assets

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are **not** held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

13 Intangible Assets

13.1 Software Acquisition and Development

Acquired computer software licenses are 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 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 are recognised as an expense when incurred.

13.2 Carbon Credits

Purchased carbon credits are recognised at cost on acquisition. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

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 derecognised when they are used to satisfy carbon emission obligations.

13.3 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 derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

14 Depreciation and Amortisation Periods

Land and hard dredging are 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. Major depreciation and amortisation periods are as follows.

Major Depreciation and Amortisation Periods	
Asset Category	**Years**
Buildings	10 - 110
Site Improvements	10 - 40
Vehicles	3 - 14
Plant & Equipment	3 - 73
Computer Equipment	5 - 20
Computer Software & Licences	5 - 12
Infrastructure Assets	25 - 70
Dredging	6 - 8

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 flood event.

15 Impairment of Non-Financial Assets

Assets that have an indefinite useful life are not subject to amortisation or depreciation 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. An impairment loss is recognised in the statement of comprehensive revenue and expense 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 the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

16 Investment Property

Investment property is leasehold land in Napier and Wellington and one property on forestry land 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 the statement of comprehensive revenue and expense for the period in which it arises.

17 Forestry Assets

Forestry assets 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 the statement of comprehensive revenue and expense for the period in which it arises.

18 Payables

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

19 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.

20 Employee Entitlements

20.1 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 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.

20.2 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; and
- the present value of the estimated future cash flows

21 Provisions

Provisions are recognised when:

- Council has a present legal or constructive obligation as a result of past events, and
- it is more likely than not that an outflow of resources will be required to settle the obligation, and
- 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

Provisions are not recognised for future operating losses.

Summary of Significant Accounting Policies

22 ACC Leasehold Liability

In December 2013 Council entered into a contract with the Accident Compensation Corporation (ACC) to sell the cash 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. The liability to ACC reduces by any sales of leasehold property during the year as these are paid to ACC as compensation for lost rental revenue over the 50 year term from the property freeholded.

The liability is held at the net present value as at balance date which is recalculated every year to account for freeholding of leasehold property and rent renewals. Any movements in the liability figure are taken to the statement of comprehensive revenue and expenditure.

23 Equity

Equity is the community's interest in the Council 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
- other reserves.

23.1 Fair Value Reserves

This reserve relates to the revaluation of land, buildings, hydrological assets, infrastructure assets and other financial assets to fair value.

23.2 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 Council decision. Transfers to and from these reserves are at the discretion of the Council.

24 Goods and Services Tax

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.

25 Budget Figures

The budget figures are those approved by the Council in its 2014/15 annual 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.

26 Basis of Allocation of Council'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.

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.

27 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 or 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.

Advances to HBRIC Ltd

The Council has made the assumption that the advances to HBRIC Ltd for the development costs of the Ruataniwha Water Storage Scheme are to be held as a current asset until the project has reached financial close.

Fair Value of Assets

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

Useful Life of Assets

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

28 Cautionary Note

The forecast financial statements are prepared based on best estimates available at the time of preparing the accounts. Actual results are likely to vary from information presented and the variations may be material.

The purpose of this draft plan is to consult with the community on the spending priorities outlined within it, and may not be appropriate for any other purpose.

Significant Forecasting Assumptions

The following assumptions are directly from the 2015-25 Long Term Plan. All revised assumptions for the 2016-17 Annual Plan will marked in red italics and the corresponding LTP assumptions will be struck out.

Introduction

In preparing the Long Term Plan for 2015-25 a number of assumptions and predictions about the future have been made. There are always inherent risks with such forecasting, therefore it is important that the main assumptions used in these forecasts are identified. This section has been designed to identify these assumptions, and explain the risks associated with such assumptions.

HBRC Activities and Functions

HBRC will continue to perform our existing functions in accordance with current legislation and current Council policies. These functions will be primarily carried out to meet our statutory role and responsibilities and to help meet the community outcomes for the region. This plan links community outcomes to HBRC activities within each group of activities.

Financial Presentation

Council has not presented group prospective financial statements because it believes that parent prospective financial statements are more relevant to users. The main purpose of prospective financial statements in a Long Term Plan is to provide users with information about the core services that Council intends to provide to ratepayers and the expected cost of those services. And consequentially how much Council needs by way of rates to fund the intended levels of service. The level of rates funding required is not affected by subsidiaries except to the extent that Council obtains distributions from, or further invests in, those subsidiaries. Such effects are included in the prospective financial statements

General Assumption

HBRC has not taken into account forecast changes in population, economic activity or climate change. It is considered that the impact of any changes in these statistics will have a minimal or very low effect on the plan's projections.

A significant disaster event, particularly a flood, may have a major impact on the work programmes set out in this Long Term Plan. Following such an event, HBRC will focus on response to community needs that arise as a result of the event and community recovery following the event.

Interest Rates

Information received from a number of NZ trading banks indicates that the interest rate assumptions below for borrowing would be appropriate for inclusion in the plan:

- For the 2015-16 financial year – ~~5.5%~~ *5.03% (Actual Rate)*
- For the 2016-17 financial year – ~~6%~~ *5.00% 10 year borrowing*
- For the 2017-18 financial year – 7%
- For the remainder of the plan until 30 June 2025 – 7.5%

Information received from a number of NZ trading banks and financial commentary indicates that the official cash rate could reduce by a further 0.25% in September 2015 from its current level of 3.25%. The rise in the official cash rate will be slow and could be as far out as the end of 2016, beginning of 2017. The following rates of interest on deposits have been used in this plan:

The OCR has been cut five times since June 2015 and as at June 2016 is 2.25% with further cuts still a possibility. With these assumptions in mind the 2016-17 interest rate has been revised.

- For the 2015-16 financial year – ~~4.3%~~ 3.44% *(Actual Rate)*
- For the 2016-17 financial year – ~~5%~~ 2.80%
- For the 2017-18 financial year – 6%
- For the remainder of the plan until 30 June 2025 – 6.5%

Cost Adjusters

All expenditure projections in the statements and assets in the statement of financial position are stated in 2015-16 dollar values; however, for the year 2016-17 and subsequent years of the plan, the following adjustments (Table 1) have been made to allow for the effect of inflationary pressures on costs.

Significant Forecasting Assumptions

Table 1: Cost Adjusters						
Year	**Wages, Salaries & other Salary Related Costs**		**External Expenditure**		**Assets**	
	Annual (%)	Cumulative (%)	Annual (%)	Cumulative (%)	Annual (%)	Cumulative (%)
2016-17	1.8	1.8	~~2.3~~ *0*	~~2.3~~ *0*	~~2.3~~ *0*	~~2.3~~ *0*
2017-18	1.9	3.7	2.5	4.8	2.6	4.9
2018-19	2.0	5.7	2.6	7.4	2.6	7.5
2019-20	2.1	7.8	2.7	10.1	2.7	10.2
2020-21	2.2	10.0	2.9	13.0	2.8	13.0
2021-22	2.3	12.3	3.0	16.0	3.0	16.0
2022-23	2.4	14.7	3.1	19.1	3.1	19.1
2023-24	2.5	17.2	3.3	22.4	3.3	22.4
2024-25	2.6	19.8	3.4	25.8	3.5	25.9
*These assets include infrastructure, land, buildings, hydrological assets and Hawke's Bay Regional Investment Company Limited equity and are derived using an average price change from each of the asset categories.						

The external expenditure cost adjustors were removed for the 2016-17 year and actual costs were used.

The above rates have been taken from the BERL forecasts of price level adjustors, dated October 2014.

It is not anticipated that there will be any significant variations over the inflation provisions when HBRC re-tenders for maintenance and other contracts during the term of the plan.

Investments

Investment Activities

It is proposed to invest around $97.8M during the period of the Long Term Plan in new and existing investments in water storage (Ruataniwha Plains and Ngaruroro), rail transport (Napier Gisborne Railway) and forestry. HBRIC will continue to invest in the Ruataniwha Water Storage Scheme (RWSS) using funding provided by HBRC and may also invest in the Ngaruroro Water Storage Scheme (NWS) if it is established as viable as a result of a feasibility study. Investment in Napier Gisborne Railway (NGR) and forestry is expected to remain on HBRC's own statement of financial position.

The following Table 2 shows the estimated returns on these investments over the course of this LTP.

Table 2: Major Proposed Investments		
Proposed Investment	**Expected Rate of Return**	**Next Step**
Ruataniwha Plains Water Storage	6%	Financial Close ~~Feb 2016~~ *July 2016*
Ngaruroro River Water Storage	6%	Feasibility Study 2015-18
Napier Gisborne Railway	6%	Reinstatement of line 2015-18
Forestry	6%	Ongoing

While these projects are expected to yield cash income after they become operational, they will accrue holding costs on funds advanced by HBRC to fund them (either directly or through HBRIC) at the expected rates of return (refer to table 2 above), until they are generating positive cash flows from operations.

Significant Forecasting Assumptions

Napier-Gisborne Railway (NGR)

HBRC has made a provision to invest up to $5.5M in the reinstatement of the Napier-Gisborne Railway (NGR) to operational status. HBRC is awaiting a decision from Kiwirail on the next steps in the future of this line.

For planning purposes this LTP assumes HBRC will be a financial stakeholder in future operations of the line.

Table 3: NGR	
Investment	**Significant Assumptions**
NGR	Council will invest up to $5.5M to assist in the objective to achieve the reinstatement of rail freight services north of Napier.

NGR will be retained on HBRC's statement of financial position in the initial phases of development of the business case. When the project moves to the operational and commercial phase, HBRC will consider transferring this investment to HBRIC thus utilising the commercial expertise held in this company.

The funding for the NGR has been moved from the 2015-16 year as per the LTP to the 2016-17 year due to delays in negotiations.

Forestry

During the course of the LTP, HBRC will manage the following forestry assets.

Table 4: Forestry Assets - Carbon Forestry Investments		
Site Name	**Area (ha)**	**Significant Assumptions**
CHB	180	Average carbon price over LTP of $3.80/tonne.
Mahia	35	Return on use of funds based of 6% this being at a discounted rate to HBRC's borrowing rates as set out in this policy.
Waihapua	250	No material new investment.

Table 5: Forestry Assets – Forestry Investments		
Site Name	**Area (ha)**	**Significant Assumptions**
Tangoio	320	20-30 ha to be harvested over 2021-2023 period.
Tutira	140	140 ha to be progressively harvested starting in 2018-2019 and ending in 2020-2021. The plan provides for capital funding to cover roading infrastructure for harvesting and for re-establishing of forests.
Tutira: Manuka Honey	150	Actual investment returns from UMF honey, starting in 2015-2016, will not fall significantly over the life of the investment.

HBRC's forestry investments are restated to fair value each year in accordance with Council policy, however for the purposes of this LTP the 'property' price adjusters as determined by BERL have not been used because they are not considered to be relevant to HBRC's particular portfolio of forestry land.

This LTP therefore assumes that changes in the value of the forestry assets is a function of additional investment made in the properties (if any) and the returns realised (if any) from the land through harvesting or sale of carbon. The scale of these effects is assumed to be 3% growth in value per annum except in years were harvesting takes place when the assumption is a fall in value of Tutira Forest is equivalent to a fall of 2% pa across the whole portfolio.

