

**Hawke's Bay Regional Council's
Long Term Plan 2015 –25**

Part 1 | Introduction

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Chairman and Interim Chief Executive's Comments on HBRC's Strategic Direction

Kia ora

This Long Term Plan 2015-25 brings together Hawke's Bay Regional Council's priorities and resourcing to establish our direction for the next ten years, and particularly for the next three years. We appreciated the efforts of those who submitted on our Long Term Plan and of the wide variety of views that were expressed.

We operate in an environment with a number of external processes that impact on our decisions and we are mindful of trying to achieve a balance between the needs of our communities and the requirements of these processes.

Our key activities link back to our focus on resilience in our communities, in our ecosystems and in our economy. One of the principal drivers of our work is the National Policy Statement for Freshwater Management (NPSFM) which is driving us at pace to carry out planning reviews of our catchments. We continue to invest a large amount of staff time and resources in land and water management and you will find details of this in our Groups of



Activities, Part 4, especially under Strategy and Planning, and Regional Resources (for our science investigations).

HBRC is the 100% owner of the Hawke's Bay Regional Investment Company (HBRIC Ltd) which manages our ownership of Napier Port and is undertaking, on Council's behalf, the development of the Ruataniwha Water Storage Scheme to investment-ready stage.

This Long Term Plan does however seek to balance out the perception that we are focussed only on land and water management and only on the rural parts of our region. Following the value that our primary sector returns to this region, tourism promotion is one area where HBRC can really build economic influence in Hawke's Bay. We sought your views on providing Hawke's Bay Tourism with significant additional funding to lift its performance in attracting visitors to Hawke's Bay, and you responded strongly.

In our Consultation Document we indicated that increased spending on tourism would result in growth of the contribution of the tourism sector to the regional economy of \$1billion by 2025. Therefore we have increased the economic development rate specifically for tourism by \$300,000 in 2015-16, \$600,000 in 2016-17 and \$900,000 in 2017-18, subject to key performance indicators being met by Hawke's Bay Tourism. For all residential and rural ratepayers in Hawke's Bay this will mean an increase in your economic development rate of \$3.75 per property per annum in 2015-16. We expect Hawkes Bay Tourism to deliver on some additional performance targets with this funding, including working closely with Māori tourism operators.

Several submitters supported the Regional Council introducing a regional funding model that would pay for organisations that provide a region-wide benefit to Hawke's Bay. While we agree that this is an important discussion to be held we believe that it should be deferred until the outcome of the local government reorganisation proposal for the region is known.

Following our Big Six consultation last year, this Long Term Plan addresses a number of other issues that also matter to you. Reflecting our focus on resilience we have responded by providing for:

- Meeting increased maintenance costs for regional parks and open spaces, including Te Mata Park, and making funding available for new open space opportunities in 2018-19
- Increasing our resourcing of Hawke's Bay's Civil Defence Emergency Management Group to reduce risks, where possible, and improve our readiness, response and recovery from a natural disaster
- A report on developing a plan change to address the needs of the Parliamentary Commissioner for the Environment's report on drilling for oil and gas
- Targeted consultation with resource consent holders on potential changes to our policy on charging for water science investigations
- Continuing progress on biodiversity work with support for the establishment and operation of a Biodiversity Trust and the implementation of the Biodiversity Strategy for Hawke's Bay
- Ongoing effective animal pest control.
 - Ospri (formerly the Animal Health Board and Tbfree NZ) and HBRC have reached agreement on a transition away from HBRC collecting rates to fund the Ospri Bovine Tb control programme in Hawke's Bay; HBRC will direct those rates to fund 25% of the land management programme
 - The Ospri programme in Hawke's Bay is reducing and will continue to reduce over time. Any properties under the areas of Ospri withdrawal are required to be part of HBRC's Possum Control Area programme with a requirement for farmers to meet the costs of maintaining low possum numbers on their land.

- The cost of HBRC's share of the local government reorganisation poll will be met from contingency funding of \$50,000, plus an additional \$25,000.

We continue to focus on our relationships throughout the region and with our national partners. We encourage your ongoing interaction with HBRC through face-to-face contact, phone calls, social media, our website and "Our Place". And

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please keep in touch with your councillors.



Fenton Wilson, Chairman



Liz Lambert,
Interim Chief Executive

Vision and Values

Hawke's Bay Regional Council is this region's environmental management and economic development authority. We are all about the wise use of Hawke's Bay's natural resources, now and for generations to come. We are also all about the people of this region, employing our own passionate team of around 170 people who live all over Hawke's Bay and take pride in the work we do on your behalf.

