Mahere Ā-Tau
Annual Plan
2026-27

hbrc.govt.nz

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

Pekapeka Regional Park

What's in this document

Publication 5764
ISBN 978-0-947499-58-7

He Kupu nā te Toihau me te Kaiwhakahaere Matua

Message from the Chair and Chief Executive

At its heart, our role is to help create the conditions for communities to thrive.

Thank you for taking the time to read our Annual Plan 2026-27.

Much of the work we do as a regional council is about looking beyond the immediate. Whether we are managing rivers, protecting productive land, investing in infrastructure, or restoring the health of our environment, our responsibility is to think beyond today's challenges and act in the interests of future generations.

That is the lens through which I view the work of Hawke's Bay Regional Council.

At its heart, our role is to help create the conditions for communities to thrive. Safe communities, healthy rivers, resilient landscapes, reliable infrastructure, and a strong regional economy are all connected. The wellbeing and prosperity of Hawke's Bay depend on the health of the rivers, soils, and landscapes that sit behind our communities and our livelihoods.

Much of our work is focused on reducing flood risk, improving water security, and supporting sustainable land management as we adapt to a changing climate. These are not short-term challenges, nor are they challenges any organisation can solve alone.

Across Hawke's Bay, our staff work alongside landowners, tangata whenua, communities, industry, and local government, taking a **ki uta ki tai - mountains to sea approach.** It is a simple idea, but a powerful one: what happens in our headwaters and hill country affects the rivers, communities, and coastlines downstream. Building resilience begins with understanding those connections and working with them, rather than against them.

This Annual Plan continues the direction set in our Three-Year Plan, including the ongoing recovery and resilience work following Cyclone Gabrielle. The scale of work underway across the region reflects a shared commitment to strengthening the long-term resilience of our communities.

We are beginning to see that work take shape across the region, particularly through improvements to flood protection in some of our most exposed areas. The completion of the Waiohiki stopbank is an important milestone, and one the region can be proud of. It speaks to what can be achieved when communities, contractors, and government work together toward a common goal.

At the same time, we are continuing to strengthen how we support erosion control and catchment management. Cyclone Gabrielle reinforced what many have understood for years: the resilience of our communities downstream is closely linked to the resilience of our landscapes upstream. Long-term investment in our soils, waterways, and hill country remains one of the most important investments we can make as a region.

Not all resilience work looks the same. This year we also launched our expanded GoBay bus network. As household budgets remain under pressure, affordable and reliable transport becomes part of how we support community resilience in a very practical way. Every full bus means fewer cars on the road, lower transport costs for households, and a more connected region.

Households and businesses continue to face enormous financial pressures. Council is not immune to the same rising costs, and there is an ongoing responsibility to balance investment in critical services and infrastructure with affordability for our communities.

As discussions continue around the future shape of local government in New Zealand, I see a shared commitment to tackling the challenges we face and creating opportunities for our communities, and that gives me confidence in Hawke's Bay's future.

We are a region with strong communities, productive landscapes, and enormous potential. Working closely with our district and city mayors, I see that same commitment reflected across the region. Whatever changes may come, our focus must remain on building a region that is resilient, prosperous, and capable of passing on a stronger legacy to those who follow us.

Ngā mihi nui

Sophie Siers
Chair
Hawke's Bay Regional Council

This year will mark the completion of many resilience projects.

This Annual Plan sees Hawke's Bay Regional Council continue to deliver our critical work for the region with a firm focus on keeping our operating costs down.

We have been able to reduce what we need to collect from rates from a forecast average rates increase of 8.5% in our Three-Year Plan to an average rates increase of 5.2% for 2026-27.

This was particularly challenging given the organisation faced additional cost pressures that would have pushed our rates requirement well beyond the initial forecast. Council and staff worked together to look at all potential options to lessen the financial impact on ratepayers – reviewing how we deliver our work, identifying cost savings across the organisation, and all other financial levers including utilising strong performance from our investment company, HBRIC.

This year will mark the completion of many resilience projects. We have already celebrated the new stopbank at Waiohiki and expect all planned work in our $256 million multi-year Flood Resilience Programme to be finished in the next eighteen months, subject to weather.

This is an ambitious and multi-faceted programme and is building resilience across the region through new and upgraded stopbanks, upgraded pump stations, and strengthened rainfall and river monitoring network.

Ngā mihi nui

Dr Nic Peet
Chief Executive
Hawke's Bay Regional Council

PART 1

Kupu whakataki
Introduction

New stopbank being completed along the Pōrangahau River

Role of a regional council

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

We plan, budget, and report on our work in groups of activities. Our six groups of activities are shown in the next column.

Upcoming changes

Major structural change is proposed for local government in New Zealand. The Government's Simplifying Local Government reform proposes removing elected regional councillors and moving towards combined or unitary structures. Services and functions provided by regional councils will be absorbed into these new entities. A unitary council combines the functions of a regional council and a city or district council into a single organisation.

The Government is driving this reorganisation process with the aim that amalgamating councils will provide more effective and efficient services and functions across a region.

Air Quality Scientist checking for airborne pollutants at one of our monitoring stations

Enjoying the new GoBay network

Governance & Partnerships

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

Policy & Regulation

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

Integrated Catchment Management

We provide science and environmental information, sustainable land management and rural partnerships, and biodiversity and biosecurity work.

Asset Management

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

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

Emergency Management

We are the administering authority for the Hawke's Bay Civil Defence Emergency Management Group (HBCDEM) on behalf of the region's councils. We also maintain emergency response capability to support the CDEM Group.

Additionally, we operate a 24-hour CDEM and HBRC duty management service to respond to urgent public enquiries and pollution events.

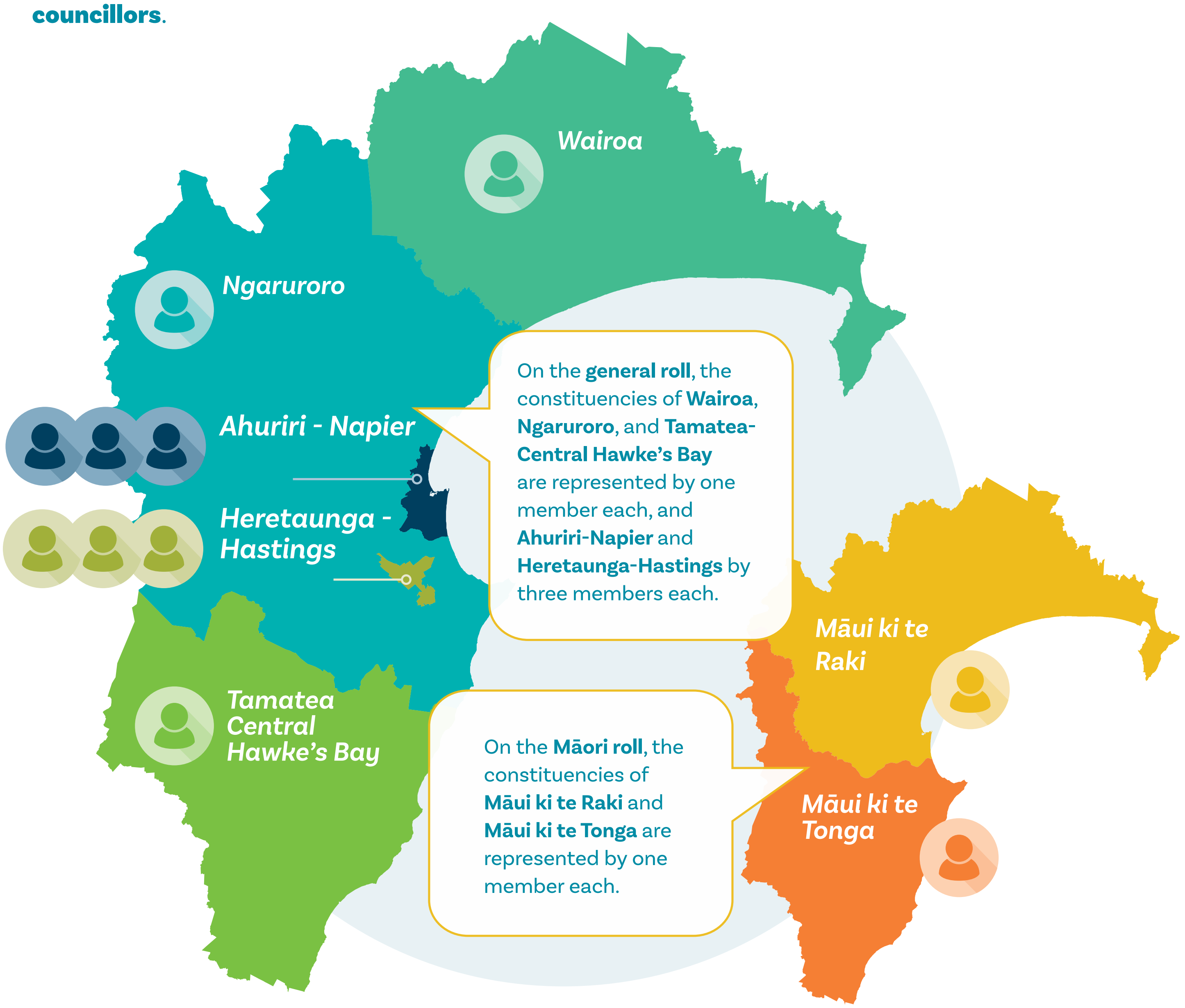
Transport

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

How is **council** made up?

The Hawke's Bay Regional Council has **seven constituencies** represented by **11 councillors**.

Elected members are responsible for setting the strategic direction and adopting all major policies to enable the Regional Council to achieve its vision for a healthy environment, and a resilient and prosperous community.



Your **councillors**

Sophie Siers
Chair
Heretaunga/Hastings
Cr.Sophie.Siers@hbrc.govt.nz

Jerf van Beek
Deputy Chair
Ngaruroro
Cr.Jerf.vanbeek@hbrc.govt.nz

Di Roadley
Wairoa
Cr.Di.Roadley@hbrc.govt.nz

Louise Parsons
Ahuriri/Napier
Cr.Louise.Parsons@hbrc.govt.nz

Neil Kirton
Ahuriri/Napier
Cr.Neil.Kirton@hbrc.govt.nz

Hinewai Ormsby
Ahuriri/Napier
Cr.Hinewai.Ormsby@hbrc.govt.nz

Jock Mackintosh
Heretaunga/Hastings
Cr.Jock.Mackintosh@hbrc.govt.nz

Conrad Waitoa
Heretaunga/Hastings
Cr.Conrad.Waitoa@hbrc.govt.nz

Tony Kuklinski
Tamatea/Central Hawke's Bay
Cr.Tony.Kuklinski@hbrc.govt.nz

Thompson Hokianga
Māui ki te Tonga
Cr.Thompson.Hokianga@hbrc.govt.nz

Michelle McIlroy
Māui ki te Raki
Cr.Michelle.McIlroy@hbrc.govt.nz

For more information and contact details go to ***hbrc.govt.nz****, search:* ***#councillors***

Our **vision**, **mission** and **priorities**

In February 2026, the newly elected Council adopted Tā Tātou Rautaki Our Strategy 2026-2030, refining its key strategic priorities.

Tā tātou tirohanga
Our vision

Kia toitū te taiao Kia manawaroa, kia whairawa hoki te hapori.	*A healthy environment and a resilient and prosperous community.*

Tā tātou tauaki whainga
Our mission

Ka mahi tahi tātou me tō tātou hāpori hei whakatutuki i ēnei whāinga kia tiaki ai nga taonga, a, ko ngā awa, ko ngā roto, ko ngā akau, ko ngā koiora taiao, ko te hononga taiao me te Hauora.	*We work with our community to protect and manage the region's precious taonga of rivers, lakes, soils, air, coast and biodiversity for health, wellbeing, and connectivity.*

Tauaki whainga matua
Our priorities

Whakaiti ana ngā take waipuke	*Reducing flood risk*
Tautoko ana i te haumaru wai	*Supporting water security*
Hāpaitia i te oranga o te whenua me te wai	*Promoting land and water health*

Te whakapakari tahi i tō tātau ***taiao****. Enhancing our* ***environment*** *together.*

Ko ō tātou aronga matua rautaki
Our strategic priorities

The issues we face as a region tend to be long term, intergenerational, and complex. They affect both current and future generations. Our strategic priorities don't cover everything we do, but focus on the areas where we want to 'shift the dial'. They also respond to a changing climate and must be affordable, which are shown below as cross-cutting priorities.

Responding to a changing CLIMATE

Ko te urupare ki te āhuarangi e panoni haere ana

FINANCIAL ***health and affordability***

Ko te toitūtanga pūtea me te āhei utu

Reducing **FLOOD RISK**

Whakaiti ana ngā take waipuke

- River flooding
- Surface flooding
- Coastal inundation and erosion

Supporting **WATER SECURITY**

Tautoko ana i te haumaru wai

- Water conservation
- Water storage and aquifer recharge
- Water regulation

Promoting **LAND AND WATER HEALTH**

Hāpaitia i te oranga o te whenua me te wai

- Soil conservation, including erosion control
- Biodiversity and biosecurity
- Water quality

About this **plan**

This Annual Plan revises our budget for 2026-27, the third and final year of our Three-Year Plan 2024-2027 (also known as our Long Term Plan).

Our Three-Year Plan/Long Term Plan was adopted on 10 July 2024. This Annual Plan continues the momentum of that plan, which focuses on our recovery from Cyclone Gabrielle.

We continue to operate in a challenging financial environment with the cost of living continually increasing. The challenge for us as an organisation is to continue to build regional resilience and deliver the services communities rely on, while reducing the amount we need to collect from our ratepayers.

Key differences from our Three-Year Plan

Lower-than-forecast average rates increase

This Annual Plan has an average rates increase of 5.2%. Our Three-Year Plan forecast an average rates increase of 8.5% for 2026-27.

Ratepayers are impacted differently depending on a range of factors including property revaluations, capital to land ratio, and what targeted rates properties pay. Targeted rates are based on location and the benefit you might receive from the service they are used to fund.

Erosion protection work on Te Awa o Mokotūāraro (Clive River)

Road trip for Reimagining Flood Resilience Upper Tukituki Stakeholder Reference Group

How were we able to reduce our costs?

