



Meeting of the Strategic Planning and Finance Committee

Date: Wednesday 15 September 2010
Time: 9.00am
Venue: Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
NAPIER

Agenda

ITEM	SUBJECT	PAGE
1.	Welcome/Notices/Apologies	
2.	Conflict of Interest Declarations	
3.	Confirmation of Minutes of the Strategic Planning and Finance Committee held on 21 July 2010	
4.	Matters Arising from Minutes of the Strategic Planning and Finance Committee held on 21 July 2010	
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6.	Consideration of General Business Items	
Decision Items		
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Information or Performance Monitoring		
10.	Proposal to new Council for the Committee structure for next triennial term	35
11.	Proposed Hawke's Bay Regional Land and Water Symposium	41
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13.	Confirmation of Public Excluded Minutes of Meeting held on 21 July 2010	45
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**HAWKE'S BAY REGIONAL COUNCIL
STRATEGIC PLANNING AND FINANCE COMMITTEE**

Wednesday 15 September 2010

**SUBJECT: ACTION ITEMS FROM STRATEGIC PLANNING AND FINANCE
MEETINGS**

INTRODUCTION:

1. On the list **attached** as **Appendix 1** are items raised at Council meetings that require actions or follow-ups. All action items indicate who is responsible for each action, when it is expected to be completed and a brief status comment for each action. Once the items have been completed and reported to Council they will be removed from the list.

DECISION MAKING PROCESS:

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 required in terms of the Local Government Act's provisions, the decision making procedures set out in the Act do not apply.

RECOMMENDATIONS:

That the receives the report "Action Items from Council Meetings".



**Andrew Newman
CHIEF EXECUTIVE**

Attachment/s

- 1 Action Items

Actions from Strategic Planning and Finance Committee Meetings

	Agenda Item	Action	Person Responsible	Due Date	Status Comment
1.	Action items from Council Meeting	Provide Committee with an update on refreshing Council's website	EL/DB	July 10	Update on this agenda, with final costings to be presented in October.
2.	Business innovation awards	What criteria is used to choose the judges?	DB	Sept 10	This information will be supplied to Councillors via email.

HAWKE'S BAY REGIONAL COUNCIL
STRATEGIC PLANNING AND FINANCE COMMITTEE

Wednesday 15 September 2010

SUBJECT: RISK MANAGEMENT

REASON FOR REPORT:

1. This agenda item updates Council on the top ten risks facing Council and seeks agreement to the risk mitigation approach proposed for each of these risks.

Background

2. At its meeting on 22 September 2010 the Strategic Planning and Finance Committee approved the risk management approach to the top 10 Council risks set out in documents attached to the briefing paper. This approach includes the need to report to Council 6 monthly on the top 10 risks with the potential to impact Council. The last report was considered by Council on 24 March 2010, through the Strategic Planning and Finance Committee.
3. Staff have reviewed the risks considered by the Committee in March 2010. Staff believe that the risk issues are still current, however in most cases the level of risk associated with each of these issues has changed to some degree. This is reflected in the documents attached to this briefing paper.
4. **Attached** are the following documents:
 - 4.1. An assessment of the top 10 risks facing Council in accordance with Council's risk policy framework, including the change since April 2010.
 - 4.2. A summary page outlining the current and future position of each risk issue; the current situation and risk associated with each of the risk issues; and the proposed risk mitigation approach.
5. The proposed risk mitigation approaches will be undertaken as part of planned work programmes for Council staff and do not require additional resource or financial input.
6. It should be noted that the risk mitigation programme associated with a number of these risks are now in place and accordingly the current level of risk is being managed.
7. Staff will continue to monitor current and emerging risk and regularly report to Council in accordance with the risk management policy framework.

DECISION MAKING PROCESS:

8. 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 the following:
 - 8.1. Sections 97 and 98 of the Act do not apply as these relate to decisions that significantly alter the service provision or affect a strategic asset.
 - 8.2. Sections 83 and 84 covering special consultative procedure do not apply.
 - 8.3. The decision does not fall within the definition of the Council's policy on significance.
 - 8.4. Section 80 of the Act covering decisions that are inconsistent with an existing policy or plan does not apply.
 - 8.5. Council can exercise its discretion under Section 79(1)(a) and 82(3) of the Act and make a decision on this issue without conferring directly with the community or others having given due consideration to the nature and significance of the issue to be considered and decided, and also the persons likely to be effected by or have an interest in the decisions to be made.

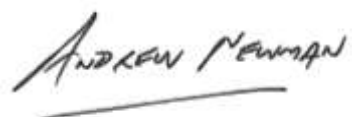
RECOMMENDATIONS:

The Strategic Planning and Finance Committee recommend that Council:

1. Note the top ten risks currently facing Council; the current and planned future position of the risk issue; the current situation and risk; the proposed mitigation approach; and the impact that mitigation approach will have on the level of risk.
2. Approve the proposed risk mitigation approach to each of the ten risk issues as set out in the attachments to this briefing paper.



Mike Adye
GROUP MANAGER ASSET
MANAGEMENT



Andrew Newman
CHIEF EXECUTIVE

Attachment/s

- 1 Top 10 Risks
- 2 Risk Register

Risk Issue 1

Investment portfolio

Current and planned future position

	Immediate	Mid term	Long term
React			
Mitigate		Investment portfolio	
Opportunity			By 2015

Current situation and risk

- Council reliant on income from investments to meet operational costs
- Some restriction on expenditure of income through Hawke’s Bay Endowment Land Act.
- Investment balance sheet seen as “lazy”.
- Investments continually challenged by TLA’s and potentially at risk

Risk mitigation approach

- The policy on the evaluation of investment opportunities has been completed and implementation of recommendations being actioned.
- Proposal has been put forward to place investments into a holding company, the establishment of which is subject to a special consultative process to be carried out in 2011.
- A number of Investment opportunities have been approved that align to Council goals and for the benefit of the regional economy.

Change since April 2010

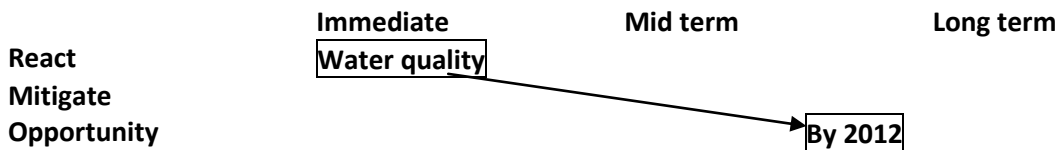
- Provision of costs of the proposed Holding Company have been included in the draft Annual Plan 2010/11.
- Council considered the governance options, risks and benefits of establishment at meetings in March 2010 through to June 2010.
- Establishment of a number of investment opportunities progressed.
- There is increasing pressure on the investment portfolio for development of infrastructure within Hawke’s Bay.

Assessment –risk to Council has the potential to increase as a result of increasing pressure on the portfolio.

