



Meeting of the Strategic Planning and Finance Committee

Date: Wednesday 17 November 2010
Time: 9.00am
Venue: Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
NAPIER

Agenda

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1.	Welcome/Notices/Apologies	
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**HAWKE'S BAY REGIONAL COUNCIL
STRATEGIC PLANNING AND FINANCE COMMITTEE**

Wednesday 17 November 2010

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

INTRODUCTION:

1. On the list **attached** are items raised at Committee 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 back to the Committee 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 Committee receives the report "Action Items from Strategic Planning and Finance 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.	Visit to Shanghai	Report back on this visit to a future meeting	AD/AN	Jan 11	Update to be provided in early 2011.

Item 3

Attachment 1

HAWKE'S BAY REGIONAL COUNCIL
STRATEGIC PLANNING AND FINANCE COMMITTEE

Wednesday 17 November 2010

**SUBJECT: OPTIONS FOR THE FUTURE MANAGEMENT AND GOVERNANCE
OF VENTURE HAWKE'S BAY (VHB)**

REASON FOR REPORT:

1. This paper is a follow-up to the resolutions made by Council on 22 September 2010 with respect to the future governance and management options for VHB. Specifically guidance is sought from the Committee as to which specific option is considered the preferred arrangement for VHB and/or component parts going forward.
2. The resolutions from that paper were as follows:
 - "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."*

Background

3. Previously VHB has been governed through an Advisory Board arrangement with reporting back to Council being via the Strategic Planning and Finance Committee. This Board included independent representatives and representatives of Napier City Council, Hastings District Council and the Hawke's Bay Regional Council (HBRC). The Board composition covered both the funding agencies and industry. This arrangement was not however adjusted as the HBRC took over full funding responsibility.
4. Post the end of the 2009/10 financial year management specifically requested the Council's Auditors to review VHB in more depth and this assessment included a review of the Governance arrangements. The Auditors view was that the General Manager's reporting line via the Chair of VHB to the CEO of HBRC created unclear accountabilities (The Audit opinion and exploration of alternatives is annexed as **attachment 1**).
5. VHB incorporates both economic development (EDA) and regional tourism promotion functions (RTO) under the one structure. Anecdotally there are many opinions as to whether this combined arrangement is optimal or that a more singular focus, especially for the tourism sector is warranted. It is the tourism sector which has typically been most active in criticising VHB performance.
6. There is certainly a strong argument to suggest that the tourism sector currently has limited incentive and no accountability to work with VHB on mutual tourism objectives.
7. Therefore, it is the view of management that if HBRC is to continue to rate for regional tourism promotion there needs to be some mechanism for delivering greater ownership and accountability for both good and poor performance to that tourism sector itself.

8. As part of the exploration of options, management commissioned Audit New Zealand to provide an opinion on the advantages and disadvantages of various governance and structural options and these are outlined in **attachment 1**.

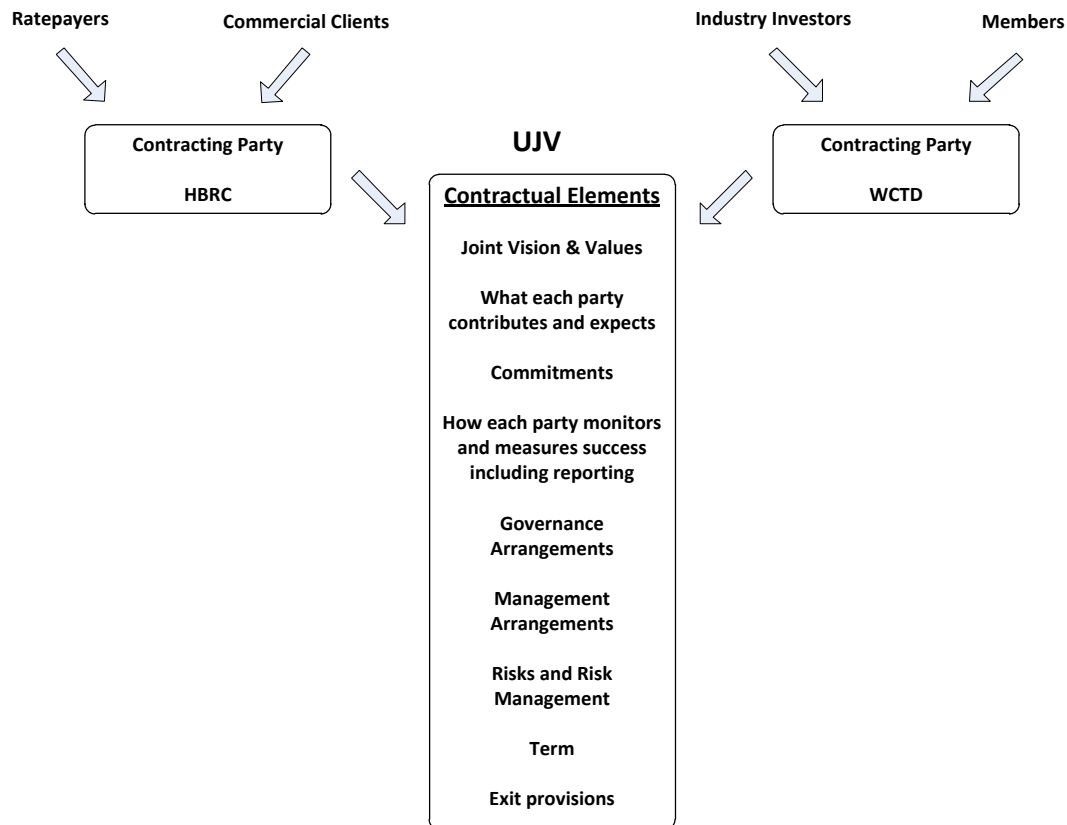
Investigations and Options

9. **OPTION 1 INTERNAL OPERATING GROUP**

- 9.1. If management simplicity and HBRC accountability is considered the primary objective to be addressed then internalising VHB entirely within the HBRC structure, reporting as a team via a Group Manager to the CEO, is considered the simplest and quickest way of enacting this. Some form of reorganisation of reporting lines and role accountabilities would be required but relatively easily implemented.
- 9.2. Under this scenario performance would continue to be reported to Council and the industry “politicisation” of the tourism agenda in particular, would likely continue.

