

Media Release
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Enabling the sustainable growth of Hawke's Bay

Hawke's Bay Regional Council today released a report outlining options on how best to secure the region's economic and environmental future, including funding the development of Napier Port and intergenerational environmental projects, while reducing investment risk to ratepayers.

HBRC Chair, Rex Graham, said the report, generated by a panel including independent members and chaired by Chris Tremain, highlighted the opportunities and choices Hawke's Bay faced to ensure sustainable growth.

"How we enable our region's and Napier Port's growth while bringing diversity to Council's investments are critical decisions for our future. Council is united that doing nothing is not an option," says Mr Graham.

Cargo volumes through Napier Port will increase by about 50 per cent over the coming decade as the Hawke's Bay economy continues to grow. The Port needs to invest approximately \$275 million to enable it to continue to connect cargo owners to global markets. The Port currently makes up 74 per cent of Council's income generating investments, with the concern that ratepayers are overly exposed to one asset.

"One of the reasons behind commissioning this report is to understand how we can support our economy by enabling the Port to grow without placing undue pressure on ratepayers and port users or reducing our ability to protect and enhance our environment," adds Mr Graham.

Mr Graham said that recent Canterbury and Kaikoura earthquakes had reinforced to Council the risks of having all investment eggs in one basket.

"Similar to a KiwiSaver provider investing in just one company, we need to better protect ratepayers from both commercial and environmental events. As it currently stands, a natural disaster impacting Napier Port would have a significant and immediate impact on rates and reduce our ability to do the important work of the Council in enhancing the Hawke's Bay environment."

The report recommends investigating the use of funds released from any changes to the Port's capital structure to invest in a 'future fund'. While the initial capital released would be preserved, investment returns could offset rates and potentially provide additional funding for environmental initiatives.

"Council has low levels of debt and, as recommended in the report, we have signalled in our ten year plan that Council will borrow sensibly to fund initiatives to clean up and protect waterways and land for future generations."

Rex Graham said while the report identified options, Council would form its own view later in the year and then consult the community thoroughly.

Rex Graham said the choices facing Hawke's Bay were in fact enviable opportunities.

“We have a successful commercial port which must grow to continue supporting a thriving and growing economy; we have a Council committed to improving our region’s environmental outcomes for future generations; and to sustain this for the long-term we need to protect ratepayers through investment diversification.

“The release of this report today highlights the important decisions that we face. But these decisions are generated by the success of our region, its economy and our desire to preserve Hawke’s Bay as a special place for future generations.

“I would like to thank the team, led by Chris Tremain, who have done an amazing job understanding the issues and preparing this report for the Council and our community.”

The capital structure review report is available online at: <https://www.hbrc.govt.nz/hawkes-bay/business/hbrc/capital-structure-review/>

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