

Te Whakarāpopototanga o Te Pūronga ā-Tau

Annual Report Summary

2022-2023



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HAWKES BAY
REGIONAL COUNCIL

TE KAUNIHERA Ā-ROHE O TE MATAU-A-MĀUI



Building environmental resilience

Our organisation is moving at pace to achieve progress on key projects – enhancing our environment together.

ANNUAL REPORT SUMMARY 2022-2023

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Building environmental resilience

*Tēnā koutou katoa
E mihi ana ki te rohe o Te Matau-a-Māui
Manaakitia tonu tātau i a tātau i te wā nei
Kia kaha, kia māia, kia manawanui.
Taiki e!*

*Greetings to our people
and place of Hawke's Bay.
Continue to lean on and into the numerous
caring people in these difficult times.
Be strong, be brave, be steadfast and
together we will overcome.*

Welcome to our Annual Report Summary for the year 1 July 2022 to 30 June 2023.

Cyclone Gabrielle has dominated the past year after sweeping through Te Matau-a-Māui Hawke's Bay on 14 February 2023. The impact on people, communities, marae, livelihoods, and the environment will be felt for years to come.

Following the cyclone, the immediate focus for us was to repair and rebuild breached stopbanks, with the volume of water coming through at speed much larger than the stopbanks were designed for.

Temporary repairs were initially constructed. Permanent repairs to breaches on Ngaruroro and Tūtaekurī rivers were completed in early June, and the remainder of breaches which were in Central Hawke's Bay, were completed (except one) in September.

Cleaning up the silt, woody debris, and flood waste has been and continues to be a massive job for the region. Collectively we have faced tough decisions on how to deal with waste. With Hastings District Council we established the Silt Recovery Taskforce to help locals clean up their homes and properties. Crews have been moving hundreds of truckloads of silt a day, made possible by central government funding. A commercial fund was also opened, with central government funding, to support commercial entities including growers and farmers, to recover some of the costs of cleaning up sediment and debris on their land.

In May 2023, we put an exception in place for flood damaged properties within the Napier and Hastings airsheds to responsibly burn waste over winter. A temporary law change came into effect on 5 July 2023 to enable rural landowners to burn cyclone and flood waste on commercial-scale horticultural and agricultural properties not located in the airsheds.

Supporting our primary industry has also been key. Staff were deployed to set up a Rural Recovery team who continue to support farmers and growers.

Our staff's flood hazard modelling and technical assessments have helped decision making on land-use categorisation and affordable options for flood protection in impacted areas. We have been working alongside impacted people and local councils, and further technical analysis and assessment has resulted in the re-categorisation of many properties.



Importantly, business-as-usual work has continued throughout the year. We encourage you to read about what our staff have been up to in our highlights in Part 2 - Regional Overview.

This includes the completion of the Taradale stopbank upgrade in December 2022, which helped protect the Taradale community from Cyclone Gabrielle flooding. The stopbank was upgraded to a 0.2 percent likelihood of flooding in any given year (or a 1-in-500-year level of protection). This was the first upgrade in our planned Resilient River Communities programme, enabled by substantial central government co-funding.

We introduced two Māori constituencies – Māui ki te Raki and Māui ki te Tonga – when our new Council was sworn in in October 2022 – a first for the Regional Council.

In more firsts for Hawke's Bay, we released a Regional Water Assessment in June 2023. This report, also the first of its kind in Aotearoa New Zealand, provides valuable baseline data and analysis for how we manage water and make our region more resilient, both when we have too much of it, with flooding, and not enough, in droughts.

We had the region's first greenhouse gas inventory produced to establish the carbon footprint at the city, district, and regional level. Importantly, this will provide the baseline measure for the region's first Emissions Reduction Plan. We also established a Joint Committee to oversee climate mitigation and adaptation and drive climate action in the region.

This Annual Report Summary outlines the progress we have made towards our community outcomes (page 24) and our levels of service (page 28).

The cyclone has had a significant impact on our budget. The closing financial performance for the financial year (2022-2023) is an operating deficit of \$14.2 million compared to a forecasted surplus of \$4.3 million. This was primarily driven by substantial unplanned costs in our response and recovery to Cyclone Gabrielle. It was also impacted by lower-than-expected revenue from our investments through our investment company, Hawke's Bay Regional Investment Company.

This shortfall in income comes predominantly from the Napier Port dividend and investment property income.

For more detailed financial information please see page 38.

As a region, we still have a big job ahead of us. We look forward to continuing working with our communities in supporting the region's recovery and building environmental resilience.

Ngā mihi nui



Hinewai Ormsby
Te Toihau
Chair



Dr Nic Peet
Tumu whakarae
Chief Executive

HE KUPU NĀ NGĀ TOIHĀU KŌMITI MĀORI

MESSAGE FROM THE MĀORI
COMMITTEE CO-CHAIRS

Our partnership with tangata whenua

*Ēhara taku toa i te toa takitahi
Engari he toa takitini
My strength is not mine alone
But of cooperation and unity*

The past year has been incredibly challenging, and we acknowledge there are still many challenges to overcome.

Our hearts go out to whānau who have lost a loved one, and to those who have lost their homes or livelihoods because of Cyclone Gabrielle. Many marae were severely impacted and some also face tough decisions about relocation.

We would like to mihi/thank our communities for the way everyone has come together, both in the aftermath of the cyclone and continued support afterwards.

We also received much manaaki/support from outside of Te Matau-a-Māui and for that we are very grateful and humbled.

A significant milestone in the 2022-2023 year was the introduction of two Māori constituencies – Māui ki te Raki and Māui ke te Tonga. Having them at the table gives mana to the Māori voice and emphasis of the views of Māori, however importantly, they represent the whole region.

We have Māori Committee representation on the Regional Council's Cyclone Recovery Committee (as have the Regional Planning Committee) and the newly-established Regional Climate Action Joint Committee.

Post Settlement Governance Entities (PSGEs) also have been invited to be part of the Regional Climate Action Joint Committee, and the Hawke's Bay Civil Defence Emergency Management Joint Committee has recently welcomed an advisory representative from Ngāti Kahungunu Iwi Incorporated and Tātau Tātau o Te Wairoa, with three other PSGEs also invited to provide advisory representation.

As Māori advisors we bring Mātauranga Māori to the Regional Council table. We are encouraged to see the recently-created role of Kaihautū Pūtaiao appointed in January 2023 to support the recognition and expression of Mātauranga Māori in the Regional Council's work on the ground.





We also received much manaaki/support from outside of Te Matau-a-Māui and for that we are very grateful and humbled.

A big piece of mahi/work for the Regional Council is the development of the Kotahi Plan, reviewing and bringing our resource management plans together to address new legislation. We were pleased to not only help plan meaningful tangata whenua and wider community engagement but also participate. We received valuable input from the community drop-in sessions which took place across the rohe/region between July and September 2023.

As Te Matau-a-Māui recovers and rebuilds from Cyclone Gabrielle, the Māori Committee will continue to work alongside Hawke's Bay Regional Council to find resolutions and to support both our Māori and wider communities.

We are committed to ensuring a sustainable, healthy future for our generations to come.

Nā māua e iti nei



Katarina Kawana and Mike Paku

Ngā Toihau - Kōmiti Māori
Māori Committee Co-Chairs 2022-2023



This summary covers Hawke's Bay Regional Council's key achievements during the 2022-2023 financial year – the second year of the 2021-2031 Long Term Plan.

The full Long Term Plan is online at hbrc.govt.nz, search: **#LTP2131**

Ō tātau kaikaunihera

Our councillors



Jerf van Beek
Councillor
Coastal Hazards Strategy
Joint Committee Chair

Ngaruroro
Pop: 20,700
Seats: 1

Ahuriri
Napier
Pop: 57,500
Seats: 3

Heretaunga
Hastings
Pop: 52,800
Seats: 3

Tamatea
Central Hawke's Bay
Pop: 13,300
Seats: 1



Will Foley
Deputy Chair

For more details,
please contact
hbrc.govt.nz,
search: #councillors



Wairoa
Pop: 4,590
Seats: 1

Di Roadley
Councillor



Hinewai Ormsby
Chair
Regional Planning
Committee co-chair
HBCDEM Joint Committee Chair
Climate Action Joint Committee
Chair



Martin Williams
Councillor
Regional Transport
Committee Chair
Hearing Committee Chair



Neil Kirton
Councillor
Corporate and Strategic
Committee Chair
Risk and Audit Sub-committee
Chair



Xan Harding
Councillor



Sophie Siers
Councillor
Cyclone Recovery
Committee Chair



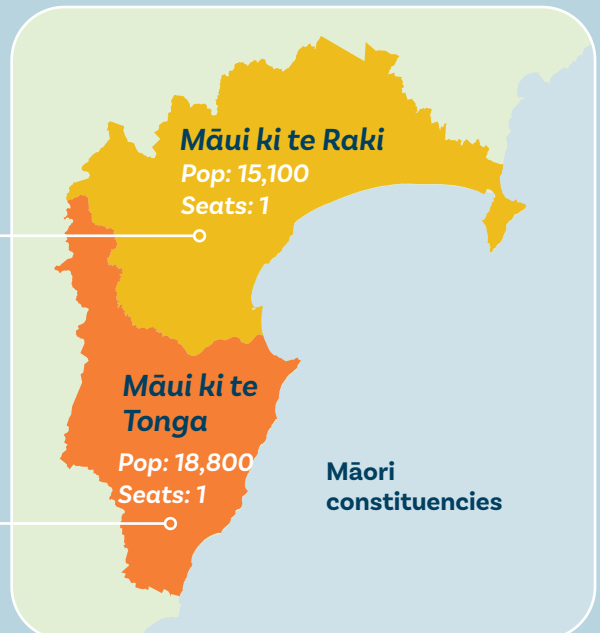
Jock Mackintosh
Councillor



Charles Lambert
Councillor



Thompson Hokianga
Councillor



Te kāhui hautū 2022

Leadership team 2023



Chief Executive
James Palmer
(to 10 February 2023)

Executive Assistant to Chief Executive & Chair

- Executive Advisory Group:**
- Civil Defence Emergency Management
 - Strategy & Governance
 - People & Capability

Bill Bayfield
(interim Chief Executive between April and 10 July 2023)

Asset Management Group



Chris Dolley
Group Manager

Integrated Catchment Management Group



Susie Young
Group Manager

Corporate Services Group

Policy & Regulation Group

Māori Partnerships Group



Pieri Munro
Te Pou Whakarae
(interim Chief Executive between 10 February to 18 April 2023)



Iain Maxwell
Group Manager



Katrina Brunton
Group Manager

Ngā Tirohanga Whānui ā-Rohe Regional Overview

These pages provide a snapshot of our work for the year.