10. **OPTION 2 JOINT VENTURING WITH THE INDUSTRY**

- 10.1. Conversely if the tourism industry accountability and industry medium to long-term viability is considered important then some form of “joint venture” relationship is probably optimal, noting that the EDA functions even within this scenario would be internalised in the HBRC operating structure, as outlined in 9 (note: **attachment 2** is an indication of industry’s aspirations and commitment to a joint relationship).
- 10.2. In exploring the “joint venture option” staff have taken the following steps:
 - 10.2.1. Met with industry representatives from the Wine Country Tourism Organisation (WCTO) to explore the issue and these discussions have indicated to industry that the industry if it wishes to have a say in governance and management of regional tourism promotion then they need to be a substantial financial contributor. Note WCTO is the industry association that captures the bulk of the industry from operators, transport providers and accommodation providers within the region and in the view of management is the only realistic entity HBRC can partner with.
 - 10.2.2. WCTO has subsequently indicated that it has commitments from industry for a minimum cash investment in joint tourism initiatives of \$160,000 for each of the next three years.
 - 10.2.3. A further “**without prejudice**” discussion has been had with a sub-group representing the WCTO on possible ways of giving effect to a relationship and the preferred option is outlined below.
- 10.3. The proposition discussed is a Joint Venture (JV) by contract (effectively an Unincorporated JV or UJV)
 - 10.3.1. In conceptual terms the UJV arrangement could be as follows:



10.3.2. Advantages and disadvantages of this model include:

- Simple and easy to enact;
- Does not require transfer of assets and employment contracts as resources can be committed by way of contract and secondment;
- Commits the parties to a common cause;
- Of all forms of JV a UJV is the easiest to unwind;
- A disadvantage is that depending on the composition of the Board and who appoints if HBRC has a majority interest then a Council controlled organisation (CCO) might be formed which creates the following issues:
 - Time consuming papers referring to Council, preparation of six monthly financial statements to Council and negotiation of a formal Statements of Corporate Intent.
- Further detail on these elements is outlined in the Audit letter – **Attachment 1.**

10.3.3. HBRC bottom lines under a UJV arrangement might include:

- Appointment of one or two Board members out of a possible Board comprising five members;
- Regional focus of activity and services including Wairoa and Central Hawke's Bay;
- Staff and assets being seconded to the UJV by way of contract;
- Regular oversight of financial performance but with financial processing managed via the UJV by way of contract with an accountancy firm;
- All public and industry enquiry handled by the JV Board and Management;
- Clear exit provisions and ability to trigger on the basis of documented performance.

11. To progress with the next stage, which is to either internalise VHB's operation entirely within the HBRC management structure, or to further develop a detailed case with regards to a UJV for the tourism sector, management needs a clear indication from Council as to which is their preferred option in principle.
12. Subject to a Council decision, in principle, opting for one route of the other, then the detailed case will be developed including governance and structural arrangements, contractual detail, budgets including the commitment of the HBRC's "share" and firm transition arrangements.
13. Consultation, it is proposed that over the following weeks prior to the Council Meeting of 15 December that industry, Territorial Local Authorities and staff of VHB be invited to express views on the preferred option.
14. The intent will be to bring a fully developed case to the final Council meeting of the calendar year scheduled for 15 December.

DECISION MAKING PROCESS:

15. 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:
 - 15.1. 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.
 - 15.2. Sections 83 and 84 covering special consultative procedure do not apply.
 - 15.3. The decision does not fall within the definition of the Council's policy on significance.
 - 15.4. The persons affected by this decision are industry and local authorities and it is proposed to consult with these bodies.
 - 15.5. The options considered are clearly set out in this paper.
 - 15.6. Section 80 of the Act covering decisions that are inconsistent with an existing policy or plan does not apply.
 - 15.7. 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 after consulting with industry and Territorial Local Authorities.
2. That Council opts, in principle and subject to a final business case, to create an unincorporated joint venture with the tourism industry as represented by the Wine Country Tourism Organisation.
 - 2.1. This business case and joint venture agreement to be presented to Council for final adopted at its 15 December meeting, or
 - 2.2. Opts for internalising Venture Hawke's Bay entirely in Hawke's Bay Regional Council's management structure and that information will be provided on adjustments in the internal management structure to accommodate this activity. Further a review of investment in regional tourism promotion be undertaken through the Annual Plan process, and associated management reorganisation.

- 2.3. With respect to the joint venture option, it is proposed that this structure be reviewed by Audit New Zealand.

A handwritten signature in black ink that reads "ANDREW NEWMAN". The signature is written in a cursive style with a horizontal line underneath.

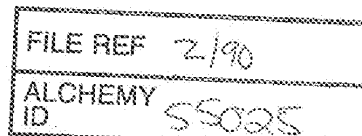
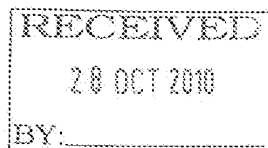
Andrew Newman
CHIEF EXECUTIVE

Attachment/s

- 1 Audit New Zealand Report - dated 26 October 2010
- 2 Hawke's Bay Tourism Regional Tourism Organisation Proposal

AUDIT NEW ZEALAND
 Mana Arotake Aotearoa

26 October 2010



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Andrew Newman
 Chief Executive
 Hawke's Bay Regional Council
 Private Bag
 Napier

Dear Andrew

Venture Hawke's Bay governance structures

Further to recent conversations with you, you have asked for our advice as to the advantages and disadvantages of various governance structures with respect to the Venture Hawke's Bay (VHB) – a business unit of Hawke's Bay Regional Council (the Council). It is our understanding that the Economic Development arm of VHB is to be bought back in house. Yet to be decided is how the Tourism arm of VHB is to be structured. We also understand that you desire that the preferred structure places accountability and incentives on the tourism sector within Hawke's Bay.

Currently, although VHB is a Council business unit, it has operated at arms length from Council, with the General Manager reporting to the Chief Executive through the Chair of the VHB Advisory Board. As discussed this reporting structure has in practice led to issues of unclear accountabilities with respect to performance. Further the current structure does not place any accountability or incentives on the local tourist sector to work together with VHB to attain mutual tourism objectives.

Ultimately the preferred structure is a decision for Council. I emphasise that I am not expressing a view as to the recommended structure.

Below I outline the various advantages and disadvantages of the three structures we discussed

- Bring back in house with the same accountability structure as other Council groups.
- Form an unincorporated joint venture with the tourism sector.
- Structure the delivery of services through a managed contract.

1 Bring back in house with the same accountability structure as other Council Groups

Advantages

- Clear accountability and reporting lines.
- Efficient and simple to administer.

W:\112894_000\letter to VHB Structures Summary.doc

A BUSINESS UNIT OF THE CONTROLLER AND AUDITOR-GENERAL

- Expertise of advisory Board could be retained if there was a change of reporting line, that is, accountabilities would need to be clarified re accountability of VHB to the Advisory Board through the CE (as opposed to the current situation where the GM of VHB was reporting direct to the Advisory Board).

Disadvantages

- Does not create any accountability or incentives for the tourism sector.

2 Form an unincorporated joint venture with the tourism sector

Advantages

- Puts in place accountabilities and incentives for the tourism sector (so overcomes the primary deficiency the current arrangement has).
- Would allow for the retention of the expertise of the Advisory Board (in another form).
- Accountability and accounting requirements relatively simple as long as structured appropriately.

Disadvantages

- Risk of being deemed a Council Controlled Organisation¹.
- If the Unincorporated Joint Venture was caught within the definition of a Council Controlled Organisation, accountability requirements would be relatively onerous.
- Care would be needed in establishing the joint venture arrangement to ensure that it wasn't caught within the definition of a Council Controlled Organisation, however this risk can be overcome (refer attached for various forms of Joint Venture).
- Risk of loss of brand recognition if not managed appropriately.

3 Structure the delivery of services through a managed contract

Advantages

- Relatively simple to administer.
- Accountability and incentives created within the tourist sector through the contract.

¹ Local Govt Act 2002 Section 6 (1)(b) defines a CCO as an entity in respect of which 1 or more local authorities have:
 (1) control, directly or indirectly of 50% or more of the votes at any meeting of the members or controlling body of the entity; or
 (2) the right, directly or indirectly to appoint 50% or more of the directors, trustees or managers (however described) of the entity
 For the purposes of this section of the LGA "entity" means any partnership, trust, union of interest, co-operation, joint venture or other similar arrangement, but does not include a company, or a committee, or a joint committee of a local authority

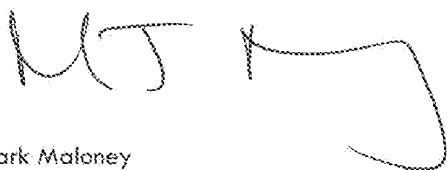
Disadvantages

A number of risks to Council achieving its desired objectives which would need to be carefully managed:

- Lack of clarity or certainty about what organisation is Council contracting with.
- Need strong contract management skills.
- Risk of loss of control – contracting party will have other competing priorities.
- Cost of transferring staff to contracting entity – would contracting party want to take on these obligations? Risk of loss of staff with institutional knowledge.
- Risk of loss of brand recognition.

If you do have any questions or areas requiring clarification please call me on 021 222 8323

Yours sincerely



Mark Maloney
Director

Appendix 1: Joint Ventures

Joint ventures

There are three types of Joint ventures. A "Jointly Controlled Entity" is most at risk of being deemed to be a Council Controlled Organisation. However, if constructed as a "Jointly Controlled Operation" then should be relatively easy to construct such that it is not deemed to be a CCO. The third type of Joint Venture – Jointly Controlled Assets also has lesser risk of being caught as a CCO but is likely less relevant to the Council's needs.

A summary of the three JV types:

Jointly controlled entity

This involves the establishment of an entity in which each venturer has an interest – there is a contractual arrangement that establishes joint control over the activity of the entity. A jointly controlled entity maintains its own accounting records and prepares and presents financial statements in the same way as any other entities – in accordance with International Financial Reporting standards.

This type of structure is most at risk of being deemed to be a CCO – by way of the appointment process to the governing body.

Jointly controlled operations

This involves the use of assets and other resources of the venturers, and not the establishment of a corporation, partnership or other entity, nor a financial structure that is separate from the venturers themselves. Each venturer uses its own resources. Each incurs its own expenses and liabilities and raises its own finances which represent its own obligations. The joint venture activities would be carried out by Councils own employees

Accounting requirements are relatively simple – there is not a requirement to produce separate financial statements. All that is required to be kept in Councils own records are:

- the assets that Council controls and the liabilities it incurs;
- the expenses Council incurs and its share of revenues from the joint venture.

As such there are no accounting consolidation requirements.

Jointly controlled assets

This involves the joint control and even ownership of the assets contributed to for the purposes of the joint venture. Likely not relevant given any Joint Venture with the Tourism sector, would not require joint ownership of any significant assets.