HBRIC Ltd

HBRIC Ltd, the Council's investment company, commenced activities in February 2012 and has been operating successfully since then. Its principal investments now are 100% ownership of Port of Napier Limited (PONL), which owns and operates Napier Port, and capitalised development expenditure in relation to the Ruataniwha Water Storage Scheme (RWSS). During 2015-2017 it is proposed that HBRIC Ltd will increase this investment by providing funds to implement the RWSS (design, construction and operation).

This Plan assumes that HBRIC Ltd's proposed investment in the RWSS project ~~($71.5M)~~ *($80.0M)* will be completed by ~~September 2016~~ *January 2017* and will be financed by HBRC subscribing the full amount required for investment in the form of new capital in HBRIC.

Upon financial close HBRIC Ltd will issue ~~71.5~~ *80* million new $1 ordinary shares to HBRC and simultaneously make a call of up to 20 cents per share to repay all outstanding advances (estimated to be around ~~$12M~~ *$16M*) made by HBRC to HBRIC Ltd for RWSS to that date. The remaining 80 cents per share will be called in instalments over the ~~2015-16~~ *2016-17* financial year to meet HBRIC Ltd's share of the drawdowns required for completion of the RWSS project.

In the future it is possible HBRIC Ltd will undertake any investment to be made by HBRC in the proposed Ngaruroro Water Storage Scheme (NWSS) if its feasibility is established. HBRIC Ltd will continue to hold and develop its existing investments as well as identifying, evaluating, and where appropriate, investing in, new investments.

Currently governance of HBRIC Ltd is by a Transition Board of Directors who will be replaced by a full board following completion of financial close of the RWSS project on or after 30 June ~~2015~~ *2016.*

Dividends payable to HBRC will be 100% of HBRIC Ltd's Net Profit after Tax (NPAT) as stated in its Statement of Intent (SOI) for the year ending 30 June 2015. HBRIC Ltd's dividends are based on PONL's financial performance and are set at a level to also provide HBRC a return of 6% on its funding of investment in RWSS throughout the LTP. This requirement for a return on RWSS funding was included in the Council resolutions of 25 June 2014 which set out the conditions precedent for approval of funding for RWSS.

Dividend projections from HBRIC Ltd are available up to 2021-22. For the remaining years of the Plan, it is assumed dividends will increase by 10% in 2022-23 and 5% in each of the years 2023-24 and 2024-25. The higher increase in 2022-23 is supported by the anticipated boost in Napier Port income due to the completion of a high level of capital development.

The following Table 6 summarises the significant forecasting assumptions in respect of HBRIC Ltd.

Table 6: HBRIC

Investment	Significant Assumptions
PONL	Return on investment through dividends based on Napier Port's financial performance.
RWSS	Total project cost estimated to be $275M. HBRIC will invest up to $80M in equity in a limited partnership to own and operate the scheme.
NWS	HBRIC to invest up to $25M (net of a feasibility study estimated to cost $5M) as its share of construction of a scheme for the Ngaruroro River.

Set out below are the projected HBRIC Ltd dividends that have been included in this Plan:

Year	$000	Year	$000
2015-16	7,857	2020/21	12,846
2016-17	~~11,534~~ *11,553*	2021/22	13,567
2017-18	12,283	2022/23	14,359
2018-19	12,535	2023/24	14,882
2019-20	12,575	2024/25	15,431

The 2016-17 Annual Plan assumes a slightly increased dividend payment due to the timing of funding requirements.

These dividend projections have been based on Napier Port's dividend projections, adjusted for HBRIC Ltd projected operating costs and tax adjustments.

Significant Forecasting Assumptions

Funding of Investments

These investments will be funded by:

- Drawing down on existing cash reserves.
- ~~Selling HBRC's existing portfolio of Wellington leasehold properties during the 2016-17 financial year.~~
- *The Annual Plan assumes that the existing portfolio of Wellington leasehold properties will no longer be sold in the 2016-17 financial year as these investments are currently providing good returns and it is financially beneficial to defer the sale of the properties and borrow these funds at interest-only rates of 4%. Funding of $11,500,000 is required in the 2016-17 Annual Plan for this purpose.*
- Securing contributions from Central Government and its agencies to specific investment projects.
- Additional borrowings.

Where HBRC borrows to fund proposed investments it is assumed these borrowings will be on an interest-only basis. When these investments yield a commercial return on funds invested, loans will be renegotiated to reflect some capital repayments.

Future investments (excluding investment in RWSS), made by HBRIC will be funded from a mixture of equity and advances provided by HBRC to HBRIC at no less than the Council's cost of funds for external borrowing.

Assets

Infrastructure Assets

All infrastructure assets (river, flood control and drainage schemes) will be operated, maintained and improved as set out in the asset management plans that have been prepared for each of the river, flood control and drainage schemes.

Schemes are funded to a level that ensures levels of service set for each scheme in the relevant asset management plan are achieved and maintained over the life of the assets.

For the purposes of projecting annual movement in the values of this asset category to fair value, the property price adjusters covering projected movement in asset construction (Local Government cost index, capex) as set out by BERL have been used. Refer to the Infrastructure Strategy for further details on the lifecycle of infrastructure assets and funding of the replacement of significant assets.

The useful life of each category of asset is shown in the Statement of Significant Accounting Policies included in this plan.

Plant, Property and Equipment including Intangible Assets

It is assumed that HBRC's other fixed assets continue to be provided at the level required to carry out its activities. Depreciation on operating assets will continue to be fully funded. Combined with the proceeds of asset sales and loan funding, where appropriate, that will be sufficient to fund the ongoing programme of capital expenditure on operating assets.

The useful life of each category of asset is shown in the Statement of Significant Accounting Policies included in this plan.

For the purposes of projecting annual movement in the values of this asset category to fair value, the Local Government cost index, capex as set out by BERL have been used.

Insurance of Infrastructure Assets

HBRC currently provides cover for its infrastructure assets through a hierarchy of insurance and other available funding as follows.

- ~~Local Authority Protection Programme (LAPP) which covers 40% of infrastructure value above an excess of $2M applies for the 2014-15 year and may change in subsequent years.~~
- *HBRC have moved from LAPP as our supplier of insurance for infrastructure assets to another commercial insurer. They cover 40% of infrastructure value up to an estimated maximum probable loss based on a >1 in 2000 year event of $60 million, with an excess of $1.5 million. The insurance will cover up to 2 events in any one year.*

- Central Government, under the National Civil Defence Recovery Plan, will meet 60% of the value of infrastructure assets critical to the functioning of the community, above 0.002% of regional capital value and provided HBRC has taken demonstrable steps to meet the remainder of the cost.
- Each flood control and drainage scheme has access to a disaster reserve account. The scheme disaster reserves are designed to meet the costs of damage that may occur in any relatively minor flood event.
- A Regional Disaster Damage Reserve which has been set up to provide "last resort" funding for:
  - Cost of responding to and managing an event
  - Any difference between the deductible (excess on the LAPP) and the threshold for eligibility for Central Government assistance
  - Cost of reinstatement of any uninsured assets (e.g. pathways on top of stopbanks)
  - Contribution towards the cost of reinstatement of infrastructure assets to an equivalent standard to that in place before the damage was incurred
  - The possibility of contributing to the cost of reinstating the level of service provided by an asset being considerably more than the optimised replacement value.

The Regional Disaster Reserve is required to be maintained with between $2.75M and $3.75M of investments. The Reserve as at 31 June 2014 holds $3M.

The budgets established for the 2015-25 LTP were prepared on the basis that this reserve would not be drawn on within the 10 Year Plan period.

Dividend Equalisation Reserve

The Dividend Equalisation Reserve was established by HBRC with the intention of having funds available to provide additional regional income in years where the payment of a dividend from Napier Port or other regional income was substantially less than the levels forecast. The purpose of this reserve was therefore to insulate HBRC from needing to temporarily increase general rates to make up any shortfall in regional income.

The use of this reserve is programmed for years 1 and 6 of this Plan when income from investments is projected at levels below that required to fund HBRC's operational services. In the latter years of the Plan regional income will have strengthened through forest harvesting in HBRC's Tutira forestry block and, in the latter years of the LTP, from strengthening dividend income from HBRIC Ltd.

The Dividend Equalisation Reserve is estimated to be ~~$1.2M~~ *$257,000* at the beginning of the LTP (1 July ~~2015~~ *2016*).

Funding of Open Space Initiatives and Community Facility Assistance

HBRC has adopted a policy to approve expenditure on capital related open space items and a further policy to provide assistance to community facilities within the region. This plan assumes that the majority of the initiatives as approved by these two policies will be funded by the loan facility of $7.5M. This loan facility is repayable over a 10 year period and is funded by the transfer of about $1M per annum from Council's Sale of Land Investment account.

Subsidy Rates

Funding assistance will be provided by Crown agencies, primarily the New Zealand Transport Agency at the following levels.

NZTA - Operations funding assistance rates

• Bus Services (including infrastructure, operations and maintenance)	53% (2015-16 52% (2016-17) 51% (2017-18 forward)
• Total Mobility Scheme	60%

Risks to Assumptions

Risks to Assumptions

The following tables (7-10) outline the risks to significant forecasting assumptions. If these assumptions prove to be incorrect, there could be a significant effect on the level of rates that HBRC plans to collect from the community. In this situation, it will re-examine its work programmes and determine if it's appropriate to rate the community or change the scope of those programmes.

Council Investment Risks

Table 7: Council Investment Risks				
Investment	**Assumptions**	**Risk to Assumption**	**Level of Uncertainty**	**Reasons and Financial Effects of Uncertainty**
HBRIC Ltd	Dividends will be paid to HBRC as scheduled.	Napier Port financial performance falls short of its forecasts.	Low	A substantial part of HBRC's regional income comes from HBRIC as the majority of HBRC's investment assets are held by HBRIC. Any diminution of dividends paid by HBRIC to HBRC will have a direct negative effect on HBRC's operating position. HBRIC's ability to pay dividends relies in the first instance on the profitability and dividend payments of Napier Port, as RWSS is not likely to generate positive cash flows for HBRIC before the end of the LTP.
	Funds drawdowns for RWSS will not exceed $80M in total.	Calls for increased funding for new investments	Low	Delays in financial close and design and construction phases could lead to higher costs and consequently increased calls for funding by HBRIC potentially adversely impacting HBRC's cash flows for operations and other investments. This LTP provides funding for RWSS up to $71.5M as stated in the RWSS Statement of Proposal. Any increase on this figure would also need to meet HBRC's requirement for 6% return. HBRIC's funding structure can mitigate any risk in this regard.
Forestry Harvesting	Log prices are Ministry of Primary Industries (MPI) 5 year average CPI adjusted as at 30 June 2014.	Price for logs at harvesting is lower than forecast.	Low	Like all commodity markets timber is cyclical, however this risk can be managed by bringing forward or deferring harvesting.
	Stumpages as forecast by independent valuer as at 30 June 2014.	Stumpages fall short of forecast.	Low	Stumpage rates as forecast are considered to be conservative and actual performance of the forest should be better than forecast.