NGĀ TIROHANGA WHĀNUI Ā-ROHE REGIONAL OVERVIEW

FOR THE YEAR 2022-2023
MŌ TE TAU 2022-2023

CYCLONE GABRIELLE

Dominating this 2022-2023 financial year was Cyclone Gabrielle - one of the worst storms to hit Aotearoa New Zealand in living history. Hawke's Bay was one of the worst affected regions. Our rainfall data shows the cyclone was one of the most significant weather events to impact the region since records began.

Tragically eight people in Hawke's Bay died, and many homes and livelihoods were badly damaged or destroyed. A State of National Emergency was declared on the morning of 14 February 2023, and was in place for one month.

The amount of rain over a relatively short period of time was more than our stopbanks were designed and constructed for and caused around 5.6 kilometres of breaches in the 248 kilometres stopbank network across the region. Further parts were damaged by scours and erosion.

Many communities were cut off with state highways, roads, and bridges unsurpassable. Power and communications were down causing widespread disruption and distress for communities, whānau, households, businesses, and response teams.

Civil Defence staff led the most complex and large-scale response ever mounted in Hawke's Bay. More than 1000 people helped in the official response, either at the Group Emergency Coordination Centre (in Hastings), the Regional Distribution Centre (set up at the Hawke's Bay Showgrounds), or at Bridge Pa Aerodrome. Most of these were deployed from outside of Hawke's Bay. We also had people come from overseas to help.

The Regional Council ran its own Emergency Operations Centre, as all councils are required to, which also stood up a 24/7 response. A huge effort by a crew of around 160 people, including contractors, consultants, and staff from South Island regional councils, worked tirelessly putting temporary protection in place around stopbank breaches. The focus then turned to completing permanent repairs.

Cyclone Gabrielle left behind a massive tail of waste - silt, woody debris, fenceposts, dead stock - and cleaning up continues to be a huge job, enabled by central government funding.

Many teams reoriented their planned work and redeployed staff to support our rural communities. The Rural Recovery team and Catchment staff across the region continue to support farmers and growers.

Behind the scenes staff worked on a range of essential work as a result of the cyclone. We had staff undertaking flood hazard technical assessments and optioneering to support decision making on credible and affordable options for flood protection. Both are informing land-use categorisation for properties affected by the cyclone. Land categorisation community meetings and drop-in sessions started in mid-June.

Another critical role for staff has been negotiating for additional funding for the region and the land categorisation flood mitigation cost sharing agreement with the Government.





We continue to provide administrative support to the Hawke's Bay Regional Recovery Agency (RRA). Central government, with the support of other councils, and the Matariki Governance Group, requested that HBRC manage and administer the Regional Recovery Agency for now as it can provide the required back-office support and has regional jurisdiction. We submitted the first edition of our Environmental Resilience Plan to the Regional Recovery Agency on 28 April 2023. This Plan along with Locality Plans for the district and city councils and some community and iwi groups, fed into the Regional Recovery Plan and Action Plan.

We administered the Hawke's Bay Disaster Relief Trust on behalf of the region's councils. The Disaster Relief Trust Phase 2 closed on 21 July 2023 and paid out nearly \$6.5 million to 4630 applicants, plus \$2.3 million to local councils for grants to be paid to owners of yellow and red-stickered properties.

Additional staff were employed to assist our Finance team in the substantial job of preparing insurance and NEMA (National Emergency Management Agency) claims incurred through both the Regional Council response and the Hawke's Bay Civil Defence Emergency Management (CDEM) response. The Regional Council administers CDEM on behalf of the region's councils.



NGĀ TIROHANGA WHĀNUI Ā-ROHE REGIONAL OVERVIEW

FOR THE YEAR 2022-2023
MŌ TE TAU 2022-2023

ACROSS TE MATAU-A-MĀUI-HAWKE'S BAY

The total number of staff at Hawke's Bay Regional Council is over 340. The region's total land area is around 1.42 million hectares. An estimated 252,000 hectares is highly erodible. The coastal-marine area accounts for almost one-third of the area HBRC is responsible for.

Highlights include

New Council elected

Our new Council was sworn in on 26 October 2022. This was a special election for the Regional Council as for the first time we introduced two Māori constituencies – Māui ki te Raki and Māui ki te Tonga. Also of significance, Council elected its first Māori and youngest chairperson, Hinewai Ormsby. Cllr Ormsby was first elected to the Regional Council in 2019.

Mātauranga Māori focus

In January 2023, a newly created role of Kaihautū Pūtaiao was appointed to support the recognition and expression of Mātauranga Māori (Māori knowledge) in the Regional Council's work.

Reducing the region's carbon emissions

We had a greenhouse gas emissions inventory produced to establish the carbon footprint at the city, district, and regional levels – a first for Hawke's Bay. This forms the baseline measure for the region's first Emissions Reduction Plan.

In May 2023, a Joint Committee to oversee climate mitigation and adaptation and drive climate action in the region was established. The governance group is made up of representatives of the region's councils, Post Treaty Settlement Group Entities (PSGE), and Taiwhenua representatives from the Regional Council's Māori Committee.

First secondary schools' sustainability challenge

We held the inaugural Hawke's Bay Secondary Schools Environmental Challenge presentations

in September 2022. This was the culmination of the year-long 'Sustainability Challenge' involving 10 schools. Sacred Heart College, Napier won the challenge.

Regional Economic Development Agency

Hawke's Bay's new Regional Economic Development Agency (REDA) became operational and a board appointed in December 2022. REDA is a limited liability company with business, iwi/hapū, and local government equal shareholders. It is funded by the region's five councils.

Kotahi Plan development

Engagement with tangata whenua and the wider community for development of the Kotahi Plan was held between July and September 2022 through a series of 12 community drop-in sessions throughout the region, online feedback, and industry-specific emails. Kotahi is intended to be a combined resource management plan for the Hawke's Bay region, refreshing how we manage the use and protection of our natural and physical resources, while also giving effect to the new policies, planning, and technical standards from central government.

The Kotahi work programme has been amended as a consequence of the cyclone, including as a result of timeframe extensions for giving effect to the National Policy Statement for Freshwater Management (NPSFM). We have commenced engagement with tangata whenua regarding NPSFM requirements for freshwater visions and values to be identified and are revisiting the Plan development programme to reflect changing priorities.



Supporting biodiversity projects

The Biodiversity Hawke's Bay Environmental Enhancement contestable fund opened on 1 May 2023, supporting individuals and groups with projects to advance biodiversity in the region. We partnered with Biodiversity HB to trial the fund and provided \$50,000 towards it.

Community consultation about possum control

We undertook community consultation in July 2022 and amended our Regional Pest Management Plan to enable us, at a later stage, to change the way possum control is undertaken in designated areas in Hawke's Bay. The intention is to shift the responsibility from individual landowners to the Regional Council through the use of contractors. Due to the significant cost implications to the Council, the decision to implement this will be subject to consultation at a later date.

Hill country erosion

In May 2023, we received an additional \$3.6 million from the Ministry of Primary Industries Hill Country Erosion Fund to work with the farming community to help protect erosion-prone land and keep productive soils on farms and out of waterways.

Targeting soil erosion

We helped fund work protecting 777 hectares of erodible land, including erecting 21 kilometres of fencing to help mitigate flooding and reduce sediment losses to waterways through our Erosion Control Scheme.

Land for Life

Farms plans were developed for 12 Hawke's Bay farms across the region as part of the project now known as Land for Life. The project is a collaboration with The Nature Conservancy, a global environmental organisation, and the Ministry for Primary Industries and aims to accelerate erosion control work by offering funding arrangements to landowners to plant trees on marginal land that can earn a return and enhance regenerative farming practices.

3D mapping of our aquifers

In July 2022, significant 3D mapping of the region's aquifers was made available to the public. Using cutting-edge Danish SkyTEM technology, this level of mapping will ensure that our decision making around the management of our groundwater resources is well-informed.

Regional Water Assessment report

Hawke's Bay's first Regional Water Assessment was publicly released in June 2023. It is the first report of its kind completed in Aotearoa New Zealand and provides a regional stock take of our freshwater system and analysis of future supply and demand trends. It provides baseline data and options to inform decisions about how we manage water and make our region more resilient - both with not enough and too much water.

Hawke's Bay Trails celebrates 10 years

In November 2022, Hawke's Bay Trails, a local collaboration led by HBRC, celebrated its 10th anniversary since it opened as one of the Great Rides of the Ngā Haerenga New Zealand Cycle Trails.