Accounting requirements although not onerous are somewhat more prescriptive than that for Jointly Controlled Operations Joint Venture.



10 November 2010

The Chief Executive
Hawke's Bay Regional Council
Private Bag 6006
Napier

Hawke's Bay Wine Country Tourism Association Inc

P O Box 726, Napier, New Zealand

Phone 64 6 833 5380

Fax 64 6 834 0299

email: tourism@winecountry.co.nz

Dear Andrew

Hawke's Bay Regional Tourism Organisation Proposal

Thank you for the opportunity to submit a document in support of an independently led Regional Tourism Organisation for Hawke's Bay. I take this opportunity to set out some information in support of this joint proposal to improve the region's tourism performance.

1. Current State of the Tourism Industry in Hawke's Bay

National tourism forecasts for the next 5 years estimate a growth in international arrivals of 27% with a corresponding 30 % increase in visitor spend. The domestic market is expected to remain relatively flat throughout this period i.e. nil growth.

Hawke's Bay's worst performance is in the area with the greatest growth potential - international. International visitors to the region have fallen by 7% in the past year.

Hawke's Bay's best performance to date has been in the domestic market where, at minus 0.1%, it has been performing just below the national average for the past year. Other regions threaten this result.

The region urgently needs to address this situation by:

- Competing more aggressively for an improved share of the future domestic tourism market;
- Reassessing its international marketing focus recognizing the future growth drivers of Australia and Asia;
- Committing to a new regional tourism organization mandated to achieve these outcomes.

2. Our Vision

- Fully engage the Hawke's Bay industry to capitalise on the council's tourism investment – and work cooperatively with the EDA in the overall promotion of Hawke's Bay as a place to invest and work in.
- Establish a 3 year business plan for Hawke's Bay's tourism promotion and marketing in light of the current trends; including more aggressive targets for visitor arrival numbers.
- Reinvigorate the regional brand.
- Develop a structured Seasonal Marketing Plan to improve off-season visitor arrivals and tourism asset utilization.
- Provide new leadership and direction for the existing operational team.
- Attract further private sector investment to increase the overall promotional budget for Hawke's Bay tourism.

3. The Industry Contribution

- * Endorsement by key industry leaders to our proposal.
- * Financial commitment with pledged funding of \$160,000.
- * Independent industry governance with experience at national level.
- * Increased desire from professionals to work with an industry engaged organisation.

4. Definition of Success

A unified industry standing behind a cohesive brand, restoring Hawke's Bay to a position at least the same as, if not better, than New Zealand national tourism growth rates.

5. The Risks of the Status Quo

The risk exists that further erosion of Hawke's Bay's tourism market share will occur and will increase if nothing is done to improve our current state.

Added to this, there will be a substantial loss of goodwill from key regional stakeholders in the tourism industry and a breakdown in vital regional cooperation.

The downside risks of proceeding are no greater than the current situation, but are substantially mitigated against, by the quality of the people who are prepared to become involved. The upside however is potentially very significant.

6. Hawkes Bay Wine Country Commitment

If this proposal can be successfully negotiated between the parties, Hawkes Bay Wine Country Tourism Association is prepared to commit to a three year joint venture partnership with the Hawkes Bay Regional Council to achieve these goals. Furthermore we will support that commitment with pledged funding from members and key stakeholders of at least \$160,000 per year for the 3 year period.

The new entity will be well-governed, with good financial management and a high level of industry expertise and involvement.

The new entity will offer Hawke's Bay an accountable, commercial organisation that can deliver a sustainable future for tourism in the region, utilising invested industry expertise.

Yours sincerely



Sam Orton
Chairman

HAWKE'S BAY REGIONAL COUNCIL
STRATEGIC PLANNING AND FINANCE COMMITTEE

Wednesday 17 November 2010

Item 6

SUBJECT: FUTURE SCENARIOS UPDATE

REASON FOR REPORT:

1. This item updates progress on the development of futures scenarios for Hawke's Bay and outlines the Draft Communication Plan that includes a set of tools or modes of presentation of the scenario stories and the supporting information to facilitate conversations with audiences.

Background

2. Developing a set of Hawke's Bay scenarios to lead community strategic thinking on the region's long term future was one of the Strategic Goals adopted by Council in 2008.
3. It was adopted as a result of the Council considering the relatively short planning horizons that the organisation was working to and recognising the need to take a longer term view. The table below summarises the different planning horizons, the method used to articulate the planning outcomes and the purpose of them.

Planning Horizon	Method	Purpose
+ 20 years	Foresight	Uncertainties / possibilities
	Strategic Plan	Outcomes / vision / major goals
3-10 Years	LTCCP	3 year business plan how to / resources / measures
1 year	Annual Plan Operational Plans	Work plans / resources / performance planning / measures

4. While the planning horizons infer a planning hierarchy for the order in which to prepare the different planning documents, the reality is quite different. This Council's own experience is that the last LTCCP was upon us before we did the foresight and strategic planning work. As an interim, the strategic goals and objectives were prepared without the use of the scenario tool and they were used to prioritise our work programmes for the LTCCP.
5. This time the scenarios, that is the stories and the supporting information, can be used to assist Council in its long term strategic thinking to develop its Strategic Plan, which will then inform the next LTCCP.

The Scenario Development

6. The Strategic Planning and Finance Committee considered progress reports on the scenario development project in November 2009 and July 2010.
7. The Committee will recall that the focal issues for the scenarios are:
 - 7.1. What will Hawke's Bay look and feel like in 40 years time?
 - 7.2. How will land be used?
 - 7.3. How will natural resources be managed?
 - 7.4. What will land tenure look like?
 - 7.5. How will people be living together?
8. Many of the strategies that we put in place and many of the decisions that we make have long term consequences on the shape of the region in the future. The decisions

made sixty years ago to build the stopbanks on the Heretaunga Plains and the impact of those on the region's economy is a good example.

9. The feedback we have received from the interviewees and other people who have been involved in the process has been very positive and there is a sense of anticipation surrounding the release of the scenarios.

The Scenario Report

10. The Scenario Report is currently being finalised but a draft has been circulated to Councillors so that you are able to see the full context of the project. Please note that there are still some gaps to complete and there may yet be a slight restructuring of the report.
11. The three stories themselves, titled "Land", "River" and "Us" are a means of conveying some of the trends and uncertainties that the region is facing.
12. As this item is being considered in public, this draft will be available to members of the public and media on request following the meeting but it is our preference that they wait for the final version.

The Communication Plan

13. It is helpful to think about the scenarios – the stories and the supporting information – as an input into the next phase of our Embracing Futures Thinking strategy, and that is 'having the strategic conversations'. This phase will occur internally as Council considers its strategic directions and also externally with other stakeholders who can influence the strategic direction of the region.
14. The objectives of the scenarios as a communication tool are:
 - 14.1. People are prepared to make decisions now, for the longer term
 - 14.2. People actively engage in the decision making process
 - 14.3. People understand why the decision needs to be made and the consequences of not making a decision.
15. The draft communication plan (Attachment 1) outlines who the target audience is and how the scenario stories and information will be presented to help with respective audiences use the tools.
16. We note that there are two sets of audiences. Those stakeholders that we need to engage with now in relation to current strategic initiatives, and those who are our future leaders. This communication plan focuses on the current audience.
17. The first event at which the scenarios will be used is the Regional Water Symposium. (Further information about the symposium is contained in a separate agenda paper.) It will be a 'soft' launch where the participants will have received the stories and limited context in the form of a booklet.
18. It is our intention to use the stories and the elements of water management that they contain as a prompt for the participants to describe a "Bleak" and "Rosy" 2050 in terms of water management. From that exercise, they will be asked to write their vision statement for Hawke's Bay in 2050 with respect to water management.
19. This is an example of how the scenarios could be used. It will depend on the topic, the audience and the purpose of the conversation as to how the event should be facilitated using the scenarios as a tool.
20. Other opportunities for the scenarios include specific projects such as the Regional Economic Development Strategy Review and the development of the Council's Strategic Plan, but there is also a place for using the scenarios and future thinking at all levels of the Council's engagement with the community including land management, environmental education and river management.

Summary

21. The Scenario Report and Communication Plan represent the completion of the Scenario Development project but also represent the beginning of the next phase of the Embracing Futures Thinking strategy of 'Having the Strategic Conversation'. This is required for the long term planning horizon.
22. The communication plan identifies a set of tools or modes of presentation of the scenario stories and the supporting information to facilitate those conversations with the current audiences.

DECISION MAKING PROCESS:

23. 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:
 - 23.1. 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.
 - 23.2. Sections 83 and 84 covering special consultative procedure do not apply.
 - 23.3. The decision does not fall within the definition of the Council's policy on significance.
 - 23.4. The decision to undertake the development of Futures Scenarios is contained in the Ten Year Plan and has already been consulted on.
 - 23.5. Section 80 of the Act covering decisions that are inconsistent with an existing policy or plan does not apply.
 - 23.6. 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 recommends 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. Receives the Final draft Scenario Report with the working title of Hawke's Bay Scenarios for the future.
3. Approves the Communication Plan for the Hawke's Bay Futures Scenarios titled "*HB2050 What's the Story?*"



Jo Stafford
STRATEGIC POLICY ADVISOR



Drew Broadley
COMMUNITY ENGAGEMENT AND
COMMUNICATIONS MANAGER



Helen Codlin
GROUP MANAGER STRATEGIC
DEVELOPMENT



Liz Lambert
GROUP MANAGER EXTERNAL
RELATIONS

Item 6

Attachment/s

- | | | |
|---|-----------------------------------|----------------------|
| 1 | Draft HB Scenarios for the Future | Under Separate Cover |
| 2 | Scenarios Communication Plan | Under Separate Cover |

HAWKE'S BAY REGIONAL COUNCIL
STRATEGIC PLANNING AND FINANCE COMMITTEE
Wednesday 17 November 2010

SUBJECT: REGIONAL WATER SYMPOSIUM

REASON FOR REPORT:

1. At the September 2010 Strategic Planning and Finance Committee meeting, staff flagged a proposal to hold a Regional Water Symposium early in the new Council term. The purpose of this item is to present more detail on this symposium and its objectives.

Background

2. The Council's Ten Year Plan describes a Strategic Water Programme involving scientific investigations, policy development, strategic water studies and demand management initiatives including water storage feasibility studies. Within these work streams, Council has met with various stakeholders in the region.
3. Many other initiatives are also under way at national, regional and local levels, and are being promoted by a wide variety of sector stakeholders.
4. While there is partial awareness of what Council and other agencies are doing, discussions to date have largely been issue or area specific. This symposium is an opportunity to bring together all the stakeholder initiatives in a broader context.

Symposium Objectives

5. The objective of the symposium is to bring all key stakeholders together and to:
 - 5.1 Aggregate and present all relevant information around water management, both nationally and regionally
 - 5.2 Gain a shared understanding and appreciation of the defining values, issues and opportunities for the region's key resources
 - 5.3 Agree on key themes for a draft strategy / action plan
 - 5.4 Establish a reference group to continue to work with the Council and others on the development of policy for water allocation.
6. This higher level strategic discussion around water management and the development of an agreed strategy and action plan will inform the development of water policy within the formal resource management planning processes. Ideally, this would result in individual submissions to the proposed plan changes being in support of, rather than in opposition to, the policy provisions and less contentious consent processes when resource consents are renewed.