Risks to Assumptions

Table 7: Council Investment Risks				
Investment	**Assumptions**	**Risk to Assumption**	**Level of Uncertainty**	**Reasons and Financial Effects of Uncertainty**
Forestry Carbon Investments	Carbon is sold at an average price of $3.80 per tonne	Price falls below assumed average of $3.80/tonne	Medium	Carbon prices are strongly influenced by global politics and economic performance. Prices have fallen considerably since 2012, however Council can hold carbon accumulated from forestry for long periods (i.e. 5-10 years), so can manage its selling strategy to maximise returns over the period of the plan.
Forestry Manuka Honey	Honey yield is specified by agreement with Comvita	Honey yield per hectare is lower than forecast	Low	Projected returns are based on MPI apiary data, which has been reliable to date. Manuka revenue in this LTP is relatively low and lower yields are unlikely to have a material impact on the LTP.
NGR	Costs of reinstatement of line is no more than $5.5M	Costs exceed $5.5M	Medium	Cost overruns may adversely impact HBRC's cashflows for operations and investment elsewhere.
	Establishment of viable operating business	Operating business is unable to be formed or becomes unviable	Medium	A viable operating business funded by stakeholders other than HBRC is required. If this cannot be achieved then either HBRC will have to operate the business or the proposal will not proceed. If the project does not proceed at this stage (i.e. subsequent to restoration of the track) then Council would be exposed to estimated losses of up to $920,000 per annum.
	Return to HBRC is not less than 6%	Operating company is unable to pay lease payments to HBRC of 6%	Medium	Lower returns may adversely impact HBRC's cashflows for operations or investment elsewhere.

Risks to Assumptions

Investment Company Risks

Table 8 summarises the principal investment risks in respect of the proposed projects of HBRIC Ltd.

Table 8: Investment Company (HBRIC Ltd) Risks

Investment	Assumptions	Risk to Assumption	Level of Uncertainty	Reasons and Financial Effects of Uncertainty
Water Storage and Harvesting (Ruataniwha Plains - RWSS)	Farmer uptake	Uptake is lower than planned	Medium	Farmer uptake of distributed water of at least 40M m3 in the first years of operations is critical for RWSS viability. Unless this threshold is met the project will not proceed. The HBRIC Ltd Board is proactively managing this risk through an extensive relationship building programme with the Central Hawke's Bay farming community and other stakeholders.
	Investment by co-investors	Low investment interest	Medium	Negotiations are ongoing with several parties. Unless investor commitment meets financial close requirements the project will not proceed.
	Project cost	Project cost rises	Low	Significant risk however is being mitigated against by strong project management by the HBRIC Ltd Board.
	Project proceeds	Project does not proceed	Low	Net after tax cost to HBRIC Ltd in this event estimated to be around $10M and funding previously earmarked for RWSS will be held for alternative investment yielding at least 6%pa. As HBRIC Ltd will be able to at least maintain dividends at a rate of 6% on the funds lost as a result of termination, there will be no impact on this LTPs regional income.
Water Storage (Ngaruroro – NWS)	Feasibility has yet to be established	Feasibility is not established	Medium	Feasibility will not be commissioned until 2015-16. If not feasible, then the project will be re-evaluated.
	HBRIC Ltd funding commitment is $30M	Funding requirement exceeds $30M	Medium	Co-investors may not be sufficient to fund project and/or costs may be higher than indicated.
Port of Napier	Dividends to HBRIC will be paid as scheduled	Port of Napier Dividends are higher or lower than forecast	Low	PONL financial performance has been improving for some years, and current dividend payments now only require around 51% of NPAT. This allows considerable reinvestment in the business to date and leaves room for a higher share of NPAT to be paid as dividends in the future.

Risks to Assumptions

Funding Risks

Table 9: Funding Risks				
Funding Type	**Assumption**	**Risk to Assumption**	**Level of Uncertainty**	**Reasons and Financial Effects of Uncertainty**
Sale of Wellington leasehold properties	Net value of $13M will be received on the sale.	Demand by the market is insufficient to achieve a sale at a level acceptable to HBRC	Low	HBRC would lose around $60,000 pa in interest for every $1M of reduced sale realisation value. *The Annual Plan assumes that the existing portfolio of Wellington leasehold properties will no longer be sold in the 2016-17 financial year as these investments are currently providing good returns and it is financially beneficial to defer the sale of the properties and borrow these funds at interest-only rates of 4%. Funding of $11,500,000 is required in the 2016-17 Annual Plan for this purpose.*

Risks to Assumptions

Other Risks

Table 10: Other Risks			
Assumption	**Risk to Assumption**	**Level of Uncertainty**	**Reasons and Financial Effects of Uncertainty**
Inflation	Inflation is higher or lower than forecast	Medium	Inflation is affected by external economic factors, most of which are outside of HBRC's control and influence. The estimate of the potential effects of the uncertainty is best illustrated by stating that for 2015-16 a move in the cost adjustors provided by BERL and used in this plan by plus or minus 0.5% would result in either an under or over provision for external expenditure of $108,000 and for employment costs of $65,000 .
Interest Rates on Borrowings	Interest rates are higher or lower than forecast	High – especially in later years of the plan	The majority of the borrowing programme proposed in this plan is to provide funding to cover loans to homeowners for clean heat installations and for the proposed activities of HBRIC. As the borrowing programme for HBRC is expected to increase in the later years of the plan, any movement in interest rates would have a greater effect on HBRC's interest expense towards the end of the plan. This plan assumes that, with the exception of RWSS, HBRIC will pay for advances at HBRC's borrowing rate. The effect of any interest rate movements on the borrowing programme can best be illustrated by stating that a 0.5% movement either up or down from the assumed levels of interest rates in this plan would result in an annual exposure of plus or minus $23,000 for 2015-16 (on borrowings of $4.7M) and for the peak year of borrowing $134,000 for 2019-20 (on borrowings of $26.8M.
Interest Rates on Deposits held for Investment	Interest rates are higher or lower than forecast	Medium	Short and long term HBRC cash deposits held for investment are estimated to be in the order of $66M at the start of this plan and will be reduced to nil by year 5 of the plan. Therefore a 0.5% movement either up or down from the assumed levels of interest rates in this plan would result in an annual exposure of plus or minus $217,000 for 2015-16 and $23,000 in 2018-19.
Occurrence of Natural Disaster	A natural disaster/flood event occurs which damages Council's property, plant and equipment	Medium	Call on commercial insurance, Local Authority Protection Programme and Government funding through the National Civil Defence Recovery Plan. The use of reserves is also available to HBRC as required.

HBRC's Funding Impact Statement

Local Government (Financial Reporting) Regulations 2011

Introduction

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.

Council Funding Impact Statement	Year 1 LTP 2015/16 ($'000)	Year 2 LTP 2016/17 ($'000)	Ann Pln 2a Ann Pln 2016/17 ($'000)
Sources of operating funding			
General rates & uniform annual general charges	3,130	3,227	3,195
Targeted rates	13,454	14,300	14,211
Subsidies & grants for operating purposes	2,983	3,076	3,055
Fees & charges	6,168	6,381	6,868
Interest & dividends from investments	10,593	13,325	12,728
Fines, infringement fees & other receipts	2,899	2,797	2,992
Total operating funding	39,227	43,106	43,049
Applications of operating funding			
Payments to staff & suppliers	36,250	36,443	37,805
Finance costs	2,796	2,874	3,187
Other operating funding applications	-	-	-
Total applications of operating funding	39,046	39,317	40,992
Surplus / (deficit) of operating funding	181	3,789	2,057
Sources of capital funding			
Subsidies & grants for capital purposes	1,184	1,484	1,389
Development & financial contributions	-	-	-
Increase / (decrease) in debt	1,219	(445)	11,644
Gross proceeds from sale of assets	275	13,184	203
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	2,678	14,223	13,236
Applications of capital funding			
Capital expenditure:			
- to meet additional demand	2,972	2,924	2,621
- to improve the level of service	763	968	1,000
- to replace existing assets	2,447	2,344	3,318
	6,182	6,236	6,939
Increase / (decrease) in reserves	(47,896)	(24,940)	(37,001)
Increase / (decrease) of investments	44,573	36,716	45,355
Total application of capital funding	2,859	18,012	15,293
Surplus / (deficit) of capital funding	(181)	(3,789)	(2,057)
Funding balance	0	0	0
Reconciliation from Funding Impact Statement to Statement of Comprehensive Revenue and Expenditure			
Surplus / (deficit) of operating funding (above)	181	3,789	2,057
Depreciation & amortisation expense	(2,349)	(2,486)	(2,490)
Reduction in ACC Leasehold Liability	1,263	1,256	1,152
Fair value gains on investments	1,589	1,444	1,670
Operating Surplus After Income Tax per Statement of Comprehensive Revenue and Expenditure	684	4,003	2,389

Funding Impact Statement

Introduction

This Funding Impact Statement sets out the impact that the Hawke's Bay Regional Council's (HBRC) Revenue and Financing Policy has on ratepayers.

The Revenue and Financing Policy clearly identifies beneficiaries of HBRC activities paying for the cost of those activities by target rates or direct charges, whichever is the most efficient administratively.

Public benefit is funded through a combination of investment income and general rates. Private benefit is funded through targeted rates and/or direct charges.

At various points of the Funding Impact Statement, a level of rates or charges is specified.

All the rates and levels of rates included in this statement are GST inclusive.

Due dates for payment of rates

The rates are due and payable on or after 1 October 2016. Pursuant to Section 57 of the Local Government (Rating) Act 2002, a penalty charge of 10% will be imposed on the current rates remaining unpaid as at 1 February 2017.

Definition of *'Separately used or inhabited part of a rating unit'*

When a fixed amount is set for each property, whether it be a Uniform Annual General Charge (UAGC) for general funding rates or a Uniform Targeted Rate (UTR) for Targeted Rates, then a fixed amount is charged for each separately used or inhabited part of a rating unit, this includes any portion inhabited or used by [the owner/a person other than the owner], and who has the right to use or inhabit that portion by virtue of a tenancy, lease, licence, or other agreement.

This definition includes separately used parts, whether or not actually occupied at any particular time, which are used by the owner for rental (or other form of occupation) on an occasional or long term basis by someone other than the owner. For the purpose of this definition, vacant land and vacant premises offered or intended for use or habitation by a person other than the owner and usually used as such are defined as 'used'.

For the avoidance of doubt, a rating unit that has a single use or occupation is treated as having one separately used or inhibited part. Therefore, units in a rest home, retail shops in a shopping complex, and additional farm houses are charged with separate UAGCs or UTR's.

Where two or more rating units are contiguously joined, owned by the same ratepayer and used for the same purpose, or a farm property with separately titled paddocks, then only one UAGC or UTR will be payable. The only exception is for the UTR covering the economic development rate which is set on each rateable property. HBRC's intention is that this mix of rating bases better reflects the benefits delivered to the general community while addressing some of the rate level volatility experienced by those ratepayers in the community whose land values have increased by more than the average.

HBRC directly collects rates for all rating units contained within its boundaries and where specific rates are set across District/City boundaries on a value basis, then the rates are set on Estimate of Projected Valuation (equalisation) which recognises annual movement of values across the region for each territorial authority.

