



## Meeting of the Hawke's Bay Regional Council

**Date:** Wednesday 25 July 2012  
**Time:** 9.00am  
**Venue:** Council Chamber  
Hawke's Bay Regional Council  
159 Dalton Street  
NAPIER

### Agenda

ITEM	SUBJECT	PAGE
1.	Welcome/Prayer/Apologies/Notices	
2.	Conflict of Interest Declarations	
3.	Confirmation of Minutes of the Regional Council Meeting held on 27 June 2012	
4.	Matters Arising from Minutes of the Regional Council Meeting held on 27 June 2012	
5.	Action Items from Previous Regional Council Meetings	3
6.	Call for General Business Items	
<b>Decision Items</b>		
7.	Affixing of Common Seal	5
8.	Representation Review	11
9.	Submission on the Review of the Health and Safety in Employment (Petroleum Exploration and Extraction) Regulations 1999	21
10.	Use of Information Technology at Council Meetings	25
11.	Bus Fare Review	33
12.	Adoption of the Heretaunga Plains Transportation Study (10.30am)	39
13.	Recommendations from the Regional Planning Committee	41
14.	Recommendations from the Corporate and Strategic Committee	43
15.	Delivering the Tukituki Strategy - Draft Change to the Regional Policy Statement	45
<b>Information or Performance Monitoring</b>		
16.	Hawke's Bay Tourism Quarterly Report (1.00 pm)	49
17.	Quarterly Significant Initiatives Update for Council	65
18.	Freeholding of Napier Leasehold Land	73

19. Chairman's Monthly Report (to be tabled)
20. General Business

**SUBJECT: ACTION ITEMS FROM PREVIOUS REGIONAL COUNCIL MEETINGS**

**Introduction**


1. **Attachment 1** lists items raised at previous 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. Once the items have been completed and reported to Council they will be removed from the list.

**Decision Making Process**

2. 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.

**Recommendation**

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



**Andrew Newman**  
**CHIEF EXECUTIVE**

**Attachment/s**

- 1 Actions from Previous Council Meetings



# HAWKE'S BAY REGIONAL COUNCIL

Wednesday 25 July 2012

Item 7

## SUBJECT: AFFIXING OF COMMON SEAL

### COMMENT:

- The Common Seal of the Council has been affixed to the following documents and signed by the Chairman or Deputy Chairman and Chief Executive or a Group Manager.

		Seal No.	Date
1.1	<b>Leasehold Land Sales</b>		
1.1.1	Lot 82 DP 13096 CT E3/521 - Agreement for Sale and Purchase (discount 17.5% resides at property)	3421	22 June 2012
1.1.2	Lot 56 DP 11103 CT B2/1271 - Agreement for Sale and Purchase (discount 17.5% resides at property)	3422	22 June 2012
	- Transfer	3423	22 June 2012
1.1.3	Lot 114 DP 11999 CT D1/455 - Agreement for Sale and Purchase (discount 17.5% resides at property)	3424	22 June 2012
1.1.4	Lot 79 DP 12780 CT E1/745 - Agreement for Sale and Purchase (discount 17.5% resides at property)	3425	22 June 2012
1.1.5	Lots 3 & 73 DP 10182 CT 195/31 - Agreement for Sale and Purchase (discount 17.5% resides at property)	3426	22 June 2012
1.1.6	Lot 161 DP 13096 CT E3/533 - Transfer	3427	22 June 2012
1.1.7	Lot 253 DP 11194 CT B3/87 - Agreement for Sale and Purchase (discount 10% landlord)	3428	22 June 2012
1.1.8	Lot 1 DP 13899 CT F4/425 - Transfer	3429	22 June 2012
1.1.9	Lot 178 DP 10912 CT D4/929 - Transfer	3430	25 June 2012

1.1.10	Lot 36 DP 10513 CT D2/1142 - Agreement for Sale and Purchase (discount 17.5% resides at property)	3431	25 June 2012
1.1.11	Lot 73 DP 14448 CT G2/681 - Agreement for Sale and Purchase (discount 17.5% resides at property)	3432	26 June 2012
	- Transfer	3433	26 June 2012
1.1.12	Lot 63 DP 13896 CT F4/380 - Agreement for Sale and Purchase (discount 10% landlord)	3435	27 June 2012
1.1.13	Lot 253 DP 11194 CT B3/87 - Transfer	3436	27 June 2012
1.1.14	Lot 8 DP 7310 CT B2/73 - Agreement for Sale and Purchase (discount 17.5% resides at property)	3437	28 June 2012
1.1.15	Lot 196 DP 8434 CT C2/631 - Transfer	3438	28 June 2012
1.1.16	Lot 1 DP 15940 CT H4/134 - Agreement for Sale and Purchase (discount 10% landlord)	3441	2 July 2012
1.1.17	Lot 63 DP 11717 CT C3/80 - Agreement for Sale and Purchase (discount 10% landlord)	3442	2 July 2012
1.1.18	Lot 319 DP 11329 CT B3/1306 - Agreement for Sale and Purchase (discount 10% landlord)	3443	2 July 2012
1.1.19	Lot 207 DP 8434 CT C2/489 - Agreement for Sale and Purchase (discount 10% landlord)	3444	2 July 2012
1.1.20	Lot 443 DP 11447 CT B4/1221 - Agreement for Sale and Purchase (discount 10% landlord)	3445	2 July 2012

1.1.21	Lot 166 DP 12611 CT D4/1099 - Agreement for Sale and Purchase (discount 10% landlord)	3446	2 July 2012
1.1.22	Lot 107 DP 13039 CT E2/1250 - Transfer	3447	2 July 2012
1.1.23	Lot 1 DP 18973 CT L2/234 - Transfer	3448	2 July 2012
1.1.24	Lot 5 DP 7422 CT C4/324 - Agreement for Sale and Purchase (cross-lease 2 x 10% discount landlord and 1 x 17.5% discount resides at property)	3449	2 July 2012
1.1.25	Lot 1 DP 27916 CT HB/Y1/25 - Agreement for Sale and Purchase (discount 17.5% resides at property)	3450	10 July 2012
1.1.26	Lot 179 DP 11967 CT D1/78 - Agreement for Sale and Purchase (cross-lease 2 x 17.5% discount and 1 x 10% discount)	3451	10 July 2012
1.1.27	Lot 108 DP 6598 CT C2/380 - Agreement for Sale and Purchase (discount 17.5% resides at property)	3452	10 July 2012
1.1.28	Lot 73 DP 13039 CT E2/1236 - Agreement for Sale and Purchase (discount 17.5% resides at property)	3453	10 July 2012
1.1.29	Lot 410 DP 11432 CT B4/1122 - Agreement for Sale and Purchase (discount 17.5% resides at property) - Transfer	3454 3458	10 July 2012 16 July 2012
1.1.30	Lot 81 DP 10632 CT B4/408 - Agreement for Sale and Purchase (discount 17.5% resides at property) - Transfer	3455 3457	10 July 2012 16 July 2012

	<p>1.1.31 Lot 79 DP 12780 CT E1/745 - Transfer</p>	3456	10 July 2012
	<p>1.1.32 Lot 76 DP 13695 CT F2/1324 - Agreement for Sale and Purchase (discount 10% landlord)</p>	3459	16 July 2012
	<p>1.1.33 Lot 120 DP 9950 CT 178/33 - Transfer</p>	3460	16 July 2012
	<p>1.1.34 Lot 20 DP 12517 CT D4/972 - Agreement for Sale and Purchase (discount 17.5% resides at property)</p>	3461	16 July 2012
	<p>1.1.35 Lot 132 DP 13055 CT E2/1298 - Agreement for Sale and Purchase (discount 17.5% resides at property)</p>	3462	16 July 2012
	<p>1.1.36 Lot 185 DP 6598 CT C2/370 - Agreement for Sale and Purchase (cross-lease 1 x 10% discount landlord and 1 x 17.5% discount resides at property)</p>	3464	16 July 2012
	<p>1.1.37 Lot 18 DP 7872 CT 200/31 - Agreement for Sale and Purchase</p>	3465	16 July 2012
	<p>1.1.38 Lot 146 DP 2172 CT 55/199 - Agreement for Sale and Purchase (cross-lease 2 x 10% discount landlord and 1 x 17.5% discount resides at property)</p>	3466	16 July 2012
1.2	<p><b>Deed of Grant of Easement</b> (for river control and soil conservation purposes) Lot 2 DP 6218 Certificate of Title 90/140 and Lot 4 DP 97 Certificate of Title H3/587</p>	3434	26 June 2012
1.3	<p>1.3.1 <b>Agreement to Grant Easements</b> CT562410 (957 Kininkini Road, Mahia Beach – conveying and discharging of sewage)</p>	3439	29 June 2012



	1.3.2 <b>Agreement Relating to Discharge of Wastewater</b> (957 Kininkini Road, Mahia Beach – construction of a wastewater treatment plant)	3440	29 June 2012
1.4	<b>Esplanade Strip Agreement</b> Pt Lot 1 DP 328970 <i>(to allow owners to have willow clearance works carried out and subsidised riparian fencing in exchange for retiring the strip from grazing – will eventually be planted in native seedlings and become part of greater Maraetotara River Restoration Project)</i>	3463	16 July 2012

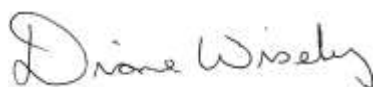
### Decision Making Process

2. Council is required to make every decision in accordance with the provisions of Sections 77, 78, 80, 81 and 82 of the Local Government Act 2002 (the Act). Staff have assessed the requirements contained within these sections of the Act in relation to this item and have concluded the following:
  - 2.1 Sections 97 and 88 of the Act do not apply;
  - 2.2 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 due to the nature and significance of the issue to be considered and decided;
  - 2.3 That the decision to apply the Common Seal reflects previous policy or other decisions of Council which (where applicable) will have been subject to the Act's

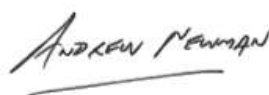
### Recommendations

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. Confirms the action to affix the Common Seal.



**Diane Wisely**  
EXECUTIVE ASSISTANT



**Andrew Newman**  
CHIEF EXECUTIVE

### Attachment/s

There are no attachments for this report.



**SUBJECT: REPRESENTATION REVIEW****Reason for Report**

1. This paper is to provide Council with representation arrangement proposals for their consideration.
2. Once Council has decided its preferred arrangement, the proposal will be publicly notified and open for public submissions.

**Background**

3. At the Regional Council meeting held on 14 December 2011, Council was advised of the need for a representation review prior to the 2013 Local Body elections, including the underlying statutory principles and requirements and the timeline to undertake this review. Council passed the following resolution to initiate the review at that meeting.

*That Council:*

*Commences the representation review process by considering the matters raised in this paper and provides direction to Council staff on the scope of any proposals for alternatives to the current representation arrangements to be developed and brought back to Council for consideration.*

4. Although no specific advice was given to staff at that meeting, it was suggested that staff consider the make-up of the Hastings constituency and there was general consensus that the number of elected representatives (9) was reasonable and that Wairoa's 'community of interest' status should be retained.
5. The Local Electoral Act (LEA) section 19V(2) requires the population of each constituency divided by the number of members to be elected by that constituency to be no more than 10% greater or less than the population of the region (155,270) divided by the total number of elected members unless particular community of interest considerations justify otherwise. Based on updated statistics, the range which applies to the current representation arrangement is 15,527 – 18,977 (17,252 +/- 10%), as reflected in Table 1.

**Table 1 Current Arrangement with Updated Population Statistics**

Name of Constituency	Number of Members	Population*	Population per Member	% Population Parameter
Central Hawke's Bay	1	16,370	16,370	-5%
Hastings	4	72,690	18,173	+5%
Napier	3	57,780	19,260	+12%
Wairoa	1	8,430	8,430	-51%
Regional Total	9	155,270	17,252	

*\* based on 2011 rounded population estimates from the Government Statistician*

6. Two proposals are presented for Council to consider.

**Proposal 1**

7. Proposal 1 was developed from the suggestion to consider the make-up of the Hastings Constituency and the effectiveness of representation for that area.
8. The proposal is for retention of nine councillors and the Wairoa constituency as a special community of interest. The Hastings and Central Hawke's Bay boundaries have

been amended to create a fifth constituency, Hastings South. In addition, the Central Hawke's Bay constituency is proposed to be a special community of interest.

9. The proposed names and boundaries of each of the five proposed constituencies as depicted on Map 1 (attached) are:
  - 9.1. **Central Hawke's Bay**; the constituency boundary being the same as that for the Central Hawke's Bay District Council area and apply for this to be a 'community of interest'.
  - 9.2. **Hastings South (name to be confirmed)**; the constituency boundary being that area which encompasses the wards of Kahuranaki and Havelock North along with parts of Heretaunga within the Hastings District Council area.
  - 9.3. **Hastings**; the constituency boundary being that area which encompasses the wards of Mohaka, Flaxmere, Hastings and most of Heretaunga within the Hastings District Council area.
  - 9.4. **Napier**; the constituency boundary being the same as that for the Napier City Council area.
  - 9.5. **Wairoa**; the constituency boundary being the same as that for the Wairoa District Council area and retaining the 'community of interest' for that area.
10. Council is to also consider whether there is a more appropriate name for the proposed 'Hastings South' constituency, to be reflected in the resolutions if amended.
11. Staff also propose to remove two meshblocks from the Hastings and proposed "Hastings South" constituencies (approximately 50 people total) in order to tidy up the constituency boundaries and transfer the representation for those meshblocks to the Taupo and Rangitikei districts where they sensibly belong.
12. The boundaries for the Central Hawke's Bay and Hastings constituencies have been altered to ensure that the final population figures for the proposed Hastings South and Hastings constituencies fall within the requirements of Section 19V(2) of the Local Electoral Act (LEA).
13. The proposed number of members to be elected in each constituency is shown in Table 2.

**Table 2 Proposal 1 Population Statistics**

Name of Constituency	Number of Members	Population*	Population per Member	% Population Parameter
Central Hawke's Bay	1	13,430	13,430	-22%
Hastings South	1	20,120	20,120	+17%
Hastings	3	55,510	18,503	+7%
Napier	3	57,780	19,260	+12%
Wairoa	1	8,430	8,430	-51%

*\* based on 2011 rounded population estimates from the Government Statistician*

14. Using the proposed boundaries, the representation of the Central Hawke's Bay and Wairoa constituencies fall well short of the stipulated population parameters, being 13,430 and 8,430 respectively. Staff consider that the factors of community of interest and effective representation of community of interest cannot be met within the +/-10% requirement, however, and therefore propose to apply for those two constituencies to be treated as 'special communities of interest'.
15. Staff considered the key factors of community of interest, effective representation of communities of interest and fair representation and have concluded that the boundary changes and proposed application of 'community of interest' for Wairoa and Central Hawke's Bay will allow the key factors to be met within the confines of the population parameter requirements.

16. The LEA s19V(2) population parameter requirements, once Wairoa and Central Hawke's Bay are treated as a 'community of interest' become  $155,270 - 8,430$  (estimated Wairoa area population)  $- 13,430$  (estimated Central Hawke's Bay population)  $= 133,410 \div 7$  (9 councillors less 1 representative each for Wairoa and Central Hawke's Bay)  $= 19,059$  per complying constituency. Taking the +/-10% into account, this requires each of the remaining three constituency's number of electors to be within the range of  $17,153 - 20,965$  (+/- 10% of 19,059) as reflected in Table 3.

**Table 3 Proposal 1 Population Statistics with Wairoa & CHB being 'community of interest'**

Name of Constituency	Number of Members	Population*	Population per Member	% Population Parameter
Central Hawke's Bay	1	13,430	13,430	n/a
Hastings South	1	20,120	20,120	+6%
Hastings	3	55,510	18,503	-3%
Napier	3	57,780	19,260	+1%
Wairoa	1	8,430	8,430	n/a

*\* based on 2011 rounded population estimates from the Government Statistician*

17. The Wairoa constituency was accepted by the Local Government Commission in 2007 as a 'community of interest', with the size and diversity of the constituency and reasonable access to representation having been proved. In releasing their decision, the Commission specifically ruled:
- 17.1. *"We first addressed the issue of the proposed Wairoa Constituency and its non-compliance with the +/- 10% rule. After carefully considering the points raised by the Council and also those made by the Mayor of Wairoa and the Wairoa Constituency Councillors, as set out earlier in this determination, we agree that a separate Wairoa Constituency is necessary to ensure effective representation of this community of interest. In summary we agree that:*
- 17.1.1. *Wairoa has a community of interest distinct from the rest of the region, both physically and socio-economically, and this presents particular challenges for community consultation and provision of services;*
  - 17.1.2. *The physical realities of the area give rise to particular issues not experienced elsewhere including hill country erosion, pressure on coastal development, pest management, transport infrastructure, biodiversity protection, wetland enhancement, flooding and other natural hazards;*
  - 17.1.3. *Effective representation is most unlikely to be achieved by merging Wairoa into another constituency in order to comply with the +/- 10% rule as this would result in a very large area (70% of the land area of the region) with few commonalities of interest and still eligible for only one councillor;*
  - 17.1.4. *Effective representation would be compromised in terms of both access to a councillor and representation of the diversity of the constituency; and*
  - 17.1.5. *The demands on a councillor servicing an enlarged area would be unreasonable."*
18. In respect to the Central Hawke's Bay constituency, staff believe that the area is a distinct community of interest, and that the size of the constituency would compromise reasonable access of the electors to an elected member for this area if enlarged to include areas of Hastings District to meet the +/-10% rule. Furthermore, physical realities of the area give rise to particular issues including hill country erosion, pressure on coastal development, biodiversity protection, flooding and other natural hazards. Several communities suffered extensive damage in the 2011 Easter floods and recovery work continues 18 months later.

19. In addition to the physical challenges particular to that area, the community is also the site for the proposed Ruataniwha Water Storage Dam, and should this proceed will be faced with land use intensification challenges not faced elsewhere in the Region. The elected member would be unlikely to realistically be able to attend public meetings throughout the area and provide reasonable opportunities for constituents to have face to face meetings due to long distances having to be travelled given the size of the constituency required to meet the population parameters.

## Proposal 2

20. This proposal is for retention of the status quo, that being nine councillors representing the four constituencies of Wairoa (1), Napier (3), Hastings (4) and Central Hawke's Bay (1).
21. The proposed names and boundaries of each of the four constituencies as depicted on Map 2 (attached) are:
  - 21.1. **Central Hawke's Bay**; the constituency boundary being the same as that for the Central Hawke's Bay District Council area as well as encompassing most of the Hastings District Kahuranaki ward (not including the Waimarama area unit).
  - 21.2. **Hastings**; the constituency boundary being that area which encompasses the Hastings District Council area, except the majority of the Kahuranaki ward but including the Waimarama area unit.
  - 21.3. **Napier**; the constituency boundary being the same as that for the Napier City Council area.
  - 21.4. **Wairoa**; the constituency boundary being the same as that for the Wairoa District Council area, retaining the 'community of interest' status for that area.
22. Staff also propose to remove two meshblocks from the Hastings and Central Hawke's Bay constituencies (approximately 50 people total) in order to tidy up the constituency boundaries and transfer the representation for those meshblocks to the Taupo and Rangitikei districts where they sensibly belong.
23. In its 2007 determination (attached), the Commission determined that this representation arrangement provided effective Local Government, recognising the diversity of New Zealand communities. Specifically:

*"Under section 19R of the Local Electoral Act 2001, the Commission determines that for the election of the Hawke's Bay Regional Council to be held on 13 October 2007, the following representation arrangements will apply -*

*(1) The Hawke's Bay Region, as delineated on S.O. Plan 10572 deposited with Land Information New Zealand, shall be divided into four constituencies;*

*(2) Those four constituencies shall be –*

*(a) the Wairoa Constituency, comprising the area delineated on SO Plan 9853 deposited with Land Information New Zealand;*

*(b) the Napier Constituency, comprising the area delineated on SO Plan 9855 deposited with Land Information New Zealand;*

*(c) the Hastings Constituency, comprising the area delineated on SO Plan 9854 deposited with Land Information New Zealand; and*

*(d) the Central Hawke's Bay Constituency, comprising the area delineated on SO Plan 386632 deposited with Land Information New Zealand;*

(3) *The Hawke's Bay Regional Council shall comprise nine councilors elected as follows –*

- (a) *One councilor shall be elected by the electors of the Wairoa Constituency;*
- (b) *Three councilors shall be elected by the electors of the Napier constituency;*
- (c) *Four councilors shall be elected by the electors of the Hastings Constituency; and*
- (d) *One councilor shall be elected by the electors of the Central Hawke's Bay Constituency.*

*As required by section 19U(b) of the Local Electoral Act 2001, the boundaries of the above constituencies comply with the boundaries of current statistical meshblock areas determined by Statistics New Zealand and used for Parliamentary electoral purposes."*

24. The Local Electoral Act (LEA) section 19V(2) requires the population of each constituency divided by the number of members to be elected by that constituency to be no more than 10% greater or less than the population of the region (155,270) divided by the total number of elected members unless particular 'community of interest' considerations justify otherwise. Based on updated statistics, the range which applies to the current representation arrangement is 15,527 – 18,977 (17,252 +/- 10%), as shown in Table 4.

**Table 4 Proposal 2 Population Statistics**

Name of Constituency	Number of Members	Population*	Population per Member	% Population Parameter
Central Hawke's Bay	1	16,370	16,370	-5%
Hastings	4	72,690	18,173	+5%
Napier	3	57,780	19,260	+11%
Wairoa	1	8,430	8,430	-51%
Regional Total	9	155,270	17,252	

*\* based on 2011 rounded population estimates from the Government Statistician*

25. The LEA s19V(2) population parameter requirements, once Wairoa is treated as a 'community of interest' become  $155,270 - 8,430$  (estimated Wairoa area population) =  $146,840 \div 8$  (9 councillors less 1 representative for Wairoa) = 18,355 per complying constituency. Taking the +/-10% into account, this requires each of the remaining three constituency's number of electors to be within the range of 16,519 – 20,191 (+/- 10% of 18,355) as reflected in Table 5.

**Table 5 Proposal 2 Population Statistics with Wairoa 'community of interest' retained**

Name of Constituency	Number of Members	Population*	Population per Member	% Population Parameter
Central Hawke's Bay	1	16,370	16,370	-11%
Hastings	4	72,690	18,173	-1%
Napier	3	57,780	19,260	+5%
Wairoa	1	8,430	8,430	n/a

*\* based on 2011 rounded population estimates from the Government Statistician*

26. When considered in 2006, the Napier Constituency did not comply with the +/-10% rule, with a slight excess of 2,000 (+13.28%). Given the numbers involved and the predominantly urban nature of the Napier Constituency, the Commission considered it was appropriate for the boundaries to coincide with the territorial authority boundaries as territorial authorities reflect communities of interest and districts are areas that electors closely identify with. The Commission therefore determined that the proposed Napier Constituency, reflecting Napier City in its entirety, should be retained notwithstanding its deviation from the fair representation requirement.
27. When factoring current population estimates into the equation, the Central Hawke's Bay Constituency is now not compliant with the +/-10% rule, by 1%. Given the Commission's previous determination for the Napier Constituency it is staff's expectation that the Commission will not consider 1% non compliance to be significant enough to warrant compromising the principles of fair and effective representation.

### Process and Timelines

28. Council needs to consider which proposal for representation arrangements is preferred, and adopt that proposal at this meeting.
29. Once a decision has been made by Council, the proposed representation arrangements will be publicly notified (8 August) and the public invited to make submissions. Staff propose that the submission period closes at 5pm on Friday 7 September (1 month required, plus 2 days).
30. Council will consider the submissions received and finalise a proposal (by 19 October), which may be different in light of any submissions received. The final proposal will then be publicly notified, and if there are any objections from the public those appeals will go to the Local Government Commission for hearing and determination along with Council's final proposal.
31. Regardless of whether any appeals are received, Council's final proposed representation arrangements will be referred to the Local Government Commission for its determination as any arrangements that include 'community of interest' considerations must be determined by the Commission in accordance with LEA 19(V)(4).
32. The timelines for representation matters are as follows.

Date	Action Required
By Fri 31/08/12 (or earlier)	Local authority determines proposed representation arrangements including provision of Maori wards/constituencies if they are to be established [Sec 19H and Schedule 1A Clause 1, LEA]
By Sat 8/09/12 (or earlier)	Public notice of proposed representation arrangements within 14 days of passing of resolution under Sec 19H LEA [Sec 19M LEA]
By Mon 8/10/12 (or earlier)	Close of public submissions to proposed representation arrangements not less than one month after date of public notice [Sec 19N LEA]
By Mon 19/11/12 (or earlier)	Public submissions on proposed representation arrangements heard by local authority within 6 weeks of closing date for submissions [Sec 19N LEA] Public notice of 'final' representation arrangements following consideration of submissions within 6 weeks of closing date for submissions [Sec 19N LEA]
By Thurs 20/12/12 (or earlier)	Close of public appeals/objections to 'final' representation arrangements not less than one month after date of public notice [Secs 19O & 19P LEA]
By Tues 15/01/13 (or earlier)	Any appeals/objections/material on representation arrangements review to LGC [Sec 19Q LEA]



Date	Action Required
By Wed 10/04/13 (or earlier)	Determinations by LGC on representation arrangements review [Sec 19R LEA]
By Sat 11/05/13	Determination subject to appeal to High Court on a point of law (Schedule 5 Clause 4 LGA). Appeal must be lodged within one month of determination.

### Decision Making Process

33. Once Council has made a decision on what the proposed representation arrangement will be, that proposal will be subject to the consultative procedures under the Local Electoral Act (LEA) sections 19M and 19N, which include a full public notification process and then the opportunity for submissions to be received from any member of the public on the proposal, with an ultimate right of appeal to the Local Government Commission. Therefore the specific requirements of the Local Government Act 2002 in respect to decision making are fully accounted for through the process specified in the LEA.

### Recommendations

That Council:

1. Acknowledges the consultation procedures required for Representation Reviews under the Local Electoral Act (sections 19M and 19N).

EITHER

2. In accordance with LEA s19(K), adopts proposal 1 as the proposed representation arrangements for consultation with the public, the detail and reasons for the proposal being:
  - 2.1 Considering the make-up of the Hastings Constituency and the effectiveness of representation for that area, it is proposed to amend the Hastings and Central Hawke's Bay boundaries to create a fifth, Hastings South constituency. It is further proposed to retain the number of elected representatives at nine, to retain the Wairoa constituency as a 'community of interest', and to apply for an additional Central Hawke's Bay special 'community of interest'.
  - 2.2 The proposed names and boundaries of each of the five constituencies as depicted on Map 1 (attached) are:
    - 2.2.1 **Central Hawke's Bay**; the constituency boundary being the same as that for the Central Hawke's Bay District Council area.
    - 2.2.2 **Hastings South** (name to be confirmed); the constituency boundary being that area which encompasses the wards of Kahuranaki and Havelock North along with part of Heretaunga within the Hastings District Council area.
    - 2.2.3 **Hastings**; the constituency boundary being that area which encompasses the wards of Mohaka, Flaxmere, Hastings and most of Heretaunga within the Hastings District Council area.
    - 2.2.4 **Napier**; the constituency boundary being the same as that for the Napier City Council area.
    - 2.2.5 **Wairoa**; the constituency boundary being the same as that for the Wairoa District Council area.
  - 2.3 The boundaries for the Central Hawke's Bay and Hastings constituencies have been altered to ensure that the final population figures for the proposed Hastings South and Hastings constituencies fall within the requirements of Section 19V(2) of the Local Electoral Act (LEA).
  - 2.4 The proposed number of members to be elected in each constituency is shown in

Table 2.

**Table 2 Proposal 1 Population Statistics**

Name of Constituency	Number of Members	Population*	Population per Member	% Population Parameter
Central Hawke's Bay	1	13,430	13,430	-22%
Hastings South	1	20,120	20,120	+17%
Hastings	3	55,510	18,503	+7%
Napier	3	57,780	19,260	+12%
Wairoa	1	8,430	8,430	-51%

*\* based on 2011 rounded population estimates from the Government Statistician*

- 2.5 Using the proposed boundaries, the representation of the Central Hawke's Bay and Wairoa constituencies fall well short of the stipulated population parameters, being 13,430 and 8,430 respectively. Staff consider that the factors of community of interest and effective representation of community of interest cannot be met within the +/-10% requirement, however, and therefore propose to apply for those two constituencies to be treated as 'special communities of interest'.
- 2.6 Staff considered the key factors of community of interest, effective representation of communities of interest and fair representation and have concluded that the boundary changes and proposed application of 'community of interest' for Wairoa and Central Hawke's Bay will allow the key factors to be met within the confines of the population parameter requirements.
- 2.7 The LEA s19V(2) population parameter requirements, once Wairoa and Central Hawke's Bay are treated as a 'community of interest' become  $155,270 - 8,430$  (estimated Wairoa area population)  $- 13,430$  (estimated Central Hawke's Bay population)  $= 133,410 \div 7$  (9 councillors less 1 representative each for Wairoa and Central Hawke's Bay)  $= 19,059$  per complying constituency. Taking the +/-10% into account, this requires each of the remaining three constituency's number of electors to be within the range of 17,153 – 20,965 (+/- 10% of 19,059) as reflected in Table 3.

**Table 3 Proposal 1 Population Statistics with Wairoa & CHB being 'community of interest'**

Name of Constituency	Number of Members	Population*	Population per Member	% Population Parameter
Central Hawke's Bay	1	13,430	13,430	n/a
Hastings South	1	20,120	20,120	+6%
Hastings	3	55,510	18,503	-3%
Napier	3	57,780	19,260	+1%
Wairoa	1	8,430	8,430	n/a

*\* based on 2011 rounded population estimates from the Government Statistician*

- 2.8 The Wairoa constituency was accepted by the Local Government Commission in 2007 as a 'community of interest', with the size and diversity of the constituency and reasonable access to representation having been proved.
- 2.9 In respect to the Central Hawke's Bay constituency, staff believe that the area is a distinct community of interest, and that the size of the constituency would compromise reasonable access of the electors to an elected member for this area if enlarged to include areas of Hastings District to meet the +/-10% rule. Furthermore, physical realities of the area give rise to particular issues including hill country erosion, pressure on coastal development, biodiversity protection,

flooding and other natural hazards. Several communities suffered extensive damage in the 2011 Easter floods and recovery work continues 18 months later.

- 2.10 In addition to the physical challenges particular to that area, the community is also the site for the proposed Ruataniwha Water Storage Dam, and should this proceed will be faced with land use intensification challenges not faced elsewhere in the Region. The elected member would be unlikely to realistically be able to attend public meetings throughout the area and provide reasonable opportunities for constituents to have face to face meetings due to long distances having to be travelled given the size of the constituency required to meet the population parameters.
- 2.11 Remove two meshblocks from the Hastings and proposed "Hastings South" constituencies (approximately 50 people total) in order to tidy up the constituency boundaries and transfer the representation for those meshblocks to the Taupo and Rangitikei districts where they sensibly belong.

OR

- 2. In accordance with LEA s19(K), adopts proposal 2 (Status Quo) as the proposed representation arrangements for consultation with the public, the detail being:
  - 2.1 Nine councillors representing four constituencies. The names and boundaries of each of the four constituencies as depicted on Map 2 (attached) are:
    - 2.1.1 **Central Hawke's Bay**; the constituency boundary being the same as that for the Central Hawke's Bay District Council area as well as encompassing most of the Hastings District Kahuranaki ward (not including the Waimarama area unit).
    - 2.1.2 **Hastings**; the constituency boundary being that area which encompasses the Hastings District Council area, except the majority of the Kahuranaki ward not including the Waimarama area unit.
    - 2.1.3 **Napier**; the constituency boundary being the same as that for the Napier City Council area.
    - 2.1.4 **Wairoa**; the constituency boundary being the same as that for the Wairoa District Council area.
  - 2.2 Removes two meshblocks from the Hastings and Central Hawke's Bay constituencies (approximately 50 people total) in order to tidy up the constituency boundaries and transfer the representation for those meshblocks to the Taupo and Rangitikei districts where they sensibly belong.



**Leeanne Hooper**  
**GOVERNANCE & CORPORATE**  
**ADMINISTRATION MANAGER**



**Paul Drury**  
**GROUP MANAGER**  
**CORPORATE SERVICES**

### Attachment/s

- |   |                      |
|---|----------------------|
| 1 Map 1 Proposal 1 Constituency Boundaries              | Under Separate Cover |
| 2 Map 2 Proposal 2 (Status Quo) Constituency Boundaries | Under Separate Cover |
| 3 Local Government Commission Determination, April 2007 | Under Separate Cover |



**SUBJECT: SUBMISSION ON THE REVIEW OF THE HEALTH AND SAFETY IN  
EMPLOYMENT (PETROLEUM EXPLORATION AND EXTRACTION)  
REGULATIONS 1999**

**Reason for Report**

1. The Department of Labour has prepared a discussion paper titled "Review of the Health and Safety in Employment (Petroleum Exploration and Extraction) Regulations 1999".
2. The Department of Labour is responsible for the implementation of the regulations.
3. Hawke's Bay Regional Council and the Department of Labour regulate many of the same aspects of exploration, well development and hydrocarbon production activities, to achieve our respective regulatory objectives.
4. This item recommends a submission that focuses on achieving regulatory alignment between the Department of Labour, the EPA, Maritime New Zealand and the sixteen regional authorities.

**Financial and Resource Implications**

5. There are no financial or resource implications of this paper.
6. The submission will need to be lodged by the extended 29 July 2012 deadline.

**Background**

7. This submission is based on Council resolutions made on 21 March 2012 and 27 June 2012.
8. Based on a resolution of Council on 21 March 2012 staff consider that the Council should encourage alignment of all regulatory processes that are dealing with the oil and gas industry.
9. Council resolutions from 21 March 2012:
  - 9.1. *Contributes to a gap analysis of all regulations managing all of the aspects of the oil/gas industry to avoid a disjointed approach to this industry.*
  - 9.2. *Agrees that New Zealand regulatory agencies should consider adopting overseas standards, where applicable, to ensure consistent regulations rather than develop our own standards*
  - 9.3. *Notes that the British Columbia Oil and Gas Commission (BCOGC), Energy Resources Conservation Board (ERCB) and National Energy Board (NEB) have all offered ongoing support to assist the East Coast Councils and New Zealand as a whole, for development of policy, regulations and technical support.*
10. At its 27 June 2012 meeting, the Regional Council agreed to submit a similarly worded submission on the Regulations Proposed under the Exclusive Economic Zone and Continental Shelf (Environmental Effects) Bill.
11. The attached submission has been slightly reworded in relation to regulatory alignment and excludes all other aspects from the 27 June 2012 submission.
12. The issues are the same as the 27 June 2012 analysis with regard to regulatory alignment.
13. Staff recommend that the Council also encourages the inclusion of Maritime New Zealand in the development of collaborative standards. Maritime New Zealand's regulatory processes also have the ability to influence the outcome of exploration, well development and hydrocarbon production activities in relation to the environment.

14. Staff have included a recommendation that a dedicated unit be formed as a joint project between Maritime New Zealand, the EPA and the Department of Labour.

### **Decision Making Process**

15. Council is required to make a decision in accordance with the requirements of the Local Government Act 2002 (the Act). Staff have assessed the requirements contained in Part 6 Sub Part 1 of the Act in relation to this item and have concluded the following:
  - 15.1. The decision does not significantly alter the service provision or affect a strategic asset.
  - 15.2. The use of the special consultative procedure is not prescribed by legislation.
  - 15.3. The decision does not fall within the definition of Council's policy on significance.
  - 15.4. The persons affected by this decision are users of resources within the territorial sea and persons who have an interest impacts on the resources in the territorial sea.
  - 15.5. Options that have been considered include:
    - 15.5.1. lodge a submission on the proposed regulations discussion document, or
    - 15.5.2. not lodge a submission.
  - 15.6. The decision is not inconsistent with an existing policy or plan.
  - 15.7. Given the nature and significance of the issue to be considered and decided, and also the persons likely to be affected by, or have an interest in the decisions made, Council can exercise its discretion and make a decision without consulting directly with the community or others having an interest in the decision.

### **Recommendations**

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. Lodges the submission as attached.



**Bryce Lawrence**  
**MANAGER - COMPLIANCE AND**  
**HARBOURS**



**Iain Maxwell**  
**GROUP MANAGER**  
**RESOURCE MANAGEMENT**

### **Attachment/s**

- 1 Draft Submission on Review of the Health and Safety in Employment (Petroleum Exploration and Extraction) Regulations 1999

Health and Safety Policy Unit  
Department of Labour  
PO Box 3705  
Wellington 6140

**Item 9**

## **Introduction**

1. *Hawkes Bay Regional Council* thanks the Department of Labour for the opportunity to make this submission in relation to the Discussion Paper "Review of the Health and Safety in Employment (Petroleum Exploration and Extraction) Regulations 1999"
2. This final submission was endorsed by the Hawkes Bay Regional Council at a meeting on 27 July 2012.
3. *Hawkes Bay Regional Council* requests the opportunity to review the draft regulations before they are finalised.

## **Comments**

### **Regulatory framework**

4. *Hawkes Bay Regional Council* makes this submission as a regulatory agency that is required to regulate exploration, well development and hydrocarbon production, to minimise effects on the environment under the Resource Management Act 1991, when those activities occur in our region (land and territorial waters).
5. *Hawkes Bay Regional Council* acknowledges the Department of Labour's responsibility to manage the same activities, to reduce the risk to human health and safety.
6. *Hawkes Bay Regional Council* submits that both agencies need to regulate the same aspects of exploration, well development and hydrocarbon production activities to achieve our respective regulatory objectives.
7. *Hawkes Bay Regional Council* submits that fail to ensure regulatory alignment could result in two undesired outcomes;
  - 7.1. Impossible to Operate – if the Department of Labour and a regional council specify two different standards in areas such as well completion, integrity testing, monitoring and production processes, the result could be that the operator is hamstrung by conflicting standards and it be impossible to operate.
  - 7.2. Compromise Leading to Negative Outcomes – if conflicting standards are applied, an operator may attempt to comply with the intent of both standards and create a situation where health and safety, as well as environmental risk, in unnecessarily increased due to safety being compromised.
8. *Hawkes Bay Regional Council* considers these regulations should achieve a good balance between economic growth, health and safety and environmental management.

**Attachment 1**

9. *Hawkes Bay Regional Council* encourages an approach where all regulations that may impact on an industry are aligned where possible, to achieve good regulatory outcomes for the environment, human health and safety, all agencies, and industry.
10. At present there is no mechanism to align oil and gas well drilling and development standards between the 16 Regional Councils, Department of Labour, Maritime New Zealand and the Environmental Protection Agency.
11. ***HBRC considers that there is a need to establish a dedicated unit that acts as a one stop shop to regulate the oil and gas industry across all of New Zealand's land and marine resources. This unit could be the centre of excellence and be a joint project between Maritime New Zealand, the EPA and the Department of Labour High Hazards unit. Establishing a unit would allow the development of a nationally consistent approach to the regulation of the industry, to develop a set of national standards for aspects of the industry and ensure a consistently high standard of delivery of regulatory outcomes.***
12. *Hawkes Bay Regional Council* encourages this process to require the Department of Labour to develop oil and gas well drilling and development standards that align with maritime New Zealand, the EPA and the 16 Regional Councils.
13. A flexible national standard, informed by standards from countries with a mature industry, that details things such as well construction and integrity testing could be an option.
14. *Hawkes Bay Regional Council* has made similar submissions on the Ministry for the Environment's discussion document 'Managing our Oceans' in relation to the EEZ Regulations.
15. *Hawkes Bay Regional Council* notes that there appears to be justification for the proposed regulations based on risk to the environment discussion re many references in this discussion document referring to the environmental risk of the activities controlled by the regulations (pages 10-12).
16. There does not appear to be enough scope within the Health and Safety in Employment Act 1992, to use environmental risk as a justification for these regulations.
17. However, *Hawkes Bay Regional Council* supports the inclusion of these references to environmental risk if they are used to support the requirement of establishing a collaborative set of standards to manage the environmental risk, and human safety risk associated oil and gas well drilling and development processes.

Yours faithfully

Fenton Wilson  
**CHAIRMAN**

Address for Service:

Private Bag 6006  
NAPIER 4142



**SUBJECT: USE OF INFORMATION TECHNOLOGY AT COUNCIL MEETINGS**

**Reason for Report**

1. The purpose of this report is to set out for Council's consideration, an approach for the implementation of Apple iPad 3 devices as an electronic replacement for paper documents at Council and some Committee meetings. This paper will set out the proposed solution, the expected cost savings and the efficiency gains to be achieved through the implementation of these devices.

**Background**

2. There has been significant interest in using electronic devices as a replacement for paper documents in meetings. Many other public sector organisations are now moving to electronic devices in order to save on paper and printing costs.

**Solution**

3. This paper proposes the transition from paper documents to electronic devices for all Council and some Committee meeting documentation. This solution will achieve the following objectives.
  - 3.1. Reduces paper and printing costs
  - 3.2. Meets all Councillor and Executive needs, and
  - 3.3. Cost-effective and user-friendly.

**Equipment**

**'Apple iPad 3'**

4. It has been determined that the Apple iPad 3 device, hereafter referred to as 'iPad', is the best fit device to provide an electronic format to replace paper documents.
5. iPads will provide an easy way to access the latest HBRC agenda and minute documents published on the Council's public website.
6. HBRC agenda and minutes documents can be stored and viewed in electronic format on the iPads for both online and offline viewing.

**'GoodReader' App**

7. GoodReader will enable Councillors and Executive to bookmark and annotate electronic documents using the touch screen keyboard, emulating the use of sticky notes, hand-writing and bookmarks on paper documents.
8. Electronic documents that Councillors have added comments/annotations to can be sent out via email as a complete 'marked up' copy of the original electronic document for others to view or as a simple list of comments/annotations.

**'Just Mobile AluPen'**

9. The Just Mobile pen is a pen device specifically designed for use on iPads. This ensures easier navigation, marking up and annotation of electronic documents. It is not designed, nor is the iPad in general, to be used for hand-writing.

**Operational Requirements for Solution Delivery**

10. In order to implement iPads, a number of operational requirements must be satisfied and/or considered prior to deployment.

11. The key operational requirements and considerations as detailed in **Attachment 1** are:
  - 11.1. iTunes Accounts/Apple ID
  - 11.2. Internet Connectivity
  - 11.3. Device Security
  - 11.4. Device Limitations, and
  - 11.5. Bring Your Own Device (BYOD) practices.

### Costs

12. The majority of costs to transition to electronic documents are incurred as an initial outlay of equipment cost during implementation.
13. Equipment will be depreciated over a period of three years.
14. Once implemented, the only ongoing cost is for mobile broadband.
15. The table below defines both the initial outlay costs (expressed in cost per month based on depreciation over three years) and the ongoing monthly costs of adopting the electronic solution.

Item	Cost
<b>Initial Outlay Costs:</b>	
Apple iPad 3 – 16Gb WiFi/3G	\$835.00
Just Mobile AluPen	\$32.00
GoodReader App	\$13.00
<b>Initial Outlay Cost</b>	<b><u>\$870.00</u></b>
<b>Monthly Cost (Initial Outlay depreciated over three years)</b>	<b><u>\$24.17</u></b>
<b>On-going Monthly Cost</b>	
Mobile Broadband – Telecom XT 500Mb Data Plan (Pre-paid)	\$21.74
<b>On-going Monthly Cost</b>	<b><u>\$21.74</u></b>
<b>Total Monthly Cost/Person (Based on depreciation over 3 years)</b>	<b><u>\$45.91</u></b>

16. It is important to note that the proposed electronic solution will not include public excluded papers. Due to the sensitivity and confidentiality of this information, Council will continue to distribute these on red paper copies.

### Distribution

17. It is proposed that iPad devices be offered for trial to all regular attendees of Council meetings, the Environment & Services and Corporate & Strategic Committee meetings. Given some attendees already have Council iPads, numbers of iPads required if uptake is 100% are:
  - 17.1. Councillors (8)
  - 17.2. Executive Staff (5)
  - 17.3. Maori Committee Representatives (3-4)

### Timing and Delivery

18. Once accepted, this solution will take approximately 6-8 weeks to implement. The implementation will include:
  - 18.1. Equipment Procurement
  - 18.2. Infrastructure Design
  - 18.3. Configuration
  - 18.4. Testing
  - 18.5. User Training, and

- 18.6. Deployment.
19. The solution should be available prior to the September 2012 Council Meeting.

### Support and Training

20. All users will receive initial one-to-one training prior to the solution going live.
21. The Information & Communications Technology (ICT) Team will support all users with any business-related issues and queries for iPad devices.

### Cost of Current Paper Solution

22. The table below defines the costs of providing paper documents to regular attendees of Council Meetings, the Environment & Services and the Corporate & Strategic Committee meetings.

Meeting	Cost/Person per Month
Council (12 per annum)	\$20.00
Council Workshops (6 per annum)	\$10.00
Corporate & Strategic (6 per annum)	\$10.00
Environment & Services (6 per annum)	\$10.00
<b>Total Monthly Cost/Person</b>	<b>\$50.00</b>

23. These costs include paper, printing and distribution.
24. Approximately one hour of internal time is required for the preparation and distribution of each meeting's documents. This is not included in the costs above.
25. It is worth noting that the cost of paper documents is approximately \$20.00 per person per meeting.

### Cost Comparative

26. For the purpose of the cost comparative, the cost of paper documents versus the proposed electronic solution is shown below. These costs cover the proposal to introduce iPads for Council Meetings, the Environment & Services and the Corporate & Strategic Committee meetings.

Cost/Person	Paper	Electronic	Savings
Monthly	\$50.00	\$45.91	\$4.09
Annual	\$600.00	\$550.00	\$50.00

27. It important to note that although initially the proposed electronic solution will be slightly cost beneficial, given the cost of paper documents is fixed at approximately \$20 per person per meeting and the cost of the proposed electronic solution does not increase with meeting numbers, the more meetings attended by Councillors with iPads, the far more cost effective this proposed solution will be.

### Funding

#### Capital

28. The cost of the iPads for up to 17 people is approximately \$15,000.

#### Operating Costs

29. The estimated yearly operating costs for the proposed iPads of \$9,365 will be more than offset by equivalent savings in Council's current budgets for paper, printing and distribution of Council and Committee papers.
30. Councillors are currently paid \$750 per annum as a communication allowance, this allowance being approved by the Remuneration Authority. This payment covers the additional use that Councillors would make of their personal cellphones, computers and

landlines etc when conducting Council business. The provision of iPads would not affect this allowance as Council is providing this equipment for use at Council meetings in order to effect cost savings to Council and improved meeting efficiencies.

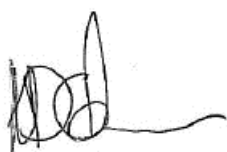
### Decision Making Process

31. 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:
  - 31.1. 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
  - 31.2. Sections 83 and 84 covering special consultative procedure do not apply.
  - 31.3. The decision does not fall within the definition of the Council's policy on significance.
  - 31.4. The effects of this decision will impact on Council organisational efficiency and will also affect the delivery of Council services to the members of the regional community.
  - 31.5. This paper clearly sets out the options available to Council for alternative proposed systems. Specifically four systems have been analysed and details are included in the attachments to this paper.
  - 31.6. Section 80 of the Act covering decisions that are inconsistent with an existing policy or plan does not apply.
  - 31.7. 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 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. Approves the purchase in 2012/13 of 17 iPads at a capital cost of \$15,000; such iPads to be provided to Councillors, Executive staff and Maori Committee representatives that attend Council meetings, Environment & Services Committee meetings and the Corporate & Strategic Committee meetings.
3. Notes that the provision of such technology at these Council and Committee meetings will be cost neutral from an operating perspective as substantial savings will be made in Council's current budgeted costs of paper, printing and distribution to support these meetings.



**Kahl Olsen**  
**INFORMATION AND COMMUNICATIONS**  
**TECHNOLOGY MANAGER**



**Paul Drury**  
**GROUP MANAGER**  
**CORPORATE SERVICES**

**Attachment/s**

- 1 Optional Requirements for Solution Delivery



## Operational Requirements for Solution Delivery

### iTunes Accounts/Apple ID

1. To use an iPad, the user must have a personal Apple iTunes account, or Apple ID. This is required to activate the device, purchase apps and back the device up. Councillors, Executive and Maori Committee Representatives must ensure they have an Apple ID prior to receiving an iPad. Credit card details must be used when creating an Apple ID and all purchases thereafter will be charged to this.
2. Due to the requirement for each iPad user to have a personal Apple ID, the App's that are purchased for business use, i.e. GoodReader, must be purchased by the user and the costs reimbursed by Council. Furthermore, because the App is purchased using a personal Apple iTunes account, ownership cannot be transferred to the Council and remains the property of the Apple iTunes account holder. Given the relatively low cost of Apps, this is not a barrier to deploying iPad devices.

### Connectivity

3. Internet access is required for to access the latest HBRC agenda and minute documents published on the Council's public website.

### Wireless Network – On-site

4. Wireless internet access will be available to all Councillors, Executive and Maori Committee Representatives in the Council Chambers and Councillors Lounge, Monday to Friday, 8am to 5pm.
5. To access this wireless internet, Councillors and Executive must sign an Acceptable Use Policy and obtain the current password from Reception. This password will be changed once per week.

### Wireless Networks – Off-site

6. Councillors and Executive will be free to connect their iPads to any off-site wireless network they wish. This is highly recommended to ensure that there is not excessive data usage on Mobile Broadband.

### Mobile Broadband

7. When wireless networks are unavailable, mobile broadband is required to access the internet.
8. iPads issued to Councillors and Executive should be supplied with a mobile broadband data plan.
9. iPad devices are multimedia devices that are designed for rich audio and video experiences from listening to audio recordings online to video conferencing. With this rich functionality comes the potential for significant data use. If using mobile broadband, data plan limits can be rapidly exceeded resulting in significant data charges.
10. Therefore, it is essential that when using mobile broadband, that 'online' activity on the iPad device is kept to a minimum.

### Device Security

11. iPad devices are consumer products and are not specifically designed for the business market. Therefore it is essential that all possible precautions are taken to protect both the device and also the data stored on it. This is best achieved by setting auto-lock and passcode features appropriately.
12. The ICT Team will assist with setting up appropriate device security.

### Device Limitations

13. Apple iPad devices are very cost-effective productivity tools but there are some limitations that must be well understood, iPads are not suitable for:
  - Typical Printing;
  - Creating or editing documents or spreadsheets; or
  - Connecting peripherals; mouse, printers, scanners, USB drives, etc.

### Bring Your Own Device (BYOD)

14. If a Councillor already has a personal laptop computer or iPad that they would prefer to use, they are welcome to connect this to the Council's wireless internet and work in an 'electronic' manner that best suits them.





**SUBJECT: BUS FARE REVIEW**

**Reason for Report**

1. This report is to review bus fare levels on the Hastings / Napier contracted bus services.
2. Regional councils are required by the New Zealand Transport Agency (NZTA) Farebox Recovery Policy to undertake a review of fare levels each year and a review of fare structures at least once every six years. A review and change of the fare levels is now due but a review of the fare structure will not be done until 2014.

**Background**

3. Fare levels and structures were both reviewed in Hawke's Bay at the end of 2008 and the following changes were introduced on 2 February 2009:
  - 3.1. The structure was changed, with the previous four zone structure being replaced with a two zone structure;
  - 3.2. Concessions were changed, with the replacement of the beneficiary and disabled concession by a concession for holders of the Community Services card;
  - 3.3. Fare levels were increased.
4. The current bus contract in Hawke's Bay is a gross contract. This means that as all revenue goes to the Regional Council, no contract adjustments are required arising from any change in fares.

**Farebox Recovery Levels**

5. Since 2009 NZTA has introduced its Farebox Recovery Policy, which requires all councils to set farebox targets.
6. The 2009/10 actual rate, and the targets as set out in the Council's Regional Public Transport Plan (RPTP), are as follows:
  - Current (2009/10) 34%
  - Target (2011/12) 36%
  - Target (2012/13) 38%
  - Target (2013/14) 40%
7. The 2010/11 data is now available, which shows the actual farebox recovery rate for 2010/11 was 37%. This indicates the Council achieved its 2011/12 target of 36%.
8. Strategies included in the RPTP that influence farebox recovery include:
  - 8.1. Improving operating efficiencies
    - 8.1.1. Council, in association with the bus operator, is constantly monitoring the costs and revenues of services and investigating how to improve efficiency. Timetable changes and route optimisation are examples of this.
  - 8.2. Increasing patronage
    - 8.2.1. This is being successfully achieved by general and targeted publicity, improving service quality through improving infrastructure and information relating to services.
  - 8.3. Reducing poor performing services
    - 8.3.1. Services are monitored and alternatives are considered on a regular basis.
  - 8.4. Review of fare products and fare levels.
    - 8.4.1. Currently being undertaken, and covered by this report.

9. The new services introduced in September/October 2011 (the extension of route 12 and the new route 15) seem likely to result in a reduction of the farebox recovery rate in 2011/12 (the farebox recovery rate for the first nine months of the 2011/12 financial year has dropped to 34.5%). Patronage overall continues to improve. But the cost of providing the services is also increasing.

### **Fare Increase**

10. The provision for a fare increase was built into the 10 year plan budgets. A small fare increase of 4-5% per year for the next three years is proposed for the following reasons:
  - 10.1. the cost of providing the services continues to increase (through inflation; indexation costs, [including fuel prices]); and
  - 10.2. farebox recovery has dropped below the target (due to the introduction of new services); and
  - 10.3. when GST was increased in October 2010 no increase was made to fares, therefore the additional costs have been absorbed; and
  - 10.4. it has been over three years since the last fare increase.
11. Evidence, experienced by other regions, indicates that small regular fare increases have less impact on patronage than larger less frequent increases and are more likely to be accepted by the passengers. The introduction of electronic smartcard ticketing also simplifies fare increases as the fare no longer needs to be set at amounts that match available coins.
12. Fare increases are difficult to apply to cash fares because of the need to round all cash fares to at least 10 cents (because of coin availability) and also the need to consider the giving of change on-board the buses (fares have previously been kept to 50 cent multiples to make this easier). Therefore changes to cash fares can result in large percentage increases. For example, if the child one-zone cash fare increases from \$1.50 to \$2.00, this is a 33% increase. Even an increase to \$1.60 is a 6.7% increase.
13. There is likely to be a negative impact on patronage of a fare increase (research in NZ indicates that for every 1% fare rise, there is only a 0.7% increase in fare revenue i.e. some passengers stop taking the bus). If small but regular increases are to be applied, it is easier to make changes to cash fares if a multi-year approach is used. This reduces the impact of the rounding problem by not increasing all fares every year, and varying the amount of the increases to each fare each year (but ensuring that over the length of the multi-year programme all fares increase by the same amount).
14. The first step in deciding fares is to establish what fare categories should exist, and what discounts should be available. The 2008 review established that fare categories should be:
  - 14.1. adult
  - 14.2. child (set at approximately half the adult fare)
  - 14.3. senior (fare set at same level as child fare)
  - 14.4. tertiary student (fares set at approximately 67% of the adult fare)
  - 14.5. community card holders (fare set the same as the tertiary student fare).
15. Smartcard fares are discounted by approximately 20% compared to cash fares. The discount levels can only be approximate because of the need to round fares. It is not possible, for example, when the adult cash fare is \$4.50, to have a child cash fare of \$2.25.

### **Options**

16. Council is now asked to consider the following options.
  - 16.1. Option 1 – No fare increase, but noting that costs of running the services has, and will, increase.
  - 16.2. Option 2 – Increasing fares in year 2012/13 only, by an average of 20%

- 16.3. Option 3 – Implementing a fare increase on a multi-year approach to minimise the impact of fare increases to passengers.

### **Proposed Option – Option 3**

17. Proposed new fares to be introduced in September 2012 are set out in Attachment 1. It is suggested a multi-year approach be used so fares for future years are shown also in the attachment.
18. The new fares are estimated to generate, after allowing for some drop-off in passengers, an increase of 4% passenger revenue each year, this is in line with anticipated revenue in the 10 year plan budgets. The cash fares are set at multiples of 20 cents to minimise the percentage increases in any one year.
19. Increases are based on 2010/11 passenger numbers, assume no growth in patronage, and assume the current split between smartcard use and cash. The overall revenue estimates are likely to be underestimated if patronage continues to grow.
20. It is suggested that option 3 be adopted to ensure 10 year plan budgets are maintained and the increasing costs of bus services is paid for by those that use the service.

### **Other issues**

21. A number of other issues need Council's consideration.
  - 21.1. Despite being 20% more expensive than smartcard fares, cash fares are more popular (57% of passengers use cash). Some promotion of smartcards may be appropriate (although of course the more passengers that use smartcards the less overall revenue the Council will receive).
  - 21.2. Senior fares account for only 2% of all fares. This is largely because free travel through the SuperGold card scheme is available for seniors at off-peak times. It is proposed, for simplicity of the fare structure, that the senior fare be removed.
  - 21.3. The removal of the community card holder concession is proposed. This fare was introduced to replace the beneficiary and disabled concession, which had been introduced as part of the previous concessionary fare agreement, prior to 2009. This concession has proved to be very problematic and time consuming to administer for the bus drivers, with a number of issues being reported, for example patrons not showing the card when boarding then demanding a refund. Very few regions have this concession due to the issues it causes. It is also important to remember the SuperGold Card scheme now in place which provides free off-peak travel for those with a SuperGold card. Council is asked to consider the removal of this concession.

### **Decision Making Process**

22. Council is required to make a decision in accordance with the requirements of the Local Government Act 2002 (the Act). Staff have assessed the requirements contained in Part 6 Sub Part 1 of the Act in relation to this item and have concluded the following:
  - 22.1. The decision does not significantly alter the service provision or affect a strategic asset.
  - 22.2. The use of the special consultative procedure is not prescribed by legislation.
  - 22.3. The decision does not fall within the definition of Council's policy on significance.
  - 22.4. The persons affected by this decision are the users of the bus services in Napier and Hastings.
  - 22.5. Options that have been considered are outlined in this paper.
  - 22.6. The decision is not inconsistent with an existing policy or plan.
  - 22.7. Given the nature and significance of the issue to be considered and decided, and also the persons likely to be affected by, or have an interest in the decisions made, Council can exercise its discretion and make a decision without consulting directly with the community or others having an interest in the decision.

## Recommendations

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. Adopts either:  
Option 1 - No fare increase; or  
Option 2 - Increases fares in year 2012/13 only, by an average of 20%; or  
Option 3 - Implement a fare increase on a multi-year approach (as per Attachment 1), noting that fare increases would be implemented in September 2012; September 2013 and September 2014.
3. Removes the "Senior" concession from the current fare structure, effective 1 September 2012, in light of the provision of the SuperGold card scheme.
4. Removes the "Community Services Card" concession, effective 1 September 2012, in light of the provision of the SuperGold card scheme.



**Carol Gilbertson**  
**TRANSPORT MANAGER**



**Helen Codlin**  
**GROUP MANAGER STRATEGIC  
DEVELOPMENT**

## Attachment/s

- 1 Proposed Fares

## Proposed Fares

Current (2011-12)					2012					2013					2014					% Incr 2012-2014
Cash		Discount to Cash	% of Adult		Cash	\$ Incr	% Incr	Discount to Cash	% of Adult	Cash	\$ Incr	% Incr	Discount to Cash	% of Adult	Cash	\$ Incr	% Incr	Discount to Cash	% of Adult	
<b>Adult</b>					<b>Adult</b>					<b>Adult</b>					<b>Adult</b>					
1 zone	\$ 3.00	-	-		1 zone	\$ 3.20	\$ 0.20	6.7%	-	1 zone	\$ 3.40	\$ 0.20	6.2%	-	1 zone	\$ 3.60	\$ 0.20	5.9%	-	20%
2 zone	\$ 4.50	-	-		2 zone	\$ 4.80	\$ 0.30	6.7%	-	2 zone	\$ 5.20	\$ 0.40	8.3%	-	2 zone	\$ 5.40	\$ 0.20	3.8%	-	20%
<b>TS/CSC</b>					<b>TS/CSC</b>					<b>TS/CSC</b>					<b>T/S/CSC</b>					
1 zone	\$ 2.00	-	67%		1 zone	\$ 2.20	\$ 0.20	10.0%	-	1 zone	\$ 2.20	\$ -	0.0%	-	1 zone	\$ 2.40	\$ 0.20	9.1%	-	20%
2 zone	\$ 3.00	-	67%		2 zone	\$ 3.20	\$ 0.20	6.7%	-	2 zone	\$ 3.40	\$ 0.20	6.2%	-	2 zone	\$ 3.60	\$ 0.20	5.9%	-	20%
<b>Child/Senior</b>					<b>Child/Senior</b>					<b>Child/Senior</b>					<b>Child</b>					
1 zone	\$ 1.50	-	50%		1 zone	\$ 1.60	\$ 0.10	6.7%	-	1 zone	\$ 1.80	\$ 0.20	12.5%	-	1 zone	\$ 1.80	\$ -	0.0%	-	20%
2 zone	\$ 2.50	-	56%		2 zone	\$ 2.60	\$ 0.10	4.0%	-	2 zone	\$ 2.80	\$ 0.20	7.7%	-	2 zone	\$ 3.00	\$ 0.20	7.1%	-	20%
<b>Smartcard</b>					<b>Smartcard</b>					<b>Smartcard</b>					<b>Smartcard</b>					
<b>Adult</b>					<b>Adult</b>					<b>Adult</b>					<b>Adult</b>					
1 zone	\$ 2.50	83%	-		1 zone	\$ 2.56	\$ 0.06	2.4%	80%	1 zone	\$ 2.74	\$ 0.18	7.0%	81%	1 zone	\$ 2.88	\$ 0.14	5.0%	80%	15%
2 zone	\$ 3.75	83%	-		2 zone	\$ 3.88	\$ 0.13	3.5%	81%	2 zone	\$ 4.07	\$ 0.19	5.0%	78%	2 zone	\$ 4.28	\$ 0.20	5.0%	79%	14%
<b>TS/CSC</b>					<b>TS/CSC</b>					<b>TS/CSC</b>					<b>T/S/CSC</b>					
1 zone	\$ 1.60	80%	64%		1 zone	\$ 1.72	\$ 0.12	7.5%	78%	1 zone	\$ 1.81	\$ 0.09	5.2%	82%	1 zone	\$ 1.90	\$ 0.09	5.0%	79%	19%
2 zone	\$ 2.40	80%	64%		2 zone	\$ 2.59	\$ 0.19	7.9%	81%	2 zone	\$ 2.72	\$ 0.13	5.0%	80%	2 zone	\$ 2.86	\$ 0.14	5.0%	79%	19%
<b>Child/Senior</b>					<b>Child/Senior</b>					<b>Child/Senior</b>					<b>Child</b>					
1 zone	\$ 1.20	80%	48%		1 zone	\$ 1.28	\$ 0.08	6.7%	80%	1 zone	\$ 1.36	\$ 0.08	6.3%	76%	1 zone	\$ 1.43	\$ 0.07	5.0%	79%	19%
2 zone	\$ 1.85	74%	49%		2 zone	\$ 1.94	\$ 0.09	4.9%	75%	2 zone	\$ 2.04	\$ 0.10	5.0%	73%	2 zone	\$ 2.14	\$ 0.10	5.0%	71%	16%
<b>Commuter Express</b>					<b>Commuter Express</b>					<b>Commuter Express</b>					<b>Commuter Express</b>					
Adult cash	\$ 3.50	-	-		Adult cash	\$ 3.80	\$ 0.30	8.6%	-	Adult cash	\$ 4.00	\$ 0.20	5.3%	-	Adult cash	\$ 4.20	\$ 0.20	5.0%	-	20%
Adult Sma	\$ 3.00	86%	-		Adult Sma	\$ 3.20	\$ 0.20	6.7%	84%	Adult Sma	\$ 3.40	\$ 0.20	6.2%	85%	Adult Sma	\$ 3.65	\$ 0.25	7.4%	87%	22%

## Principles

Discount to cash – approx 80%

Concessions for child/senior (if senior fare is retained) – approx 50%

Concessions for tertiary student and community services card holder (if CSC is retained) approx 67%



**SUBJECT: ADOPTION OF THE HERETAUNGA PLAINS TRANSPORTATION STUDY (10.30AM)**

**Reason for Report**

1. The purpose of this report is to seek adoption from Council for the Heretaunga Plains Transportation Study (HPTS) 2012 and its recommendations. Attached as Appendix 1 is a copy of the Executive Summary.
2. At the Regional Transport Committee meeting on 17 February, the following recommendation was passed:
  - 2.1. "That the Regional Transport Committee recommends the Regional Council adopt the Heretaunga Plains Transportation Study and the strategy it contains, noting that the technical recommendations will be used to inform the key projects included in the Regional Land Transport Programme."
3. Mr Tony Harrison, GHD Limited and Mr Murray Buchanan, Project Manager will be in attendance to provide a presentation to the Council.

**Background**

4. The previous Heretaunga Plains Transportation Study (HPTS) was carried out in 2004. While, the 2004 study was comprehensive and undertaken professionally, as a result of a peer review, a number of technical issues were identified that "affected" the reliability of the technical findings of the study and it was recommended these should be remedied in any future updates/studies.
5. The Hawke's Bay Regional Council (HBRC), as lead authority, proposed and commissioned the Heretaunga Plains Transportation Study (HPTS) in late 2009. The study partners were the New Zealand Transport Agency (NZTA), Hastings District Council (HDC), Napier City Council (NCC) and Hawke's Bay Regional Council. NZTA was the primary funder, however all study partners contributed to the cost of the study.
6. At an early stage, a study management and technical group (SMTG) was formed. This was comprised of technical representatives drawn from each of the funding agencies. The SMTG consisted of two representatives from NZTA ([Mark Kinvig] Simon Barnett / Oliver Postings), two from NCC (Jon Schwass / Alastair Thompsen); two from HDC (Jag Pannu / Mark Clews; one from HBRC [Helen Codlin] Carol Gilbertson; Murray Buchanan, BESL as Project Manager; and Tony Harrison / Laura Skilton from GHD Limited.
7. The project brief was developed by the project manager for the HBRC. GHD Limited were later awarded the contract, following a tender process.
8. The Heretaunga Plains Transportation Study 2012 was required and used to inform the 2012-2042 Regional Land Transport Strategy and support the Regional Land Transport Programme for the 2012-15 period and beyond.
9. The HPTS was submitted and adopted by the Regional Transport Committee (RTC) on 17 February 2012 and has since been adopted by Napier City and Hastings District Councils.

**Decision Making Process**

10. Council is required to make a decision in accordance with the requirements of the Local Government Act 2002 (the Act). Staff have assessed the requirements contained in Part 6 Sub Part 1 of the Act in relation to this item and have concluded the following:
  - 10.1. The decision does not significantly alter the service provision or affect a strategic asset.

- 10.2. The use of the special consultative procedure is not prescribed by legislation for the adoption of a technical study.
- 10.3. The decision does not fall within the definition of Council's policy on significance.
- 10.4. Options that have been considered include adoption of the HPTS and the recommendations included in the Study or to not adopt some or part of the HPTS and its recommendations.
- 10.5. The decision is not inconsistent with an existing policy or plan.
- 10.6. Given the nature and significance of the issue to be considered and decided, and also the persons likely to be affected by, or have an interest in the decisions made, Council can exercise its discretion and make a decision without consulting directly with the community or others having an interest in the decision.

### **Recommendations**

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. Adopts the Heretaunga Plains Transportation Study 2012 and the strategy it contains, noting the technical recommendations used to inform the key projects that were included in the Regional Land Transport Programme.



**Carol Gilbertson**  
**TRANSPORT MANAGER**

### **Attachment/s**

- 1 HPTS 2012 - Executive Summary Under Separate Cover



# HAWKE'S BAY REGIONAL COUNCIL

Wednesday 25 July 2012

## SUBJECT: RECOMMENDATIONS FROM THE REGIONAL PLANNING COMMITTEE

Item 13

### Reason for Report

1. The following matter was considered by the Regional Planning Committee on Wednesday 11 July 2012 and is now presented to Council for consideration and approval.

### Decision Making Process

2. This item has been specifically considered at the Committee level.

### Recommendations

#### Delivering the Tukituki Strategy

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. Approves the development of a change to the Hawke's Bay Regional Policy Statement to incorporate relevant elements of the Hawke's Bay Land and Water Strategy to set the regional context for values associated with the region's freshwater resources.
3. Supports the preparation of the 'Tukituki Choices' document which identifies different land and water management scenarios for the Tukituki catchment.
4. Instructs staff to undertake specific consultation with Te Taiwhenua O Tamatea and Te Taiwhenua O Heretaunga regarding the Tukituki Choices document.
5. Approves an approach to the Minister for the Environment seeking to have the following matters considered as matters of national significance determined by a Board of Inquiry:
  - 5.1 the proposed plan change for the Tukituki River Catchment
  - 5.2 applications for all consents relating to the Ruataniwha Water Storage project



**Helen Codlin**  
**GROUP MANAGER**  
**STRATEGIC DEVELOPMENT**



**Liz Lambert**  
**GROUP MANAGER**  
**EXTERNAL RELATIONS**

### Attachment/s

There are no attachments for this report.



**SUBJECT: RECOMMENDATIONS FROM THE CORPORATE AND STRATEGIC COMMITTEE**

**Reason for Report**

1. The following matters were considered by the Corporate and Strategic Committee on Wednesday 18 July 2012 and are now presented to Council for consideration and approval.

**Decision Making Process**

2. These items have all been specifically considered at the Committee level.

**Recommendations**

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.

**Local Government Act Amendment Bill Submission**

2. Agrees to lodge the attached submission to the Local Government and Environment Select Committee, subject to any further amendments arising at the meeting.

**Delivering the Tukituki Strategy**

3. Approves the development of a change to the Hawke's Bay Regional Policy Statement to incorporate relevant elements of the Hawke's Bay Land and Water Strategy to set the regional context for values associated with the region's freshwater resources.
4. Supports the preparation of the 'Tukituki Choices' document which identifies different land and water management scenarios for the Tukituki catchment.
5. Instructs staff to undertake specific consultation with Te Taiwhenua O Tamatea and Te Taiwhenua O Heretaunga regarding the Tukituki Choices document.
6. Approves, in principle, an approach to the Minister for the Environment seeking to have the following matters considered as matters of national significance determined by a Board of Inquiry:
  - 6.1 the proposed Plan Change for the Tukituki River Catchment
  - 6.2 applications for all consents relating to the Ruataniwha Water Storage project.

**New Zealand Local Government Insurance Corporate Limited (Civic Assurance) Share Offer**

7. Notes that as the Local Government Act 2002 specifically excludes the New Zealand Local Government Insurance Corporation Limited (Civic Assurance) from being a Council Controlled Organisation, there is no need under the Act for a special consultative process to be undertaken prior to consideration and approval of the purchase of a shareholding by Council in Civic Assurance.
8. Approves the purchase of 20,000 shares in the New Zealand Local Government Insurance Corporation Limited (Civic Assurance) at a price of 0.90c per share, and that the total cost of \$18,000 is funded from the Sale of Land Investment Account, noting that dividends are paid by Civic Assurance on these shares.

9. Notes that the purchase of shares in Civic Assurance is consistent with Council's Investment Policy as adopted in the LTP 2012-22.

A handwritten signature in dark ink, reading "Andrew Newman", with a horizontal line underneath.

**Andrew Newman**  
**CHIEF EXECUTIVE**

**Attachment/s**

- 1 LGA Amendment Bill Submission      Under Separate Cover

**SUBJECT: DELIVERING THE TUKITUKI STRATEGY - DRAFT CHANGE TO THE REGIONAL POLICY STATEMENT****Reason for Report**

1. Both the Regional Planning Committee and Corporate and Strategic Committee have recently<sup>1</sup> recommended Council *"approve the development of a change to the Hawke's Bay Regional Policy Statement<sup>2</sup> (RPS) to incorporate relevant elements of the Hawke's Bay Land and Water Strategy to set the regional context for values associated with the region's freshwater resources."*
2. This report presents a draft Change for the Council's consideration and approval to publish as a draft Change for informal public comment prior to notification as a proposed Change later this year.

**Background**

3. The 2011 Hawke's Bay Land and Water Management Strategy (LAWMS) and working draft versions of the RPS Change have been the subject of recent workshops with members of the Regional Planning Committee.
4. LAWMS provides a non-statutory overarching direction for the management of land and water in the region. It was developed through multi-party Reference Group process reflecting that there are many agencies with a role to play in achieving the desired environmental and economic outcomes. LAWMS has a focus on future viability and resilience of the region's land and the regional long term prosperity through sustainable land use and water management while maintaining overall quality of freshwater ecosystems for agreed management objectives.
5. Key policies in LAWMS in relation to freshwater management include:
  - 5.1. Land and water management is tailored and prioritised to address the key values and pressures of each catchment (Policy 1.5)
  - 5.2. Relevant HBRC investments are aligned to the Strategy (Policy 1.7)
  - 5.3. Adequate transition times and pathways for changes to water allocation and to reach water quality targets are worked out with communities (Policy 1.8)
  - 5.4. Forward thinking water management decisions are made in the interests of longer environmental, economic, social and cultural values. (Policy 3.1)
  - 5.5. Large scale community storage infrastructure which can provide increased water security in water scarce catchments is recognised as a key element of long term sustainable solutions. (Policy 3.8)
  - 5.6. Develop an integrated catchment approach to land and water management. (Policy 3.23)
6. These policies, along with others, need to be embedded in statutory documents in order to give context to the catchment specific objectives and limit setting. The RPS is one such statutory document. It is proposed to change the RPS to provide the regional context for tailoring and prioritising the key values and freshwater management objectives across the region.
7. Figure 1 illustrates proposed timeframes for development and progress of this RPS Change. Timeframes in Figure 1 are based upon a very focussed project scope which is critical to the Change being delivered within timeframes necessary to inform separate, yet related, catchment-based regional plan changes. These include regional plan

<sup>1</sup> Regional Planning Committee (11 July 2012) and Corporate and Strategic Committee (18 July 2012).

<sup>2</sup> The Regional Policy Statement is included within the Hawke's Bay Regional Resource Management Plan (commonly referred to as the RRMP).

changes for Mohaka and Tukituki catchments. What catchment-based changes would fail to deliver on their own is a high-level integrated approach to managing land use and development and freshwater across the whole region.

8. The RPS Change is not intended to comprehensively implement the National Policy Statement for Freshwater Management. That will largely be done through a series of changes to regional plans – as distinct from a RPS Change.

**Figure 1: Regional Policy Statement Change timeframes**

RPS PROCESS	2012							2013										
TASKS	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N
Draft																		
Engage																		
Notify																		
Submissions																		
Report																		
Hearings																		
Decisions																		
Appeals																		

### Financial and Resource Implications

9. The drafting and further advancement of this RPS Change is to be accommodated within Project 192 ('Strategy and Planning'). The Draft RPS Change has been prepared by staff with guidance and direction from Regional Planning Committee workshops. An external consultant has been used as a 'sounding board' to test ideas and concepts in formulating the Draft RPS Change.
10. As noted above, the timeframes are tight, and in order to meet those tight timeframes, the Change's scope is deliberately focussed. Explanatory material published alongside the Draft RPS Change will provide a brief outline of what the Change is intended to do, and what is not covered in the Draft Change.
11. The section 32 evaluation summary report that the RMA requires to be prepared and adopted when a council adopts any proposed plan change, will outline the Change's broader benefits and costs, along with the alternatives considered.

### Next Steps

12. If Council agrees that the Draft RPS Change be published and informal public comments invited, then the next steps include:
  - 12.1. Inviting feedback on the Draft RPS Change from individuals, groups and interested agencies by 24<sup>th</sup> August (a period of approximately 3 weeks)
  - 12.2. Staff engaging with targeted stakeholders (for example, iwi/hapu via iwi authorities, Minister for the Environment, territorial authorities, Department of Conservation)
  - 12.3. Staff meeting with groups who may request further discussion about the Draft RPS Change
  - 12.4. Making the Draft Change and explanatory material available at [www.hbrc.govt.nz](http://www.hbrc.govt.nz).

## Decision Making Process

13. Council is required to make a decision in accordance with the requirements of the Local Government Act 2002 (the Act). Staff have assessed the requirements contained in Part 6 Sub Part 1 of the Act in relation to this item and have concluded the following:
  - 13.1. The decision does not significantly alter the service provision or affect a strategic asset.
  - 13.2. The use of the special consultative procedure is not prescribed by legislation. However, this matter will be subject to formal consultation procedures as required by the Resource Management Act.
  - 13.3. The decision does not fall within the definition of Council's policy on significance.
  - 13.4. The persons affected by this decision are all persons with an interest in the region's management of natural and physical resources, particularly freshwater.
  - 13.5. Options that have been considered previously by Council include options the subject matter being part of catchment-based regional plan changes; not to change the RPS; and another option is to not agree that the Draft RPS Change (as attached with or without further amendments) be published and released for informal public comment.
  - 13.6. The decision is not inconsistent with an existing policy or plan.
  - 13.7. Given the nature and significance of the issue to be considered and decided, and also the persons likely to be affected by, or have an interest in the decisions made, Council can exercise its discretion and make a decision without consulting directly with the community or others having an interest in the decision.

## Recommendations

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. Considers the Draft Change to the Regional Policy Statement (Attachment 1) and makes any amendments that may arise at the meeting.
3. Agrees to publish the Draft RPS Change and invite informal public feedback by 24 August 2012.



**Gavin Ide**  
**TEAM LEADER POLICY**



**Helen Codlin**  
**GROUP MANAGER**  
**STRATEGIC DEVELOPMENT**

## Attachment/s

- 1 Draft RPS Change Under Separate Cover





## HAWKE'S BAY REGIONAL COUNCIL

Wednesday 25 July 2012

### SUBJECT: HAWKE'S BAY TOURISM QUARTERLY REPORT (1.00 PM)

Item 16

#### Reason for Report

1. The purpose of this paper is to provide Council with Hawke's Bay Tourism Limited (HBTL) results for the year ending 30 June 2012.

#### Background

2. At its meeting on 25 May 2011 Council resolved to approve the funding agreement between the Hawke's Bay Regional Council and HBTL. Section 11 of this funding agreement provided for a quarterly and annual report to be presented to Council to enable Council to monitor the outputs/outcomes being achieved and the financial progress against budget given the commitment by Council to fund HBTL, through a payment of \$850,000 each year for three years commencing 2011/12.
3. A report from HBTL setting out achievements, progress towards the key performance indicators as set out in the funding agreement, together with the Company's financials, are **attached** to this paper.
4. The Chairman, George Hickton, and Annie Dundas, General Manager of HBTL will be presenting this report to Council.

#### Decision Making Process

5. 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 Council receives the report from Hawke's Bay Tourism Limited.



**Annie Dundas**  
**GENERAL MANAGER**  
**HAWKE'S BAY TOURISM**



**Paul Drury**  
**GROUP MANAGER**  
**CORPORATE SERVICES**

#### Attachment/s

- 1 Hawke's Bay Tourism 2011-12 Year End Report
- 2 Hawke's Bay Tourism Key Performance Indicators Year End Report
- 3 Hawke's Bay Tourism 2011-12 Year End Financials





## Hawke's Bay Tourism Ltd – 4th Quarter Report April - June 2012

Prepared by Annie Dundas, GM Hawke's Bay Tourism

### Overall

Hawke's Bay Tourism Limited has now completed its first year of operation. To date 174 tourism businesses have signed up to the new partnership programme of Hawke's Bay Tourism Ltd. The organisation has achieved the key performance targets set by The Hawke's Bay Regional Council for the first year.

Major initiatives completed this quarter include Hawke's Bay's partnership advertising in Australia, Hawke's Bays attendance at TRENZ - the largest tourism conference in New Zealand, implementation of the Regional Events Strategy and continued focus on domestic advertising. Please see the detail within the KPI report.

### Visitor Statistics

The last quarter of the year is not traditionally a busy travel period and continued bad weather didn't help over the important travel periods of Easter and the school holidays resulting in negative arrivals in April.

Overall the Commercial Accommodation Monitor for May 2012 shows Hawke's Bay guest nights for May 2012 down 3.6% compared to the same period in May 2011. This equates to 1,972 less visitor nights (approx 925 travelers) spent in commercial accommodation in the region in May. National figures indicate Hawke's Bay isn't alone with national figures revealing 6,000 fewer guest nights overall which includes Bay of Plenty down 17,000 guest nights, Wellington down 9,000 nights, Northland down 5,000 and Nelson down 2,000 nights.

The Private Household Monitor estimated 41,445 visitors to the Hawke's Bay Region stayed 125,318 nights in private accommodation during May 2012. This was an increase of 7000+ guest nights on the previous May. Note this excludes those who stayed in holiday homes and baches, but includes children aged 15 or under. The major reasons for visiting Hawke's Bay were visiting friends and family (71.3% of total nights stayed) and general holiday or leisure (7.9% of total nights stayed). Visitors to the region stayed an average of 3.0 nights in private accommodation. International visitors stayed on average longer than domestic visitors (4.2 nights compared to 2.8 nights respectively).

International visitor arrivals into New Zealand are again being propped up by massive arrivals from China (+51% for May and +32.3% year end May). An additional 42,124 Chinese visited NZ this year compared to the previous year. Australia remains the number one visitor market for New Zealand with 1.159m arrivals recorded year end May 2012.

Average spend by international visitors to New Zealand is \$2,400 per person. Trip expenditure in New Zealand totaled \$5.635 billion, year ended March 2012.

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International Visitor Arrivals to NZ	May 2012		Year end May 2012	
<b>Total</b>	140,841	0.1 %	2,615,921	+4.0% (100,062)
Australia	64,688	-3.0%	1,159,444	+3.3 % (36,872)
UK	6,304	-18.3%	214,800	-3.0% (-6,683)
USA	9,568	-6.7%	182,972	-3.3% (-6,278)
China	12,298	+51.0%	172,532	+32.3% (42,124)
Commercial Accommodation	May 2012		Year end May 2012	
<b>Hawke's Bay</b>				
Total visitors	24,575	-7.3% (1,792)	470,746 (3,688)	-0.8%
Total guest nights	52,345	-3.6%	960,323	-2.2%
International guest nights	11,357	-9.9%	256,382	+4.3%
Domestic guest nights	40,988	-1.7%	703,941	-4.4%
Average length of stay	2.13 nights	Up (2.06 nights)	2.04 nights	Down (2.07 nights)
Overall occupancy rate	23.9%	Down (26.1%)	32.2%	unchanged
Occupancy excl Holiday Parks	36.8%		46.2%	
Hotels	8,568	+0.7%	159,197	+15.5%
Motels/Apartments	28,880	-4.4%	475,099	-1.1%
Backpackers	8,007	+3.8%	122,732	-4.3%
Holiday Parks	7,882	-12.6%	203,295	-13.7%
<b>Other Regions Total Guest Nights</b>				
Coromandel	28,071	+5.8%		
Bay of Plenty	63,118	-20.7%		
Rotorua	96,994	+2.1%		
Taupo	51,794	+3.0%		
Gisborne	16,467	-6.4%		
Wellington	170,997	-4.8 %		
Nelson	54,009	-4.2%		
Wanaka	25,339	-0.1%		
Queenstown	127,964	+14.4%		
Private Household Monitor	May 2012		Year end May 2012	
Total Visitors	41,445 (5,943)	+14.3%	621,409 (25,936)	+4.2%
Total Visitor nights	125,318 (7,187)	+5.7%	2,551,503 (67,720)	+2.7%

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### Key Performance Indicators for Hawke's Bay Tourism (see snapshot report attached)

The organisation has been working towards the goals and objectives set out in the Strategic Plan signed off by HBRC in May 2011.

In the twelve months of operation the following KPI's have been met;

1. **Hawke's Bay Tourism** - Establishment of a new Regional Tourism Organisation achieved July 1, 2011. Hawke's Bay Tourism Ltd has successfully brought together the previous tourism team of Venture Hawke's Bay and staff from Wine Country Tourism Association. All now operate under Hawke's Bay Tourism Ltd.
2. **Brand** - Establishment of a "Hawke's Bay" brand and communication tagline. The brand "Hawke's Bay" and tagline "Get me to Hawke's Bay" are well established and are being used in all communication produced by HBT. Other entities that have adopted the new brand format include Havelock North Business Association, Golf Hawke's Bay, Business Hawke's Bay, Food Hawke's Bay and the Napier i-site.
3. **Consumer Marketing** - HBT has continued to focus on targeting domestic visitors via its marketing campaign which has run through April, May and June. Hawke's Bay Tourism worked in conjunction with Napier City Council to promote "Napier for the Ride of your Life" a new event on the calendar based around cycling. HBT allocated a portion of online spend to a dedicated banner ad for the event. A further Grab a Seat with Air New Zealand in June sold 300 flights for travel in August. Hawke's Bay has featured heavily online in this period, both with online banners and dedicated search engine marketing.

The Australian consumer campaign culminated in May with the AU\$179 Air New Zealand airfare from Sydney, Melbourne or Brisbane to Hawke's Bay (via Wellington) selling 260 seats. Over 400 bed nights were sold with this deal by one fulfillment partner alone. The travel period is June to November 2012. As mentioned in the previous report Hawke's Bay is part of a \$3m campaign in Australia alongside Wellington, Wairarapa and Marlborough. Activity to date has included WLG - a pop-up restaurant in Melbourne showcasing Hawke's Bay produce and wine. Hawke's Bay has also hosted a number of high profile media as part of the partnership and appeared in several travel agent campaigns in Australia. The ultimate desire is for Hawke's Bay to be recognized alongside Wellington as part of a preferred Australian itinerary to New Zealand. A final campaign report is still to be collated.

Hawke's Bay Tourism has hosted 8 media in the final quarter, they include;

- Cote Magazine France, High end luxury French title, 80,000 distribution
- China Southern Golf VIPs x 3; Golf Magazine, 428 000 copies per month, + Sina.com Golf Channel-1.2 million page views per day + I love golf TV-80 000 000 people in Guangdong
- Sunday Magazine Australia, inserted into NSW's The Sunday Telegraph and Victoria's Herald Sun Sunday, circulation 1,144,423
- Vogue Living Australia 60 000 readers + facebook 14 600 fans
- Feast Magazine Australia 45 000 copies + twitter 1100 followers

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Facebook: [www.facebook.com/hawkesbaynz](http://www.facebook.com/hawkesbaynz)



- The Advertiser Australia 275 000
- Australian Associated Press

#### Media results since April include:

- 6 x blogs "Not Quite Nigella" Australia, 190 000 unique users per month, 9,312 twitter followers, 4,600 fans on facebook
- Ok Magazine Australia, Alana Lowes Masterchef Australia 380 000 readers
- China Southern Morning Post
- Masterchef NZ x 2 Episodes 400 000 viewers per episode + NZ Herald and Stuff features
- Black Barn voted in top 10 vineyard stays of the world-generated features nationally and internationally ( too many to mention)

#### Digital Strategy

For the fourth quarter [hawkesbaynz.com](http://hawkesbaynz.com) has delivered the following:

<a href="http://www.hawkesbaynz.com">www.hawkesbaynz.com</a>	April – June 2011	April – June 2012	+/-
Visits to site	32,958	51,332	+35.8%
Unique Users	6,608	38,521	+82.8%
Page views	172,716	187,148	+7.7%
Average pages per visit	5.24	3.65	-
Average time on site	4.09	3.07	-
Search Activity	No search activity	18,704 clicks	+

The new website is performing exceptionally well and traffic has doubled month on month since it was launched. While time spent on the site is lower, this is a reflection of people finding what they want more efficiently.

Search activity in the third quarter is generating between 6,000 and 7,000 visits to the website per month. Search is fundamental and provides a strong base of traffic to the Hawke's Bay website.

**Research** – the quarterly visitor performance monitor has been established to accurately report on all aspects of tourism for Hawke's Bay, this is communicated to industry quarterly.



#### 4. Trade Marketing

Hawke's Bay Tourism hosted 13 travel agent famils in the last quarter. They included:

- Pre-TRENZ European Product Managers Famil included agents from the emerging markets of Russia (3), Estonia (1), Czech Republic (1), and Germany (2).
- TRENZ famil – North America (3), Japan (1), Germany (1), Switzerland (1)
- North American Golf Tour Operators Alliance Famil hosted 15 golf travel specialists.
- Australian Product Managers famil (9)
- GTA Agent famil Australia (10)

HBT attended TRENZ in May. Seven Hawke's Bay tourism businesses joined HBT. They were The Crown Hotel, Art Deco Trust, Mangapapa Petit Hotel, Gannet Safaris Overland, Takaro Trails, The Farm at Cape Kidnappers and Glen Aros Country Estate. Hawke's Bay was also supported by nine wineries who supplied wine and Silver Fern Farms who supplied lamb for a Hawke's Bay showcase event for 150 key travel buyers. TRENZ had a much stronger number of European and American buyers compared to the previous year, which is very positive for Hawke's Bay as these product managers are more likely to be interested in what Hawke's Bay has to offer. HBT conducted over 40 appointments during the three-day event.

#### Cruise

Final numbers for the 2011/2012 Cruise Season

	2011/12 Actual		2012/2013 Forecast	
Total NZ Arrivals	173,819	+ 27.1	208,659	+20%
Total Hawke's Bay Arrivals	93,336	+30.6%	96,010	+2.9%
Australia	62,508	+25.4%	61,319	-1.9%
Crew	37,095	+25%	43,244	+16.6%

Australians make up the majority of Hawke's Bay traffic (67.0%), followed by Americans (15.1%) and Brits (4.7%). Hawke's Bay continues to rate as one of the countries top ports. Anecdotal commentary from operators is indicating that small numbers of Australian visitors are returning to Hawke's Bay for longer periods once they have cruised.

#### 5. Product development

Individual workshops with tourism industry partners have continued in the fourth quarter.

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## 6. Events

The Regional Events Strategy is well underway in the fourth quarter with the Event Advisory Group being established. This group represents all sectors of tourism and events. Sport Hawke's Bay, Napier City Council, Hastings District Council, Food Hawke's Bay, Conference & Business, Culture and Arts, Maori, Major Events, Art Deco, Hawke's Bay Airport, Wine and Hawke's Bay Tourism.

A major food and wine initiative was also launched – F.A.W.C! Food & Wine Classic Hawke's Bay. This premium food and wine event is planned for November 2012 and June 2013.

## Hawke's Bay Tourism – Financial Statement

Hawke's Bay Tourism Ltd has monitored its budget closely in the last 12 months and a surplus has been recorded in its first year of operation. This is due to efficiencies within media spend both in Australia and New Zealand and a reduction in overhead costs. This surplus will be spent alongside Wellington and Tourism New Zealand within Australia and in domestic advertising in the 2012/2013 year.

Final financial statements for the full financial year will not be ready until September so the year ending operating statement attached will have some minor amendments to come.

## Under-spends

Australia Campaign – there was a reduction in overall campaign spend. Positively Wellington Tourism made savings on their campaign spend and did not pass on full costs to Hawke's Bay Tourism. This was a saving of \$40,000. We plan to use these savings for the Australia campaign in the 2012/2013 budget.

The Domestic Advertising budget was slightly under due to savings from efficient media buying. There are still some accounts to be paid so the \$11,000 under spend will be reduced.

The Foodshows happen over two financial years and so the costs balance themselves out.

Events and costs related to the food and wine event – F.A.W.C! Spend for this event was planned prior to the end of the financial year but has been shifted to August/September. This money will be carried over to promote F.A.W.C! Food and Wine Classic Hawke's Bay - our major food and wine event push for 2012/2013.

Overhead savings have meant small savings in IT servicing (\$3k). Other items within computer expenses, motor vehicle expenses, and general expenses have yet to be paid so these budget line items will balance.

Salaries will balance once the end of year is reconciled.










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Key Performance Indicators for Hawke's Bay Tourism – 3 Year Plan

WORKSTREAM	2011-2012	Delivery of KPI's	Q1	Q2	Q3	Q4
<b>General</b>						
Establishment of a new Regional Tourism Organisation for Hawke's Bay	Full coordination of 2 entities	Establishment of a new Regional Tourism Organisation achieved July 1, 2011. Hawke's Bay Tourism Ltd has successfully brought together the previous tourism team of Venture Hawke's Bay and staff from Wine Country Tourism Association. All now operate under Hawke's Bay Tourism Ltd.	✓			
	Communication and full regional engagement.	Regular communication to an actively managed tourism database of 850 contacts. Multiple groups still exist within Hawke's Bay and work continues to try and work more closely together	✓	✓	✓	✓
<b>BRAND</b>						
	Establish a "Hawke's Bay" brand and relevant communication tagline.	The brand "Hawke's Bay" and tagline "Get me to Hawke's Bay" are well established and are being used in all communication produced by HBT. Other entities that have adopted the new brand format include Havelock North Business Association, Golf Hawke's Bay, Business Hawke's Bay, Food Hawke's Bay and the Napier I-site.	✓			
<b>CONSUMER MARKETING</b>						
Consumer Marketing - Undertake awareness and tactical promotional activity to target key segments to grow visitor numbers to the region	Increase visitor nights by 1% - this equates to 31,157 additional guest nights and 10,490 additional visitors. (Based on Yr end Sept 2010 figures of 1,049,554 visitors per annum and 3.11m guest nights).	Visitor numbers year end December 2011 equate to a 3.9% increase on the previous 12 months - this equates to 155,858 visitor nights and 45,121 additional visitors. ** Just based on CAM + Private Household figures for year end Dec 2011 there were only 2195 additional guest nights in Hawke's Bay and 708 additional visitors. Cruise figures are not captured above and 93,336 visitors arrived into Hawke's Bay last year.				✓
	Increase total visitor expenditure by 2% which equates to \$7.92m in additional revenue to Hawke's Bay.	Visitor expenditure wont be known for this 12 month period until later in the year. It is expected to be down on the previous year based on the current economic climate.				TBC

	Build at least 2 consumer campaigns targeting the domestic market through partnerships within Hawke's Bay to best profile the region and spend efficiently.	"Get Me to Hawke's Bay" campaigns have run throughout the year, so rather than 2 distinct campaigns we have had continued advertising presence in key booking months. Smaller campaigns to support the overall message include "Napier for the Ride of your Life" and Grab a Seat in June.				
	Work with Tourism Wellington on building Hawke's Bay's profile within Sydney and Melbourne.	Australia Partnership with Wellington, Marlborough/Wairarapa has resulted in huge exposure and bookings for Hawke's Bay. See detail in report. Key result 260 flights sold to Hawke's Bay from Australia.				
Host domestic & international media	Deliver 15 media famils within the region which will result in increased media coverage for the region within targeted international and NZ publications and online.	85 media famils have been hosted in the last 12 months as well as 103 Rugby World Cup media. Of the 85, 31 were part of the American Society of Travel Writers group and 11 were from the Society of Australian Travel Writers	9 + 103 RWC media	57	11	8
Digital Strategy	Increased traffic to official website by 35% - this equates to an additional 10,500	Web traffic has increased by 473% with an additional 96,082 unique visitors. Based on July – June 2010/11 vs. 2011/2012				
	Increased content on third party websites.	This is ongoing and includes addition of Hawke's Bay content with online travel sites, blogs and operator sites.				
	Undertake full review of current website www.hawkesbaynz.com to determine ideal future for meeting consumer needs and how best to monetize the website.	www.hawkesbaynz.com has been reviewed and relaunched to future proof the site. Commercial booking engine BookIt has been applied to the site and bookings are being monitored.				
	Optimise search capability and undertake search marketing and develop social channels to grow database of potential travellers.	The website is now fully optimised and HBT is engaged monthly in search engine marketing. Both the Facebook and twitter channels are actively managed and "followers" are growing all the time.				
Research	Develop a dashboard of relevant information and key performance indicators for key stakeholders utilising existing research sources.	Quarterly Regional Economic Report developed.				
	Communicate quarterly reporting to the industry and stakeholders about latest visitor information and research.	Quarterly Regional Economic Report distributed for Q1 and Q2. Results are pending for Q3.				




Consumer Shows – present Hawke's Bay to target audiences via showcasing key experiences	Attend at least one consumer show to raise awareness for Hawke's Bay.	HBT attended both the Auckland and Wellington Foodshows in the last 12 months.				
	Review further opportunities to showcase Hawke's Bay at relevant consumer shows.	HBT has been approached to join a number of consumer shows but they tend to be cost prohibitive. We will continue to review relevant events.				
<b>TRADE MARKETING</b>						
Attend key trade events domestically and internationally	Attend at least five trade events in NZ and offshore - Kiwi Links UK/Europe, Explore x2, Meetings, TRENZ resulting in increased profile of Hawke's Bay experiences to enable travel sellers to brochure and market the region in at least 15 more travel sellers programmes.	HBT attended Kiwi Link UK/Europe, Explore NZ, Meetings, TRENZ and the Australia TNZ Insights Workshop. Each of these events are run on appointment streams. HBT met with over 100 potential travel sellers.				
Manage and facilitate convention bureau functions to increase business tourism	For the Conference Market - increase delegate days to Hawke's Bay by 1%.	HBT has not received the full years data on delegate days for this segment. Numbers are pending.				TBC
	Increase cruise tourism product sold in Hawke's Bay for day excursions resulting in additional spend by cruise passengers into the region.	The following products have been added to cruise itineraries: Cycling - Takaro Trails guided cycling product, bike hire with independent bike shops, Art Deco bikes. The Supertrike - motorcycle tours. Helicopter options have also been added from the Port.				
Facilitate Cruise promotion, liaison and determine product opportunities		Product opportunities have proven difficult as cruise ships are tending to stay for shorter periods (maximum visit is half a day for most shipping lines). This has meant no traction with tours to Central Hawke's Bay. On a positive note cruise lines are still seeking new ideas and are willing to adapt their product range.				
Host key travel sellers in the region to experience the product first hand	Host at least 10-15 key trade partners to increase profile of Hawke's Bay experiences to enable travel sellers to brochure and market the region.	HBT hosted 18 Famils which were made up of the following; Q1 - 18 Chinese agents, Q2 11 German Product Managers & 6 UK frontline agents, Q3 -11 Chinese agents and 11 UK/French agents and in Q4 - 47 individuals across 13 famils (see report)	1	2	2	13



PRODUCT DEVELOPMENT					
Use visitor research to understand key product gaps and create a plan to develop new opportunities	Deliver at least three new export ready tourism products to fill gaps in cultural product, food tours, and cruise passenger experiences.	Cycle product additions for the cruise sector have been added. Work continues with a number of operators in Central Hawke's Bay i.e.- The Longest Place Name at Tau Mata, the homestead and garden product in the district. In Wairoa and Lake Waikaremoana we are working on options. F.A.W.C.I - the food and wine event for Hawke's Bay is also picking up international interest.			
	Create at least 6 workshops per year to up skill the tourism sector to better grow their business.	HBT undertook the following workshops: Visitor Research Analysis, Social Media - How to?, "One more Night" (growing length of stay) and Cruise development. Several workshops were postponed due to poor numbers.			
	Create start-up toolkit, grow export ready businesses, quality assurance and customer service standards and identify product gaps.	Tools are continually being developed to aid the tourism sector. Social media start-up packs are available which include How to use Google and Trip Advisor. This is ongoing.			2012/13
EVENTS					
Events - Provide a vision and direction which supports and reinforces regional marketing, economic development and tourism activities and maximises the positive profile of the Hawke's Bay region for the community and domestic and international visitors.	RTO contracts part time Events coordinator.	A Regional Events Coordinator was employed in Q3 on a one year contract.			
	Consolidate the Events Calendar via <a href="http://hawkesbaynz.com">hawkesbaynz.com</a> .	A regional events calendar has been built and all Hawke's Bay events are listed accordingly via Eventfinder. HBT, NCC, HDC, Sport Hawke's Bay all extract the same information.			

## Item 16

## Attachment 2

Enables the planned development of a programme of events that has calendar and market spread and maximises the utilisation of regional venues.	Coordination around event planning – investigate options for a centralised booking system for venues to ensure spread of events across the year and better coordination of events to ensure good visitor spread.	The Event Advisory Group is working on a set of criteria for event coordination and the possibility of a centralised booking system. Discussions are underway with Eventfinder Communication continues with event managers to ensure they understand the need for a spread of events across the year.				
	Pitching tools developed to assist with bidding of existing and new events.	This work has started but a full set of tools will be completed in 2012/2013				2012/13
Provide a rationale for investment and support and a platform to maximise the benefits across the region.	Event Advisory Group established – 6 independent advisors retained for their event expertise and influence plus one RTO stakeholder.	The Event Advisory Group was established in Q4. This group represents all sectors of tourism and events. Sport Hawke's Bay, Napier City Council, Hastings District Council, Food Hawke's Bay, Conference & Business, Culture and Arts, Maori, Major Events, Art Deco, Hawke's Bay Airport, Wine and Hawke's Bay Tourism.				
	Criteria established for new event attraction.	The Event Advisory Group is working on a set of criteria for new event attraction.				



**Hawke's Bay Tourism Limited****Profit & Loss****1 July 2011 to 30 June 2012**

	YTD Actual	YTD Budget	Variance (\$)	U/F
<b>Revenue/Income</b>				
Food Show Income	45,981	54,476	-8,495	U
HBRC Grant	850,000	850,000	0	F
HBTIA Funding Pledges	125,196	125,193	3	F
RWC Grant - HBRC	149,245	142,309	6,936	F
RWC Other Income	17,728	24,663	-6,935	U
Industry Partner Membership	95,487	95,413	74	F
External/Other Revenue	146,988	149,820	-2,832	U
Miscellaneous Income	1,275	827	448	F
<b>Total Revenue/Income</b>	<b>1,431,902</b>	<b>1,442,701</b>	<b>-10,799</b>	<b>U</b>
<b>Less Direct Marketing Costs</b>				
Consumer Marketing	427,919	480,195	-52,276	F
Trade Marketing	105,065	103,077	1,988	U
Events	8,796	20,437	-11,641	F
RWC	166,973	166,973	0	F
Partner Programme	6,536	7,287	-751	F
<b>Total Direct Marketing Costs</b>	<b>715,289</b>	<b>777,969</b>	<b>-62,680</b>	<b>U</b>
<b>GROSS SURPLUS</b>	<b>716,613</b>	<b>664,732</b>	<b>51,881</b>	<b>U</b>
<b>Less Operating Expenses</b>				
Admin & Accounting / Legal	15,986	15,228	758	U
Director's / Chairman Fees	50,322	50,975	-653	F
Board Expenses	9,121	9,066	55	U
IT & Telecommunications	30,213	36,413	-6,200	F
Premises - Rent	12,453	12,453	-0	F
Premises - Other	4,413	4,802	-389	F
Motor Vehicle Expenses	11,670	12,938	-1,268	F
Office Costs	15,021	14,253	768	U
Meetings & Travel	7,138	7,191	-53	F
Salaries & Other Staff Costs	494,591	501,218	-6,627	F
<b>Total Operating Expenses</b>	<b>650,928</b>	<b>664,537</b>	<b>-13,609</b>	<b>F</b>
<b>NET SURPLUS</b>	<b>65,685</b>	<b>195</b>	<b>65,490</b>	<b>F</b>

U = unfavourable

F = favourable





**SUBJECT: QUARTERLY SIGNIFICANT INITIATIVES UPDATE FOR COUNCIL**

**Reason for Report**

1. Significant Council resources are being directed toward various initiatives which reflect the Council's evolving agenda and it is considered important that Council is more consistently informed on progress in areas that have a high external profile.

**Water**

***Water Metering***

2. Water use is now being reported for 1052 resource consents.
3. 310 consent holders, covering 550 individual resource consents, are now using Council's web entry system to report their water use, with more consent holders joining weekly. This is an increase of 13 individual resource consents since the last quarterly update.
4. 165 consents are using Council's telemetry system to report their water use and then view their water use as it is displayed on Council's website.
5. The uptake of consents using either telemetry or the Council web entry system has surpassed the projected target of 400 consents using these methods by June 2012. The objective is now to have a further 450 consents metered by the end of November 2012.
6. Since the last quarterly update, 127 new water meters have been installed. These are only meters that have been put in by approved installers, only a small handful of meters have been installed outside the program.
7. Water Information is working alongside the horticultural industry, to find a method that further reduces metering/telemetry costs and encourages consent holders who are not yet required to fit water meters, to do so prior to being required by regulation, a possibly ambitious outcome being, all consented takes measured within the next 1 or 2 Years.

**Water Storage**

***Ruataniwha Water Storage***

8. Work is now very much focussed on completing the various reports that will be used to inform the final feasibility report to Council, due at the end of August, for consideration at the 19 September 2012 Council meeting. The majority of engineering reports are now complete with sedimentation, dam break analysis and the technical feasibility reports the last, due by end of July.
9. The environmental work programmes are also nearing completion with the aquatic and land use intensification reports due by months end.
10. The economic work programmes are all scheduled for completion over the next 6 weeks and will provide the final amount of detail needed to inform the project.
11. Land use intensification working party sessions are continuing with the focus on nutrient frameworks and management and determining affordable farming systems under an irrigation regime.
12. Stakeholder meetings are scheduled for the 27 July and 31 August where the final work programmes and report will be presented and a position of the group determined. There is also the expectation that the Leadership group will endorse the final project decision as part of the process of reporting to Council.

### **Ngaruroro Water Storage**

13. This project has been held in abeyance while effort and resources have been dedicated to the Ruataniwha project. The pre-feasibility work has been completed and an application for additional funding for an on-farm economics study (\$70k) has been developed. A meeting has been scheduled with MPI on 2 August 2012 to confirm a timeline for this work and confirm a time for Council to consider a decision to progress this project to the feasibility stage.

### **Tutira**

14. There are a number of initiatives that are being progressed associated with Tutira Country Park;
  - 14.1. Negotiations with Maungaharuru Tangitu Incorporated, Office of Treaty Settlements and Land Information New Zealand are continuing. The detail of a parcel of land in the vicinity of Lake Tutira, and access to that land, is requiring planning for the harvesting in 5 to 8 years of a block of pinus radiata. A series of meetings are planned over the next 2 months to progress the issue.
  - 14.2. Planting of a block of approximately 50 hectares of high UMF Manuka is programmed for late July 2012. To add to the 5 hectare trial block planted last winter. Lessons learnt in the trial block will be used to maximise the establishment success of the new block.

### **Flood Control and Drainage Schemes**

15. Asset Management Plans for all schemes will be finalised over the next 3 months to incorporate all changes resulting from Council decisions on the 2012/22 LTP as well as changes suggested by Councillors auditors.
16. A consulting engineering firm, Damwatch Services Ltd, has been appointed to undertake design work necessary to enable the Makara No 1 dam to be repaired. Engineering staff will be working closely with the consultant in this work. An early milestone for the work is for indicative estimates for repair options to be assessed so that staff are able to secure funding for the work.
17. In November 2011, Council agreed to advise the Local Authority Protection Programme (LAPP) of its intention to withdraw from the Scheme as was not providing a cost effective risk mitigation option as part of Council's disaster mitigation approach. Under the LAPP Trust Deed, Council are committed to LAPP until the end of the financial year following the issue of such notice, and are able to withdraw that notice at any time up until the time of withdrawal. Since that time staff have met with LAPP representatives on a number of occasions as LAPP identify ways to regrow the LAPP fund following the Christchurch earthquake, and seek to retain existing members. A further meeting is arranged for the end of July, after which staff will review Council's infrastructure asset insurance options and bring a briefing paper to Council on the issue.

### **Biosecurity**

18. Staff continue to monitor the passage of the Biosecurity Amendment Bill through parliament. The Bill is currently at select committee stage and is expected to be enacted in the second half of 2012. The Amendment Act is expected to require regional councils to take a leadership role in Biosecurity issues in each region and to review current Pest Management Strategies within 2 years of the Bills enactment.
19. The review of Pest Management Strategies under the Amendment Bill will provide an opportunity to consider the inclusion of a proactive approach to the identification of pest incursions with the potential to damage the region's agricultural industries. This issue was raised by several submitters to the Draft LTP, and has been raised on a number of occasions in the past by industry representatives.

## HB Land and Water Management Strategy

20. Key principles from the Hawke's Bay Land and Water Management Strategy are being included in the Regional Policy Statement to provide the regional context for delivering the Tukituki Strategy.

## Resource Management Plan Changes

21. The table below documents the current status of various Plan Change processes.

Change	Indicative notification timeframe
Regional Coastal Environment Plan	N/A (appeal resolution awaiting Environment Court approval)
Air Quality	N/A (Operative from 1 January 2012)
Rivermouth hazard areas	N/A (Decisions issued 6 June 2012. Appeal period still open)
Onsite wastewater discharges	N/A (Decisions issued 6 June 2012. Appeal period still open)
Taharua strategy and plan change	Ongoing. Update presented to Councillors in February 2012. Council endorsed broader geographic scope to cover whole Mohaka River catchment having identified appropriate funding methods for extended scope.
Built Environment RPS Change (aka 'Growth Management')	Notified on 7 December 2011. 45 submissions and 6 further submissions received. Hearings late 2012 by panel of HBRC, Napier CC and Hastings DC representatives.
Land Use and Water RPS Change	Ongoing. Part of Delivering the Tukituki Strategy. DRAFT version intended to be released for public feedback during August, subject to Council decision at 25 July 2012 meeting. Public notification intended October 2012.
Stormwater strategy and plan change	Draft Regional Stormwater Strategy released for informal public feedback Dec2011-Feb2012. Strategy informs plan change preparation. Notification timeframe TBC pending land use and water RPS Change plus Built Environment RPS Change.
Freshwater flows / allocation	<p>Tukituki</p> <p>Part of Delivering the Tukituki Strategy. A discussion document 'Tukituki Choices' is being prepared to present a range of scenarios for land and water management in the Tukituki Catchment including the Ruataniwha Water Storage proposal. This is timed for release in September with the plan change to be notified in December.</p> <p>Heretaunga</p> <p>30 Karamu consents also expire in 2013. Council has resolved to take an integrated approach to managing the surface and groundwater resources of the Heretaunga zone which includes Tutaekuri and Ngaruroro rivers, Karamu and Clive rivers and the Heretaunga Plains groundwater system. This will include water quantity and quality. Staff are working on the consent process for the Karamu to ensure that it is as streamlined as possible. Staff have also met with a group of consultants working on a FRST funded project with a view that the Heretaunga Zone project could be used as a case study.</p>

## Transport

22. The Regional Land Transport Strategy (RLTS) and the Regional Land Transport Programme (RLTP) are now complete, a final document will be available by the end of July. The RLTP was submitted to the New Zealand Transport Agency (NZTA) on 29 June 2012. The NZTA will release their decisions on funding of the RLTP in late August.
23. Following the decision to make the trial service to Ahuriri a permanent service a revised timetable has been agreed and will take effect from 1 August 2012. This service will now go to Westshore Motor Camp and with the removal of the Hospital Hill section from the return journey will now be an hourly clock face service. This trial proved to be very successful with passenger numbers increasing each month.

## Land

### *Council owned Forestry*

24. A management plan and long term financial model is being developed to assist with the management of Councils current forestry assets. As part of this process operations arrangements have been streamlined with day to day activities outsourced. This will enable to current forestry assets to be managed cost effectively using a similar approach to commercial operators.

### Trees on Farms

25. As part of its LTP deliberations, Council approved to establishment of a regional afforestation initiative subject to Council approval of an operational plan and a carbon trading strategy and policy. Staff are developing these for consideration by the Corporate and Strategic Committee at their meeting on 12 September 2012.

## Community

### Heat Smart

26. A presentation will be made at the meeting to highlight the achievements of the HeatSmart programme in the 2011/12 year. A summary of the year is as follows:
27. The 2011/12 year has been very successful – process improvements and effective marketing and communications have resulted in a significant increase in the number of applications for funding assistance under the programme.
28. Issues addressed during 2011/12 include:
  - 28.1. Establishment of a ‘bigger picture’ of clean heat conversion numbers, in addition to the numbers generated through the HeatSmart programme. This included building consent data captured by the territorial authorities, Housing New Zealand maintenance and modernisation programme, activity undertaken through EECA outside HBRC funding, and the volumes of fires purchased and installed through retailers by the public with no funding assistance.
  - 28.2. Renewed focus of the programme on clean heat, rather than the wider healthy homes initiative. An increase in the amount of the clean heat grants has further encouraged conversions, as well as reducing long-term transactional costs.
  - 28.3. The information data base for the programme was converted to the Customer Relationship Management (CRM) programme being installed by Council as part of its Systems Integration project. This provides a stable reporting platform capable of further development to meet the needs of the HeatSmart programme.
  - 28.4. The processes for dealing with applications have been streamlined with the overall effect being to reduce the processing time from an average of 12 weeks to six weeks.
  - 28.5. The Communications Strategy for the HeatSmart programme was reviewed particularly noting the first of the phase-out dates, and the point of sale rule becoming operative. Extensive engagement occurred with real estate agents, lawyers, valuers and citizens’ groups. Public engagement occurred through

- media releases, advertising, a presence at the Home Show, and local radio and television coverage.
- 28.6. Increase flexibility now provides for customers to vary the term of the loan (previously fixed at ten years). Early repayment and lump sum payment facilities have also been introduced as the fixed term and amount were identified as disincentives to joining the scheme.
  - 28.7. Access to clean air grants had been limited to an approved list of EECA suppliers and following negotiations with the Home Heating Association this was extend to their local members. This has resulted in a significant increase in the uptake of grants.
  - 28.8. The Dry Wood Scheme was launched in May with five wood merchants signed up. It involves a guarantee by the wood merchants that they will sell wood with a moisture content of less than 25%. The scheme monitors the approved merchants by random testing delivered wood and responding to public complaints.
  - 28.9. Part time administration hours have been increased on a casual contract basis to meet the additional customer demand. Telephone calls have risen from around 500 per month to 3000, and applications from 75 per month in the first six months to 200 per month by the end of the year.
29. Looking ahead the following changes or improvements are being considered:
- 29.1. With effect from August 1 interest rates on loans by Council are being reduced to 6% for insulation and 3% for clean heat. This is based on the lower interest rate that HBRC is able to borrow the money at from the bank.
  - 29.2. A new process to further shorten processing times is being trialled in September
  - 29.3. HeatSmart programme is developing a simple pay back calculator for customers to reduce the time spent calculating loan balances for early settlement.
  - 29.4. A school resource kit will be available in September to raise awareness on the environmental impact of domestic burning and the importance of air quality.
30. Reporting volumes against revised targets for clean heat shows that the programme has achieved more than expected, particularly the number of clean heat grants. Although it is early in the programme to forecast a trend in the number of airshed exceedances it is worth noting that in 2008 Hastings had 28 exceedances and Napier 5, in 2011 it was Hastings 12 and Napier 4, and as at 19 July the numbers are Hastings 8, Napier 0.

### **National Cycleways**

31. Work is progressing as scheduled on this project with specific comment as follows;
32. Water ride – All work on this ride is largely complete with the exception of; urban Taipo stream (NCC) with Church Road to Balmoral Road section approved; Pettigrew Green arena section out for tender; Bayview- SH2 road crossing work proceeding; section of Taipo stopbank still to complete by year end.
33. Landscapes Ride – All complete with the exception of ; Craggy Range Winery to River Road which is under design by HDC; Maraetotara bridge clip-on at Te Awanga being constructed off-site at present; Blackbridge handrail safety improvements under review due to budget and bridge asset review by HDC.
34. Wineries ride – Work progressing on limestone section of trail along SH50 section from Fernhill to Ngatarawa Road; Stock Road section due to be tendered; Fernhill connectivity between Mere Road and Fernhill bridge still to be resolved with landowners.
35. Work also progressing on trail signage and additional furniture, with approval for an additional \$10k for specific gateway map signage. An official opening of the wineries trail and completion of the wider HB trails project is scheduled for 4<sup>th</sup> November 2012.

## Open Spaces

36. A Regional Parks Network Proposal is being prepared for consideration by Council. Council currently owns or administers land for a wide range of purposes and provides for a variety of recreational opportunities for the public. The Plan will propose the streamlined management of these open spaces under a network approach that balances flood protection, sustainable land use, and environmental protection or enhancement with recreation and community use. This Plan will be brought to Council during the second half of 2012.

## Leasehold Land (30 June 2012)

37. An update on this issue is covered in the separate Council paper on Freeholding of Napier Leasehold Land which is included in the agenda for this Council meeting.

## Treaty Settlements

38. The Crown is continuing to negotiate with a number of Treaty settlement groups within Hawke's Bay. It is still expected that a Deed of Settlement with Maungaharuru Tangitu Iwi (MTI) will be signed in December 2012.
39. Three meetings of the Regional Planning Committee have now been held. Seven mandated Treaty groups are represented on the Committee.
40. As an aside, Ngāti Pāhauwera Development Trust has applied for a Customary Marine Title under the Marine and Coastal Area Act 2011 in the area between the Waikare River and the Poututu Stream.

## Strategic Alliance: Department of Conservation (DoC), Greater Wellington, Horizons and Hawke's Bay Regional Council.

41. An initial scoping exercise has been completed and was considered by the Director General of DoC and the Council Chief Executives in early July. The scoping exercise identified a number of areas where there collaboration between the organisations could result in cost savings and/or more effective service delivery. Further work is now being done by a project leadership group consisting of a senior staff member from each organisation. The group have been tasked with reporting back to the Director General and Chief Executives in about three months.

## Business Hawke's Bay

42. Business Hawke's Bay released the first edition of their regional magazine in partnership with EIT. Its target audience is out of region.
43. The Food Cluster initiative will get a boost with Business Hawke's Bay planning to employ resources to coordinate this activity. Hawke's Bay is being recognised nationally for its activity with Food Innovation.
44. Following a visit to Ashburton by representatives from HBRC, Business HB, and CHBDC, Business Hawke's Bay is increasing its focus on business development opportunities that steam from the proposed Ruataniwha Water Storage project.
45. Business Hawke's Bay is organising a reference group to gather on 2 August to prioritise focus areas for the regional economic development agenda. This forum constitutes the review of the Regional Economic Development Strategy. As part of this process, representative organisations will acknowledge broader economic development contributions from various organisations.

## Systems Integration Project

46. In June 2012 Council's new public website was successfully delivered via SharePoint. The new website was delivered within forecast timeframes and budgets and pleasingly exceeded the expectations that were originally anticipated around quality and benefits.
47. Work is now focused heavily on the next three deliverables of this project, Extranet, Intranet and Document Management (EDRMS), which will bring significant change to the entire Council's computing and paper-filing environment.

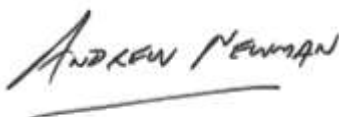
48. The Extranet, forecast to go live in September 2012, will provide a collaborative workspace where Council staff can securely and effectively share and manage documents and host communication forums with external parties; other agencies, contractors, consultants, special interest groups, etc.
49. Work is currently underway preparing and developing new content for the redevelopment of the Intranet. The Intranet will serve as a single-view platform for Council staff to access, share and manage all data and information. Currently this is forecast to go live in November 2012.
50. With planning and design well underway, the implementation of Document Management (EDRMS) functionality is forecast to commence in December 2012.
51. The implementation of Document Management will be an incremental roll-out, team by team, running from December 2012 through to completion in September 2013. This incremental approach is a critical success factor due to the high degree of change that will impact all Council staff.

### **Decision Making Process**

52. 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 Council receives the report titled '*Quarterly Significant Initiatives Update for Council*'.



**Andrew Newman**  
**CHIEF EXECUTIVE**

### **Attachment/s**

There are no attachments for this report.





**SUBJECT: FREEHOLDING OF NAPIER LEASEHOLD LAND**

**Reason for Report**

1. The purpose of this paper is to provide to Council an update on the success of Council's freeholding incentives and an analysis of freeholdings underway at 30 June 2012.

**Background**

2. Since August 2011, there has been a Council initiative to freehold the leasehold land by offering a 10% or 17.5% discount off the Lessor's Interest amount provided the valuation request fee was paid by 30 June 2012.
3. Initially there was a slow response, and it is only in the past few months that more lessees have committed themselves to undertake the freeholding process.
4. For example during May and June, 96 freeholding valuations were requested on behalf of 140 lessees, some being cross lease lessees. The freeholding settlement of these 96 properties will be finalised after June 2012.
5. Notwithstanding the slow start, Council staff have dealt with an immense number of inquiries from lessees wanting an estimated freeholding price for their property, many for interest purposes, since they occupied cross lease properties.
6. With cross lease properties Council is well aware of the difficulties in obtaining full agreement of the lessees to freehold their property. In these cases, with two or more lessees sharing the property, there is likely to be one lessee who is unable to freehold.
7. Council recently approved further incentives to assist those cross lease lessees wishing to freehold by promoting a subdivision assistance package to separate the section to allow a freeholding by one lessee.
8. Besides allowing the rent to the remaining lessee/s to be the same until the natural expiration of the Head Lease, Council approved to fund the legal cost of creating new leases for the subdivided property for the remaining lessees, as well as keeping the purchase price to the freeholding lessee at the valuation prior to the subdivision.
9. As a result of these incentives, lessees on three cross lease properties have paid the valuation fee and have commenced the subdivision process to separate their unit sections from their relative cross lease leasehold situation to enable them to be freeholded as a single site.
10. In another instance, one lessee has funded the total freeholding cost of a cross lease section under a mortgage arrangement with a neighbouring lessee. The annual mortgage repayments in this case being the same as the previous annual rent payable by the mortgagee lessee.
11. When all the settlements under the discount option are completed, it is estimated that 147 lessees on 54 cross lease sections would have freeholded. Overall, 378 lessees on 285 sections would have freeholded at a cost of \$27.4m.

**Conclusions**

12. Table 1 shows that the number of properties freeholded under Council's discount arrangements is estimated to be 285, made up of 230 single properties and 54 cross lease properties.

**Table 1: NUMBER OF PROPERTIES**

	<b>Single Properties</b>	<b>Cross-lease Properties</b>	<b>Total</b>
Number of properties at commencement July 11	557	168	725
<b>Freeholdings:</b>			
Number settled as at 30 June 2012	-139	-24	-163
Number to be settled in 2012/2013	-92	-30	-122
Total number	-231	-54	-285
Number of remaining properties November 2012	326	114	440

13. Table 2 shows the number of lessees that have been involved in these freeholdings. The total number is estimated at 378, of these 231 cover single sites and 147 are cross lessees.

**Table 2: NUMBER OF LESSEES**

	<b>Single</b>	<b>Cross-lease</b>	<b>Total</b>
Number of lessees at commencement July 11	557	470	1027
<b>Freeholdings:</b>			
Number settled as at 30 June 2012	-139	-59	-198
Number to be settled in 2012/2013	-92	-88	-180
Total number	-231	-147	-378
Number of remaining lessees November 2012	326	323	649

14. Table 3 shows the change in the valuation of Napier leasehold property. The estimated proceeds that Council will receive from this sell down process are \$27.4m. The cost to Council for discounts provided to lessees for this freeholding is approximately \$5m.

**Table 3: VALUATION OF NAPIER LEASEHOLD PROPERTY**

Value of leasehold property at commencement Jul-11	\$79.8m
<b>Less Freeholding Proceeds:</b>	
Settled by 30 June 2012	\$14.8m
To be settled in 2012/2013	\$12.6m
	\$27.4m
Less value of discounts provided on freeholding	\$5.0m
Value of leasehold property November 2012	\$47.4m

15. The effect on the balance sheet of this freeholding initiative will be to decrease the value of Napier leasehold property from \$79.8m (July 2011) to an estimated \$47.4m (November 2012). Further, the balance sheet will show an increase in financial assets of \$27.4m over that same period as the freeholding proceeds will increase the Sale of Land Investment account.
16. The Financial Strategy in the Long Term Plan 2012-22 sets out how it is proposed to utilise the cash flows derived from these freeholding sales. That strategy states that Council's investment initiatives in forestry, Ruataniwha water harvesting and rail/road hub will be funded in the first instance from Council's cash reserves and then in the latter years of the Plan will require loan funding.

### Decision Making Process

17. 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 Council receives the report.



**Paul Drury**  
**GROUP MANAGER**  
**CORPORATE SERVICES**



**John Keenan**  
**REVENUE ACCOUNTANT**

### Attachment/s

There are no attachments for this report.



# HAWKE'S BAY REGIONAL COUNCIL

Wednesday 25 July 2012

## SUBJECT: GENERAL BUSINESS

Item 20

### 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
1.		
2.		
3.		
4.		
5.		