Council undertook a robust review of our planned budget to find savings and identify other levers to bring down the total average rates increase. Council has:

1. reset how we deliver our land management services, including our Erosion Control Scheme. This is outlined in this section – 'Changing how we support erosion control work'.
2. reduced staff numbers and operating costs primarily in support services to avoid reducing the levels of service we provide to communities.
3. applied other financial levers including:
   a. using part of our investment company's (HBRIC) strong performance in 2024-25 and increasing our annual dividend request from HBRIC
   b. deferring internal loan repayments.

   See the Financial overview in Part 2 of this plan for more information.

This Annual Plan should be read in conjunction with our Three-Year Plan 2024-2027, available online at **hbrc.govt.nz**, search: **#3yearplan**

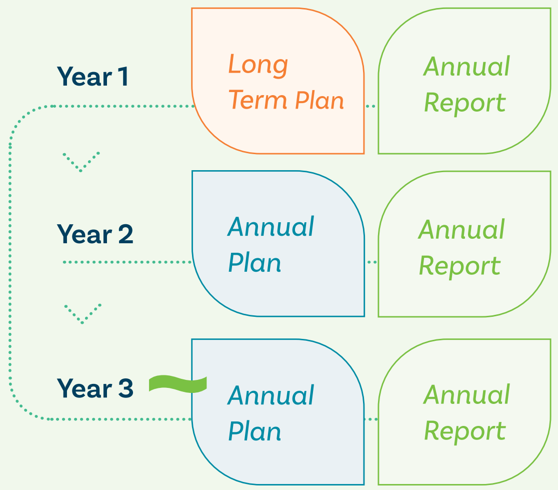
Our planning and reporting cycle

We produce annual plans in the years between long term plans to update information and budgets from our long term plan forecast, highlight any key variances, and set the rates for the year ahead.

A long term plan describes the community outcomes we aim to achieve, the activities we're undertaking to achieve those, and the cost of doing that work.

A long term plan is usually 10-years, and we review it every three years. Our current long term plan is three years enabled by temporary legislation following Cyclone Gabrielle in 2023 for the worst affected councils. This reflects the high level of uncertainty following the cyclone.

Planning cycle



Focus on:

Building **flood resilience**

Impressive progress has been made on our multi-year $256 million flood resilience programme and the community can expect to see more milestones this year.

The multi-faceted programme is part of the Cyclone Gabrielle recovery cost-share agreement with the Crown, with Regional Council ratepayers contributing around $47 million, and construction has been in full swing across the region.

We're proud to have finished building a new stopbank in Waiohiki, and expect to complete new stopbanks in Ōhiti in June 2026, and stopbanks in Pōrangahau and Whirinaki by the end of 2026. These are significant milestones in the region's recovery.

More than 130 properties have already had their post-Cyclone Gabrielle risk category lifted, giving people greater certainty in rebuilding and ensuring communities can remain where they are. A further 140 homes are expected to have their risk category lifted by the end of June 2026.

A significant amount of work happens behind the scenes to get these projects to this stage – researching, planning, designing, consenting, and meeting with communities – and we are incredibly grateful to our staff, contractors, impacted communities, marae, iwi, and all other stakeholders.

We are building our new stopbanks to a minimum 1% AEP (Annual Exceedance Probability) standard. This means they are designed to manage a severe weather event that has a 1% likelihood of occurring in any given year, also referred to as a 1-in-100-year event.

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

Ground and cycle trail being reinstated at the Waiohiki stopbank

The programme, known as our NIWE (North Island Weather Event) Flood Resilience Programme, consists of:

- **new flood protection in six areas, plus protection upgrades to Mangarau Stream in Havelock North (being delivered by Hastings District Council)**
- **undertaking upgrades on sections of existing stopbanks**
- **replacing and upgrading two pump stations**
- **strengthening Hawke's Bay's rainfall and river level monitoring network**
- **reviewing our flood protection, drainage and river maintenance schemes to addess their effectiveness.**

New flood resilience

Waiohiki

The new stopbank at Waiohiki was finished in May 2026.

The 1km stopbank runs from Redclyffe Bridge to the Napier Golf Club course along the Tūtaekurī River. Work here also included realigning the Upokohino Stream. This work was finished $1 million under budget, costing $9 million.

Ōhiti Road, Ōmāhu

The new $10 million stopbanks at Ōhiti Road, Ōmāhu are expected to be completed in June 2026 and delivered on budget.

We're building a new 2.1km stopbank near Taihape and Ohiti Roads, and on the village side, extending the existing Ōmāhu stopbank across Taihape Road. Parts of Taihape and Ōhiti Roads were also raised to meet the new stopbank heights.

Whirinaki

The raising of State Highway 2 was completed in April 2026 and construction of the 1.26km residential stopbank started in February 2026, after the initial design was refined. This stopbank is due to be completed by the end of 2026.

The $23 million project also involves building an industrial stopbank to a greater design standard which is forecast to be completed by December 2026. This stopbank is being built to a 0.2% AEP (Annual Exceedance Probability) standard, meaning it is designed to manage a severe weather event that has a 0.2% likelihood of occurring in any given year, also referred to as a 1-in-500-year event.

The aim of the industrial stopbank is to reduce flood risk to key infrastructure such as Contact Energy's power station, Transpower's substation, and the Pan Pac pulp mill - the mill is one of Hawke's Bay's largest employers.

Pōrangahau

This $14.6 million project sees protection work being undertaken on both the northern and southern sides of the river. Stage one will see a new 1.7km flood protection network built starting by the Pōrangahau Wastewater Plant. This will include stopbanks, flood walls, road rising, and new drainage elements. Construction started in April 2026 and is expected to be completed by the end of 2026.

Staff are working with designers and landowners on options for the second stage.

Pākōwhai

This $50 million project is building an 8.5km network which will run from the Ngaruroro River to the Napier Golf Club course. It includes stopbanks, flood walls, a spillway, and a 500m realignment of the Tūtaekuri-Waimate Stream.

The work is being undertaken in five stages. Construction started in May 2026 and work is expected to be completed in mid-2027.

Wairoa

The $70 million flood mitigation project involves building stopbanks, a spillway, flood gates, road rising, and hard construction elements. This remains the most complex project.

Construction consent has been granted, and the focus continues on finalising detailed design and securing land access. The work will be constructed in stages, maximising the likelihood of completing this in 2027.

Construction project team inspecting the new stopbank from the recently raised Ōhiti Road

Upgrades on sections of existing stopbanks

Work has been gaining momentum and construction is due to start in July 2026. We've prioritised three sites for upgrades — Waipawa township, Brookfield lower,and Ōmāhu upper and lower — to ensure we meet the design standard following a post-cyclone review of 1% AEP.

Replacing and upgrading pumpstations

A lot of behind-the-scenes work has been undertaken as we work towards replacing Mission/Awatoto and Pākōwhai pump stations. Construction is expected to start in August 2026 and is forecast to be completed in June 2027.

The pumpstations were severely damaged during Cyclone Gabrielle and being built in the 1950s, are reaching the end of their useful life. They are being replaced to improve capacity, reliability, and long-term resilience. They will have better telemetry systems, making it easier to monitor and manage performance remotely.

Brookfields pumpstation replacement will be put forward for funding consideration through the next long-term plan.

Strengthening HB's rainfall and river level monitoring network

Great progress has been made and we're expecting to have upgraded more than 40 monitoring sites by the end of 2026.

Sensors at the monitoring sites gather real-time data on things such as rainfall and river flows and levels. We're ensuring sites have two sensors and two ways to transmit data. We're also reinforcing back-up systems so monitoring continues, even during power or communication failures. We're also upgrading equipment and have been choosing our monitoring spots more strategically - for more resilient data storage, deeper insights, and broader coverage.

Together, these improvements will provide more accurate and timely flood forecasts, and faster warnings, and strengthen the overall resilience of the network.

Scheme reviews

Comprehensive reviews of all 27 flood protection, drainage and river and maintenance schemes we administer are expected to be completed in June 2026 on budget.

The reviews will help us plan for prioritisation of scheme upgrades.

SH2 road raise and stopbank fill in progress at Whirinaki

For more information see hbrc.govt.nz, search: **#recoverywork**

Focus on:

Changing how we support **erosion control** work

Regional Council is changing how we help farmers and landowners undertake erosion control work on their land. We want to make our support more sustainable, more targeted, and simpler to access.

As part of an organisation-wide review to reduce future rate pressure on our community we have finished our Erosion Control Scheme earlier than planned. We are setting ourselves up so we can support soil conservation over the long term and keep costs manageable for the community.

Reducing sediment loss from the mountains to the sea remains a long-term challenge for Hawke's Bay. Sediment is our region's biggest environmental stressor because of a combination of highly erodible hill country, historic vegetation clearance, intense rainfall events, and low-lying floodplains where people live and grow food.

For years, we have supported and worked closely with landowners to address environmental concerns at place. Our soil conservation nursery originated with the Hawke's Bay Catchment Board and was established in the late 1940s to early 1950s (following the Soil Conservation and Rivers Control Act 1941).

In 2018, the Regional Council agreed to borrow $30 million over 10 years to accelerate the pace and scale of this environmental work, known as our Erosion Control Scheme.

To deliver the scheme we expanded our nursery operations to boost production of poplar and willow poles. Poles are widely used for long-term erosion control. They form extensive root systems that bind soil and help to stabilise slopes and reduce erosion.

The Erosion Control Scheme substantially increased (through rates and leveraged external funding) the subsidy available to to farmers for erosion control work.

Through that scheme, Regional Council has helped farmers and landowners plant or retire more than 6,000ha of highly erodible land and protect more than 370km of waterways.

Soil conservation is something that everyone benefits from

Soil conservation is a critical part of Hawke's Bay's flood resilience system and functions as essential natural infrastructure across the catchment.

Stabilising erodible land helps keep soil on the land and out of rivers and the sea. This helps manage long-term flood risk, protect important infrastructure such as roads and bridges, and reduces long-term costs to the community.

Importantly, keeping soil on our hills also improves water quality, biodiversity, and protects productive soils.

So what's happening?

Our revised programme, called Next Gen Land Management will:

Make it easier to buy poles and at a lower cost

- Farmers and landowners can now order and pay for poles and their delivery through our website. The subsidy in its previous form is ending, however we will be providing poles at a cheaper price.
- We have focused on improving the efficiency and production of our pole nurseries to cater for stong demand - this includes expanding our nurseries.

Enourage more catchment-scale community action

- We're working more collaboratively with community and catchment groups. By working with groups, rather than one-to-one, we're able to support more farmers. Working together at a catchment scale gives better results for everyone.

Focus on high-risk areas

- We're prioritising our efforts using science to support where we target financial support for pole and native tree planting.
- This is about getting the greatest impact for our investment.

Help embed erosion-control work into farm planning

- We will continue to support famers and landowners to meet regulatory requirements while improving long-term land resilience.

For more information see hbrc.govt.nz, search:**#farmershub**

Focus on:

New GoBay **bus routes**

Hawke's Bay Regional Council launched its new GoBay bus network in January 2026 and with fuel prices hitting wallets hard, is encouraging people to take the bus when travelling within and between Napier and Hastings.

The launch of the new network marks a significant step in improving public transport accessibility and Regional Council is grateful to the hundreds of residents, community groups, and partners who shared their insights over the past four years to help shape the new network.

We now have more direct and more frequent bus services. These are easier to understand and make travel time faster.

Significantly, we have also expanded our bus journeys. For the first time people are able to catch buses to and from the Hawke's Bay Airport and the Hawke's Bay Regional Sports Park. The network also provides more connections to key amenities such as Hawke's Bay Hospital and EIT. It's about providing a genuine alternative to taking the car.

The new bus routes in Hastings provide an efficient and effective alternative to the on-demand service MyWay for the city, which ended in January 2026.

More bus stops are also being installed to support the new bus network. This is being done by Hastings District and Napier City councils, as the local road controlling authorities.

Taking the bus not only saves on petrol, it also saves on parkings costs and can be a less stressful travel option.

Taking the bus is also better for the environment. A full bus means a lot less cars on the road. You reduce your individual carbon footprint, cut down on region-wide greenhouse gas emissions, and also help ease traffic congestion.

Regional Council has been pleased to see patronage on the new GoBay bus network continue to climb on our key routes since launching. Sales of the prepay bus card, known as the Bee Card, have also increased. Bee Cards can be purchased from GoBay bus drivers, Hawke's Bay Regional Council Dalton Street offices, Hastings libraries, and online at **beecard.co.nz**

Bus fares are reviewed annually to reflect changes in the costs of running the service.

For more information visit gobay.co.nz

GoBay network launch in January

PART 2

Ngā kōrero pūtea
Financial information

Pekapeka Regional Park

***Financial** overview*

This Annual Plan sets out Regional Council's budget and funding requirements for 2026-27, the third and final year of our Three-Year Plan 2024-2027 (also known as our Long Term Plan).

We produce annual plans in the years between long term plans to update information and budgets from our long-term plan forecast, highlight any key variances, and set rates for the year ahead.

When Council adopted its Three-Year Plan in July 2024, an average rates increase of 8.5% was forecast for 2026-27. After a thorough review to lessen the impact on our ratepayers, Council has brought the average rates increase down to 5.2% for 2026-27.

In preparing this Annual Plan, Council reviewed the baseline budget starting from the Annual Plan 2025-26 position, rather than the original Three-Year Plan assumptions. This ensured that the budget reflected updated cost assumptions and the full-year financial impact of decisions made in that Annual Plan.

The Annual Plan 2025-26 reset Council's financial position partway through our Three-Year Plan, reducing the forecast rates increase for that year and establishing a lower funding base for subsequent years.

The review of the 2025-26 baseline budget showed that cost pressures were continuing into 2026-27 and would have pushed the total amount we need to collect in rates for 2026-27 well above our Three-Year Plan forecast of an average 8.5% rates increase.

The key drivers pushing our costs up included inflation, the timing of loan repayments, and the ongoing costs associated with our flood resilience and recovery programmes.

Considering these costs pressures and the financial pressures household budgets are under, Council wanted to reduce the organisation's costs to reduce the average rates increase.

Key savings were made through:

- Reviewing how we undertake our work. We have reset how we deliver our land management services, including the early wind-down of our Erosion Control Scheme. We are setting ourselves up so we can support soil conservation over the long term and keep costs manageable for the community. See Part 1 – 'Focus on: Changing how we support erosion control work'.
- Reducing staffing levels and operating costs, including organisational changes.
- Deferring this year's repayments of rates smoothing loans to the next financial year (2027-28). This relates to the Annual Plan 2020-21 when Council resolved to have a Covid and drought-related, zero-rate increase, and to the Long Term Plan 2021-2031 borrowing to cover the costs of Council's increased work programmes.
- Increasing the annual dividend from our investment company, HBRIC, from $13.5 million to $14.5 million.
- Using $2.5 million from HBRIC's strong performance in 2024-25 to part fund some programmes.

The Annual Plan 2026-27 completes the financial framework set through the Three-Year Plan 2024-2027. Across the period, Council has responded to changing conditions by adjusting expenditure, rebalancing funding sources, and moderating rates increases where possible. The result is a financial position that supports delivery of agreed services while maintaining financial resilience as Council transitions into the next long-term planning cycle.

To check the rates for your individual property, go to hbrc.govt.nz, search: #findrates

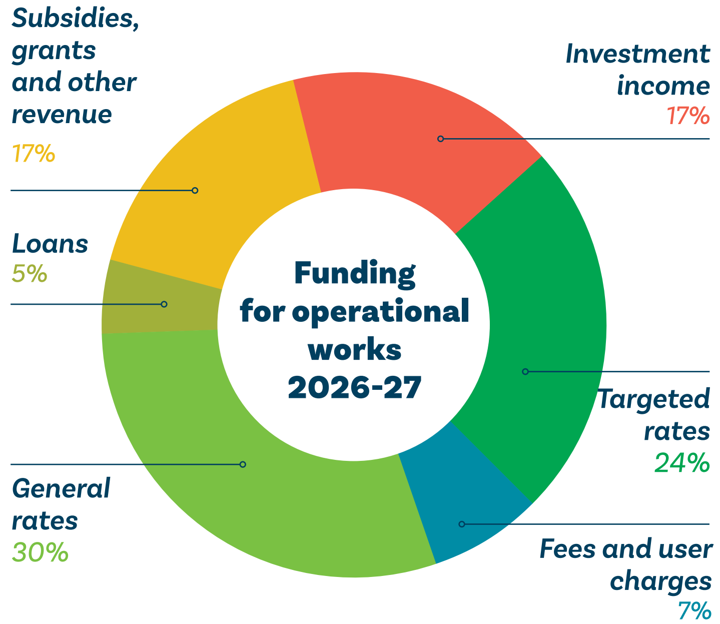
2026-27 funding sources

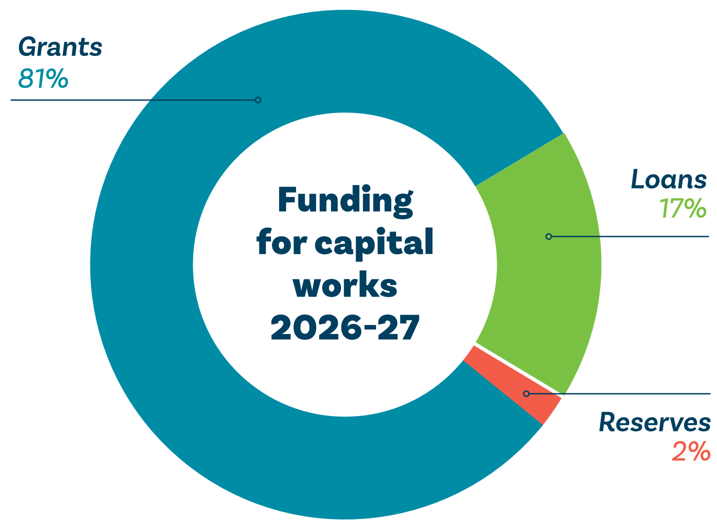
The graphs below show the various sources of funding the Regional Council will use in the upcoming year to deliver our work.

Funding for operating expenditure generally comes from rates, investment returns, grants and subsidies, and fees and user charges.

Fees and user charges are calculated each year based on the cost of service delivery. They include hourly rates, consent fees, water monitoring charges, compliance monitoring, navigation, and zone-based water science charges.

The Fees and User Charges Schedule 2026-27 is available on our website **hbrc.govt.nz, search: #annualplans**





2026-27 operating expenditure

The graph below shows our planned operating spend for the 2026-27 financial year by groups of activities, compared to the spend forecast for this year in our Three-Year Plan 2024-2027.

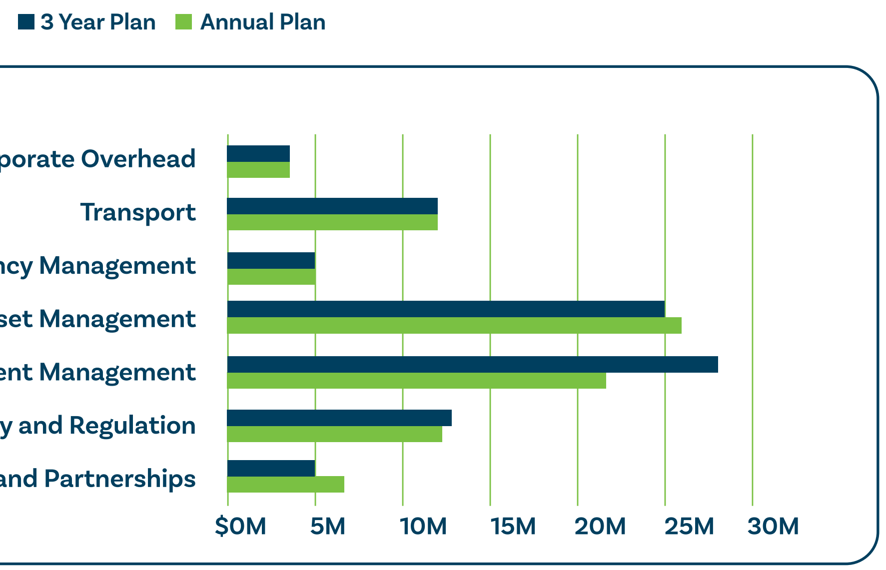
We plan, budget, and report on our work in groups of activities. The groups of activities (outlined on page 7) are explained in more detail in our Three-Year Plan. Corporate Overhead in the graph below reflects costs associated with managing investments and collecting rates. All other corporate overhead costs are allocated across the other groups of activities.

The most significant reduction from the Three-Year Plan is within the Integrated Catchment Management group of activities. This reflects savings achieved through changes to the delivery of land management services, including the end of the Erosion Control Scheme.

Further reductions are in the Policy and Regulation and Transport groups of activities. The decrease in Policy and Regulation primarily relates to a planned increase in staff costs in Year 3 that are no longer budgeted. The reduction in Transport reflects the removal of a previously planned increase in expenditure in Year 3 related to timing of the new bus network rollout and a new bus contract.

Increases from the Three-Year Plan are in the Asset Management and Governance and Partnerships groups of activities. The increase in Governance and Partnerships relates to contingency funding and investment in the Fit for the Future Programme, a strategic transformation initiative. The increase in Asset Management is driven by costs associated with the Hawke's Bay Independent Flood Review, which were not budgeted in Year 3 of the Three-Year Plan.

Expenditure by activity



Southern Hawke's Bay dune system

Ocean Beach

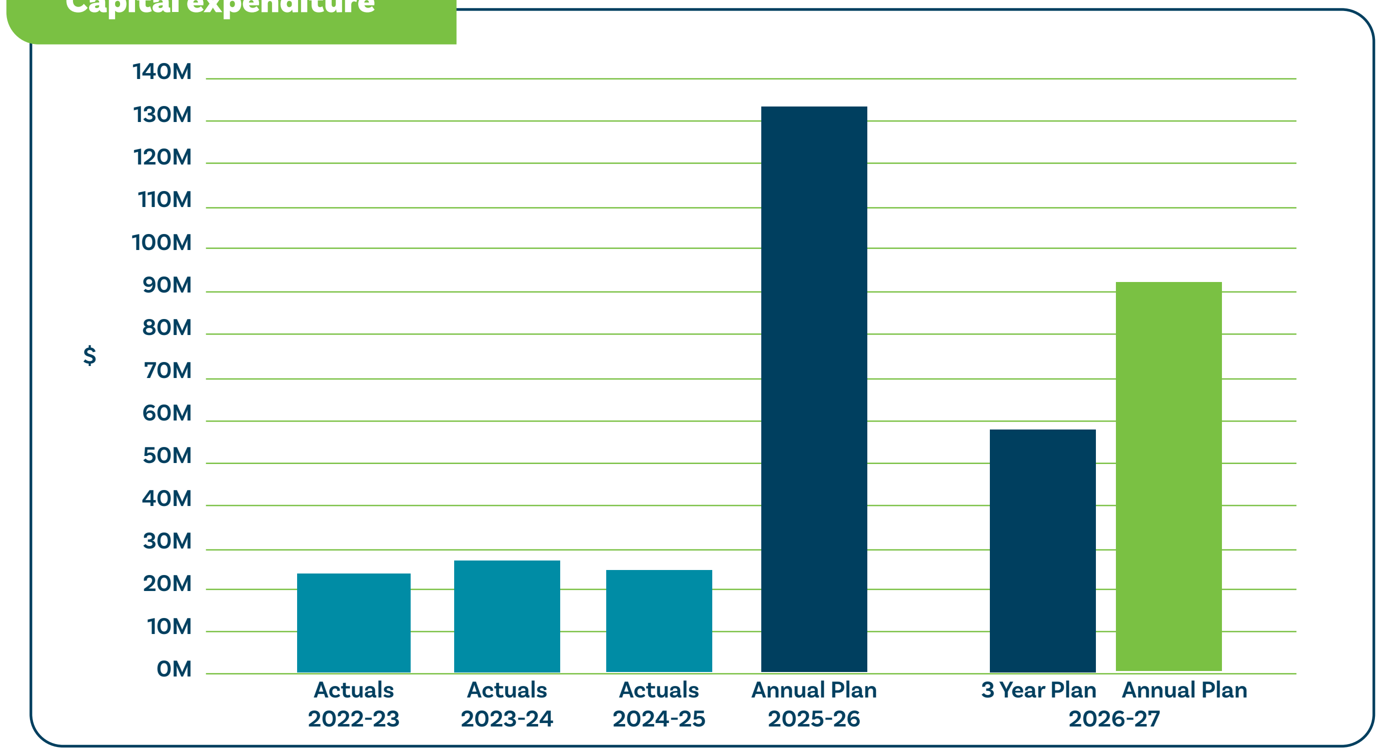
2026-27 capital expenditure

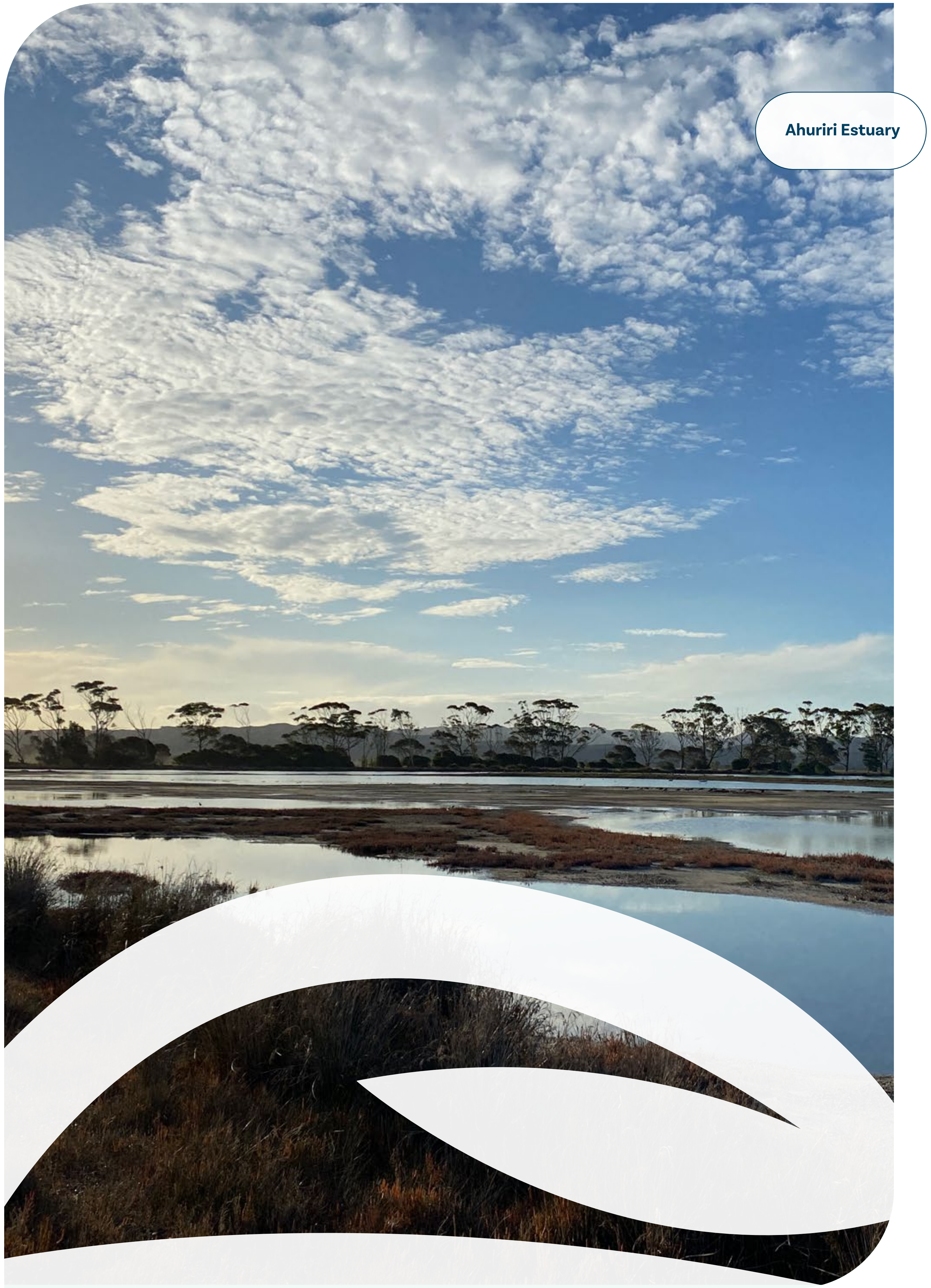
Total capital expenditure for 2026-27 is higher than forecast in the Three-Year Plan. This reflects that, at the time the Three-Year Plan was developed, the NIWE Flood Resilience Programme was still in its early stages. Budgets have since been updated to reflect the latest forecast costs for 2026-27.