Section 21 of the Local Government (Rating) Act 2002 (LGRA) requires that Uniform Annual General Charges and targeted rates set on a uniform basis are not to exceed 30% of the total revenue from all rates sought by Hawke's Bay Regional Council for the budgeted year. The rates making up this category amount to 25.93% of Council's total rates in 2016-17 and are therefore within the limits prescribed by the Act. All years of the 10 Year Plan are within the prescribed limit set down by the Act.

Inspection and objection to HBRC's Rating Information Database

The Rating Information Database (RID) is available for inspection at HBRC offices at 159 Dalton Street Napier and on Council's website www.hbrc.govt.nz. Ratepayers have the right to inspect the RID records and can object to their rating liability on the grounds set out in the Local Government (Rating) Act 2002.

Explanation of Rating Method

Explanation of Rating Method			
Types of Rates	**Groups of Activities Funded**		
General Rates	-Regulation -Governance & Community Engagement (Climate Change)	All Rateable Rating Units within the Region	Land Value using Section 131 of the LGRA
Uniform Annual General Charges	-Regulation -Governance & Community Engagement	All Rateable Rating Units within the Region	Fixed Amount (Refer Note 1) Section 15 (1)
Targeted Rates		**Types of Land to be Rated** **(Local Government (Rating) Act, Schedule 2)**	**Basis of Rating** **(Local Govt (Rating) Act, Schedule 3)**
Subsidised Public Transport	Public Transport System and Total Mobility programme for disabled person.	Those Rating Units within the urban areas of Napier, Hastings & Havelock North including Clive Township but excluding Bay View.	Land Value
Heretaunga Plains Control Scheme	Catchment Works -Direct Benefit F1 -Indirect Benefit F2	-Rating Units receiving direct benefit within Napier City and Hastings District from flood control measures. -All Rating Units within Napier City and Hastings District	Equalised Capital Value
Upper Tukituki Catchment Control	Catchment Works	All rating units within the Central Hawke's Bay District and all rating units on the southern boundary of Hastings District Council on a differential basis based on the provision of service provided.	Differential Land Value
Central & Southern Rivers & Streams	Catchment Works	All Rating Units in the region excluding Wairoa District.	Equalised Capital Value
Wairoa River & Stream	Catchment Works	All Rating Units in the Wairoa District.	Capital Value
Various Stream & Drainage Schemes	Catchment Works	Location and use of properties with a services of stream and drainage works are provided.	Differential Land Value Area of land within a rating unit. Fixed amount per rating unit

Explanation of Rating Method

Continued: Explanation of Rating Method			
Types of Rates	**Groups of Activities Funded**	**Types of land to be Rated (Local Government (Rating) Act, Schedule 2)**	**Basis of Rating (Local Govt (Rating) Act, Schedule 3)**
Animal and Plant Pest Control	Biosecurity Regional Animal Pest Management Strategy	All rateable rural land containing 4.0468 hectares in the region excluding Rating Units greater than 200 hectares where more than 90% of the land is covered in indigenous vegetation which will be zero rated. A differential rate will be applied to those Rating Units that have between 40 and 400 hectares where more than 75% of the land is covered in production forestry, also any production forestry Rating Units over 400 hectares.	Area
Sustainable Land Management	Land Management and Monitoring	All rateable rural land containing 4.0468 hectares in the region other than property titles subject to QE11 Open space Covenants which are zero rated.	Area
Plant Pest Strategy	Regional Plant Pest Management Strategy	All rateable rural land containing 4.0468 hectares in the region excluding Rating Units greater than 200 hectares where more than 90% of the land is covered in indigenous vegetation which will be zero rated.	Area
Healthy Homes – Clean Heat Financial Assistance	Management of the scheme to encourage the replacement of open fire or wood burners with more efficient form of heating and where necessary the installation of insulation.	All Rating Units in Napier and Hastings within the affected airshed and insulation for the region.	Land Value
Clean Heat & Insulation Loans	Repayment of loans to ratepayers to insulate homes and replace open fires or non-compliant wood-burners.	Those ratepayers who have opted for a loan to be repaid over 10 years with interest as a fixed amount through a Targeted Differential rate.	Extent of provision of any service to the rating unit

Explanation of Rating Method

Continued: Explanation of Rating Method			
Types of Rates	**Groups of Activities Funded**	**Types of land to be Rated (Local Government (Rating) Act, Schedule 2)**	**Basis of Rating (Local Govt (Rating) Act, Schedule 3)**
Economic Development Rate	To fund economic and tourism development in the Hawke's Bay Region	Commercial/Industrial Rating Units based on the Capital Value. Residential and rural Rating Units based on a Differential.	Differential Capital Value Differential Fixed Rate by location *(Refer to Note 2)*
Emergency Management	Funding of the Hawke's Bay Civil Defence Emergency Management (CDEM) Group Office to manage the provision of effective CDEM consistent with the CDEM Act 2002	All Rating Units in the region with the exception of Rangitikei and Taupo districts	Fixed Amount *(Refer to Note 1)*

Note 1: *A Uniform Annual General Charge (UAGC) or Uniform Targeted Rate (UTR) is set on each separately used or inhabited part of a rating unit, this includes any portion inhabited or used by [the owner/a person other than the owner], and who has the right to use or inhabit that portion by virtue of a tenancy, lease, licence or other agreement. This definition includes separately used parts, whether or not actually occupied at any particular time, which are used by the owner for rental (or other form of occupation) on an occasional or long term basis by someone other than the owner.*

Note 2: *A Uniform Targeted Rate (UTR) on each rateable property.*

Details of Rates Calculated

Details of Rates Calculated within each District and City General and Uniform Annual General Rates							
Groups of Activities / Rate Type	Districts	Rates set on	Differentials	Calculation Factor	Estimated Rates Revenue 2016-17	Estimated Amount of $100,000 applicable LV or CV, fixed amount or specified area basis per property	2015-16 Rate
General Rate							
	Napier City	Land Value		0.00875	$402,979	$8.75	$420,891
	Hastings District	Land Value		0.00913	$702,052	$9.13	$726,167
	Wairoa District	Land Value		0.00867	$91,408	$8.67	$95,716
	Central H B District	Land Value		0.00861	$228,826	$8.61	$233,010
	Taupo District	Land Value		0.00993	$6,678	$9.93	$6,965
	Rangitikei District	Land Value		0.01393	$3,731	$13.93	$3,894
	Estimate of Projected Valuation			0.00866	$1,435,674		$1,486,643
Uniform Annual General Rate							
	Napier City	Fixed Amount	26,664	31.82	$848,448	$31.82	$799,130
	Hastings District	Fixed Amount	32,218	31.82	$1,025,177	$31.82	$964,054
	Wairoa District	Fixed Amount	5,064	31.82	$161,136	$31.82	$154,843
	Central H B District	Fixed Amount	6,371	31.82	$202,725	$31.82	$192,095
	Taupo District	Fixed Amount	24	31.82	$764	$31.82	$542
	Rangitikei District	Fixed Amount	6	31.82	$191	$31.82	$120
	TOTAL		70,347		$2,238,441		$2,110,784

Details of Rates Calculated

Groups of Activities / Rate Type	Districts	Rates set on	Differentials	Calculation Factor	Estimated Rates Revenue 2016-17	Estimated Amount of $100,000 applicable LV or CV, fixed amount or specified area basis per property	2015-16 Rate
Details of Targeted Rates Calculated within each District and City							
SUBSIDISED PUBLIC TRANSPORT							
	Napier City	Land Value		0.02541	$1,027,829	$25.41	$1,031,421
	Hastings District	Land Value		0.02652	$817,059	$26.52	$813,467
	Estimate of Projected Valuation			0.02513	$1,844,888		$1,844,888
RIVER CONTROL			**Benefit**				
Heretaunga Plains Flood Control Scheme							
	Napier City	Capital Value	Direct	0.01175	$780,582	$11.75	$774,714
	Napier City	Capital Value	Indirect	0.00285	$284,256	$2.85	$282,332
	Hastings District	Capital Value	Direct	0.01210	$936,970	$12.10	$898,317
	Hastings District	Capital Value	Indirect	0.00294	$451,838	$2.94	$434,681
	Estimate of Project Valuation		Direct	0.01150			
	Estimate of Project Valuation		Indirect	0.00279			
	TOTAL				$2,453,646		$2,390,044
Upper Tukituki Catchment Control Scheme							
	Central H B District	Land Value	F1 100	0.64837	$139,064	$648.37	$135,738
	Central H B District	Land Value	F2 75	0.48628	$209,914	$486.28	$201,991
	Central H B District	Land Value	F3 50	0.32419	$96,220	$324.19	$94,977
	Central H B District	Land Value	F4 25	0.16210	$131,493	$162.10	$126,120
	Central H B District	Land Value	F5 10	0.06477	$78,826	$64.77	$74,754
	Central H B District	Land Value	F6 1	0.00648	$97,573	$6.48	$88,364
	Central H B District	Land Value	U1 25	0.16210	$37,332	$162.10	$38,159
	Central H B District	Land Value	U2 15	0.09726	$5,414	$97.26	$5,645
	Central H B District	Land Value	U3 10	0.06484	$13,404	$64.84	$14,252
	Central H B District	Land Value	U4 1	0.00649	$7,488	$6.49	$7,912
	Hastings District	Land Value	F5 10	0.06879	$1,461	$68.79	$1,365
	Hastings District	Land Value	F6 1	0.00689	$2,942	$6.89	$2,760
	TOTAL				$821,131		$792,037

Details of Rates Calculated

Details of Targeted Rates Calculated within each District and City							
Groups of Activities / Rate Type	Districts	Rates set on	Differentials	Calculation Factor	Estimated Rates Revenue 2016-17	Estimated Amount of $100,000 applicable LV or CV, fixed amount or specified area basis per property	2015-16 Rate
RIVER CONTROL			**Benefit**				
Wairoa River & Streams Scheme							
	Wairoa District	Capital Value		0.01063	$182,038	$10.63	$177,598
Central & Southern Area Rivers & Streams							
	Napier City	Capital Value		0.00088	$87,563	$0.88	$86,989
	Hastings District	Capital Value		0.00091	$139,108	$0.91	$134,062
	Central HB District	Capital Value		0.00086	$35,584	$0.86	$34,778
	Taupo District	Capital Value		0.00095	$823	$0.95	$828
	Rangitikei District	Capital Value		0.00125	$426	$1.25	$420
	Estimate of Projected Valuation			0.000858	$263,504		$257,077
STREAMS AND DRAINS							
- Napier, Meeanee & Puketapu	Napier City	Land Value	Urban	0.02956	$801,352	$29.56	$765,680
	Napier City	Land Value	Industrial	0.11823	$191,173	$118.23	$184,212
	Hastings District	Land Value	Rural	0.03085	$15,003	$30.85	$14,250
	TOTAL				$1,007,528		$964,142
– Karamu & Tributaries	Hastings District	Land Value	Urban	0.04000	$928,303	$40.00	$885,060
	Hastings District	Land Value	Industrial	0.15998	$334,377	$159.98	$323,818
	TOTAL				$1,262,680		$1,208,878