Smarter bus stops for Hawke's Bay

In December 2022, we secured funding of \$1.39 million from central government to upgrade 10 bus stops in the region and create two new stops - one at Whakatū and the other at the Hawke's Bay Regional Sports Park. The upgrades will include solar-powered real-time bus information displays, secure parking for bikes or scooters, and 24-hour security lighting and cameras.

New bus fares

We announced new bus fares starting 1 July 2023 following half price bus fares ending on 30 June. People can apply for the Community Connect concession which enables free fares for 5-12-year-olds, half price fares for 13-24 year olds and Community Services Card holders, and permanent half price Total Mobility fares for card holders of the Total Mobility service.



NGĀ TIROHANGA WHĀNUI Ā-ROHE REGIONAL OVERVIEW

FOR THE YEAR 2022-2023
MŌ TE TAU 2022-2023



WAIROA

We are a team based out of our Wairoa office – active, visible, and able to deal with issues more quickly. Our staff work across the Wairoa district with landowners and the community to support good farming practices, sustainable land use, and protect and enhance the environment.

Cyclone Gabrielle

As noted in Wairoa District Council's Locality Plan, Wairoa had already been hit by a series of storms in the previous year – including a heavy weather event in March 2022, which many areas had not yet recovered from – when Cyclone Gabrielle struck. Cyclone Gabrielle caused major flooding in the Wairoa district with the Wairoa River, and numerous tributaries overtopping their banks.

The worst impacted area was in the north of Wairoa with the river breaching its banks on the north-western side of the town and flooding the rural areas of Waihirere and Ruataniwha, and urban area of North Clyde. There were also floods in Awamate, on the other side of the river, Frasertown, Whakakī, Nuhaka, and Māhia, and extensive surface flooding across the district.

Homes were flooded, rural communities cut off, and the Wairoa district itself cut off with no way in or out due to damaged bridges and roads. There was also significant damage to the landscape, rural properties, and the primary sector.

Our catchment staff based in Wairoa were on the ground helping. Staff worked with the Wairoa community clearing properties and checking in with farmers to see what support they needed. Other catchment staff worked at Wairoa District Council's Emergency Operation Centre, with our Northern Māori Relationship Manager undertaking the role of Alternate Controller.

With no road access, our engineers flew into Wairoa to assess damage to the 51 kilometres of drains and four pump stations we manage. Teams were then flown in to remove silt from drains, clear blockages, remove debris, and restore pump stations.

Post-cyclone our catchment staff continue to support farmers with the hill country severely impacted by erosions and slips. We have Asset Management staff working closely with Wairoa District Council, and we have a staff member dedicated to the operation and maintenance of drainage scheme activities.

Cleaning up remains an enormous job, with a Taskforce established to support locals clean up. The Taskforce appointed a project manager in Wairoa to deal with the huge amount of debris around the district, and particularly along the coast.

Significantly for the region, the Government has earmarked \$70 million (as the estimated cost) for a flood mitigation scheme for Wairoa. This is part of the Government's cost-sharing funding package to Hawke's Bay's five councils, and will be a collaboration between the Regional Council, Wairoa District Council, and Tātau Tātau o Te Wairoa.



Image courtesy of
The Wairoa Star

Highlights include

Listening to the community

We held four community drop-in sessions as part of developing the Kotahi Plan – at the Wairoa Taiwhenua in Wairoa, Kahungunu Marae in Nuhaka, Kurahikakawa Marae in Waihua, and at Te Pohue Community Hall. We received valuable input from these region-wide sessions of what communities want to see more of, less of, their concerns, and the outcomes they want to see in their catchments.

Understanding impact of sediment

We continued working with Wairoa District Council, Tātau Tātau o Te Wairoa, and Our Land and Water National Science Challenge in the Whitiwhiti Ora research programme to study the impact of sediment on mahinga kai (food gathering) and sites of cultural significance in the lower Wairoa River.

Targeting soil erosion

We helped fund work protecting 270 hectares of erodible land, including 5 kilometres of fencing, to help mitigate flooding and reduce sediment losses to waterways through our Erosion Control Scheme.

Protecting threatened native forests

We continued protection work such as deer fencing, and pest animal and plant control at King QEII Bush block (near Te Haroto, 35 hectares) and the Lochinvar remnant (3 hectares). The Lochinvar remnant project has national significance.

Protecting Lake Whakakī

17,000 native trees were planted and nearly 6 kilometres of fencing was erected at Lake Whakakī in collaboration with the Whakakī Lake Trust, the community, and landowners. This is part of our Protection and Enhancement work which aims to improve water quality and biodiversity.

Supporting Ruakituri

Staff have a strong presence in the Ruakituri Valley, delivering and providing advice for our Erosion Control Scheme.

Understanding freshwater values

Two of our staff are members of the technical steering committee for the Pohaturua Land Trust Te Mana o te Wai-funded project which is developing a Fresh Water Management Strategy for Pohaturua Station looking at freshwater values from both a western science and Mātauranga Māori (Māori knowledge) perspective.

NGĀ TIROHANGA WHĀNUI Ā-ROHE REGIONAL OVERVIEW

FOR THE YEAR 2022-2023
MŌ TE TAU 2022-2023

TAMATEA-CENTRAL HAWKE'S BAY

Our team based in Waipawa is typically out and about in Central Hawke's Bay working with landowners to give support and provide advice on good land use practices. This includes assisting landowners to develop erosion control plans and then implementing actions in the plans to help control erosion and improve water quality. We also have a dedicated relationship manager who is a permanent part of the team to engage with tangata whenua.

Cyclone Gabrielle

Flooding was widespread in Tamatea Central Hawke's Bay affecting both urban and rural communities. Central Hawke's Bay District Council's Recovery and Resilience Plan states more than 600 homes and businesses were impacted with several hundred people evacuated across the district. Many rural communities were cut off by flood water, and damaged roads and bridges.

For several hours on 14 February the whole region was isolated with both bridges on State Highway 2 closed to traffic due to severe pressure from the flooded Waipawa and Tukituki rivers.

Communities, the economy, transport networks, infrastructure, and natural landscapes were severely impacted by the cyclone. More than 110 sections of roads were closed in the first days, bridges and bridge approaches were destroyed – this was on top of major damage from weather-related events in 2022.

Our catchment staff on the ground played a key role for us, monitoring the lower Waipawa River during the night, undertaking reconnaissance for stopbank breaches, assisting with the big job of clearing away dead stock, lending a helping hand in Pōrangahau village, and checking in on farmers when they were able to.

Temporary protection around stopbank breaches was initially put in place, with crews working around the clock to do this. The focus then turned to making permanent repairs with stopbank breaches on the Tukituki and Waipawa rivers completed

(except one) in September. Teams worked closely with Central Hawke's Bay District Council. We have also been managing significant gravel extraction from rivers and streams across the Central Hawke's Bay district as part of ongoing river management.

Highlights include

Listening to the community

We held community drop-in sessions at the CHB Municipal Theatre in Waipawa and at the Rongomaraeroa Marae in Pōrangahau as part of developing the Kotahi Plan. Residents told us what they want to see more of, less of, their concerns and the outcomes they want to see in their catchments.

First trees in the ground for pilot project

Seedlings were planted on the first pilot farm as part of our project now known as Land for Life. Run in collaboration with The Nature Conservancy, a global conservation group, and the Ministry for Primary Industries, the project offers funding arrangements to landowners to plant the right trees in the right places to slow erosion, improve biodiversity, and build resilient farms. It also supports improvements in pastoral farm systems and regenerative farming practices. Cyclone Gabrielle impacted these plantings.

Supporting community catchment groups

We worked with catchment groups in Tukituki and helped Tukituki Land Care – an overarching farmer-led catchment collective set up to enhance collaboration between the groups

and attract external funding. The collective was officially launched in May 2023 and works with 17 catchments in Central Hawke's Bay covering 216,000 hectares of private land. We have two staff that are advisors on the Executive Committee.

Trees in the ground at Te Ikatiere

We planted 5000 coastal natives last winter at Te Ikatiere as part of our plan to protect the marine reserve from sedimentation, increase biodiversity, and be used as an example of coastal restoration. Te Ikatiere is a 44-hectare property next to Te Angiangi Marine Reserve we purchased in 2020. We lent a helping hand to Omakere School pupils with their annual planting day at the Te Ikatiere Reserve and also helped them with planting along the Pourere coastline to protect the head of the dunes.

Willow removal at Maraetōtara

An ongoing partnership with the Maraetōtara Tree Trust has seen the removal of willows from the banks of the Maraetōtara River almost complete, however a watchful eye will be kept on regrowth. The area was severely impacted by Cyclone Gabrielle so repairing and remediating the damage remains a focus.

Targeting soil erosion

We helped fund work protecting 288 hectares of erodible land, including erecting 9 kilometres of fencing, to help mitigate flooding and reduce sediment losses to waterways through our Erosion Control Scheme.

Protecting threatened native forests

We continued protection work such as deer fencing, and pest animal and plant control at Birch Hill, Motumokai Bush, Puahanui Bush, and Gillies Bush. This is part of our Priority Ecosystem work programme and will protect and enhance 207 hectares of remnant forest sites. These sites also provide important habitat for native wildlife.

Protecting Lake Whatumā

7000 native trees were planted in partnership with landowners and stakeholders at Lake Whatumā. This is part of our Protection and Enhancement work which aims to improve water quality and biodiversity.