The level of capital expenditure in the years following Cyclone Gabrielle remains significant compared to previous years, reflecting the NIWE Programme - the largest construction programme the Council has undertaken.

Capital expenditure and associated borrowing have been managed within Treasury limits, with an ongoing focus on cash flow management and debt levels as these major projects continue.

Capital expenditure





Prospective financial statements

Prospective statement of comprehensive revenue and expense

	Note	Annual Report 2024-25 $000	Annual Plan 2025-26 $000	3YP Yr3 2026-27 $000	Annual Plan 2026-27 $000
Revenue					
Revenue from activities	1	11,224	9,369	9,784	9,838
Rates revenue	2	47,920	53,121	60,998	55,877
Subsidies and grants	3	64,001	51,609	54,042	80,004
Other revenue	3	43,116	15,660	15,715	19,195
Fair value gains on investments	7	6,172	4,080	4,224	4,080
Total operating revenue		**172,433**	**133,839**	**144,763**	**168,993**
Expenditure					
Expenditure on activities	1	(122,223)	(77,765)	(81,221)	(76,302)
Finance costs		(5,975)	(6,438)	(6,798)	(7,135)
Depreciation and amortisation expense	5	(4,727)	(3,905)	(4,583)	(4,548)
Fair value losses		(4,980)	-	-	-
Impairment		-	(20)	-	(20)
Total operating expenditure		**(137,905)**	**(88,128)**	**(92,602)**	**(88,004)**
Operating surplus					
Operating surplus / (deficit) before income tax		**34,527**	**45,711**	**52,161**	**80,989**
Other comprehensive revenue and expense					
Other comprehensive revenue and expense					
Gain/(loss) on other financial assets	7	69,004	1,224	1,842	1,224
Gain/(loss) on revalued intangible asset		2,995	-	385	-
Gain/(loss) on revalued property, plant and equipment assets		(2,814)	-	924	-
Gain/(loss) on revalued infrastructure assets		(710)	-	7,111	-
Total other comprehensive revenue and expense		**68,475**	**1,224**	**10,261**	**1,224**
Total comprehensive revenue and expense		**103,003**	**46,935**	**62,423**	**82,213**

The accompanying notes form part of these prospective financial statements.

Prospective statement of changes in net assets/equity

	Annual Report 2024-25 $000	Annual Plan 2025-26 $000	3YP Yr3 2026-27 $000	Annual Plan 2026-27 $000
Net assets / equity at the start of the year	907,497	961,047	799,615	1,067,720
Total comprehensive revenue and expenditure	103,003	46,935	62,423	82,213
Reserves	-	2,070	(3,053)	1,729
Net assets / equity at the end of the year	**1,010,500**	**1,010,052**	**858,985**	**1,151,663**

Prospective statement of financial position

	Note	Annual Report 2024-25 $000	Annual Plan 2025-26 $000	3YP Yr3 2026-27 $000	Annual Plan 2026-27 $000
Assets					
Non-current assets					
Property, plant and equipment		36,059	43,274	35,370	39,615
Infrastructure assets		454,929	558,017	452,273	605,797
Investment property		66,717	69,385	68,918	67,099
Intangible assets		12,456	13,207	11,243	9,746
Forestry assets	7(b)	9,092	10,259	12,745	9,707
Prepayments		168	168	168	168
Other financial assets		143,314	148,380	145,818	141,750
Investment in council-controlled organisations		420,891	374,211	338,426	446,958
Total non-current assets		**1,143,625**	**1,216,901**	**1,064,961**	**1,320,840**
Current assets					
Inventories		695	574	821	483
Trade & other receivables		26,142	62,543	18,997	20,731
Derivative financial instruments		592	2,234	2,238	558
Other financial assets		2,529	318	2,983	2,629
Cash and cash equivalents		19,073	9,244	19,248	23,602
Total current assets		**49,031**	**74,913**	**44,287**	**48,003**
Total assets		**1,192,656**	**1,291,814**	**1,109,248**	**1,368,844**
Net assets / equity					
Accumulated funds		287,303	369,777	439,963	401,146
Fair value reserves		574,890	508,513	298,471	604,408
Other reserves	8	148,306	130,538	120,550	146,108
Total net assets / equity		**1,010,499**	**1,008,828**	**858,984**	**1,151,663**
Liabilities					
Non-current liabilities					
Borrowings	4(a)	112,950	182,213	148,237	131,229
ACC leasehold financing liabilities		29,307	29,280	29,285	28,104
Provisions for other liabilities and charges		19	-	-	-
Employee benefit liabilities		346	433	437	300
Total non-nurrent liabilities		**142,622**	**211,925**	**177,959**	**159,632**
Current liabilities					
Borrowings	4(a)	4,650	39,263	28,167	20,950
ACC Leasehold financing liabilities		1,780	1,752	1,764	1,047
Employee benefit liabilities		2,969	2,014	2,607	2,642
Trade and other payables		29,982	27,531	29,647	32,597
Funds held on behalf		153	500	10,120	312
Total current liabilities		**39,534**	**71,060**	**72,305**	**57,548**
Total liabilities		**182,156**	**282,986**	**250,264**	**217,181**
Total net assets / equity & liabilities		**1,192,656**	**1,291,814**	**1,109,248**	**1,368,844**

The accompanying notes form part of these financial statements.

Prospective cash flow statement

	Note	Annual Report 2024-25 $000	Annual Plan 2025-26 $000	3YP Yr3 2026-27 $000	Annual Plan 2026-27 $000
Cash flows from operating activities					
Cash was provided from:					
Receipts from customers		7,833	11,770	12,295	12,532
Rates received		47,239	53,141	61,018	55,897
Dividends received		27,090	8,625	8,801	12,186
Interest received		3,251	4,315	4,404	4,315
Grants received		64,001	8,224	53,995	79,957
Other revenue		14,638	366	47	48
Total		**164,052**	**86,442**	**140,560**	**164,934**
Cash was applied to:					
Payments to suppliers		109,603	38,077	42,941	37,097
Payments to and on behalf of employees		38,455	40,892	42,890	40,316
Interest expense		5,501	5,670	6,120	6,456
Funds held on behalf		16,303	-	-	-
Total		**169,862**	**84,639**	**91,951**	**83,869**
Net cash flows from operating activities		**(5,810)**	**1,803**	**48,609**	**81,065**
Cash flows from investing activities					
Cash was provided from:					
Disposal of property, plant and equipment		529	-	-	-
Disposal of investment properties		50	-	-	-
Disposal of financial assets		1,445	4,488	2,350	2,711
Total		**2,024**	**4,488**	**2,350**	**2,711**
Cash was applied to:					
Purchase of property, plant & equipment		3,578	6,287	1,605	3,629
Purchase of intangible assets		119	-	-	-
Construction of infrastructure assets		20,784	83,884	57,298	87,989
Community lending		-	-	-	-
Forestry assets development		-	-	-	-
Leasehold liability		2,371	-	-	-
Total		**26,852**	**90,171**	**58,903**	**91,619**
Net cash flows from investing activities		**(24,828)**	**(85,683)**	**(56,553)**	**(88,909)**
Cash flows from financing activities					
Cash was provided from:					
Loans drawn		24,000	91,379	31,612	19,228
Cash was applied to:					
Loans repaid		36,563	9,474	27,250	12,350
Net cash flows from financing activities		**(12,563)**	**81,905**	**4,362**	**6,878**
Net increase / (decrease) in cash & cash equivalents		**(43,202)**	**(1,976)**	**(3,582)**	**(965)**
Opening cash & cash equivalents		62,276	11,220	22,831	24,567
Closing cash & cash equivalents		**19,075**	**9,244**	**19,248**	**23,602**

Notes to the financials

Note 1 - Activity revenue and expenditure

	Note	Annual Report 2024-25 $000	Annual Plan 2025-26 $000	3YP Yr3 2026-27 $000	Annual Plan 2026-27 $000
Revenue					
Groups of activity					
Governance and Partnerships		906	-	-	-
Policy and Regulation		3,305	3,356	3,428	3,563
Integrated Catchment Management		3,515	2,411	2,649	2,805
Asset Management		2,557	2,802	2,870	2,940
Emergency Management		639	-	122	-
Transport		839	492	550	506
Corporate Overhead		(538)	308	165	23
Total revenue from activities		**11,224**	**9,369**	**9,784**	**9,838**
Expenditure					
Groups of activity					
Governance and Partnerships		6,944	5,594	5,339	6,718
Policy and Regulation		46,618	12,302	12,988	12,420
Integrated Catchment Management		26,220	25,159	28,135	21,857
Asset Management		29,573	24,517	25,232	26,320
Emergency Management		6,137	5,059	4,919	4,704
Regional Recovery Agency		1,573	-	-	-
Transport		10,625	11,436	12,402	12,460
Corporate Overhead		5,234	4,061	3,589	3,526
Total expenditure by activities		**132,925**	**88,128**	**92,602**	**88,004**
Less finance costs - interest on borrowings		5,500	5,760	6,120	6,456
Less finance costs - fees associated with the transfer of Napier leasehold cashflows to ACC		475	678	678	678
Total finance costs		**5,975**	**6,438**	**6,798**	**7,135**
Less depreciation and amortisation expense	5	4,727	3,905	4,583	4,548
Less impairment expense			20		20
Total expenditure on activities		**122,223**	**77,765**	**81,221**	**76,302**

Projected rating base information

As at 30 June 2026	
Number of rating units	74,679
Capital value of rating units	$77,337,050,235
Land value of rating units	$40,672,881,735

Note 2 - Rates revenue

	Annual Report 2024-25 $000	Annual Plan 2025-26 $000	3YP Yr3 2026-27 $000	Annual Plan 2026-27 $000
General funding rates				
Uniform Annual General Charge	9,010	6,327	11,851	6,726
General Rate	15,915	22,398	24,027	22,928
Total general funding rates	**24,925**	**28,725**	**35,878**	**29,654**
Targeted rates				
Coastal Hazards	224	224	223	213
CDEM Emergency Management	3,531	3,666	4,115	3,862
Subsidised Public Transport	4,579	4,926	5,197	5,359
Sustainable Homes - Clean Heat	584	608	632	608
Regional Economic Development	1,440	675	660	715
Primary Production Pests	716	769	738	1,134
Sustainable Land Management Strategy	966	1,109	1,022	775
Water Quality	613	584	689	734
Land Monitoring, Research, and Investigations Science	295	371	241	268
Heretaunga Plains Flood Control Scheme	4,098	4,515	5,197	5,670
Maraetotara Flood Maintenance Scheme	16	17	17	17
Upper Makara Stream Catchment Scheme	113	112	122	111
Upper Tukituki Flood Control Scheme	1,207	1,214	1,322	1,240
Whirinaki Industrial & Other	6	109	134	179
Drainage & Pumping Schemes	-	4,296	4,448	4,138
Mangarau Stream	-	922	-	922
Total targeted rates	**22,705**	**24,117**	**24,796**	**25,943**
Rates Remissions	(474)	(200)	(5)	(200)
Penalties	763	480	330	480
Total rates revenue	**47,920**	**53,121**	**60,998**	**55,877**

Note 3 - Other revenue

	Annual Report 2024-25 $000	Annual Plan 2025-26 $000	3YP Yr3 2026-27 $000	Annual Plan 2026-27 $000
Subsidies and grants				
Grants	62,072	20,152	8,296	17,686
Grants - Flood Resilience Programme	-	31,457	45,746	62,319
New Zealand Government - Sediment & Debris	1,929	-	-	-
Total subsidies and grants	**64,001**	**51,609**	**54,042**	**80,004**
Other revenue				
Dividend revenue	29,613	8,625	8,801	12,186
Leasehold rents	2,473	2,544	2,505	2,689
Interest revenue	3,381	4,315	4,404	4,315
Gain / (Loss) on disposal of assets - net	28	-	-	-
Gain / (Loss) on investments - net	2,619	-	-	-
Other income	2,263	176	6	6
Insurance proceeds	1,436	-	-	-
Foresty income	1,304	-	-	-
Total other revenue	**43,116**	**15,660**	**15,715**	**19,195**

Note 4(a) - External debt and interest expense

	Note	Annual Report 2024-25 $000	Annual Plan 2025-26 $000	3YP Yr3 2026-27 $000	Annual Plan 2026-27 $000
Loan requirements					
Opening balance		130,163	139,571	172,042	145,175
New borrowing		24,000	109,155	31,612	19,354
Repayments		(36,563)	(27,250)	(27,250)	(12,350)
Total loan balances		**117,600**	**221,476**	**176,404**	**152,179**
Interest expense		**5,500**	**5,670**	**6,120**	**6,456**

Note 4(b) - Internal debt & interest expense

	Note	Annual Report 2024-25 $000	Annual Plan 2025-26 $000	3YP Yr3 2026-27 $000	Annual Plan 2026-27 $000
Loan requirements					
New borrowings					
Governance and Partnerships		927	100	100	100
Policy and Regulation		840	840	840	1,019
Integrated Catchment Management		2,235	2,133	3,080	155
Asset Management		7,645	14,704	10,582	16,240
Emergency Management		-	631	-	362
Transport		-	-	-	-
Corporate Overhead		2,566	1,170	1,609	1,478
Total new borrowings		**14,213**	**19,578**	**16,210**	**19,354**
Principal repayments					
Governance and Partnerships		3,892	3,576	4,301	3,326
Policy and Regulation		10	84	336	168
Integrated Catchment Management		1,768	1,944	4,145	2,042
Asset Management		440	2,363	8,516	4,638
Emergency Management		765	765	1,373	828
Transport		14	14	27	14
Corporate Overhead		1,034	729	4,998	1,334
Total principal repayments		**7,923**	**9,475**	**23,697**	**12,350**
Total loan movement		**6,290**	**10,105**	**(7,487)**	**7,004**
Loan balances					
Governance and Partnerships		21,038	16,716	11,224	13,490
Policy and Regulation		840	1,586	2,006	2,437
Integrated Catchment Management		17,684	15,959	13,524	14,072
Asset Management		18,436	41,664	46,735	53,266
Emergency Management		8,391	11,745	9,131	11,279
Transport		50	23	(18)	9
Corporate Overhead		29,934	32,367	27,792	32,511
Loan balances		**96,374**	**120,060**	**110,394**	**127,064**
Loan interest expense					
Governance and Partnerships		1,096	938	940	796
Policy and Regulation		19	57	91	91
Integrated Catchment Management		818	845	892	801
Asset Management		432	1,756	2,133	2,554
Emergency Management		667	646	535	634
Transport		3	2	2	2
Corporate Overhead		1,255	1,425	1,528	1,488
Total loan interest expense		**4,288**	**5,670**	**6,120**	**6,366**

