



Meeting of the Hawke's Bay Regional Council

Date: Wednesday 28 August 2013
Time: 9.00 am
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 14 August 2013	
4.	Matters Arising from Minutes of the Regional Council Meeting held on 14 August 2013	
5.	Call for General Business Items	
6.	Action Items from Previous Council Meetings	3
7.	Verbal Update from the Maori Committee Chairman on the Maori Committee Meeting Held Tuesday 27 August 2013	
Decision Items		
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Information or Performance Monitoring		
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19.	Chairman's Monthly Report (to be tabled)	
20.	General Business	91

Decision Items (Public Excluded)

21.	Proxy for the HBRIC Ltd Annual General Meeting	93
22	Confirmation of Public Excluded Minutes of the Regional Council Meeting held on 14 August 2013	

SUBJECT: ACTION ITEMS FROM PREVIOUS COUNCIL MEETINGS

Reason for Report

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".



Liz Lambert
INTERIM CHIEF EXECUTIVE

Attachment/s

- 1 Actions from Previous Regional Council meetings

Actions from Regional Council Meetings

Meeting Held 31 July 2013

	Agenda Item	Action	To Respond	Due Date	Status Comment
5	Action Items	Future Action Items reports to have any emails sent to Councillors containing information appended to the list	LH	Aug 13	First report to include emails, if there are any, will be for the 28 August meeting.
5	Action Items	Update for Councillors on progress with the Dalton Street remediation work and legal processes seeking costs	MA	Sept 13	
5	Action Items	Update on work programmes associated with taking forward the use of alternative methods of managing irrigation water resources put forward by submitters to the Annual Plan – such as using rostering & rationing, global consents, user groups, etc	IM	Nov 13	

Meeting Held 29 May 2013

	Agenda Item	Action	Person Responsible	Due Date	Status Comment
13	Guppy Road Reserve Land Transfer	Screening 'landscaping' of the more unsightly parts of the Ops Group site from the motorway to be carried out on site	GH	July 2013	Planting commenced wk beginning 26 August.

LGOIMA Requests Received between 18 July and 21 August 2013

Date Received	Response Due	Request ID	Requested by	Request summary	Executive Responsible Response	Delegated To	Action Taken	Date complete
25/7/13	22/8/13	OIR-13-037	Karaitiana Taiuru	Public Internet domain names, moderation policy, bilingual name	Viv Moule	Kahl O	info sent	30/7/13
30/7/13	27/8/13	OIR-13-038	Megan Hunt	All the studies/reports on the Ruataniwha water storage project which have not been released to the public	Liz Lambert	Drew B	DrewB responding, reports being reviewed, SallyCh coordinating	
1/8/13	29/8/13	OIR-13-039	Lawrence Gullery - HBToday	Remuneration package of Interim Chief Executive, role and key performance indicators, timeframes, investment company's managing director's remuneration & AN's key performance indicators.	Viv Moule		Requested Legal Opinion. Information sent	13/8/13
12/8/13	9/9/13	OIR-13-040	Aimee Gulliver	Quality of water in rivers, lakes and recreational coastal areas, number and type of complaints lodged with the Council regarding water bodies and "no data" question	Iain Maxwell	Annette B	Clarification email sent 12/8/13, replied, working on, response sent	16/8/13
14/8/13	11/9/13	OIR-13-041	Megan Bartrum - LGNZ	Council's electricity usage	Diane W	Annette B	Asked StaceyR to complete survey attached to request	

Attachment 1

Item 6

HAWKE'S BAY REGIONAL COUNCIL

Wednesday 28 August 2013

Item 8

SUBJECT: AFFIXING OF COMMON SEAL

Reason for Report

1. 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	Leasehold Land Sales		
1.1.1	Lot 7 DP 14665 CT H2/147 - Transfer	3711	26 July 2013
1.1.2	Lot 178 DP 12611 CT D4/1104 - Agreement for Sale and Purchase	3712	31 July 2013
1.1.3	Lot 161 DP 12611 CT D4/1097 - Agreement for Sale and Purchase	3713	9 August 2013
1.1.4	Lot 66 DP 13897 CT F4/392 - Agreement for Sale and Purchase	3714	13 August 2013
1.6	Esplanade Strip Agreement Lots 2-4 Deposited Plan 449565 CT 570009 (for the purposes of conservation over and along the strip)	3715	16 August 2013

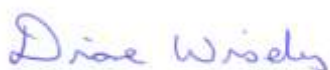
Decision Making Process

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 required decision making process.

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



Liz Lambert
GENERAL MANAGER (OPERATIONS)

Attachment/s

There are no attachments for this report.

**SUBJECT: HBRIC LTD BOARD OF DIRECTORS - COUNCILLOR DIRECTORS
PERCEIVED CONFLICT OF INTEREST**

Reason for Report

1. At its meeting on 31 July Council considered a paper that it had sought from HBRIC Ltd on options for managing perceived conflict of interest and perceived pre-determination issues that had arisen as a result of three elected councillors being Directors of the HBRIC Ltd Board of Directors.
2. As a consequence of the HBRIC Ltd paper and legal advice from Sainsbury Logan and Williams Council deliberated on this issue. Notwithstanding the recommendations Council:
 - 2.1. Determined that action needs to be taken to reduce the perception of conflict of interest and/or pre-determination by councillor directors on the Board of HBRIC Ltd in relation to HBRC decisions on the Ruataniwha Water Storage Project; and
 - 2.2. Requested that a further report on options to reduce the perception of conflict of interest by councillor directors on the Board of HBRIC Ltd, including costs and implications associated with those options, be brought to the August Regional Council meeting for consideration.
3. The purpose of this report is to meet the requirement set out in para 2.2.

HBRIC Ltd Constitution

4. The Company Constitution incorporates matters dealing with both appointment and removal of directors. The relevant excerpts can be summarised as follows:
 - 4.1. The maximum number of Directors is seven;
 - 4.2. HBRC shall be entitled to appoint up to seven directors with three of those Directors being existing Council members ("Councillor directors") and three Directors being independent of the Council ("Independent Directors") and the Managing-Director;
 - 4.3. HBRC can appoint or remove directors or nominate alternates;
 - 4.4. HBRC can appoint any person who is not already a Director and who is approved by the majority of other Directors to act as an alternate for a Councillor Director, either for a specified period or during the absence or inability to act from time to time of the Councillor Director;
 - 4.5. A quorum for a Board meeting is a majority of the Directors who are entitled to vote at that meeting to include not less than two Councillor Directors or their alternates

Perceived Councillor Director Conflict of Interest and/or Predetermination Issues

5. Council has requested that a range of options for addressing perception issues presented in the July paper, or identified at the July meeting, be assessed in relation to likely costs and other implications.
6. It is worth noting that the legal advice held that there do not appear to be any legal reasons to alter the current governance arrangements for the Board of HBRIC Ltd. However the July paper also noted that the issue of perception of conflict of interest or predetermination needs to be addressed.
7. A range of options have been identified to address the perception of conflict of issue and/or pre-determination by councillor-directors on the Board of HBRIC Ltd in relation to future decisions on any HBRC investment in the Ruataniwha Water Storage Scheme.

8. After discussion with legal advisers, and taking a pragmatic approach to how this matter may be addressed, there are several principles that are considered fundamental in determining the way forward:
 - 8.1. The avoidance of perception of conflict of interest at a future event (noting that there are no actual conflicts of interest at the present time)
 - 8.2. Maximising the ability for councillors to take part under Local Government Act decision-making processes in decisions regarding whether HBRC should invest in the RWSS, if such investment is recommended by HBRIC Ltd
 - 8.3. In particular in relation to 8.2 ensuring that the Chairman of Council is available to lead the Council through such a significant decision-making process
 - 8.4. The avoidance of risk that councillor-directors of HBRIC Ltd could be deemed to have pre-determined their position on the RWSS.
 - 8.5. Retention of Council oversight and input (as 100% shareholder) into all other decisions of the holding company.
 - 8.6. Establishment of a timetable for managing the role of councillor-directors on the Board of HBRIC Ltd.

Assessment of Options

Temporary Removal of councillor directors

9. Assumption/Description: Councillor Directors would remain as directors of HBRIC Ltd but would abstain from receiving papers, attending, deliberating or voting on matters relating to the RWSS.
10. Pros:
 - 10.1. Addresses the perception of conflict of interest and pre-determination for HBRC decision making
 - 10.2. Is a temporary measure and allows other matters of HBRIC Board business to be conducted using full Board
 - 10.3. Is cost neutral
11. Cons:
 - 11.1. No representation by elected representatives in HBRIC Ltd decision making processes, removing the benefits of appointing councillors to boards of directors as identified by the Office of the Auditor General in 1994
 - 11.2. Requires a change to the Constitution of HBRIC Ltd in relation to the quorum for a Board meeting
 - 11.3. Workload for remaining directors commensurately increased
 - 11.4. Councillor directors would still have liability for any decisions made by the Board in their absence.

Delegate decision making on RWSS to new subsidiary company

12. Assumption/Description: Establishment of a subsidiary entity comprising external independent directors only to undertake the assessment of the RWSS project.
13. Pros:
 - 13.1. Addresses the perception of conflict of interest and pre-determination for HBRC decision making but only if subsidiary company reports directly to Council
 - 13.2. Subsidiary company could comprise completely commercially-focussed directors
 - 13.3. Subsidiary company would be a wholly owned subsidiary company of HBRIC so under direct control of holding company

14. Cons:

- 14.1. The Holding Company Board has a decreased workload and activity and is not directly involved in the preparation of a recommendation to HBRC
- 14.2. It will require the re-write of the Statement of Intent for Hawke's Bay Regional Investment Company Ltd
- 14.3. It is a very short-term measure for a very high cost – extra layers of costs would include: additional directors, administration, and establishment costs including professional advice. The estimated cost for establishing the subsidiary for an 8 month period is \$196,000.
- 14.4. Time delays while subsidiary company is established
- 14.5. Loss of benefit of setting up a new Special Purpose Vehicle if and when the RWSS is approved.

Appoint three alternate directors to replace councillor directors

- 15. Assumption/Description: Appointment of three alternate directors for a specified period – until such time as a recommendation is made by HBRIC Ltd to HBRC on whether or not to invest in the RWSS. It is assumed that the three alternate directors would be independent.

16. Pros:

- 16.1. Addresses the perception of conflict of interest and pre-determination for HBRC decision making on the RWSS
- 16.2. Can be flexible and allow for separate Board meetings – (i) those dealing with RWS (in which alternate directors would take part) and (ii) those dealing with other Board matters (in which councillor directors would take part)
- 16.3. Could be cost neutral if three current Board advisers – Danelle Dinsdale, David Faulkner, Roger Maaka - replaced councillor directors as alternate directors
- 16.4. Can be done without changing Company Constitution on assumption that, for quorum purposes, alternates are deemed to be councillor directors.

17. Cons:

- 17.1. No representation by elected representatives in HBRIC Ltd decision making processes, removing the benefits of appointing councillors to boards of directors as identified by the Office of the Auditor General in 1994
- 17.2. Can enhance complexity of Board processes if separate meetings required with separate groups of directors for separate matters
- 17.3. Additional costs possible if alternate directors are not current Board advisers

Appoint two alternate directors and retain one councillor director

- 18. Assumption/Description: Appointment of two alternate directors for a specified period – until such time as a recommendation is made by HBRIC Ltd to HBRC on whether or not to invest in the RWSS. One councillor director would remain on the Board and would receive papers, attend and deliberate BUT abstain from voting on the RWSS at any HBRC meeting.

19. Pros:

- 19.1. Retains some Council oversight /input/control into the decision making processes by the holding company
- 19.2. More cost effective than replacement of all three councillor directors, as only two alternate directors would need to be paid
- 19.3. The one remaining councillor director can take part in deliberations at Council meetings, while abstaining from voting

19.4. Can be done without changing Company Constitution on assumption that, for quorum purposes, alternates are deemed to be councillor directors.

20. Cons:

20.1. Reduction in representation by elected representatives in HBRIC Ltd decision making processes, reducing the benefits of appointing councillors to boards of directors as identified by the Office of the Auditor General in 1994

20.2. Additional costs possible if alternate directors are not current Board advisers.

Total abstention of councillor directors at Council meetings

21. Assumption/Description: Councillor directors would remain on the Board but they would all abstain from attending, deliberating or voting (or any combination of these) at any Council meeting when the RWSS is being considered.

22. Pros:

22.1. Addresses the perception of conflict of interest and pre-determination for HBRC decision making on the RWSS

22.2. Would be cost neutral

22.3. No changes required to Company Constitution

23. Cons:

23.1. Only six people would be able to vote through the HBRC decision making process for the RWSS and electors would expect that all elected representatives could vote on significant decisions.

Retain status quo until after local body elections

24. Assumption/Description: Retain Board as currently identified in Company Constitution. Review this when considering appointment of councillor-directors to HBRIC Ltd for the new term of Council.

25. Pros:

25.1. Cost neutral

25.2. Retains Council oversight for the appointment of new Napier Port directors

25.3. Ensures Council input into final process for confirmation of investor consortium

25.4. Ensures Council input into ensuring that the final design and construction bid meets criteria important to the values of HBRC

25.5. Representation by elected representatives in HBRIC Ltd decision making processes, removing the benefits of appointing councillors to boards of directors as identified by the Office of the Auditor General in 1994.

26. Cons:

26.1. Perception of conflict of interest and pre-determination for HBRC decision making on the RWSS remains, although with a clear pathway to resolution

Discussion

27. If Council considers that it needs to address the perceived conflict of interest issue now, then it is considered that the most pragmatic approach is to appoint two alternate directors and the retention of one councillor-director for a period until the recommendation is made by HBRIC Ltd on either to invest or not invest in the RWSS. The benefits of this option outweigh the negatives especially if two existing board advisers are appointed as alternate directors.

28. Alternatively Council may be of a mind to acknowledge that the management of perception of conflict of interest issues should be the prerogative of the incoming Council. The Company Constitution requires that Council determined the appointments for councillor-directors on HBRIC Ltd within a 3 month period from the date of the local body elections. If it would be of assistance to Council a timetable to manage the role of councillor-directors could be prepared and recommended to the incoming Council.

Decision Making Process

29. 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:
- 29.1. The decision does not significantly alter the service provision or affect a strategic asset.
 - 29.2. The use of the special consultative procedure is not prescribed by legislation.
 - 29.3. The decision does not fall within the definition of Council's policy on significance.
 - 29.4. The persons affected by this decision are Councillor and Independent Directors on the HBRIC Ltd *Transition* Board of Directors.
 - 29.5. Options that have been considered include are outlined in the paper.
 - 29.6. The decision is not inconsistent with an existing policy or plan.
 - 29.7. 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. Notes confirmation from legal advice that there is no actual conflict of interest for councillor-directors on the Board of HBRIC Ltd at present.
 - 3. Confirms that it has considered the potential solutions for the perceived conflict of interest issue in line with the request made at the July 2013 Council meeting, and either:
 - 3.1. Resolve to appoint two alternate directors to replace two councillor directors on the Board of Hawke's Bay Regional Investment Company Ltd for a period until such time as a recommendation is made by Hawke's Bay Regional Investment Company Ltd to the Hawke's Bay Regional Council on whether or not to invest in the Ruataniwha Water Storage Scheme
- or:
- 3.2. Resolve to recommend that the incoming Council consider the perceived conflict of interest issue during its consideration of the appointment of councillor directors for HBRIC Ltd following the local body elections.



Paul Drury
GROUP MANAGER
CORPORATE SERVICES



Liz Lambert
INTERIM CHIEF EXECUTIVE

Attachment/s

There are no attachments for this report.

Reason for Report

1. In April 2013 Council considered a paper from HBRIC Ltd that requested that Council:
 - 1.1. Approves an increase in directors' fees for HBRIC Ltd for the period from 1 January 2013 until financial and contractual close of the RWSS has been achieved;
 - 1.2. Agrees that HBRIC Ltd directors fees will be externally reviewed and benchmarked to provide a basis for a revised fee level for the period after the RWSS has either been transferred to the implementing SPV, or otherwise terminated;
 - 1.3. Agrees that, for the period from 1 January 2013 until financial and contractual close has been achieved, HBRIC Ltd directors fees be set at \$37,500 per year and the Chairman's fee at 1.75 times the director's fee (\$65,625); and
 - 1.4. Reviews and reconsiders its policy regarding the payment of fees to Councillor Directors to the effect that they are paid normal director's fees in line with the practice in other Council-owned investment or holding companies that have Councillor Directors.
2. While not making a separate resolution Council did identify that the Company Constitution provided that Directors fees not be paid to Councillor Directors and there was not appetite to change this situation. This matter (1.4) has effectively been dealt with. Council left the matter of the remuneration of independent HBRIC Ltd Board members to lie on the table and for it to be dealt with at the next available council meeting. It is appropriate that this be dealt with now.

Independent Review of Directors Fees

3. Following the presentation of the paper to Council by HBRIC Ltd in April 2013, and the resolution of Council for the paper to 'lie on the table', it was deemed prudent by Council staff to commission an independent review of Directors fees for the HBRIC Ltd Independent Directors. On this basis the Institute of Directors (IoD) was commissioned to provide this review for the two non-executive directors and chair of HBRIC Ltd.
4. This independent review provides a basis for an increased fee level for the period until financial and contractual close of the RWSS has been achieved. At this point it is recommended that the HBRIC Ltd fees again be externally reviewed and benchmarked to provide a basis for a revised fee.
5. The approach used by the IoD in advising on remuneration is to establish comparisons with other organisations as well as general levels of directors' remuneration in New Zealand. In carrying out the review the IoD considered the following information and data:
 - 5.1. Information supplied by Council in relation to Director time commitments and the governance structure of HBRIC Ltd.
 - 5.2. Data from the IoD directors' fees survey.
 - 5.3. Data, where available, from similar organisations.
 - 5.4. Data from organisations of similar size to HBRIC Ltd.
 - 5.5. Other data on relevant fees that the IoD holds confidentially.
 - 5.6. Comparable remuneration reports and recommendations by the IoD.

6. The benchmarking data from the IoD directors' fees survey includes information about 1,610 directorships, covering a wide cross-section of organisations. The IoD have reviewed the survey data to find comparators to HBRIC Ltd in a variety of criteria and assessed this data in terms of the level of remuneration for directors and chairs, and the hours of work associated with the remuneration levels.

Findings from Independent Review from the IoD

7. A copy of the IoD Review of Board Remuneration for HBRIC Ltd is provided in **Attachment 1** of this paper. The key findings of this report are as follows:
 - 7.1. Current fees for HBRIC Ltd directors and chair are low against benchmark comparators, whereas hours of the role are at the upper quartile.
 - 7.2. After consideration of the time commitments required by HBRIC Ltd directors to carry out their Board functions and the nature of the work carried out by HBRIC Ltd, the IoD have recommended the following fee ranges:
 - 7.2.1. Base director fee \$30,000 - \$35,000
 - 7.2.2. Base chair fee \$54,000 - \$63,000
 - 7.3. The IoD note that the above recommendation is informed by what commercial organisations of similar characteristics would pay for similar duties.
 - 7.4. The IoD fees recommendation is based on a combination of:
 - 7.4.1. An understanding of the nature of the organisation and its risk and political environment.
 - 7.4.2. Data from similar organisations and sectors.
 - 7.4.3. The fact that directors and chair hours are at the upper quartile range of hours for comparable sectors.
 - 7.4.4. Application of a standard factor of 1.8 times the base director fee to calculate the chair fee. This makes an allowance for additional hours spent by the chair in meeting preparation and follow-up plus an allowance for other demands and expertise required of the role.
 - 7.5. The top range of the recommendation from the IoD is marginally less than the recommendations provided in the HBRIC Ltd paper to Council in April 2013 which proposed a base director fee of \$37,500 and base chair fee of \$65,625.

Backdating of Director Remuneration

- 7.6. Should Council approve an increase in the level of director remuneration for Independent Directors then a decision on the date to which this applies will be need to be determined.
- 7.7. Should Council agree to backdate Directors remuneration to 1 April 2013, this being the month the original proposal was notified to Council, the financial impact for the remaining three months of the 2012/13 financial year to 30 June 2013 would be in the range of \$15,625 - \$20,375. These amounts are calculated using the recommended base fee ranges provided in the IoD independent review. There is considered to be sufficient flexibility in the 2013/14 HBRIC Ltd budget to absorb this increase and still meet the projected dividends to be paid to Council as set out in the HBRIC Ltd 2013/14 Statement of Intent.
- 7.8. An increase in Directors remuneration for the full 12 months of the 2013/14 financial year has been provided for in the 2013/14 HBRIC Ltd budget at the level recommended in the HBRIC Ltd paper presented to Council in April 2013, so any increase in fees would not have a financial impact in the current financial year.

HBRIC Ltd Constitution

8. The Company Constitution incorporates matters dealing with Directors' Remuneration. The relevant clause is 12.1 of the Constitution and reads as follows:
 - 8.1. The remuneration of Independent Directors will be set by Council triennially on the recommendation of the Board based on market rates. No Directors Fees will be payable to any Councillor Directors.
9. Should Council approve an increase in the level of director remuneration for Independent Directors then a special resolution would need to be adopted to amend the Constitution as it currently reads.
10. On the advice of Stuart Webster of Sainsbury Logan & Williams the resolution to be adopted would be to amend the wording of Clause 12.1 of the Constitution to read:
 - 10.1. The remuneration of Independent Directors will be set by the Council triennially (or such other times as the Council may, in its absolute discretion, resolve) on the recommendation of the Board based on market rates. No Directors Fees will be payable to any Councillor Directors.

Councillor Director Remuneration

11. As outlined in section 1 of this paper the policy regarding the payment of fees to Councillor Directors was dealt with at the meeting in April 2013, with Council determining there was no appetite to change this situation.
12. For information purposes only the IoD has provided some information in relation to this issue which can be found in appendices 1 and 2 of their attached Review of Board Remuneration for HBRIC Ltd.

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.
 - 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 those persons appointed by Council to the Board of HBRIC Ltd.
 - 13.5. Options that have been considered are to continue with the current director fee levels or increase to be in line with market rates.
 - 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. Agrees that Clause 12.1 of the HBRIC Ltd Constitution be amended to read as follows:

The remuneration of Independent Directors will be set by the Council triennially (or such other times as the Council may, in its absolute discretion, resolve) on the recommendation of the Board based on market rates. No Directors Fees will be payable to any Councillor Directors.

Noting that it is a resolution of the sole shareholder and therefore was a special resolution of the shareholder holding 100% of the shares of HBIRC Ltd.

3. Agrees that in recognition of the high workloads associated with the RWSS currently being undertaken by the HBRIC Ltd Board, that from 1 April 2013 until financial and contractual close of the RWSS has been achieved and Council approves moving from a Transition Board to a full Board, the base director fee be increased to \$35,000 per annum and the base chair fee be increased to \$63,000 per annum.



Heath Caldwell
MANAGEMENT ACCOUNTANT



Paul Drury
GROUP MANAGER
CORPORATE SERVICES



Liz Lambert
INTERIM CHIEF EXECUTIVE

Attachment/s

- 1 HBRIC Ltd Directors' Remuneration



*director***Rem**

Hawke's Bay Regional Investment Company Limited (HBRIC Ltd)

Review of Board Remuneration

15 August 2013



HBRIC Ltd Review of Board Remuneration ~ August 2013
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PHONE 04 499 0076 EMAIL boardservices@iod.org.nz VISIT iod.org.nz

This report has been prepared as guidance for the board of HBRIC Ltd and is not intended to be exhaustive. It should not be used or relied upon by any other organisation other than the one it has been prepared for.

The IoD believes the information it provides about comparable entities is accurate at the time it is provided but it relies on remuneration data provided by its members and on other publicly-available sources of information.

The IoD provides no warranty (either expressed or implied) in relation to the completeness, accuracy or currency of any information provided about any comparator or third party organisation, and cannot be held liable for the consequences of any actions taken or not taken on the basis of such information.

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1. Executive summary

Introduction

You have asked the Institute of Directors in NZ Inc. (IoD) to provide an independent review of the remuneration of the two non-executive directors and chair of Hawke's Bay Regional Investment Company Ltd (HBRIC Ltd). The current remuneration was set when the board was established in February 2012.

This document sets out the approach taken, the relevant background information and our assessment of the appropriate remuneration benchmark for your directors.

This report also includes some observations and comment on policy when paying director fees for Councillors who hold positions on council controlled subsidiaries (see appendix 1 and 2).

Sources for analysis

In carrying out this assignment, the IoD has considered the following:

- Information supplied by HBRIC Ltd
- Data from the IoD directors' fees survey
- Data, where available, from similar organisations
- Data from organisations of similar size to HBRIC Ltd
- Other data on relevant fees that the IoD holds confidentially
- Comparable remuneration reports and recommendations by the IoD

Important considerations

There has never been a time when the director profession has been more in the spotlight. While the fundamental requirements for being a director are essentially the same as they have always been, today a director's duties must be executed in a far more transparent and meticulous way. The risk associated with being a director has always been there but in today's environment it is much more prominent with far more at stake. It is, therefore, important that a director is rewarded appropriately, not only for the skill and experience they bring to the boardroom, but for the tasks and risks that are required to be undertaken.

Our recommendation is informed by what a commercial organisation of similar characteristics would pay for similar duties. In our experience, comparisons against benchmarks can sometimes suggest considerable increases to current fee levels. For a variety of entity-specific reasons, organisations may opt for more moderate increases or plan a timed transition to higher levels.

The report does not include an evaluation of any specific constraints that may affect the organisation's final decision with respect to fee levels. In particular, available funds and the implication of fee levels for the ability to access appropriately qualified people.

Before reaching a final decision with respect to fee levels, the IoD recommends that the board of HBRIC Ltd consider such factors as beneficiary expectations, its own view on appropriate levels of gratuity, as well as ensuring a level of remuneration that will attract and retain appropriate candidates.

In the final analysis a shareholder or beneficiary-conscious organisation must work to reach consistent standards of pay based on the individual nature of the organisation concerned, its particular competitive environment and its internal dynamics.

Setting fees for public companies

Setting fees for public companies and NFP boards can be challenging. A 'public good' element is accepted as reality by most public sector directors. The challenge is to find a way of remunerating directors that acknowledges public good while properly valuing the contribution of the best talent. In this regard, the argument is often levelled in local government that CCO fees should remain low because there is never any shortage of applications for CCO board roles when advertised. Numbers of applicants is not a good measure for success in attracting the best qualified individuals.

A wide variety of director remuneration approaches exist in organisations with a public good dimension. Often, no fees are paid, or low per diem payments are made on the basis that directors are obliged to 'give back'. The disadvantage of this approach becomes clear when significant calls are made on directors' time. The IoD has observed some adverse consequences (in terms of variable attendance records or dilution of involvement generally) when either low or no fees are paid.

Summary of benchmarking data

Our 2012 survey includes information about 1,610 directorships, covering a wide cross-section of organisations. Over 80% of our members surveyed hold non-executive (independent) positions and our benchmarking is focussed on these roles.

The IoD has reviewed our survey data to find suitable comparators to HBRIC Ltd in a variety of criteria (see pages 11 to 16). We have assessed this data in terms of the level of remuneration for directors and chairs, and the hours of work associated with the remuneration levels.

We have also reviewed overall fee movements for particular roles, as well as the annual fee movement in the organisation's closest comparator industry sectors ('Electricity, gas, water, waste' and 'transport, postal, warehousing').

Summary of approach to setting fees

In general, the IoD favours fixed fees set at a level that reflect the necessary commitment and give the organisation the appropriate call on directors' time. An overall fixed fee makes an allowance for occasional heavy workloads, allows for the fact that director liability does not vary with meeting numbers, and creates the expectation that the director will devote the appropriate time to the organisations affairs.

In the 2012 IoD remuneration survey, over 87% of directors are paid a fixed fee, with only 7.2% paid a 'per meeting rate' and 5.4% a combination of the two.



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Summary of recommendation

Current fees for HBRIC Ltd directors and chair are low against benchmark comparators, whereas hours of the role are at the upper quartile.

This presents a significant challenge to the organisation as to bring fees in line with benchmark will mean considerable fee increases, even taking into account any 'public good' element as discussed above.

With consideration of the time commitments indicated, the current remuneration levels and the nature of HBRIC Ltd, the IoD consider the following fee range to be the appropriate commercial benchmarks.

It is the decision of HBRIC Ltd whether to opt for more moderate increases or plan a timed transition to these higher levels.

Base director fee	\$30,000 - \$35,000
Base chair fee*	\$54,000 - \$63,000

- The chair fee represents a standard factor of x1.8 the base director fee

The supporting information for this recommendation can be found on pages 11 to 20..

2. Directors' remuneration and the role of adding value

General

The IoD publication *The Four Pillars of Governance Best Practice* deals with the role of the board in adding value. It emphasises that this is the key role of a board.

The board adds value through its four key governance functions:

- The clear determination of the company's fundamental purpose
- Holding management to account, rigorously and accurately
- Operating effectively as the company's top decision making team
- Ensuring effective conformance

These are significant responsibilities and it is the Institute's view that in order to be accountable, board members need to spend more time, thought and enquiry than ever on their organisation, both within board meetings and outside of them.

Remuneration for board members needs to be set at levels that will ensure the organisation can attract, motivate and retain members who have the high standards of ability and character necessary to carry out these critical and demanding functions. An elected board must still ensure remuneration levels are sufficient to attract the appropriate people to stand for election and to support elected individuals to perform their duties to the highest standards.

The chair's role

The chair facilitates the Board but under the Companies Act all directors share equal responsibility. In practice the role of the chair depends on the extent of his or her involvement with the organisation. This can be influenced by such matters as:

- The size or particular circumstances of the company,
- The complexity of its operations,
- The quality of its Chief Executive and management team, and
- The administrative or contractual arrangements that the board or shareholders have put in place.

In particular circumstances it may be appropriate for the chair to work significant additional hours. This may arise for example, where an organisation is dealing with a significant event, or is engaging in a major transaction. These additional hours are addressed in the chairs fee by using a multiplier over the base director fee – normally around x1.8 to x2.0, depending on the individual circumstances of the organisation.



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3. Approach

Approach used by the IoD in remuneration advisory work

In order to advise on remuneration, the IoD normally establishes comparisons with other organisations as well as general levels of directors' remuneration in New Zealand.

In addition, specific criteria such as organisation revenue can provide an indication of the relationship between an organisation's level of activity and complexity and its ability to pay fees that will attract appropriately skilled directors.

Typically, the IoD will also review the level of hours involved in the directorship role. This varies significantly between organisations and tends to be underestimated. For some directorships, a fee is recommended based on hours worked in a typical year. This may be because there are no, or few, comparable organisations or because common parameters provide little guidance as to the activity and complexity of the client organisation and the director's role in it.

Benchmarking

Our experience suggests that organisations find the benchmark data to be of value. Our method results in a benchmark at a specific fee level. It is important to bear in mind the *context* of that recommended fee. We therefore often include a *range* for fees, which is intended to support the data set by demonstrating the 'market' in a more general way.

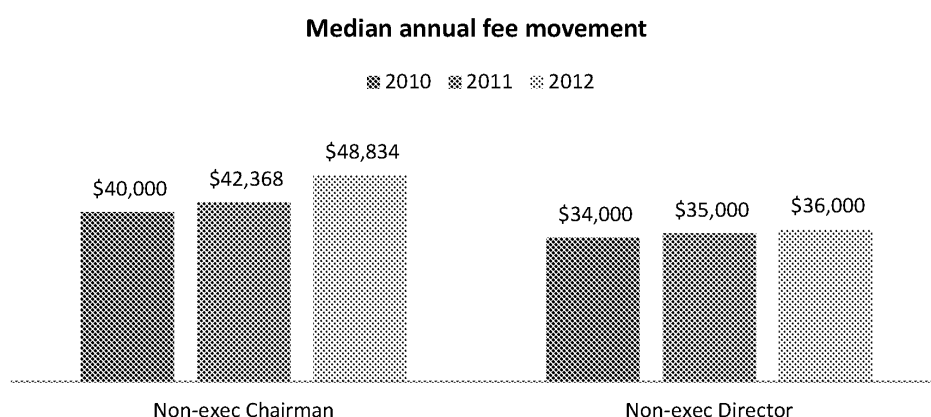
A range is also useful where the outcome of the benchmarking process has operational implications. Speaking generally, some reports reveal a considerable difference between current remuneration and benchmark. The range is a reminder that the discrepancy in what is paid cannot logically be said to be 'right' or 'wrong' because many factors influence existing remunerations levels.

Nonetheless, some boards may choose to align current remuneration with the reported benchmark. Some boards will choose to move toward the benchmark level by making changes to remuneration in a phased (year-by-year) way or in conjunction with requirements such as up-skilling for board members.

4. General trends: IoD directors' remuneration survey

The principle underlying a benchmarking exercise such as this is that fees paid to the board of HBRIC Ltd should be reasonable in the context of the remuneration levels generally paid to directors in New Zealand and the trends in those levels. These should reflect the added value directors bring to the organisation.

The latest and most comprehensive data on the remuneration of New Zealand directors can be found in the 2012 IoD directors' fees report. Remuneration levels for both chairs and directors have shown steady increases over the past few years.



The 2 year movement of fees has been approximately 22.1% for non-executive chairs and 5.9% for non-executive directors. In the last 12 months the median fee received by non-executive chairs has increased by 15.3%. Non-executive directors have reported a more modest increase of 2.9%.

The significant variance between the respective increases is partially related to the survey sample, but it also reflects a trend towards addressing the premium paid to the chairman. In an environment where boards are facing more scrutiny and regulation than ever, there is a greater recognition of the responsibility and risks taken on by the chair.

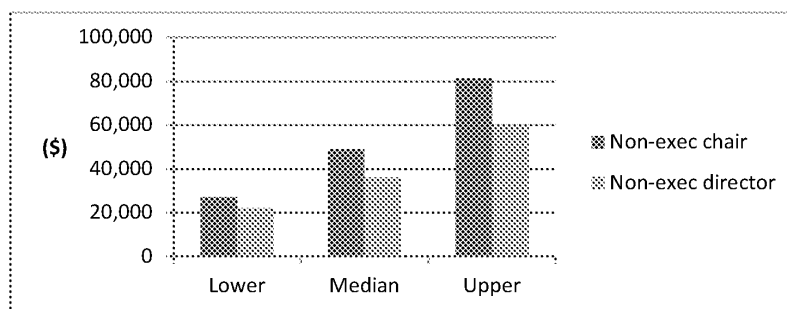
Overall survey quartiles

The lower, median and upper quartiles for non-executive chair remuneration in the most recent survey are \$27,000, \$48,834 and \$81,318 and for non-executive directors, they are \$22,000, \$36,000 and \$60,000 respectively across the whole survey sample. The survey incorporates a very wide sample of organisations from NFPs to NZX listed companies.



