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Chairman and Chief Executive's Comments



Fenton Wilson
Chairman



Liz Lambert
Interim Chief Executive

We're now approaching the final three-year phase of the Long Term Plan developed in 2012 and we're comfortable with the progress being made, delivering against key initiatives set out for this decade.

As we move into the 2014-15 Annual Plan, Hawke's Bay Regional Council has started a strategic planning process for the 2015 – 2025 Long Term Plan, to which councillors, numerous sector groups, community groups and individuals will no doubt contribute.

Let's be clear, HBRC is in the business of:

- Natural resource knowledge and management;
- Natural hazard assessment and management;
- Regional strategic planning (including provision of statutory plans such as the regional policy statement); and
- The provision and assessment of regional scale infrastructure and services, notably flood risk assets, regional logistics facilities such as Napier Port, and water storage.

In this Annual Plan, we identify areas that differ significantly from those laid out in the current Long Term Plan or previous Annual Plan.

Please take a moment to read this introduction and the parts of this Annual Plan which relate to you.

Year Three of the Long Term Plan

We are progressing in a number of areas based on our Long Term Plan or LTP, which include, but are not limited to:

- *Catchment based planning* – The Tukituki Catchment Plan Change sits alongside the Ruataniwha Water Storage (RWS) scheme and is our best option to improve summer flows and water quality, enhance water security for users and provide for sustainable economic development. We want to maintain or enhance aquatic habitats, maintain safe contact recreation and reduce the effects of algae and slime for recreational users. Following the Government's Environmental Protection Authority process, guidance on policies and new limits will be finalised by June 2014.
- *Science-informed land management* - A pilot project working with farmers in the Papanui sub-catchment of the Tukituki has been established with positive community buy-in. An ideal outcome of this project will be the use of advice, information, nutrient management plans, riparian planting, etc, to reduce nutrients entering the catchment. If successful, this pilot programme will be extended to other water use areas.
- *Ruataniwha Water Storage (RWS)* – The RWS is a key part of the Tukituki Catchment Proposal that is designed to provide greater environmental protection for fresh water in the catchment, and provide opportunities for economic growth. The RWS has gained resource consent approvals from the Environmental Protection Authority, however the workability of these consents is still being determined at the time of this plan being finalised. If the consent

conditions are not workable and the scheme is not built, HBRC will need to closely manage the subsequent reductions for existing water takes.

- *Air Quality/ HeatSmart* - 2014 is a phase-out year for non-compliant fires installed before 1996 in urban areas. As anticipated, the demand for clean heat and insulation support has increased and the programme continues to perform above the targets set to meet national emission standards by 2020.
- *Passenger Transport* – The urban passenger bus service continues to grow in popularity and reflects the significant investment made by HBRC on behalf of the communities of Napier and Hastings. Total passenger trips reached another record high of 789,277 in 2013; an increase of 8.7% on 2012. During 2013 more than 3,000 bikes were carried free-of-charge on the goBay network.
- *Biodiversity* – The Biodiversity Strategy is developing under the guidance of a Steering Group which includes representatives from the broader community. An Accord is being drafted to allow agencies, businesses and individuals to 'sign up' and commit to the strategy's outcomes. The detail of an entity to deliver the Strategy into the future is also under design. HBRC expects to conclude the Strategy in mid 2015.
- *Regional Parks Network Plan* – The move to recognise HBRC open spaces as Regional Parks was adopted by Council in November 2013. This plan also recognises a consistent management approach for *Hawke's Bay Trails*.
- *Napier Leasehold Land* – HBRC has negotiated a financial agreement with the Accident Compensation Corporation (ACC) which transfers rental income associated with the leasehold land it owns in Napier to ACC for a period of 50 years. In exchange, HBRC received an upfront cash payment while retaining ownership of the properties. There is no change for the lessees or to the lease conditions under this arrangement. The initiative was outlined in HBRC's LTP 2012-22 and is part of Council's long term strategy to free up capital that will allow us to invest in significant infrastructure projects that create jobs and benefit the Hawke's Bay natural environment.

There are some areas under this Annual Plan where HBRC is **altering our programme** to accommodate changes in factors since our Long Term Plan decisions. These changes are summarised as:

- *Hill Country Afforestation* – HBRC is assessing high UMF (Unique Manuka Factor) Manuka as a soil conservation method on steep, erodible land and has planted 140 ha in Tūtira Regional Park. The growth and performance of this new option is being closely monitored.
- *Ngaruroro Water Storage* - The feasibility stage for Ngaruroro Water Storage investigations will commence in 2014-15, having focused resources on completion of the Ruataniwha Water Storage process.
- *Hydraulic Fracturing* – The Parliamentary Commissioner for the Environment has released her second report on hydraulic fracturing. In response to her recommendations HBRC has made financial provision in 2014-15 to initiate consultation with the public and prepare a Plan Change addressing oil and gas development, including the management of fracking.
- *Identification of Outstanding Freshwater Bodies* – The National Policy Statement (2011) for Freshwater Management requires the protection of Outstanding Freshwater Bodies. This is detailed in the Implementation Plan adopted in September 2012. A collaborative process is proposed.

No other 'right debate' changes are planned other than what we set out and adopted in the 2012-22 Long Term Plan.

Rating

Council's rating programme funds the expenditure for its Groups of Activities set out in Part 2 of this Plan. Due to the continuing recessionary climate in 2013-14, a 4% total rate rise forecast in the Long Term Plan was cut back to 2.8%.

For the 2014-15 year Council reduced expenditure by \$174,000 from what was indicated in the Long Term Plan by cutting overheads and external costs. However, to maintain the delivery of our current services – and bearing in mind lower than

expected market interest rate returns which offset rating charges – a rate increase of 5.8% has been set for the 2014-15 year.

In dollar terms the total annual rates are expected to rise:

- Between \$5 - \$11 per property in *urban* areas, depending on the mix of rates on those properties;
- Between \$12 - \$15 per *rural* property with a capital value under \$500,000, and over \$100 per property with a capital value over \$3,000,000 depending on the mix of rates on those properties.

Napier Gisborne Railway – Proposal

HBRC’s ongoing investment strategy is to improve financial, economic and environmental benefits for the whole region by investing in sound regional infrastructure assets.

One potential infrastructure investment is the re-establishment of the Napier-Gisborne rail line as a viable alternative to the transport of freight by road. HBRC, in conjunction with private sector partners, has considered investing in the operation of a rail business carrying freight on the line.

The proposal from the Napier Gisborne Rail Establishment Group (NGR) included in the Draft Annual Plan and consulted on aimed to:

- Establish and operate a rail freight service between Napier and Gisborne on the existing rail line once it was returned to full operational status by the Government and KiwiRail;
- Lease locomotives and the line from KiwiRail, purchase appropriate rolling stock from KiwiRail, or elsewhere, to operate the service;
- Carry freight, largely logs, fruit and vegetable produce;
- Anticipate financial losses in the first three years of operation, returning to profit in year 4 and generating significant returns to shareholders as log volumes increased – anticipated in year 6, and

- See HBRC become a 51% shareholder in the venture, with businesses and investors in Hawke’s Bay and Gisborne District holding the remaining 49% of shares in the operating company set up for this purpose.

The proposal has claimed to benefit Hawke’s Bay with social, economic, and employment gains; improve transport infrastructure with price competitiveness and efficiency over road and rail land transport modes; safety and cost benefits through reduced heavy traffic on SH2 between Gisborne and Napier; increase volumes of exports through Napier Port; and secure an alternative transport route to road in the event of a disaster.