Our Role

As an organisation, Hawke's Bay Regional Council enables the wise use of the region's natural resources, taking on a leadership role in the areas of:

- Natural resource knowledge and management
- Natural hazard assessment and management
- Regional strategic planning
- Regional scale infrastructure and services, and
- Economic development.

Our Vision

Our vision is an important driver for our talented team of people. Our aspiration is for a connected and vibrant region with resilient communities, a prosperous economy, and a clean and healthy environment.

Our Values

Our values - developed with our people - are Leadership, Excellence, Integrity, Innovation and Partnerships.

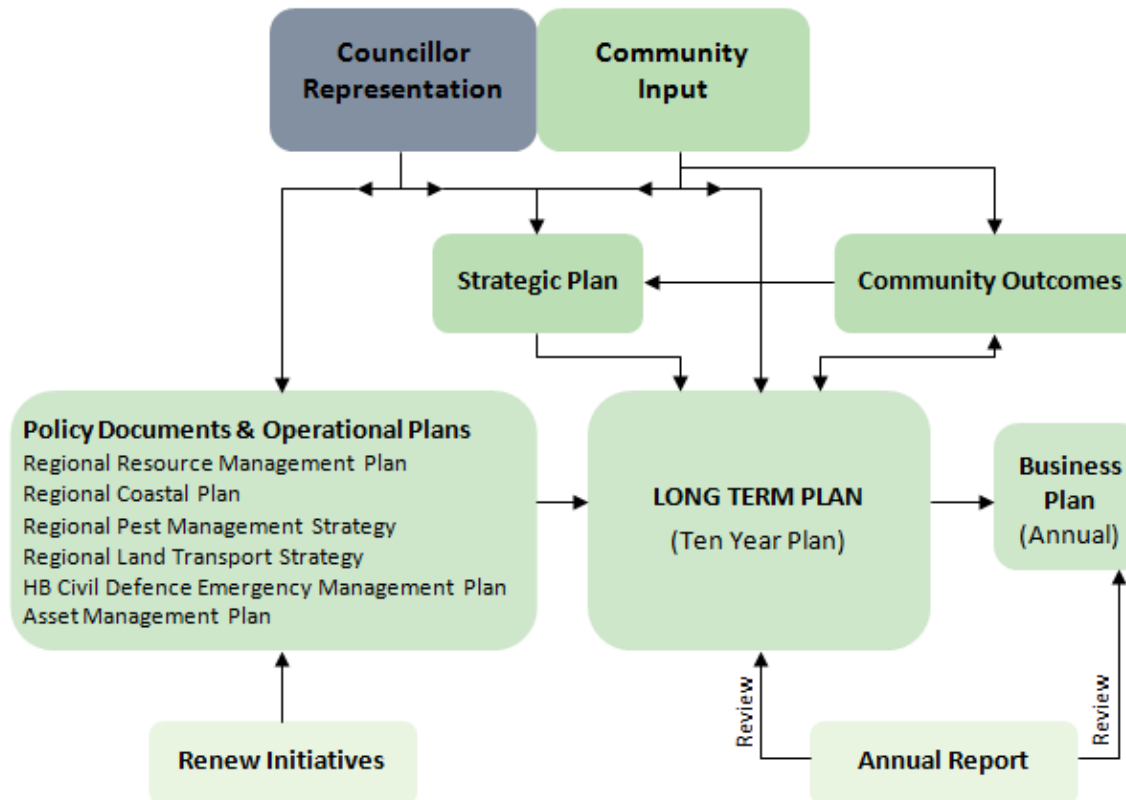


A connected and vibrant region with resilient communities, a prosperous economy, and a clean, healthy environment.

Planning Cycle

This Long Term Plan is part of a ten year planning cycle.

HBRC is required to prepare many other documents. Many of the 'levels of service' included in the Long Term Plan come from various policy documents and operational plans prepared by HBRC and they contain greater detail. An Annual Report is produced each year, documenting annual performance targets and financial outcomes.



Community Outcomes

A Regional Approach to Community Outcomes

The five Hawke's Bay councils - Hastings District Council, Napier City Council, Central Hawke's Bay District Council, Wairoa District Council and Hawke's Bay Regional Council undertook a regional approach and worked collectively to identify community outcomes in 2004. These outcomes are still considered to be relevant today.

What Are Community Outcomes?

They are goals that the community believes are important for its present and future social, economic, environmental and cultural well-being.

There are nine community outcomes:

- An environment that is appreciated, protected and sustained for future generations
- A strong, prosperous and thriving economy
- Transport, infrastructure and services that are safe, effective and integrated
- A vibrant community
- A lifetime of good health and well-being
- Supportive, caring and inclusive communities
- Strong regional leadership and a sense of belonging
- Safe and accessible recreational facilities
- Communities that value and promote their unique culture and heritage.

Information about how HBRC's activities contribute to community outcomes, either in a direct or indirect way or in a supporting role, is detailed in Part 3 of this Plan.

How do the Community Outcomes relate to Other Key Strategic Planning Documents or Processes?

The Community Outcomes are very high level statements and therefore they are relevant to Council's strategic planning processes. HBRC's Strategic Plan builds on these outcomes under the headings Resilient Ecosystems, Resilient Economy and Resilient Communities.

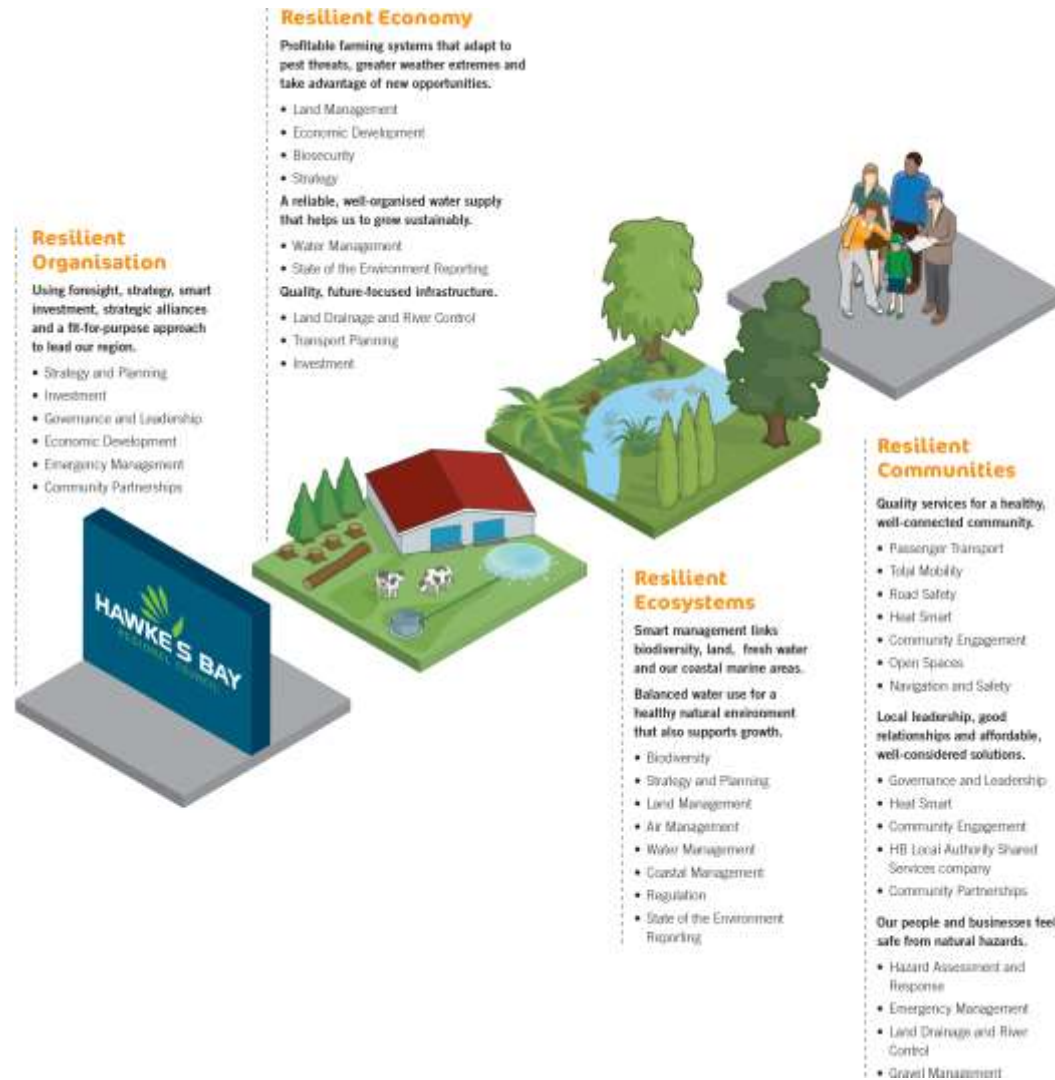
A number of other strategic planning documents prepared under legislation determine much of HBRC's programmes & activities. These include:

- Regional Policy Statement
- Regional Resource Management Plan
- Regional Coastal Environment Plan
- Regional Plant Pest and Animal Pest Management Strategy
- Regional Land Transport Plan
- Regional Public Transport Plan
- Civil Defence Emergency Management Group Plan
- Flood and Drainage Scheme Asset Management Plans.

Each strategic planning document is prepared under the processes contained in the relevant legislation.

Strategic Goals

Our key activities link back to our focus on resilience in our communities, in our ecosystems and our economy, which is driven by HBRC as a regionally-focused organisation.





Our Plan and the Big Six

You've told us much about the most important issues for Hawke's Bay, based on last year's Big Six dialogue and this year's public comments on Our Plan. We've debated regional connectivity and energy futures, greater funding for tourism, economic development, managing water and land use wisely, to name just a few topics. The following pages summarise these issues and confirm the funding decisions made by HBRC in June 2015.

Overall Rates Impact

During public consultation, HBRC's level of service improvements to current programmes were flagged to increase by 1.7% in year 1, and 1.5% in years 2 and 3. Full details are in HBRC's Revenue and Financing Policy (see part 6, Policies, page 35).

Further programmes proposed and consulted on as part of Our Plan indicated a total average rate increase of 3.95% in 2015-16, however this excluded any significant increase in tourism funding.

OPTIONS CONSULTED ON

- Increase rates on average by 3.95% this financial year (preferred option), or
- Reduce delivery on some or all of our big issues consulted on, for a lower rate increase.



DECISION

Council's overall funding decisions resulted in a total average rates increase of 5.87% (\$919,000) in 2015-16. This is made up of the 3.95% presented in the consultation document and the increase in funding for tourism promotion outlined on page 8. The spread of the rate increase is an average of 5.73% for urban ratepayers, 6.85% for rural ratepayers and 10.77% for commercial ratepayers.

Rate increases of 5.69% and 5.51% are indicated for years 2 and 3 of Our Plan.

Water Science Charges

These charges only apply to consent holders. The issue has been that charges vary widely from year to year. They are levied according to the amount of work done in each of the seven water catchment zones.

OPTIONS CONSULTED ON

- Move to a smoother regional charge approach (preferred option), or
- Continue with the current 'high and low' variable charge approach.

DECISION

Council asked staff to review the current policy for charging, talk with consent holders, and report back with a policy recommendation for implementation in the 2016-17 year.

Developing our Economy

HBRC facilitates economic activity in the region, working alongside Hawke's Bay Regional Investment Company Limited (HBRIC), Hawke's Bay Tourism and other council partners.

Much recent activity has been directed to HBRIC's focus on Ruataniwha Water Storage Scheme and Napier Port, the latter of which contributes a significant annual dividend.



\$290,000 annual operating spend over and above staff costs supports the implementation of strategic growth initiatives. These are outlined in a Regional Economic Development Strategy (REDS) developed in 2011, which has focussed on agency collaboration, resilient primary sector growth, and business investment, skills and migrant attraction.

OPTIONS CONSULTED ON

- Continue to support our economy at the same level of spending (preferred option), or
- Increase spending on economic development for the primary sector and business.

DECISION

Council agreed to continue economic development funding at the same level of spending, an annual allocation of \$500,000, with \$100,000 of this funding tagged to Business Hawke's Bay.



Managing our Environment

HBRC is giving effect to its own Hawke's Bay Land and Water Strategy and the National Policy Statement for Freshwater Management. The task already under action is to create catchment-based plan changes.

Our Plan identifies spending the next three years on policy development for the Greater Heretaunga/ Ahuriri catchment, and Mohaka River catchment. The remaining catchments in the region will be tackled in due course.

HBRC intends to start a review of the whole Regional Resource Management Plan, including the Regional Policy Statement, in 2020.

OPTIONS CONSULTED ON

- Increase our spend on planning by \$595,000 in 2015-16, to employ people to deliver the region's catchment-based plan changes in a reasonable time (preferred option), or
- Continue to support planning at the same level, prioritising the catchments and lengthening the time we'll need to deliver the region's catchment-based plan changes.

DECISION

Council agreed to increase the spend on planning by \$595,000 in 2015-16 and the years that follow, \$268,000 from general rates and \$327,000 from HBRC's Environmental Initiative Reserve Fund.

Tourism

HBRC is a significant funder of Hawke's Bay Tourism. They operate as an independent financial entity with a ten year strategic framework for tourism growth. Hawke's Bay Tourism has been on a fixed three-year contract for \$850,000 per annum, to which a \$70,000 increase was proposed to match operating costs. A further significant proposal aligned to tourism's ten year plan requested up to an extra \$900,000 per annum to attract more visitors.



OPTIONS CONSULTED ON

- Increase HBRC's targeted rate contribution by \$70,000 per year, with an annual cost index adjustment, so that Hawke's Bay Tourism can do more (preferred option), or
- Continue funding tourism at the same level for the same service delivery.

AND

- Continue at the same level of promotion (preferred option), or
- Increase tourism funding to raise our regional profile outside Hawke's Bay.

DECISIONS

Council agreed to increase the funding of Hawke's Bay Tourism by \$70,000 to recover cost of living increases over the last four years.

Council further agreed to increase the funding of tourism promotion activities by \$300,000 in 2015-16, \$600,000 in 2016-17 and \$900,000 in 2017-18. These increases will be attached to the Economic Development rate. Council also required the appointment of a representative of Māori tourism on the HB Tourism Board of Directors.

Looking after our Waterways

HBRC's approach to catchment management relies on an increasingly complex investigation and monitoring regime to give effect to the plan changes council is progressing. In light of learnings from the Tukituki catchment, HBRC has proposed to increase investigation and monitoring studies to ensure that the limits it sets are met. The cost of additional water science in year 1 of the plan would be met by consent holders (\$91,000) and general rates (\$527,000). Further increases in the 5 years that follow will deliver information for robust river and catchment management.



OPTIONS CONSULTED ON

- Increase spending on monitoring the health and state of our region's major river catchments (preferred option), or
- Continue at the same level of funding, but acknowledging significant gaps in our knowledge.

DECISION

Council agreed to increase spending on monitoring the health and state of the region's major river catchments by \$618,000 in 2015-16, funded from general rates and section 36 water science charges.

Managing and Monitoring our Land

There is a growing need for landowner assistance from the land management team, particularly for good advice and information. In the past, this activity was 100% funded from general rates, while the monitoring framework being put in place, initially in the Tukituki catchment, will be of significant benefit to farmers and other rural landowners.



The reduction in rural rating from the TB Vector programme will largely offset the introduction of targeted rural rating to cover science-based land monitoring.

OPTIONS CONSULTED ON

- Increase Rural Targeted Rate funding of land management activities by \$560,000 in 2015-16, \$660,000 in 2016-17 and \$760,000 in 2017-18, which covers 25% of the total cost of these activities (preferred option), or
- Continue funding this work entirely from General Rates.

DECISION

Council agreed to increase rural targeted rate funding of land management activities by \$560,000 in 2015-16, \$660,000 in 2016-17 and \$760,000 in 2017-18.



Regional Parks and Open Spaces

HBRC created a Regional Parks Network in 2014 and is working through the priorities identified in individual park plans, setting maintenance standards in parks and guiding their long term development. This includes the popular Hawke's Bay Trails network and extends to some of the properties HBRC has long-standing relationships with, such as Te Mata Park.

OPTIONS CONSULTED ON

- Increase our yearly maintenance of \$60,000 by \$10,000 per year to cater for an expanding Hawke's Bay Trails network (preferred option), or
- Continue to manage the trails at its current scale, with no growth opportunity.

AND

- Increase our yearly maintenance General Rate contribution to Te Mata Park to \$65,000 keep this regional gem in tip-top condition (preferred option), or
- Continue annual funding of \$35,000, but where service levels in the park will continue to fluctuate.

AND

- Increase Open Space borrowing up to a further \$1 million commencing in the 2018-19 year for new opportunities (preferred option), or

- Continue to keep the same public spaces.

DECISIONS

Council agreed to fund additional maintenance on the Hawke's Bay Trails network, with an extra \$10,000 per annum off a base of \$60,000.

Council further agreed to increase the yearly maintenance allocation to Te Mata Park to \$65,000, funded from general rates.

Council also confirmed its intent to increase Open Space borrowing from 2018-19 with a view to extending the Regional Parks network to include new opportunities.



Biodiversity and Pest Control

HBRC has facilitated a Biodiversity Strategy for Hawke's Bay, supported by numerous partners including the Department of Conservation, councils, Federated Farmers, DairyNZ, the Ministry for Primary Industries, conservation groups and many others. A significant 5-year partnership with the Aotearoa Foundation, the Department of Conservation, Landcare Research and Cape Sanctuary aims to deliver predator control across 26,000 hectares of land between Waimarama and Havelock North. The withdrawal of the TB Vector programme on 140,000 hectares of land also requires more HBRC staff support to manage its own possum control area programme, now extending over 650,000 hectares.

OPTIONS CONSULTED ON

- Continue to progress this important work on biodiversity with \$40,000 per year funded from General Rates (preferred option), or
- Put this work on hold.

AND

- Increase spending to keep possum numbers low, with \$100,000 in 2015-16 funded 30% from General Rates and 70% from a Rural Targeted Rate (preferred option), or
- Rely on general landowner practices to sustain low possum numbers.

DECISIONS

Council agreed to allocate \$40,000 per year to help implement the Hawke's Bay Biodiversity Strategy, funded from general rates.

Council confirmed funding to maintain low possum numbers, of \$100,000 in 2015-16, drawn 30% from General Rates and 70% from a Rural Targeted Rate.



Emergency Management

The Hawke's Bay Civil Defence Emergency Management (HB CDEM) Group adopted a Group Plan in 2014. HB CDEM Group sought better resourcing to divide and manage the workload, reduce risk, and improve readiness, response and recovery-planning initiatives.

OPTIONS CONSULTED ON

- Increase coordination efforts around our HB CDEM Group Plan funded out of reserves in 2015-16, but an additional \$75,000 in 2016-17 and \$50,000 in 2017-18 (preferred option), or
- Continue to support a less-coordinated multi-agency model.

DECISION

Council agreed to increase coordination efforts around the HB CDEM Group Plan, with additional targeted funding of \$75,000 in 2016-17 and \$50,000 in 2017-18.

Other Matters

Relationship with Māori/ Tangata Whenua

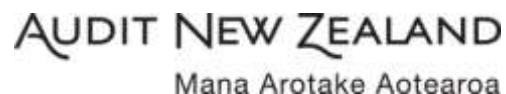
Council agreed to defer the creation of a Senior Māori Liaison role, pending the resolution of Local Government reorganisation. Council retains a range of Council technical (science, planning) advisors plus a senior planner with appropriate Māori cultural experience and/or qualifications to support and provide input into the Regional Planning Committee. Council also agreed to develop a direct relationship with Waimarama Māori Committee.

Transport

Agreed to investigate ways to improve public transport linkages for EIT students and in relation to Art Deco Weekend.

Energy Strategy

Work has begun on developing an initial energy strategy for Hawke's Bay. A preliminary meeting was held by HBRC in May 2015. The strategy will not be a statutory document, but its content is anticipated to reflect strong community views and assist to guide HBRC in future policy-provision and decision-making.



To the reader

Independent auditor's report on Hawke's Bay Regional Council's 2015-25 Long-Term Plan

I am the Auditor-General's appointed auditor for the Hawke's Bay Regional Council (the Council). Section 94 of the Local Government Act 2002 (the Act) requires an audit report on the Council's Long-Term plan (the plan). I have carried out this audit using the staff and resources of Audit New Zealand. We completed the audit on 24 June 2015.

Opinion

In my opinion:

- the plan provides a reasonable basis for:
 - long-term, integrated decision-making and coordination of the Council's resources; and
 - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and

- the disclosures on pages 18 to 21 of Part 5 of the plan represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 and accurately reflect the information drawn from the Regional Council's audited information.

This opinion does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee complete accuracy of the information in the plan.

Basis of Opinion

We carried out our work in accordance with the Auditor-General's Auditing Standards, relevant international standards and the ethical requirements in those standards.¹

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate audit procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our audit procedures included assessing whether the:

- Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;

¹ The International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical*

Financial Information and The International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information*.

- Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face over the next 30 years;
- information in the plan is based on materially complete and reliable asset and activity information;
- Council's key plans and policies have been consistently applied in the development of the forecast information;
- assumptions set out within the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted and complies with generally accepted accounting practice in New Zealand;
- rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures and forecast financial information has been adequately explained within the plan.

We did not evaluate the security and controls over the electronic publication of the plan.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

I am responsible for expressing an independent opinion on aspects of the plan, as required by sections 94 and 259C of the Act. I do not express an opinion on the merits of the plan's policy content.

Independence

We have followed the independence requirements of the Auditor-General, which incorporate those of the External Reporting Board. Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council or any of its subsidiaries.



Stephen Lucy, Audit New Zealand
On behalf of the Auditor-General, Wellington, New Zealand