Water storage pilot

Over the past two years, the Managed Aquifer Recharge (MAR) project team has worked closely with marae located near the Waipawa River and hapū who whakapapa to the Ruataniwha Aquifer, and landowners of the pilot site on how the MAR will be designed, operated, and monitored. The pilot aims to replenish the Ruataniwha aquifer during the wetter months to ensure sustainable levels are maintained when it's dry in summer. Consent was granted as this report was being prepared.



NGĀ TIROHANGA WHĀNUI Ā-ROHE REGIONAL OVERVIEW

FOR THE YEAR 2022-2023
MŌ TE TAU 2022-2023



AHURIRI-NAPIER AND HERETAUNGA-HASTINGS

Our main office is in Dalton and Station Streets, Napier. Our depot is at Guppy Road, Taradale, and staff also work from the purpose-built HB Civil Defence Emergency Management Group Coordination Centre in Hastings.

Cyclone Gabrielle

Many rural areas and areas surrounding urban Hastings and Napier were severely impacted. This included Eskdale, Whirinaki, Pakowhai, Puketapu, Twyford, Meeanee, and the marae communities of Tangoio, Pētane, Waiohiki, Mōteo/Timi Kara, Ōmāhu/Te Āwhina, and Waipatu. There was also flooding in Taradale, Bayview, and Te Awa.

A significant number of Hastings' rural communities were isolated and the Hastings District Council's Heretaunga Locality Plan states up to 800 RSE (Recognised Seasonal Employer) workers were displaced from their accommodation, particularly through Pakowhai and Puketapu.

Napier was cut off from Hawke's Bay and the rest of the country with no road connectivity in any direction leaving people isolated and vulnerable, Napier City Council's Ahuriri/Napier Locality Plan states. The Awatoto industrial area was completely inundated and the city's wastewater treatment plan became inoperable. It became operational again, with limited capacity in early April 2023.

Cleaning up has and continues to be a challenge with the Hastings District Council and the Regional Council establishing the Silt Recovery Taskforce. The Taskforce was set up to help locals clean up their homes and properties and set up systems to manage silt, debris and waste to keep as much as possible away from the landfill. Taskforce crews have been shifting hundreds of truckloads of silt a day.

The Regional Council quickly set up Rapid Rebuild teams who worked around the clock to put in temporary protection, then focusing on permanent repairs. Rapid repairs of around 5 kilometres of stopbank breaches on the Ngaruroro and Tūtaekurī rivers were completed in early June.

Highlights include

Listening to the community

We held community drop-in sessions at Linden Estate in the Esk Valley, the Community Hall in Tūtira, Elwood Function Centre in Hastings, the Napier Wall Memorial Centre, and the Community Hall in Waimārama as part of developing the Kotahi Plan. This was to seek valuable input from residents about their concerns and the outcomes they want to see in their catchments.

Protecting Ahuriri Estuary

In partnership with landowners 12,232 native seedlings and 285 poplar and willow poles or stakes were planted at Ahuriri Estuary. This is part of our Protection and Enhancement work which aims to improve water quality and biodiversity.

Protecting Lake Tūtira

In partnership with landowners 10,270 native seedlings, 250 eucalyptus seedlings, and 135 poplar and willow poles were planted at Lake Tūtira. This is part of our Protection and Enhancement work which aims to improve water quality and biodiversity.





Protecting birdlife

We partnered with Te Pukenga EIT to develop a student-led project to help protect a regionally significant population of Titipounamu (Rifleman) as well as the recently and successfully reintroduced Toutouwai (North Island Robin). The project aims to reduce rodent numbers within Mohi Bush to support and enable the ongoing, successful breeding of these key species. This project also enables practical experience for students in environmental management.

Protecting threatened native forests

We continued protection work such as deer fencing, and pest animal and plant control at Pakuratahi Bush, Whittle Bush, and Kōwhai Downs. This is part of our Priority Ecosystem Programme and will protect and enhance 180 hectares of remnant forest.

Taradale stopbank

We completed a significant upgrade of the Taradale stopbank in December 2022. The stopbank was upgraded to a 0.2 percent likelihood of flooding in any given year (or 1-in-500-year level of flood protection) and helped protect the Taradale community from Cyclone Gabrielle flooding. This work was part of the Heretaunga Plains Flood Control Scheme – Resilient River Communities project enabled by central government co-funding to accelerate our work increasing flood protection.

Adapting to coastal hazards

Following consultation in July 2022, Council agreed in principle to take charge of adapting to coastal hazards between Clifton and Tangoio, subject to confirmation through its next Long Term Plan. We now plan to notify the Clifton to Tangoio Coastal Hazards Strategy 2120 and consult on the Regional Council taking on the new activity of implementing the Strategy in August 2024, later than initially planned, with rate funding and the transfer of existing coastal hazard assets from Napier City and Hastings District councils from 1 July 2025.

Targeting soil erosion

We helped fund work protecting 219 hectares of erodible land, including nearly 7 kilometres of fencing to help mitigate flooding and reduce sediment losses to waterways through our Erosion Control Scheme.

Joint efforts to help clean up the Karamū Stream

Collaborations with volunteers, schools, community groups and organisations, and neighbouring businesses and residents, saw 20,000 native trees planted along the Karamū Stream. This work is part of our enhancement programme to help improve water quality and biodiversity.

Matariki at Waitangi Regional Park

We supported Matariki celebrations at the Ātea a Rangi Star Compass at the Waitangi Regional Park. Staff helped facilitate 700 students from 12 schools, taking part in planting, celestial navigation, and environmental education.

Ahuriri Regional Park

The Ahuriri Regional Park Joint Committee was established and a Hawke's Bay firm was engaged as the project manager for the development of the park. The Joint Committee is administered by Napier City Council (NCC) and made up of representatives from Mana Ahuriri Trust, NCC, and the Regional Council.

MyWay on-demand public transport

The Hastings trial of the MyWay on-demand public transport completed its first year meeting its ridership targets. A review is underway which will help decide whether the service, still in its trial period, may be continued.

Patoka dairy farm wins top regional award

Greg and Gail Mitchell of Mitchell Dairy Farms won the Regional Supreme Award at the East Coast Ballance Farm Environment Awards announced in March 2023. They also collected five other awards. The Regional Council is a regional partner which supports the awards, run by the New Zealand Farm Environment Trust.

Providing public transport



104,148
subsidised trips
by Total Mobility
Scheme users
down 22%

420,692
goBay bus trips
down 4.5%

32,358
trips on MyWay
Hastings replacing
bus routes 16A, 16B, 17
up 13%

Keeping an eye on river health



98
river sites
monitored for
water quality
and ecosystem
health

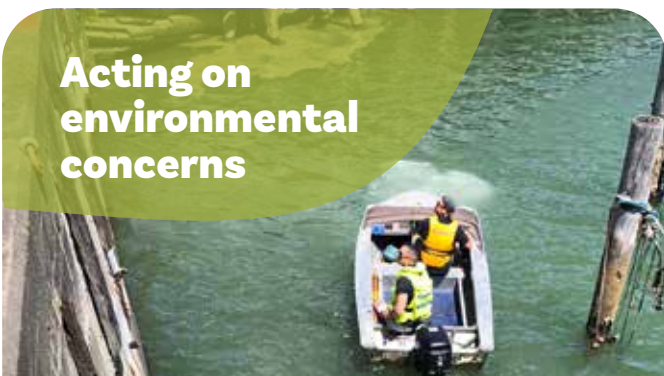
Protecting land and waterways from erosion

24,062 poles
(willow and poplar)
provided to farms
for erosion control

777 hectares of
erodible land planted,
retired, or protected
through our Erosion
Control Scheme
down 47%



Acting on environmental concerns



**802 calls to the pollution
hotline up 9%**

427 air

187 land

125 surface water

55 coastal marine area

8 groundwater

Protection and Enhancement Programme

Ahuriri Estuary

12,232 native plants

1,050m of fencing

285 poles

Lake Tūtira

10,270 native plants

780m of fencing

135 poles

Lake Whakakī

17,000 native plants

5.9km of fencing

Lake Whatumā

7,000 native plants

Targeting predators and pest plants



2,451 properties were visited by our biosecurity staff
up 33%

308,000 hectares were monitored for possums within the Possum Control Area with overall trap catch at 1.5%

up from 1.1%

Prepared for extreme events



219 weather watches and warnings were issued by our 24/7 on-call emergency team

1 State of Emergency declared following Cyclone Gabrielle on 14 February 2023

Supporting good governance



147 Local Government Official Information and Management Act (LGOIMA) requests received
up 93%

Promoting good management practice



207,352 hectares in the Tukituki catchment operate under a current Farm Environment Management Plan (FEMP)

725 FEMPs have been prepared in the Tukituki catchment

413 low intensity submissions (farms under 10 hectares) have been prepared

Providing strong regulation



43 abatement notices

37 infringement notices

28 formal warnings

7 successful prosecutions

Ngā Hua ā-Hapori Community Outcomes

*Our community
outcomes are for a
healthy environment,
and a resilient and
prosperous community.*





Ngā tātai putanga

Outcome measures

This report uses our time-bound strategic goals from our Strategic Plan 2020-2025 as community outcome measures. These demonstrate a desire to shift from reporting activity or outputs, to managing for and reporting on outcomes – things that matter to the community.

Typically, we do not have full control over the achievement of these outcomes. However, along with others, we have a clear statutory role in achieving them. Where possible, the outcomes align with national targets or an existing Hawke's Bay strategy or plan.