The NGR Group has estimated that investor funding to finance capital and operating budgets of \$10.7million will comprise:

Purchase of rolling stock, plant, equipment etc	\$ 5.3m
Working capital	\$ 2.4m
Disaster Contingency Reserve	\$ 3.0m

Total Investor Funds Required	\$10.7m

The Draft Annual Plan provided for a \$5.46million contribution to the total investor funds required, this provision being made over the 2014-15 to 2018-19 financial years. An initial investment of \$3.9million would be required from HBRC for the 2014/15 year. These financial provisions have been retained in this final Annual Plan.

In excess of 100 submissions were received on the Napier-Gisborne Railway proposal and, while 70% were supportive of Council’s continued involvement/investment in a Napier to Gisborne rail link, 15% were opposed to any future Council involvement with the remaining 15% of submitters recommending that Council investigate alternative uses for the rail corridor, specifically tourism related uses.

NGR’s submission to the Annual Plan stated:

“It is now clear that the Government has decided not to fund the repair of the line to a ‘fit for purpose’ operation condition and, accordingly, the repair of the line for it to be reopened will need to be funded by regional interests.

The total capital now required including the cost of repairing the washouts and reinstating the line through to Gisborne is in the region of \$15million to \$17million."

Consistent with the conditions consulted on in the Draft Annual Plan, HBRC investment in NGR is conditional on:

- The rail line and associated infrastructure being returned to a good "fit for purpose" operating condition;
- Leases of the line and locomotives from KiwiRail on terms satisfactory to NGR
- Suitable offtake agreements being concluded between NGR and customers for the freight of logs, fruit and vegetable produce over the period up to and beyond 2020 to ensure the long term viability of the service;
- NGR's business case being tested and accepted as satisfactory, and
- The return to HBRC over the long-term is to cover Council's cost of funding.

HBRC investor funds would initially be sourced from investment reserves, but ultimately would require refinancing from HBRC's borrowing programme.

In response to these submissions Council resolved to retain in principle, the investing in the restoration of the Napier/Gisborne rail line, and indicated it would consider a revised proposal and business case from the NGR establishment group, such a business case would be subject to independent peer review before Council considered investment in the line. Council further resolved that it would be prepared to participate in a feasibility study on the best use of the Napier/Gisborne rail corridor going forward.

HBRC also resolved that the Chairman and Chief Executive immediately commence exploration of options with KiwiRail and Government to secure the Napier/Gisborne rail corridor and report back to Council.

Investments Proposed in the LTP 2012-22

The Hawke's Bay Regional Council determined in the LTP that investment capital would be used for long term investment, mainly in infrastructure assets to further build the region's economic base, enhance the performance of the regional supply chain, or specifically increase production in rural-based industries where it is believed Hawke's Bay has its greatest economic potential.

These investments will also deliver environmental benefits and, in the medium term, will provide HBRC with a reasonable rate of return on funds invested. The investment opportunities set out in the LTP are:

Investments managed through the Hawke's Bay Regional Investment Company (HBRIC Ltd)

Ruataniwha Water Scheme (RWS)

Should the required conditions precedent be met, it is expected that HBRC will maintain its proposed equity stake at up to \$80 million, as stated in HBRC's Long Term Plan. Following the receipt of a recommendation from HBRIC Ltd on 26 March 2014 and public input via a Special Consultative Process during May and early June 2014, HBRC decided (on 25 June) to invest up to \$80 million in the RWS, subject to a range of conditions required by Council being met.

If these criteria are met this plan provides for an advance of \$22.2m to HBRIC Ltd in the 2014-15 financial year for investment in the RWS. The funding will be sourced from HBRC's reserves held for investment. This plan also assumes that there would be additional dividend cash flows received from HBRIC Ltd to cover the interest that would have been received by HBRC if current investments in bank deposits were maintained.

Ngaruroro Water Scheme (NWS)

The LTP proposed to invest \$27m in an equity stake in NWS, however, the development of this scheme to a full feasibility stage has been delayed in order to ensure that the emphasis in planning is focussed on RWS. It is proposed that in the 2014-15 year an initial on-farm economic assessment of the storage option be completed prior to committing to a full feasibility study, also potentially programmed to commence in the 2014-15 year.

Whakatu Road/ Rail Hub

The proposal for further investment in the supply chain – at an appropriate time – helps to secure the future of Napier Port as it increasingly competes with other ports drawing cargo from the central and southern North Island. However, the timing of this proposal has been reassessed and HBRC is not considering contributing capital to this project in 2014-15.

Investments Managed by HBRC

Hill Country Afforestation

The LTP proposed to fund the establishment of forestry blocks on erodible hill country land. This investment requires a risk management approach covering carbon price, carbon trading mechanisms and a robust operational plan. At the time of writing this plan, the carbon price is approximately \$3 per tonne, in comparison to the \$20 per tonne that drove the viable business case forward during the development of the 2012-2025 LTP. Accordingly, it is not proposed to proceed with this investment during the 2014-15 Annual Plan period.

HBRC will continue to evaluate forestry plantings in subsequent years. However the decision to proceed will be conditional upon strengthening carbon prices or the availability of alternative funding sources. HBRC plans to proceed with this investment as soon as practicable as it considers this project to be an important means to achieve environmental benefits.

The investments proposed above, specifically the RWS, will provide medium to long term significant growth and value which will, over the period of the LTP, substantially increase the value of both the HBRIC Ltd and HBRC balance sheets.

Funding Strategy for Investments as Outlined in the LTP 2012-22

At the start of the 2014-15 Annual Plan period, we estimate that HBRC has available funds of \$72m to fund proposed investments. This has been achieved by HBRC's strategy to sell-down low-performing investment assets, specifically our investment in Napier leasehold land, thus freeing up funding for investments in projects that will provide financial and economic gain for the region.

In July 2011 HBRC approved significant discounts on the purchase price of leasehold property for lessees who wished to freehold. This initiative was strongly supported by lessees and resulted in 378 lessees taking the opportunity to freehold at the discounted prices. HBRC has received \$27.4m from these sales.

As forecast in the LTP, the cash flows generated from the remaining portfolio of Napier leasehold properties have been sold to the Accident Compensation Corporation and a sum of \$37m has been realised for investment. The LTP also proposed that HBRC's investment in leasehold property in Wellington be sold, however this is on hold given the high level of return being achieved on this investment.

Other Changes

It is not possible to do justice to all of HBRC's work in this brief introduction – we continue to carry out important operational activities to ensure that public services, infrastructure, and regulation are delivered efficiently and effectively. Changes to these operational activities can be found in **Part 2** of this Plan, while **Part 3** of this Plan identifies changes to our charges for resource management activities.

Last Words

We continue to focus on our relationships in the region and with our national partners – at a one-to-one through to a collaborative and strategic level – and encourage your ongoing interaction with HBRC through face-to-face contact, phone calls, meetings, our newsletters, website and social media channels.



Liz Lambert, Interim Chief Executive



Fenton Wilson, Chairman

Financial Overview

Annual Plan in Brief

What we will do in 2014-15

The 2014-15 Annual Plan has been prepared using the 2012-22 LTP as its base.

Details of the HBRC's work programmes are contained within the "Groups of Activities" Part 2 of this Plan.

HBRC intends to spend \$78.93 million in 2014-15. This expenditure consists of:

	(\$'M)	(\$'M)
Expenditure		
Groups of Activities		
Operating	35.53	
Finance Costs	2.98	
Depreciation & Amortisation	2.36	
		<u>40.87</u>
Capital		
Fixed Assets	4.58	
Development of Infrastructure	1.41	
Forestry Assets	0.32	
Investments - Advances to HBRIC Ltd	22.20	
Investments - Advances to Napier - Gisborne Rail	3.90	
Community Lending	2.63	
Loans Repaid	3.02	
		<u>38.06</u>
Total Expenditure		<u><u>78.93</u></u>
Funding		
Operating Revenue		
Uniform Annual General Charge	1.71	
General Rates on Land	1.13	
Targeted Rates	12.83	
Grants & Assistance from Central Government	2.82	
Direct Charges and Other Revenue	6.63	
Investment Revenue	14.38	
		<u>39.50</u>
Loan Funds		8.16
Special Reserve Funds		30.84
Operating Reserve Funds		0.42
Total Funding		<u><u>78.93</u></u>

Annual Plan Highlights

This Plan forecasts a \$423,000 deficit compared with a \$127,000 surplus estimated in the LTP for the 2014-15 financial year. This includes carried forward items from the 2013-14 year of \$400,000.