Details of Rates Calculated

Details of Targeted Rates Calculated within each District and City							
Groups of Activities / Rate Type	Districts	Rates set on	Differentials	Calculation Factor	Estimated Rates Revenue 2016-17	Estimated Amount of $100,000 applicable LV or CV, fixed amount or specified area basis per property	2015-16 Rate
STREAMS AND DRAINS							
– Raupare Enhancement	Hastings District	Area	1097 hectares	12.65	$13,877	$12.65	$13,877
– Raupare Twyford	Hastings District	Land Value	Rural	0.06994	$156,193	$69.94	$167,570
– Haumoana	Hastings District	Land Value	Rural	0.12598	$148,226	$125.98	$144,610
– Tutaekuri, Waimate & Moteo	Hastings District	Land Value	Rural	0.17590	$236,144	$176.09	$223,834
– Pakowhai Brookfields	Hastings District	Land Value	Rural	0.19876	$144,656	$198.76	$144,656
– Puninga	Hastings District	Land Value	Rural	0.22526	$79,336	$225.26	$79,336
– Brookfields Awatoto	Napier City	Land Value	Urban	0.19616	$99,090	$196.16	$96,306
	Napier City	Land Value	Industrial	0.78463	$54,806	$784.63	$53,837
	TOTAL				$932,328		$924,026
– Muddy Creek	Hastings District	Land Value	Urban	0.10645	$212,007	$106.45	$206,717
	Hastings District	Land Value	Industrial	0.42578	$38,575	$425.78	$37,752
	TOTAL				$250,582		$244,469
– Karamu Drainage Maintenance	Hastings District	Fixed Amount	5,806	11.16	$64,787	$11.16	$61,702
– Karamu Enhancement	Hastings District	Fixed Amount	5,806	10.43	$60,566	$10.43	$57,682
– Poukawa Drainage Special Rating Scheme	Hastings District	Land Value	PO1	0.66844	$34,582	$668.44	$33,252
	Hastings District	Land Value	PO2	0.11139	$1,672	$111.39	$1,607
	Hastings District	Land Value	PO3	0.02228	$736	$22.28	$708
	TOTAL				$36,990		$35,567
– Porangahau Flood Control	Central HB District	Land Value		0.01242	$41,602	$12.42	$41,602
– Maraetotara Flood Maintenance	Hastings District	Capital Value		0.00965	$12,277	$9.65	$11,978
– Kairakau Community Scheme	Central HB District	Uniform Charge	81 Rating Units	124.54000	$10,087	$124.54	$9,841

Details of Rates Calculated

Details of Targeted Rates Calculated within each District and City							
Groups of Activities / Rate Type	Districts	Rates set on	Differentials	Calculation Factor	Estimated Rates Revenue 2016-17	Estimated Amount per hectare	2015-16 Rate
DRAINAGE SCHEMES							
Paeroa Drainage Scheme Special Rating Area							
	Wairoa District	Area Basis	P1	5639.35660	$15,348	$56.39	$12,676
	Wairoa District	Area Basis	P2	3665.57903	$4,558	$36.65	$5,569
	Wairoa District	Area Basis	P3	2537.70339	$999	$25.37	$1,596
	Wairoa District	Area Basis	P4	1973.77294	$986	$19.73	$1,378
	Wairoa District	Area Basis	P5	281.96870	$585	$2.82	$708
	TOTAL				$22,476		$21,927
Ohuia Whakaki Drainage Rating Scheme							
	Wairoa District	Area Basis	A	13641.65	$40,413	$136.41	$38,489
	Wairoa District	Area Basis	B	10913.32	$9,429	$109.13	$8,980
	Wairoa District	Area Basis	C	8184.99	$5,759	$81.84	$5,484
	Wairoa District	Area Basis	D	4092.49	$14,467	$40.92	$13,778
	Wairoa District	Area Basis	E	1364.16	$3,163	$13.64	$3,013
	TOTAL				$73,232		$69,745
Upper Makara Stream Catchment Special Rating Scheme							
	Central HB District	Area Basis	A	15350.06	$8,321	$153.50	$7,959
	Central HB District	Area Basis	B	12280.05	$23,150	$122.80	$22,298
	Central HB District	Area Basis	C	9977.54	$35,339	$99.77	$33,803
	Central HB District	Area Basis	D	5372.52	$7,086	$53.73	$6,778
	Central HB District	Area Basis	E	767.50	$16,202	$7.68	$16,941
	Central HB District	Area Basis	F	307.00	$13,587	$3.07	$13,377
					$103,685		$101,156

Details of Rates Calculated

Details of Targeted Rates Calculated within each District and City							
Groups of Activities / Rate Type	Districts	Rates set on	Differentials	Calculation Factor	Estimated Rates Revenue 2016-17	Estimated Amount of $100,000 applicable LV or CV, fixed amount or specified area basis per property	2015-16 Rate
DRAINAGE SCHEMES							
Esk River & Whirinaki Stream Maintenance Scheme						**Per hectare**	
	Hastings District	Area Basis	E1	1793.25359	$4,143	$17.93	$4,042
	Hastings District	Area Basis	E2	1161.42309	$1,715	$11.61	$1,673
	Hastings District	Area Basis	R11	1850.58291	$571	$18.51	$557
	Hastings District	Area Basis	R12	7672.96003	$357	$76.93	$348
	Hastings District	Area Basis	R13	24807.6889	$357	$248.07	$348
	TOTAL				$7,144		$6,969
	Hastings District	Area Basis	W1	19023.80	$5,875	$190.23	$5,595
	Hastings District	Area Basis	W2	11066.01	$515	$110.66	$515
	Hastings District	Area Basis	W3	35777.78	$515	$357.78	$515
	Hastings District	Area Basis	W4	21940.06	$3,334	$219.40	$3,106
	Hastings District	Area Basis	W5	369.2249	$147	$3.69	$147
	Hastings District	Area Basis	W6	4460.606	$147	$44.61	$147
	Hastings District	Area Basis	W7	1582.795	$147	$15.83	$147
	TOTAL				$10,681		$10,172
Opoho Drainage/Stream						**Fixed Amount**	
	Wairoa District	Fixed Amount	A	14477.0	$14,477	$14,477	$14,124
	Wairoa District	Fixed Amount	B	5399.0	$5,399	$5,399	$5,267
	Wairoa District	Fixed Amount	C	2159.0	$2,159	$2159	$2,107
	TOTAL				$22,035		$21,498

Details of Rates Calculated

Details of Targeted Rates Calculated within each District and City							
Groups of Activities / Rate Type	Districts	Rates set on	Differentials	Calculation Factor	Estimated Rates Revenue 2016-17	Estimated Amount per hectare	2015-16 Rate
DRAINAGE SCHEMES							
Te Ngarue Stream Flood Protection Scheme							
	Hastings District	Area Basis	TN	3052.124	$2,902	$30.52	$2,832
	Hastings District	Area Basis	TN1	18888.49	$159	$188.88	$155
	TOTAL				$3,061		$2,987
Kopuawhara Stream Flood Control Maintenance Scheme							
	Wairoa District	Area Basis	A	16048.54	$1,960	$160.48	$1,913
	Wairoa District	Area Basis	B	6419.42	$3,977	$64.19	$3,880
	Wairoa District	Area Basis	C	3209.71	$2,326	$32.09	$2,269
	Wairoa District	Area Basis	D	802.43	$807	$8.02	$787
	TOTAL				$9,070		$8,849

Details of Rates Calculated

Details of Targeted Rates Calculated within each District and City							
Groups of Activities / Rate Type	Districts	Rates set on	Differentials	Calculation Factor	Estimated Rates Revenue 2016-17	Estimated Amount 4.0468 hectare (10acre) property	2015-16 Rate
BIOSECURITY							
Plant Pest Strategy							
	Napier City	Area Basis	4,353	47.6670	$2,075	$1.93	$2,055
	Hastings District	Area Basis	363,742	47.6670	$173,385	$1.93	$169,298
	Wairoa District	Area Basis	263,984	47.6670	$125,833	$1.93	$125,385
	Central HB District	Area Basis	305,221	47.6670	$145,490	$1.93	$140,382
	Taupo District	Area Basis	22,006	47.6670	$10,490	$1.93	$10,122
	Rangitikei District	Area Basis	24,569	47.6670	$11,711	$1.93	$10,302
	TOTAL		983,875		$468,984		$457,545
Regional Animal Pest Management Strategy							
	Napier City	Area Basis	4,353	164.6855	$7,169	$6.66	$7,151
	Hastings District	Area Basis	296,171	164.6855	$487,751	$6.66	$482,366
	Wairoa District	Area Basis	208,486	164.6855	$343,346	$6.66	$335,348
	Central HB District	Area Basis	298,634	164.6855	$491,807	$6.66	$476,619
	Taupo District	Area Basis	8,102	164.6855	$13,343	$6.66	$12,794
	Rangitikei District	Area Basis	24,569	164.6855	$40,462	$6.66	$35,846
	TOTAL		840,315		$1,383,877		$1,350,124
Sustainable Land Management							
	Napier City	Area Basis	4,302	72.33572	$3,112	$2.92	$2,778
	Hastings District	Area Basis	405,809	72.33572	$293,545	$2.92	$246,390
	Wairoa District	Area Basis	278,527	72.33572	$201,475	$2.92	$173,093
	Central HB District	Area Basis	304,575	72.33572	$220,317	$2.92	$190,179
	Taupo District	Area Basis	35,062	72.33572	$25,362	$2.92	$21,920
	Rangitikei District	Area Basis	22,253	72.33572	$16,097	$2.92	$11,243
			1,050,528		$759,907		$645,603

Details of Rates Calculated

Details of Targeted Rates Calculated within each District and City							
Groups of Activities / Rate Type	Districts	Rates set on	Differentials	Calculation Factor	Estimated Rates Revenue 2016-17	Estimated Amount 4.0468 hectare (10acre) property	2015-16 Rate
BIOSECURITY							
Pest Control - Forestry							
	Napier City	Area Basis	n/a	n/a	n/a	n/a	n/a
	Hastings District	Area Basis	66,177	54.1658	$35,845	$2.19	$33,479
	Wairoa District	Area Basis	56,198	54.1658	$30,440	$2.19	$31,666
	Central HB District	Area Basis	7,303	54.1658	$3,956	$2.19	$3,695
	Taupo District	Area Basis	13,903	54.1658	$7,531	$2.19	$7,035
	Rangitikei District	Area Basis	n/a	n/a	n/a	n/a	
	TOTAL		143,581		$77,772		$75,876

Details of Targeted Rates Calculated within each District and City							
Groups of Activities / Rate Type	Districts	Rates set on	Differentials	Calculation Factor	Estimated Rates Revenue 2016-17	Estimated Amount of $100,000 land value per property	2015-16 Rate
CLEAN HEAT & SOLAR HOT WATER SCHEME							
– Healthy Homes (Clean Heat Financial Assistance)	Napier City	Land Value		0.00831	$351,706	$8.31	$352,797
	Hastings District	Land Value		0.00867	$318,932	$8.67	$317,842
	Estimate of Projected Valuations			0.00821	$670,638		$670,639
– Rates to repay loans to homeowners for clean heat, insulation and Solar Hot Water Scheme		$10 per $100 loan		$10		$10.00 per $100 loan	