The outcome measures are grouped by our four focus areas:



Wai | Water



Whenua | Land



Rerenga Rauropi | Biodiversity



Ngā Ratonga me Ngā Hanganga ā-Whare | Infrastructure & Services

These four areas are interconnected and mutually reinforcing meaning that success in one area cannot be at the expense of another. For example, the work we are doing on farms to keep soil on the land directly contributes to water quality.

More information including current results and what we are doing to achieve the time-bound goals are included in the full Annual Report. **hbrc.govt.nz, search: #annualreports**

NGĀ HUA Ā-HAPORI COMMUNITY OUTCOMES

FOR THE YEAR 2022-2023
MŌ TE TAU 2022-2023

Outcome measures



WATER quality, safety, and climate-resilient security.

Te kōunga o te wai, te haumarutanga me te mārohirohi ā-āhuarangi o te whakamarutanga.



Climate-smart and sustainable LAND use.

Kia koi, kia toitū hoki te whakamahinga o te whenua.

Community outcome measures

Status

Wai | Water

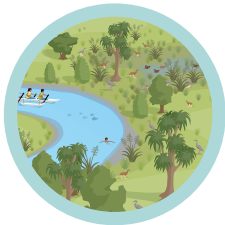
By 2025, plans for all catchments/ waterbodies are notified	Off track
By 2025, all aquifers, lakes, and rivers have community-agreed quantity and quality limits in force	Off track
By 2025, tangata whenua values for all catchments are identified and embedded in the Regional Resource Management Plan	On track
By 2025, cultural monitoring tools are in-use in all catchments	Off track
By 2030, all popular Hawke's Bay swimming sites are swimmable 80% of the time, and 90% of the time by 2040)	Off track
By 2030, Hawke's Bay has environmentally sustainable, harvestable water identified and stored or plans to be stored if required	Off track
By 2050, there is an increasing trend in the life-supporting capacity of all of the region's degraded rivers and major streams	Off track

Community outcome measures

Status

Whenua | Land

By 2025, stock is excluded from all flowing permanent and intermittent rivers/creeks, lakes, and wetlands, and at least 30% are fenced and planted to filter contaminants	Off track
By 2025, Land Use Suitability information is available to all landowners to inform smarter land use	On track
By 2025, all farms, orchards, and vineyards operate under a Farm Environment Management Plan (FEMP) or an independently audited industry best practice framework	On track (for Tukituki) Off track (other catchments)
By 2030, all land-users in critical source areas have phosphorus management plans being implemented, with at least 50% of highly erodible land treated with soil conservation plantings	On track (for Tukituki) Off track (other catchments)
By 2025, catchment management plans are established to target improvements on land that lead to water quality improvements	On track
By 2050, all highly erodible land is under tree cover	Off track
By 2050, there are 50% less contaminants from urban and rural environments into receiving waterbodies	Off track



Healthy, functioning, and climate-resilient BIODIVERSITY.

Kia ora, kia āhei, kia mārohirohi ā-āhuarangi hoki te rerenga rauropi.



Sustainable and climate-resilient INFRASTRUCTURE & SERVICES.

Kia toitū, kia mārohirohi ā-āhuarangi hoki ngā ratonga me ngā hanganga ā-whare.

Community outcome measures

Status

Rauropi | Biodiversity

By 2020, regional priority locations for ecosystem restoration – including in the coastal marine area – have been identified

Completed

By 2030, key species and habitat (sites) are prioritised and under active restoration (Source: HB Biodiversity Strategy 2015-2050 and Action Plan 2017-2020)

Off track

By 2050, a full range of indigenous habitats and ecosystems, and abundance and distributions of taonga species are maintained and increased in every catchment in Hawke’s Bay (Source: HB Biodiversity Strategy 2015-2050 and Action Plan 2017-2020)

Off track

By 2050, Hawke’s Bay is predator free in line with NZ 2050 target (Source: PF2050)

On track

(Whakatipu Māhia)

Off track

(other areas)

Completed

Completed

On track

Underway and on track to meet the goal

Off track

Underway but other external factors are needed to go our way to meet the goal

Off track

Underway but unlikely to meet the goal on the current trajectory

Community outcome measures

Status

Ngā Ratonga ne Ngā Hanganga ā-Whare | Infrastructure & Services

By 2025, regional air quality consistently meets World Health Organisation guidelines

Off track

By 2025, the Coastal Hazards Joint Committee is implementing its strategy to manage coastal hazards in Clifton to Tangoio, and by 2040 for the rest of the region to adapt to foreseeable climate change risks to coastal communities out to 2100

On track

By 2023, the Napier Port is future-proofed with the addition of a new wharf with supporting land transport infrastructure

Completed

By 2030, flood risk is being managed to adapt to foreseeable climate change risks out to 2100

Off track

By 2025, HBRC is carbon zero and plays a leadership role in the region’s goal of net zero greenhouse gases by 2050

On track

From 2020, unplanned urban development avoids highly productive land

On track



Ngā Whakarōpūtanga Kaupapa Groups of Activities

These pages give an overview of work that we undertake on 22 activities across six groups.

We aggregate and report our financial and service performance information within the six groups of activities for ease of understanding.

The level of service measures and targets are set in our Long Term Plan 2021-2031. This is our second Annual Report Summary to this Long Term Plan.

Find out more about each of the level of service measures in Part 4 of the full Annual Report

hbrc.govt.nz, search: #AnnualReports



Actual Operating Expenditure



Actual Expenditure



Where that funding came from



How did we do?

We measured 12 aspects of performance for this group of activities



- Achieved
- Not achieved
- Partially achieved
- Not measured

Governance & Partnerships

What we do

We help our elected members and tangata whenua representatives in their governance roles, and lead community sustainability and regional development.

Why we do it

This group of activities contributes to all three community outcomes.

- Healthy Environment
- Resilient Community
- Prosperous Community



NGĀ WHAKARŌPŪTANGA KAUPAPA OUR GROUPS OF ACTIVITIES

FOR THE YEAR 2022-2023
MŌ TE TAU 2022-2023

Policy & Regulation

What we do

We provide policy planning and implementation, issue consents, and provide compliance monitoring and pollution response. We also monitor maritime safety.

Why we do it

This group of activities contributes to all three community outcomes.



Healthy Environment

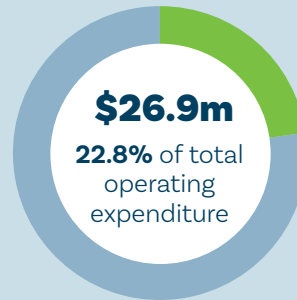


Resilient Community



Prosperous Community

Actual Operating Expenditure

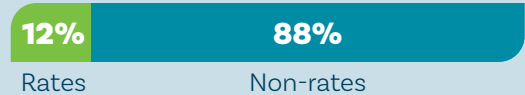


Actual Expenditure

\$26.9m (155% over budget)*

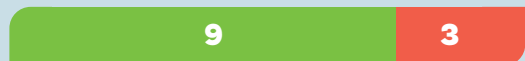
Note * a significant contribution to this overspend was the expenditure for HBRC taskforce waste management

Where that funding came from



How did we do?

We measured 12 aspects of performance for this group of activities



- Achieved
- Partially achieved
- Not achieved
- Not measured



Actual Operating Expenditure



Actual Capital Expenditure



Actual Expenditure

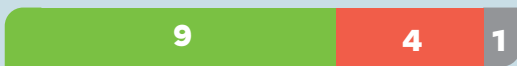
\$26.6m (14% under budget)

Where that funding came from



How did we do?

We measured 14 aspects of performance for this group of activities



- Achieved
- Partially achieved
- Not achieved
- Not measured

Integrated Catchment Management

What we do

We provide science and information, catchment management, and biodiversity and biosecurity work to contribute to a healthy environment.

Why we do it

This group of activities contributes to the following community outcome.



Healthy Environment



NGĀ WHAKARŌPŪTANGA KAUPAPA OUR GROUPS OF ACTIVITIES

FOR THE YEAR 2022-2023
MŌ TE TAU 2022-2023

Asset Management

What we do

We carry out flood protection and control, and flood risk assessment and warning. We also manage the Regional Water Security Programme, and work to reduce the effects of coastal hazards. We also own and manage various regional parks and oversee the Works Group.

Why we do it

This group of activities contributes to the following community outcomes.

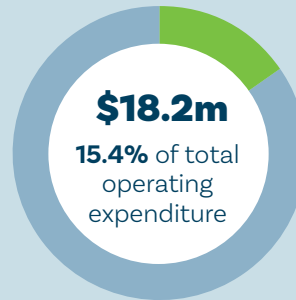


Resilient
Community

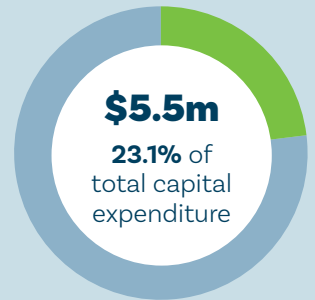


Prosperous
Community

Actual Operating
Expenditure



Actual Capital
Expenditure



Actual Expenditure

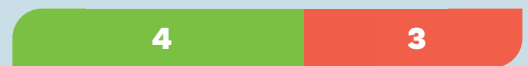
\$23.7m (32% under budget)

Where that funding came from



How did we do?

We measured 7 aspects of performance for this group of activities



● Achieved
● Partially achieved
● Not achieved
● Not measured



Actual Operating Expenditure



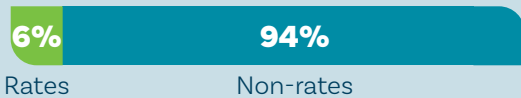
Actual Capital Expenditure



Actual Expenditure

\$43.7m (1275% over budget)

Where that funding came from



How did we do?