The total 2014-15 increase in rates of 3.9%, as proposed in the LTP, is now proposed to be 5.9%.

This increase consists of:

- 5.6% increase as a necessity to restore rates to LTP levels after a 1.3% reduction in the increase of rates in the 2013-14 year.
- 0.1% increase for the proposed targeted rates for the Opoho flood and drainage scheme (3 ratepayers).
- 0.2% increase for extra economic development of Wairoa primary sector opportunities and Oil and Gas Multi Stakeholder group initiatives.

There have been some significant changes to revenue assumptions from those used in the LTP which have affected HBRC income streams. Briefly, these are:

- *Interest* - the LTP assumed an interest rate of 5.75% on investment income for the 2014-15 year. Due to the slow increase in the Official Cash Rate (OCR) HBRC has revised this figure to 5.1%. This drop in interest rates combined with large investment balances has seen a sizable drop in interest revenue.
- *Returns on investments* – the LTP assumed returns on investment activities for the Ruataniwha Water Scheme (RWS), Ngaruroro Water Scheme (NWS), Whakatu Road/ Rail Hub and Hill Country Afforestation. There have been some changes to the timing and level of returns in these investments.

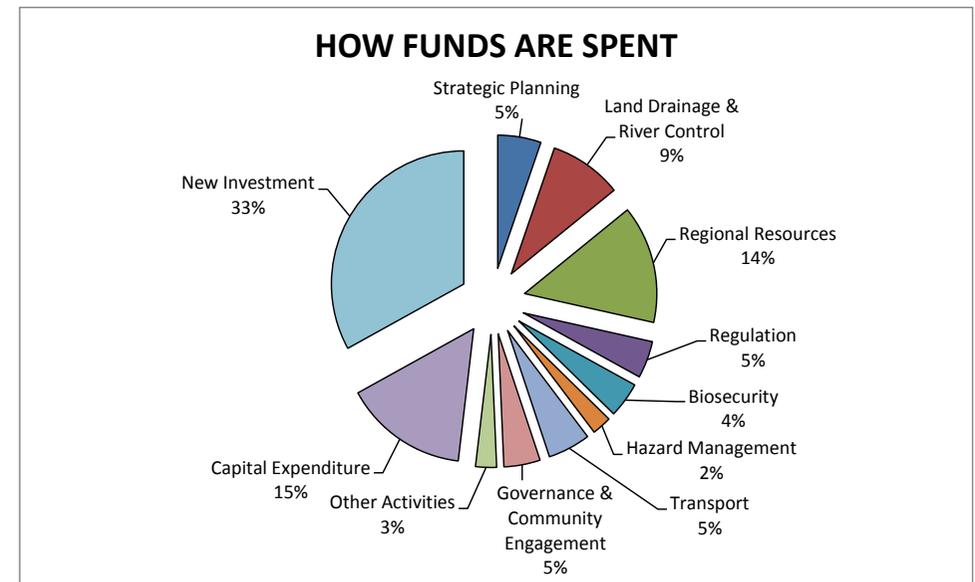
- *Napier leasehold free-holding and rentals* - HBRC approved the free-holding to lessees of Napier leasehold land at a discount to provide funds for other investments. This programme of sell down exceeded LTP expectations and there have also been an increased number of freeholdings even after the discount expired. This has had the effect of there being fewer Napier leasehold properties owned by HBRC than estimated in the LTP.
- *Wellington leasehold land* - The LTP also assumed the sale of the Wellington leasehold land owned by HBRC. This has not yet taken place due to the good returns received from these investments compared to market interest rates.
- *Forestry Income* - The LTP proposed to fund the establishment of forestry blocks on erodible hill country land and assumed a carbon price of \$20 per tonne to justify a viable business. Carbon prices are now much lower than expected and HBRC has resolved not to proceed with the forestry investment during 2014-15.
- *Subvention payments* - The LTP assumed a number of targeted assistance grants would be paid over the first three years of the LTP. There were a number of delays in finalising the projects that qualified for targeted assistance. Accordingly the majority of the proposed grants will be paid out during the 2013-14 financial year. This will give rise to a substantial increase in the subvention payments during 2014-15 which were offset by a substantial decrease in 2013-14.
- *Dividends* - The dividends received from Napier Port via HBRIC have been increased by the payment of a special dividend to cover reduced returns on other investments.
- *Napier - Gisborne Rail* – HBRC has proposed to invest \$3.9 million in the Napier-Gisborne Rail project with a proposed return reflecting Council’s cost of funding. This project was not included in the LTP.

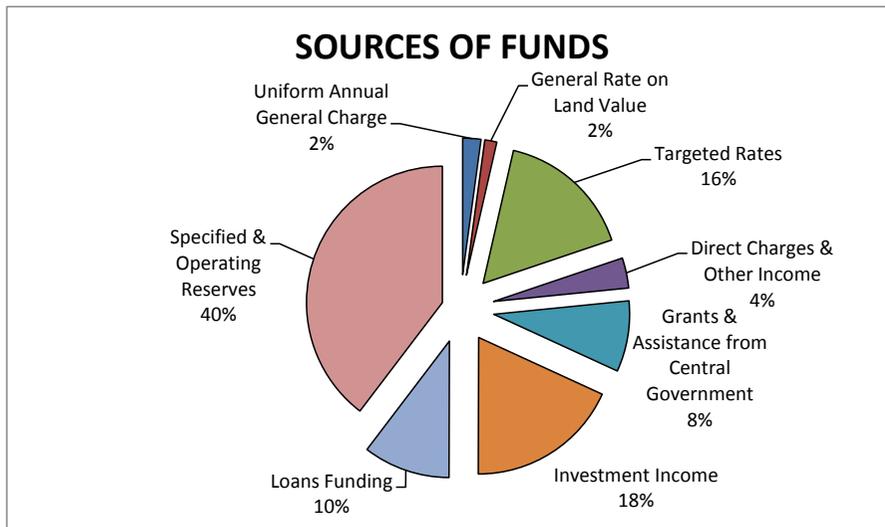
Other highlights include:

- The LTP allowed for HBRC to provide the Bovine TB Vector Control programmes on behalf of the Animal Health Board; however from 1 July 2013 the Animal Health Board will be undertaking these programmes themselves.

- HBRC agreed to proceed with the remedial work on the Dalton Street building. There was \$1 million provided for in the LTP for this project but after detailed analysis this cost estimate increased to \$2 million. Work was completed in the 2013-14 year and was funded from a combination of internal and external loans. The legal proceedings against the contractors are ongoing with compensation used to reduce those borrowings.
- The Clean Heat Scheme has been a huge success with good participation from the public. The LTP assumed that homeowners would take up the clean heat loans rather than the clean heat grants. This has turned out to be the opposite, which means that HBRC has borrowed less to fund these loans than initially anticipated.

Analysis of Total Expenditure and Funding





Assets and Liabilities

HBRC has a strong balance sheet with assets greatly exceeding liabilities.

As at 30 June 2015 infrastructure assets are projected to total \$160 million however, because of the nature of these assets (e.g. stopbanks), there are restrictions on their use and saleability.

HRBC also holds significant investments estimated to be \$359 million at 30 June 2015. Included in these investments is HBRC’s investment in HBRIC Ltd, made up of:

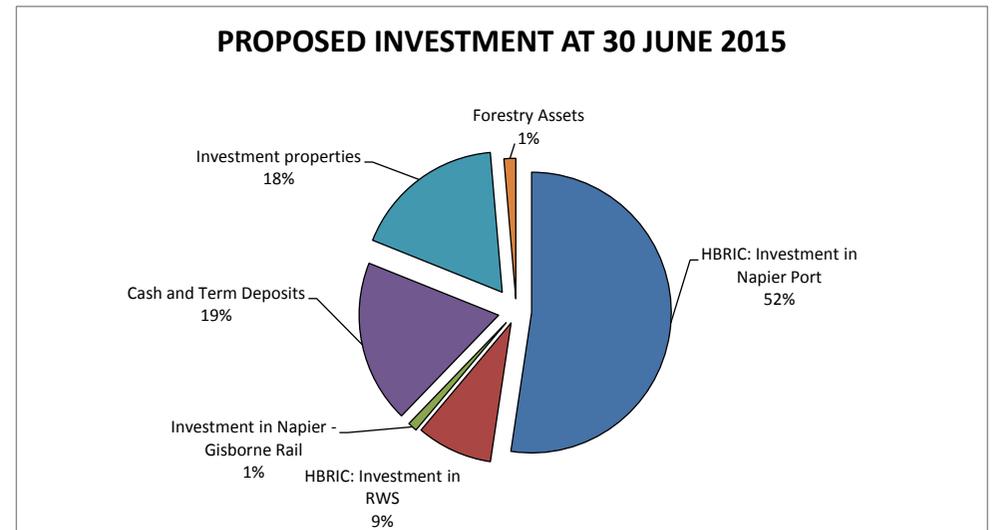
- Napier Port (\$187.9 million)
- Ruataniwha Water Scheme (\$31.6 million)

HBRC also has:

- Cash balances on deposit awaiting payment to HBRIC Ltd for HBRC’s investment initiatives – the amount estimated to be held on deposit for these purposes is \$41 million at 30 June 2015.

- \$51 million of Napier Leasehold endowment land and \$12 million of Wellington Leasehold property.
- \$3.9 million proposed to be invested in the Napier – Gisborne Rail project.
- \$4.9 million of Forestry investments.

The chart below shows analysis of the investments projected to total \$359 million at 30 June 2015.



HBRC has a policy of raising loans to fund certain types of capital expenditure such as the construction of river control and flood protection assets. These loans are taken out on behalf of certain river control and flood protection scheme ratepayers and will be fully repaid by them during the period covered by the term of the loan.

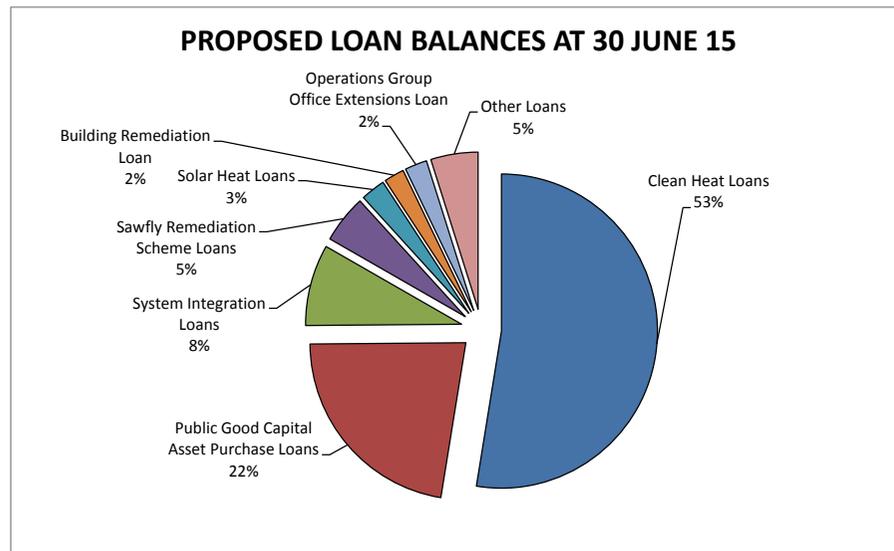
Loan funding achieves intergenerational equity by ensuring that a portion of the cost of the major projects is paid for by the beneficiaries of the service over the year to which the benefit applies.

In this plan the HBRC proposes to borrow up to \$8.2 million in the 2014-15 financial year. Of that sum, \$4.5 million will fund advances to homeowners who require assistance to insulate and provide clean heat to their homes, \$0.6 million to fund advances to homeowners who want to establish solar water heating in their homes; \$1.7 million for public good capital projects; \$0.6 million for Operations Group and Wairoa office extensions; and \$0.7 million for computer system integration. These amounts include \$2.3 million of loans included in the 2013-14 Annual Plan that were not drawn down and have been carried forward to the 2014-15 year.

The Annual Plan estimate is that at 30 June 2015 external loans outstanding will be \$24.9 million. An analysis of these loans is shown in the chart below.

Additional liability related to funding of HBRC investments

The cash flows for a period of 50 years ending 30 June 2063 generated from the portfolio of Napier leasehold properties (after the free-holding initiative to lessees) were sold to secure a lump sum payment from the Accident Compensation Corporation (ACC) of \$37 million which was included in the financial assets to be used to fund investment activity.



Rates Comparison

	<u>2014/2015</u>	<u>2013/2014</u>	Rates	<u>2014/2015</u>	Rates
	Proposed Annual Plan \$'000	Actual Total Rates \$'000	Variation Increase / (Decrease) \$'000	Forecast LTP \$'000	Variation Increase / (Decrease) \$'000
<u>General Funding Rates</u>					
Uniform Annual General Charge	1,706	1,520	186	1,712	(6)
General Rate on Land Value	1,133	978	155	1,060	73
Total General Funding Rates	2,839	2,498	341	2,772	67
Increase / (Decrease) relative to prior year			13.65%		2.42%
<u>Targeted Rates</u>					
<u>Regional Resources</u>					
Clean Heat Administration	584	583	1	583	1
<u>River Control & Flood Protection</u>					
Upper Tukituki	665	633	32	665	0
<u>Separate Schemes</u>					
Makara	86	83	3	32	54
Paeroa	20	20	0	21	(1)
Porangahau	36	34	2	37	(1)
Poukawa	30	25	5	27	3
Ohuia-Whakaki	58	55	3	58	0
Esk	12	12	0	12	0
Whirinaki	8	8	0	8	0
Maraetotara	10	10	0	10	0
Te Ngarue Stream	3	3	0	3	0
Kopuawhara	8	7	1	8	0
Opoho	18	0	18	0	18
Kairakau Community	8	8	0	8	0
Wairoa Rivers & Streams	151	138	13	165	(14)
Central & Southern Areas	219	213	6	219	0
Heretaunga Plains Rivers	2,038	1,948	90	2,065	(27)
<u>Heretaunga Plains Drains</u>					
Napier/Meeanee/Puketapu	802	760	42	791	11
Brookfields/Awatoto	137	133	4	137	0
Pakowhai	126	121	5	127	(1)
Muddy Creek	213	207	6	214	(1)
Haumoana	123	119	4	123	0
Karamu & Tributaries	1,105	1,053	52	1,105	0
Raupare/Twyford	186	179	7	188	(2)
Tutaekuri/Mateo	184	176	8	182	2
Puninga	69	67	2	69	0
<u>Pest Control</u>					
Plant Pest Control	390	375	15	388	2
Animal Pest Control	1,151	1,112	39	1,151	0
Bovine TB Regional Vector Control	531	513	18	549	(18)
<u>Transport</u>					
Subsidised Passenger Transport	1,604	1,550	54	1,604	0
<u>Strategic Direction</u>					
Economic Development	1,360	1,284	76	1,406	(46)
<u>Emergency Management</u>					
HB Civil Defence	891	871	20	836	55
Total Targeted Rates	12,826	12,300	526	12,791	35
Increase relative to prior year			4.28%		0.27%
TOTAL RATES	15,665	14,798	867	15,563	102
Increase / (Decrease) relative to prior year			5.86%		0.66%