Details of Rates Calculated

Groups of Activities / Rate Type	Districts	Rates set on	Differentials	Calculation Factor	Estimated Rates Revenue 2016-17	Estimated Amount of $100,000 applicable LV or CV, fixed amount or specified area basis per property	2015-16 Rate
Details of Targeted Rates Calculated within each District and City							
ECONOMIC DEVELOPMENT							
	Napier City	Fixed Amount	23950	25.20751	$603,707	$25.21	$520,800
	Hastings District	Fixed Amount	29770	25.20751	$750,415	$25.21	$645,893
	Wairoa District	Fixed Amount	4815	20.82690	$100,271	$20.83	$86,447
	Central HB District	Fixed Amount	6044	25.20751	$152,342	$25.21	$132,163
	Taupo District	Fixed Amount	23	25.20751	$580	$25.21	$371
	Rangitikei District	Fixed Amount	6	25.20751	$151	$25.21	$87
	TOTAL		64608		$1,607,466		$1,385,761
	Napier City	Capital Value	Commercial/	0.01843	$297,240	$18.43	$260,298
	Hastings District	Capital Value	Industrial	0.01898	$354,184	$18.98	$299,541
	Wairoa District	Capital Value		0.02715	$14,548	$27.15	$12,539
	Central HB District	Capital Value		0.01805	$22,942	$18.05	$21,410
	TOTAL				$688,914		$593,788
EMERGENCY MANAGEMENT							
	Napier City	Fixed Amount	26664	16.8939	$450,458	$16.89	$389,428
	Hastings District	Fixed Amount	32218	16.8939	$544,287	$16.89	$469,797
	Wairoa District	Fixed Amount	5064	16.8939	$85,551	$16.89	$75,457
	Central HB District	Fixed Amount	6371	16.8939	$107,631	$16.89	$93,611
	TOTAL		70317		$1,187,927		$1,028,293

Resource Management Charges

Section 36 of the Resource Management Act (RMA) enables local authorities to allocate fixed charges for various administrative and monitoring activities to specific resource users. These fixed charges can either be specific amounts or determined by charging scales.

There are five types of resource management charges and they relate to:

- consent applications
- compliance and monitoring
- zone based water management
- gravel extraction
- contaminated sites

1. Charges Relating to Resource Consent Applications

(Other than non-notified gravel extraction applications)

Charges for receiving, processing and deciding on applications for:

- resource consents
- certificates of compliance
- changes to, cancellation of, or review of resource consent conditions
- transfers of resource consent

and are comprised of a fixed charge payable in advance (a deposit) and an additional charge payable once the application has been decided. An additional fixed charge will be required before notification, and the start of a hearing, if the application requires these processes.

Fixed Charges for Processing Resource Consent Applications

Tables 1 and 1a set out the fixed charges payable for processing resource consent applications. These fees are charged in accordance with Section 36(1)b of the RMA.

Section 36(7) of the RMA specifies that where a fixed charge has not been paid, Hawke's Bay Regional Council HBRC need not perform the action to which the charge relates until it has been paid in full. HBRC can suspend processing an application until a fixed charge has been paid.

Table 1: Fixed charges payable for processing resource consent applications (other than Non-notified Gravel Extraction Applications - see Table 7)

Item	Initial Fixed Fee - Payable upon Lodgment (excl GST)	Additional Charge - Payable subsequent to processing
– Land use application for bore permit – Other consent applications (where 3 or more bores are to be drilled for the same purpose on the same site (or in close proximity) an application can be made for a bore field consent with a deposit of $1000)[2]	– $180 – $1000	– N/A – Based on actual and reasonable costs[1]
Minor administrative changes or cancellations of consent conditions	$200	N/A
Other changes or cancellations of consent conditions	$500	Based on actual and reasonable costs[1]
Review of conditions as specified in resource consents	$320	Based on actual and reasonable costs[1]
Transfer a consent to another site	$400	Based on actual and reasonable costs [1]
Extensions to lapsed dates for land use consents and onsite domestic waste water, less than 2m³ a day	$100	N/A
Extensions to lapsed dates	$200	Based on actual and reasonable costs[1]
Transfer of resource consent (1 only, with transfer form completed and signed) to a new owner/occupier	$85	Based on actual and reasonable costs for non-standard process[1]
Transfer of resource consent (2 or more, with transfer form completed and signed) to a new owner/occupier, or change of name	$110	Based on actual and reasonable costs for non-standard process[1]

Table 1 Continued: **Fixed charges payable for processing resource consent Applications** (other than Non-notified Gravel Extraction Applications - see Table 7)		
Item	**Initial Fixed Fee - Payable upon Lodgment (excl GST)**	**Additional Charge - Payable subsequent to processing**
Certificate of compliance: – Bore sealing – Other	 – no charge – $300	 – N/A – Based on actual & reasonable costs[1]
On-site wastewater system where the application is made in conjunction with an accredited designer on a low risk site	$260	Based on actual and reasonable costs[1]
Renewal of Category 1 domestic on-site wastewater consents (with a good compliance history, and a verified history of complete wastewater system maintenance servicing by an accredited installer/service agent).	$260	Based on actual and reasonable costs[1]
Renewal of all other (Category 2) domestic on-site wastewater consents.	$260	Based on actual and reasonable costs[1]
Confirmation of domestic on-site wastewater Permitted Activity status	$131.25	N/A

Table 1a: Fixed Charges for Resource Consent Applications Requiring Notification or a Hearing				
Application Type	**Type of Fixed Fee (excl GST)**			**Additional Charge – Payable subsequent to processing**
	Initial Fixed Fee	Fixed Fee: Payable upon notification	Fixed fee: Payable 5 days before hearing	
Individual resource consent application (including applications for ancillary activities)	$1000	$5000	$5000	Based on actual and reasonable costs[1]
Application processed as part of a catchment wide replacement process	$1000	$1500	$1500	Based on actual and reasonable costs[3]
Request for Independent Commissioner under s 100A	Fixed fee payable on requesting a Commissioner			Additional Charge - Payable subsequent to processing
Fixed fee payable on requesting an independent commissioner	$3000 per commissioner			Based on actual and reasonable costs[1] of additional cost incurred as a result of using an independent commissioner

Note 1: Actual and Reasonable Costs include time spent by staff in receiving, processing and deciding on the applications, hearing costs and any external disbursements (which shall include any external expert advice from consultants at cost). Staff costs shall be calculated by multiplying the actual hours involved in receiving, processing and granting a consent by the hourly rates for the staff involved and adding any actual disbursements (as in Table 10); and adding any hearing costs and any costs of consultants and commissioned reports; and then subtracting the fixed charge that was paid in advance and any renewal fees that have been paid in advance. The total calculated amount shall then, if necessary, be adjusted to reflect HBRC's actual and reasonable costs having regard to the factors referred to in section 36(4) of the RMA and any relevant discounts. (This does not apply to applications which are not subject to additional charges or refunds).

Note 2: Where a bore field consent is issued for 3 or more bores, bore inspection and compliance administration shall be carried out at an hourly $118 per hour.

Note 3: Where an activity requires multiple ancillary consents, and the application will be processed in a bundle, HBRC may require payment of only one initial fixed fee (deposit). The deposit shall be equal to the highest deposit required for any of the applications required, as per Table 1.

Additional Resource Consent Charges

In addition to these fixed charges, in most cases additional charges will be payable subsequent to processing, in accordance with Section 36(3) of the RMA.

Refunds

Except for applications for bore permits, minor administrative changes or cancellations, and certificates of compliance, a portion of the charge as set out in Tables 1 and 1a will be remitted if the actual cost of receiving, processing and deciding on the application is less than that already paid.

Hearings

HBRC is conscious of the cost that can be incurred by applicants when a resource consent application goes to a hearing. Therefore, the HBRC Hearings Committee will carefully assess the number of members who will participate in each hearing. The numbers involved in a hearing panel will usually range from three to a maximum of five. Where a hearing is required, the following charges shall be payable by the applicant, except for those costs incurred under s100A of the RMA:

- actual meeting fee allowances at the rate approved by the Remuneration Authority, which is currently $80.00 an hour for each committee member other than the chairman who is paid $100.00 an hour, for each of the elected and tangata whenua appointed Committee members participating in the hearing (a six hour hearing with a hearing panel of three members would, therefore, incur meeting fee allowances for the hearing of $1,560);
- actual mileage for committee members travelling to and from the hearing at the rate approved by the Remuneration Authority which is currently 74¢ a kilometre;
- actual accommodation costs where it is cheaper for a committee member to stay overnight rather than return home;
- actual meeting fee allowances for each of the committee members attending and participating in a formal site inspection, or any meeting subsequent to the hearing for formal deliberations;
- mileage and accommodation costs associated with any formal site inspection or deliberation meetings;
- actual costs (including disbursements) of any commissioner appointed by the Minister of Conservation's representative;
- the actual cost of staff attendance at a hearing (typically the Reporting Officer, hearings administrator, decision writer, relevant technical officers, and the Manager Consents or the Group Manager Resource Management);
- the costs associated with the use of an independent hearing commissioner where the use of a commissioner has been occasioned[1] by the application. The apportionment of costs when an independent hearing commissioner is requested by an applicant and/or submitters is noted below. Independent hearing commissioner costs will be calculated on an actual and reasonable basis and include fees for disbursements, reading the application material, site visit, hearing attendance, deliberations and drafting the decision.
- the costs for photocopying, hall hire, catering (for the Panel and Decision Writer), and any administration services relating to hearings and deliberations will be recovered from the applicant on a case-by-case basis.

Independent Hearing Commissioners (s100A)

Applicants and/or submitters now have the ability to request that independent commissioners hear and decide publicly or limited notified applications. If an applicant makes the request, he or she is responsible for paying all costs associated with the use of the independent commissioner (as noted above). In accordance with s36 (1) (ab), if one or more submitters requests an independent commissioner (and the applicant does not), those submitters are responsible for paying the extra costs incurred as a result of an independent commissioner being used (compared with the cost of using an elected member).

If a request is made for an independent commissioner, a fixed charge of $3000 a commissioner shall be paid at the time of the request. The actual and reasonable costs of the commissioner will also be charged as an additional charge in accordance with Section 36(3) of the RMA. HBRC decides which accredited independent commissioner(s) will be appointed to the hearing panel.

Hearing Decision Writers

The following charges shall be payable by the applicant except for those costs incurred under s 100A of the RMA:

- The cost of the decision writer to attend the hearing and deliberations, and the decision writing time.
    - Where the decision writer is an independent commissioner sitting as a panel member, the commissioner's time to attend the hearing, deliberate and write the decision will be charged at actual cost.
- Where an independent consultant is engaged as the decision writer their time to attend the hearing and deliberations, and to write the decision will be charged at the same rate as if a HBRC senior consent planner were undertaking the work.

Charging for Consultants

Where the use of consultants is required to provide particular technical input to the consent process the applicant will be responsible for the actual costs charged by the consultant.

Contribution to the costs of Commissioning Reports in accordance with Section 92(2)

HBRC may, from time to time, commission reports in accordance with Section 92(2) of the RMA, to determine the cumulative effects of an activity according to resource consent applications. Where the activity meets the following criteria, the HBRC may contribute to the costs of preparing the report to a maximum of 25%, up to a maximum of $5000.