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Non-exec chair and director Remuneration 2012 - over whole survey sample



Fee movement in comparator industries

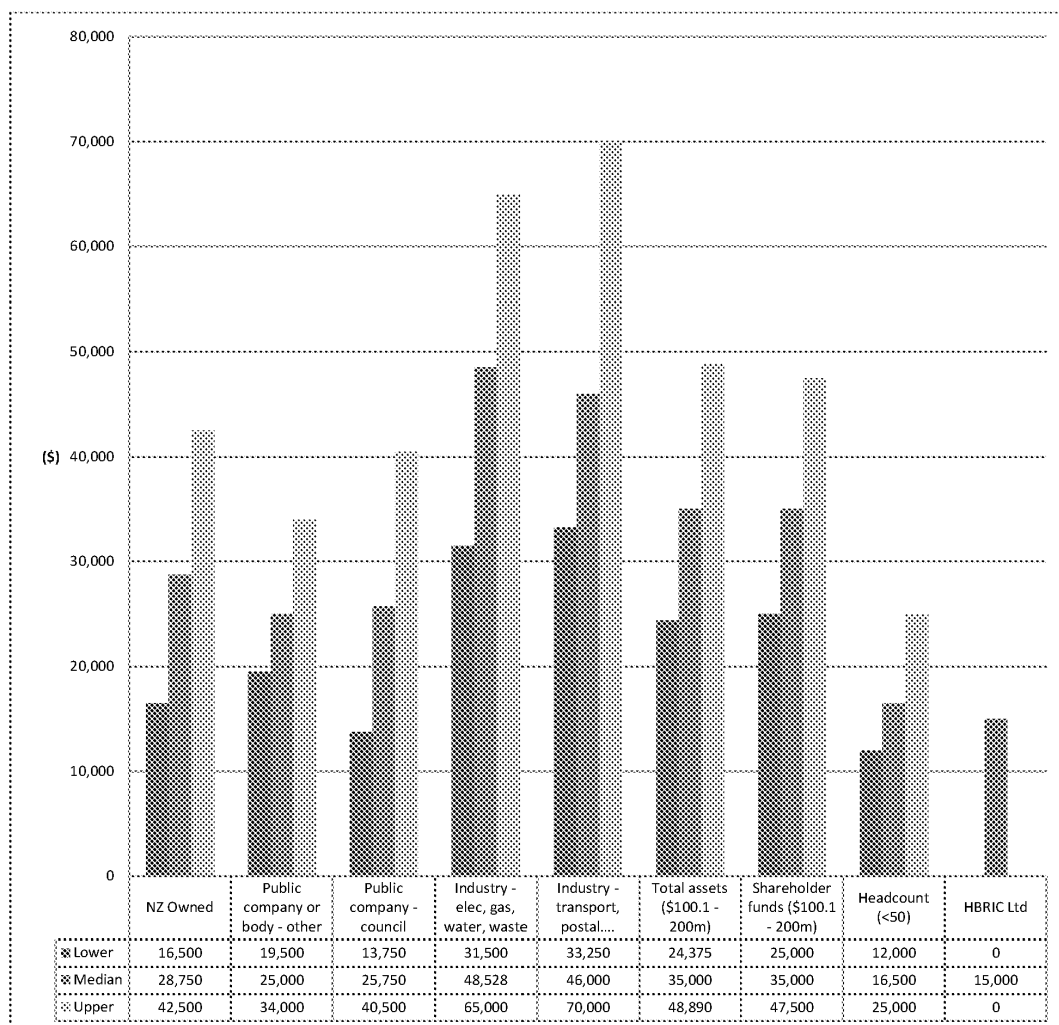
The following fee movements were recorded for these industries over the previous 12 month period.

- Electricity, gas, water and waste, 4.1%
- Transport, postal, warehousing, 8%

5. HBRIC Ltd – fee benchmarking

Director remuneration - comparator breakdown

This table shows director remuneration for entities we consider comparable to HBRIC Ltd.



This table demonstrates that HBRIC Ltd's current director fees are placed at the lower quartile against the chosen comparators. The overall average across all of the fees shown (excluding HBRIC Ltd) is \$33,741

Notes:

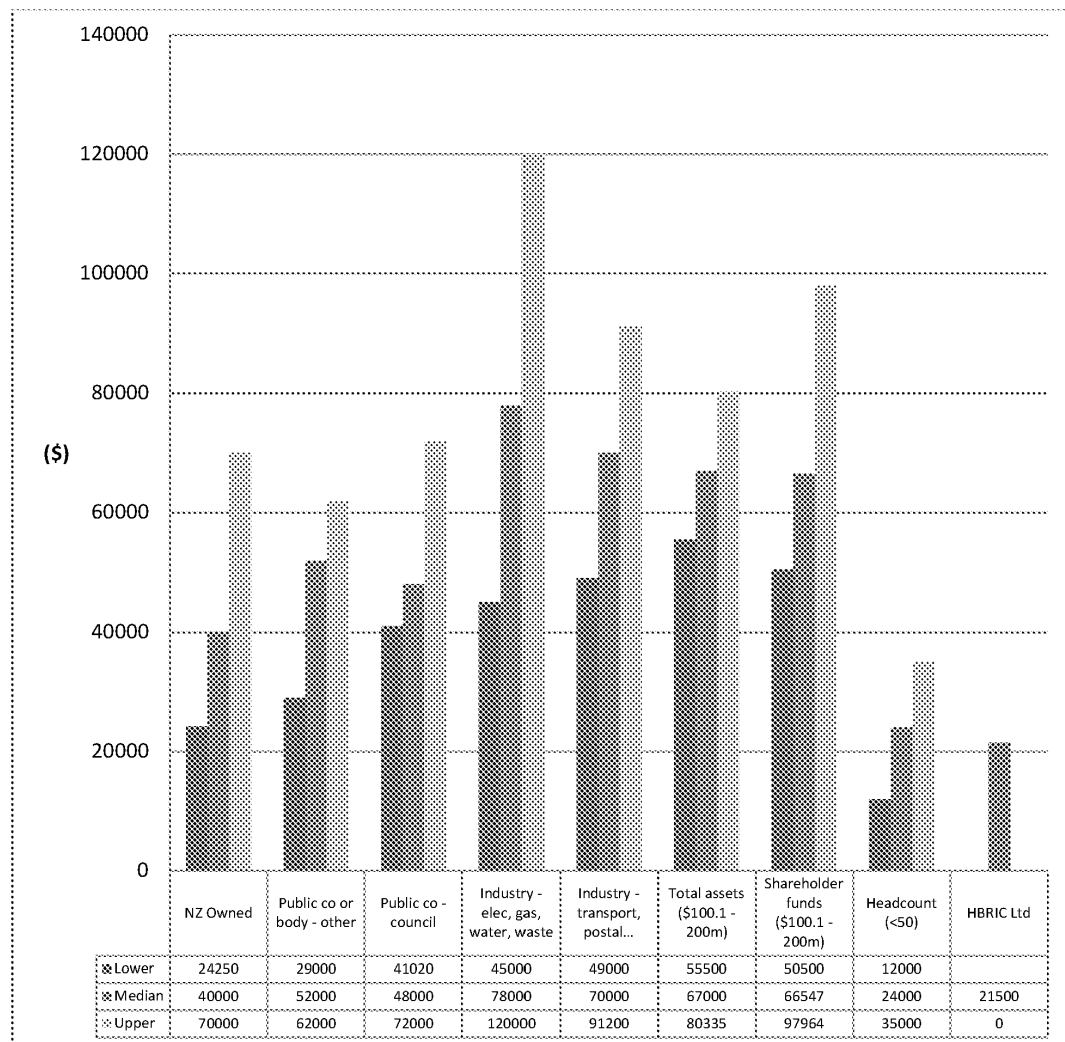
- We have used both 'Public Co or body – other' and 'Public company – council' as both of these data bands capture CCO data
- We have chosen the industry sectors of 'Electricity, gas, water and waste' and 'Transport, postal and warehousing' to capture major water and logistics investments indicated by HBRIC Ltd



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Chair remuneration - comparator breakdown

This table shows chair remuneration for entities we consider comparable to HBRIC Ltd.



This table demonstrates that the HBRIC current chair fee is at the lower quartile against chosen comparators. The overall average across all of the fees shown (excluding HBRIC Ltd) is \$57,513.

Notes:

- We have used both 'Public Co or body – other' and 'Public company – council' as both of these data bands capture CCO data
- We have chosen the industry sectors of 'Electricity, gas, water and waste' and 'Transport, postal and warehousing' to capture major water and logistics investments indicated by HBRIC Ltd

Chair fee premium

In the 'comparator organisations' subset of survey data, i.e. not across the *whole* survey (which comprises a large but random distribution of director and chair roles), chair fees range between 1.3 and 2.0 times the equivalent director fees.

The data for director roles is considerably deeper than for chairs; therefore the IoD's methodology places a higher reliance on director data as a basis for estimating fees for all board members. These multiples appear to reflect additional hours, along with a premium for the additional expertise required in the chair roles.

The table below shows comparator **median quartile** remuneration information for director and chair fees and the fee premium associated with the chair role.

Comparators	Director Fees Median	Chair Fees Median	Premium
100% Owned	28,750	40,000	1.3
Public company or body – other	25,000	52,000	2.0
Public company – council	25,750	48,000	1.8
Industry – electricity, gas, water, waste	48,528	78,000	1.6
Industry – transport, postal, warehousing	46,000	70,000	1.5
Total assets (\$100.1 – 200m)	35,000	67,000	1.9
Shareholder funds (\$100.1 – 200m)	35,000	66,547	1.9
Headcount (< 50)	16,500	24,000	1.4
HBRIC Ltd	15,000	21,500	1.4

6. Further industry comparator benchmarks

The following table provides information of industry comparator fee recommendations. The organisations are anonymous because the information is provided confidentially. All of the organisations shown are public or council owned and the information provides useful context for the range of fees in this market.

Sector	Turnover	Assets	Recommended Director Fee	Recommended Chair Fee	Premium
Transport, postal and warehousing	\$39m	\$134m	\$32,000	\$60,800	1.9
Transport, postal and warehousing	\$45m	\$127m	\$33,500	\$63,650 - \$67,000	x1.9 - x2
Electricity, Gas, Water and Waste	\$46m	\$145m	\$34,000	\$65,000	1.9
Electricity, Gas, Water and Waste	\$46m	\$156m	\$42,000	\$80,000	1.9
Transport, postal and warehousing	\$66.5m	\$407m	\$48,000	\$91,000	1.9
Electricity, Gas, w&w, + transport, postal warehousing	\$80m	\$350m	\$38,000	\$68,400	1.8
Electricity, Gas, Water and Waste	\$164.6m	\$638.7m	\$49,400	\$98,800	2
Electricity, Gas, Water and Waste	\$181m	\$553m	\$40,000 - \$45,000	\$80,000 - \$90,000	2
Electricity, Gas, Water and Waste	\$184m	\$2.5 billion	\$52,500	\$105,000	2
Average of above fees			\$41,440	\$79,059	1.9

7. Further COO director fee research

(The following information has been ascertained from publicly available information and 2012 annual reports).

HBRIC Ltd identifies the following as comparable organisations for which to research director fees.

- Enable Networks Ltd
- Dunedin City Holdings Ltd
- Quayside Holdings Limited
- Northland Regional CCOs

Enable Networks Ltd

Our research shows a chair fee of \$70,000
Directors are paid a range of fees between \$12,000 and \$35,000
Total director fees of \$150,000

3 directors appointed by Crown Fibre Holdings (CFH)
3 directors appointed by Enable Services Ltd (ESL)
One independent director (the Chair)

Dunedin City Holdings Ltd

Long-serving director Paul Hudson resigned from the Board in March 2012 following a governance review by Dunedin City Council which recommended that elected Councillors should not hold directorships on Council-owned companies.

A review of independent director fees in various entities within DCHL from 2012 annual reports provides the following information:

- Aurora Energy – total director fees of \$156,934 (director fee \$21,000, chair fee \$43,266)
- Dunedin Venues Management Ltd – director fee \$16,000, chair fee \$24,000 (under review)
- Delta Utility Services – total director fees of \$159,992 (director fee \$20,850, chair fee \$46,493)
- City Forests Ltd – director fee \$21,000, chair fee \$37,000
- City Treasury Ltd – total director fees for 5 directors, \$247,000 (increased from \$223,000 in 2011)

However, these fees are likely to rise following a restructure and appointment of new directors in November 2012 following the governance review.

(See appendix 1 for further details).

Quayside Holdings Limited

Quayside Group:
Chair fee of \$39,000 from the parent company, plus \$40,000 paid by subsidiaries.
Director fees are \$26,000 from the parent company, plus \$27,000 paid by subsidiaries.

Ports of Tauranga:
Chair fee of \$110,000
Director fees ranging from \$52,000 to \$62,000

Northland Regional CCOs

Northland Port – director fee of \$19,200, chair fee \$35,334



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8. HBRIC Ltd - time commitments in context

Time commitments for chairs and directors across all sectors are set out in the annual IoD survey. The hours and hourly rates for HBRIC Ltd are based on data provided by the organisation management and set out in the table below.

Activity	No.	Time in	Prep time	Hrs per annum
Board meetings	13	2	2	52
Ruataniwha water storage committee	12	6	6	144
Audit and risk management committee	3	2	2	12
Governance appointments and remuneration committee	3	2	2	12
Other director time commitments	Meetings with investors, commercial advisors and other key stakeholders. 8 hrs per month			Up to 96
Average annual hours for director	See table below			292 - 304
Chair – other time commitments	Liaising with MD, reviewing minutes with company secretary, additional meeting preparation time, presentation at Council meetings.			96
Average annual hours for chair	See table below			400

Breakdown of HBRIC director and chair hours:

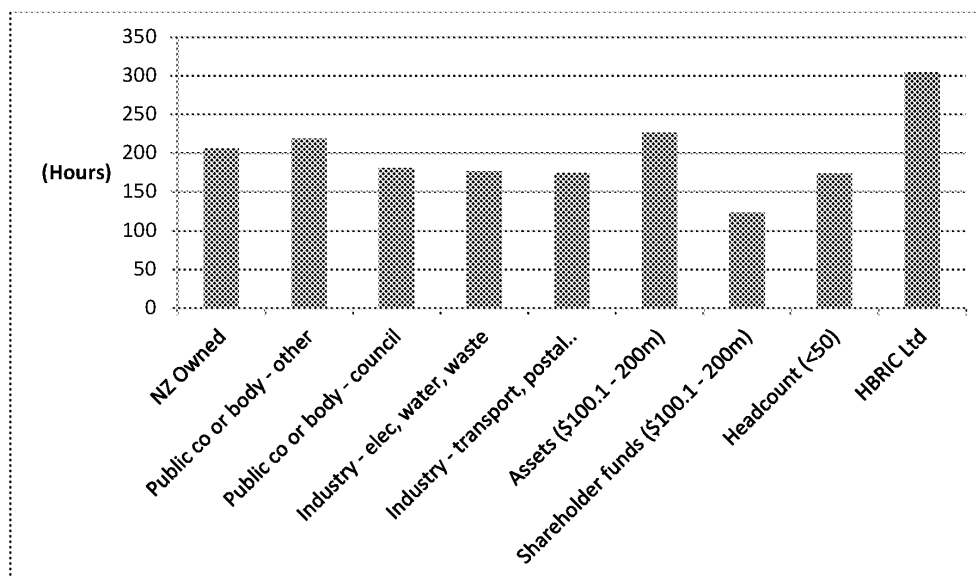
Name	Role	Commitments	Total
Dr Andrew Pearce	Chair	Board meetings, RWS committee, Governance appointments and remuneration committee, other director and chair time commitments	400
Sam Robinson	Independent director	Board meetings, RWS committee, Governance appointments and remuneration committee, other director time commitments	304
Jim Scotland	Independent director	Board meetings, RWS committee, audit and risk committee, other director time commitments	304
Alan Dick	Councillor director	As above	304
Christine Scott	Councillor director	As above	304
Fenton Wilson	Councillor director	Board meetings, RWS committee, Governance appointments and remuneration committee, other director time commitments	304
Andrew Newman	Managing Director	Board meetings, RWS committee, other director time commitments	292

The following table compares the time commitments in HBRIC Ltd to commitments in comparator organisations provided as part of the IoD's remuneration survey.

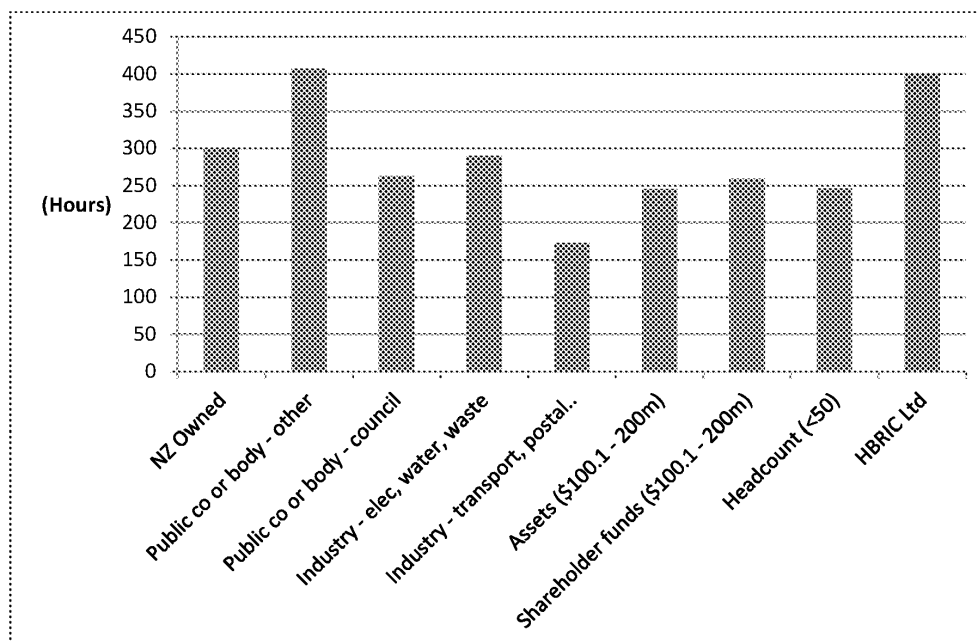
Survey results	Quartile					
	Director			Chair		
	Lower Hrs	Median Hrs	Upper Hrs	Lower Hrs	Median Hrs	Upper Hrs
NZ Owned	88	130	206	111	170	300
Public company or body – other	89	165	218	90	225	407
Public company – council	115	152	180	133	165	263
Industry – electricity, water, waste	72	96	176	101	172	290
Industry – transport, postal...	70	104	174	96	126	173
Total assets (\$100.1 – 200m)	88	141	226	88	133	245
Shareholder funds (\$100.1 – 200m)	80	88	123	83	108	259
Headcount (<50)	66	108	173	92	150	246
HBRIC Ltd	292 – 304			488		

This indicates that HBRIC Ltd director and chair hours fit at the upper quartile range.

Upper quartile hours for directors across comparators are graphed below.



Upper quartile hours for chair across comparators are graphed below.



9. Recommendations

Context

The following recommendation is informed by what commercial organisations of similar characteristics would pay for similar duties.

A remuneration recommendation is part of an evaluative process. It is important that HBRIC Ltd balances our recommendations with the expectations of shareholders and stakeholders as well as its own view on the appropriate level of gratuity.

The organisation must also balance the level of remuneration that will attract, motivate and retain persons with the high standards of ability and character necessary to carry out the critical and demanding director function.

The IoD recommends that the HBRIC Ltd consider such factors before reaching a final decision with respect to fee levels.

Base fees

The following values are based on the commercial analysis provided in this report and reflect a need to attract and retain high quality governance and business experience.

Current fees for HBRIC Ltd directors and chair are low against benchmark comparators, whereas hours of the role are at the upper quartile.

This presents a significant challenge to the organisation as to bring fees in line with benchmark will mean considerable fee increases, even taking into account any 'public good' element as discussed previously.

With consideration of the time commitments indicated, the current remuneration levels and the nature of HBRIC Ltd, the IoD consider the following fee range to be the appropriate commercial benchmarks.

It is the decision of HBRIC Ltd whether to opt for more moderate increases or plan a timed transition to these higher levels.

Base director fee	\$30,000 - \$35,000
Base chair fee	\$54,000 - \$63,000

The supporting information for this recommendation can be found on pages 11 to 19.

Further explanation

The recommendation is based on a combination of:

- An understanding of the nature of the organisation and its risk and political environment
- Data from similar organisations and sectors
- The fact that directors and chair hours are at the upper quartile range of hours for comparable sectors
- Application of a standard factor of x1.8 the base director fee to calculate the chair fee. This makes an allowance for additional hours spent by the chair in meeting preparation and follow-up plus an allowance



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for other demands and expertise required of the role and requirement to attend international conferences.

Please note:

- All fees include committee attendance fees
- We recommend a loading of between 1.1 to 1.2 for committee chairs and a 1.25 loading for the deputy (vice) chair of the board. It would not be normal for the board chair or deputy chair to be paid additional fees for their involvement with committees

Ongoing fee review policy

Because of movements in the market and other factors, such as inflation and CPI, fees are not static. They should be assessed for market appropriateness regularly.

When a fee structure is on or near the market benchmark it would be appropriate to review fees against annual fee movements – for example using the appropriate industry sector or the overall fee movement for a particular role (eg. non-executive director). This information can be provided by the IoD on an annual basis at no charge.

We would, however, encourage a discipline to update the benchmark data at least every 3 years. This should identify if the fees remain competitive or if the fee gap is widening. A significant fee gap against benchmark may indicate the need for a further fee review at this stage.

10. Appendix 1 – Council policy on appointment and remuneration of directors on CCOs

(This information has been obtained from email or telephone correspondence with the named council or from publicly available information via the internet).

Whilst councils have varying policies relating to the appointment and remuneration of CCO directors there is a move towards the appointment of non-executive directors only to positions on the board of CCOs. If this is not the case, remuneration gained from the appointment of a councillor director is often declined, or attributed to the council.

Auckland Council

This is a link to [‘Appointment and Remuneration Policy for Board Members of Council Organisations’](#)

See section 4.7 – Eligibility for Appointment

4.7.3 – Appointment of CCO Executives. ‘Board members should be independent from management and should not hold executive positions in the CCO’.

Christchurch City Council

This is a link to [‘Policy on appointment and remuneration of directors’](#), adopted Oct 2011.

Refer to paragraph 77 – remuneration of CCO directors. ‘In all other cases, CO directors appointed by the Council will receive the remuneration (if any) offered by that body. Council staff members appointed to such bodies will not accept any remuneration.’

Dunedin City Council

A governance review by Warren Larsen on behalf of the Dunedin City Council recommended that elected Councillors should not hold directorships on Council-owned companies and also that ‘...a director of a subsidiary company within the DCHL group cannot at the same time be a director of DCHL. The converse should also apply.’

Further recommendations relating to the remuneration of non-executive directors appointed to positions on the board of CCOs suggested increases to the upper quartile against comparators.

(Note: I have been unable to obtain latest director fee information, however an excerpt from the Larsen report recommends “To attract the appropriate people to these roles remuneration would need to be in the upper quartile. It is unlikely the required candidates would be attracted below \$75,000 p.a. with the chairman paid at twice that rate”.)

Dunedin City Council advises that ‘following the implementation of the recommendations from the Larsen report, the DCC no longer has Councillor Directors on any of its CCOs’.

Hauraki District Council

See [‘Appointment & Remuneration of Directors for Council Organisations Policy’](#)



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Wellington City Council:

The portfolio manager for WCC CCOs provided this link to their policy document regarding the appointment and remuneration of directors and trustees for council organisations.

<http://wellington.govt.nz/your-council/plans-policies-and-bylaws/plans-policies/a-z-index/appointment-and-remuneration-of-directors-and-trustees-for-council-organisations>

See section 8.3 and 8.4. These indicate *'other than in exceptional circumstances, a person may not be appointed by Council to more than one CCO board at any one time'*.

'The Council considers that other than in emergency situations, directors should be non-executive'.

It is understood that consultants employed by WCC to review the governance of their CCOs in 2012 recommended an end to appointing councillors to their boards (ref: Stuff.co.nz, editorial – 'end councillors' conflict of interest, 7/9/2012).

Queenstown City Council:

The following are excerpts from a policy document relating to [directors fees for CCOs and CCTOs](#).

'THE APPOINTMENT OF STAFF OR ELECTED MEMBERS AS DIRECTORS

It is not considered to be generally appropriate for either staff or elected representatives (including the Mayor and Community Board members) to act as directors of commercial companies. This could create conflicts of interest between the roles of staff as advisors to Councillors and Councillors', as objective decision makers while having the responsibilities of the role of a director.

There may be special circumstances where a Councillor or staff member may be the most appropriate person to be appointed as company director. These special circumstances should be fully recorded by the Council in making that decision. All other parts of this policy should be considered and applied to such an appointment.

In non-commercial situations it will often be desirable for elected members and outside individuals with broad experience or wide community networks to be appointed to outside organisations. Elected members are particularly well suited to effect the wider community needs and expectations that should guide such organisations. It will generally be inappropriate for staff of the Council to be appointed to Council owned entities (whether commercial or non-commercial). The only expectations to this would be where:

- a) The role required is of a specifically professional or technical nature; or
- b) The constitution particularly calls for such a representative to be a staff member (eg. Destination Queenstown).'

THE REMUNERATION OF DIRECTORS

The remuneration of Directors of companies will be determined based on each specific role and a recommendation coming from the Board concerned. Any remuneration earned by Councillors or staff as directors of a company will be remitted to the Council.

In all other cases (of trustees and representatives) the Council believes that remuneration is not generally appropriate. The Chief Executive may however authorise reimbursement of expenses in extraordinary workload.'

11. Appendix 2 – Councillor director fees commentary

We have been asked to provide comment on policy when paying director fees for Councillors who hold positions on Council controlled subsidiaries. These observations are not established principles of governance best practice; rather they are intended to be inputs to assist the Council in considering how to form a reasonable policy framework. They should be considered along with the information in the previous appendix giving examples and evidence of current council policy – in particular the move towards appointing independent directors only to these entities.

Councils have faced a challenging financial climate in recent years. Public scrutiny of Councillors' fees has increased as has the likelihood of negative public reaction. In fact, in many jurisdictions remuneration for councillors is a publicly and politically sensitive subject. The IoD is aware of at least two Councils who have either lowered or adjusted director's fees in response to this environment.

In principle, there is no best practice rule that suggests Councillors or ex officio directors on subsidiary entities should be paid differently than their director peers. This is because directors are jointly and severally liable for the entity and they are also required to undertake the same workload as other board members.

Any basis for paying lower fees for ex officio roles would be a *gratuity discount* principle (see 'Setting fees for public companies' in the executive summary). Councils could consider a gratuity discount on the basis that a Councillor's position on a subsidiary is available on the basis of office and not merit and constitutes part of the range of duties a Councillor may undertake as part of his or her duties.

We recommend remuneration levels be assessed on an entity by entity basis. The reason for this is the onerousness of the role and obligations of entities can be vastly varied. As a guide, Councils might take three considerations into account. These are:

- Risk
- 'Commerciality' and
- Workload/hours required.

To expand:

Risk

What is the risk profile of the role? What are the liability implications? As a general guide, the higher the risk profile for the director, the more compelling an argument for remuneration.

Commercial requirements of the entity

How 'commercial' is the subsidiary? That is, does the role impose commercial obligations such as a distinct level of input into strategic planning, competition and market knowledge as well as a sufficient understanding of the risk environment? Are regular assessments of the market and statements of financial position required? Does the role require a sophisticated understanding of the financial position of the entity?

Workload/hours required

As a general guide the greater the workload and hours required, the more compelling an argument for remuneration.

All three of the above should be considered together before forming a final view.



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Should it be considered appropriate, Councillors may consider making a decision on policy grounds to do any of the following:

- forego fees (or for the fee to be remitted to the council)
- alter the formula by which fees are calculated
- place a temporary or permanent moratorium on future increases

We note that the risk in forgoing fee increases is that directors are equally liable and over time these roles might become increasingly unattractive to candidates as well as uncompetitive in the market.

12. Appendix 3 - Excerpt from the IoD's publication 'The Four Pillars of Governance Best Practice'

A full copy of this publication is provided as an IoD membership benefit

Please note that this is guidance only. It is not a substitute for professional advice. Each setting may depend on the particular entity's circumstances.

Base fees

In setting base fees directors should take account of the following:

- the general level of hourly or daily rates of fees earned by directors in their professional capacities as, for example, lawyers, accountants, management consultants and executives
- the hours spent in travel and preparation for meetings, as well as actual attendance
- unless indirect costs such as office, secretarial and continuing professional development are separately reimbursed, a fair and reasonable allowance for such costs should be made in the base fee
- in all fee determinations, the legislative requirement must be observed that the fee, if set by the directors, be fair to the company
- the aggregate of base fees across the board when compared to the annual salary of the CEO or other senior executives.

The board is equally important as the CEO in governance terms and the IoD maintains that an overall relativity in remuneration is a useful indicator of this role equivalence.

Shareholder sanction

It is better practice for the company's constitution to require that fees be sanctioned by shareholders, notwithstanding that the Companies Act authorises fee setting by directors under certain circumstances.

Forms of payment

Payment of fees would normally take the form of cash. However, payment can be made in part or in whole by the issue of shares. Payment in shares can be perceived to have the advantage of aligning remuneration with the interests of shareholders by increasing the focus of directors on company performance and share value. However, all the issues noted on holding shares in directed companies need to be carefully considered here. To preserve the independence of non-executive directors, payment in the form of options to acquire shares is generally not recommended. However, in some circumstances, payment in options may be appropriate. An example of this is start-up companies which have insufficient resources to satisfactorily enable the payment of remuneration in cash. If options are issued, some basic principles should be referenced:

- care should be taken to ensure that they are treated separately from any options issued to executives (including executive directors) of the company
- they should not be capable of being exercised until at least three years, and preferably longer, after their issue
- they should be expensed in the company's financial statements having regard to prevailing accounting standards
- options should always be issued with an exercise price at a premium to the share price at the time of issue and which at least takes account of the time value of the option. The exercise price should never represent a discount to the share price at the time of issue and should be based on the price prevailing at the time the options are approved by the board



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- the timing of issue of any options must be completely unrelated to company news or announcements or market events
- their financial impact on the company should be fully disclosed to shareholders
- their issue should preferably be approved by shareholders.

Multiple-directorships

Expenses applicable to multiple-directorships should be apportioned on a fair and reasonable basis having regard to the time spent on each directorship, including on travelling.

Multiple-directorships within one corporate group structure

Full disclosure of remuneration payments should be made to all stakeholders to avoid any perception of double dipping. The IoD would expect that directors' fees would be assessed on a case by case basis and there is no general best practice rule that an individual on multiple boards within a group structure would expect to be paid less because of any perceived synergies. Each board must consider its needs. The following may also need to be checked:

- Do the specific terms of employment prohibit external directorships?
- Do conflicts of interest issues arise?
- Is the directorship impacting company costs?

Reviews

Ideally, base fees should be structured so that they are:

- calculated on an annual basis
- a permanent item on every board agenda for meetings at which annual draft financial statements are considered
- reviewed at least once per year.

Review dates would be an appropriate time to also undertake evaluations of the performance of individual directors. Chairs should be conscious of the need to initiate reviews and to maintain dialogue on the matter with the CEO.

Equal sharing

In line with the principle of collective responsibility, base fees should be shared equally as a rule except in the case of additional responsibility or workload such as the chair, deputy chair, committee chair or where some directors reside in countries in which higher fees are common. The level of fees for the chair and deputy chair will depend on the extent of their involvement with the company. As a rough guide a chair could reasonably expect to receive 200 per cent of the fee of an ordinary director and a deputy 150 per cent.

Supplemental fees

As a general principle, best practice requires that an entity should establish clear, written policies for paying or reimbursing reasonable expenses. This includes an outline of the kind of expenses payable and eligibility requirements. It should also mandate that travel be undertaken in a cost effective way as part of demonstrating the reasonableness of the expenditure.

Any policy should also concur with the current law. Boards are advised to stay attuned to any guidelines released by the Inland Revenue Department.

Supplemental work resulting from the membership of board committees (eg audit, remuneration, etc), and from particular company situations or events clearly outside the scope of directors' usual responsibilities,

should attract a supplemental fee. Supplemental fees should be subject to board approval on a case by case basis.

Method of calculation

Supplemental fees may be calculated as an hourly or daily rate rather than annually.

Reviews

Supplemental fees should be subject to review in the same manner as for base fees.

Reimbursement of expenses

Directors should ensure that they are reimbursed for all direct and indirect expenses such as office, secretarial, toll calls, accommodation and travelling expenses, reasonably and properly incurred. The IoD recommends that attention is paid to the *Controlling sensitive expenditure* guidelines (currently 2007) available from the Office of the Auditor-General. These guidelines are written for public sector organisations and not specifically for directors, but provide a useful reference point for fee structures and associated rules. An organisation creating a supplemental fees structure could use these guidelines as a basis for developing further rules.

Extent of accommodation and travelling expenses

Accommodation and travelling expenses should include those incurred in attending all meetings of directors and board subcommittees, shareholders' meetings or otherwise in connection with company business.

Personal transportation

Where a director uses personal transport, travelling expenses should include a mileage allowance. Sample allowance rates can be considered from ACC, IRD and other officially recognised sources.

Spousal allowance

As a general principle, travel costs of accompanying spouses, partners, or other family members should not be paid by an entity. In the rare circumstances that involvement of a spouse directly contributes to a clear business purpose, the spouse's travel needs to be pre-approved.

Constitutional restrictions

Directors should ensure that the reimbursement is not restricted by the company's constitution.

Flexibility

All the components of remuneration are, in the normal course, a matter of negotiated commercial contract and, as such, require flexibility to suit each individual circumstance.

13. Appendix 4 - Board size - considerations

The interests of shareholders of a company will be best served if its board acts with maximum efficiency and effectiveness. The optimum number of directors required to attain maximum efficiency and effectiveness on any given board will depend on such factors as the company's size, nature, diversity and complexity of its business and its ownership structure.

A board that is too large may not give its members the opportunity of participating in discussions and decisions to the best of their abilities. It may result in board proceedings being unnecessarily prolonged. On the other hand, a board that is too small will limit the breadth of knowledge, experience and viewpoints that would otherwise be available to it and from which it could usefully benefit.

As a general rule, a board numbering between six and eight members is usually found to be the most appropriate in the case of medium to large-sized companies. This also takes the relatively small size of New Zealand companies in international terms into account. Smaller companies may operate quite satisfactorily with a lower number. Under NZX listing rules, the minimum number for a listed company (disregarding alternate directors) is three.

It is not really possible or practical to specify an ideal and optimal number for all boards. What every board needs to do is to achieve the right balance to suit the circumstances and requirements of the company and the board itself. Capable directors are valuable resources and on occasion both large and small boards suffer for lack of a uniform spread of excellent and capable directors. Ideally, a board should not be so large as to make a uniform level of capability difficult nor should it be too small that capability gaps are evident.

Average number of directors

(From the 2012 IoD directors' fees survey)

Across all entity types, the median number of directors appointed to a board was **6**, with the average **5.9**. The close relationship between the Median and the Average suggests relative uniformity in the sample, with few (large or small) outliers.

Only **18** entities (**1.8%** of sample) had more than **12** directors appointed to the Board. The maximum number of directors on any one board was **20**.

At the median level, boards consist of **one** executive director and **5** non-executive directors.

Board size for organisation type:

Organisation type	Number of directors on board			
	Lower Quartile	Median	Upper Quartile	Average
Public company or body – shareholder	5	5	6	5.8

14. Appendix 5 – Understanding the data measures

Lower Quartile

This represents the point at which, when ranked from the lowest value to the highest value, 25% of the sample is lower and 75% of the sample is higher. The Lower Quartile is also known as the 25th percentile.

Median

When data is ranked from the lowest value to the highest value, the median represents the middle point of the data. At the median, 50% of the sample is lower and 50% of the sample is higher. The median is also known as the 50th percentile.

Upper Quartile

This represents the point at which, when ranked from the lowest value to the highest value, 75% of the sample is lower and 25% of the sample is higher. The Upper Quartile is also known as the 75th percentile.

Average

Indicates the average value of remuneration or benefit in any given sample. The average is calculated by adding the numbers in a sample and then dividing by the count of the sample.

HAWKE'S BAY REGIONAL COUNCIL

Wednesday 28 August 2013

SUBJECT: RECOMMENDATIONS FROM THE REGIONAL PLANNING COMMITTEE

Item 11

Reason for Report

1. The following matters were considered by the Regional Planning Committee on Wednesday 7 August 2013 and are now presented to Council for consideration and approval.

Decision Making Process

2. These items have 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.

Change 5 Appeals

2. Delegates to the Group Manager Strategic Development (and any legal counsel acting as the Group Manager's agent) the authority to sign, on behalf of Council, any mediated agreement in relation to the appeals on Change 5 to the Hawke's Bay Regional Resource Management Plan, providing such mediated agreement is consistent with the overall content of the Council's original decision.
3. That the Co-Chairs of the Regional Planning Committee liaise with staff and their team about the appeals on Change 5 to reinforce the link with the Regional Planning Committee.

Draft Annual Report For National Policy Statement (NPS) Freshwater Management Implementation Programmes

4. Agrees that the content of the report's attachment be re-formatted and published as part of the Council's 2012/13 Annual Report.
5. Notes that the following reports were received by the Regional Planning Committee:
 - 5.1 Regional Planning Committee Draft Annual Report
 - 5.2 Update on RMA Reform.



Helen Codlin
GROUP MANAGER
STRATEGIC DEVELOPMENT



Liz Lambert
INTERIM CHIEF EXECUTIVE

HAWKE'S BAY REGIONAL COUNCIL

Wednesday 28 August 2013

SUBJECT: RECOMMENDATIONS FROM THE ENVIRONMENT AND SERVICES COMMITTEE

Item 12

Reason for Report

1. The following matters were considered by the Environment and Services Committee on Wednesday 14 August 2013 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.

Notice of Motion: Cr M Douglas

2. Requests a staff report on stock exclusion issues in regard to the sites where Council permits stock into remaining areas where water access is possible. This report will propose a programme to exclude cattle as soon as possible from areas where access is possible, and the cost implications, allowing for a situation consistent with guidelines to farmers relating to stock exclusion.
3. Notes that the following information reports were received at the Environment and Services Committee meeting held on 14 August 2013:
 - 3.1 Verbal presentation from Peter Winder on Part 2 - Prosperity Report - Potential Costs and Savings of Local Government Reorganisation
 - 3.2 Verbal Update on Oil & Gas Exploration Discussions Throughout Hawke's Bay
 - 3.3 Open Spaces Projects and Funding
 - 3.4 Statutory Advocacy Update
 - 3.5 Verbal Update Coastal Water - Science Team
 - 3.6 Verbal Update on the Tukituki Water Permit Renewal Process.



Mike Adye
GROUP MANAGER
ASSET MANAGEMENT



Liz Lambert
INTERIM CHIEF EXECUTIVE

Attachment/s

There are no attachments for this report.

**SUBJECT: FINANCIAL REPORT FOR 12 MONTHS ENDED 30 JUNE 2013 -
DRAFT ANNUAL REPORT 2012/13 ADOPTION FOR AUDIT**

Reason for Report

1. The purpose of this paper is to provide explanations covering variances both from the re-forecast budgets and from Annual Plan budgets for year ended 30 June 2013. Further, to provide the draft Annual Report to allow Council to adopt it for forwarding to the Audit Office to form the basis of their audit.

Comment

2. The financial information provided in Attachment 1 is not part of the formal Annual Report publication and is provided to Councillors to clarify variances, actual (from reforecast and Annual Plan) to budgets. The Draft Annual Report is provided as attachment 2, which has only been distributed to Councillors and is available to members of the public on request and on HBRC's website as part of this Agenda.

HBRC Financial Overview

3. The financial overview for the year ended 30 June 2013 (Attachment 1) is set out in a similar format as HBRC receives during the year. The emphasis in this report is to detail and provide explanations for variances (actual compared to reforecast) in projects within each group of activity and for flood control and drainage scheme reserves and other scheme reserves. All these variances affect public good funding.

Draft Annual Plan Document

4. The **Chairman and Chief Executive Commentary** provides the introduction to the performance overview, and provides the issues raised in the "Right Debate" section of the Long Term Plan and how these have been achieved during the 2012/13 year.
5. The **Service Performance – Groups of Activity** section of the report covers the extent to which HBRC has been able to deliver on the levels of service provision and performance targets as set out in the Annual Plan for 2012/13 under each group of activity.
6. The **Management Statements** section covers Maori Contributions to HBRC decision making processes, Council Controlled Organisations, and implementation of national policy statements and environmental standards.
7. The **Financial Statements** section reports HBRC's financial results, including the cash flow statement and notes to the accounts.
8. The final audited Annual Report will be tabled for adoption at HBRC's September meeting.

Regional Disaster Damage Reserve

9. At this time of year HBRC needs to consider whether to tag operating cash balances to fund a shortfall, if any, in investments for Disaster Damage Reserve. HBRC has resolved that this reserve should maintain a balance of funds of between \$2.75m and \$3.75m. HBRC set this reserve limit at their meeting on 28 February 2007. This level reflects HBRC's decision to continue as a member of the Local Authority Protection Programme (LAPP), which provides a 40% cover for damage to insured infrastructure assets, the remaining 60% is covered by Central Government. HBRC resolved at its Corporate and Strategic Committee meeting on 30 January 2013, not to renew the commercial insurance for infrastructure assets effective from the 2013/14 financial year.
10. The Regional Disaster Damage Reserve was established to meet 60% of the unfunded portion (namely that which is not met from other funding sources) of asset reinstatement cost following a disaster event. This is a discretionary funding pool of last resort and

was designed as a contribution towards the cost of reinstatement of infrastructure assets to an equivalent standard to that in place before damage was incurred.

11. The market value of investments held in the Regional Disaster Damage Reserve is \$3.572m at 30 June 2013. At that date the fund is therefore within the reserve limits set by HBRC and therefore it is proposed that no action should be taken to tag any cash operating balances to increase the value of this fund.
12. HBRC has committed to utilising approximately \$720,000 from the Regional Disaster Reserve fund as a contribution towards the rebuilding of the Makara dam. Therefore during the 2013/14 year shares and stocks will be realised to provide the \$720,000. Even after the sale to provide the \$720,000, the reduced level of the fund will still be within the reserve limits set by HBRC.

Revaluation of HBRC's Assets

13. The following HBRC asset groups are subject to revaluation and have been incorporated where available in the draft Annual Report figures presented to this meeting. These asset groups are:
 - 13.1. **Infrastructure Assets** These assets were last revalued as at 30 June 2011; HBRC's current policy is to revalue these assets every three years, therefore the next revaluation is due on 30 June 2014.
 - 13.2. **Hydrological Assets** These assets are revalued every three years and they are due to be revalued at 30 June 2013. This work is still being progressed but will be available for the auditors during September 2013.
 - 13.3. **Operational Assets** include land, buildings, plant and equipment, have been revalued at 30 June 2013 and these revised figures have been included in the draft financial statements. HBRC's current policy is to revalue land and buildings to fair value every three years for Annual Report purposes.
 - 13.4. The Dalton Street building and land for the Regional Council head office was revalued by Telfer Young at \$6.7m as at 30 June 2013. This figure includes \$845,000 already spent on remediation works on the building. This revaluation figure, when compared to the current book value of \$8.4m, shows a decrease of \$1.7m. An analysis of this variance is as follows.

Item	\$
HBRC's valuers, Telfer Young, indicated in their valuation report that there has been a softening of values through the recession because investors are being more discerning in their purchases and they have commented that demand for both industrial and commercial accommodation has fallen over the last year.	-\$300,000
Remediation works still to be completed during 2013/14 in order to bring the building up to full market standard.	-\$1,400,000
Net	-\$1,700,000

- 13.5. At the completion of the remediation works the value of the building will be shown in HBRC's books at \$8.1m. HBRC's valuers have validated this figure as the value based on a sale and lease back transaction.
- 13.6. **Investment Properties – Leasehold Land** The main investment properties held by HBRC are the leasehold land in Napier and Wellington. The table below sets out the percentage changes in lessor's interest for both Napier and Wellington leasehold property.

	Napier Leasehold		Wellington Leasehold	
	No. of Lessees	\$	No. of Lessees	\$
Valuation (Lessor's Interest) 30 June 2012	830	56.1m	12	11.0m
Valuation (Lessor's Interest) 30 June 2013	630	48.0m	12	11.4m
Number of lessees freeholding ¹	200	12.3m	-	-
Increase in valuation over the 12 months to 30 June 2013 adjusted for sales	-	+\$4.2m (10%)	-	+0.3m (3%)
Comparative for year ended 30 June 2012	-	-6.4m (10%)	-	-0.1m (1%)

¹ The number of leasehold properties owned by HBRC fell from 563 (30 June 2012) to 434 (30 June 2013), a decrease of 129 properties

- 13.7. Napier leasehold property has shown an increase in valuation over the 12 months to 30 June 2013, this increase is \$4.2m or 10%. The main reason for this increase is the strengthening of land values now that the discounts provided by HBRC up to the year ending 30 June 2012 no longer have a depressing effect on land valuations.
- 13.8. **Port of Napier Ltd Shareholding** HBRC shareholding of 100% in the Port of Napier Ltd is revalued every three years. The revaluation on 31 March 2012 states that HBRC's investment in the Port of Napier Limited is \$177.4m. This shareholding now 100% held by Hawke's Bay Regional Investment Company Limited (HBRI Ltd).
- 13.9. It is HBRC's policy to revalue the shareholding in Napier Port every three years, the next revaluation is due on 31 March 2015.

General Funded Operating End of Year Position

14. HBRC's General Funded Operating result, subject to final audit processes, for the year ended 30 June 2013 is shown in Attachment 1 as a deficit of \$167,600. When this is compared to the forecast end of year surplus position of \$2,100, the result is a deterioration from forecast in the year end position of \$169,700.
15. The final impact of HBRC's favourable year end position on cash operating balances still needs to be finalised as part of the Annual Report preparation. However, it is estimated that the forecast cash operating balance will be approximately \$5m at the end of 2012/13 and reduce to \$4.3m at the end of 2013/14. HBRC's policy is to ensure that cash operating balances are maintained at a level of at least \$4m in order to fund normal HBRC operations - this level avoiding the need for bank overdrafts.
16. It should be noted that the operating statement set out in Attachment 5 and included as part of the formal Annual Report to proceed to Audit, shows an operating result that differs from the general funded operating end of year position as presented to HBRC. There are a number of reasons for this difference, the major reasons being the losses/gains in fair value of HBRC's investment properties, which includes the substantial decrease in value of HBRC's Dalton Street property, and the targeted rates which have been set to fund the capital purposes of HBRC, both being shown in the income statement in the Annual Report but do not affect the end of year position from a general funded operating perspective.

Decision Making Process

17. HBRC 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:
- 17.1. Section 97 covering significant changes in the intended level of service provision for a group of activity do not apply.
- 17.2. Sections 83 and 84 which set out the procedures to be followed where a special consultative procedure is to be used or adopted does not apply.

- 17.3. The decision does not fall within the definition of HBRC's policy on significance.
- 17.4. No options are available to HBRC for this item. The Annual Report is required under Section 98 of the Local Government Act 2002.
- 17.5. This report, when adopted, is available for any person requiring a copy of this report.
- 17.6. Section 80 of the Act covers decisions that are inconsistent with existing policy or plan and does not apply.
- 17.7. HBRC can exercise its discretion under Section 79 (1)(a) and 83(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, and also HBRC's understanding of the issues that persons likely to be affected by or have an interest in the decisions to be made.

Recommendations

That Council:

1. Confirms the decisions to be made are not significant under the criteria contained in HBRC's adopted "policy on significance"; and HBRC can exercise its discretion under Sections 79(1)(a) and 82(3) of the Local Government Act 2002 and make decisions on those issues 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 Draft Annual Report for the period 1 July 2012 to 30 June 2013, subject to any adjustments required by HBRC, for the purposes of audit, with a view to Council adopting the final report at its meeting on 25 September 2013.
3. Resolves that \$97,451 profit on external work undertaken by HBRC's Operations Group during the year ended 30 June 2013 be used by HBRC to increase the cash operating balances available to fund general funded operating expenditure.



Paul Drury
GROUP MANAGER
CORPORATE SERVICES



Liz Lambert
INTERIM CHIEF EXECUTIVE

Attachment/s

- | | |
|-------------------------------|----------------------|
| 1 Financial Overview | Under Separate Cover |
| 2 Draft Annual Report 2012-13 | Under Separate Cover |

SUBJECT: SETTING OF 2013-14 RATES

Reason for Report

1. Following the adoption of the 2013/14 Annual Plan, the rate requirements have been calculated for the 2013/14 financial year and it is now necessary to resolve to set and assess the rates scheduled below for the period 1 July 2013 to 30 June 2014.
2. The Local Government (Rating) Act 2002 provides for the following:
 - 2.1. Section 23 Procedure for Setting Rates.
 - 2.2. Rates must be set by a resolution of the local authority.
3. Rates set by a local authority must:
 - 3.1. Related to a financial year.
 - 3.2. Be set in accordance with relevant provisions of the Local Authority's Annual Plan for that financial year.
4. Council approved the inclusion of the "calculation factors" for rating in the Funding Impact Statement which was part of the 2013/14 Annual Plan. This plan was adopted by Council on 26 June 2013. The rates included in the plan have been consulted on by a special consultative procedure as part of the Annual Plan process.
5. The Local Government (Rating) Act 2002, sections 13 and 14 (General Rate) section 15 (Uniform Annual General Charge) and sections 16, 17 and 18 (Targeted Rates) clarifies how each such rate should be set.
6. Section 23 of the Local Government (Rating) Act 2002 does not require that the rating resolutions included in this paper be publicly notified, as details of the rates have been included in the Council's Annual Plan.

Decision Making Process

7. Council is required to make every decision in accordance with Part 6 of sub part 1 of the Local Government Act 2002 (the Act). Staff have assessed requirements contained within this section of the Act in relation to this item and have considered the following:
 - 7.1. Section 88 of the Act covering the mode of delivery of a group of activity and Section 97 covering a significant change in the intended level of service provision for a group of activities do not apply.
 - 7.2. Section 83 which sets out the procedures which are to be followed where a special consultative procedure is to be used or adopted does apply. These rates have been included in the 2013/14 Annual Plan and have been consulted on by the use of a special consultative procedure.
 - 7.3. The decisions do fall within the definition of Council's policy on significance, namely that "the decision or proposal affects all or a large part of the regional community in a way that is not inconsequential" and as such have been included in the 2013/14 Annual Plan.
 - 7.4. Council has no option but to set the rates any one financial year in order to ensure that the services the Council provides are fully funded.
 - 7.5. Persons affected by the decision in this paper will be the ratepayers with the Hawke's Bay region.
 - 7.6. Section 80 of the Act covering decisions that are significant and inconsistent with any existing policy or plan does not apply.

Recommendations

That Council:

- 1 Agrees that the decisions to be made on the setting and assessing of rates cover information that has been included in the Funding Impact Statement of the 2013/14 Annual Plan as required by Section 95 of the Local Government Act 2002 and further such decisions require special consultative procedures under Section 83 and 85 of the Act, such special consultative procedure having been previously carried out on the 2013/14 Annual Plan.
- 2 Sets and assesses the rates as included in the 2013/14 Annual Plan for the period 1 July 2013 to 30 June 2014 and set out in Attachment 1.
- 3 That the rates are due and payable on or after 1 October 2013. Pursuant to Section 57 of the Local Government (Rating) Act 2002 a penalty charge of 10% will be imposed on the current rates remaining unpaid as at 1 February 2014.



John Keenan
REVENUE ACCOUNTANT



Paul Drury
GROUP MANAGER
CORPORATE SERVICES

Attachment/s

- 1 Funding Impact Statement

Introduction

This Funding Impact Statement sets out the impact that the Hawke's Bay Regional Council's Revenue and Financing Policy has on ratepayers.

The Revenue and Financing Policy clearly identifies beneficiaries of Council activities paying for the cost of those activities by target rates or direct charges, whichever is the most efficient administratively.

Where a degree of public benefit exists, a combination of funding through investment income and general rates for the public benefit portion and targeted rates and/or direct charges is used for the private benefit portion.

At various points of the Funding Impact Statement, a level of rates or charges is specified. These indicative figures are included to give ratepayers an estimate of what their level of rates is likely to be in the current year. These figures may not be the actual level of rates that will be assessed in the coming year because the actual figure will not be known until the Council's rating information database is finalised.

All the estimated rates and levels of rates included in this statement are GST inclusive.

There is no provision for the payment of rates from lump sum contributions, except for the early repayment of Clean Heat loans.

Due dates for payment of rates

The rates are due and payable on or after 1 October 2013. Pursuant to Section 57 of the Local Government (Rating) Act 2002, a penalty charge of 10% will be imposed on the current rates remaining unpaid as at 1 February 2014.

When a fixed amount is set for each property, whether it be a Uniform Annual General Charge (UAGC) for general funding rates or a Uniform Annual Charge (UAC) for Targeted Rates, then a fixed amount is charged for each separately used or inhabited part of a rating unit. Therefore, units in a rest home, retail shops in a shopping complex, and additional farm houses are charged with separate UAGCs or UACs.

Where two or more rating units are contiguously joined, owned by the same ratepayer and used for the same purpose, or a Farm property with separately titled paddocks, then only one UAGC or UAC will be payable.

This Council's contention is that this mix of rating bases better reflects the benefits delivered to the general community while addressing some of the rate level volatility experienced by those ratepayers in the community whose land values have increased by more than the average.

Council directly collects rates for all rating units contained within its boundaries and where specific rates are set across District/City boundaries on a value basis, then the rates are set on Estimate of Projected Valuation (equalisation) which recognises annual movement of values across the region for each territorial authority.

Inspection and objection to Council's Rating Information Database

The Rating Information Database (RID) is available for inspection at HBRC offices at 159 Dalton Street Napier and on Council's website www.hbrc.govt.nz. Ratepayers have the right to inspect the RID records and can object to their rating liability on the grounds set out in the Local Government (Rating) Act 2002.

Explanation of Rating Method			
Types of Rates	Groups of Activities Funded	Types of land to be Funded	Basis of Rating
General Funding Rates			
General Rates Uniform Annual General Charges	<ul style="list-style-type: none"> – Strategic Planning – Land Drainage & River Control – Regional Resources – Regulation – Biosecurity – Emergency Management – Transport – Governance & Community Engagement. 	All Rateable Rating Units within the region.	Land Value Fixed Amount
Targeted Rates			
Subsidised Public Transport	Public Transport System and Total Mobility programme for disabled persons.	Those Rating Units within the urban areas of Napier, Hastings & Havelock North including Clive Township but excluding Bay View.	Land Value
Heretaunga Plains Control Scheme	Catchment Works <ul style="list-style-type: none"> – Direct Benefit F1 – Indirect Benefit F2 	<ul style="list-style-type: none"> – Rating Units receiving direct benefit within Napier City and Hastings District from flood control measures. – All Rating Units within Napier City and Hastings District. 	Capital Value
Upper Tukituki Catchment Control	Catchment Works	All Ratings Units in Central Hawke's Bay District on a graduated basis. Also, Rating Units on the southern boundary of Hastings District Council.	Land Value
Central & Southern Rivers & Streams	Catchment Works	All Ratings Units in the region excluding Wairoa District.	Capital Value
Wairoa River & Stream	Catchment Works	All Rating Units in the Wairoa District.	Capital Value
Various Stream & Drainage Schemes	Catchment Works	Rating Units identified receiving benefit from specific stream and drainage works. Some on graduated basis.	Land Value and Area

Continued: Explanation of Rating Method			
Types of Rates	Groups of Activities Funded	Types of land to be Funded	Basis of Rating
Targeted Rates			
Animal and Plant Pest Control	Biosecurity Regional Animal Pest Management Strategy	All rateable rural land containing 4.0469 hectares in the region excluding Rating Units greater than 200 hectares where more than 90% of the land is covered in indigenous vegetation which will be zero rated. A differential rate will be applied to those Rating Units that have between 40 and 400 hectares where more than 75% of the land is covered in production forestry, also any production forestry Rating Units over 400 hectares.	Area
Bovine TB Vector Control	Bovine TB Vector Control	All rateable rural land containing 4.0469 hectares in the region other than property titles subject to QEII Open Space Covenants which are zero rated.	Area
Plant Pest Strategy	Regional Plant Pest Management Strategy	All rateable rural land containing 4.0469 hectares in the region excluding Rating Units greater than 200 hectares where more than 90% of the land is covered in indigenous vegetation which will be zero rated.	Area
Healthy Homes - Clean Heat Financial Assistance	Management of the scheme to encourage the replacement of open fire or wood burners with more efficient form of heating and where necessary the installation of insulation.	All Rating Units in Napier and Hastings within the affected airshed.	Land Value
Clean Heat & Insulation Loans	Repayment of loans to ratepayers to insulate homes and replace open fires or non-compliant woodburners.	Those ratepayers who have opted for a loan to be repaid over 10 years with interest as a fixed amount through a Targeted Differential rate.	Dollar Amount

Continued: Explanation of Rating Method			
Types of Rates	Groups of Activities Funded	Types of land to be Funded	Basis of Rating
Economic Development Rate	To fund economic and tourism development in the region.	30% of the total rates are funded by the Commercial/Industrial Rating Units based on the Capital Value. The remaining 70% is collected from residential and rural Rating Units as an Uniform Annual Charge. The Wairoa District ratepayers' contribution is limited to 5% of the total rate.	Capital Value Fixed Amount
Emergency Management	Funding of the Hawke's Bay Civil Defence Emergency Management (CDEM) Group Office to manage the provision of effective CDEM consistent with the CDEM Act 2002.	All Rating Units in the region with the exception of Rangitikei and Taupo districts.	Fixed Amount

Details of Rates Calculated within each District and City							
General and Uniform Annual General Rates							
Groups of Activities / Rate Type	Districts	Rates set on	Differentials	Calculation Factor	Estimated Rates Revenue 2013-14	Estimated Amount of \$100,000 value per property	2012/13 Rate
General Rate							
	Napier City	Land Value		0.00715	\$318.424	\$7.15	\$370,525
	Hastings District	Land Value		0.00710	\$546.530	\$7.10	\$609,378
	Wairoa District	Land Value		0.00765	\$75.904	\$7.65	\$77,960
	Central H B District	Land Value		0.00764	\$176.847	\$7.64	\$202,282
	Taupo District	Land Value		0.0084	\$4.976	\$8.40	\$5,111
	Rangitikei District	Land Value		0.01597	\$2,681	\$15.97	\$2,865
	Estimate of Projected Valuation			0.0076	\$1,125,362		\$1,225,695
Uniform Annual General Rate							
	Napier City	Fixed Amount	26,220	25.54	\$669,659	25.54	\$662,005
	Hastings District	Fixed Amount	30,696	25.54	\$783,457	25.54	\$770,616
	Wairoa District	Fixed Amount	5,360	25.54	\$ 136,894	25.54	\$135,340
	Central H B District	Fixed Amount	6,176	25.54	\$157,735	25.54	\$155,944
	Taupo District	Fixed Amount	24	25.54	\$613	25.54	\$606
	Rangitikei District	Fixed Amount	6	25.54	\$153	25.54	\$152
	TOTAL		68,482		\$1,748,511		\$1,724,713

Details of Targeted Rates Calculated within each District and City

Groups of Activities / Rate Type	Districts	Rates set on	Differentials	Calculation Factor	Estimated Rates Revenue 2013-14	Estimated Amount of \$100,000 land value per property	2012/13 Rate
SUBSIDISED PUBLIC TRANSPORT							
	Napier City	Land Value		0.02567	\$1,001,918	\$25.67	\$973,529
	Hastings District	Land Value		0.02549	\$780,582	\$25.49	\$705,471
	Estimate of Projected Valuation			0.02735	\$1,782,500		\$1,679,000
RIVER CONTROL			Benefit				
Heretaunga Plains Flood Control Scheme							
	Napier City	Capital Value	Direct	0.01123	\$723,673	\$11.23	\$705,188
	Napier City	Capital Value	Indirect	0.00275	\$266,657	\$2.75	\$260,426
	Hastings District	Capital Value	Direct	0.01095	\$844,427	\$10.95	\$802,602
	Hastings District	Capital Value	Indirect	0.00269	\$405,386	\$2.69	\$385,769
	Estimate of Project Valuation		Direct	0.01136			
	Estimate of Project Valuation		Indirect	0.00279			
	TOTAL				\$2,240,143		\$2,153,985
	Central H B District	Land Value	F1 100	0.62338	\$124,902	\$625.19	\$118,911
	Central H B District	Land Value	F2 75	0.46753	\$185,752	\$468.89	\$177,529
	Central H B District	Land Value	F3 50	0.31169	\$87,810	\$312.60	\$83,216
	Central H B District	Land Value	F4 25	0.15584	\$115,642	\$156.30	\$110,956
	Central H B District	Land Value	F5 10	0.06234	\$68,724	\$62.44	\$65,681
	Central H B District	Land Value	F6 1	0.00623	\$81,057	\$6.24	\$77,971
	Central H B District	Land Value	U1 25	0.15584	\$34,853	\$155.30	\$32,726
	Central H B District	Land Value	U2 15	0.09351	\$5,194	\$93.78	\$4,931
	Central H B District	Land Value	U3 10	0.06234	\$13,120	\$62.52	\$13,100
	Central H B District	Land Value	U4 1	0.00623	\$7,261	\$6.25	\$7,121
	Hastings District	Land Value	F5 10	0.06234	\$1,180	\$58.33	\$1,127
	Hastings District	Land Value	F6 1	0.00623	\$2,395	\$5.85	\$2,279

TOTAL

\$727,891

\$695,548

Details of Targeted Rates Calculated within each District and City

Groups of Activities / Rate Type	Districts	Rates set on	Differentials	Calculation Factor	Estimated Rates Revenue 2013-14	Estimated Amount of \$100,000 capital value per property	2012/13 Rate
RIVER CONTROL		Benefit					
Wairoa River & Streams Scheme							
	Wairoa District	Capital Value		0.0095	\$158,287	\$9.50	\$143,897
Central & Southern Area Rivers & Streams							
	Napier City	Capital Value		0.000871	\$83,778	\$0.87	\$82,287
	Hastings District	Capital Value		0.00085	\$127,065	\$0.85	\$122,056
	Central HB District	Capital Value		0.000885	\$32,753	\$0.88	\$32,203
	Taupo District	Capital Value		0.000924	\$741	\$0.95	\$680
	Rangitikei District	Capital Value		0.001524	\$359	\$1.52	\$343
	Estimate of Projected Valuation			0.000861	\$244,696		\$230,651
STREAMS AND DRAINS							
- Napier, Meeanee & Puketapu	Napier City	Land Value	Urban	0.027	\$688,240	\$26.67	\$661,663
	Napier City	Land Value	Industrial	0.10798	\$172,812	\$106.65	\$166,564
	Hastings District	Land Value	Rural	0.027	\$13,438	\$26.48	\$12,629
	TOTAL				\$874,490		\$840,856
- Karamu & Tributaries	Hastings District	Land Value	Urban	0.03716	\$809,442	\$34.64	\$770,600
	Hastings District	Land Value	Industrial	0.14865	\$292,811	\$138.57	\$279,164
	TOTAL				\$1,102,253		\$1,049,764

Details of Targeted Rates Calculated within each District and City							
Groups of Activities / Rate Type	Districts	Rates set on	Differentials	Calculation Factor	Estimated Rates Revenue 2013-14	Estimated Amount of \$100,000 capital value per property	2012/13 Rate
STREAMS AND DRAINS							
– Raupare Enhancement	Hastings District	Area	1097 hectares	12.65	\$13,877	\$12.65/hectare	\$13,877
– Raupare Twyford	Hastings District	Land Value	Rural	0.0912	\$192,371	\$84.99	\$187,345
– Haumoana	Hastings District	Land Value	Rural	0.1163	\$136,980	\$108.39	\$132,348
– Tutaekuri, Waimate & Moteo	Hastings District	Land Value	Rural	0.151	\$202,062	\$140.75	\$195,229
– Pakowhai Brookfields	Hastings District	Land Value	Rural	0.1951	\$139,093	\$181.90	\$135,041
– Puninga	Hastings District	Land Value	Rural	0.2551	\$76,653	\$237.81	\$74,061
– Brookfields Awatoto	Napier City	Land Value	Urban	0.19741	\$98,251	\$195.02	\$95,080
	Napier City	Land Value	Industrial	0.78964	\$54,449	\$780.07	\$52,457
	TOTAL				\$913,736		\$885,438
– Muddy Creek	Hastings District	Land Value	Urban	0.10963	\$203,619	\$109.63	\$199,694
	Hastings District	Land Value	Industrial	0.43852	\$34,888	\$438.52	\$34,136
	TOTAL				\$238,507		\$233,830
– Karamu Drainage Maintenance	Hastings District	Fixed Amount	5,569	10.00	\$55,966	10.00	\$53,301
– Karamu Enhancement	Hastings District	Fixed Amount	5,569	9.39	\$52,319	9.39	\$49,828
– Poukawa Drainage Special Rating Scheme	Hastings District	Land Value	PO1	0.55322	\$26,564	\$553.22	\$26,043
	Hastings District	Land Value	PO2	0.09222	\$1,393	\$92.22	\$1,366
	Hastings District	Land Value	PO3	0.01844	\$542	\$18.44	\$532
	TOTAL				\$28,499		\$27,941
– Porangahau Flood Control	Central HB District	Land Value		0.0137	\$39,621	\$13.70	\$37,378
– Maraetotara Flood Maintenance	Hastings District	Capital Value		0.0904	\$11,402	\$9.04	\$11,070
– Kairakau Community Scheme	Central HB District	Uniform Charge	80 Rating Units	117.76	\$9,421	117.76	\$9,200

Details of Targeted Rates Calculated within each District and City							
Groups of Activities / Rate Type	Districts	Rates set on	Differentials	Calculation Factor	Estimated Rates Revenue 2013-14	Estimated Amount of \$100,000 capital value per property	2012/13 Rate
DRAINAGE SCHEMES							
Paeroa Drainage Scheme Special Rating Area							
	Wairoa District	Area Basis	P1	6734.93	\$13,349	\$67.35	\$13,106
	Wairoa District	Area Basis	P2	4377.71	\$5,864	\$43.78	\$5,734
	Wairoa District	Area Basis	P3	3030.72	\$1,681	\$30.31	\$1,650
	Wairoa District	Area Basis	P4	2357.23	\$1,442	\$23.57	\$1,410
	Wairoa District	Area Basis	P5	336.75	\$746	\$3.37	\$729
	TOTAL				\$23,082		\$22,629
Ohuia Whakaki Drainage Rating Scheme							
	Wairoa District	Area Basis	A	11840.69	\$35,078	\$118.41	\$33,568
	Wairoa District	Area Basis	B	9472.55	\$8,185	\$94.72	\$7,832
	Wairoa District	Area Basis	C	7104.42	\$4,998	\$71.04	\$4,783
	Wairoa District	Area Basis	D	3552.21	\$12,557	\$35.52	\$12,017
	Wairoa District	Area Basis	E	1184.07	\$2,746	\$11.84	\$2,628
	TOTAL				\$63,564		\$60,828
Upper Makara Stream Catchment Special Rating Scheme							
	Central HB District	Area Basis	A	13908.07	\$7,539	\$139.08	\$3,337
	Central HB District	Area Basis	B	11126.46	\$21,122	\$111.26	\$8,679
	Central HB District	Area Basis	C	9040.25	\$32,019	\$90.40	\$11,553
	Central HB District	Area Basis	D	4867.83	\$6,421	\$48.68	\$2,259
	Central HB District	Area Basis	E	695.4	\$16,047	\$6.95	\$4,526
	Central HB District	Area Basis	F	278.16	\$12,671	\$2.78	\$4,446
					\$95,819		\$34,800

Details of Targeted Rates Calculated within each District and City							
Groups of Activities / Rate Type	Districts	Rates set on	Differentials	Calculation Factor	Estimated Rates Revenue 2013-14	Estimated Amount per Hectare	2012/13 Rate
DRAINAGE SCHEMES							
Esk River & Whirinaki Stream Maintenance Scheme							
	Hastings District	Area Basis	E1	4025.7366	\$9,040	\$40.25	\$9,040
	Hastings District	Area Basis	E2	1700.04	\$2,510	\$17.00	\$2,510
	Hastings District	Area Basis	R11	4180.5	\$1,291	\$41.80	\$1,291
	Hastings District	Area Basis	R12	13371.394	\$623	\$133.71	\$623
	Hastings District	Area Basis	R13	43231.387	\$623	\$432.31	\$622
	TOTAL				\$14,087		\$14,086
	Hastings District	Area Basis	W1	16512.31	\$5,099	\$165.12	\$4,881
	Hastings District	Area Basis	W2	11066	\$515	\$110.66	\$515
	Hastings District	Area Basis	W3	3577.7	\$515	\$35.77	\$515
	Hastings District	Area Basis	W4	17765.5	\$2,700	\$177.65	\$2,520
	Hastings District	Area Basis	W5	369.2241	\$147	\$3.69	\$147
	Hastings District	Area Basis	W6	4460.5963	\$147	\$44.60	\$147
	Hastings District	Area Basis	W7	1582.792	\$147	\$15.83	\$147
	TOTAL				\$9,270		\$8,872
Te Ngarue Stream Flood Protection Scheme							
	Hastings District	Area Basis	TN	2916.28	\$2,773	\$26.16	\$2,773
	Hastings District	Area Basis	TN1	18431.79	\$155	\$184.31	\$155
	TOTAL				\$2,928		\$2,928
Kopuawhara Stream Flood Control Maintenance Scheme							
	Wairoa District	Area Basis	A	14903.75	\$1,821	\$149.04	\$1,716
	Wairoa District	Area Basis	B	5961.5	\$3,693	\$59.61	\$3,482
	Wairoa District	Area Basis	C	2980.75	\$2,160	\$29.80	\$2,036
	Wairoa District	Area Basis	D	745.18	\$749	\$7.45	\$706
	TOTAL				\$8,423		\$7,940

Details of Targeted Rates Calculated within each District and City							
Groups of Activities / Rate Type	Districts	Rates set on	Differentials	Calculation Factor	Estimated Rates Revenue 2013-14	Estimated Amount 4.047 hectare (10acre) property	2012/13 Rate
BIOSECURITY							
Plant Pest Strategy							
	Napier City	Area Basis	4,474	43.90	\$1,964	\$1.78	\$1,897
	Hastings District	Area Basis	365,205	43.90	\$160,283	\$1.78	\$154,958
	Wairoa District	Area Basis	270,247	43.90	\$118,638	\$1.78	\$114,584
	Central HB District	Area Basis	302,866	43.90	\$132,958	\$1.78	\$128,415
	Taupo District	Area Basis	21,900	43.90	\$9,614	\$1.78	\$9,286
	Rangitikei District	Area Basis	17,912	43.90	\$7,863	\$1.78	\$7,595
	TOTAL		982,604		\$431,320		\$416,735
Regional Animal Pest Management Strategy							
	Napier City	Area Basis	4,475	145.00	\$6,488	\$5.87	\$6,238
	Hastings District	Area Basis	299,017	145.00	\$433,577	\$5.87	\$415,684
	Wairoa District	Area Basis	207,503	145.00	\$300,879	\$5.87	\$289,259
	Central HB District	Area Basis	295,417	145.00	\$428,354	\$5.87	\$411,811
	Taupo District	Area Basis	7,996	145.00	\$11,594	\$5.87	\$11,146
	Rangitikei District	Area Basis	17,912	145.00	\$25,972	\$5.87	\$24,969
	TOTAL		832,320		\$1,206,864		\$1,159,107
Bovine TB Vector Control							
	Napier City	Area Basis	4,426	57.32	\$2,537	\$2.24	\$2,451
	Hastings District	Area Basis	392,528	57.32	\$224,996	\$2.24	\$217,401
	Wairoa District	Area Basis	275,758	57.32	\$158,063	\$2.24	\$152,715
	Central HB District	Area Basis	302,978	57.32	\$173,666	\$2.24	\$167,789
	Taupo District	Area Basis	34,922	57.32	\$20,017	\$2.24	\$19,340
	Rangitikei District	Area Basis	17,912	57.32	\$10,266	\$2.24	\$9,920
	TOTAL		1,028,524		\$589,545		\$569,616

Attachment 1

Details of Targeted Rates Calculated within each District and City							
Groups of Activities / Rate Type	Districts	Rates set on	Differentials	Calculation Factor	Estimated Rates Revenue 2013-14	Estimated Amount 4.047 hectare (10acre) property	2012/13 Rate
BIOSECURITY							
Pest Control - Forestry							
	Napier City	Area Basis	0				
	Hastings District	Area Basis	65,998	50.6	\$33,414	\$2.05	\$34,322
	Wairoa District	Area Basis	62,744	50.6	\$31,748	\$2.05	\$31,748
	Central HB District	Area Basis	7,307	50.6	\$3,678	\$2.05	\$3,678
	Taupo District	Area Basis	13,903	50.6	\$7,035	\$2.05	\$7,035
	Rangitikei District	Area Basis					
	TOTAL		149,952		\$75,875		\$76,783

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Details of Targeted Rates Calculated within each District and City							
Groups of Activities / Rate Type	Districts	Rates set on	Differentials	Calculation Factor	Estimated Rates Revenue 2013-14	Estimated Amount of \$100,000 land value per property	2012/13 Rate
CLEAN HEAT & SOLAR HOT WATER SCHEME							
- Healthy Homes (Clean Heat Financial Assistance)	Napier City	Land Value		0.0087	\$355,913	\$8.87	\$362,281
	Hastings District	Land Value		0.00864	\$314,726	\$8.64	\$308,358
	Estimate of Projected Valuations			0.00927	\$670,639		\$670,639
- Rates to repay loans to homeowners for clean heat, insulation and Solar Hot Water Scheme							
		\$10 per \$100 loan		\$10		\$10.00 per \$100 loan	

Details of Targeted Rates Calculated within each District and City							
Groups of Activities / Rate Type	Districts	Rates set on	Differentials	Calculation Factor	Estimated Rates Revenue 2013-14	Estimated Amount of \$100,000 land value per property	2012/13 Rate
ECONOMIC DEVELOPMENT							
	Napier City	fixed Amount	23,736	16.56	\$393,068	\$16.56	\$398,059
	Hastings District	fixed Amount	28,762	16.56	\$476,251	\$16.56	\$488,956
	Wairoa District	fixed Amount	4,930	13.00	\$64,090	\$13.00	\$68,890
	Central HB District	fixed Amount	6,025	16.56	\$99,774	\$16.56	\$106,174
	Taupo District	fixed Amount	17	16.56	\$282	\$16.56	\$413
	Rangitikei District	fixed Amount	4	16.56	\$66	\$16.56	\$108
	TOTAL		63,474		\$1,033,531		\$1,062,600
	Napier City	Capital Value	Commercial/	0.01254	\$201,354	\$12.54	\$212,930
	Hastings District	Capital Value	Industrial	0.01223	\$216,554	\$12.23	\$218,556
	Wairoa District	Capital Value		0.01685	\$9,734	\$16.85	\$7,010
	Central HB District	Capital Value		0.1273	\$15,299	\$12.73	\$16,904
	TOTAL				\$442,941		\$455,400
EMERGENCY MANAGEMENT							
	Napier City	Fixed Amount	26220	14.63	\$383,598	\$14.63	\$341,908
	Hastings District	Fixed Amount	30696	14.63	\$448,849	\$14.63	\$397,876
	Wairoa District	Fixed Amount	5360	14.63	\$90,355	\$14.63	\$69,894
	Central HB District	Fixed Amount	6176	14.63	\$78,417	\$14.63	\$80,535
	TOTAL		68452		\$1,001,219		\$890,213

Attachment 1

Item 14

HAWKE'S BAY REGIONAL COUNCIL

Wednesday 28 August 2013

Item 15

SUBJECT: COLLECTION OF RATES

Reason for Report

1. The purpose of this Council Paper is to report on the results of collecting the rates in 2012/2013 from the ratepayers throughout the region and to provide an analysis of outstanding rates at 30 June 2013.

Background

Rates Setting

2. The Council sets the rates by a mix of factors on 69,177 rating units in the region. These factors are Uniform Annual General Rate; Uniform Annual Charge; Fixed Amount; Land Value; Capital Value; and Area Basis. These factors are used to apply the rates on an equitable basis on the applicable rating units
3. Set out in Table 1 below is an analysis of the 2012/2013 rates classified by the factors used to set the rates. The amounts are GST inclusive.

Table 1: 2012/2013 Basis of Rating

Factor	General Rate or Rating Scheme	2012/13 Rates \$	2012/13 Rates \$
Uniform Annual General Rate	UAGC	\$1,738,488	\$1,738,488
Uniform Annual Charge	UAC		
	Economic Development	\$1,112,813	
	Emergency Management	\$897,817	
	Karamu Enhancement	\$53,301	
	Kairakau	\$9,315	
	Karamu Drain Mtc	\$49,828	\$2,123,074
Fixed Amount	Voluntary targeted rate for Clean Heat and insulation loan repayment		\$419,297
Land Value	General Rate	\$1,274,233	
	Transport	\$1,702,947	
	HPFCS Drains	\$3,014,637	
	Porongahau	\$37,490	
	Poukawa	\$27,940	
	Clean Heat subsidies and administration	\$674,451	
	Upper Tuki tuki	\$696,144	\$7,427,842
Capital Value	HPFCS Rivers	\$2,175,130	
	Central Rivers	\$241,221	
	Maraetotara	\$11,096	
	Economic Development	\$476,920	
	Wairoa	\$144,763	\$3,049,130
Area Basis Hectare	Animal Pest	\$1,833,922	
	Plant Pest	\$420,271	
	Drain Schemes	\$153,027	\$2,407,220
TOTAL			\$17,165,051

4. An analysis of the 2012/2013 rates set for each district within the region is set out in Table 2.

Table 2: 2012/2013 Rates Set in Each District

Districts	Rating Units	Urban	Rural	Total Rates	%
Wairoa	6649	\$131,333	\$1,060,574	\$1,191,907	6.94
Central Hawke's Bay	7557	\$259,039	\$1,843,733	\$2,102,772	12.25
Napier	24707	\$5,151,487	\$470,360	\$5,621,847	32.75
Hastings	30203	\$4,128,691	\$3,998,190	\$8,126,881	47.35
Taupo/Rangitikei	61		\$121,644	\$121,644	0.71
	69177	\$9,670,550	\$7,494,501	\$17,165,051	100

Percentage of rates Urban/Rural

54.06

45.94

Rate Arrears at Year End

5. The total rate arrears as at 30 June 2013 stood at \$906,664 GST inclusive. Table 3 below shows the rate arrears outstanding in each year.

Table 3: Rate Arrears as at 30 June 2013

	Rates & Penalty	Multiple	Others	Outstanding	Collection %
2007/08	\$11,714,698	\$30,620	\$16,718	\$47,338	99.60%
2008/09	\$12,740,095	\$32,570	\$29,598	\$62,168	99.51%
2009/10	\$15,021,741	\$34,885	\$43,657	\$78,542	99.48%
2010/11	\$15,770,216	\$38,185	\$69,676	\$107,861	99.32%
2011/12	\$16,339,403	\$40,108	\$127,076	\$167,184	98.98%
Previous Years	\$71,586,153	\$176,368	\$286,725	\$463,093	
2012/13	\$17,282,999	\$44,645	\$398,926	\$443,571	97.43%
Total	\$88,869,152	\$221,013	\$685,651		
Total Arrears				\$906,664	98.98%
Less Credit Balances				-\$779,900	
Net Balance 30 June 2013				\$126,764	

6. Table 4 below shows the breakdown of balances within certain categories of \$ values:

Table 4: Breakdown on Rate Arrears

Description	2012/13	
	No of Ratepayers	Amount
Maori Multiple Ownership	559	\$221,013
Rural over \$150	662	\$224,718
Rural under \$150	1,295	\$102,795
Urban Over \$150	740	\$266,160
Urban Under \$150	932	\$89,701
Under \$10	975	\$2,277
Total Outstanding	5,163	\$906,664
Less Credit Balances	3,714	-\$779,900
Net Balance 30 June 2013		\$126,764

7. The credit balances arise due to ratepayers paying their rates in advance by automatic payments including payments for Clean Heat/Healthy Home loans or paying amounts to the wrong Council through telephone or Internet banking.

Māori Multiple Ownership

8. Many sections of multiple ownership land are titled "Māori" or "the owners" and this Council along with Hastings District and Wairoa District Councils have difficulty in collecting the rate arrears on these properties.
9. In September 2003, the Council set a policy on rates remission and postponement on Māori Freehold Land and since then, 103 remission applications have been approved.
10. The amount of rates remitted under this policy for 2012/2013 amounted to \$42,781.
11. For the remaining arrears on Māori multiple ownership, any rates still outstanding after six years are written off as being statute barred for collection purposes.

Debt Collection

12. Upon the completion of receipting as at 31 January 2013, a penalty was imposed on all the current outstanding rates and a Penalty Notice issued to these ratepayers in February 2013. These penalties totalled \$117,948 and were sent to 8,640 ratepayers. (\$113,420 to 8,347 ratepayers in 2011/12)
13. In March 2013, a list of those ratepayers still owing \$150 or more in rates was given to Council's debt collection agency on the basis that a 20% commission would only be paid to the agency upon collection. 2012/13 rates and penalty outstanding as at 1 February 2013 was \$1,297,428 and this debt was reduced to \$443,571 by 30 June 2013.
14. Debt collection fees paid for 2012/2013 was \$127,585
15. Table 5 below shows the rate arrears in each district:

Table 5: Rate Arrears in Each District

Napier	\$163,920
Hastings	\$373,528
Central Hawke's Bay	\$86,928
Wairoa	\$267,410
Taupo/Rangitikei	\$14,878
Total	\$906,664

16. Many ratepayers who are in arrears are settling their rate arrears in instalments. Staff will continue to recover and reduce these rate arrears.

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 on the collection of rates in 2012/13 and rate arrears as at 30 June 2013.



John Keenan
REVENUE ACCOUNTANT



Paul Drury
GROUP MANAGER
CORPORATE SERVICES

Attachment/s

There are no attachments for this report.

SUBJECT: STOCK GRAZING ON HBRC OWNED OR ADMINISTERED LAND

Reason for Report

1. At its meeting on 14 August, the Environment and Services Committee considered a Notice of Motion from Councillor Douglas stating that:
 - 1.1. 'Given the general guidance of this Council to remove stock from riparian strips and conscious that Tukituki River Catchment Plan Change 6 will require and enforce stock exclusion under certain circumstances covered by Plan Change 6, this Council shall forthwith cease all Council initiated action for stock to be grazed in Council owned riparian strips immediately or where no contract exists, progressively where termination notice shall be given.'
2. The Committee resolved to recommend to Council that staff report back on stock exclusion issues at remaining sites where Council permits stock to graze in areas where water access is possible.
3. This report proposes a programme to exclude cattle as soon as possible from areas where access to a waterway is possible, and the cost implications, allowing for a situation consistent with guidelines to farmers re-stock exclusion.

Background

Proposed Plan Change 6 Requirements

4. Where more than 60% of land within a single paddock adjoining a water body has a slope of 15 degrees or less all livestock shall be excluded from:
 - 4.1. Any lake, wetland and permanently flowing river and their margins by 31 December 2017;
 - 4.2. Any intermittently flowing river and its margin by 31 December 2022.
5. Notwithstanding conditions (above), grazing of a permanently fenced riparian margin may occur for weed control purposes provided that:
 - 5.1. The period of grazing does not exceed 7 days;
 - 5.2. The fenced riparian margin shall not be grazed more than once and only during the period 1 November to 30 April.
6. The Regional Resource Management Plan defines riparian margin as "a strip of land of varying width adjacent to a waterway and which contributes or may contribute to the maintenance and enhancement of the natural function, quality and character of the waterway and its margins.

Stock grazing on HBRC owned or administered land

7. There are three areas where HBRC owns and administers land where stock could have access to a water way. These are associated with the Upper Tukituki Flood Control Scheme, the Heretaunga Plains Scheme – Rivers, and the Karamu Stream.

Upper Tukituki Scheme

8. The Upper Tukituki Scheme includes approx 112km of river channel and 212km of river berm. A number of relatively small areas of berm land are leased for grazing. All HBRC managed lease areas are fenced such that stock do not have access to any waterway.

Heretaunga Plains - Rivers

9. The Heretaunga Plains – Rivers includes approx. 104km of river channel and 129km of river berm.

10. HBRC only allow cattle to be grazed in these areas as sheep are more difficult to control and contain and their grazing damages the live willow edge protection areas.
11. Currently there are four grazing areas within the Scheme that are not fenced and where cattle could enter the waterway. This involves 9.4km of river berm length. These areas are (refer attached map);
 - 11.1. **Area 1. Ngaruroro River** at Chesterhope bridge (Right Bank)
 - 11.2. The public access area at Chesterhope bridge will continue to be designated as a no grazing area. Stock will only be permitted to graze the area during a flood event when the lower berms downstream of the bridge are either under water or too waterlogged for grazing.
 - 11.3. When it is necessary for cattle to graze in this area, staff propose that:
 - 11.3.1. public vehicle access be stopped. This will require a gate to be installed at the entrance to the area.
 - 11.3.2. a temporary electric fence be erected for a short duration to contain stock on the unflooded part of the berm, and removed once the cattle are back in the lease area.
 - 11.4. **Area 2. Ngaruroro River**, x/s 4 to x/s 12 Left bank
 - 11.4.1. The banks are relatively steep throughout this reach with most sections high and steep enough to prevent stock accessing the waterway. The river is an incised channel with no gravel islands to attract cattle into the waterway so they generally do not enter the water.
 - 11.4.2. This area is also a silt extraction area and the berms are being gradually lowered as a result of this extraction. Stock water is generally available in hollows left from silt extraction. Fencing off the lowered river edge is undertaken as extraction projects are completed.
 - 11.5. **Area 3. Ngaruroro River**, x/s 4 to x/s 11 Right bank
 - 11.5.1. This reach is similar to Area 2, the banks are relatively steep, there are no gravel islands in the river and cattle generally do not enter the water. This area is also a silt extraction area and the berms are being gradually lowered as a result of this extraction.
 - 11.6. **Area 4. Tutaekuri / Ngaruroro** confluence
 - 11.6.1. This area includes the old Tutaekuri River channel and the Ngaruroro River below the confluence of the two rivers. The Ngaruroro banks are steep and generally prevent cattle from gaining access to the waterway. The banks along old Tutaekuri channel are not so steep and it is reasonably easy in places for cattle to gain access to the water.

Proposal

12. The areas that require fencing have been prioritized and the proposal is based on a three stage programme as follows:
 - 12.1. **Priority 1** - This includes all of Area 4 and part of Area 3. These sections have low areas that cattle can get access to the water, plus they are relatively public areas in close proximity to the S.H.2 bridges. It is proposed that this work could be undertake over this summer.
 - 12.2. **Priority 2** - To complete the fence along the Right bank, Area 3. Currently silt extraction is being undertaken in this area so fencing would need to follow the extraction operation. It is proposed that the fencing be undertaken in the 2014-15 year to give sufficient time for more silt extraction to be completed.
 - 12.3. **Priority 3** - To complete the fence along the Left bank, Area 2. Currently silt extraction is being undertaken in this area so fencing will again need to follow the extraction operation. It is proposed that the fencing be undertaken in the 2015-16 year to give sufficient time for the silt extraction to be completed.

Financial Implications

13. It is proposed to erect standard post and two wire fences (one live, one dead) consistent with the type of fencing used elsewhere on the river systems. The estimate also allows for preparation work that is required to clear and level the ground along the intended fence alignment. Two electric fence units will also need to be purchased.

Priority	Area	Length (m)	Estimate	Year
1	Old Tutaekuri/Ngaruroro/Puninga	2800	\$34,000	2013-14
2	Ngaruroro Right bank	2800	\$32,000	2014-15
3	Ngaruroro Left bank	3800	\$43,000	2015-16
	total	9400	\$109,000	

14. Note that the 9.4km total length is greater than previously stated figure of 7 km as this now includes areas that in the past were not considered for fencing because cattle simply could not access the water due to the height and steepness of the banks. As it would be difficult to only fence various sections this proposal is now based on fencing the entire river length regardless. This work programme could be undertaken within existing budgets. It should be noted that these estimates assume silt extraction is undertaken by commercial extractors prior to fencing. If the programme is to be completed more quickly additional costs will be incurred.

Maintenance

15. There will be an increased maintenance and inspection cost following the construction of these fences. As there is no edge protection planting along the riverbanks to provide some buffer to protect the fence there is a heightened risk of damage with each flood event. Experience has shown that the existing fences in the lower reaches of the Tutaekuri and Ngaruroro rivers always require repairs after even minor flood events so the annual repair bill will increase significantly.

Karamu Stream

16. The Karamu Stream and some of its tributaries include areas where Council-owned land along waterways is grazed as a means of managing the land.
17. There are 13 existing licences along the Karamu, Irongate, Awanui, Louisa, Upper Te Waikaha and Karewarewa, which all expire on 30 June 2015. Three recently relinquished licences have been replaced with informal occupation arrangements pending this review. In some cases licence areas are unoccupied, as there is currently no suitable tenant.
18. In the case of the new Lower Awanui Stopbanks, a decision was made not to graze this area, and the new banks are currently mown three times each year.
19. At present there are no hard-and-fast rules about preventing stock access to the active channel. In some instances the topography of the land naturally prevents any access to the channel, but in other cases this can only be achieved by fencing. In a small number of cases the water's edge has been fenced to solve individual problems where stock have been able to cross the channel and mix with stock on another tenancy.
20. The development and implementation of the "Te Karamu" project which commenced about 6 years ago has reduced the area of some grazing licences, and one has been terminated completely.

Mowing

21. The new Awanui Stream stopbanks are currently mown 3 times each year, which provides a reasonable standard of vegetation control.

Spraying

22. The Council has a programme of spraying throughout the Karamu system, to control Plant Pests such as Fennel, Hemlock, Nettle, Blackberry, and Willow. In the event of grazing being discontinued, this programme will need to be increased, and extended to cover other plant species that are palatable to stock, but which could become a nuisance if left to spread. A detailed analysis has not been done of the likely cost increase.

Good neighbour

23. Throughout the length of the waterway HBRC needs to be mindful of its obligations as a good neighbour. Given that the boundaries between Council land and its neighbours generally comprise a simple post-&-wire fence, Council will need to maintain its land such that it does not become a nuisance to neighbouring properties.

Hydraulic efficiency

24. It is important that hydraulic efficiency of the channel is maintained. The Karamu channel flood capacity is taken into account for enhancement work associated with the Te Karamu project.

Fencing

25. It is possible to establish fencing back from the water's edge along most of the areas currently being grazed. Council has fenced part of the Irongate Stream, and one section of the Karamu, and one licensee on the Karamu has fenced most of his licence area at his own expense.
26. Based on the preliminary assessment, if all licence areas were fenced, some 50 km of fence would be required to secure about 120 ha of grazing land. This would have at an estimated establishment cost of \$100,000 to \$250,000 depending on the extent and standard of fencing determined necessary.
27. Because of the cost involved and the limited area available for grazing, staff propose to discuss responsibility for fencing of the waterway should licensees wish to continue to graze the land. A decision will need to be made on a case by case basis as the economics of grazing each licence area is different, as will the cost of maintaining the land by alternative means if it is not grazed. Conversations with each licensee and informal grazer have commenced. Licences where cattle are currently able to access the water will be dealt with as a priority and may be terminated by giving 3 months notice if agreement is unable to be reached within the next 2 months.
28. There are instances where livestock cannot access the active channel because of the nature of its banks, and it is considered that these areas could continue to be grazed without the need for fencing. These areas will need to be assessed more fully with the respective licensees.
29. Other issues to be resolved include the provision of stock water, and the supply of power for electric fences where these are the best fencing option. These items have not yet been explored in detail.

Sheep v Cattle

30. At present the choice of whether to graze sheep or cattle is made by the licensee. There are areas that are more suited to light cattle, and some licensees have a preference for cattle because they are less prone to worrying by dogs, particularly near the urban areas. Cattle are also easier to manage for Licensees who are not bona fide livestock farmers and do not have the handling facilities necessary for good sheep husbandry. However there are areas where sheep have been grazed successfully over many years, and some Licensees have indicated that they will be happy to make a change from cattle to sheep given reasonable time to do so.
31. All of the Karamu catchment Licences expire in 2015. At that stage Council has a further opportunity to consider whether new licences exclude cattle or all livestock.

Decision Making Process

32. 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 “***Stock grazing on HBRC owned or administered land***” report.



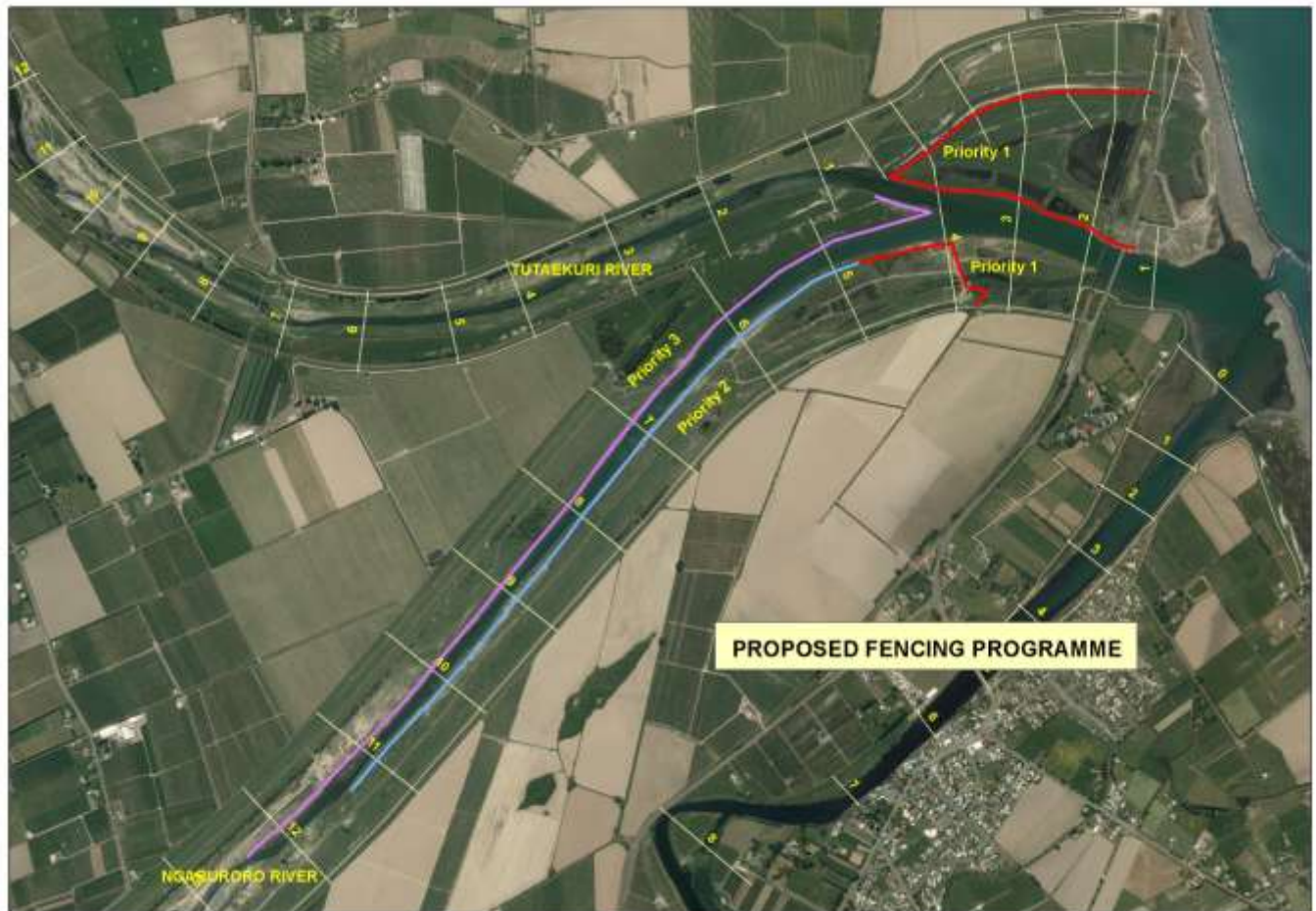
Mike Adye
GROUP MANAGER
ASSET MANAGEMENT



Liz Lambert
INTERIM CHIEF EXECUTIVE

Attachment/s

- 1 Fencing Proposal



SUBJECT: SIGNIFICANT DELEGATIONS EXERCISED

Reason for Report

1. This report is in response to Councils request that staff report on the exercise of their delegated functions.

Background

2. Council has delegated many of its functions under the RMA to the Group Manager Resource Management and to managers and staff within the Consents and Resource Use Sections. This allows all the day to day matters that require a decision under RMA to be dealt with.
3. These activities include decisions to receive applications, to determine the adequacy of information, to non-notify or to notify applications, to extend time limits or to issue consents for the Consents team. For the Resource Use team these include decisions on compliance with RMA, rules and conditions of consents, on the need to abate an activity or to enforce compliance. Most of these decisions are minor and need to be made regularly to allow efficient and timely process of consenting, monitoring and compliance matters.
4. The Regional Council has just completed the latest Ministry for the Environment (MfE) monitoring report which is attached to this agenda item. This collates the number of consents processed, and many of the decisions made in the process of issuing the consents and in monitoring and enforcing compliance of all consented, unconsented and/or permitted activities across the region over the past financial year.
5. The significant decisions of note from this report are that 4 water permits were notified, and 1 coastal permit and 1 discharge permit (Napier City Council CBD stormwater outfall), and 2 water permits (Craggy Range and Villa Maria) were limited-notified. The balance 399 consents were non-notified. Of those that were notified one was taken to a prehearing (chaired by Councillor Scott) and the matter was resolved following that. All were approved by the Group Manager as per delegations.
6. For the resource use; 1,517 resource consents were monitored. 424 complaints were received and acted upon, 7 of those complaints led to enforcement action. A total of 73 infringement notices (s343A(d)) were issued, and 36 abatement notices (s322) were issued. The delegation for issuing these lies with the Manager Resource Use and 5 prosecutions were taken. Delegation for this lies with the Chief Executive.

Decision Making Process

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

Recommendation

1. That the Council receives the "***Significant Delegations Exercised***" report.



Malcolm Miller
MANAGER CONSENTS



Wayne Wright
MANAGER RESOURCE USE



Iain Maxwell
GROUP MANAGER
RESOURCE MANAGEMENT

Attachment/s

1 2012-13 MfE Survey Under Separate Cover

HAWKE'S BAY REGIONAL COUNCIL

Wednesday 28 August 2013

SUBJECT: MONTHLY WORK PLAN LOOKING FORWARD THROUGH SEPTEMBER 2013

Item 18

Reason for Report

1. The table below is provided for Councillors' information, to provide them with an indication of issues and activities coming up over the next month in each area of Council.

Group	Area of Activity	Activity Status Update
Asset Management & Biosecurity	Land Management	- Tukituki Plan Change - detailed discussions with the wider stakeholder group underway. Internal HBRC project team "Tukituki implementation committee" meetings underway.
	Upper Makara Scheme	- Design and investigation work to be completed. Tender documents and consent documents to be processed and tender for dam repair let prior to summer.
	Open Spaces	- Regional Park Network Plan being developed. This will be followed by individual management plans for each of the open space areas.
	Forestry	- Review of portfolio being undertaken. Management Plan for Tangoio Soil Conservation Reserve to be reviewed and updated.
Corporate Services		<ul style="list-style-type: none">- Report on possible sale of the Wellington leasehold properties being prepared for the November 2013 Council meeting.- Final audited Annual Report for adoption – September 2013 Council meeting.
External Relations/ Interim Chief Executive		<ul style="list-style-type: none">- Planning induction/education programme for new and returning councillors following local body elections- Working with OTS on draft Regional Planning Committee Bill- Finalisation and publication of 2012/13 Annual Report

Group	Area of Activity	Activity Status Update
Resource Management	Resource Consents	<ul style="list-style-type: none"> - Consents to be notified – Karamu group - Consents notified – Tukituki group, Poukawa group, WDC coastal protection Mahia
	Client Services	<ul style="list-style-type: none"> - In The Zone newsletter will be distributed 30 August - IVR Low Flow Notification System to be implemented end of September 2013
	Compliance	<ul style="list-style-type: none"> - Agreement has been reached with Chevron to mediate the Hyderabad Road site without the need for enforcement action. Agreement will be finalised in the next 2 weeks.
	Science	<ul style="list-style-type: none"> - Detailed planning of science investigations for the TANK Plan Change continue, with emphasis on development of a coupled surface-groundwater model - Investigation of groundwater levels across the regional boundary in the Taharua River and upper Waipunga River catchments (to be jointly undertaken by HBRC and BOPRC science teams). - Planning for preparation of a number of science reports continue – a key prerequisite is modification of the existing Hilltop software platform to enable quality coding of water quality data. - Planning various workstreams associated with the Tukituki Plan Change implementation continue, with emphasis on strategies to minimise phosphorus mobilisation.
Strategic Development	Resource Management Planning	<ul style="list-style-type: none"> - Revised NPSFM Implementation Programme annual report to be incorporated into Council's Draft Annual Report – see separate paper on Council agenda. - Revised report on Regional Planning Committee's 2012/13 activities to be presented to Regional Planning Committee meeting on 11 September 2013.
	Transport	<ul style="list-style-type: none"> - RPS Change 5 appeal negotiations to be scheduled in September. - Tukituki Catchment Plan Change 6 submissions closed 2 August (384 received). EPA has notified summary of those submissions. Further submissions are due by 5pm 30 August 2013. - TANK meeting scheduled for 17 Sept 2013. - HPUDS Implementation Working Group meeting scheduled for 5 Sept 2013.

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 Monthly Work Plan Looking Forward Through September 2013 report.



Mike Adye
GROUP MANAGER
ASSET MANAGEMENT



Helen Codlin
GROUP MANAGER
STRATEGIC DEVELOPMENT



Paul Drury
GROUP MANAGER
CORPORATE SERVICES



Iain Maxwell
GROUP MANAGER
RESOURCE MANAGEMENT



Liz Lambert
INTERIM CHIEF EXECUTIVE

Attachment/s

There are no attachments for this report.

HAWKE'S BAY REGIONAL COUNCIL

Wednesday 28 August 2013

SUBJECT: GENERAL BUSINESS

Item 20

Reason for Report

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.		

HAWKE'S BAY REGIONAL COUNCIL

Wednesday 28 August 2013

SUBJECT: PROXY FOR THE HBRIC LTD ANNUAL GENERAL MEETING

That Council excludes the public from this section of the meeting, being Agenda Item 21 Proxy for the HBRIC Ltd Annual General Meeting with the general subject of the item to be considered while the public is excluded; the reasons for passing the resolution and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution being as follows:

GENERAL SUBJECT OF THE ITEM TO BE CONSIDERED	REASON FOR PASSING THIS RESOLUTION	GROUND'S UNDER SECTION 48(1) FOR THE PASSING OF THE RESOLUTION
Proxy for the HBRIC Ltd Annual General Meeting	7(2)(b)(ii) That the public conduct of this agenda item would be likely to result in the disclosure of information where the withholding of that information is necessary to protect information which otherwise would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.	The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.



Heath Caldwell
MANAGEMENT ACCOUNTANT



Paul Drury
GROUP MANAGER
CORPORATE SERVICES