Comparison of Rural Rates in Three Districts

Comparison of Rural Rates on Specific Properties in Three Districts							
Description of rates	Rating Basis	Central Hawke's Bay		Hastings		Wairoa	
		2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
Details for comparison							
Capital Value (\$)	CV	2,025,000	2,025,000	2,889,000	2,890,000	470,000	470,000
Land Value (\$)	LV	1,570,000	1,570,000	2,305,000	2,310,000	370,000	370,000
Area (Hectares)	Area	276.3567	276.3567	610.8591	610.8591	32.9742	32.9742
Rates (\$)							
General Rate	LV	119.95	137.69	163.66	193.81	28.30	31.38
UAGC Fixed Amount	Fixed	25.54	28.41	25.54	28.41	25.54	28.41
General Funded Rates (\$)		145.49	166.10	189.20	222.22	53.84	59.79
HPFCS F2 Indirect	CV			78.29	82.36		
Central Stream/Drains	CV	19.01	18.32	24.55	25.40		
Plant Pest	Area	121.23	126.07	267.98	278.67	14.47	15.04
Animal Pest Rate	Area	399.22	413.90	882.45	914.88	47.63	49.39
Bovine TB	Area	158.40	163.96	350.14	362.42	18.90	19.56
Wairoa River	CV					46.63	48.93
Upper Tukituki River	LV	97.61	102.52				
Economic Development	Fixed	16.64	17.53	16.64	17.53	13.00	14.00
Emergency Management	Fixed	14.63	14.84	14.63	14.84	14.63	14.84
Targeted Rate (\$)		826.74	857.14	1634.68	1696.10	155.26	161.76
Total Rates (\$)		972.23	1023.24	1823.88	1918.32	209.10	221.55
Dollar Increase			51.01		94.44		12.45
Percentage Increase			5.25%		5.18%		5.95%

Comparison of Rates on Specific Urban Properties

Comparison of Rates on Specific Urban Properties									
Description of rates	Rating Basis	Napier Hill		Napier South		Flaxmere		Havelock North	
		2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
Details for comparison									
Capital Value (\$)	CV	680,000	680,000	225,000	225,000	175,000	170,000	660,000	660,000
Land Value (\$)	LV	220,000	220,000	147,000	147,000	67,000	64,000	255,000	255,000
Area (Hectares)	Area	0.0745	0.0745	0.0668	0.0668	0.0607	0.0607	0.0777	0.0777
General Rate	LV	15.73	18.15	10.51	12.13	4.76	5.37	18.11	21.39
UAGC Fixed Amount	Fixed	25.54	28.41	25.54	28.41	25.54	28.41	25.54	28.41
General Funded Rates (\$)		41.27	46.56	36.05	40.54	30.30	33.78	43.65	49.80
HPFCS F1Direct	CV			24.38	26.17	19.36	19.87		
HPFCS F2 Indirect	CV	18.90	19.31	5.98	6.39	4.74	4.85	17.90	18.81
HPFCS Drainage	LV			39.20	41.17	23.21	23.46		
Public Transport	LV	57.31	57.90	38.29	38.69	17.33	17.14	66.97	68.28
Central Stream/Drains	CV	5.92	5.95	1.87	1.97	1.49	1.49	5.61	5.80
Karamu Maintenance	Fixed							10.00	10.55
Karamu Enhancement	Fixed							9.39	9.86
Clean Heat/Healthy Homes	LV	19.51	18.90	13.04	12.63	5.79	5.59	22.02	22.28
Economic Development	Fixed	16.64	17.53	16.64	17.53	16.64	17.53	16.64	17.53
Emergency Management	Fixed	14.63	14.84	14.63	14.84	14.63	14.84	14.63	14.84
Targeted Rates (\$)		132.91	134.43	154.03	159.39	103.19	104.77	163.16	167.95
Total Rates (\$)		174.18	180.99	190.08	199.93	133.49	138.55	206.81	217.75
Dollar Increase			6.81		9.85		5.06		10.94
Percentage Increase ¹			3.91%		5.18%		3.79%		5.29%

Comparison of Rates on Specific Urban Properties

Comparison of Rates on Specific Urban Properties									
Description of rates	Rating Basis	Taradale		Hastings		Wairoa		Central HB	
		2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
Details for comparison									
Capital Value (\$)	CV	415,000	415,000	390,000	390,000	230,000	230,000	300,000	300,000
Land Value (\$)	LV	220,000	220,000	160,000	160,000	63,000	63,000	120,000	120,000
Area (Hectares)	Area	0.1105	0.1105	0.1012	0.1012	0.1213	0.1213	0.1495	0.1495
General Rate	LV	15.75	18.15	11.36	13.42	4.83	5.34	9.18	10.52
UAGC Fixed Amount	Fixed	25.54	28.41	25.54	28.41	25.54	28.41	25.54	28.41
General Funded Rates (\$)		41.29	46.56	36.90	41.83	30.37	33.75	34.72	38.93
HPFCS F1Direct	CV	47.06	48.26	43.13	45.59				
HPFCS F2 Indirect	CV	11.54	11.79	10.56	11.11				
HPFCS Drainage	LV			59.45	58.57				
Public Transport	LV	57.31	57.90	41.39	42.84				
Central Stream/Drains	CV	3.61	3.63	3.31	3.42			2.67	2.72
Wairoa Rivers/Streams	CV					22.77	23.94		
U.T.T.F.C.S.	LV							7.45	7.83
Clean Heat/Healthy Homes	LV	19.14	18.90	13.82	13.98				
Economic Development	Fixed	16.64	17.53	16.64	17.53	13.00	14.00	16.64	17.53
Emergency Management	Fixed	14.63	14.84	14.63	14.84	14.63	14.84	14.63	14.84
Targeted Rates (\$)		169.93	172.85	202.93	207.88	50.40	52.78	41.39	42.92
Total Rates (\$)		211.22	219.41	239.83	249.71	80.77	86.53	76.11	81.85
Dollar Increase			8.19		9.88		5.76		5.74
Percentage Increase ¹			3.88%		4.12%		7.13%		7.54%

Comparison of Rates on Specific Commercial Properties

Comparison of Rates on Specific Commercial Properties													
Description of rates	Rating Basis	Napier Hotel		Emerson St Napier		Hastings Shops		Hastings Motel		Waipukurau Office		Wairoa Shops	
		2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
Details for Comparison													
Capital Value (\$)	CV	3,250,000	3,250,000	1,475,000	1,475,000	1,000,000	970,000	910,000	910,000	205,000	205,000	255,000	255,000
Land Value (\$)	LV	1,875,000	1,875,000	420,000	420,000	385,000	385,000	670,000	670,000	40,000	40,000	50,000	50,000
Area (Hectares)	Area	0.3025	0.3025	0.0506	0.0506	0.1097	0.1097	0.3254	0.3254	0.0717	0.0717	0.2022	0.2022
General Rate	LV	134.06	154.69	30.03	34.65	27.33	32.30	47.57	56.21	3.06	3.51	3.82	4.24
UAGC Fixed Amount	Fixed	25.54	28.41	25.54	28.41	25.54	28.41	25.54	28.41	25.54	28.41	25.54	28.41
General Funded Rates		159.60	183.10	55.57	63.06	52.87	60.71	73.11	84.62	28.60	31.92	29.36	32.65
HPFCS F1Direct	CV			167.27	171.54	110.60	113.39	100.65	106.38				
HPFCS F2 Indirect	CV	90.35	92.30	41.00	41.89	27.10	27.65	24.66	25.94				
HPFCS Drainage	LV					133.36	141.10	232.09	245.55				
Public Transport	LV	488.44	493.50	109.41	110.54	99.60	103.10	173.33	179.43				
Central Stream/Drains	CV	27.63	28.44	12.84	12.90	8.50	8.53	7.74	8.00	1.80	1.86		
Clean Heat/Healthy Homes	LV	166.31	161.06	36.54	36.07	33.26	33.64	57.89	58.56				
Economic Development	CV	411.77	425.10	186.88	192.93	125.90	127.55	114.57	119.67	27.76	27.74	41.72	40.60
Upper Tukituki Scheme	LV									2.48	2.61		
Wairoa River Scheme	CV											25.25	26.55
Emergency Management	Fixed	14.63	14.84	14.63	14.84	14.63	14.84	14.63	14.84	14.63	14.84	14.63	14.84
Targeted Rates (\$)		1199.13	1215.24	568.57	580.71	552.95	569.80	725.56	758.37	46.67	47.05	81.60	81.99
Total Rates (\$)		1358.73	1398.34	624.14	643.77	605.82	630.51	798.67	842.99	75.27	78.97	110.96	114.64
Dollar Increase			39.61		19.63		24.69		44.32		3.70		3.68
Percentage Increase ²			2.92%		3.15%		4.08%		5.55%		4.92%		3.32%