Note 5 - Depreciation and amortisation

	Annual Report 2024-25 $000	Annual Plan 2025-26 $000	3YP Yr3 2026-27 $000	Annual Plan 2026-27 $000
Capital additions and disposals of property, plant & equipment				
Land and buildings	1,239	303	-	892
Vehicles, plant and equipment	1,785	2,448	1,656	3,187
Hydrology equipment	288	3,838	396	824
Intangible assets	839	(1,065)	-	-
Total capital expenditure on property, plant & equipment	**4,151**	**5,525**	**2,052**	**4,903**
Depreciation on property, plant and equipment				
Land and buildings	641	628	710	557
Vehicles, plant and equipment	476	1,708	2,240	1,823
Hydrology equipment	2,067	399	546	565
Intangible assets	514	210	298	346
Property, plant & equipment asset depreciation	**3,698**	**2,945**	**3,794**	**3,291**
Depreciation on infrastructure assets				
Infrastructure assets	1,029	960	789	1,257
Infrastructure asset depreciation	**1,029**	**960**	**789**	**1,257**
Total depreciation & amortisation	**4,727**	**3,905**	**4,583**	**4,548**

Note 6 - Reserve movements

	Annual Report 2024-25 $000	Annual Plan 2025-26 $000	3YP Yr3 2026-27 $000	Annual Plan 2026-27 $000
Funding from reserves				
Project scheme reserves	1,620	295	1,423	1,402
Tangoio soil conservation forestry reserve	(249)	(109)	(113)	(311)
Asset replacement reserve	2,365	(321)	(2,550)	(778)
Infrastructure asset depreciation reserve	92	(947)	137	1,381
Future investment fund	4,724	1,677	(1,719)	1,677
Long-term investment fund	6,748	805	(3,385)	(953)
Council disaster damage reserves	2,462	-	-	-
Scheme disaster damage reserves	150	(543)	(530)	(499)
Other reserves	603	(11)	(10)	(189)
Total net funding from reserves	**18,512**	**846**	**(6,747)**	**1,729**

Note 7(a) - Fair value gains from investments

	Annual Report 2024-25 $000	Annual Plan 2025-26 $000	3YP Yr3 2026-27 $000	Annual Plan 2026-27 $000
Investment property at beginning of year	67,195	68,078	67,550	65,792
Movement during the year	(298)	-	-	-
Fair value gains	70	1,307	1,368	1,307
Investment property at end of year	**66,966**	**69,385**	**68,918**	**67,099**

Note 7(b) - Fair value gains from forestry assets

	Annual Report 2024-25 $000	Annual Plan 2025-26 $000	3YP Yr3 2026-27 $000	Annual Plan 2026-27 $000
Forestry assets at beginning of year	11,318	9,926	12,403	9,374
Additions	-	-	-	-
Movement during the year	-	-	-	-
Fair value gains	(2,226)	333	341	333
Forestry assets at end of year	**9,093**	**10,259**	**12,745**	**9,707**
Other fair value gains	3,346	3,663	12,775	3,663
Total fair value gains and losses (included in statement of comprehensive revenue and expense)	**1,191**	**5,303**	**14,485**	**5,303**

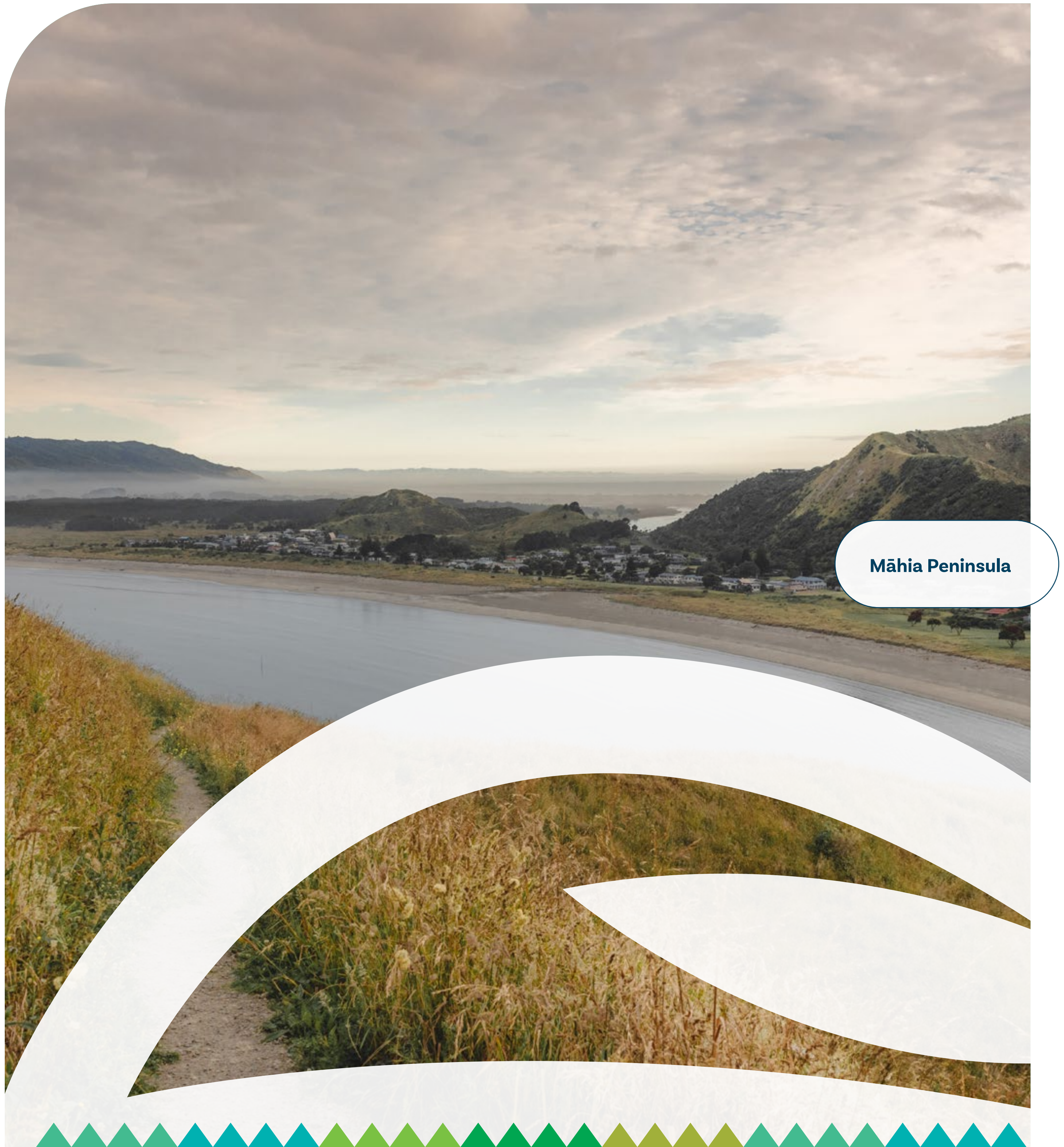
Note 8 - Regional Council reserve funds

	1. Infrastructure Asset Renewal	2. Wairoa Rivers & Streams	3. Special Schemes	4. Asset Replacement	5. Regional Disaster Damage	6. Scheme Disaster Damage	7. Te Awa o Mokotūāraro (Clive River) Dredging	8. Tangoio Soil Conservation	9. Maungaharuru Tangitū	10. Long Term Investment Fund	11. Sale of Land Non-investment Fund	12. Rabbit	13. Ngāti Pāhauwera	14. Port IPO Future Investment Fund	15. Enforcement Revenue Reserve Fund	Total Other Reserves	Fair Value Reserves
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
At 1 July 2026	4,748	1,151	(959)	8,172	(2,649)	1,165	2,101	1,799	578	57,806	849	215	87	68,713	601	144,376	603,184
Deposits in year	1,191	-	1,631	2,945	-	43	346	3	-	1,300	-	-	-	1,677	-	9,138	1,224
Withdrawals in year	(157)	-	(214)	(3,723)	-	(543)	-	(314)	-	(2,252)	-	(10)	-	-	(179)	(7,393)	-
Net Movement	1,035	-	1,417	(778)	-	(499)	346	(311)	-	(953)	-	(10)	-	1,677	(179)	1,745	1,224
At 30 June 2027	**5,782**	**1,151**	**458**	**7,393**	**(2,649)**	**666**	**2,447**	**1,488**	**578**	**56,853**	**849**	**205**	**87**	**70,390**	**421**	**146,121**	**604,408**

The 2026-2027 forecast opening positions are based on the best information available at the time of compilation.
The Clive River was officially renamed Te Awa o Mokotūāraro in June 2023.

Purpose of reserve funds

1. Infrastructure Asset Renewal - a reserve established to fund the renewal of scheme infrastructure assets as required by the Local Government Act 2002.
2. Wairoa Rivers and Streams - a reserve established to fund flood mitigation and recovery work within the Wairoa district.
3. Special Flood and Drainage Scheme - reserves established for each scheme to account for rating balances that arise each year as a consequence of the actual income and expenditure incurred in any one year.
4. Asset Replacement - a reserve established to fund the replacement of operating property, plant and equipment which are not scheme based.
5. Regional Disaster Damage - a reserve established to provide funding for the cost of responding to and managing an event; cost of reinstatement of any uninsured assets (e.g., pathways on top of stopbanks); any difference between the deductible and the threshold for eligibility for central government assistance (government covers 60% of the loss in the event of a disaster); to fund the policy excess of $1.5 million included in the policy with private insurers to cover 40% of the loss up to $24 million in the event of a disaster; and the possibility of the cost of reinstating the level of service provided by the asset being considerably more than the optimised replacement value.
6. Scheme Disaster Damage - reserves established to meet each scheme's share of Local Authority Protection Programme (LAPP) insurance excess and other costs to restore scheme assets that are not recoverable from other sources.
7. Te Awa o Mokotūāraro (Clive River) Dredging - a reserve established to meet the expenditure of dredging requirements on Te Awa o Mokotūāraro.
8. Tangoio Soil Conservation - a reserve established to separate the revenues and expenses associated with the Tangoio Soil Conservation Reserve as this reserve is managed and overseen by the Regional Council on behalf of the Crown.
9. Maungaharuru Tangitū - a reserve established as a catchments fund in accordance with the Maungaharuru-Tangitū Claims Settlement Act.
10. Long-Term Investment Fund - a reserve established to hold the proceeds of endowment leasehold land sales to be reinvested in accordance with HBRC's policy on 'Evaluation of Investment Opportunities' approved on 30 April 2008. Formerly the Sale of Land Investment Fund.
11. Sale of Land Non-Investment Fund - a reserve established to hold transfers from the Long-term Investment Fund to be invested in accordance with HBRC's policy on 'Open Space Investment' approved on 25 June 2008 and HBRC's Investment Policy set out in the 2009-2019 Long Term Plan.
12. Rabbit - a reserve established to fund costs expected to be incurred with growing rabbit populations.
13. Ngāti Pāhauwera - a reserve established to ring-fence funding for Ngāti Pāhauwera rivers initiatives. For the clean up of the Mohaka, Waikari and Waihua Rivers and their catchments.
14. Port IPO Future Investment Fund - a reserve established to hold the proceeds of the Napier Port IPO.
15. Enforcement Revenue Reserve Fund - a reserve established to hold enforcement revenue for future environmental protection and restoration activities, and managing diversion scheme funds.



Prospective Funding Impact Statement

Prospective funding impact statement: whole of council

	Annual Report 2024-25 $000	Annual Plan 2025-26 $000	3YP Yr3 2026-27 $000	Annual Plan 2026-27 $000
Sources of operating funding				
General rates & uniform annual general charges	25,214	29,005	36,202	29,933
Targeted rates	22,705	24,117	24,796	25,943
Subsidies & grants for operating purposes	45,766	8,758	8,296	8,113
Fees & user charges	13,287	9,369	9,784	9,838
Fines, infringement fees & other receipts	5,412	2,720	2,510	2,694
Interest and dividends from investments	35,613	12,940	13,205	16,501
Total operating funding	**147,997**	**86,908**	**94,793**	**93,022**
Applications of operating funding				
Payments to staff & suppliers	122,268	81,309	84,876	80,725
Finance costs	5,501	6,348	6,798	7,044
Internal charges & overheads applied	13	(3,454)	(3,675)	(4,334)
Total applications of operating funding	**127,781**	**84,203**	**87,999**	**83,436**
Surplus / (deficit) of operating funding	**20,217**	**2,705**	**6,795**	**9,586**
Sources of capital funding				
Subsidies & grants for Capital Expenditure	18,235	42,851	45,746	71,891
Increase / (decrease) in debt	- 12,563	81,905	4,362	7,004
Gross proceeds from sale of assets	529	-	-	-
Total sources of capital funding	**6,201**	**124,757**	**50,108**	**78,895**
Applications of capital funding				
Capital expenditure:				
- to improve the level of service	22,646	128,768	56,043	88,306
- to replace existing assets	1,767	4,742	2,860	3,313
Increase / (decrease) in reserves	5931	(1,976)	(63)	(1,882)
Increase / (decrease) of investments	(3,928)	(4,072)	(1,937)	(1,255)
Total application of capital funding	**26,417**	**127,462**	**56,902**	**88,481**
Surplus / (deficit) of capital funding	**(20,217)**	**(2,705)**	**(6,795)**	**(9,586)**
Funding balance	-	-	-	-

Annual Plan Disclosure Statement

Annual plan disclosure statement

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	Planned 2026-27	Achieved
Rates affordability benchmark		
Total rates revenue will not exceed 60% of total revenue	33.06%	YES
Annual rate increase will not exceed 8% of operating expenditure	3.13%	YES

For this benchmark, -

a) the Council's planned rates income for the year must not exceed 60% of total income, and

b) the Council's planned rates increase for the year must not exceed 8% of operating expenditure

Debt affordability benchmark		
Debt / total revenue not exceed 175%	90.05%	YES
Interest / annual rates income not exceed 20%	11.55%	YES

For this benchmark, the Council's planned borrowing is compared with debt to total revenue ratio not exceeding 175% and total interest expense on external public debt not exceeding 20% of total annual rates income

Balanced budget benchmark		
Equal or greater than 100%	187.39%	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%	6968.01%	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.
Capital expenditure post Cyclone Gabrielle is significantly higher then normal and hence we have a very high essential services benchmark

Debt servicing benchmark		
Equal or less than 10%	3.82%	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 the Council's population will grow as fast as the national population growth rate, it meets the debt servicing benchmark if the Councils' planned borrowing costs equal or are less than 10% of its planned revenue.

PART 3

Te tauākī pāpātanga ā-pūtea penapena tāke kaunihera

Rates funding impact statement

Resource technician collecting temperature and dissolved oxygen levels from a river site

Your **rates** explained

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

The Revenue and Financing Policy identifies beneficiaries of HBRC activities and how they will pay for the cost of those activities. The policy follows guiding principles which include being clear and fair, administratively efficient, consistent, and flexible.

When the whole of community benefit, activities are funded through a combination of investment income and general rates. When parts of the community or individuals benefit, activities are funded through targeted rates and/or direct charges.

The Rates Funding Impact Statement specifies the level of rates that apply to each group of beneficiaries within each of the Regional Council activities funded, either fully or partially, by rates.

All the rates and levels of rates included in this Rates Funding Impact Statement are GST inclusive.

Due dates for payment of rates

The rates for the 2026-27 financial year are due and payable on 20 September 2026. Pursuant to Section 57 of the Local Government (Rating) Act 2002, a penalty charge of 10% will be imposed on any outstanding current rates as of 21 September 2026. A further 10% will be charged on total rates, including penalties outstanding from 1 July 2027.

Definition of 'Separately used or inhabited part of a rating unit' (SUIP)

When a fixed amount is set for each property, whether it be a Uniform Annual General Charge (UAGC) for general 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 or 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 inhabited part. Units in a rest home, retail shops in a shopping complex, and additional farmhouses are considered individual SUIPs and are therefore charged with separate UAGCs and UTRs. 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 additional UAGCs or UTRs will not be payable. HBRC's intention is that this mix of rating basis 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 capital 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 and 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 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 HBRC for the budgeted year. The rates making up this category amount to 26.7% of the HBRC's total rates in 2026-27 and are therefore within the limits prescribed by the Act.

Inspection and objection to HBRC's Rating Information Database

The Rating Information Database (RID) is available for inspection at HBRC at 159 Dalton Street, Napier and on our website **hbrc.govt.nz**, search: **#rates**

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.

Sample rates

Comparison of rates on specific urban properties (GST inclusive)

Description of rates	Rating basis	Napier Hill 2025-26	Napier Hill 2026-27	Napier South 2025-26	Napier South 2026-27	Taradale 2025-26	Taradale 2026-27	Havelock North 2025-26	Havelock North 2026-27
Details for comparison									
Capital Value	CV	890,000	890,000	620,000	620,000	670,000	670,000	1,350,000	1,400,000
Land Value	LV	520,000	520,000	380,000	380,000	360,000	360,000	600,000	390,000
Area (Hectares)	Area	0.075	0.075	0.062	0.062	0.046	0.046	0.035	0.035
Rates	Basis	$	$	$	$	$	$	$	$
General Rate	CV	296.55	309.36	206.58	215.51	223.24	232.89	424.98	477.96
Uniform Annual General Charge	Fixed	94.36	99.27	94.36	99.27	94.36	99.27	94.36	99.27
General funded rates		**390.91**	**408.63**	**300.94**	**314.78**	**317.60**	**332.16**	**519.34**	**577.23**
Coastal Hazards	Fixed	3.99	3.75	3.99	3.75	3.99	3.75	3.99	3.75
CDEM Emergency Management	Fixed	54.71	57.05	54.71	57.05	54.71	57.05	54.71	57.05
Subsidised Public Transport Direct	Fixed	82.69	88.42	82.69	88.42	82.69	88.42	82.69	88.42
Subsidised Public Transport Indirect	CV	6.76	7.57	4.71	5.27	5.09	5.70	9.72	11.62
Sustainable Homes - Clean Heat	LV	14.61	15.03	10.68	10.98	10.12	10.40	15.54	11.43
Regional Economic Development	Fixed	3.59	3.76	3.59	3.76	3.59	3.76	3.59	3.76
HPFCS Direct	CV	-	-	60.33	75.83	65.19	81.94	-	-
HPFCS Indirect	CV	21.18	27.23	14.76	18.97	15.95	20.50	30.38	42.00
Mangarau Streams	LV	-	-	-	-	-	-	34.62	25.00
Karamū & Tributaries	CV	-	-	-	-	-	-	88.29	72.52
Napier Meeanee Puketapu	CV	-	-	49.23	51.71	53.20	55.88	-	-
Targeted Rates		**187.53**	**202.80**	**284.67**	**315.73**	**294.52**	**327.39**	**323.52**	**315.54**
TOTAL RATES		**578.44**	**611.43**	**585.62**	**630.51**	**612.12**	**659.55**	**842.86**	**892.77**
Dollar increase/(decrease)			**$32.99**		**$44.89**		**$47.43**		**$49.91**
Percentage increase/(decrease)			**5.70%**		**7.67%**		**7.75%**		**5.92%**

Note: The rates shown are indicative only, based on sample properties. Actual changes will vary across properties depending on individual property values and how those values have shifted relative to others following the 2025 Hastings revaluation

Comparison of rates on specific urban properties (GST inclusive)

Description of rates	Rating basis	Flaxmere 2025-26	Flaxmere 2026-27	Hastings 2025-26	Hastings 2026-27	Wairoa 2025-26	Wairoa 2026-27	Central HB 2025-26	Central HB 2026-27
Details for comparison									
Capital Value	CV	520,000	510,000	810,000	740,000	385,000	385,000	590,000	590,000
Land Value	LV	285,000	255,000	470,000	400,000	109,000	109,000	180,000	180,000
Area (Hectares)	Area	0.089	0.089	0.076	0.076	0.114	0.114	0.264	0.264
Rates	Basis	$	$	$	$	$	$	$	$
General Rate	CV	163.70	174.11	254.99	252.64	132.94	146.53	201.19	202.19
Uniform Annual General Charge	Fixed	94.36	99.27	94.36	99.27	94.36	99.27	94.36	99.27
General funded rates		**258.06**	**273.38**	**349.35**	**351.90**	**227.30**	**245.80**	**295.55**	**301.46**
Coastal Hazards	Fixed	3.99	3.75	3.99	3.75	-	-	-	-
CDEM Emergency Management	Fixed	54.71	57.05	54.71	57.05	54.71	57.05	54.71	57.05
Subsidised Public Transport Direct	Fixed	82.69	88.42	82.69	88.42	-	-	-	-
Subsidised Public Transport Indirect	CV	3.74	4.23	5.83	6.14	-	-	4.60	4.96
Sustainable Homes - Clean Heat	LV	7.38	7.47	12.17	11.72	-	-	-	-
Regional Economic Development	Fixed	3.59	3.76	3.59	3.76	3.59	3.76	3.59	3.76
HPFCS Direct	CV	47.79	61.25	74.44	88.87	-	-	-	-
HPFCS Indirect	CV	11.70	15.30	18.23	22.20	-	-	-	-
Mangarau Streams	LV	16.44	16.35	27.12	25.64	-	-	-	-
UTTFCS Direct	CV	-	-	-	-	-	-	63.90	63.84
UTTFCS Indirect	CV	-	-	-	-	-	-	9.09	9.15
Karamū & Tributaries	CV	34.01	26.42	52.97	38.33	-	-	-	-
Targeted Rates		**266.03**	**283.99**	**335.73**	**345.88**	**58.30**	**60.81**	**135.89**	**138.75**
TOTAL RATES		**524.09**	**557.37**	**685.08**	**697.78**	**285.60**	**306.61**	**431.44**	**440.21**
Dollar increase/(decrease)			**$33.28**		**$12.70**		**$21.01**		**$8.77**
Percentage increase/(decrease)			**6.35%**		**1.85%**		**7.36%**		**2.03%**

Note: The rates shown are indicative only, based on sample properties. Actual changes will vary across properties depending on individual property values and how those values have shifted relative to others following the 2025 Hastings revaluation.

Sample rates

Comparison of rates on specific commercial / industrial properties (GST inclusive)

Description of rates	Rating basis	Hastings Retail 2025-26	Hastings Retail 2026-27	Hastings Industrial 2025-26	Hastings Industrial 2026-27	Napier Retail 2025-26	Napier Retail 2026-27	CHB 2025-26	CHB 2026-27	Wairoa 2025-26	Wairoa 2026-27
Details for comparison											
Capital Value	CV	2,760,000	2,840,000	3,720,000	3,970,000	1,180,000	1,180,000	590,000	590,000	385,000	385,000
Land Value	LV	580,000	720,000	1,200,000	1,290,000	660,000	660,000	405,000	405,000	155,000	155,000
Area (Hectares)	Area	0.101	0.101	0.431	0.431	0.067	0.067	0.581	0.581	0.110	0.110
Rates	Basis	$	$	$	$	$	$	$	$	$	$
General Rate	CV	868.85	969.58	1,171.06	1,355.36	393.18	410.17	201.19	202.19	132.94	146.53
Uniform Annual General Charge	Fixed	188.72	198.53	94.36	99.27	283.08	297.80	94.36	99.27	94.36	99.27
General funded rates		**1,057.57**	**1,168.11**	**1,265.42**	**1,454.62**	**676.26**	**707.97**	**295.55**	**301.46**	**227.30**	**245.80**
Coastal Hazards	Fixed	7.98	7.49	3.99	3.75	11.97	11.24	-	-	-	-
CDEM Emergency Management	Fixed	109.41	114.10	54.71	57.05	164.12	171.14	54.71	57.05	54.71	57.05
Subsidised Public Transport Direct	CV	323.20	343.36	435.61	479.97	146.20	145.26	-	-	-	-
Subsidised Public Transport Indirect	CV	19.87	23.57	26.78	32.95	8.97	10.03	4.60	4.96	-	-
Sustainable Homes - Clean Heat	LV	15.02	21.10	31.08	37.80	18.55	19.07	-	-	-	-
Regional Economic Development	CV	119.78	124.11	161.45	173.49	54.16	52.51	27.73	25.84	18.33	18.75
HPFCS Direct	CV	253.64	341.08	341.87	476.80	114.81	144.31	-	-	-	-
HPFCS Indirect	CV	62.10	85.20	83.70	119.10	28.08	36.11	-	-	-	-
Mangarau Streams	LV	100.34	138.53	190.32	227.56	-	-	-	-	-	-
UTTFCS Direct	CV	-	-	-	-	-	-	217.24	217.00	-	-
UTTFCS Indirect	CV	-	-	-	-	-	-	9.09	9.15	-	-
Karamū & Tributaries	CV	180.50	147.11	243.29	205.65	-	-	-	-	-	-
Napier, Meeanee, Puketapu	CV	-	-	-	-	374.89	393.77	-	-	-	-
Targeted rates		**1,191.84**	**1,345.64**	**1,572.80**	**1,814.10**	**921.75**	**983.44**	**313.37**	**313.99**	**73.04**	**75.80**
TOTAL RATES		**2,249.41**	**2,513.75**	**2,838.22**	**3,268.73**	**1,598.01**	**1,691.41**	**608.92**	**615.45**	**300.34**	**321.59**
Dollar increase/(decrease)			**$264.34**		**$430.51**		**$93.40**		**$6.53**		**$21.26**
Percentage increase/(decrease)			**11.75%**		**15.17%**		**5.84%**		**1.07%**		**7.08%**

Note: The rates shown are indicative only, based on sample properties. Actual changes will vary across properties depending on individual property values and how those values have shifted relative to others following the 2025 Hastings revaluation

Comparison of rural rates in three districts (GST inclusive)

Description of rates	Rating basis	Hastings 2025-26	Hastings 2026-27	CHB 2025-26	CHB 2026-27	Wairoa 2025-26	Wairoa 2026-27
Details for comparison							
Capital Value	CV	1,170,000	970,000	1,230,000	1,230,000	725,000	725,000
Land Value	LV	930,000	770,000	1,180,000	1,180,000	360,000	360,000
Area (Hectares)	Area	5.264	5.264	44.317	44.317	20.145	20.145
Rates	Basis	$	$	$	$	$	$
General Rate	CV	368.32	331.16	419.43	421.52	250.34	275.94
Uniform Annual General Charge	Fixed	94.36	99.27	94.36	99.27	94.36	99.27
General funded rates		**462.68**	**430.42**	**513.79**	**520.79**	**344.70**	**375.20**
Coastal Hazards	Fixed	3.99	3.75	-	-	-	-
CDEM Emergency Management	Fixed	54.71	57.05	54.71	57.05	54.71	57.05
Regional Economic Development	CV	8.54	8.44	9.72	10.82	5.80	7.03
Subsidised Public Transport Indirect	CV	8.42	8.05	9.59	10.33	-	-
Primary Production Pest	LV	38.87	54.82	55.58	84.49	17.32	29.66
Sustainable Land Management	LV	56.08	37.42	80.24	57.70	24.98	20.27
Water Quality	LV	29.48	35.50	42.24	54.63	13.14	19.19
Land Monitoring, Research, and Investigations Science	LV	18.79	12.94	26.90	19.94	8.35	7.02
HPFCS Direct	CV	107.52	116.50	-	-	-	-
HPFCS Indirect	CV	26.33	29.10	-	-	-	-
UTTFCS Direct	CV	-	-	586.50	585.82	-	-
UTTFCS Indirect	CV	-	-	18.94	19.07	-	-
Tūtaekuri-Waimate Moteo	CV	489.18	727.11	-	-	-	-
Paeroa	CV	-	-	-	-	119.95	113.21
Targeted rates		**841.90**	**1,090.67**	**884.42**	**899.85**	**244.25**	**253.43**
TOTAL RATES		**1,304.58**	**1,521.10**	**1,398.21**	**1,420.64**	**588.95**	**628.63**
Dollar increase/(decrease)			**$216.52**		**$22.44**		**$39.68**
Percentage increase/(decrease)			**16.60%**		**1.60%**		**6.74%**

Note: The rates shown are indicative only, based on sample properties. Actual changes will vary across properties depending on individual property values and how those values have shifted relative to others following the 2025 Hastings revaluation.

Details of rates calculated within each district and city

General Rates and Uniform Annual General Rates

Rate type	Districts	Rates set on	Units of charge	Calculation factor	Estimated rates revenue 2026-27	Rates revenue 2025-26
General Rate				Cents in $		
	Napier City	Capital Value		0.03476	8,558,204	8,090,878
	Hastings District	Capital Value		0.03414	13,693,984	13,728,742
	Central HB District	Capital Value		0.03427	3,038,521	2,989,799
	Wairoa District	Capital Value		0.03806	1,352,934	1,225,460
	Taupō District	Capital Value		0.03328	37,032	36,206
	Rangitīkei District	Capital Value		0.03260	8,039	7,833
					26,688,714	**26,078,918**
Uniform Annual General Charge			SUIPs	Per SUIP $		
	Napier City	Fixed Amount	29,549	99.27	2,933,183	2,748,988
	Hastings District	Fixed Amount	35,709	99.27	3,544,741	3,353,465
	Central HB District	Fixed Amount	7,486	99.27	743,061	690,609
	Wairoa District	Fixed Amount	5,119	99.27	508,170	478,303
	Taupō District	Fixed Amount	54	99.27	5,360	5,096
	Rangitīkei District	Fixed Amount	1	99.27	99	94
			77,918		**7,734,615**	**7,276,554**

None of the targeted rates collect revenue that relates to one or more groups of water services activities and is being collected as an agent of a water organisation

Details of rates calculated within each district and city

Rate type	Districts	Rates set on	Units of charge	Calculation factor	Estimated rates revenue 2026-27	Rates revenue 2025-26
Coastal Hazards			SUIPs	Per SUIP $		
	Napier City	Fixed Amount	29,549	3.75	110,697	116,199
	Hastings District	Fixed Amount	35,709	3.75	133,777	141,750
			65,258		**244,474**	**257,949**
CDEM Emergency Management			SUIPs	Per SUIP $		
	Napier City	Fixed Amount	29,549	57.05	1,685,670	1,593,650
	Hastings District	Fixed Amount	35,709	57.05	2,037,126	1,944,079
	Wairoa District	Fixed Amount	5,119	57.05	292,040	277,283
	Central HB District	Fixed Amount	7,486	57.05	427,029	400,361
			77,863		**4,441,865**	**4,215,373**
Subsidised Public Transport - Direct				Cents in $		
Commercial / Industrial	Napier City	Capital Value		0.01231	466,159	462,553
	Hastings District	Capital Value		0.01209	612,294	528,900
					1,078,453	**991,454**
			SUIPs	Per SUIP $		
All Others - excluding utilities	Napier City	Fixed Amount	25,992	88.42	2,298,154	2,093,500
	Hastings District	Fixed Amount	24,539	88.42	2,169,725	2,013,952
			50,531		**4,467,878**	**4,107,452**
Subsidised Public Transport - Indirect				Cents in $		
Indirect Charge	Napier City	Capital Value		0.00085	208,578	184,756
	Hastings District	Capital Value		0.00083	333,719	313,517
	Central HB District	Capital Value		0.00084	73,962	68,272
					616,259	**566,545**

Details of rates calculated within each district and city (continued)

Rate type	Districts	Rates set on	Units of charge	Calculation factor	Estimated rates revenue 2026-27	Rates revenue 2025-26
Sustainable Homes - Clean Heat				Cents in $		
	Napier City	Land Value		0.00289	315,152	303,601
	Hastings District	Land Value		0.00293	383,473	395,024
					698,625	**698,625**
Regional Economic Development				Per SUIP $		
Residential / Lifestyle Properties	Napier City	Fixed Amount	26,141	3.76	98,287	92,724
	Hastings District	Fixed Amount	29,440	3.76	110,689	104,885
	Wairoa District	Fixed Amount	4,029	3.76	15,150	14,309
	Central HB District	Fixed Amount	5,980	3.76	22,484	20,795
	Taupō District	Fixed Amount	4	3.76	15	14
			65,594		**246,626**	**232,728**
				Cents in $		
Commercial / Industrial Properties	Napier City	Capital Value		0.00445	169,641	173,506
	Hastings District	Capital Value		0.00437	246,530	217,666
	Wairoa District	Capital Value		0.00487	4,201	4,085
	Central HB District	Capital Value		0.00438	11,187	11,988
	Taupō District	Capital Value		0.00426	35	30
					431,594	**407,274**
				Cents in $		
All Other Properties - excluding utilities	Napier City	Capital Value		0.00089	4,746	3,829
	Hastings District	Capital Value		0.00087	81,660	80,828
	Wairoa District	Capital Value		0.00097	16,908	13,885
	Central HB District	Capital Value		0.00088	39,478	36,168
	Taupō District	Capital Value		0.00089	853	855
	Rangitīkei District	Capital Value		0.00089	220	194
					143,865	**135,758**
Primary Production Pests				Cents in $		
	Napier City	Land Value		0.00701	44,895	29,244
	Hastings District	Land Value		0.00712	738,556	525,540
	Wairoa District	Land Value		0.00824	172,021	100,605
	Central HB District	Land Value		0.00716	341,392	223,666
	Taupō District	Land Value		0.00737	5,414	4,027
	Rangitīkei District	Land Value		0.00737	1,511	974
					1,303,789	**884,056**
Sustainable Land Management Strategy				Cents in $		
	Napier City	Land Value		0.00479	30,673	42,204
	Hastings District	Land Value		0.00486	504,604	758,431
	Wairoa District	Land Value		0.00563	117,530	145,188
	Central HB District	Land Value		0.00489	233,249	322,784
	Taupō District	Land Value		0.00503	3,699	5,811
	Rangitīkei District	Land Value		0.00503	1,032	1,405
					890,788	**1,275,823**

Details of rates calculated within each district and city (continued)

Rate type	Districts	Rates set on	Units of charge	Calculation factor	Estimated rates revenue 2026-27	Rates revenue 2025-26
Water Quality				Cents in $		
	Napier City	Land Value		0.00454	29,069	22,213
	Hastings District	Land Value		0.00461	478,205	399,187
	Wairoa District	Land Value		0.00533	111,381	76,417
	Central HB District	Land Value		0.00463	221,047	169,891
	Taupō District	Land Value		0.00477	3,506	3,059
	Rangitīkei District	Land Value		0.00477	978	740
					844,186	**671,506**
Land Monitoring, Research, and Investigations Science				Cents in $		
	Napier City	Land Value		0.00165	10,602	14,129
	Hastings District	Land Value		0.00168	174,412	253,906
	Wairoa District	Land Value		0.00195	40,623	48,606
	Central HB District	Land Value		0.00169	80,621	108,061
	Taupō District	Land Value		0.00174	1,279	1,945
	Rangitīkei District	Land Value		0.00174	357	470
					307,894	**427,117**

Flood control schemes

Rate type	Districts	Rates set on	Units of charge	Calculation factor	Estimated rates revenue 2026-27	Rates revenue 2025-26
Heretaunga Plains Flood Control Scheme				Cents in $		
	Napier City	Capital Value	Direct	0.01223	2,048,738	1,609,242
	Napier City	Capital Value	Indirect	0.00306	752,410	577,668
	Hastings District	Capital Value	Direct	0.01201	2,515,694	2,025,244
	Hastings District	Capital Value	Indirect	0.00300	1,203,775	979,969
					6,520,618	**5,192,122**
Maraetotara Flood Maintenance Scheme				Cents in $		
	Hastings District	Capital Value		0.00598	20,027	19,557
Mangarau Stream				Cents in $		
	Hastings District	Land Value	Residential	0.00641	481,337	533,268
	Hastings District	Land Value	Residential Clive	0.00520	12,531	13,080
	Hastings District	Land Value	Res Non Urban	0.00488	67,547	71,444
	Hastings District	Land Value	Hort/Farming	0.00436	139,139	147,489
	Hastings District	Land Value	Comm CBD	0.01924	159,227	120,302
	Hastings District	Land Value	Comm Other	0.01764	117,730	98,529
	Hastings District	Land Value	Comm Non Urban	0.01507	82,239	75,636
					1,059,749	**1,059,749**
Upper Makara Stream Catchment Scheme				Cents in $		
	Central HB District	Capital Value	High	0.74338	87,527	90,878
	Central HB District	Capital Value	Medium	0.12137	25,613	24,035
	Central HB District	Capital Value	Low	0.00607	5,482	5,379
	Hastings	Capital Value	Medium	0.12090	8,335	7,901
	Hastings	Capital Value	Low	0.00604	150	142
					127,107	**128,335**

Details of rates calculated within each district and city (continued)

Rate type	Districts	Rates set on	Units of charge	Calculation factor	Estimated rates revenue 2026-27	Rates revenue 2025-26
Upper Tukituki Flood Control Scheme - Direct				Cents in $		
	Central HB District	Capital Value	High	0.09735	252,446	247,261
	Central HB District	Capital Value	Medium	0.03678	410,909	400,513
Direct	Central HB District	Capital Value	Low	0.01082	602,005	589,607
	Hastings District	Capital Value	Medium	0.03663	2,188	2,040
	Hastings District	Capital Value	Low	0.01077	16,101	16,749
					1,283,649	**1,256,169**
Upper Tukituki Flood Control Scheme - Indirect				Cents in $		
Indirect	Central HB District	Capital Value		0.00155	138,479	135,002
	Hastings District	Capital Value		0.00155	4,148	4,573
					142,628	**139,574**
Whirinaki Industrial				Cents in $		
	Hastings District	Capital Value		0.27614	206,348	125,851

Drainage schemes

Rate type	Districts	Rates set on	Units of charge	Calculation factor	Estimated rates revenue 2026-27	Rates revenue 2025-26
Brookfields Awatoto				Cents in $		
	Napier City	Capital Value		0.08009	211,242	236,432
Clive & Muddy Creek				Cents in $		
	Hastings District	Capital Value		0.02449	321,251	356,712
Haumoana				Cents in $		
	Hastings District	Capital Value		0.03317	187,012	186,031
Karamū Drainage & Enhancement				Cents in $		
	Hastings District	Capital Value		0.00518	1,212,949	1,592,939
Napier, Meeanee, Puketapu				Cents in $		
	Napier City - Urban	Capital Value		0.00834	1,225,191	1,152,568
	Napier City - Industrial	Capital Value		0.03337	321,171	305,223
	Hastings District - Rural	Capital Value		0.00819	14,616	18,470
					1,560,978	**1,476,261**
Ohuia Whakaki Drainage Scheme				Cents in $		
	Wairoa District	Capital Value	A	1.35750	123,875	125,967
	Wairoa District	Capital Value	B	0.37719	3,831	3,896
					127,706	**129,862**
Opoho Drainage Scheme				Per SUIP $		
	Wairoa District	Fixed Amount	A	29,558.03	29,558	24,686
	Wairoa District	Fixed Amount	B	11,022.40	11,022	9,206
	Wairoa District	Fixed Amount	C	4,408.96	4,409	3,682
					44,989	**37,575**
Pākōwhai				Cents in $		
	Hastings District	Capital Value		0.08376	204,215	216,457

Details of rates calculated within each district and city (continued)

Rate type	Districts	Rates set on	Units of charge	Calculation factor	Estimated rates revenue 2026-27	Rates revenue 2025-26
Paeroa Drainage Scheme Special Rating Area				Cents in $		
	Wairoa District	Capital Value	A	0.07535	25,794	25,940
	Wairoa District	Capital Value	B	0.01435	4,705	4,757
					30,499	**30,697**
Poukawa Drainage Special				Cents in $		
	Hastings District	Capital Value		0.09132	32,247	26,238
Puninga				Cents in $		
	Hastings District	Capital Value		0.15600	233,423	180,175
Raupare Enhancement				Cents per hectare		
	Hastings District	Area	1,098	1299.98609	14,272	13,856
Raupare Twyford				Cents in $		
	Hastings District	Capital Value		0.00905	163,391	181,406
Tūtaekurī Waimate Moteo				Cents in $		
	Hastings District	Capital Value		0.07496	414,153	276,325
Sustainable Homes Financial Assistance						
Voluntary targeted rate to repay financial assistance to insulate homes and provide clean heat, solar heating, Photovoltaic cells, HRV, domestic water storage and septic tank replacement		$10 per $100		$10	$10 per $100	
Erosion Control Financial Assistance						
Voluntary targeted rate to repay financial assistance to fund erosion control		$10 per $100		$10	$10 per $100	