We measured 8 aspects of performance for this group of activities



- Achieved
- Partially achieved
- Not achieved
- Not measured

Emergency Management

What we do

The Emergency Management group includes the activities of the Hawke's Bay Civil Defence Emergency Management Group and Emergency Management for Hawke's Bay Regional Council.

Why we do it

This group of activities contributes to the following community outcomes.



Resilient Community



Prosperous Community



NGĀ WHAKARŌPŪTANGA KAUPAPA OUR GROUPS OF ACTIVITIES

FOR THE YEAR 2022-2023
MŌ TE TAU 2022-2023

Transport

What we do

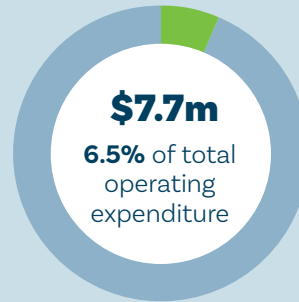
The Transport group includes the activities of transport planning and road safety, passenger transport, and regional cycling.

Why we do it

This group of activities contributes to the all three community outcomes.



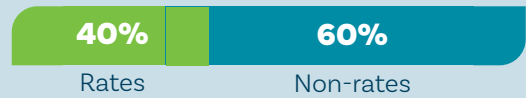
Actual Operating Expenditure



Actual Expenditure

\$7.7m (11% over budget)

Where that funding came from



How did we do?

We measured 5 aspects of performance for this group of activities



- Achieved
- Partially achieved
- Not achieved
- Not measured



Our performance measures

This is a sample of our performance measures

Asset Management

Priority telemetered rainfall and river level sites are operational **99%** of the time.

TARGET: 98%



Governance & Partnership

79% of our LGOIMA requests were responded to within 20 working days.
TARGET: 100%



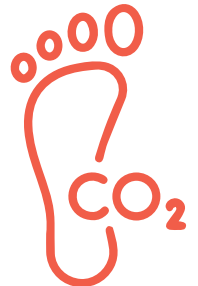
794 properties accessed financial assistance through the **Sustainable Homes** programme (including Heatsmart).
TARGET: Increase



71 ECEs and schools participate in the **Enviroschools** programme.
TARGET: Maintain or increase



1,578 tonnes CO₂ emissions relative to HBRC's own **corporate carbon footprint**.
TARGET: Improve

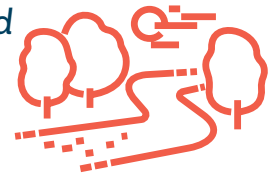


Intergrated Catchment Management

96.1% of required land in the Tukituki catchment operates under a **Farm Environment Management Plan**.
TARGET: 100%



777 hectares of highly erodible land was protected through the Erosion Control Scheme. TARGET: 900 hectares



21 kilometres of waterway was protected through erosion mitigation works.
TARGET: 60 kilometres

4 new priority sites were protected, and **8** were maintained this year to secure and restore endangered ecosystems.
TARGET: 3 new and 7 maintained



100% of Farm Environment Management Plan **providers are accredited** within agreed timelines. TARGET: 100%

Policy & Regulation

92% of **surface water** and **47%** of **groundwater** was allocated in the **Tukituki** catchment.

TARGET: </=100%



100% of **resource consents** were processed within statutory timeframes. **TARGET:** 100%

88% of **monitored consents** received an overall grade of **full compliance**. **TARGET:** 90%



62% of **high risk consents** were monitored as per the **Compliance Monitoring Strategy**. **TARGET:** 95%

A **24-hour 7 days** a week duty management/pollution management **response system** was maintained.

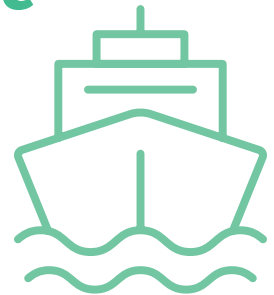
TARGET: Achieved



38 maritime incidents for Hawke's Bay

(rolling average) were reported to Maritime New Zealand.

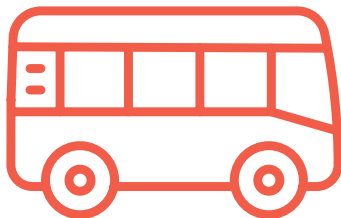
TARGET: Maintain or decreasing 3-year rolling average



Transport

520,331 patronage taken (rolling average) on Hawke's Bay bus services

TARGET: Maintain or increasing 5-year rolling average



100% of urban Hastings households are **within 400 metres of a regular bus route**.

TARGET: 100% urban Hastings



■ Target met
■ Target not met

Comprehensive results are available in the full Annual Report 2022-2023

hbrc.govt.nz, search: #AnnualReports

Pūrongo Pūtea Financials

*Summary Consolidated Financial
Statements of Hawke's Bay Regional
Council and its Subsidiaries (Group).*



Tirohanga whānui ā-pūtea

Financial overview

Hawke’s Bay Regional Council (HBRC) returned an operating deficit of \$14.2 million compared to a forecast surplus of \$4.3 million in 2022-2023. This was primarily driven by expenditure incurred in response to Cyclone Gabrielle.

Despite the required reorganisation of some of our programmes of work as a result of the cyclone we have still delivered on focus areas outlined in the Annual Plan around climate action and opportunities for partnership. Rising costs and a shortage of labour continue to provide challenges to delivery but also encourage exploration of alternative delivery methods.

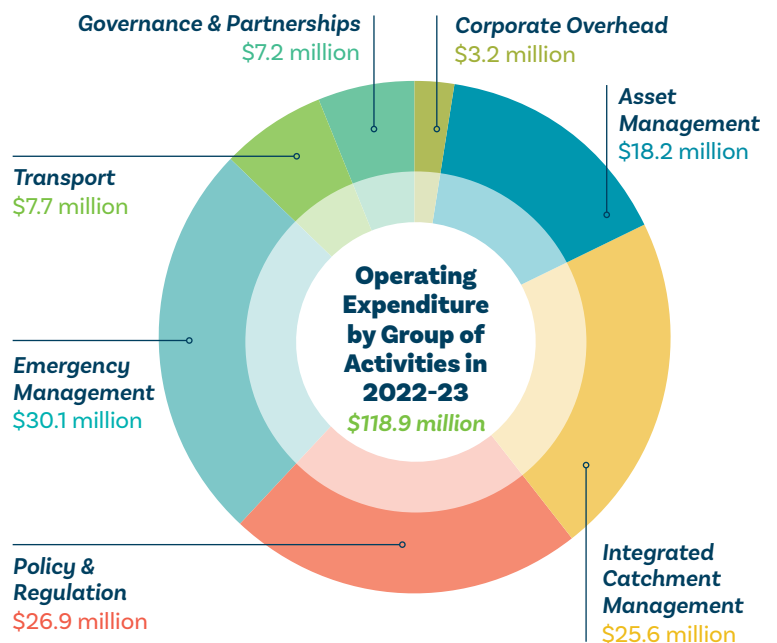
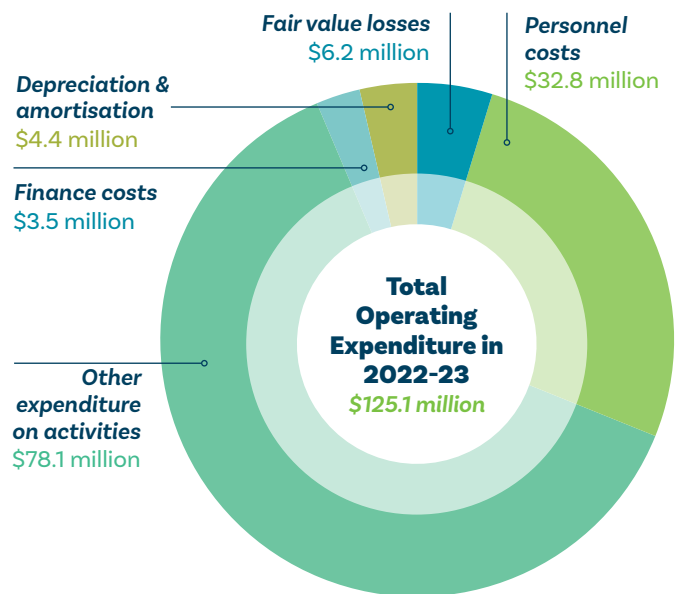
Operating Expenditure

Operating expenditure reflects what we spend on the activities that deliver our vision and values, including pest control, pollution response, regional parks, maritime safety, passenger transport, cyclone response, management, and many others. It also includes support services for those activities including finance, technology, and communications.

Our total operating expenditure for the year was \$125.1 million which was \$47.7 million higher than budget.

Included in the expenditure for the year is significant expenditure on Cyclone Gabrielle related activities including \$10.9 million CDEM response, \$17.6 million HBRC emergency response, and \$17 million for cyclone waste management.

Some of the overspend on activities were offset by underspends in other areas due to a reprioritisation of planned programmes of work. The other significant variances in operating expenditure were in the Asset Management group where \$2.3 million was recognised for gravel extraction activity but the budget was reflected in capital expenditure in the Annual Plan and the \$6.2 million of fair value losses.