Risk Issue 2

Water Quality

Current and planned future position



Current situation and risk

- Water quality declining in a number of waterways; especially noticeable during periods of low flow.
- Little recognition by water users of value of water
- Climate change and land use intensification will increase pressure on water resource and water quality.
- Collaboration with CHBDC and Wairoa DC to improve Mahia Beach, Waipawa and Waipukurau sewage treatment
- Public perception from some sectors that new irrigation dams will result in poorer water quality due to change to more intensive land use
- Urban runoff adversely impacting on water quality, particularly on Heretaunga Plains.
- Mohaka/Taharua land use/water quality project underway
- Assessment of water quality trends in Hawke's Bay being provided at a national level by NIWA with little or no input from this Council.
- Riparian fencing and planting being encouraged through Council's Regional Landcare Scheme and Fonterra's Clean Streams Accord.

Risk mitigation approach

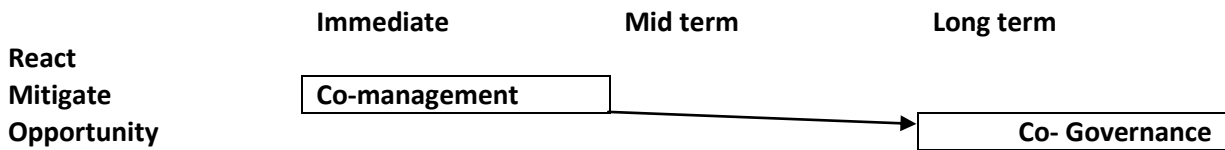
- Development of a regional water strategy
- Adaptive management approach to be taken in sensitive catchments and water short areas involving water users, their industry groups, environmental lobby, Iwi, Council
- Science input appropriately targeted to sensitive catchments and risk areas and possible development of new policy
- Continue to collaborate with CHBDC and Wairoa DC and celebrate achievements
- More holistic approach to Council involvement with primary sector being taken by Council with objective of reducing impact of sector on water quality.
- Establishment of web portal through which regional councils can communicate water quality trends.

Change since April 2010

- Dam feasibility studies for CHB dams continued. These studies include management of intensification of land use such that the risk to water quality is addressed.
- Development of a water strategy ongoing.
- Work continues in Taharua catchment to reduce farming impact on water quality.
- Waste water projects for CHB and Mahia Beach progressed.

- Web portal establishment progressed.
- Land and water symposium being proposed.

Assessment – no change in risk to Council since last assessment. Is receiving ongoing attention.

Risk Issue 3**Co- Governance of Natural Resources****Current and planned future position***Current situation and risk*

- Management of natural resources is key area for cultural redress for Treaty Claimant groups in Hawke's Bay
- It is a strategic goal of Council to improve relationships with tangata whenua and local Maori.
- Treaty settlements have potential to make Iwi significant players in Hawke's Bay economy in the future.
- Cabinet has endorsed a Joint Regional Planning Committee as its preferred co-governance model for Hawke's Bay (July 2010) to be discussed with the Treaty claimant groups.
- As claimant groups are at various stages of the Treaty negotiation process with the Crown, transitional arrangements for Committee membership may need to be considered for the next triennium.
- Risk of non-implementation of joint committee is low but it success or otherwise will potentially have a high impact on long-term relationships between local government and tangata whenua in Hawke's Bay.

Risk mitigation approach

Improve relationship with tangata whenua and local Maori through range of involvement:

- Co governance – joint Committee of Council
 - Involving each Treaty claimant Grouping
 - Focussed on Regional Policy Statement, Regional Plan development
- Regular meetings Treaty Claim Groups
 - Agreement on Annual programmes of work
 - Operational programmes and issues
 - Understanding of values important to tangata whenua.
- Capability and Capacity
 - Hapu, rohe specific
 - Understanding role of RC
 - Water quality and other monitoring and reporting
 - other resource monitoring
 - Involvement in specific projects
- Immediate initiatives
 - Discussions with Crown and treaty claimant groups on details of a Joint Regional Planning Committee
 - Recommendations to incoming Council on Committee structure to include Joint Regional Planning Committee
 - Financial support for Community Development Unit
 - Support for hapu management plans
 - Proactive encouragement of hapu involvement in water quality monitoring and data recording through Council website.

- Specific support to Ngati Pahauwera
 - i. Rawhiti Station Farm management plan
 - ii. Gravel co-management MOU

Change since April 2010

- Direction given by Crown as to its preferred model for co-governance, enabling discussions to occur with and between Treaty claimant groups, leading towards a working model for the next triennium

Assessment – further significant reduction in risk.

Risk Issue 4

Climate change

Current and planned future position

	Immediate	Mid term	Long term
React		Climate Change	
Mitigate			Climate change
Opportunity			

Current situation and risk

- Climate change generally accepted as having a future impact on Hawke's Bay
- Predicted impacts;
 - Sea level rise by 0.8m by 2100
 - Reduced rainfall
 - Increased intensity of storms
 - Average temperature rising.
- Hazard lines associated with coastal erosion established and incorporated into regional plans.
- Response factored into specific work programmes for asset management (Council infrastructure assets), land management (resilience of region's primary productive sector), community (healthy homes), and water (water strategy and water harvesting); and into other Council programmes.
- Council assessing and managing its corporate carbon footprint.

Risk mitigation approach

- Continue to take a leadership role on the issue and to factor the potential impact of climate change into work programmes, to position the community to adapt to the changing climate and benefit from opportunities arising from its impacts.
- Undertake an energy audit on Council buildings and pump stations and implement an action plan to reduce energy use.
- Awaiting receipt of sea level rise National Environmental standard to define planning levels.
- Clarity on HBRC role in issue to be developed

Change since April 2010

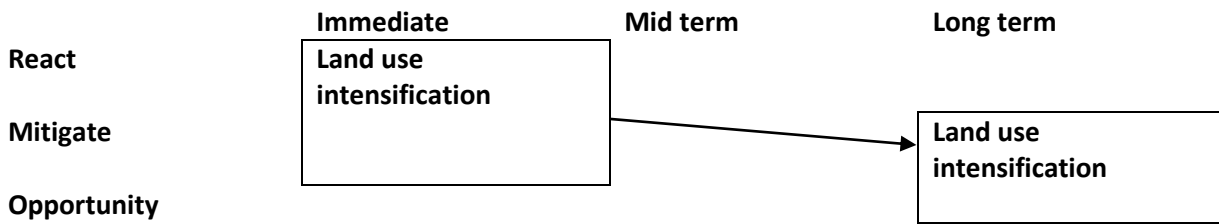
- Energy audit on Council buildings completed and recommendations implemented.
- Assessment of carbon sequestration potential through plantings on Council owned land progressed

Assessment – no change in risk to Council

Risk Issue 5

Land use intensification

Current and planned future position



Current situation and risk

- Media comment questions Council's effectiveness in managing land use because of impacts of land use on water quality in parts of region
- Land use intensification is resulting in reduced water quality in region's rivers. This is shown through Council's SOE monitoring and reporting programme.
- Current RRMP focussed on point source discharges and some members of the public believe Council should regulate land use to deal with non point source discharges.
- Council land management staff able to influence land use practices through relationship and RLS subsidy.
- Council agree to a combined regulatory and collaborative approach using an adaptive management philosophy is most effective in achieving best practice approach by land owners.
- Council implementing science programme designed to understand actual risk and trends associated with land use intensification.