Financial Comparatives between Year 3 of the Long Term Plan (LTP) 2012-22 and Annual Plan 2014-15

Explanatory Notes of Changes between Year 3 of the LTP 2012-22 and Annual Plan 2014-15

Significant variations between the 2012-22 LTP and the 2014-15 Annual Plan are outlined below.

Prospective Comprehensive Income Statement (Part 3, Pg 16)

Revenue from activities (Note 1, Part 3, Pg 20)

The LTP assumed that the Bovine TB Regional Vector Control Programmes for the Animal Health Board (AHB) would continue to be delivered by HBRC Biosecurity staff undertaking the work. Subsequent to the compilation of the LTP a decision was made by the AHB that they would assume responsibility for running the Bovine TB Regional Vector Control Programmes from 1 July 2013. Accordingly the costs associated with this programme have been reduced from Hawke's Bay Regional Council (HBRC) expenditure along with the revenue received from the AHB in relation to this service.

Revenue from rates (Note 2, Part 3, Pg 21)

Overall, rates (excluding GST) proposed for the first 3 years of the LTP, up to 30 June 2015 are \$15,665,000 against \$15,563,000 proposed in the LTP. This is an increase of 0.66% from the LTP rating level. This includes the increases in targeted rates for the Makara and Opoho schemes:

- **Makara Scheme:** In May 2012 it was identified that there was a sinkhole in the dam protecting the Makara Valley. In order to reinstate the level of protection provided by the dam it was proposed to repair the dam at an estimated cost of \$1,200,000. This was to be funded through use of the HBRC's regional disaster reserve, scheme disaster reserves, scheme

depreciation reserves and an external loan of \$220,000. In order to fund this external loan and increased maintenance a rate increase of approximately \$52,000 was proposed for the 2013-14 year. This has been continued in the 2014-15 year with the effect of increasing the targeted rates for this scheme from \$32,416 in the LTP to \$86,237.

- **Opoho Scheme:** Its management had previously been administered through direct billing for actual work. To give certainty of the amount to be charged to the land owners it is proposed to introduce a flood and drainage scheme into the targeted rate programme in the 2014-15 Annual Plan. This has the effect of increasing the targeted rates by \$18,328. This scheme affects three landowners. (refer to Amendments to Long Term Plan (LTP) 2012-22, Part 1, Pg 19).

Revenue from grants (Part 3, Pg 16)

Grants income is forecast to be \$494,000 less in the Annual Plan than in the LTP. The major change is in the calculation of funding from the New Zealand Transport Association (NZTA) for the Regional Land Transport Strategy projects.

Other revenue (Note 3, Part 3, Pg 21)

There are a number of revenue streams under "Other Revenue". The movements in each are shown below.

Dividends (+\$963,000)

The LTP forecast to receive \$6.6 million in dividends from the Hawke's Bay Regional Investment Company Limited (HBRIC Ltd) for the 2014-15 year. This dividend level has been increased to \$7.56 million as a result of discussions between HBRIC and its major subsidiary, Napier Port. This revised level includes \$700,000 to part fund the cost of capital proposed for the RWS.

Interest (-\$3,213,000)

Interest Rate Changes

The economic data available to HBRC when compiling the LTP indicated that the Official Cash Rate (OCR) would increase to 4.5% by June 2015. This justified an interest rate of 5.75% on HBRC deposits to be used for the 2014-15 financial year.

Current economic data shows that the OCR remained at 2.5% and is only estimated to increase to 3.5% by June 2015. Therefore the interest rate for the 2014-15 year has been revised to the lower level of 5.1%.

At the commencement of the 2014-15 Annual Plan year HBRC will still have a high level of cash deposits on hand for investment (\$70 million) and will also have deposits representing special purpose reserves (\$18 million). The effect of the adjustment on interest rates results in approximately \$580,000 in reduced interest income.

Returns on Investment

For the 2014-15 year the LTP 2012-22, estimated returns on funds invested at:

- Ruataniwha Water Scheme (RWS) (\$638,000);
- Ngaruroro Water Scheme (NWS) (\$352,000);
- Whakatu Road/ Rail Hub (\$1,727,000);
- Forestry Investments (\$812,000).

The proposed Annual Plan 2014/14 shows the following adjustments:

- RWS – HBRC has resolved to not require a return on funds invested during the feasibility stage. This plan does show a payment from HBRC for RWS funding costs and this is by way of dividends.
- NWS – the implementation of this scheme has been deferred while feasibility studies are prepared.

- Whakatu Road/Rail Hub – this scheme has been discarded because its major backers, the Napier Port has decided not to go ahead and therefore HBRC will not be asked to contribute.
- HBRC has a number of forestry investments including forests at Central Hawke's Bay, Mahia, Waihapua and Tutira. The LTP assumed a return of 7.5% on HBRC's investment in these forests. As HBRC's cost to funds has decreased due to decreasing interest rates, the return on forests has been revised to 5%, a reduction of \$130,000 from the LTP.

Leasehold rentals (+\$266,000)

The LTP provided for the sell down of Napier leasehold properties in order to provide cash for other investments. This programme exceeded expectations and the LTP sell down estimate of \$15 million has increased to a sell down of \$27 million. Accordingly, the rental revenue from Napier leaseholds reflects the reduced number of remaining properties and is less than shown in the LTP.

Offsetting this is that the LTP proposed the sale of the Wellington leasehold properties. These funds have not been required and so the rental from these properties has continued.

Forestry income (-\$211,000)

Hill Country Afforestation - the proposal in the LTP to fund the establishment of forestry blocks on erodible hill country land assumed a carbon price of \$20 per tonne to justify a viable business. As the carbon price at the time of writing this Plan is around \$3 per tonne, HBRC resolved not to proceed with the forestry investment on hill country erodible land during 2014-15.

Subvention payments (+\$224,000)

The LTP assumed a number of targeted assistance grants would be paid during the 2012/13 financial year. There were a number of delays in finalising the projects that requested targeted assistance and most of these grants were paid out during the 2013-14 financial year. This will result in a substantial increase in the subvention payments during 2014-15.

Napier – Gisborne Railway Returns (+\$117,000)

As mentioned in the Chairman and Chief Executive comments, it has been proposed that HBRC invest in the Napier – Gisborne Railway. An initial investment of \$3.9million would be required from HBRC for the 2014-15 year with a return that is reflective of HBRC's funding costs.

Fair value gains on investments (Note 7, Part 3, Pg 25)

The LTP forecasts \$2.5 million of fair value gains on investment property. However, due to an increase in the sell down of leasehold land the value of the investment portfolio has decreased and therefore the fair value gains have reduced by \$715,000 in the 2014-15 Annual Plan.

Expenditure from activities (Note 1, Part 3, Pg 20)

There is a reduction of \$396,000 on expenditure in activities. These are mainly due to the following areas:

- The LTP allowed for HBRC to provide the Bovine TB Vector Control programmes on behalf of the Animal Health Board, however from 1 July 2013 the Animal Health Board will be directly undertaking these programmes. Expenditure allowed for in the LTP of \$620,000 for these programmes are no longer included in the Annual Plan.

- Regional income collection expenditure has reduced from the LTP level of \$3.4 million to \$2.0 million. This is due to a reduction of \$350,000 in the costs associated with Hill Country Afforestation which has been deferred. A \$770,000 reduction in the amount required to pay the Accident Compensation Corporation for the Napier leasehold cash flow sell down due to selling more properties before the deal took place. A reduction of \$300,000 for reduced rate collection costs and disaster insurance premiums.
- There were substantial unspent expenses of \$1,425,000 that were carried forward from 2013-14 to 2014-15 for projects yet to be completed. These costs have been added to the expenditure on activities.

Finance Costs (Note 1, Part 3, Pg 20)

Included in the LTP finance costs are not only the interest on borrowings, but also the payment/fees associated with the transfer of Napier leasehold cash flows to the Accident Compensation Corporation. Since the HBRC's programme of freeholding to lessees has exceeded expectations, the value of remaining cash flows to be sold on was substantially reduced and therefore the payments/fees have also substantially reduced.

Property, plant and equipment (Note 5, Part 3, Pg 24)

Expenditure on property, plant and equipment including intangible assets are proposed to be \$2,742,000 more in the Annual Plan than in the LTP. The major reason for this is that intangible assets include \$1,666,000 for the feasibility costs for the NWS project. In the LTP these costs had been incorporated in the advances to HBRIC Ltd but HBRC is proposing to treat these feasibility costs in the same way as the RWS and keep them as a HBRC project until such time that these are sold to HBRIC Ltd. Other intangible assets were increased by \$180,000 for systems integration projects for regulatory software.

Motor Vehicles and Plant have increased by \$219,000 due to \$140,000 excavator required by HBRC Works Group and timing on fleet replacements have changed

since the LTP. These have been offset by a \$100,000 increase in expected proceeds for disposals. There were also capital expenditure carry forwards from the 2013-14 year of \$621,000 for the Operations Group and Wairoa Office improvements and \$10,000 for science technical equipment.

Forestry assets (Part 3, Page 16)

Expenditure on forestry assets are proposed to be \$3.2 million less in the Annual Plan than in the LTP. This is because of the postponement of the Hill Country planting project which is no longer viable due to the low carbon credit price.

Solar and Clean Heat – net lending from reserves (Part 3, Page 16)

The LTP proposed to lend \$3.5 million in relation to solar and clean heat advances under the Healthy Homes initiatives. Due to the continual deferral of the solar scheme and the higher than forecast take up of clean heat grants rather than loans these advances are now proposed to be \$2.5 million in the Annual Plan.

Advances to HBRIC Ltd (Part 3, Page 16)

The LTP proposed to advance funds of \$33.2 million to HBRIC Ltd in the 2014-15, however the Annual Plan has reduced this by \$11.0 million to an advance of \$22.2 million. The reasons for this change are:

- *Investment in the RWS* – The LTP provided for a \$12.0 million advance to HBRIC Ltd for investment in the RWS. This has now been revised to \$22.2 million due to the timing of required funds being earlier than the LTP assumptions.
- *Investment in the NWS* – The LTP provided for a \$4.2 million advance to HBRIC Ltd for the NWS. This Plan now assumes that HBRIC will perform the feasibility process and \$1.7 million has been proposed for this in the Plan. Therefore the \$4.2 million will not be required by HBRIC Ltd in the 2014-15 year.

- *Investment in the Whakatu Road and Rail Hub* – The LTP had provided for a \$17.0 million advance to HBRIC Ltd for the Whakatu Road and Rail Hub. Funding is no longer required for this project in the 2014-15 year.

Advances to Napier – Gisborne Railway (Part 3, Page 16)

This is a new proposal and so not included in the LTP. A projected \$3.9 million has been allocated for this venture in the 2014-15 year.

Reserve and public debt funding (Part 3, Page 16)

The Annual Plan shows reserve funding of \$9.2 million less than that set out in the LTP. This refers, for the most part, to reduced advances to HBRIC Ltd, Forestry Assets and Solar Heat.

Public debt funding has increased from \$5.3 million in the LTP to \$8.2 million in the Annual Plan an increase of \$2.9 million. This is due to \$2.3 million carried forward from the 2013-14 year for loans that have yet to be drawn down, an increase in System Integration loans of \$0.2 million and an increase in Heat Smart loans of \$1.7 million offset by a \$1.3 million reduction in funding for Solar Heat.

Changes to prospective cash flows (Part 3, Page 19)

The Prospective Cash Flow Statements show that the overall net change in cash and cash equivalents has decreased from (\$33.9) million as estimated in the LTP, to (\$26.0) million in the Annual Plan. The result is a forecast year end (30 June 2015) cash and cash equivalents balance of \$52.8 million. This closing balance represents the cash on hand for operating and investment activities and is a combination of financial assets and cash and cash equivalents in the balance sheet.

Net cash flows from operating activities is forecast to be \$2.3 million less in the Annual Plan than forecast in the LTP mainly due to the carry forward of expenses for the Te Mata Park Visitor Centre and Wairoa Community Centre which are

offset by loan funding as well as lower income (refer to comments on the Prospective Comprehensive Income Statement).

Net cash outflows from investing activities are forecast to increase by \$7.2 million due to less capital expenditure on investments and HBRIC advances (refer to comments on Capital Expenditure).

Changes to significant forecasting assumptions

The following material changes have been made to the significant forecasting assumptions incorporated in the LTP:

Interest Rates

The interest rate on investment income in the LTP was assumed at 5.75%. In the 2014-15 Annual Plan the interest rate used for deposits is 5.1% which reflects the changing circumstances in the financial markets which has seen the Official Cash Rate (OCR) remain at lower levels than forecast in the LTP.

Cost Adjustors

The LTP provided for cost adjustors to reflect increases in costs, specifically in external expenditure of 6.5% cumulative for the 2013-14 and 2014-15 years. In the Annual Plan external expenditure has not been increased by the full amount to reflect the effects of inflation on these costs.

Investments

- The LTP assumed investment in forestry planting on erodible hill country. However, as the carbon market price has dropped to unworkable levels, HBRC has resolved that this initiative be deferred until there is improvement in the carbon price.
- The LTP set out continual investment in the NWS, however, HBRC has resolved that its resources needed to be devoted to the RWS and work on the NWS was deferred until the 2014-15 year

Insurance of infrastructure assets

- HBRC resolved in January 2013 to rescind the notice of intention to withdraw from the Local Authority Protection Programme (LAPP). Therefore LAPP will continue to cover 40% of the damage caused by natural disasters to infrastructure assets.
- HBRC holds funds in a Regional Disaster Reserve which had a balance of \$3.3m at 28 February 2014. The LTP assumed that this reserve would not be drawn on during the 10 year LTP period. However, HBRC resolved to contribute \$768,370 from this fund to assist in the remediation works required in the Makara Flood and Drainage scheme which will be completed before the end of the 2013-14 financial year.

Amendments to Long Term Plan (LTP) 2012-22

There is one amendment proposed to the LTP 2012-22.

Revenue and financing policies

Section 102 of the Local Government Act 2002 (funding and financial policies) states that all policies in that section and included in a Council’s LTP can only be changed as an amendment to any LTP. The Hawke’s Bay Regional Council proposes an amendment to our previously adopted Revenue and Financing policy of the LTP 2012-22.

As adopted in the LTP 2012-22

		Allocation of Expenditure		Funding Tools	
		Public	Private	Public	Private
Other Schemes	Opoho	-	-	-	-

As proposed in the Annual Plan 2014-15

		Allocation of Expenditure		Funding Tools	
		Public	Private	Public	Private
Other Schemes	Opoho	10%	90%	Investment Income	Differential Rate

Explanation of changes

The Revenue and Financing Policy is proposed to be amended in respect of the funding mechanisms for a new Opoho flood and drainage scheme under the “Other Schemes” sub activity within the Land Drainage and River Control activity group.

The new Opoho scheme is proposed to have a targeted rate for 2014-15 of \$18,328 which funds 90% of the expenses in this scheme. The other 10% is proposed to be funded through investment income.

Historically the three rate payers that make up this scheme were billed directly for any flood and drainage work that was completed by HBRC. To provide these rate payers with more certainty around the amount that would be charged it is proposed to introduce a new flood and drainage scheme with a targeted rate attached in the 2014-15 Annual Plan.

Funding Tools

The funding tools have changed from 100% private funding through fees/charges to 90% private funding through a targeted rate and 10% public funding through investment income representing the portion of public good gained from the work.

Audit Requirement

Section 103 of the Local Government Act 2002 (revenue and financing policy) states that if a local authority amends its revenue and financing policy thereafter only significant amendments are required to be audited. Given the small number of rate payers and the relatively small amount involved audit is not required.

Non financial changes from the LTP

This section highlights the significant issues identified in the Long-Term Plan 2012-22. **There are no proposed additions to the list of issues in the 2014-15 Annual Plan.** These issues are derived from the Strategic Plan (2011). HBRC is focusing on and developing these key strategic approaches in order to achieve the strategic goals of Resilient Ecosystems, Resilient Economy and Resilient Communities.

Strategic Goals

Strategic goal	Resilient Ecosystems			Resilient Economy		Resilient Communities
Focus Areas	Land	Water Quality	Water Allocation	Water security	Natural Hazards and infrastructure	People and Communities
Strategic Outcome	Viable and resilient farming systems are being achieved through sustainable land use	There is proactive integrated management of land and water.	Water supply and ecosystem needs are optimised for sustainable growth.	Water supply and demand for sustainable growth are optimised.	People and businesses feel safe and are willing to invest in Hawke’s Bay.	Comprehensive, relevant and quality services continue to be delivered by HBRC to enable a connected and healthy community.
Strategic Implementation	<ul style="list-style-type: none"> - Hill Country Afforestation Proposal - Improving the Focus of the Regional Landcare Scheme - Biodiversity Strategy - Papanui Catchment Pilot Study - Water User Groups 			<ul style="list-style-type: none"> - Ruataniwha Water Storage - Ngaruroro Water Storage - Heretaunga Plains Flood Control Scheme: Level of Service - Regional Economic Development Strategy - Port of Napier Investment 		<ul style="list-style-type: none"> - Heat Smart Programme - Public Transport - GMO-Free Hawke’s Bay - Civil Defence & Emergency Management: Funding and Targeted Rates - Webcasting of Council and Committee Meetings - Solar Hot Water Scheme - Hydraulic Fracturing

Enabling the Strategic Goals

Enablers	Statutory Planning	Investment	Strategic Alliances	Fit for Purpose Organisation
Strategic Outcomes	Policies and plans are ahead of trends	Investment is enabling the regional economy to prosper sustainably.	Mutual relationships over the long term help achieve the sustainable development of Hawke’s Bay	HBRC is a responsive organisation that meets changing needs.
Strategic Implementation	<ul style="list-style-type: none"> - Catchment Based Plan Changes - Regional Natural Hazards Plan 	<ul style="list-style-type: none"> - Investment Strategy - Realisation of value from HBRC Investments in leasehold properties in Napier and Wellington 	<ul style="list-style-type: none"> - Strategic Alliances - Research Alliances - Transfer of Tutira Properties - Regional Community Facilities Projects: Grants 	<ul style="list-style-type: none"> - Organisational Efficiency - Shared services



Fenton Wilson, Wairoa - Chairman

Fenton has represented the Wairoa constituency since 2009. He is Chairman of the Wairoa Community Development Trust and also serves on the Smedley Station Advisory Board.

**141 Maromauku Road, Wairoa 4196 | 06 835 9200
027 4984 483 | chairman@hbrc.govt.nz**



Christine Scott, Napier - Deputy Chairman

Christine has represented the Napier constituency since 2001. Christine has served on a number of community trusts and chaired the Waiapu Diocesan Finance advisory group. She is currently a director of Anglican Care (Waiapu) Ltd.

**43 Napier Terrace, Napier 4110 | 06 835 6950
0274 469 367 | chscott@inspire.net.nz**



Alan Dick, QSO, Napier

Alan represents the Napier constituency, having been elected to Council in 2004. Alan has a Business Degree (MBA) and is a Fellow of the New Zealand Institute of Management.

**3 Newbury Place, Taradale 4112 | 06 844 4645
027 224 0012 | alizdick@xtra.co.nz**



Peter Beaven, Ngaruroro

Peter Beaven is a newly elected Councillor who, for the past twenty years, has worked in various roles in horticulture. Peter graduated from Victoria University with LLB(Hons), is on the Board of Pipfruit NZ and current Chairman of the World Apple and Pears Association.

**35A McHardy Street, Havelock North 4130
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Dave Pipe, Napier

Dave is a newly elected Councillor with a background in community involvement, having served five terms on Napier City Council. Dave was also on the HB Environmental Awards Committee for ten years, five as its Chair. He is a former trustee of Pukemokimoki Marae Trust and is founding Chair of Napier Community House Trust, the Manager/Coordinator for St Mary's Parish Taradale, and a qualified Independent Civil Celebrant.

**25 Vigor Brown Street, Napier 4110 | 06 835 3380
027 247 9979 | davepipe2012@gmail.com**



Debbie Hewitt, Central Hawke's Bay

Waipukurau based, Debbie is a newly elected representative. Debbie has a Masters degree in Agribusiness Management and previous governance roles include three terms as grower-elected director of Horticulture New Zealand; chair of the Horticulture Industry Vision 10/2020 Taskforce; chair of the Ruataniwha Water Storage Stakeholder group; and director of Infracon Ltd.

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027 405 2882 | debbiehewitt@xtra.co.nz**



Rex Graham, Hastings

Rex is a newly elected Councillor, a Company Director involved in horticulture management and investments in New Zealand and China. Rex is chairman of the U-Turn Charitable Trust, Deputy Chair of the HB Regional Sports Park Trust, a Trustee of Te Aranga Marae and a Director of Te Aranga Ltd.

**232 St Georges Road North, Hastings 4172 | 06 877 4122
021 424 972 | rex@freshnz.co.nz**



Rick Barker, Hastings

Rick was elected in October 2013. He was previously a Member of Parliament for 18 years and is currently acting on behalf of the Minister for Treaty of Waitangi Negotiations as a Chief Crown Negotiator for two settlements in Taranaki. Rick completed a Masters Degree in Public Policy in 2012.

**409 Burnett Street, Hastings 4156 | 06 878 0010
027 444 2555 | rickbarker@gmail.com**



Tom Belford, Hastings

Tom is a newly elected representative. His professional expertise is in marketing and communications and he is editor and publisher of BayBuzz magazine. Tom is a co-founder of Transparent Hawke's Bay and A Better Hawke's Bay. He has served on various groups advising our local councils on water and economic development matters. He holds a master's degree in political philosophy from Georgetown University.

**40 Raratu Road, Havelock North 4295 | 06 874 7937
027 3070 315 | tom@baybuzz.co.nz**