Operating Revenue

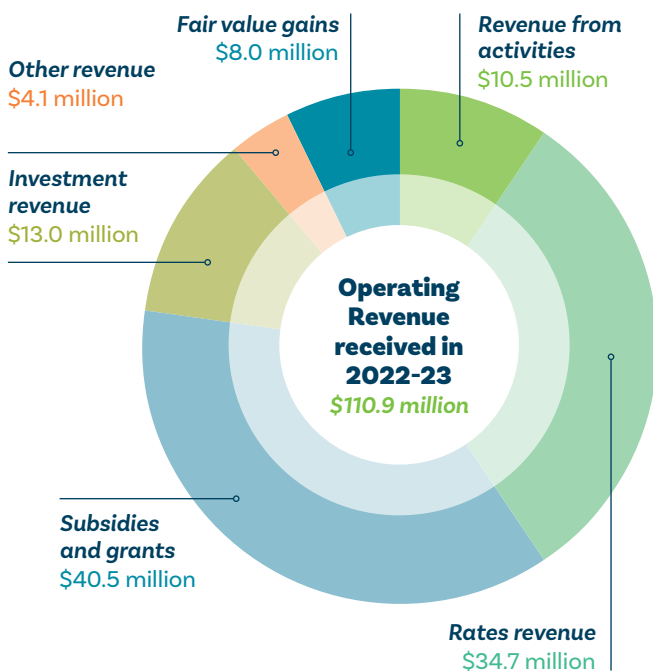
The services we provide are funded from both rates and other revenue sources. In 2022-2023, non-rates sources contributed 69% of our total operating revenue of \$110.9 million. This total revenue was \$29.3 million higher than budget.

Subsidies and grants had the largest favourable variance being \$25.7 million above budget. This was due to Government funding received for sediment and debris management of \$21.3 million and National Emergency Management Agency (NEMA) funding for welfare costs incurred in response to Cyclone Gabrielle.

Fair value gains also had a favourable variance being \$6.8 million above budget. This was due to continued strong growth in financial markets leading to an increase in our financial asset investments.

It should be noted that these gains were largely offset by the fair value losses on forestry assets and investment property due to a downturn in the market which is reflected in expenditure as noted above.

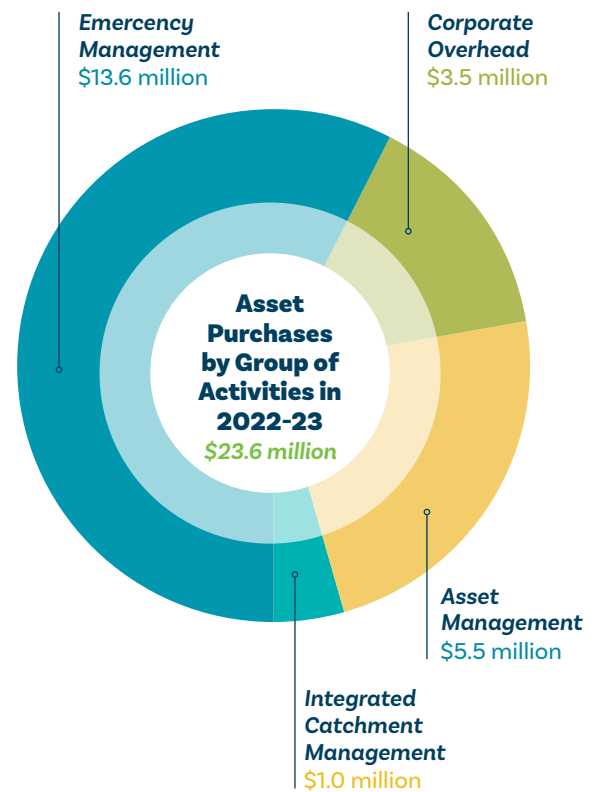
Revenue from activities was ahead of budget for the year by \$0.7 million with gravel extraction fees in Asset Management and central government funding for biodiversity being the main contributors.



Capital Expenditure

Capital expenditure includes spend on upgrading, renewing or building new assets such as stopbanks, drainage networks, regional parks, vehicles, and buildings. Total capital expenditure for the year was \$23.6 million compared to a budget of \$26.9 million.

Although capital expenditure was only \$3.3 million underspent, there was a significant reprioritisation of where the funds were spent from 'business as usual' planned capital expenditure to the reinstatement work required for damage of assets caused by Cyclone Gabrielle. Of the \$23.6 million spent, \$13.4 million related to expenditure incurred to repair damaged stopbanks. An offsetting impairment of stopbanks has also been recognised. Planned capital projects that were under spent this year are being reviewed as part of future planning processes.



Balance Sheet

During the 2022-2023 financial year total assets increased by \$74 million. This was driven by increases in the funds under management and cash and cash equivalents due to the sediment and debris funding received and held at 30 June 2023. These increases were somewhat offset by a decrease to the investment in Hawke's Bay Regional Investment Company (HBRIC) due to a fall in the Napier Port share price. Also offsetting the increased cash balances are liabilities related to sediment and debris funding received in advance (\$156.8 million) and held on behalf of others (\$16.1 million) as well as \$2.6 million held on behalf of the Hawkes Bay Disaster Relief Trust.

HBRIC's level of borrowings at the end of the year was \$2.4 million less than forecast as a result of the lower than planned capital expenditure. Excluding the loan from HBRIC, HBRIC's external debt of \$84.8 million is only 76% of total revenue, well below the 175% limit set in HBRIC's Treasury Policy.

Group Financial Overview

The HBRIC Group, which includes Hawke's Bay Regional Investment Company Limited (with their 55% shareholding in the Port of Napier), returned an operating deficit after income tax of \$3.5 million. Fair value losses on investments and supply chain issues affecting shipping are the main contributors to this.

HBRIC has a 100% shareholding in HBRIC which in turn has a 55% shareholding in the Port of Napier Limited. The investment company provides an annual return to HBRIC by way of a dividend to keep rates as low as possible.

As with HBRIC, the financial assets held by HBRIC have been positively impacted by financial markets during the year. However, the Port of Napier shares have continued to decrease reflecting the impact on regional trade volumes as a result of damage and disruption to customers resulting from Cyclone Gabrielle.

The HBRIC management team continue to look for further opportunities to provide returns as well as ensuring investments provide regional and intergenerational benefit.



Summary Consolidated Financial Statements Hawke's Bay Regional Council and its Subsidiaries (Group)

For the year ended 30 June 2023

	Regional Council			Group *	
	Actual 22/23	Budget 22/23	Actual 21/22	Actual 22/23	Actual 21/22
	\$000	\$000	\$000	\$000	\$000
SUMMARY STATEMENT OF FINANCIAL POSITION					
Non-current assets	802,542	1,013,231	826,516	1,038,195	1,032,507
Current assets	124,783	23,531	26,775	155,420	53,051
Total assets	927,326	1,036,762	853,291	1,193,615	1,085,558
Non-current liabilities	101,279	127,462	92,373	237,231	226,999
Current liabilities	143,384	20,892	22,929	159,851	39,956
Total liabilities	244,664	148,354	115,302	397,083	266,955
Equity attributable to the parent	682,662	888,408	737,989	616,845	642,969
Non-controlling interest	-	-	-	179,687	175,634
Total equity	682,662	888,408	737,989	796,531	818,603
SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE					
Operating revenue	102,884	80,495	67,320	224,740	166,851
Fair value gains (net)	1,835	1,156	(2,954)	6,076	(4,172)
Operating expenditure	(110,989)	(70,742)	(73,695)	(190,972)	(144,050)
Finance costs	(3,503)	(2,125)	(2,169)	(10,695)	(6,667)
Depreciation & amortisation expense	(4,380)	(4,509)	(4,138)	(19,980)	(16,946)
Impairment and loss on sale of investments	-	-	-	-	-
Taxation expense	-	-	-	(5,694)	(7,340)
Surplus before other comprehensive revenue and expense	(14,153)	4,275	(15,636)	3,474	(12,324)
Attributable to equity holders of the parent	(14,153)	4,275	(15,636)	(6,438)	(21,857)
Attributable to non-controlling interests	-	-	-	9,912	9,533
Gain/(loss) in other financial assets	(20,627)	3,133	(77,795)	676	2,823
Gain/(loss) on revalued intangible asset	(4,283)	26,352	5,552	(4,283)	5,552
Gain/(loss) on revalued property, plant and equipment assets	(188)	-	6,237	(1,937)	34,370
Gain/(loss) on revalued infrastructure assets	(16,076)	-	28	(16,076)	28
Other comprehensive revenue and expense	(41,174)	29,485	(65,978)	(21,620)	42,773
Surplus after other comprehensive revenue and expense	(55,327)	33,760	(81,614)	(18,146)	30,449
Comprehensive income attributable to the:					
Equity holders of the parent	(55,327)	33,760	(81,614)	(27,994)	6,430
Non-controlling interests	-	-	-	9,849	24,019
	(55,327)	33,760	(81,614)	(18,146)	30,449
SUMMARY STATEMENT OF CHANGES IN EQUITY					
Total comprehensive income attributable to the parent	(55,327)	33,760	(81,614)	(27,994)	6,430
Total comprehensive income attributable to non-controlling interests	-	-	-	9,849	24,019
Dividends received / (paid)	-	-	-	(5,782)	(6,719)
Other changes in equity	-	-	-	1,856	1,624
Effect on consolidation	-	-	-	-	135
Total changes in equity	(55,327)	33,760	(81,614)	(22,072)	25,489
Equity at the start of the year	737,989	854,645	819,603	818,603	793,114
Equity at the end of the year	682,662	888,408	737,989	796,531	818,603
Equity at the end of the year comprises:					
Accumulated Funds	269,477	292,486	275,104	199,632	197,543
Fair value reserves	285,035	460,311	326,209	170,604	192,161
Other reserves	128,150	135,611	136,676	246,609	253,265
Non-controlling interests	-	-	-	179,687	175,634
Equity at the end of the year	682,662	888,408	737,989	796,531	818,603
SUMMARY STATEMENT OF CASH FLOWS					
Net cash inflows from operating activities	69,066	4,591	155	102,225	22,213
Net cash outflows (used in) / from investing activities	(23,291)	(34,163)	(11,748)	(46,665)	(100,647)
Net cash inflows from / (used in) financing activities	37,739	20,907	14,149	29,201	78,623
Total net cash flow	83,514	(8,665)	2,556	84,764	189
Opening cash & cash equivalents	10,657	15,712	8,101	18,276	18,163
Effect of exchange rates	-	-	-	-	(76)
Closing cash & cash equivalents	94,171	7,047	10,657	103,040	18,276

*Group figures include consolidated results for HBRC and the HBRIC Group.

Events after balance date

- On 15 July 2023, HBRC raised \$5 million of debt funding with LGFA due in October 2024.
- On 15 July 2023, HBRC raised \$10 million of debt funding with LGFA due in April 2027.
- On 15 August 2023, HBRC rolled \$5 million of debt funding with LGFA at maturity to due in November 2023.
- On 18 September 2023, HBRC rolled \$10 million of debt funding with LGFA at maturity to due in December 2023.
- On 17 July 2023, HBRC received the remaining \$26.2 million of funding under the government sediment and debris agreements referenced in Note 5 of the Annual Report.
- On the 10 October 2023, HBRC, along with the four other Hawke's Bay Authorities signed into the North Island Weather Events (2023) - Hawke's Bay Crown Funding Agreement: Financial Contribution for Category 3 Voluntary Buyouts; and Funding Reservation for Category 2 Risk Mitigation Projects and Regional Transport Projects. By signing into this agreement, HBRC commits to Category 2 flood mitigations to the total cost of \$247,650,000, of which \$203,500,000 is funded by the Crown, and \$44,150,000 committed by HBRC.

Additional disclosures

Infrastructure Assets

The total net book value of infrastructure assets for the year ending 30 June 2023 amounts to \$198,554 million.

Valuation

Infrastructure assets are valued on a three year cycle and were due for valuation by suitably qualified and experienced HBRC employees and review by Aon Valuation Services in 2023. PBE IPSAS 17 - Property, Plant and Equipment, requires revaluations to be made with sufficient regularity to ensure that the net book amount reflected does not materially differ from that which would be determined performing a fair value valuation at balance date. The impact of the significant Cyclone Gabrielle event and the movements in the depreciated replacement cost of Infrastructure Assets since the last valuation completed at

30 June 2020 indicate that there could be a significant variance between the net book amount and at 30 June 2023 valuation of these assets and as such a valuation should have been completed to meet reporting requirements under PBE IPSAS 17. This valuation was not completed due to the following reasons:

- The impacts of Cyclone Gabrielle in February 2023 were significant and widespread across the infrastructure assets and network. As a result, insufficient information was available for valuers to accurately prepare a valuation because of the uncertainties around the extent of damage to assets, cost of replacement, impacts on useful life and fast pace at which the rapid response and recovery work was being completed.
- Prioritisation of resources - the valuation process requires significant time from internal staff and qualified specialists who are a scarce resource. HBRC has deemed those resources' time is better utilised assisting with the response and recovery activities to rebuild the assets rather than trying to value the assets while there is a high level of uncertainty.
- The work being performed since the cyclone and over the coming months will provide more recent and relevant information that can be utilised in a future valuation process.

Therefore, the most recent valuations reflected in these financial statements are:

- The infrastructure assets valuation completed by suitably qualified and experienced HBRC employees at 30 June 2020 on the basis of depreciated replacement cost and reviewed by Aon Valuation Services. Significant assumptions used in the methodology include:
 - » current prices were used for all input costs such as labour rates, plant hire rates, material costs, and contract works rates
 - » where current prices were not available, the Capital Goods Price Index, published by Statistics New Zealand was used.
- Land values were assessed by G S Morice, a registered valuer of Morice Limited on 30 June 2022.

- Significant assumptions used in the land valuation include:
 - » Heretaunga Plains land protected from flooding was valued at \$80,000 per hectare
 - » Ruataniwha Plains land protected from flooding was valued at \$20,000 per hectare
 - » floodable land that is grazed was valued at \$6,000 per hectare
 - » floodable land that is not grazed was valued at nil.

Impairment

Cyclone Gabrielle in February 2023 caused significant damage to infrastructure assets. It is clear from the ongoing asset inspections, prioritisation process and work completed to date that assets impacted are mostly impaired (damaged but able to be repaired) with a small portion lost or damaged beyond repair or, in service until they can be replaced. Costs incurred for emergency repairs to assets in the immediate response to Cyclone Gabrielle have been expensed during the period as they were either temporary or a minor repair that addressed any damage. Costs incurred to rebuild or renew assets to their existing level of service are deemed capital in nature as they are major works and are expected to restore the asset to its original service level. Where there is an indication that the value of an asset is recorded in the financial statements at an amount greater than its actual value, PBE IPSAS 21 - Impairment of Non-Cash Generating Assets requires HBRC to recognise an impairment on those assets to reduce their value. For assets that are revalued, an impairment loss is recognised in other comprehensive income against the revaluation reserve for that class of asset to the extent that revaluation surplus is available. Any excess impairment would be expensed. As at 30 June 2023, HBRC had incurred \$13,434,891 capital expenditure for the rebuild/renewal of existing stopbank assets that had been damaged in Cyclone Gabrielle (included in the \$16,671,000 stopbank work in progress balance above), with a further \$2,638,698 incurred between 1 July 2023 to 31 August 2023. The total of \$16,073,588 has been recognised as the impairment estimate of the stopbanks assets at 30 June 2023 as HBRC consider this to be the best available estimate of the deemed cost of reinstating the existing assets to their original condition. This work performed to date has been on

the stopbanks asset class therefore the impairment has been recognised in other comprehensive income against the stopbanks revaluation reserve. Due to insufficient information and capacity to perform a full asset impairment analysis, no impairment has been provided for any assets damaged that had not yet had expenditure incurred to reinstate them as at 31 August 2023.

The summary financial statements for the year ended 30 June 2023 were authorised for issue by the Chief Executive of the Regional Council on 14 November 2023.

The summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements.

The summary financial statements are for both parent and group and cover the period 1 July 2022 to 30 June 2023.

The full financial statement were prepared in accordance with NZ GAAP in accordance with Public Benefit Entity Reporting Standards.

The full financial statements were authorised for issue by the Regional Council on 25 October 2023.

The full financial statements received a qualified audit opinion on 27 October 2023. The qualification was the result of Ernst & Young being unable to obtain sufficient appropriate audit evidence to determine whether any adjustments were needed to the recorded carrying value of \$198.6 million infrastructure assets due to Regional Council's decision to not obtain a valuation of infrastructure assets or inability to not undertake a full impairment assessments of these assets.

Copies of both the full and summary financial statements can be obtained from the Regional Council main office at 159 Dalton Street, Napier or online at [hbrc.govt.nz](https://www.hbrc.govt.nz)

Independent Auditor's Report

To the readers of Hawke's Bay Regional Council's summary of the Annual Report for the year ended 30 June 2023

The summary of the annual report was derived from the annual report of the Hawke's Bay Regional Council (the Regional Council) and Group for the year ended 30 June 2023.

The summary of the annual report comprises the following information on pages 28 to 45:

- the summary statement of financial position as at 30 June 2023;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2023;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of service performance information.

Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43 Summary Financial Statements.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed a qualified audit opinion on the Regional Council and Group's audited financial statements and an unmodified audit opinion on the Regional Council and Group's other audited information for the year ended 30 June 2023 in our auditor's report dated 27 October 2023. Without further modifying, our opinion included an other matter drawing readers' attention to the inherent uncertainties in the measurement of greenhouse gas emissions.

The basis for the qualified audit opinion on the financial statements of the Regional Council and Group is explained below.

As set out in note 10(a) in the full financial statements, the Regional Council and Group have not obtained a valuation of their infrastructure assets, so infrastructure asset valuations are based on the last external valuation in 2020. As set out in note 10(b) in the full financial statements, impairment of \$16.1 million on the stopbanks infrastructure assets was based on the amount of repair costs incurred up to 31 August 2023 following Cyclone Gabrielle. This impairment amount has been recognised through the infrastructure asset revaluation reserves. However, no impairment has been recognised for the other damaged infrastructure assets.

As a result of the damage, the method by which the Regional Council and Group calculated the impairment and market changes since the last valuation, the fair value of the infrastructure assets could differ significantly from their recorded carrying value. Due to the factors above we were unable to obtain sufficient appropriate audit evidence of the fair value of the Regional Council's and Group's infrastructure assets as at 30 June 2023.

Therefore, we were unable to determine whether any adjustments were needed to the recorded carrying value of \$198.6 million for these assets or the related infrastructure asset revaluation reserve.

Information about this matter is also disclosed on pages 44 and 45 of the Regional Council and Group's summary annual report.

Council's responsibility for the summary of the annual report

The Regional Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43 Summary Financial Statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the summary annual report, we have carried out a limited assurance engagement related to the Regional Council's debenture trust deed and an agreed upon procedures engagement. These engagements are compatible with those independence requirements. Other than in our capacity as auditor, we have no relationship with, or interests in the Regional Council.



David Borrie
Ernst & Young
Chartered Accountants
On behalf of the Auditor-General
Wellington, New Zealand
14 November 2023



hbrc.govt.nz