Risk mitigation approach

- Continue to work with primary sector industry groups and groups of farmers to encourage the use of best practice. Council recognises that it must be the champion of the challenge to accommodate land use intensification while protecting water quality.
- Council to identify sensitive catchments and work with communities associated with those catchments to achieve an adaptive management approach.
- Regulation to be developed associated with adaptive management approach, with standards agreed with community.
- Science input appropriately targeted to sensitive catchments and risk areas
- Planning commenced to use Ruataniwha water storage project to raise profile of intensification issues

Change since April 2010

- Dairy liaison group continue to meet.
- Review of land management objectives and measures progressing
- Work with Taharua and Huatokitoki communities progressing
- Research on irrigation efficiency funded by RLS progressing.
- Development of land strategy being considered.
- Land and water symposium being proposed

Assessment – no change in risk to Council, however remains a focus area of work.

Risk Issue 6

Local government reform

Current and planned future position

	Immediate	Mid term	Long term
React			
Mitigate			
Opportunity		LG Reform	LG reform

Current situation and approach

- Regional councils widely criticised for failing in role as managers of NZ's resources.
- Formation of Auckland "supercity" being progressed
- Local government amalgamation being proposed for local government in Hawke's Bay.
- Low level of public understanding of Regional council role.
- Regional councils as a group weak on coordination or collaboration.

Risk mitigation approach

- Focus on effectively undertaking regional council role.
- Greater collaboration and coordination between regional councils being considered (promoted).
- Points of difference between Regional and territorial authorities being highlighted to national and local politicians and the public.
- Council to lead a well planned and effective effort to achieve collaboration between local authorities in specific areas.
- Gather information on the effectiveness of unitary authority organisations in implementing regional council role.

Change since April 2010

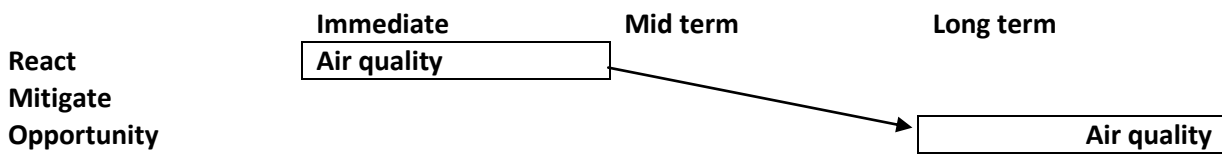
- Chair and Chief Executive have been active in working with Central Government agencies and politicians to communicate the regional council value proposition in resource management, including environmental, cultural, economic and social aspects.
- HBRC continue to develop very good profile – Senior Government CEs, MAF, MfE, DoC etc. There is now a much greater awareness of the value of regional councils by central government
- Substantial improvement across regional council sector in collaboration and coordination.
- Focus on shared services between Council's. Now appears to be little ongoing debate re amalgamation.
- Feedback from Auckland is indicating that amalgamation is a difficult and expensive process, with positive outcomes yet to be proven

Assessment – further significant reduction to risk in Council

Risk Issue 7

Air quality

Current and planned future position



Current situation and risk

- NES for air quality to be complied with.
- Review of NES Standards has lead to proposed amendments to compliance date from 212 to 2018.
- Healthy homes Programme implemented to maximise opportunities for improvement of housing stock utilising government grants, with position established within Council.
- Decisions issued on Regional Plan change for air quality to meet Council obligation associated with NES

Risk mitigation approach

- Continue monitoring air standards, especially PM10, within the region to determine trends towards compliance.
- Continue to proactively implement healthy homes initiatives, including funding assistance.

Change since April 2010

- Announcement of findings of Review of NES for Air Quality, aligns with phase out dates in Regional Plan change.
- Council success in proactively implementing healthy homes initiative being reflected by increased demand for Council resource and advice.
- Council decision on change to air quality section of Regional Resource Management Plan change issued.

Assessment – significant reduction in risk to Council. The removal of this risk from the Top 10 Council risks will be considered at the next review.

Risk Issue 8

Water quantity

Current and planned future position

	Immediate	Mid term	Long term
React	Water quantity		
Mitigate			
Opportunity		Water quantity	

Current situation and risk

- Surface water/ground water fully allocated in parts of region. (see map attached)
- Considerable investment in science required in future to underpin water allocation and RMA based approach
- NES for measurement of water takes, and ecological flows and water levels being developed by government.
- Process of assessing minimum river flows based on robust instream assessments and allocation limits to be reviewed for surface water and ground water.
- Water Initiatives Group established within Council to focus on water issues.
- Regional Plan change to meet Council obligation associated with NES initiated.
- Current water allocation process will become increasingly confrontational and litigious and adaptive management philosophy required.

Risk mitigation approach

- Development of a regional water strategy
- Council led initiative to investigate water harvesting opportunities, water metering and water use efficiency through rationing and rostering.
- Complete review of minimum river flows and allocation limits for ground water and surface water.
- Science input appropriately targeted to sensitive catchments and risk areas

Change since April 2010

- Considerable science work now ongoing with outputs due between May 2010 and June 2012

Assessment – no further reduction in risk to Council


Surface Water Catchments - Allocation Status



Legend

Status_20090601

Category

-  > 100%
-  50% - 100%
-  < 50%
-  Not determined



1:1,125,127



DATA FROM: Farm information obtained from the Hawke's Bay Regional Council's Geographic Information Systems Database

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Risk Issue 9

Hazardous activity industry list (HAIL)

Current and planned future position

	Immediate	Mid term	Long term
React			
Mitigate	HAIL		
Opportunity			

Current situation and risk

- List prepared in 1996 and assessments and actions programmed on basis of risk
- List required to be made public following decision of Ombudsman 12 October
- Residential and commercial sites on list but which have not been addressed as priorities to date advised
- Some sites are high priority due to potential public health risks.

Risk mitigation approach

- Respond to property owner concerns
- Implement programme of work to establish degree (if any) of contamination on site
- Focus on high priority site work programs in conjunction with TLAs
- New Contaminated level draft NES clarifies principle role is with TLA.

Change since April 2010

- Continuing investigations of high priority sites
- Formation of a Hawke's Bay regional database in collaboration with TLAs progressing
- Continuing to work on unverified HAIL sites.
- Liaison with Napier City Council continuing regarding Onekawa landfill issues.

Assessment – no further reduction in risk to Council since September 2009.

Risk Issue 10

Operational risks

Current and planned future position

	Immediate	Mid term	Long term
React			
Mitigate	Operational risks		
Opportunity			

Current situation and risk

- Natural hazard impacts considered in infrastructure and asset design
- Business continuity plan regularly updated
- Financial controls in place and audited
- Integrity of infrastructure assets audited
- Disaster reserves and insurance provisions in place with robust overarching policy.
- Technical reports peer reviewed and systems reviewed

Risk mitigation approach

- Continuation of controls and systems for management of operational risks
- Financial issues regarding VHB have been well publicised over the past weeks.
- Implementation of new finance system, replacing 25 year old system complete
- Review of Finance team’s capacity and resourcing underway noting we may be under resourced on management accounting support particularly given increased operational activity

Change since April 2010

- No Change

Assessment – remains a risk area for Council with management continuously monitored.

Placeholder for Attachment 2

ITEM 7 Risk Management

Risk Register

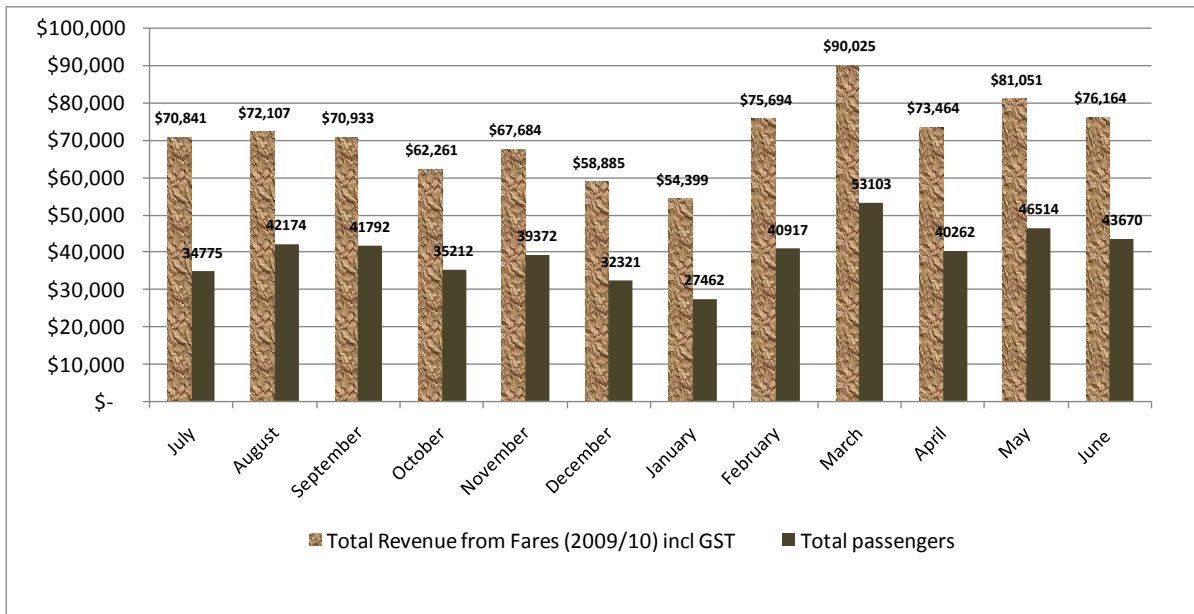
HAWKE'S BAY REGIONAL COUNCIL
STRATEGIC PLANNING AND FINANCE COMMITTEE

Wednesday 15 September 2010

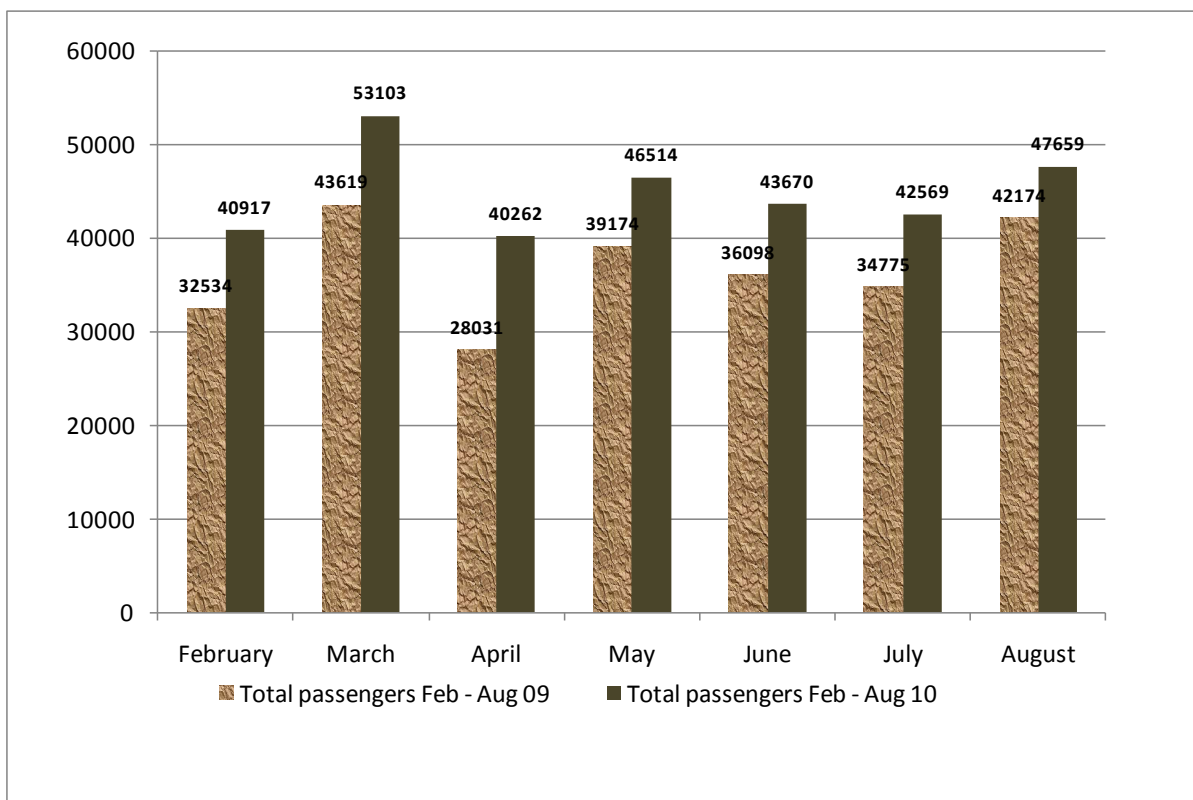
SUBJECT: PUBLIC TRANSPORT - FURTHER UPDATE

REASON FOR REPORT:

1. At the Strategic Planning and Finance Committee meeting held on 21 July 2010 an update was provided to the Committee on public transport. At that meeting further information was requested to be brought back to this meeting, this paper covers those matters.
2. **SuperGold Card Review**
 - 2.1 As identified to the Committee in July the Ministry of Transport have completed the review of the SuperGold Card (SGC) scheme and propose changes to the scheme for the 2010/11 year. The Chief Executive has now received formal notification from the Ministry of Transport on changes to the scheme. A copy of this letter is attached, for the Committee's information.
 - 2.2 The impact to this Council of the proposed changes is the reduction in the reimbursement rate from 75% to 65% of the average adult fare, with this revenue reduction to be borne by this Council, as it operates a gross contract. The second impact is that Councils can no longer make any claim for costs for administering the scheme; in the 2009/10 year \$10,000 was paid to HBRC for this. The financial shortfall of both these funding reductions will be approximately \$25,000 for the 2010/11 year.
 - 2.3 As requested by this Committee, the Chief Executive discussed the proposed changes to the SGC scheme at the Regional CEO's meeting held in August and there was no support from any Regional Council for the changes proposed by the Ministry of Transport to the scheme. It is therefore suggested that following this meeting a letter be sent from the Chief Executive to the Ministry of Transport stating Council will not accept the changes to the scheme and the subsequent resulting loss of revenue.
 - 2.4 At the September meeting the Committee asked for an indication of the marginal cost to Council for the SGC scheme. Prior to the introduction of the SGC scheme, approximately 3400 "senior" passengers were carried monthly; this number has increased to approximately 6000 per month, which results in an annual increase of approximately 31,200. It is useful to remember that the SuperGold Scheme operates in the off-peak period (9am to 3pm Monday to Friday and Saturdays) to eliminate pressure on key services and avoid Councils having to put on extra buses and services to meet this demand. It was identified late last year that Saturday services were being put under pressure on Council's main routes and Council agreed to increase services on Saturdays to assist with this, but because of the limited detailed information from Council's ticketing system it is difficult to say this was as a direct result of the SCG Scheme. The enhancements to the Saturday services were done within current funding allocations.
3. **Patronage and Financial Trends**
 - 3.1 The Committee also asked for further detail on the revenue and passenger numbers. The following graph shows the total number of passengers and the total revenue received from fares for the period of 1 July 2009 to 30 June 2010.



3.2 The graph below shows a comparison of passenger numbers for February to August 2009 and the same period during 2010. This graph indicates that passenger numbers have consistently increased since the same period last year.



DECISION MAKING PROCESS:

4. 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 the following:
 - a) Sections 97 and 98 of the Act do not apply as these relate to decisions that significantly alter the service provision or affect a strategic asset.
 - b) Sections 83 and 84 covering special consultative procedure do not apply.
 - c) The decision does not fall within the definition of the Council’s policy on significance.

- d) Section 80 of the Act covering decisions that are inconsistent with an existing policy or plan does not apply.
- e) Council can exercise its discretion under Section 79(1)(a) and 82(3) of the Act and make a decision on this issue without conferring directly with the community or others having given due consideration to the nature and significance of the issue to be considered and decided, and also the persons likely to be effected by or have an interest in the decisions to be made.

RECOMMENDATIONS:

The Strategic Planning and Finance Committee recommend that Council:

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. Notes the information contained in this report;
3. Instruct the Chief Executive to write to the Ministry of Transport stating that Council will not accept the changes to the SuperGold Card scheme and the subsequent loss of revenue resulting from their review of the scheme.



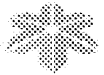
Carol Gilbertson
GOVERNANCE AND PUBLIC TRANSPORT MANAGER



Andrew Newman
CHIEF EXECUTIVE

Attachment/s

- 1 Letter to Chief Executive from Ministry of Transport



Ministry of Transport
TE MANATŪ WAKA

File Number: POLA118-3

31 August 2010

Mr Andrew Newman
Chief Executive
Hawke's Bay Regional Council
Private Bag 6006
NAPIER 4142

Dear Andrew

Changes to the SuperGold Card Free Travel Scheme

As you know the Ministry of Transport, in collaboration with the NZ Transport Agency (NZTA), has carried out a review of the SuperGold Card Free Travel scheme (the scheme). This letter is to inform you about the decisions following the review. It also provides information about the next stage.

I would like to take the opportunity to thank your council for the support of the scheme since it started in 2008 and the engagement your council officers had with Ministry of Transport officials as part of the recent review.

Background

When the scheme was implemented in October 2008 it was decided that a review would be carried out after the first year of operation. As part of the review, a consultation document was released in April 2010 and 35 stakeholder submissions were received. After the formal consultation period, the Ministry of Transport then re-engaged in June with key stakeholders. This included talking with regional councils and a number of public transport operators about the issues raised by the review. A particular focus was the fact that the cost of the reimbursements was exceeding the allocated budget.

Main findings of the review

The main findings of the review have been reported to the Minister of Transport, including:

- Stakeholders think that the scheme is a successful initiative that delivers a lot of benefits to senior citizens.
- Many stakeholders think that government should increase the SuperGold Card budget to reflect these benefits.
- Stakeholders have different views on potential changes to the scheme; there is no unanimously favoured lever to reduce the pressure on the budget. A proposed reduction of the reimbursement rate to 60 percent, which was verbally tested with

1

www.transport.govt.nz

HEAD OFFICE: PO Box 3173, Wellington 6140, New Zealand. TEL: 04 439 9000, FAX: 04 439 9001

AUCKLAND OFFICE: The Government Urban and Economic Development Office, PO Box 106 298, Auckland City 1145, New Zealand. TEL: +64 9 925 4827, FAX: +64 9 925 4845

CHRISTCHURCH OFFICE: PO Box 2014, Christchurch 8140, New Zealand. TEL: +64 3 366 9304, FAX: +64 3 366 9317

operators, was not considered acceptable. (This rate would be required to keep the scheme within budget for the 2010/11 year.)

- Operators are not assessing potential changes to the scheme in isolation, but in the context of other matters that are happening in the public transport sector.

The government is committed to the scheme. But it is concerned about the increasing costs, which will grow substantially if the scheme remains unchanged and the number of users and trips taken increase as forecast.

Decisions

Making the scheme more sustainable will require trade-offs between operators, regional councils and the government. The following approach, which has been discussed with your officers and with operators, is the outcome of the review:

- The reimbursement rate will be reduced from the current 75 percent to a new rate of 65 percent until June 2012. This affects operators and regional councils (for gross contracts).
- There is currently no intention to cap the reimbursement level per trip, as was proposed as an option in the discussion document. However, the Ministry of Transport is working with one specific high-cost service on an agreement to manage the costs of this service for the 2010/11 financial year.
- There will be a moratorium on major new services joining the scheme for the same period until June 2012, to minimise additional pressure on the budget.
- Councils will no longer be able to claim administration costs and the NZTA's administration budget will be cut back. Funds previously set aside for covering councils' administration costs will be combined with the general fund so they are available for reimbursements.
- The government realises that the scheme will require additional Crown funding for the next two years, over the time of this agreement.
- The government acknowledges that the financial situations vary. The Memorandum of Understanding (MoU) between the NZTA and your council and the back-to-back contracts between your council and operators on net contracts will contain a hardship clause which enables councils and operators to claim a higher reimbursement rate, if there is clear evidence that the council or operator would not be able to continue in the scheme at a lower reimbursement rate.
- Stakeholders have raised other aspects of the scheme in recent discussions that need to be addressed. The Ministry wishes to continue collaborating with the sector to address these issues and anomalies, to increase consistency and certainty around the scheme. The Ministry intends to substantially complete this work this calendar year.

Next steps

Ministry officials have already been in contact with Carol Gilbertson at your council, and we are available to discuss your response.

Contacts at the Ministry are:

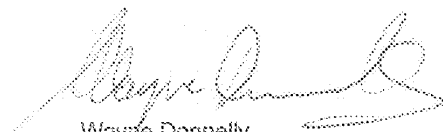
- Barry Kidd (b.kidd@transport.govt.nz, DDI: (04) 439 9062)
- Kathy Perreau (k.perreau@transport.govt.nz, DDI: (04) 439 9041)
- Anke Kole (a.kole@transport.govt.nz, DDI: (04) 439 9073)
(on leave from 13 August until 20 September 2010)

The current situation is that councils and Auckland Regional Transport Authority have an MoU with the NZTA. The existing contracts between your council and the public transport operators in your area, which are participating in the scheme, will also need to be amended.

Consistent with the details in this letter the NZTA will send you a variation to the MoU and will also prepare parallel changes to your contracts with operators. If you have any concerns or comments, please raise these with one of the contacts above.

It is helpful for us to know your response to the changed circumstances. If we have not received a reply from your council within two weeks, we will again make contact to follow up on this letter.

Yours sincerely



Wayne Donnelly
General Manager Road and Rail
Ministry of Transport

HAWKE'S BAY REGIONAL COUNCIL
STRATEGIC PLANNING AND FINANCE COMMITTEE

Wednesday 15 September 2010

SUBJECT: VENTURE HAWKE'S BAY SUMMARY STRATEGIC PLAN AND BUDGET

REASON FOR REPORT:

1. Venture Hawke's Bay (VHB) staff working with the Advisory Board, the CEO of the Regional Council and with the input of industry personnel have, post the restructuring process re-assessed and refined the strategic direction of VHB and matched this to the significantly reduced budget. This plan is presented to the Strategic Planning and Finance Committee for their consideration and feedback with a view to having it adopted by the Council. VHB needs this endorsement in order to continue to operate with some certainty and clarity of expectations from the Regional Council.

Background

2. The restructuring of VHB has resulted in a reassessment of the scope and purpose of both economic development and tourism promotion work.
3. Specifically with regards to economic development work, the re-focusing process has sought to much more tightly align economic development initiatives and interventions to the major current or emergent economically driven infrastructure investments in Hawke's Bay, then intent being to assist with and facilitate business development and investment propositions arising from the infrastructure base. The strategic plan does suggest a modest level of increased investment in this area but the budget is sized to fit existing secured revenues.
4. In the case of tourism promotion the interventions are targeted at increasing visitor numbers coming to Hawke's Bay and as a consequence of this increasing the utilisation of regional private and public sector assets with multiplier benefits to wider economy resulting. In this area specifically, some adjustment of focus might emerge if the industry itself funds initiatives in the promotions space. But in the meantime work needs to continue, ideally with good industry input and collaboration.
5. Some tradeoffs maybe made between the current Tourism budget versus the Economic Development budget, i.e., with funds being shifted to the Economic Development area. Alternatively, some additional revenues might be sourced from external sources to support this work. Both avenues will be explored over the next three months with a view to resolving this by December 2010.

DECISION MAKING PROCESS:

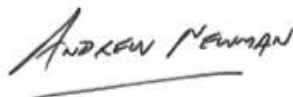
6. Council is required to make a decision in accordance with Part 6 Sub-Part 1, of the Local Government Act 2002 (the Act). Staff have assessed the requirements contained within this section of the Act in relation to this item and have concluded the following:
 - 6.1. Sections 97 and 98 of the Act do not apply as these relate to decisions that significantly alter the service provision or affect a strategic asset.
 - 6.2. Sections 83 and 84 covering special consultative procedure do not apply.
 - 6.3. The decision does not fall within the definition of the Council's policy on significance.
 - 6.4. Section 80 of the Act covering decisions that are inconsistent with an existing policy or plan does not apply.
 - 6.5. Council can exercise its discretion under Section 79(1)(a) and 82(3) of the Act and make a decision on this issue without conferring directly with the community or others having given due consideration to the nature and significance of the issue to

be considered and decided, and also the persons likely to be effected by or have an interest in the decisions to be made.

RECOMMENDATIONS:

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. Receive the Venture Hawke's Bay Economic Development Agency Strategic Plan 2010/11 and the Regional Promotion and Marketing Strategic Plan 2010/11.
3. Note that the delivery of the Economic Development Agency Strategic Plan is subject to full funding of the strategic interventions as set out in the Plan.



Andrew Newman
CHIEF EXECUTIVE

Attachment/s

1. Venture Hawke's Bay Economic Development Agency Strategic Plan 2010/11 and the Regional Promotion and Marketing Strategic Plan 2010/11

HAWKE'S BAY REGIONAL COUNCIL
STRATEGIC PLANNING AND FINANCE COMMITTEE

Wednesday 15 September 2010

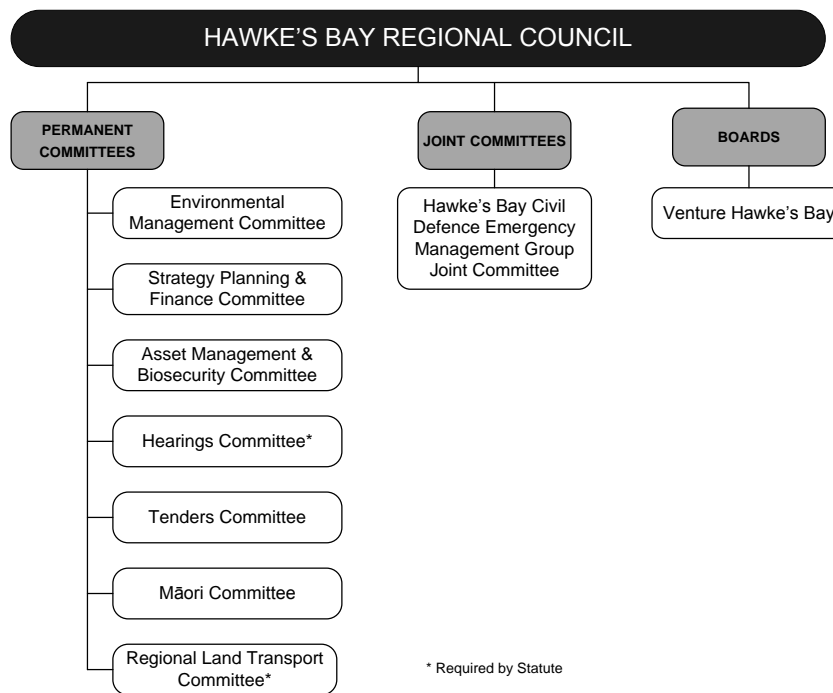
SUBJECT: PROPOSAL TO NEW COUNCIL FOR THE COMMITTEE STRUCTURE FOR NEXT TRIENNIAL TERM

REASON FOR REPORT:

1. The Local Government Act (2002) empowers Council to appoint the committees, sub-committees and other subordinate decision-making bodies that it considers appropriate. It is standard practice at Hawke's Bay Regional Council for the outgoing Council to review its committee structure and terms of reference and make recommendations for the incoming Council.
2. This paper considers the current committee structure and seeks Council comment and consideration of issues raised by staff.

Background

3. The Council currently operates with the following committees –



Points for Discussion

New Joint Committee for Regional Planning

4. The Crown has expressed a desire to obtain just and durable settlements for all Treaty of Waitangi claims by 2014. In their Treaty settlements, claimants are increasingly looking for the opportunity to work in partnership with the Crown in ensuring the health of natural resources, particularly waterways, and have a strong desire to be involved in resource management decision making.
5. This has led to Cabinet agreeing to the Crown working with the Hawke's Bay Regional Council to discuss with local iwi the establishment of a Regional Council Planning Committee as part of Treaty settlement negotiations in Hawke's Bay
6. Detailed Terms of Reference for a joint Regional Planning Committee are yet to be worked through between all the parties but the underlying principles of the Committee would be:

- 6.1 The Committee would be created through legislation, either as part of settlement legislation or as separate legislation.
 - 6.2 The Committee would be made up of equal representation of elected Councillors and representatives of the Treaty claimant groups.
 - 6.3 The Committee would make all relevant decisions under the RMA regarding the content of new Plans, Policy Statements, Plan changes and Variations.
 - 6.4 The Committee would act within the constraints of the Resource Management Act and the Local Government Act.
 - 6.5 The legislation would not remove the rights of any person to submit on proposed plan provisions and if dissatisfied with Council decisions to appeal those to the Environment Court.
7. There is a large work load in terms of changes to the Regional Policy Statement and regional plans in the next triennium. Council will be undertaking significant policy development and will need to begin its work programme soon after the elections. The process by which the representation of non-Councillor Committee members is determined is unlikely to be finalised in accordance with Council's plan development needs and interim measures are needed.
 8. Of the nine Treaty claimant groups with interests within Hawke's Bay, six of the groups have been mandated. A mandate is the process by which the claimant group mandates a representative group and gives them the authority, or mandate to enter into discussions and agreements with the Crown on their behalf. It is expected that by December 2010 seven, and possibly eight, of the groups will have been mandated.
 9. In order to accommodate both the Crown's preferred intent and Council's programme it is suggested that Treaty claimant groups be offered a place on the Committee upon mandating, and that any interim membership requirements be filled by members of the Maori Committee until a trigger point is reached at which point the Regional Planning Committee would become a full joint Committee as envisaged by Cabinet, and the Crown would be requested to introduce legislation to formally establish the joint Committee.
 10. During the transition period, at least, the committee would be chaired by the Chair of Council. It would also be appropriate for there to be an alternate Chair appointed during this time in the event that the Council Chair is unable to attend a meeting of the joint Committee. It is suggested that this should be the Chair of the Committee which oversees environmental management activities
 11. Up to the end of August initial discussions had occurred with all Treaty claimant groups with interests in Hawke's Bay on the concept of a joint Regional Planning Committee. All claimant groups have expressed support for continuing to discuss the proposal.
 12. Details of the Terms of Reference will be discussed by all parties over the next two-three months.

Governance of Venture Hawke's Bay

13. During the present triennium Venture Hawke's Bay (VHB) has become a business unit of the Hawke's Bay Regional Council and is funded from regional council rates. The present Advisory Board governance structure reflects the funding arrangement which existed in 2007 and therefore includes representatives from the Napier City and Hastings District Councils, as well as representatives from local tourism and business sectors.
14. In the 2010-13 period there are two options for governance of VHB, contingent upon the breadth of activities which VHB carries out:
 - 14.1 Assuming that the Hawke's Bay Regional Council is the primary funder of the tourism sector component of VHB the VHB is treated as one of the operating units of Council, reporting to an Executive Manager, and with budget approval and performance monitoring carried out by Council through the Strategy and Finance Committee.

Under this scenario industry-reference groups would be formally established and have ongoing input into both the regional tourism and economic development activities of VHB.

- 14.2 If the Hawke's Bay tourism sector produces a coherent and sustainable proposition to substantially fund a significant proportion of the tourism promotion activities then Council may actively explore the splitting of the regional tourism organisation (RTO) functions from VHB. The economic development activity (EDA) of VHB would remain as an operating activity of Council.

Under this scenario the RTO would be governed through industry-chaired and led Board arrangement with regional council representation on the Board.

15. Under both scenarios the staff employment, financial management, accounting and reporting responsibilities would be delivered through and monitored by the Hawke's Bay Regional Council. Under the first scenario it would be recommended that the Council review, ahead of its finalisation of the Annual Plan 2011/12 its ongoing financial contribution via rates to the tourism sector taking into account the level of constructive engagement with that sector.

Organisational Evolution

16. In this triennium Council established a **Strategy and Finance Committee** to oversee the strategic direction for Council, and to manage financial and risk issues and Council's investment portfolio. This committee has carried out a significant workload over the past triennium, given Council's desire to operate at a more strategic level in its leadership role, in its stakeholder relationships and in the breadth of its activities. It is recommended that this Committee continue. It is intended that as some strategic issues are implemented and become more operational such should functions shift to the more appropriate operational committees. An example might be further refinement of the Council's overall water strategy governed by this committee but ultimately implantation aspects migrate to the other committees
17. Council is required by statute to have a **Regional Transport Committee**.
18. If the Council accepts that a joint Committee should undertake its RMA regional planning functions this has implications for the **Environmental Management Committee** (EMC). Currently the EMC has five meetings a year. With the removal of policy development the EMC's functions would comprise environmental regulation, environmental monitoring and statutory advocacy and also science information that informs plan policy making.
19. Council is also engaged in a substantial service business in areas ranging from asset protection services through to land management and river engineering services. This work is represented at a committee level by the **Asset Management and Biosecurity Committee** (AMBS). The AMBS meets four times a year, usually for less than half a day.
20. The recommendation is to retain both the committees with meetings being run on consecutive days either three or four times a year. This also ensures that the Council utilizes the Chairs of these two committees to maintain a relationship with constituents on what are relatively intensive areas of Council interaction with public.
21. The **Maori Committee** is made up of representatives of the four taiwhenua within Hawke's Bay and makes recommendations to the Council on matters of relevance affecting the tangata whenua of the region. Over the past three years the Committee has worked well and helped fulfil the Maori consultative requirements of the Council particularly with regard to the principles of the Treaty of Waitangi and the Local Government Act 2002. Despite the potential establishment of a joint Committee to undertake all resource management policy development there are still significant substantive issues for the Maori Committee to deal with, and it is recommended that this committee be re-established at the start of the new triennium but with a review in twelve months.

22. Council had previously resolved in July 2007 not to discharge the **Civil Defence Emergency Management Joint Committee**. This decision was endorsed by the four territorial authorities at that time, and remains in place for the upcoming election period.
23. Other committees cover specific issues such as selection of tenders (**Tenders Committee**), and resource consent hearings (**Hearings Committee**). These committees both meet when required. The Tenders Committee replaced the former Executive Committee, which comprised four councillors. In past Council terms the Executive Committee, consisting the chair, deputy chair and two other Councillors considered predominantly tender issues but also met to review the Chief Executive's (CE) performance, and initial assessment of external appointments to Boards, such as the Port of Napier Director appointments. In the past term all Councillors have met to review the CE's performance and the Council as a whole has considered and appointed Directors, through on occasion delegating an issue to a specific sub-committee to undertake some of the process work.
24. Council in past terms has established a number of industry and community leadership and liaison groups including the Ruataniwha Water Storage Leadership Group, Ruataniwha Stakeholders Group and the Dairy Liaison Group. The Council also provides a representative to the Animal Health Board and Hawke's Bay TB Free Committee. It is recommended that Council continues with all these groups.

Council representation on Holding Company

25. In the next triennium Council will be considering the proposed establishment of a Holding Company and may need to consider representation on the Board of the Holding Company.
26. The scheduling of meetings for 2011 will depend to some extent on the decisions made by the incoming Council on the Committee structure. Meeting scheduling has a significant impact on the workload for both councillors and staff. It was noted during previous discussions on meeting scheduling that it is important for there to be gaps in the schedule especially to give provisions for longer Hearings to be completed.
27. The following meeting frequency is therefore proposed:

	Suggested meeting frequency 2011
Regional Council	Monthly
Joint Regional Planning	As required
Strategic Planning and Finance	Two-monthly
Environmental Management & Asset Management and Biosecurity	Three-monthly on consecutive days
Maori	Three-monthly
Regional Transport	Three-monthly
Tenders	As required
Hearings	As required
VHB Advisory Board	N/A
CDEM Joint Committee	Twice yearly

DECISION MAKING PROCESS:

28. Any decisions will be presented to the new Council as proposals only, as it is the new Council which will make the ultimate decision. Consequently, no decision making process assessment is required at this time.

RECOMMENDATIONS:

That the Committee recommends to Council that:

1. The Council propose to the incoming Council for the triennial term October 2010 to September 2013 to:
 - 1.1 Establish a new joint Committee for Regional Planning, with membership comprising equal representation of Councillors, and non-Councillors from the Treaty claimant groups.
 - 1.2 Retain the Environmental Management and Asset Management and Biosecurity Committees.
 - 1.3 Incorporate the reporting structures of Venture Hawke's Bay directly into Council, via the Strategic Planning and Finance Committee but establish industry advisory mechanisms to assist with direction setting.
 - 1.4 Or, subject to the Tourism Sector demonstrating a genuine multi-year financial commitment to Tourism promotion, splitting the Tourism component from Venture Hawke's Bay and governing this activity through an industry led Board, noting however the following caveats; Regional Council would retain financial control via its finance function; and the staff would remain Regional Council employees.
 - 1.5 Noting 1.3, review the performance and operation of Tourism sector activities specifically to establish what, if any, funding continues in the 2011/12 financial year.
 - 1.6 Re-establish the Maori Committee, with a review of its role in twelve months.
 - 1.7 Continue the other current committees of Council into the next term.
 - 1.8 Continue with established industry and community groups including the Ruataniwha Water Storage Leadership Group, the Ruataniwha Stakeholder Group and the Dairy Liaison Group.



Andrew Newman
CHIEF EXECUTIVE

Attachment/s

There are no attachments for this report.

HAWKE'S BAY REGIONAL COUNCIL
STRATEGIC PLANNING AND FINANCE COMMITTEE

Wednesday 15 September 2010

Item 11

SUBJECT: PROPOSED HAWKE'S BAY REGIONAL LAND AND WATER SYMPOSIUM

REASON FOR REPORT

1. It is staff's intention to present the Council's work plan for the next 3 year term for all of Council's activities to the incoming Council at its meeting in November. However, in the meantime, we would like to flag a proposal to hold a Hawke's Bay Regional Land and Water Symposium early in the new Council term.

Background

2. The Council's strategic water programme in the Ten Year Plan contains work streams in science, policy and water storage and water demand management. These are increasingly coming together as work progresses which requires well managed integration across these work streams.
3. It is now timely to start a structured process to bring the Council's current water strategy to regional stakeholders and to discuss water management at a regional and strategic level. It is proposed to commence this via a Land and Water Symposium. This would build on the Regional Affairs Committee Position Paper of Water Governance and Water Management and the outcomes of the Law and Water Forum whose report is expected to be publicly available by the time of this Committee meeting. It will also enable the sector group discussion that was flagged through the hearing of submissions on the Section 36 charges.
4. An event such as this Symposium meets some of the consultation phases of the Regional Water availability and Demand Strategy which is a three year project funded by the Ministry of Agriculture and Forestry through its Community Irrigation Fund.
5. The symposium will allow high level conversations to be held ahead of detailed statutory plan changes process for water management in Hawke's Bay.
6. The format of the Symposium is still being worked through but it is expected to include pre-circulated information, various presentations on relevant water management topics (staff and external speakers), breakout sessions where groups work on particular elements of water management and facilitated feedback sessions.
7. The objectives of the Symposium would be to:
 - 7.1. Aggregate and present all relevant information around water management in Hawke's Bay
 - 7.2. Identify the emerging and future issues
 - 7.3. Identify possible regional priorities and directions that could inform the development of a Hawke's Bay Regional Water Strategy.

DECISION MAKING PROCESS

8. 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.

RECOMMENDATION

1. That the Strategic Planning and Finance Committee receives the report.



Andrew Newman
CHIEF EXECUTIVE



Helen Codlin
GROUP MANAGER
STRATEGIC DEVELOPMENT

Attachment/s

There are no attachments for this report.

**HAWKE'S BAY REGIONAL COUNCIL
STRATEGIC PLANNING AND FINANCE COMMITTEE**

Wednesday 15 September 2010

Item 12

SUBJECT: GENERAL BUSINESS

INTRODUCTION:

This document has been prepared to assist Councillors note the General Business to be discussed as determined earlier in Agenda Item 6.

ITEM	TOPIC	COUNCILLOR / STAFF
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**HAWKE'S BAY REGIONAL COUNCIL
STRATEGIC PLANNING AND FINANCE COMMITTEE**

Wednesday 15 September 2010

**SUBJECT: CONFIRMATION OF PUBLIC EXCLUDED MINUTES OF MEETING
HELD ON 21 JULY 2010**

Item 13

That the Council exclude the public from this section of the meeting being Confirmation of Public Excluded Minutes - Agenda Item 13 with the general subject of the item to be considered while the public is excluded; the reasons for passing the resolution and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution being as follows:

GENERAL SUBJECT OF THE ITEM TO BE CONSIDERED	REASONS FOR PASSING THIS RESOLUTION	GROUND UNDER SECTION 48(1) FOR THE PASSING OF THIS RESOLUTION
Minutes of Meeting from 21 July 2010 - Treaty Settlements – Crown 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.



**Andrew Newman
CHIEF EXECUTIVE**