The Proposed Programme

7. The Regional Water Symposium is being held on Tuesday 30 November and Wednesday 1 December 2010 at the War Memorial Centre in Napier. At the time of writing, more than 50 participants had confirmed their attendance.
8. Both the Minister for the Environment and the Minister of Agriculture and Forestry have accepted the invitation to set the national scene at the beginning of the first day. Other speakers include Professor Roger Maaka, Director of Te Manga Maori at EIT, Dr Morgan Williams, former Parliamentary Commissioner for the Environment and Professor Basil Sharp, a Professor of Energy and Resource Economics at The University of Auckland. They will talk about water through the cultural, environmental/social and economic lens, respectively.
9. The first afternoon session of the first day will focus on Hawke's Bay issues with short presentations to be given by Andrew Newman, CEO and Darryl Lew, Group Manager

Resource Management. Small group discussion and feedback will occur to ensure that there is active participation and thinking.

10. The second afternoon session will briefly introduce the scenarios and the scenario development project, and then use them to prompt thinking about what a Bleak and Rosy 2050 might look like in relation to water management. From that, the audience will be asked to think about what their vision is for Hawke's Bay.
11. Day 1 and the group exercises that it will contain will provide the foundation for Day 2, where we hope to start the formulation of a water strategy for Hawke's Bay by identifying possible regional priorities and directions.
12. We also hope to establish a Reference Group that Council staff can continue to engage with to further develop the strategy and action plan.
13. The dinner at the end of the first day will provide a social forum where participants can get an opportunity to talk to each other informally and build the relationships that are important for collaborative initiatives. The dinner will be at the participant's cost.

Funding

14. The funding for this event comes from three sources. Firstly it represents community engagement as part of the Regional Water Availability and Water Demand Strategy that is a three year Community Irrigation Fund funded project by MAF. Secondly, it will be covered by budget from the Embracing Futures Breakfast series and thirdly from the Regional Planning consultant budget.

DECISION MAKING PROCESS:

15. 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 Committee receives the report on the Regional Water Symposium.



Helen Codlin
GROUP MANAGER STRATEGIC
DEVELOPMENT



Andrew Newman
CHIEF EXECUTIVE

Attachment/s

There are no attachments for this report.

HAWKE'S BAY REGIONAL COUNCIL

STRATEGIC PLANNING AND FINANCE COMMITTEE

Item 8

Wednesday 17 November 2010

SUBJECT: PUBLIC TRANSPORT UPDATE

REASON FOR REPORT:

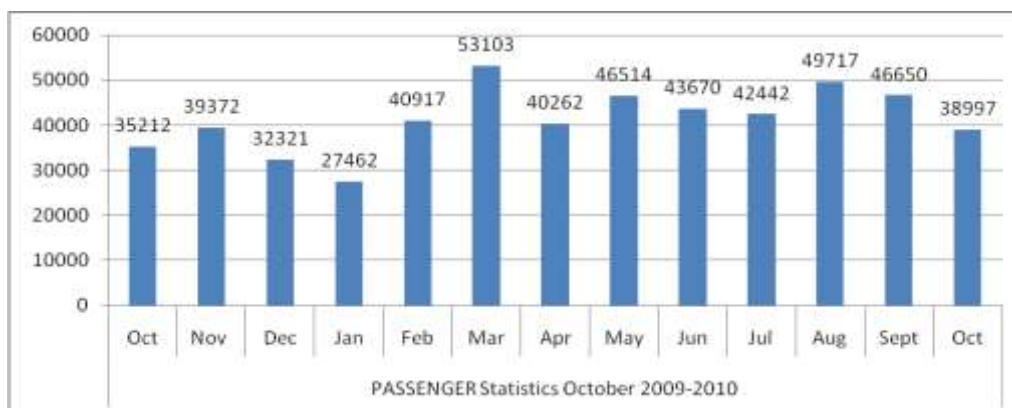
1. This agenda item provides the Committee with an update on public transport services, including trends since the previous update in September 2010. This report now contains patronage and revenue graphs which will be updated each month and provided to this Committee and the Regional Transport Committee.
2. The overall performance of the bus service continues to be positive with good passenger growth and fare recovery levels over the last year. Due to this positive result over the past 18 months, a number of further improvements to the services are outlined below and due to be implemented.

General Information

3. Total Passenger Numbers

- 3.1. The following graph outlines total passenger numbers from October 2009 to October 2010. The average monthly passenger stats for this period was 431,744. The farebox recovery rate for January to October was 39.46%.

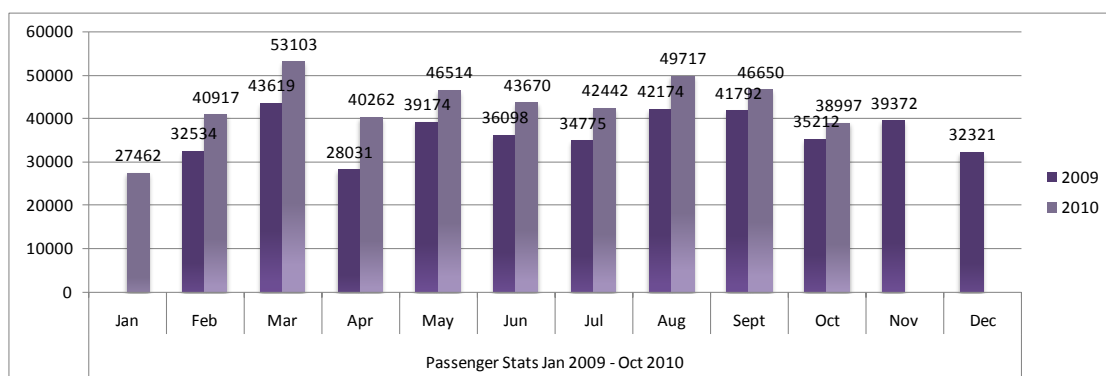
Diagram 1 – Passenger Numbers – October 2009 – October 2010



4. Patronage and Financial Trends

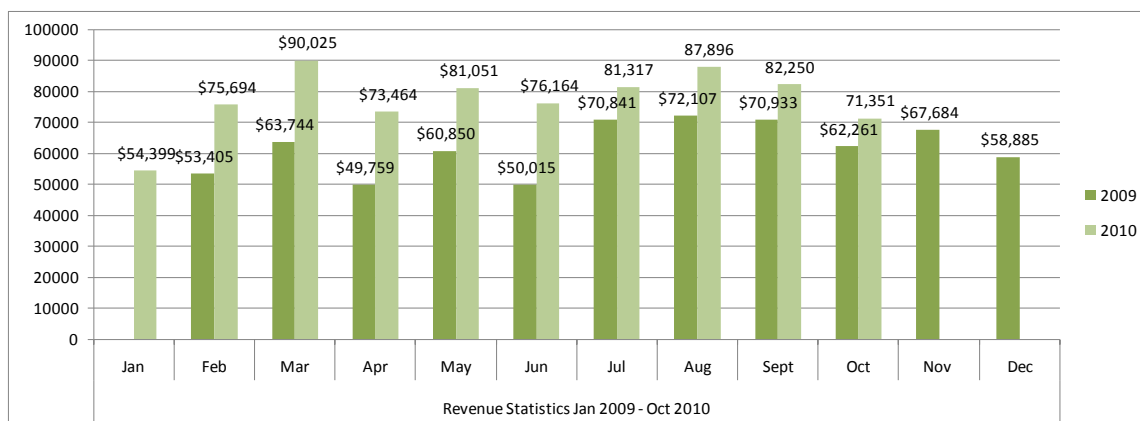
- 4.1 The following graph shows the total number of passengers from January 2009 to December 2009 with a comparison for January 2010 to October 2010. It is pleasing to see that every month during 2010 has seen an increase on the same month last year.

Diagram 2 – Total Passenger Numbers – 2009-2010



4.2 The graph below shows a comparison of revenue, from fares, for January to December 2009 and the same period during 2010. This graph reflects the increased patronage, as shown in the previous graph, and therefore an increase in fare collection when comparing 2010 figures to 2009.

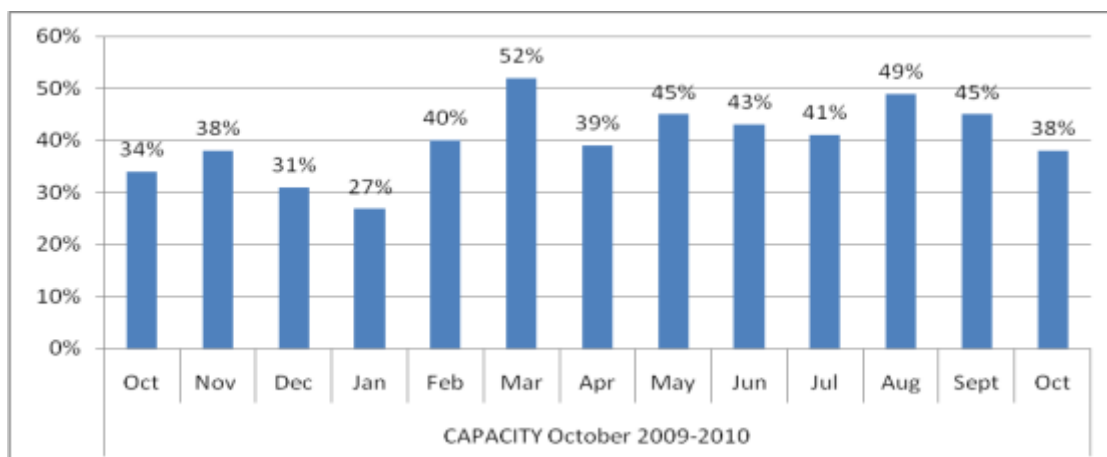
Diagram 3 – Total Revenue – 2009-2010



5. Capacity

5.1. Total capacity on Council's bus fleet is 102,620 seats, this graph shows the seat capacity utilised on a monthly basis, as a percentage from October 2009 – October 2010.

Diagram 4 – Total Revenue – 2009-2010



6. Farebox Recovery (total fares as a percentage)

6.1. The following graph shows the farebox recovery trend (i.e the total amount of fares), as a percentage, for each month from October 2009 – October 2010. Again this shows a good result.

Diagram 5 – Total Fares – 2009-2010



7. Proposed Improvements to Bus Services

7.1. Staff continue to work with Council's bus provider, Go Bus, to look at further enhancements that can be made to the bus services. These recommendations can be easily implemented and incur little or no extra cost, it is proposed to implement these changes over the next couple of months:

7.2. These are:

7.2.1. Route 13 - Tamatea – Taradale – Additional Cost Incurred

- Amend the timetable to add an additional trip at mid-day, and another afternoon service.

7.2.2. Route 17 - Parkvale – Akina – Additional Cost Incurred

- Amend the timetable to provide an even spread of services throughout the day. This change will mean that Mayfair, in Hastings, will now have access to a bus service, which it has not had since 1991 and will allow easy access to the Hawke's Bay Show Grounds.

7.2.3. Route 20 - Flaxmere – Additional Cost Incurred

- Amend the timetable to provide an even spread of services throughout the day.

7.2.4. Route 21 - Havelock North – Additional Cost Incurred

- Amend the timetable to provide a mid-day service and a more even spread of services throughout the afternoon.

7.2.5. Route 20/21 Flaxmere/ Havelock North Saturday – Additional Cost Incurred

- Amend the timetable to provide a better spread of services for Flaxmere with a later finish than at present.

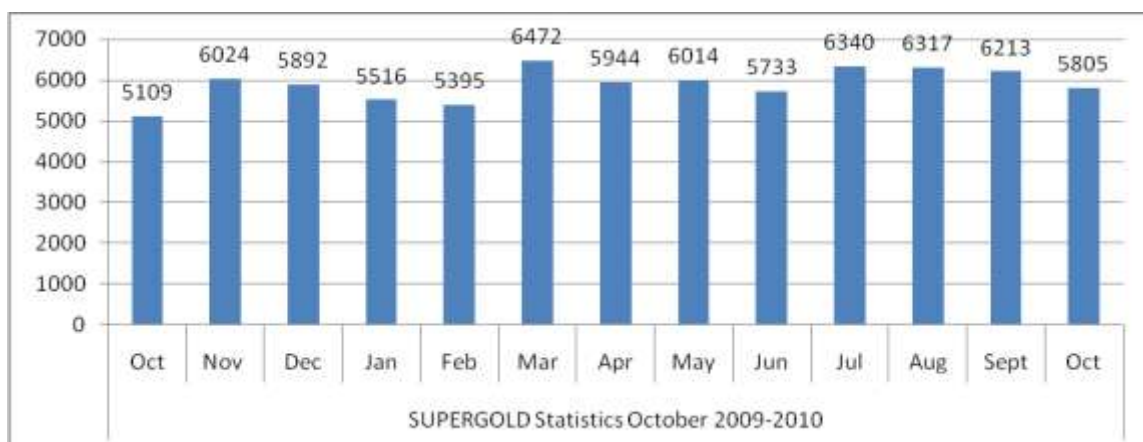
7.2.6. Route 14 - Maraenui – Onekawa – No Additional Cost Incurred

- Amend the morning and afternoon services to address running time issues which currently cause some services to run late and provide an even spread of services throughout the day.

8. SuperGold Card

8.1. The following graph shows the number of passengers each month who travelled using SuperGold cards on bus services from October 2009 – October 2010.

Diagram 6 - Number of SuperGold Card Trips



9. Infrastructure

9.1. Bus Stops

9.1.1. Agreement has been reached between HBRC, Hastings District Council, Go Bus and K-Mart, to relocate the current K-Mart bus stop, due to ongoing safety and congestion problems at the current site.

9.1.2. Initial discussions are underway with staff at Hastings District Council to investigate re-routing bus services through the Nelson Park development and the design of the bus network through that area.

9.1.3. A replacement bus shelter was installed at Bledisloe Road, Maraenui. The shelter was funded by HBRC and will be maintained by Napier City Council. The new shelter was blessed by Maraenui Maori warden Huriana Lawrence.

10. Hastings Model Communities

10.1. Staff are working closely with the model communities team at Hastings District Council.

11. Other

11.1. The annual goBay passenger survey was carried out from 1-13 November, the results will be available mid – late December.

12. Travel Plans

12.1. It is pleasing to note that staff are due to meet with two schools who have expressed an interest in undertaking a School Travel Plan.

12.2. HBRC's workplace travel plan is underway. Staff are currently being surveyed to identify current modes of transport to and from work.

13. Total Mobility Update

13.1. Below is a table showing details of client numbers and expenditure to date for the 2010/11 financial year. The low number of new clients in September is due to applications not yet being processed while Margaret Carswell, the Total Mobility Co-ordinator assisted with Payroll functions during that month.

Diagram 7 – Total Mobility Statistics

Total Mobility Statistics to 30 September 2010								
Month	Amount (incl. GST)	Trips	Passengers	Wheelchair Passengers	New Clients	Net increase in clients	Total Clients	Av. Fare subsidy per trip
Jul-10	\$37,470.30	5181	5965	1308	49	10	2166	\$6.85
Aug-10	\$42,382.68	5956	6697	1275	43	24	2190	\$7.12
Sep-10	\$37,822.86	5313	5993	1308	8	8	2198	\$7.10
TOTAL	\$117,675.84	16450	18655	3891	100		2198	\$7.02

DECISION MAKING PROCESS:

14. 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.

RECOMMENDATIONS:

1. That the Strategic Planning and Finance Committee receives the Public Transport Update and notes the improvements being made to Council's contracted bus services.



Carol Gilbertson
GOVERNANCE AND PUBLIC
TRANSPORT MANAGER



Paul Drury
GROUP MANAGER CORPORATE
SERVICES

Attachment/s

There are no attachments for this report.

HAWKE'S BAY REGIONAL COUNCIL
STRATEGIC PLANNING AND FINANCE COMMITTEE
Wednesday 17 November 2010

Item 9

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 4.

ITEM	TOPIC	COUNCILLOR / STAFF
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HAWKE'S BAY REGIONAL COUNCIL
STRATEGIC PLANNING AND FINANCE COMMITTEE
Wednesday 17 November 2010

**SUBJECT: PORT OF NAPIER LIMITED - STATEMENT OF CORPORATE INTENT
(DIVIDEND PROVISIONS)**

That the Council exclude the public from this section of the meeting being Agenda Item 10 Port of Napier Limited - Statement of Corporate Intent (Dividend Provisions) 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**

Port of Napier Limited -
Statement of Corporate Intent
(Dividend Provisions)

REASON FOR PASSING THIS RESOLUTION

7(2)(h) Enable the local authority holding
the information to carry out, without
prejudice or disadvantage, commercial
activities

**GROUND UNDER SECTION 48(1) FOR
THE PASSING OF THE RESOLUTION**

The Council is specified, in the First
Schedule to this Act, as a body to
which the Act applies.



Paul Drury
GROUP MANAGER CORPORATE
SERVICES



Andrew Newman
CHIEF EXECUTIVE