Explanation of rating methods

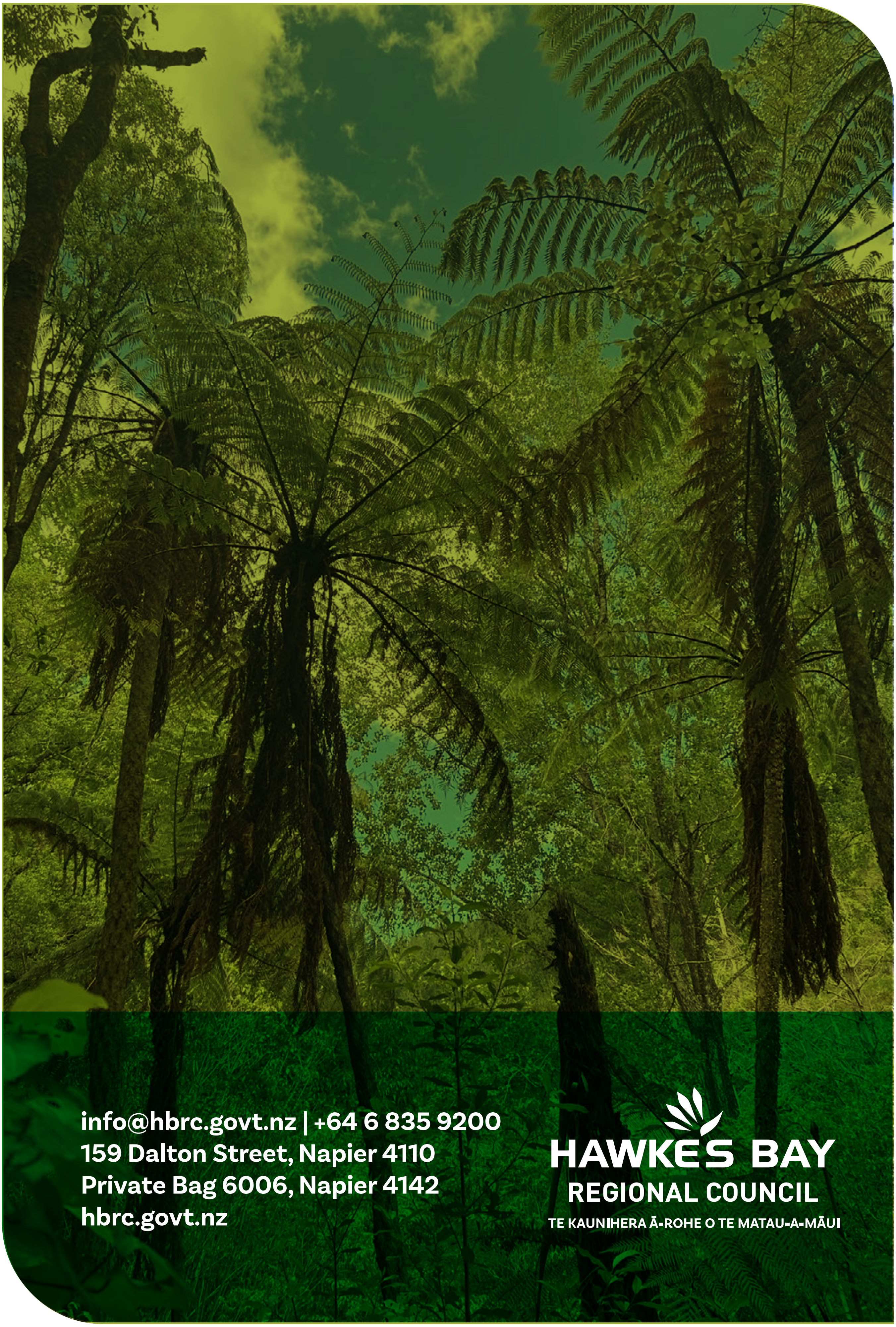
General Rates	Activities Funded	Types of land to be rated (Local Government (Rating) Act, schedule 2)	Basis of rating (Local Government (Rating) Act (2002, schedule 3)
General Rate	General rate funds the remaining cost of the council activities, excluding that portion funded by targeted rates and the UAGC.	All rateable rating units within the region.	Capital Value
Uniform Annual General Charge (UAGC)	The UAGC is set on a fixed cost per separately used or inhabited part of a rating unit (SUIP). This is calculated as a percentage of the total rates up to a maximum of 30%.	All rateable rating units within the region.	UAGC (refer to note 1)
Targeted Rates	**Activities Funded**	**Types of land to be rated (Local Government (Rating) Act, schedule 2)**	**Basis of rating (Local Government (Rating) Act (2002, schedule 3)**
Coastal Hazards	To fund development of the Clifton to Tangoio Coastal Hazards Strategy.	All rateable units within Napier and Hastings.	UTR (refer to note 1)
Hawke's Bay Civil Defence Emergency Management (CDEM)	Funding of the CDEM Group Office to manage the provision of effective CDEM consistent with the CDEM Act 2002.	All rating units in the region except for Rangitīkei and Taupō districts.	UTR (refer to note 1)
Erosion Control - Financial Assistance	Repayment of financial assistance to ratepayers to fund riparian fencing, plating, and maintenance of planted areas for highly-erodible land unsuitable for commercial forestry.	Those ratepayers who have opted for financial assistance 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
Subsidised Public Transport Direct	Public passenger transport, including Total Mobility.	The direct portion for all commercial and Industrial rating units based within a designated valuation roll footprint. The direct portion for all other rateable units, excluding utilities, based within a designated valuation roll footprint. Council considers QV codes in determining categorisation. Yearly review of map footprint for direct to be completed for >50% urbanisation.	Capital Value UTR (refer to note 1)
Subsidised Public Transport Indirect	Public passenger transport, including Total Mobility.	This indirect rate is calculated on all rateable units in Napier, Hastings, and Central Hawke's Bay districts to reflect the availability of the Total Mobility Scheme.	Capital Value
Sustainable Homes - Clean Heat	Management of the scheme to encourage the replacement of open fire or wood burners with more efficient forms of heating, and where necessary, the installing of insulation.	Rating units in Napier and Hastings within a designated valuation roll footprint.	Land Value
Sustainable Homes - Financial Assistance	Repayment of financial assistance to ratepayers to insulate homes, replace open fires or non-compliant wood-burners, solar heating, photovoltaic cells, domestic water storage, double glazing, and septic tank replacement.	Those ratepayers who have opted for financial assistance to be repaid over 10 years with interest as a fixed amount through a voluntary targeted differential rate.	Extent of provision of any service to the rating unit
Regional Economic Development	To fund regional economic development in the Hawke's Bay region.	Residential and Lifestyle rating units based as a fixed amount per SUIP. Commerical and industrial rateable units, excluding utilities, based on a variable capital value calculation. Council considers QV codes in determining categorisation. All other rateable units, excluding utilities, based on a variable capital value calculation. Council considers QV codes in determining categorisation.	UTR (refer to note 1) Capital Value Capital Value
Primary Production Pests	Pest management – rabbits, rook, and primary production pest plants. Rated on all rateable rural land in the region.	Non-urban properties by valuation roll	Land value
Sustainable Land Management	Rural partnerships and water efficiency. All productive rateable rural land in the region.	Non-urban properties by valuation roll	Land Value
Water Quality	Water Quality - Fresh Water Science. Rated on all rateable rural land in the region.	Non-urban properties by valuation roll	Land Value
Land Monitoring, Research, and Investigations Science	State of the Environment monitoring and investigation for healthy ecosystems and sustaining land for productive use. Rated on all rateable rural land in the region.	Non-urban properties by valuation roll	Land Value

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 or a person other than the owner, and who has the right to use or inhabit that portion by virtue of a tenancy, lease, license, 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.

Targeted rates	Rating Factor	Types of land to be rated (Local Government (Rating) Act, schedule 2)	Basis of rating (Local Government (Rating) Act (2002, schedule 3)
Flood Protection and Control Schemes			
Heretaunga Plains Flood Control Scheme (HPFCS)			
Napier City & Hastings District	Direct	Properties receive direct benefit from reduced risk of flooding and rivers changing their course. Rating units receiving direct benefit within Napier City and Hastings District from flood control measures.	Capital Value
Napier City & Hastings District	Indirect	Properties receive indirect benefit as a result of their proximity to area of increased economic activity, increased social/recreational/cultural infrastructure, and increased opportunity for employment, service industry, and investment. All rating units within Napier City and Hastings District.	Capital Value
Mangarau Stream			
Hastings District		Flood resilience work for Mangarau Stream completed by Hastings District Council. Hastings District Council rating area 1 utilising differential categories based on land use and location.	Land Value
Maraetotara Flood Maintenance Scheme			
Hastings District		This scheme reduces the risks of the Maraetotara River flooding Te Awanga township, roading, and communication links. The rating scheme has only one rating class covering an area of 54 hectares. Rates are levied for the scheme's maintenance activities only. The scheme was established to protect a 1/100-year flood event, although land on the right bank will still be flooded when the river is high. The scheme keeps the Maraetotara River flows within the stopbanks, floodwalls, and natural high ground, and a flood-gated outlet from the lagoon through stopbanks to the river.	Capital Value
Upper Makara Streams Catchment Scheme			
Central Hawke's Bay District	High	This scheme in Central Hawke's Bay reduces number of floods impacting the road network in the Makara valley and community assets around Elsthorpe. Direct Benefit - valley floor in the upstream, flood plains of the Makara Stream, Makara flats, and Makara flats downstream of Kokatewai Road	Capital Value
Central Hawke's Bay District and Hastings District	Medium	This scheme in Central Hawke's Bay reduces number of floods impacting the road network in the Makara valley and community assets around Elsthorpe. Direct Benefit - the flood plain of the Makara Stream from the Elsthorpe township to the outlet of the catchment, floodplain of the Silver Range Stream from the Makara Stream to the bridge on the Kahurānaki Road, and Makara floodplain northward and follows a soil and topography boundary on the eastern side of the Kahurānaki Road.	Capital Value
Central Hawke's Bay District and Hastings District	Low	This scheme in Central Hawke's Bay reduces number of floods impacting the road network in the Makara valley and community assets around Elsthorpe. An area not in the classes above but receiving indirect benefit from all the works carried out on the scheme through the protection of communication assets including roads, telecommunications networks, the support of amenities, services, and facilities in the area, and the general economic stability of the community. Contains the balance of the catchment.	Capital Value
Upper Tukituki Flood Control Scheme (UTTFCS) Direct			
Central Hawke's Bay District	High	Land adjacent to stopbanked reaches, and lower land at risk of inundation adjacent to non stopbanked reaches, of Tukituki and Waipawa rivers and receiving a high direct benefit from reduced risk of flooding and rivers changing their course as a result of stopbanks and river control works.	Capital Value
Hastings District & Central Hawke's Bay District	Medium	Land receiving an intermediate level of direct benefit from reduced risk of flooding and rivers changing their course as a result of stopbanks and river control works.	Capital Value
Hastings District & Central Hawke's Bay District	Low	Land receiving a lower level of direct benefit from reduced risk of flooding and rivers changing their course as a result of stopbanks and river control works.	Capital Value
Upper Tukituki Flood Control Scheme (UTTFCS) Indirect			
Hastings District & Central Hawke's Bay District	Indirect	An indirect rate for all rating units within Central Hawke's Bay and those in Hastings District within the direct UTTFCS designated flood scheme area.	Capital Value
Whirinaki Industrial			
Hastings District		Land receiving a lower level of direct benefit from reduced risk of flooding and rivers changing their course as a result of stopbanks and river control works.	Capital Value
Drainage and Pumping Schemes			
Brookfields Awatoto			
Napier City	D7	Rateable land situated in Napier within the Brookfields Awatoto drainage area which the council considers receives direct benefit of drain and stream maintenance works.	Capital Value
Clive & Muddy Creek			
Hastings District	D8	Rateable land situated in the Hastings District within the Clive Muddy Creek drainage area which the council considers receives benefit of drain and stream maintenance works.	Capital Value

Targeted Rates	Rating Factor	Types of land to be rated (Local Government (Rating) Act, schedule 2)	Basis of rating (Local Government (Rating) Act (2002, schedule 3)
Haumoana			
Hastings District	D4	Rateable land situated in the Hastings District within the Haumoana drainage area which the council considers receives direct benefit of drain and stream maintenance works.	Capital Value
Karamū Drainage & Enhancement			
Hastings District		This scheme covers properties in Havelock North, being properties in the Karamū catchment, which do not contribute to the Heretaunga Plains Flood Control Scheme Streams & Drains. The scheme involves maintenance of the completed enhancement works in the Karamū Stream.	Capital Value
Napier, Meeanee, Puketapu			
Hastings District	D1	Rateable land situated in the Hastings District which the council considers received direct benefit of drain maintenance works within the drain catchment areas of Meeanee, Napier, Puketapu, and Dartmoor but excluding Napier CBD and the Brookfields Awatoto drainage area within Napier City.	Capital Value
Napier City	D1	Rateable land situated in Napier City on the right back of the Tūtaekurī River within the drain catchment area of Ōmarunui, which the council considers received direct benefit of drain maintenance works within the drain catchment areas of Meeanee, Napier, Puketapu, and Dartmoor but excluding Napier CBD and the Brookfields Awatoto drainage area within Napier City.	Capital Value
Napier City	DI1	Rateable land within the D1 differential and being zoned for industrial purposes. The council considers the benefit to these properties is added economic activity made possible by the drainage network and its continued maintenance.	Capital Value
Ohuia Whakaki Drainage Scheme			
Wairoa District	A	This scheme is located only a few kilometres east of Wairoa where it drains a 3,410-hectare catchment to Hawke's Bay. The scheme uses a combination of detention and gravity drains plus controlled pump discharges to enable landowners to improve production. The cost is apportioned across a land area of just over 1,038 hectares based on the location. Land that without drainage could be inundated for up to 12 months of the year. Primary ratepayer.	Capital Value
Wairoa District	B	This scheme is located only a few kilometres east of Wairoa where it drains a 3,410-hectare catchment to Hawke's Bay. The scheme uses a combination of detention and gravity drains plus controlled pump discharges to enable landowners to improve production. The cost is apportioned across a land area of just over 1,038 hectares based on the location. Land that without drainage could be inundated for up to 12 months of the year. All other ratepayers.	Capital Value
Opoho Drainage Scheme			
Wairoa District	A, B, C	This scheme drains approximately 200ha of low lying, productive land to the east of the Opoho Stream near Nuhaka. The Opoho scheme involves three neighbouring farms situated approximately halfway between Wairoa and Nuhaka. The relativities between the three properties in the scheme were determined by the way of an analysis of the benefits received by each property and respective apportionment of costs. The rating allocation should be reviewed every six years.	UTR (refer to note 1)
Paeroa Drainage Scheme Special Rating Area			
Wairoa District	A	Rateable property situated in the Wairoa District on the lower lying land in the valley of the Waikoko Stream, the sloping land in the Clydebank Road area and on the valley floors in the middle reaches of the Awatere and Waikiki Streams which the Council considers receives both direct and indirect benefit of the drain and stream maintenance works.	Capital Value
Wairoa District	B	Rateable property situated in the Wairoa District which the council considers receives direct and indirect benefit.	Capital Value
Pākōwhai			
Hastings District	D6	Rateable land situated in the Hastings District within the Pākōwhai, Puninga drainage area which the council considers receives direct benefit of drain and stream maintenance works.	Capital Value
Poukawa Drainage Special			
Hastings District	A	Rateable properties situated in the Hastings District which the council considers receives both direct and indirect benefit of the maintenance of the drainage scheme.	Capital Value
Puninga			
Hastings District	D9	Rateable land situated in the Hastings District within the Clive Muddy Creek drainage area which the council considers receives benefit of drain and stream maintenance works.	Capital Value
Raupare Enhancement			
Hastings District	DA3	Selected properties in the Raupare catchment (1,179 hectares) which have agreed to contribute to the enhancement of specific steams and drains in the Raupare Catchment.	Area
Raupare Twyford			
Hastings District	D3	Rateable land situated in the Hastings District within the Twyford Raupare drainage area which the council considers receives direct benefit of drain and stream maintenance works.	Capital Value
Tūtaekurī Waimate Moteo			
Hastings District	D5	Rateable land situated in the Hastings District within the Tūtaekurī-Waimate, Moteo drainage area which the council considers receives direct benefit of drain and stream maintenance works.	Capital Value

All rates figures are GST inclusive



info@hbrc.govt.nz | +64 6 835 9200
159 Dalton Street, Napier 4110
Private Bag 6006, Napier 4142
hbrc.govt.nz

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