The HBRC's contribution is at the discretion of the Group Manager, Resource Management, and the following criteria must be met for a discount to be considered:

- The commissioned report must directly inform a plan change that the HBRC has committed to in the applicable Long Term Council Community Plan, and/or
- The commissioned report must develop a method, or provide information that is applicable to sites beyond the immediate scope of the application, and
- The commissioned report must contain information that is of benefit to the regional community as a whole.

2. Charges to Holders of Resource Consents for Compliance and Impact Monitoring

Charges for the monitoring, administration and supervision of resource consents have been determined based on an estimate of the time for carrying out the inspection/s, assessment, reporting and administration associated with that monitoring.

Basic Charge

Consent holders whose consents require no more than a single annual inspection, and/or information return, and/or a single sampling undertaken by HBRC staff at the same time as the inspection will be charged as in Table 2. Table 2 does not include water takes with a water measuring device. Consent holders should check the conditions of the consent to determine whether sampling, water use or other information is required.

HBRC's Charges

These charges are invoiced after inspection for one-off inspections, or at the end of the financial year for the consents that either have more than one inspection or ongoing monitoring throughout the year.

Table 2: Monitoring Task	Fixed Basic Annual Charge (Excl GST)
Inspection and associated reporting and administration	$413
Inspection and associated reporting and administration of unmetered water takes	$314
Additional inspection, reporting and administration charges where a resource consent authorises groundwater takes from more than two wells	$75 - each additional well over 2.
Additional inspection, reporting and administration charges where additional consents under the same ownership and invoiced collectively, within 5km of each other, and able to be inspected on the same day	$250 - each additional consent.
Sampling time (sampling analysis will be at cost – see Table 10)	$118
Other information returns	$118

An additional charge will only be made to consent holders whose consents fall under the description for the basic charge, where extra compliance monitoring is required as a result of non-compliance with consent conditions or where extra time is spent following up suspected non-compliance where a consent holder has not supplied sufficient information to demonstrate compliance.

Water Measuring Device Charges

Charges to holders of resource consents to take water which require a water measuring device.

Table 2a: Monitoring Water Measuring Devices	Annual Charge (Excl GST)
Sampling time (sampling analysis will be at cost – see Table 10)	$118
− Water use returns & Audits – Telemetered, Web/Text entry − Each additional water measuring device	$200 $ 30
− Water use returns & Audits – Fax/Email/Standard Mail − Each additional water measuring device	$242 $ 66
Where water measuring devices do not meet HBRC's approved devices criteria or are not installed by an approved installer, a full compliance audit will be undertaken and charged as per Table 2.	$413
Non-exercised consent	$ 92

An additional charge will only be made where extra compliance monitoring is required as a result of non-compliance with consent conditions or where water takes require additional monitoring or data returns over and above water use returns.

Actual and Reasonable Charge

Consent holders whose consents are subject to more than a single inspection a year and/or are subject to specific conditions, will be subject to the basic charge for the first inspection plus an additional charge based on the actual and reasonable costs to undertake the total annual monitoring activity.

For new consents, the consent holder will be advised of the likely annual monitoring costs when the consent is issued; thereafter the previous year's monitoring costs will act as an indication of monitoring costs.

Additional Charges for Compliance Monitoring

Where an additional charge is to be made, this shall be calculated by multiplying the actual hours involved in undertaking monitoring of the consent by the hourly rate for the staff involved and adding any actual disbursements (as in Table10). The total calculated shall then, if necessary, be adjusted to reflect HBRC's actual and reasonable costs having regard to the factors referred to in section 36(4) of the RMA.

Incentives for Full Compliance

When a consent holder consistently achieves full compliance (a Grade 1 in two consecutive years) the frequency of on-site monitoring may be reduced. An annual inspection may reduce to once every two years or more if the scale of the activity and continued compliance warrants it. Quarterly inspections may reduce to six monthly inspections. The reduction in frequency will be at the discretion of the Manager of Resource Use. Random inspections may be undertaken at no cost to the consent holder to ensure continued compliance during the intervening period.

Monitoring of Domestic On-site Wastewater Treatment Systems Charges

Consent holders with an on-site wastewater treatment system type that is not on the HBRC's Accredited Manufacturer list, and who do not have that system installed and serviced by a person or company on the Accredited Installer and Service Agent list will be subject to an annual monitoring cost of $413.

Consent holders with an on-site wastewater treatment system type that is on the HBRC's accredited list and is installed and maintained by an accredited installer/service person or company will not be subject to routine compliance inspection fees.

Charges to holders of Resource Consents for Low Flow Monitoring

For holders of consents to take water where the abstraction is subject to low flow limits (directly or via gallery intake or wells), the cost of monitoring the low flows will be recovered for each water take subject to low flow restrictions (excluding frost consents that are from the same take point as an irrigation consent, held in the same name):

- A charge of $100 each primary consent (excl GST)
- Should the fixed charges not cover the actual and reasonable costs associated with the low flow monitoring programme an additional charge shall be added to all consents subject to the low flow charge to recover the actual and reasonable costs incurred.

3. Charges to holders of Resource Consents for Freshwater Management Research/Investigations and Monitoring (Zone Based Water Science Charges)

HBRC policy is to recover 35% of the total costs of investigation and monitoring of freshwater resources from holders of resource consents to take or dam water, or to discharge into water or onto land in a manner that may enter water. This recognises that while all residents of the region receive benefits from the sustainable management of our freshwater resources, resource users receive greater benefits than other land owners. As part of the 2016 -2017 Annual Plan development the HBRC consulted on the proposed charging with all current consent holders.

Allocation of Charges

The costs charged are derived from the water investigation and monitoring projects with a proposed total cost to be recovered from consent holders of $1,509,000 excl GST in 2015/16 and $1,487,000 in excl GST in 2016/2017.

Costs are recovered from consent holders using a zone based approach. Twenty per cent of the costs will be charged as a fixed portion and distributed uniformly among all current consent holders. The remaining 80% of the costs are separately attributed to five categories of relevant consent holders (surface water takes, groundwater takes, (stream depleting – hybrid SW/GW), hydro water takes, discharges to water, or discharges to land). Charges are levied against individual allocated volume m3 for water takes, and a pollution index score for discharge consents.

Charges are levied against consented volumes not actual use, non-exercised/partially exercised consents are not discounted. HBRC will be excluded from these charges.

The pollution index score for each discharge subtype will be reviewed yearly by a suitably qualified scientist.

Charges are levied against the current consent holder at the time of invoicing, yearly apportioning will apply to new consents. Charges are payable by the date specified on the invoice.

Domestic onsite wastewater consents from a single domestic dwelling are excluded from the charging. A 25% discount applies to the irrigation component of dam fill consents.

Water takes

Table 3: Water takes are based on $ per Cubic Metre/week, on consented weekly volumes

	Wairoa	Mohaka	Esk	Heretaunga	Tukituki	Porangahau	Southern Coast
Groundwater Takes	$1.57	$0.58	$0.11	$0.04	$0.06	$0.39	$0.06
Surface water takes	$0.21	$0.17	$0.06	$0.20	$0.01		$0.05

If the consent specifies a 28 day volume then this volume divided by 4 is used, otherwise the annual consent volume divided by 52 is used.

Frost protection consents do not have weekly volumes so a deemed weekly take is calculated for these consents. This equates to an estimated annual usage of 5 days or a usage of approximately 7 hours per week during the 4 month frost season. This usage estimate recognises the limited circumstances and period over which this consent can be used. The rate of take in l/s is multiplied by the number of seconds in 5 days and then divided by 1000 to give a deemed annual volume in m3. Dividing this by 52 gives the deemed weekly volume.

Dam fill consents that have a frost protection purpose are treated in the same way as frost protection consents. However, if a dam fill consent has both a irrigation and frost protection purpose, a hybrid approach is taken in calculating the weekly volume (50% frost; 50% irrigation). If a dam fill consent has purely an irrigation purpose then it is treated in the same manner as an irrigation consent, however the consented/deemed weekly volume irrigation component of dam fill consents that are subject to low flow cessation conditions are discounted by 25%. This measure reflects the lower environmental impacts associated with these takes.

The shingle washing consent weekly volume is discounted by 80%. This measure reflects the predominately non-consumptive characteristics of these consents.

Consents classified as "surface water depleting" by HBRC are treated in a hybrid manner for charging purposes with 75% being attributed to groundwater and 25% being attributed to surface water.

Some consents have been authorised by HBRC but can only be utilised on the surrender of another consent. The former consents only become subject to the water science charging regime upon the surrender of the latter consent.

Consents that share a defined volume of water will cumulatively attract a water science charge that recognizes (but does not duplicate) this total entitlement.

Consents relating to the discharge of primary or secondary treated effluent that originate from a single residential dwelling are excluded from the Water Science charging regime.

Dairy farms in the Mohaka zone are charged based on the consented herd size rather than the PI score. The Mohaka zone will be charged $ 217.49 per 100 cows.

Discharges that are exercised once and for a very short period and which have no or negligible environmental impact are excluded from the charging regime.

Discharges directed at improving the environment are excluded from the charging regime.

Table 4: Hydro Scheme Charges are based on $ per litre/second, on consented volume

	Wairoa	Mohaka	Esk	Heretaunga	Tukituki	Porangahau	Southern Coast
Take Hydro	$0.10		$0.10	$0.09			

HBRC's Charges

Discharges

Table 5 : Discharges charges are based on $ per PI unit in each zone							
	Wairoa	Mohaka	Esk	Heretaunga	Tukituki	Porangahau	Southern Coast
Discharge to Land	$285.63	$1,287.75	$262.85	$232.45	$465.55	$175.50	$619.23
Discharge to Water	$95.97	$414.95	$166.28	$74.72	$296.06	$323.13	$115.59

To calculate the variable charge that will be payable multiply the relevant $ / PI figure for the zone (from Table 5) by the PI score for the type of consent (from Table 6).

Table 6: Pollution Index score for each type of consent; not all consent types occur in each zone.

Type of Discharge	Discharge to Land	Discharge to Water
Air – Particles and /or sandblasting		1
Coastal Protection	0.75	1.75
Crop Spray		1.75
Drainage and Flood Protection	0.75	3
Environmental purposes	0.75	2
Hazardous Substances	1.75	
Irrigation		1
Leachate	1.875	4
Potable supply		1
Quarry Works	1.125	
Sewage - Advanced Primary Treatment	2	
Sewage - Primary treated		4.25
Sewage - Primary Treatment	2.25	
Sewage - Secondary treated	1.875	3.75

Table 6: Pollution Index score for each type of consent; not all consent types occur in each zone.

Type of Discharge	Discharge to Land	Discharge to Water
Sewage - Tertiary Treated	1.5	
Sewage - untreated	2.25	4.5
Solid Waste - Inorganic	1.375	
Solid Waste - Organic	2.125	
Solid Waste - Organic /Inorganic	1.75	3.25
Stockwater supply	0.5	1.5
Stormwater - non polluted	1.75	3
Stormwater - polluted	1.875	3.75
Stormwater - pumped subsurface drainage	1.5	3
Stormwater - pumped subsurface drainage (Cropping, vegetable growing, Dairying, or Irrigated Dry stock)		3
Stormwater - pumped subsurface drainage (Drystock (non-irrigated))		2.625
Stormwater - pumped subsurface drainage (Orchards, vineyards)		2
Structure - Bed Protection	0.75	
Structure - Flood Protection	0.875	
Wastewater - Apple Dump	1.375	
Wastewater - Primary Treated	2.125	
Wastewater - Secondary Treated	1.875	3.75
Wastewater - untreated	2.375	4.5
Wastewater - washwater	1.875	2.5
Wastewater- primary treated		3.25
Wastewater -Tertiary Treated	1.625	
Water	0.5	1
Water supply cooling water	0.75	1.5

4. Charges for Gravel Extraction Land Use Consents

Charges for Non-notified Applications

A charge payable in advance for receiving, processing and deciding on non-notified land use consent applications to extract gravel:

- 0-50 cubic metres $20
- 50 cubic metres and over $80

(For charges for notified gravel extraction land use consents, see Table 1 and associated text.)

Compliance Monitoring, Administration Charges and Financial Contributions

Compliance monitoring, administration charges and financial contributions are based on the volume of gravel extracted; the source of the gravel; and its quality. The categories include:

- inferior grade material (as determined by HBRC staff)
- material extracted from above the confluence of the Tukipo and Mangaonuku River tributaries of the Tukituki and Waipawa rivers (Upper Tukituki catchment)
- all other material.

The financial contribution is established in the Regional Resource Management Plan under Section 108 of the Resource Management Act 1991.

Resource consent charges for gravel extraction are due and payable monthly on the same day as extraction declarations.

Table 7: Gravel Extraction Charges based on $ per Cubic Metre Extracted per annum (Excluding GST)

	State of Environment Monitoring Charge (S35 of RMA)	Compliance / Allocation Charge (S36 of RMA)	Financial Contribution (S108 of RMA)	Total
Upper Tukituki catchment	No charge	$0.20	No charge	$0.20
Inferior grade	$0.12	No charge	$0.08	$0.20
All Other	$0.12	$0.60	$0.08	$0.80

5. Charges Relating to Contaminated Site Management

These charges are set in accordance with section 150 of the Local Government Act 2002.

Where a party requests information about the 'contaminated site' status of a property	A charge of $200 An additional charge based on actual and reasonable costs may apply if a site inspection is required
Where a party requests HBRC review and comment on contaminated site investigation and remediation reports	Actual and reasonable charges will apply
Where a party requests more extensive involvement of HBRC staff	A charge based on the actual and reasonable costs of staff time incurred

Building Act Charges

The processing of building consents for dams and issuing of project information memoranda (PIMs) for dams and administering dam safety regulations are new statutory functions for the HBRC under the Building Act (2004) and its amendments. Dam safety regulations become operative on 1 July 2010. Amounts stated for Building Act charges below are exclusive of GST.

PIM costs

A fixed charge (deposit) listed in Table 8 is payable in advance, and an additional charge may be payable once the application has been decided, based on actual costs.

Building Consent Costs

This function has been transferred to Waikato Regional Council. The transfer agreement specifies that Building Consent costs will be recovered on an actual and reasonable basis, with hourly rates and fixed charges from Waikato Regional Council. These charges are set and recovered directly by Waikato Regional Council. Any HBRC processing costs not associated with the Building Act will be charged as specified in Table 1 under Resource Management Charges.

Certificate of Acceptance Costs

This function is retained by HBRC, but Waikato Regional Council will provide technical advice into the process. A fixed charge (deposit) is payable in advance, and an additional charge may be payable once the application has been decided. The fixed charge for this is listed in Table 8.

Department of Building and Housing and Building Research Authority of New Zealand Levies

Department of Building and Housing (DBH) and Building Research Authority of New Zealand (BRANZ) levies were required by regulation on 1 March 2008. These levies may change in accordance with amendments made to regulations. The Hawke's Bay Regional Council (HBRC) is required to collect and pay DBH and BRANZ levies as regulated for all Building Consent Applications and Certificate of Acceptance applications.

The following fees apply to all building work with an estimated value greater than $20,000 - DBH levy – $1.97 for every $1000 (or part of $1000) of the estimated value of the building work. BRANZ levy – $1.00 for every $1000 (or part of $1000) of the estimated value of the building work.

Additional Building Act Charges

Where an additional charge is to be made, the charge will be recovered on an actual and reasonable basis. This shall be calculated by multiplying the actual hours involved in undertaking monitoring of the application by the hourly rate for the staff involved and adding any actual disbursements (as in Table 10).

An additional charge will apply to:

- all PIMs, Certificate of Acceptance Applications, and Amendment to a Compliance Schedule applications when the fixed charge does not cover the costs of processing.
- all other unspecified Building Act duties that deal with its application, processing or compliance, and are attributable directly to a dam. These charges are payable by the owner of a dam.

Table 8: Fixed Charges for Building Act Applications (Excluding GST)

Item	PIM	Certificate of Acceptance	Amendment to Compliance Schedule
Large Dam (above $100,000 value)	$1000	$4000	$1000
Medium Dam ($20,000 to <$100,000 value)	$750	$2000	$1000
Small Dam ($0 to <$20,000 value)	$500	$500	$1000

Maritime Transport & Navigation Charges

Standard Charges under the Maritime Transport Act 1994 - Marine Tier 1 Oil Transfer Sites

Maritime Rule Part 130B requires that the operator of an oil transfer site obtain the approval for a site marine oil spill contingency plan from the Director of Maritime New Zealand. The power to approve these plans has been delegated by the Director to the Chief Executive (sub-delegated to HBRC regional On Scene Commanders) of HBRC in an Instrument of Delegation pursuant to Section 444(2) of the Maritime Transport Act 1994. Section 444(12) of the Maritime Transport Act 1994 allows HBRC to charge a person a reasonable fee for:

- Approving Tier 1 site marine oil spill contingency plans and any subsequent amendments
- Inspecting Tier 1 sites and any subsequent action taken thereafter in respect of preparation of inspection reports or reporting on non-conformance issues.

Tier 1 Site operators shall be charged a basic charge of $291 per Tier 1 Marine Oil Spill Contingency Plan approval. Where the cost incurred by HBRC when approving a contingency plan is greater than $350, the Tier 1 Site operator will be charged the actual and reasonable cost.

Inspecting Tier 1 sites, auditing response exercises and subsequent follow up reports and corrective actions shall be charged the actual and reasonable cost of the required work.

Actual and reasonable charges shall be calculated using the hourly rates listed in Charge Rates section, Table 10.

Navigation and Safety By-laws Charges

The Local Government Act enables HBRC to charge for various functions it undertakes in accordance with the Navigation and Safety By-laws.

A fixed charge of $145 will be charged to all vessels requiring a hot-work permit to be issued outside the hours of 8am – 4pm on a normal working day.

Internal and external costs incurred responding to breaches of Navigation and Safety By-laws, securing of vessels, responding to unseaworthy vessels or sinking vessels, and other tasks required to be undertaken to ensure safe navigation can be maintained, shall be charged actual and reasonable costs (Table 9) to the master, owner or person who caused the cost to be incurred.

Table 9: Navigation and Safety Charges

Licence Type Vessels not Under Safe Ship Management	Annual Charge Payable in Advance (Excluding GST)
Passenger Vessel Licence – Passenger Vessel Owner's Licence – Passenger Vessel Licence (per vessel)	 $70.00 $40.00
Hireboat Licence – Hireboat Owner's licence	 $70
Hireboat Licence (per craft) – Kayak – Windsurfer – Rowing boat – Sail boat – Jetski – Powerboat	 $6.00 $7.00 $10.00 $20.00 $20.00 $40.00
Pilot-exemption Recommendations/Revalidation – Overall Vessel Length less than 65 metres – Overall Vessel Length between 65 and 125 metres	 $200.00 $300.00
Applications for Suspension or Exemptions under Bylaw 5.1 – Public Notification	 Actual Advertising Costs

Charges for the Preparation of, or Change to the Regional Policy Statement or a Regional Plan

Applicants for the preparation of or change to the Regional Policy Statement or any regional plan will be subject to the following fixed charge payable in advance: $1000 (excl GST).

If the actual costs incurred by HBRC in preparing, varying or changing the Regional Policy Statement or any regional plan exceed the charge payable in advance, then these costs may be recovered by way of an additional charge. The additional charge shall be based on actual costs as calculated by multiplying the actual hours involved in preparing or changing the Regional Policy Statement or any regional plan by the hourly rates for staff involved (see Table 10), adding any actual disbursements (see Table 6) and subtracting the charge referred to above. The total calculated amount shall then, if necessary, be adjusted to reflect HBRC's actual and reasonable costs having regard to the factors referred to in section 36(4) of the Maritime Transport Act 1994 (MTA). An additional charge is levied under subsection 36(3) of the MTA. Such charges are subject to objection and appeal under section 36(6) of the MTA.

Charges for the Provision of Information

The Regional Council (HBRC) shall charge for the provision of information in respect of the Regional Policy Statement, regional plans and resource consents as follows.

- The first hour of time spent actioning a request for information on each or any occasion relating to the same general matter or issue arising from the Regional Policy Statement, regional plans or resource consents shall be provided free of charge.
- HBRC reserves its rights under section 13 of the Local Government Official Information and Meetings Act 1987 (LGOIMA) to charge for the provision of information above one hour. HBRC delegates the decision for treating requests made by the same person and in quick succession as one request, to the Chief Executive.
- In accordance with the LGOIMA, HBRC does not consider requests for explanations in its definition of information requests.
- Staff time spent actioning any request over and above the time provided free of charge shall be charged at the rates set out in Table 4. HBRC may also choose to require payment in advance.
- The first 20 pages of black and white photocopying on standard A4 or A3 paper shall be provided free of charge.
- Where the total number of pages of photocopying is in excess of 20 then the rates set out in Table 10 will apply.

Table 10:
Charge rates (excl. GST) for the purpose of calculating actual costs per hour

Item	Per Hour
Executive	$129
Regional Assets	$ 99
Environmental Science	$ 100
Strategic Direction	$ 96
Environmental Regulation – Resource consent processing – Resource consent administration – Compliance/impact monitoring of consents and Approving, monitoring & auditing of Tier 1 Marine Oil Spill Contingency Plans and monitoring of Resource Management Act regulations. – Client Services – Water Information Services	 $130 $ 88 $118 $ 88 $ 83
Environmental Information	$ 79
Land Management	$ 86
Disbursement costs shall be charged at the rates set out below: – Accommodation – Public notification – Photocopying – External laboratory testing – Consultant fees	 – $150 a night per person – Actual advertising costs – 20c per A4 page B&W 40c per A4 page colour 30c per A3 page B&W 70c per A2 page B&W – actual cost – actual cost

Other Charges Related Information

Charges by the Crown

HBRC is responsible for collecting the following Crown fees, rents and royalties in addition to its charges:

In the Coastal Marine Area:

- Restricted coastal activity application fees as specified;
- Extraction of sand and gravel - $1.51 excluding GST per cubic metre royalty;
- Rent for the occupation of land from the Crown;
- Geothermal royalties.

Due Dates for Payment

- Charges payable in advance for consent applications are due on the filing of an application.
- Charges payable for photocopying of less than $20 are due on collection of the copies.
- All other charges will be due and payable on the 20th of the month following date of the invoice.

Cost of Debt Recovery

All debt collection costs incurred by HBRC in relation to the activities covered in this section shall be borne as a debt by the party whose actions caused the initial charge.