



MINUTES OF A MEETING OF THE STRATEGIC PLANNING AND FINANCE COMMITTEE

Date: Wednesday 21 July 2010

Time: 9.00am

Venue: Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
Napier

Present: A J Dick - Chairman
T Gilbertson
N Kirton
E McGregor
L Remmerswaal
K Rose
C Scott
E von Dadelszen
F Wilson

In Attendance: A Newman – Chief Executive
H Codlin – Group Manager Strategic Development
M Adye – Group Manager Asset Management
M Mohi – Chairman – Maori Committee
C Gilbertson – Governance and Public Transport Manager

1. WELCOME/APOLOGIES/NOTICES

The Chairman welcomed everyone to the meeting and noted that some items would be discussed out of the order shown on today's agenda.

Resolution:

Agree that items will be discussed out of agenda order.

**von Dadelszen/Rose
CARRIED**

2. CONFLICT OF INTEREST DECLARATIONS

There were no conflicts of interest declared.

COMMITTEE HELD ON 16 JUNE 2010

Resolution:

Minutes of the Strategic Planning and Finance Committee held on Wednesday, 16 June 2010, a copy having been circulated prior to the meeting, were taken as read and confirmed.

**Scott/Gilbertson
CARRIED**

4. MATTERS ARISING FROM MINUTES OF THE STRATEGIC PLANNING AND FINANCE COMMITTEE HELD ON WEDNESDAY 16 JUNE 2010

There were no matters arising from the minutes.

5. ACTION ITEMS FROM STRATEGIC PLANNING AND FINANCE MEETINGS

Resolution:

That the receives the Action Items report.

**Scott/von Dadelszen
CARRIED**

7. PUBLIC TRANSPORT UPDATE

Mrs Gilbertson provided Councillors with an update on passenger transport issues since the previous update in March 2010.

Mrs Gilbertson highlighted the fact that the Ministry of Transport (MOT) had changed the SuperGold Card reimbursement rate for the 2010/11 year from 75% to 65% of the average adult fare and also advised that the MOT no longer were going to contribute to any administration incurred for 2010/11 year. Councillors were concerned about this change and said this was another example of Central Government costs being loaded onto local authorities. It was agreed that the Chief Executive would raise this issue at the next Regional Affairs Committee (RAC) committee meeting at the end of July.

The Chief Executive advised that he would raise this issue as it would be affecting all local authorities especially the smaller regions. He noted that Greater Wellington would probably be taking a lead on this as they usually do for this sort of change.

It was requested that a further report be brought back to the September Strategic Planning and Finance meeting giving a marginal cost analysis of the impact of the change to the SuperGold Card scheme on fare revenue and also an overall revenue trend for the previous year to 30 June 2010.

Councillors said they were pleased with the results and the changes made in the infrastructure area and commended Mrs Gilbertson and Mrs Welsby for the work they had

done over the year on these issues.

Resolution:

That the Strategic Planning and Finance Committee :

1. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted policy on significance and that Council can exercise its discretion under Sections 79(1)(a) and 82(3) of the Local Government Act 2002 and make decisions on this issue without conferring directly with the community and persons likely to be affected by or to have an interest in the decision due to the nature and significance of the issue to be considered and decided.'
2. Recommends to Council that the Commuter Express Trial Service be made a permanent service and a variation of contract be issued to Go Bus Transport Limited to include the services as part of the current contract, noting that the 2010/11 Annual Plan budgets provide funding for this service to continue.
3. Receives the report "Update on Passenger Transport Issues".
4. A further report be submitted to September Strategic Planning & Finance meeting analysing patronage and financial trends and considering the margin cost of SuperGold services.

**Rose/Kirton
CARRIED**

8. FUTURE SCENARIOS PROGRESS REPORT

Mr Newman and Mr Stafford presented a progress report on the development on future scenarios for Hawke's Bay which was being developed under the strap line of Embracing Bay Futures – an initiative under Council's Embracing Future's thinking brand.

Councillors said they were pleased they would be able to give feedback on the scenarios. They also said that the scenarios should not be seen as the only tool for Council to use.

Resolution:

1. That the Committee receives the progress report on the development of Futures Scenarios for Hawke's Bay.

That the Committee recommends Council:

2. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted policy on significance and that Council can exercise its discretion under Sections 79(1)(a) and 82(3) of the Local Government Act 2002 and make decisions on this issue without conferring directly with the community and persons likely to be affected by or to have an interest in the decision due to the nature and significance of the issue to be considered and decided.
3. Endorses the launch of the scenarios at the Embracing Futures Thinking breakfast on Wednesday 22 September 2010.

**von Dadelszen/Scott
CARRIED**

9. PUBLIC CONSULTATION SURVEY RESULTS

Mr Drew Broadley provided a summary of results to the Committee from a public consultation survey undertaken in May 2010. Mr Broadley said that participants were targeted at the Napier Home & Garden Show in September 2009 and then again in May of 2010 at the Pettigrew Arena Home & Living Show which was used as a follow up to the original survey. He said it was pleasing to see an upward trend in awareness from the results from each of the shows. He said this was a snapshot of time and is limited to that. It

was acknowledged it was a useful tool to use in between Council's full surveys.

Mr Broadley noted that a full community survey was to be done in 2011.

Resolution:

That the Strategic Planning and Finance Committee :

1. Council is required to make a decision in accordance with Part 6 Sub-Part 1, of the Local Government Act 2002 (the Act). Staff have assessed the requirements contained within this section of the Act in relation to this item and have concluded that, as this report is for information only and no decision is to be made, the decision making provisions of the Local Government Act 2002 do not apply.
2. That the Committee receive this report.

**Scott/McGregor
CARRIED**

10. WEBSITE REFRESH UPDATE

Mr Broadley provided the Committee with an update on planning involved to refresh Council's corporate website.

Resolution:

That the Strategic Planning and Finance Committee :

1. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted policy on significance and that Council can exercise its discretion under Sections 79(1)(a) and 82(3) of the Local Government Act 2002 and make decisions on this issue without conferring directly with the community and persons likely to be affected by or to have an interest in the decision due to the nature and significance of the issue to be considered and decided.
2. Receives the update.

**Rose/von Dadelszen
CARRIED**

11. BUSINESS INNOVATION AWARD

Mr Broadley gave the Committee an update on the status of the 2010 Business Innovation Awards and advised that for this year a new category was being introduced by the Regional Council and Chamber of Commerce. Mr Broadley said that the new category was being introduced as a trial with the Chamber of Commerce and will be well patronized this year and does not duplicate any other award category.

Mr Broadley said that the Environmental Awards would be brought back to those that were best served by those awards, this included community groups and business categories being removed from the Environmental Awards.

Councillors again said they were disappointed they hadn't had input into the Environmental Awards or this innovation award and the loss of the farming sector section was a concern.

Resolution:

That the Strategic Planning and Finance Committee :

1. Council is required to make a decision in accordance with Part 6 Sub-Part 1, of the Local Government Act 2002 (the Act). Staff have assessed the requirements contained within this section of the Act in relation to this item and have concluded that, as this report is for information only and no decision is to be made, the decision making provisions of the Local Government Act 2002 do not apply.

2. Receive the report.

**von Dadelszen/McGregor
CARRIED**

The meeting adjourned at 10.40 and reconvened at 10.55am.

**6. VENTURE HAWKE'S BAY (VHB):
- FINANCIAL POSITION REFORECAST TO 30 JUNE 2010
- PROPOSED BUDGET FOR THE 2010/11 FINANCIAL YEAR**

Councillor Neil Kirton, Chairman of VHB introduced each of the VHB Board members to the Committee: Mr Mick Lester, (board member since April 2010 and represented of Hastings District Council), Mr John Cocking, Napier City Council representative, Mr Peter Holley and Ms Claire Vogtherr, representatives from the community.

Each of the Board members introduced themselves and gave their perspective on the make-up and functions of the VHB Board.

Mr John Cocking made the observation that he was not sure that a "Board" is what is really needed. He suggested the advisory board could consist of practitioners, not an economic development expert. He suggested a group consisting of the Chairman of VHB, Chamber of Commerce, Wine Country, business people from Napier City Council, Hastings District Council economic development staff and that group have more of an advocacy role than they now have.

Mr Mick Lester also said he doubted the correctness of having himself and Mr Cocking on the Board but noted that this was his feeling and had not come from Hastings District Council. He said the Board needs expert advice in things that VHB are trying to achieve for the Hawke's Bay.

Mr Peter Holley then gave his observations suggesting two options – one being a business unit that reports through to Council and secondly a private sector type model with fiduciary duties. He said VHB does not have enough funding allocated and needs more resources and additional funding. Mr Holley also said that there needs to be long term strategic solution and also noted that Wine Country Tourism is now working with VHB and other organizations need to win the confidence with VHB moving forward.

Ms Claire Vogtherr also gave her observations and re-iterated that she did not think there was enough money for VHB to do the work they need to. She said that they needed a more business focussed board.

Mr Kirton then summed up with his observations, he noted that the Board does not sign for the accounts; that was a management function. He said that the reports coming through to the Board were of a similar nature to those that go to Council. He noted that in his opinion the Board was asking the right questions around finances.

Mr Newman said that he had raised concerns about revenue that was expected, earlier in the year and was assured that the revenue was confirmed but there was a delay in receiving it. He said that going forward he has worked with the Board and there is a need to know what is coming in as revenue, and what the contractual nature of the revenue is, who the clients are and what the certainty is around this. He noted that the management function for VHB will be run from the Council in future. Mr Newman also noted that NZTE funding has been a cumbersome process for VHB and this has exacerbated the financial problems.

Chairman Dick said that an operational level, VHB needs strong relationships and partnerships with organisations in Hawke's Bay and needs to be integrated at a partnership level. It was noted that every province in New Zealand has an Regional Tourism Organisation (RTO) and this is needed – Hawke's Bay needs this as much as any another region and a model going forward needs to be agreed on.

Mr Kirton also noted that the Council's contribution through rates is only part of VHB funding

that the sector puts funding into this also. it was noted that positive steps had been made going forward and it will now be up to management to ensure people are engaged more confidently.

Chairman Dick thanked the Board for fronting up to the Committee and being prepared to be accountable.

The meeting adjourned at 12.30pm and reconvened at 1.10pm

13. TREATY SETTLEMENTS - CROWN VERBAL UPDATE (1:00PM) PUBLIC EXCLUDED

<u>GENERAL SUBJECT OF THE ITEM TO BE CONSIDERED</u>	<u>REASON FOR PASSING THIS RESOLUTION</u>	<u>GROUND UNDER SECTION 48(1) FOR THE PASSING OF THE RESOLUTION</u>
Treaty Settlements – Crown Verbal Update	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.

**Scott/von Dadelszen
CARRIED**

The meeting went into public excluded session at 1.10pm and out of public excluded session at 2.15pm

6. VENTURE HAWKE'S BAY (VHB) ... CONTINUED: - FINANCIAL POSITION REFORECAST TO 30 JUNE 2010 - PROPOSED BUDGET FOR THE 2010/11 FINANCIAL YEAR

The Committee recommenced considering and discussing this item.

There was discussion around the financial situation of VHB and Mr Newman advised that the VHB budget had been managed separately and kept on a separate ledger in the past. This needed to be changed and managed within HBRC and therefore the bank account has been brought in-house.

Councillor Kirton also advised that VHB needed to consider their final budget and KPI's and bring them back to Council.

Resolution:

That the Strategic Planning and Finance Committee :

1. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted policy on significance and that Council can exercise its discretion under Sections 79(1)(a) and 82(3) of the Local Government Act 2002 and make decisions on this issue without conferring directly with the community and persons likely to be affected by or to have an interest in the decision due to the nature and significance of the issue to be considered and decided.

**Dick/Kirton
CARRIED**

2. ***Reverse the Council resolution made in December 2009 transferring from Council's 2009/10 operations \$590,000 to the Sale of Land Account balances to maintain these balances in real terms for movements in the 2008/09 year.***

**Dick/Kirton
LOST 7/3**

2. ***That the remaining deficit of \$250,000 covering 2009/10 for VHB be funded by:
2.1. 50% funded by Council's cash operating balances; and
2.2. A loan of \$125,000 from the Council to VHB, such a loan to be repayable over a five year period at market interest;***

**McGregor/Mohi
LOST**

2. That the remaining deficit of \$250,000 covering 2009/10 for VHB be funded by a loan of \$250,000 from the Council to VHB, such a loan to be repayable over a five year period at market interest.

**Gilbertson/von Dadelszen
CARRIED 9/1**

3. Receive the proposed budget for 2010/11 for VHB noting that it is a balanced budget and noting that a further report will be brought back in September dealing with wider issues and matters of governance.

**Dick/von Dadelszen
CARRIED**

12. GENERAL BUSINESS

Media Article

Councillor von Dadelszen queried whether a response should have been written in relation to a recent letter to the editor published in Hawke's Bay Today. Mr Newman said that he had asked Councillors for feedback on a reply to the recent article, he had done this because he wanted a collective response that the Councillors were happy with. It was also noted that there was an error in the article - Michael Paku's name was quoted instead of Mike Mohi's.

Code of Conduct

Councillor Scott said she deemed that a recent article in the newspaper had been a serious breach of the Code of Conduct; an in-committee report had been leaked to the media. The article was targeted at the members of the Hearings Committee, the members have since discussed this and all advise that they had not provided this to the media.

The Chairman said that he was disappointed at the tone and level of email communication between Councillors on this issue and there was, in his opinion, a breach of Councillor's Code of Conduct and he asked Councillors to look seriously at their communication.

Closure:

There being no further business the Chairman declared the meeting closed at 3.30pm on Wednesday, 21 July 2010.

Signed as a true and correct record.

DATE:

CHAIRMAN: