



MINUTES OF A MEETING OF THE REGIONAL COUNCIL

Date: Wednesday 24 June 2015

Time: 9.00 am

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

Present: F Wilson - Chairman
R Barker
P Beaven
T Belford
A J Dick
R Graham
D Hewitt
D Pipe
C Scott

In Attendance: E Lambert – Chief Executive
P Drury – Group Manager Corporate Services
M Adye – Group Manager Asset Management
I Maxwell – Group Manager Resource Management
L Hooper – Governance & Corporate Administration Manager
W Wright – Manager Resource Use
M Collings – Corporate Accountant

1. Welcome/Prayer/Apologies/Notices

The Chairman welcomed everyone to the meeting and offered the prayer.

Resolution

RC2/15 That the apology for absence from Mr Mohi be accepted.

**Scott/Beaven
CARRIED**

The Chairman advised that he has offered the Horizons Regional Council Chairman assistance with recovery efforts, in line with an equipment MoU between river managers that HBRC has in place and also possible dairy farm and animal welfare related issues.

Councillor Belford gave notice of his absence from 20 July through 11 August 2015.

Councillor Dick arrived at 9.05am

2. Conflict of Interest Declarations

There were no conflict of interest declarations.

3. Confirmation of the Minutes of the Regional Council Meeting Held on 27 May 2015

There was discussion about the requirements for receiving the minutes of previous meetings as part of the Agenda in adherence to Standing Orders requirements, and further discussion around amending minutes prior to adoption and the process for resolving amendments.

RC3/15 Councillor Beaven moved an amendment to the minutes, seconded by Councillor Barker, being:

- To strike out all of paragraph 3 on page 2, except the first sentence.

**Beaven/Barker
CARRIED**

RC4/15 Resolution

Minutes of the Regional Council Meeting held on 27 May 2015, a copy having been circulated prior to the meeting, were taken as read and confirmed as a true and correct record as amended following.

- Except the first sentence, all of paragraph 3 on page 2 is struck out.

**Beaven/Barker
CARRIED**

3. Confirmation of the Minutes of the Regional Council Meeting held on 8, 9 & 10 June 2015

RC5/15 Councillor Hewitt moved an amendment to the minutes, seconded by Councillor Belford, being:

- To strike out the second to last sentence of the paragraph beginning "Re the Future" on page 8.

**Hewitt/Belford
CARRIED**

The wording of the first paragraph (bullet point) on page 25 was raised and general agreement reached, that it be re-worded to clarify that the Senior Planner position requires specific Maori cultural experience.

The Minutes of the LTP hearings on 8, 9 & 10 June were not distributed in time to meet the timeframes stipulated in the Standing Orders, and Councillors were advised that if Council wishes to consider the minutes for adoption, it needs to resolve to waive the requirement under SO 2.12.4.

Resolutions

- RC6/15
1. Council accepts receipt of the minutes of the 8, 9 & 10 June 2015 for this meeting later than two clear working days before the day appointed for the meeting.

**Dick/Pipe
CARRIED**

2. Minutes of the Regional Council Meeting held on 8, 9 and 10 June 2015, a copy having been circulated prior to the meeting, were taken as read and confirmed as a true and correct record as amended following.

- 2.1 the second to last sentence of the paragraph beginning "Re the Future" on page 8 is struck out

- 2.2 on page 25, first bullet point now reads "Request for Maori technical advisory committee – RPC now has support of a range of Council technical (science, planning) advisors plus senior planner with appropriate Maori cultural experience and/or qualifications budgeted in LTP"

**Scott/Pipe
CARRIED**

4. Matters Arising from the Minutes of the Regional Council Meetings held on 27 May 2015 and 8, 9 & 10 June 2015

There were no matters arising from the minutes.

5. Follow-up Items from Previous Regional Council Meetings

Mrs Lambert advised that 3 of the 4 items requiring follow-up are covered by items on today's agenda and updated Councillors on the status of planning for a further hui about freshwater issues, including water allocation and water take resource consents to follow on from a recent hui held at Te Taiwhenua o Heretaunga. It was noted that invitations to that hui were extended by Taiwhenua and Ngati Kahungunu.

RC7/15 Resolution

1. That Council receives the report "Follow-up Items from Previous Regional Council Meetings".

**Scott/Beaven
CARRIED**

6. Call for Any Minor Items Not on the Agenda

Recommendations

That Council accepts the following minor items not on the Agenda, for discussion as Item 17:

1. Whitebaiting (Cr Beaven)
2. DIN (Cr Beaven)
3. Te Mata Mushrooms (Cr Barker)
4. Otane Sewage discharge consents (Cr Belford)
5. Regional research centres (Cr Belford)
6. Karamu environmentalists (Cr Scott)
7. East Coast rail (Cr Dick) in Public Excluded under 7(2)(i)

7. Affixing of Common Seal

- 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 188 DP 13217 CT E4/435 - Transfer	3849	27 May 2015
	1.1.2 Lot 84 DP 13055 CT E2/128 - Agreement for Sale and Purchase - Transfer	3850 3854	3 June 2015 11 June 2015
	1.1.3 Lot 171 DP 13217 CT E4/428 - Agreement for Sale and Purchase - Transfer	3851 3856	8 June 2015 15 June 2015
	1.1.4 Lot 126 DP 11027 CT 3/1367 - Transfer	3852	8 June 2015
	1.1.5 Lot 105 DP 10572 CT E2/395 - Agreement for Sale and Purchase	3853	9 June 2015
	1.1.6 Lot 61 DP 14451 CT G2/749 - Agreement for Sale and Purchase	3855	15 June 2015
	1.1.7 Lot 54 DP 13216 CT E4/374 - Transfer	3857	17 June 2015
1.2	Staff Warrants		
	1.2.1 P. Train <i>(Delegations under Resource Management Act 1991; Soil Conservation and Rivers Control Act 1941; Land Drainage Act 1908 and Civil Defence Act 1983 (s.60-64); Civil Defence Emergency Management Act 2002 (s.86-91) and Local Government Act 2002 (s.174)</i>	3858	18 June 2015

RC8/15 Resolutions

That Council:

- 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.

**Scott/Wilson
CARRIED**

8. Report and Recommendations From Finance, Audit & Risk Sub-committee

Councillor Barker left the meeting at 9.38am

Councillor Hewitt, as Chairman of the Sub-committee, advised that normally this sub-committee will report to the Corporate and Strategic Committee and not directly to Council. The paper was taken as read.

RC9/15 **Resolutions**

That Council:

Role and Functions of the Finance, Audit & Risk Sub-Committee

1. Approves the following amendments to the Terms of Reference for the sub-committee.

b) Specific Responsibilities

The Audit and Risk Committee shall have responsibility and authority to:

7. Undertake systematic reviews of Council operational activities against Council stated **performance** criteria **to determine efficiency/effectiveness of delivery of Council services**

k) Accountability

The Finance, Audit and Risk sub-committee is not delegated to make any decisions **unless by specific delegation by Council**. All recommendations of the sub-committee must be considered by the Corporate and Strategic Committee prior to any decision of Council.

Appointment of Independent Member

2. Requests that the Chief Executive seeks Expressions of Interest from suitably qualified applicants for the role of independent member of the Finance, Audit and Risk Sub-committee.

**Hewitt/Scott
CARRIED**

9. Alternate Councillor Member on the Clifton to Tangoio Coastal Hazards Strategy Joint Committee

It was suggested that the Chairman, already fully conversant with issues as ex-officio member, act as alternate. It was also suggested that it would be beneficial to have another councillor involved in the process to build the knowledge base amongst councillors.

RC10/15 **Resolution**

That Council:

1. Advises the Joint Committee that in the absence of Councillor Beaven or Scott, Council Chairman Fenton Wilson will act as HBRC alternate member.

Councillor Barker re-joined the meeting at 9.43am

**Scott/Pipe
CARRIED**

Secretarial note: although not present for discussion or debate on this item, Councillor Barker did vote upon re-joining the meeting.

Item 10 was considered just prior to adjournment for lunch, at 12.20pm

12. Building Act Responsibilities and Liabilities

Mr Wayne Wright provided an overview of the liabilities of this Council in relation to the Building Consent Authority granting building consents for dams. Waikato Regional Council – as the Building Consent Authority – has public liability and professional indemnity insurance, with premiums shared between WRC and the other regional councils party to the MoU. HBRC also holds limited liability insurance for \$200M in case of uninsured damages being attributed to WRC by the courts. The Chief Executive confirmed that as HBRC is not the building consent authority for dams, the associated liabilities do not rest with HBRC, but rather lie with WRC as the building consent authority – in line with the advice from DLA Phillips Fox.

RC11/15 **Resolution**

1. That the Council receives and takes note of the “**Building Act Responsibilities and Liabilities**” report.

**Graham/Scott
CARRIED**

11. Infrastructure Asset Insurance

Mr Mike Adye provided an update on discussions with insurance providers and others in relation to the issues associated with Council’s insurance for its infrastructure assets, e.g. stopbanks, flood drainage.

Councillor Dick left the meeting at 9.55am

Mr Adye also provided an overview of the options available, as well as the rationale for his recommendations to withdraw from LAPP and re-insure with Aon.

Councillor Dick re-joined the meeting at 10.00am

Discussions traversed which specific assets will be covered by the insurance, number of events such as earthquakes that are covered by insurance under various scenarios, as well as continued discussions to clarify specifics of coverage.

RC12/15 **Resolutions**

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 to withdraw from the Local Authority Protection Programme (LAPP).
3. Delegates to the Chief Executive to finalise details of appropriate cover and enter into an infrastructure insurance contract with Aon.

**Beaven/Scott
CARRIED**

13. Report From the 16 June 2015 Maori Committee Meeting

Councillor Graham, in Mr Mohi’s absence, provided an update on the items and issues considered at the Maori Committee meeting on 16 June, including an invitation from David Tipoki (Maori Relationships Manager at Wairoa District Council) to attend the next meeting of the Wairoa District Council Maori Committee to be held in Mahia and a very good discussion about traditional fishing rights, as well as a presentation on the HBRC Pataka Project – an IntraMaps Module which maps

information pertaining to tangata whenua such as the location and contact details for marae, and fulfils Council obligations under section 35A of the RMA.

RC13/15

Resolution

1. That Council receives the **16 June 2015 Maori Committee meeting** report.

**Graham/Scott
CARRIED**

17. Minor Items Not on The Agenda

ITEM	TOPIC	COUNCILLOR / STAFF
1	Whitebait season starts 15 August, and reminds staff of weed management criticisms received last season, and to carry out weed control works in a way that doesn't effect whitebaiters	Cr Beaven
2	DIN in relation to RWSS – seeks explanation of what the rules are and how they apply to landowners inside and outside the scheme	Cr Beaven
3	Te Mata Mushrooms, much public debate around recent enforcement action and would appreciate a further briefing	Cr Barker
4	Otane sewerage discharges – understands resource consents will be required soon and seeking information about the process to be undertaken	Cr Belford
5	Regional research centres – central government \$25M funding available for regional resource research centres in primary sector and suggests HBRC forms working party to investigate opportunities for working with private sector to pursue this avenue of funding	Cr Belford
6	Karamu environmentalists – showed slides of the many young, dedicated environmentalists who participated in the recent planting event at Karamu	Cr Scott

The meeting adjourned at 10.30am and reconvened at 10.45am

15. Local Government New Zealand - Advice on Elected Representatives' Roles In Policy Development, Resource Consent Decision Making And Enforcement Action

Dr Mike Reid, LGNZ Principal Policy Advisor, provided an overview of his background and experience before providing a presentation on the role of elected members in governance. The presentation and discussions throughout covered:

- The debate about how CE/staff and elected reps should work together – with councillors focusing on policy, strategy and the broad view; the CE providing advice, implementing decisions and achieving the outcomes sought by the Council
- Good governance is around accountability, strategic thinking and policy setting – external is public facing, and internal is within the organisation
- Roles need to be clear, and regulatory-non regulatory decision making

- processes separated and clearly understood by the community
- S14 principles and Principles for Excellence in Governance (Australia) focus on:
 - Positive culture promoting openness and honesty
 - Clear vision and strategic plan
 - Effective working relationships promoted and supported
 - Effective, transparent and accountable decision-making processes
 - Robust and transparent financial management practices
 - Governance failure tars everyone in an organisation
 - Distinction between governance and management - governance sets policy and strategy; management/staff implements those policies and strategies
 - Office of Auditor General review of Kaipara – emphasis on Councillors keeping the broad view in mind, setting direction and policy, making significant decisions, testing advice, monitoring the activities of management against adopted outcomes, keeping an eye on risks, and safeguarding the overall relationship between council and its community
 - Ensure long view is held to
 - Governors are not expected to be experts in all fields, rather need to ask the right questions and be comfortable that the advice received is the best available. Request peer review of advice or 2nd opinion if unconvinced that advice is sufficient.
 - Representation - to represent the interests of constituents
 - Governance - to make decisions in the interests of the community as a whole (and future communities).
 - Role of CE to determine ‘how’ the organisation achieves the outcomes required by Council
 - Purpose of the Code of Conduct is to:
 - Encourage good relationships
 - Highlight statutory obligations
 - Focus on roles
 - Provide a mechanism for dealing with grievances
 - A means to achieve responsible conduct
 - Effective performance requires:
 - Recognise role of CE as employer
 - Be aware of employment obligations
 - Treat employees with courtesy and respect
 - Do not compromise impartiality of employees
 - Avoid public criticism of employees
 - Raise concerns about employees only with CE, or about CE with the Chairman
 - Critical that elected reps:
 - Be consistent
 - Clearly identify objectives and ensure organisation focusses on achieving them
 - Internal conflict wastes precious resources every question costs time and money
 - Micro managing is disempowering and poor governance
 - CE and staff key assets and should be treated as such
 - LGNZ is developing standard performance benchmarks (KPIs) for councils to use to ‘manage CE performance’

RC14/15 **Resolution**

1. That the “**Local Government New Zealand - Advice on Elected Representatives' Roles in Policy Development, Resource Consent Decision Making and Enforcement Action**” report be received.

Graham/Beaven
CARRIED

14. **Monthly Work Plan Looking Forward through July 2015**

Queries about the Te Mata Mushrooms enforcement actions, Mr Maxwell advised that the requirements of the resource consent conditions were to have been met within 2 years and weren't, leading to the enforcement action.

Further discussions traversed reverse sensitivity and RRMP Plan Change 4, the HPUDS recommendations and implementation programme, the TANK plan change process and stakeholder group meeting on 30 June, a 2 day hill country symposium being held 29 and 30 October being facilitated by Council's Land Management team, Lake Tutira science investigations, and the Ahuriri targeted study.

RC15/15 **Resolution**

1. That Council receives the **Monthly Work Plan Looking Forward through July 2015** report.

**Beaven/Scott
CARRIED**

10. **Adoption of the Long Term Plan 2015-2025**

Mr Paul Drury outlined the process undertaken to develop the Plan, and decisions required by Council, as well as the amendments made to financials in accordance with the decisions made on 8, 9 and 10 June.

Queries and discussion covered:

- The rates in brief figures in relation to the figures provided in the consultation document and accountability documents
- Investments, returns and the investment strategy
- The deprivation factor applied to the economic development rate in Wairoa, and whether that could apply to CHB

The meeting adjourned at 12.33pm and reconvened at 1.05pm

Queries and discussion on the LTP and decisions required in that regard continued, traversing:

- Component of rates rise represented by the Tourism \$300k – being a 21% increase on the UAC for economic development, and the percentage rates rise in dollar terms for various properties
- Consultation about increasing flood protection level was undertaken through 2012-22 LTP process and feedback supported no increase to rates and time upgrades once sawfly remediation loan repayments completed

RC16/15 **Resolutions**

That Council:

Councillor Hewitt moved an amendment, seconded by Councillor Barker, being:

- 5.2. by Council at its meeting on 24 June 2015 *to reverse the decision made on 10 June 2015 to increase funding for HB Tourism by a further \$300k each year over the next 3 years and to consequentially change the increase in rates to the levels set out in the LTP Consultation document, being 3.95% in 2015-16, xx% in 2016-17*

**Hewitt/Barker
LOST**

Councillor Belford moved an amendment, seconded by Councillor Beaven, being:

- 5.2. By Council at its meeting on 24 June 2015 confirming the increase to Hawke's Bay Tourism of \$300,000 in the financial year 2015-16 and to \$600,000 in the financial year 2016-17 and to \$900,000 in the financial year 2017-18, but that the rate increase be amended to 2% for the 2015-16 financial year, 2% for the 201617 financial year and 2% for the 2017-18 financial year and that the Chief Executive is to fund the increases to

Hawke's Bay Tourism that are over and above the revenue generated by the rate increase with a program of internal savings and no increase in Council borrowings. The program for internal savings to fund the increase in spending on Hawke's Bay Tourism is to be brought to the next full Council meeting in July for examination and adoption. The savings program for the next two out years will be presented to Council coinciding with that year's budget cycle.

Belford/Beaven

For: Beaven, Barker, Belford

Against: Dick, Hewitt, Graham, Scott, Pipe, Wilson

LOST

The amendment was **LOST** and therefore the substantive **MOTION** was put.

That Council:

1. Agrees the decision is to be made under Section 93 of the Act which specifies the adoption of the Long Term Plan, and also under sections 83 requiring a special consultative process which includes consideration of submissions on the Plan from members of the community, and that this process has been undertaken.
2. Adopts the revised policies and strategies as included in the Long Term Plan 2015-25, including:
 - 2.1 Part 2 – Financial Strategy
 - 2.2 Part 3 – 30 Year Infrastructure Strategy
 - 2.3 Part 6 – HBRC Policies
3. Agrees to fund the underlying deficits in the years where the deficits are shown in the Plan, from cash operating balances which are estimated to be at a level which is sufficient to provide such funding.
4. Adopts the following resolutions pursuant to Section 12 of the Local Government Act 2002:
 - 4.1 Council raises a loan or loans or facilitate loan funding through banks to fund the borrowing set out in the LTP 2015-2025 for the purposes of funding clean heat/ insulation/solar hot water advances to householders, flood and drainage schemes, public good capital assets, systems integration programme, building extensions and investment assets. These loans to be drawn down when required to fund the approved capital programmes.
 - 4.2 Delegates to the Chief Executive, authority to negotiate and agree on the terms of the loan including:
 - 4.2.1 Any future financing needs within the overall terms of borrowing, the interest rate payable by Council.
 - 4.2.2 The frequency of interest payments.
 - 4.2.3 The timing of drawdown.
 - 4.2.4 The institution(s) who will provide the loans.
 - 4.2.5 The number of loans which will make up the borrowing.
 - 4.2.6 All other terms and conditions of such loans and facilities as may be necessary in obtaining such loans and facilities in accordance with the Council's Liability Management policy to execute any agreements, documents, and certificates in respect of such loans and facilities on behalf of Council.
5. Adopts the audited LTP 2015-2025, in accordance with Section 93(A) and Section 83(1)(a) of the Local Government Act 2002, noting that the LTP

Consultation Document and supporting accountability documents issued in March 2015 for public consultation were amended:

- 5.1. by Council at the meetings held on 8, 9 & 10 June 2015
- 5.2 by Council at its meeting on 24 June 2015.
6. Approves, in accordance with sections 83 and 150 of the Local Government Act 2002, the resource consent and user charges as adopted in the LTP supporting accountability documents issued for public consultation and amended by Council at its meetings on 8, 9 & 10 June 2015, and today, 24 June 2015.
7. Instructs staff to make any necessary final amendments to the LTP 2015-2025 to reflect the changes agreed at the meetings on 8, 9 & 10 June 2015, and today, 24 June 2015, and then to issue the published Plan in its final form.

Dick/Scott
For: Dick, Graham, Scott, Pipe, Wilson
Against: Hewitt, Beaven, Barker, Belford
CARRIED

Item 12 was considered immediately following item 9, at 9.45am

Item 15 was considered immediately following morning tea, at 10.45am

16. Chairman's Monthly Report for June 2015 (to be tabled)

The Chairman provided commentary on the meetings he attended through the last month including a meeting at Kopuawhara to look at the work that's been done to clean up the log jam, appointments to the Rescue Helicopter Trust, a Cape to City presentation, and a meeting with Des Ratima to discuss freshwater issues.

RC17/15 Resolution

1. That the Chairman's Monthly Report for June 2015 be received.

Scott/Beaven
CARRIED

Item 17 was considered immediately following item 13, at 10.20am

18. Draft Interim Audit Findings for Annual Report Year Ended 30 June 2015

RC18/15 Resolutions

1. That Council excludes the public from this section of the meeting, being Agenda Item 18 Draft Interim Audit Findings for Annual Report Year Ended 30 June 2015 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	THIS	GROUND UNDER SECTION 48(1) FOR THE PASSING OF THE RESOLUTION
Draft Interim Audit Findings for Annual Report Year Ended 30 June 2015	7(2)(g) That the public conduct of this agenda item would be likely to result in the disclosure of information where the withholding of the information is necessary to maintain legal professional privilege.		The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.

2. That Philip Jones from PJ & Associates is present for the item as Council's expert advisor on this matter.

3. That the Minor item not on the Agenda – East Coast Rail Update – from Councillor Dick be accepted 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	GROUNDS UNDER SECTION 48(1) FOR THE PASSING OF THE RESOLUTION
East Coast Rail Update	7(2)(i) That the public conduct of this agenda item would be likely to result in the disclosure of information where the withholding of the information is necessary to enable the local authority holding the information to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.

**Scott/Dick
CARRIED**

The meeting went into public excluded session at 2.30pm and out of public excluded session at 2.50pm

Closure:

There being no further business the Chairman declared the meeting closed at 2.50pm on Wednesday 24 June 2015.

Signed as a true and correct record.

DATE:

CHAIRMAN: