



MINUTES OF A MEETING OF THE REGIONAL COUNCIL

Date: Wednesday 28 March 2018

Time: 10.15am

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

Present: R Graham - Chairman
P Bailey
R Barker (from 11.32am)
P Beaven
T Belford
A J Dick
D Hewitt
N Kirton
F Wilson (from 1.05pm)

In Attendance: J Palmer – Chief Executive
G Hansen – Group Manager Asset Management
T Skerman – Group Manager Strategic Planning
E Lambert – Group Manager External Relations
J Ellerm – Group Manager Corporate Services
L Hooper – Governance Manager

1. Welcome/Prayer/Apologies/Notices

The Chairman welcomed everyone to the meeting and Tania Huata offered a karakia.

Resolution

RC26/18 That the apologies for lateness from Cr Fenton Wilson, Cr Debbie Hewitt and Cr Rick Barker be accepted.

**Bailey/Beaven
CARRIED**

It was noted that Mike Mohi is not in attendance.

2. Conflict of Interest Declarations

There were no conflict of interest declarations.

3. Confirmation of Minutes of the Regional Council Meeting Held on 14 March 2018

RC27/18 Resolution

Minutes of the Regional Council Meeting held on Wednesday, 14 March 2018, a copy having been circulated prior to the meeting, were taken as read and confirmed as a true and correct record.

**Kirton/Belford
CARRIED**

Secretarial note: As there are no provisions under Council's Standing Orders for discussion of the minutes other than confirmation of their correctness, "matters arising" are recorded following as Item 4 – Follow-up Items from Previous Regional Council Meetings.

4. Follow-up Items from Previous Regional Council Meetings

Councillor Dick advised that he will distribute the information from the Transport and Economic Development conference once he's received those.

Debbie Hewitt arrived at 10.20am

There was a request for a further breakdown of the level of seriousness of non-compliance grades received by the 74 noted as non-compliant, and a request for an update on resource consent applications received for on-farm water storage in CHB and the Tranche 2 applications – both of which will be provided to the April Environment and Services Committee meeting.

In response to a query, James Palmer advised that a Hearing date for the NCC PC11 hearings has not been set yet and that staff do intend to speak to the HBRC submission.

RC28/18 Resolution

That the Council receives and notes the ***"Follow-up Items from Previous Meetings"*** staff report.

**Bailey/Belford
CARRIED**

5. Call for Items of Business Not on the Agenda

There were no items of business not on the Agenda raised.

7. **Report and Recommendations from the Clifton to Tangoio Coastal Hazards Strategy Joint Committee**

The Chairman introduced the item, and Graeme Hansen introduced the guests speaking to the Strategy, being Simon Bendall, Project Manager, Craig Daley (Northern) and Keith Newman (Southern), Assessment Panel members. The Stage 3 (develop the response) recommendations to the participating councils represent a gateway to stage 4. The assessment panels' work was informed by Climate change, uncertainty of possible outcomes, inundation likely greater threat to more properties than erosion, and significant social impact and financial costs associated with doing nothing. Decision making and assessment processes included:

- Prioritisation of units or sections of the coast according to inundation and erosion risks
- Process of assessment was independently facilitated and included iwi, business, recreational interests, coastal and inland residents and DoC
- Pathways for each priority unit are adaptive in terms of timeframes and changing risks, and consist of short term (0-20 years), medium (20-50 years) and long (50-100 years) term
- Social and economic impact assessments were carried out for each priority unit and there was no comparison between units carried out
- Decision making process involved assessments carried out against set criteria – called multi criteria decision analysis
- Ahuriri pathway recommendations are for Short term status quo and maintain existing sea wall, Medium term extend and upgrade sea wall in response to sea level rise and increased erosion and inundation risks and Long term continue to defend with a sea wall, increase crest height and upgrade seawall in response to sea level rise
- Pandora pathway recommendations are Short term provide protection at harbour entrance with stop bank to address inundation risks; Medium term extend stop banks to increase inundation protection and Long term stopbanks may need to be raised and/or armoured to maintain level of protection in response to sea level rise
- For Westshore, the pathways recommended by the Panel are Short term Regular gravel and sand renourishment to offset erosion losses in combination with beach maintenance and planting as well as placing sand offshore, and allowing it to migrate northwards and towards the beach, raising foreshore levels; Medium term the construction of groynes and additional replenishment to maintain gravel beach levels at the required size; and Long term groynes raised and or lengthened, replenishment increased in order to maintain a larger beach.
- Bay View recommendations are dependent on what happens at Westshore, and are for Short term the status quo of limited intervention is sufficient, although in later years beach replenishment may be required to offset erosion losses; Medium term the construction of groynes or other beach control structures and additional replenishment would maintain beach levels at the required size; and Long term in response to sea level rise and increased erosion and inundation risks, structures raised and or lengthened, replenishment increased
- Whirinaki is influenced by what is done at Bay View and Westshore and recommendations are for Short term the status quo of limited intervention is sufficient, although in later years beach replenishment may be required to offset erosion losses; Medium term the construction of groynes and additional replenishment would maintain beach levels at the required size; and Long term in response to sea level rise and increased erosion and inundation risks a seawall would provide an increased protection standard.
- Very challenging to look 100 years out, made easier by considering the blocks of 0-20, 20-50 and 50-100 years
- Work already under way in Clifton, and the pathways recommended are Short term extended seawall to protect assets; Medium term an upgrade of the seawall required

to account for sea level rise and erosion at the toe of the structure; and Long term an acceptance that managed retreat is the most practical option.

- At Te Awanga, recommendations are for Short term offset erosion losses with renourishment, Groynes will reduce erosion losses and the larger beach will reduce the impact of storms; and the Medium – Long term groynes may be raised and lengthened with more material added, to create a larger beach, to account for sea level rise and maintain the standard of protection.
- Recommendations for the Haumoana unit are Short – Medium term create larger beach with renourishment, groynes to reduce erosion losses and the impact of storms plus regular renourishment to offset erosion losses and provide a higher standard of protection than currently afforded; Long term acceptance that increasing the beach and groyne size is only a practical solution for limited time, after which Managed retreat is the recommended option.
- Clive unit recommendations are for Short term the status quo of beach maintenance and repairs to the rock structures; Medium term beach renourishment and groynes added in response to sea level rise and erosion rates; and Long term the most practical solution is to retreat the line and realign the defence inland.
- Stage 4 (action time) will assess the recommended pathways in depth, in order to develop detailed designs and costings for priority areas, and develop affordable 'fit for purpose' adaptive solutions
- Impacts a public good issue affecting all of Hawke's Bay – private property, public reserves and infrastructure, roading access, cycleways, access to power and water, and tourism.
- Suggestions that each council begins contributing to a regional fund for prioritised and emergency protection works and establishes a coastal hazards action group to work out how to implement recommended pathways.

Debbie Hewitt left the meeting at 11.01am

- Mr Graeme Hansen provided an explanation of how groynes work
- Large volumes of material required for renourishment and groyne construction, and where that could be sourced
- Each 'unit' assessed individually, including economics and land/capital values
- Some solutions require significant up-front costs (e.g. Westshore renourishment to make up deficit) that will then lead to more cost effective long term benefits whereas others may be of a more 'one-off' nature (e.g. seawall construction)

Debbie Hewitt re-joined the meeting at 11.15am

- Cr Beaven, as Chair of the Joint Committee, acknowledged the contributions of the assessment panel members to this community led process, noting the uncertainty of the actual effects of climate change – how high will sea levels rise? how much more frequent will significant storms be?

RC29/18

Resolutions

That the Hawke's Bay Regional Council:

1. Receives the report of the Project Manager titled "Report and Recommendations from the Clifton to Tangoio Coastal Hazards Strategy Joint Committee" dated 28 March 2018.
2. Receives the final report of the Northern and Southern Cell Assessment Panels dated 14 February 2018.
3. Endorses and adopts the report and recommendations of the Northern and Southern Cell assessment panels as presented in their final report dated 14 February 2018.
4. Agrees to commence Stage 4 (Implementation) in accordance with the Partner Council LTP provisions of \$100,000 per year for the next 10 years which includes maintaining the Joint Committee, commencing the planning phase of design and

budget refinement, defining cost sharing and funding options and preparing for implementation, as recommended by the Clifton to Tangoio Coastal Hazards Strategy Joint Committee.

5. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that Council can exercise its discretion 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.

**Bailey/Graham
CARRIED**

6. Recommendations from the Regional Transport Committee

Councillor Alan Dick introduced the item as Chair of the Committee, adding that a total of 14 containers of water were exported through the Port in February which is contrary to the perception that the water bottling industry is exporting millions of litres of water. Discussions covered:

- energy costs of the transportation system taken into account in the reviews of the Regional Transport Plan

Councillor Barker arrived at 11.32am

- Weigh stations, particularly the one opposite the Rothmans heritage building which is part of the Port infrastructure, where trucks are weighed to facilitate unloading at the Port

RC30/18

Resolutions

That Council:

1. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy and that Council can exercise its discretion and make decisions on these issues without conferring directly with the community.

Variation to Regional Land Transport Plan 2015-25

2. Approves the variation to the Regional Land Transport Plan 2015-25, revising the cost and timing of a Weigh Right Facility for Napier to:
 - 2.1. updated costs = \$8.5m
 - 2.2. date for completion = 2020-21

Reports Received

3. Notes that the following reports were provided to the Regional Transport Committee meeting:
 - 3.1. Review of Regional Land Transport Plan
 - 3.2. NZTA Central Region - Regional Director's Report for March 2018
 - 3.3. March 2018 Transport Manager's Report
 - 3.4. Advisory Representative Verbal Reports
 - 3.5. March 2018 Public Transport Update

**Dick/Barker
CARRIED**

Item - 7. Report and Recommendations from the Clifton to Tangoio Coastal Hazards Strategy Joint Committee - was considered as the first item of business.

8. Recommendations from the Corporate & Strategic Committee

Councillor Neil Kirton introduced the item, outlining considerations and discussions at the meeting, with the item being taken as read, noting that two substantive matters are the subject of separate items on today's agenda.

RC31/18 Resolutions

That Council:

1. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that Council can exercise its discretion 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.

Draft Regional Targets for Swimmable Lakes and Rivers

2. Agrees to set a draft target for the Hawke's Bay region of 90% of rivers and 76% of lakes swimmable by 2030, and make this target publicly available with the information sheet provided.
3. Agrees to recommend that the Regional Sector works collaboratively with the Government on any amendments to the National Policy Statement for Freshwater Management and requirements to set final regional targets.

Council Representative Appointments to Local Government New Zealand

4. Confirms Councillor Paul Bailey (or his substitute) as the delegate from the Hawke's Bay Regional Council at Zone 3 meetings of Local Government New Zealand.
5. Authorises Councillor Paul Bailey to vote at LGNZ Zone 3 meetings on behalf of the Hawke's Bay Regional Council.
6. Appoints the Chairman, Rex Graham, as the Hawke's Bay Regional Council's representative on the Regional Sector Group of Local Government New Zealand.
7. Delegates to the Chairman, Rex Graham, the authority to respond and input into matters relating to Local Government New Zealand on behalf of the Hawke's Bay Regional Council, reporting as necessary to the Council.

Reports Received

8. Notes that the following reports were provided to the Corporate and Strategic Committee
 - 8.1. Recommendations from the Finance, Audit and Risk Sub-Committee (*resolved: Confirms the Finance, Audit and Risk Sub-committee's confidence that the risk assessment processes are appropriate processes to identify and assess organisational risks and Approves the scope for the Procurement internal audit, including agreed amendments, and the initiation of the Audit*)
 - 8.2. Verbal Presentation of Napier Port Annual Results
 - 8.3. HBRC Letter of Expectation for HBRIC Ltd (*addressed in a separate Council agenda item*)
 - 8.4. Phase II Capital Structure Review Report (*considered in Public Excluded session and addressed in a separate Public Excluded Council agenda item*).

**Kirton/Bailey
CARRIED**

9. Recommendations from the Regional Planning Committee

The Chairman introduced the item, outlining the considerations on the day, with the item being taken as read.

RC32/18 Resolutions

The Regional Planning Committee recommends that Council:

1. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that Council can exercise its discretion 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.

List of Candidate Outstanding Water Bodies in Hawke's Bay

2. The Regional Planning Committee recommends that Council:
 - 2.1. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that Council can exercise its discretion 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.
 - 2.2. Agrees that the list of candidate outstanding water bodies which will be subject to a secondary analysis as per Option R4 for the recreational, landscape and ecology value sets as follows.
 - 2.2.1. Te Whanganui a Orotu (Ahuriri Estuary)
 - 2.2.2. Upper Mohaka River
 - 2.2.3. Lake Waikaremoana
 - 2.2.4. Upper Ngaruroro River
 - 2.2.5. Taruarau River
 - 2.2.6. Ruakituri River
 - 2.2.7. Lake Whakakā
 - 2.2.8. Mangahouanga Stream
 - 2.2.9. Wairoa River
 - 2.2.10. Heretaunga Aquifer
 - 2.2.11. Tukituki River
 - 2.2.12. Waipawa River
 - 2.2.13. Ruataniwha Aquifer
 - 2.2.14. Lake Whatuma.
 - 2.3. Agrees that the list of candidate outstanding water bodies which will be subject to a secondary analysis as per Option C5 for the cultural and spiritual value set will be provided by Tangata Whenua representatives at the 2 May 2018 Regional Planning Committee meeting.
 - 2.4. Agrees to staff proceeding with consultation with the following parties in relation to the secondary analysis for the candidate outstanding waterbodies as listed in 2.2 above and 2.3 once provided.
 - 2.4.1. Iwi authorities in Hawke's Bay
 - 2.4.2. Local authorities, being Central Hawke's Bay District Council, Hastings District Council, Wairoa District Council, Napier City

Council, Taupo District Council, Rangitikei District Council and Gisborne District Council

- 2.4.3. Hawke's Bay Fish and Game Council, Department of Conservation and the Hawke's Bay branches of the NZ Forest and Bird Protection Society.
- 2.5. Acknowledges the potential risk to the TANK plan change project and Council's wider freshwater planning work programme if an outstanding waterbodies plan change is not notified prior to the TANK plan change.
- 2.6. Agrees to write a letter to the Minister for the Environment requesting reconsideration and clarification of the Outstanding Water Bodies cultural values provisions in the National Policy Statement for Freshwater Management.

Reports Received

3. Notes that the following reports were provided to the Regional Planning Committee.
 - 3.1. Regional Planning Committee Terms of Reference and Review (*resolved: 2. The Regional Planning Committee agrees that a fully marked up version of the Terms of Reference as recommended by the Co-Chairs and Deputy Co-Chairs and reflecting the amendments required by the statute, will be brought to the 2 May 2018 Committee meeting for approval, and that the matters identified following be considered as part of the statutory review of the performance of the Regional Planning Committee; 2.1 Voting and Quorum, 2.1.1 The process by which the number of Council members eligible for voting will be reduced to ensure equal numbers of appointed tāngata whenua representatives, 2.1.2 the setting of the quorum, 2.1.3 Consensus decision making and the 80% voting threshold; 2.2 The presumption that the current Standing Orders of Council apply to the operation of the committee unless amended by the committee; 2.3 Confirmation of functions and powers of the committee (noting the legal advice that the broader scope in draft terms of reference is not inconsistent with the specified legislation); 2.4 Refer back provisions and clarification of the options available to Council in the event that no recommendation is received from the Committee. This issue relates in particular to section 12(4) of the Act which provides that "In the event of an inconsistency between the obligations of Council under the terms of reference and its obligations under the specified legislation, the specified legislation prevails."* 3. The Regional Planning Committee agrees that staff will work with the Co-chairs and Deputy Co-chairs and independent advisors to prepare recommendations for the Committee on the terms and scope of the statutory review, including: 3.1 Appointment of review panel including appropriate cultural and legal expertise, 3.2 Agreed matters for review, 3.3 Consultation and discussion process, 3.4 Meeting and reporting timeframes.)
 - 3.2. Oil & Gas Plan Change Process and Progress Update
 - 3.3. Regional Resource Management Plan – Effectiveness Report (*resolved: 2. requests a report to the 2 May 2018 Regional Planning Committee meeting, setting out a timetable of next steps to amend the RRMP in order to address the issues raised in the 2004 and 2018 RRMP effectiveness reviews*)
 - 3.4. Pathway to Draft TANK Plan Change Adoption by RPC.

**Graham/Kirton
CARRIED**

10. Hawke's Bay Local Authority Shared Services - Structure Change

Mr James Palmer introduced the item, explaining the rationale for the request to change the structure of the company and how the CE group intends to deliver collective shared services in areas of common interest in the future without the necessity of doing that through a company structure. Discussions traversed:

- CEs to continue to work collaboratively and to engage more intensively with the Mayoral forum on shared services moving forward

- Need for transparency and value for money, including reporting on achievements, to achieve efficiencies and savings through shared services
- View that there is no need for independent facilitation or Chair
- Proposed regular reporting to councils and wider community on shared service initiatives

RC33/18 **Resolutions**

That the Hawke's Bay Regional Council:

1. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that Council can exercise its discretion 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.
2. Agrees HBLASS, as a legal entity lie dormant in the short term; with the ability for the legal entity able to be reactivated in the future.
3. Notes that the dormant status of HBLASS is effective on receipt of agreement by all members of the Board.
4. Notes that the decision on the dormant status of HBLASS will be determined by the majority of Hawke's Bay Councils.
5. Notes that each Council will continue its participation in a collaborative approach that has proven effective in a pilot.
6. Approves the exemption of HBLASS from the Council Controlled Organisation requirements (Local Government Act Section 7(3))
7. Notes that the CE Forum intends that all Councils will actively support shared and common goal setting, decision-making, resourcing including financial contribution, staff and communication.
8. Requests that the HBRC Chief Executive reports to Council on means of improving the communications from the Chief Executives Forum and Mayors & Chairs Forum meetings.

**Barker/Kirton
CARRIED**

11. Remuneration Review for Tāngata Whenua Members of the Regional Planning Committee

Mrs Liz Lambert introduced the item, advising the HB RPC Act requires that Council has an agreed methodology for setting the remuneration for tāngata whenua representatives on the Regional Planning Committee.

- Payments to members appointed to standing committees will be additional to salary, and likely to be a daily rate
- Mr James Palmer clarified that the supplementary report by Mr Shannon recommended a salary be paid as opposed to a daily meeting rate
- Remuneration commensurate with expectations of expertise, technical decision making, and level of service, including outside of actual meeting day attendance
- Suggestion that advisory to tāngata whenua should be provided by HBRC staff, which enables Council to build internal capacity and capability, is preference of HBRC and arrangement with independent advisors is interim, pragmatic solution
- Tangata whenua currently leading a review of the independent advisory services being provided
- Comparisons to elected representatives' remuneration

RC34/18 **Resolutions**

That the Hawke's Bay Regional Council:

1. Receives and notes the Remuneration Review for Tāngata Whenua Members of the Regional Planning Committee report.
2. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that Council can exercise its discretion 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.
3. Agrees that for the purposes of the review of the Terms of Reference for the Regional Planning Committee, that as per the independent Shannon report recommendations, Council approves \$500 per meeting per day for tangata whenua members (plus \$500 per tangata whenua hui day prior to the formal RPC meeting)
4. Council also acknowledges the need for additional remuneration to the co-chair in recognition of the additional responsibilities, this figure to be pro-rata as per the Shannon report.
5. Implements the payment system above, with effect from 21 March 2018, with a review to be carried out in 12 months in line with the review of market data.
6. Remuneration adjustments to be subject to expectations of commitment to effective contribution by RPC members.

**Hewitt/Dick
LOST**

The Resolutions were LOST and the following Substantive Motion put

That the Hawke's Bay Regional Council:

1. Receives and notes the Remuneration Review for Tāngata Whenua Members of the Regional Planning Committee report.
2. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that Council can exercise its discretion 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.
3. That the procedure for the remuneration of the tāngata whenua members of the Committee for 2018-19 is as follows and that annual payment reviews use market data for Senior Policy Advisors in the public sector as the baseline.
 - 3.1 Payment of \$12,000 per annum per tāngata whenua member of the Regional Planning Committee. This payment will cover preparatory work, attendance at tāngata whenua-only hui, attendance at the formal Regional Planning Committee meetings, and any required follow-up meetings with appointers.
 - 3.2 Additional remuneration of \$6,000 per annum for the Deputy Co-Chair of the Regional Planning Committee.
 - 3.3 Additional remuneration of \$12,000 per annum for the Co-Chair of the Regional Planning Committee.
 - 3.4 Payments to be reviewed annually in accordance with the comparable salary for Senior Policy Advisors, as outlined in the Shannon Report.
 - 3.5 HBRC to continue to make payments separately for the reimbursement of travel, accommodation and incidental expenses as per current arrangements upon receipt of verified claims.
 - 3.6 For the purpose of clarification payment to any tāngata whenua member who represents the Regional Planning Committee on any other body, such as a standing committee of HBRC or a sub-committee, is not covered by

this arrangement and is determined separately. It is however standard for the tāngata whenua member to be paid at the same daily rate as if the meeting were that of the Regional Planning Committee.

**Barker/Bailey
CARRIED**

The meeting adjourned at 12.30pm and reconvened at 1.05pm, with Councillor Wilson in attendance

12. HBRC Submission on the CHB DC 2018-28 Long Term Plan Consultation Document

Mr James Palmer introduced the item, requesting that feedback on the submission drafted by staff be provided by councillors, for incorporation prior to the finalisation by the Chair and Chief Executive. Feedback and discussions covered:

- HBRC is requesting that CHB provides \$5-15k per year funding for Enviroschools to enable expansion of Enviroschools into CHB – same request to be made of Wairoa
- The big water story makes CHB ratepayers aware that the required resolution of the ongoing wastewater issues will be coming through an annual plan process once a preferred solution has been costed, etc, - HBRC submission notes what's being done and expresses support for progress
- Support for the view that the submission should be stronger and/or clearer on HBRC expectations around CHB wastewater issues and 'the big water story'
- Suggestion that submission requests CHB steps up and contributes to HB Tourism funding to 'make up' the perceived deficit the HBRC reductions represent
- LTP decisions subject to the outcome of consultation processes
- The remaining submissions to other three TA LTPs will be drafted by CE and Chair and emailed to all councillors for comment and endorsement for lodging.

RC35/18 Resolutions

That the Hawke's Bay Regional Council:

1. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that Council can exercise its discretion 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.
2. Endorses the submission on the Central Hawke's Bay District Council's 2018-28 Long Term Plan consultation document as provided.
3. Delegates the HBRC Chief Executive, James Palmer, and Chairman Rex Graham to finalise and submit the HBRC submission to the Central Hawke's Bay District Council by 29 March 2018.

**Belford/Barker
CARRIED**

13. 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 352		
	DP 11329		
	CT B3/1318		
	- Agreement for Sale and Purchase	4210	9 March 2018
	- Transfer	4211	9 March 2018

	1.1.2 Lots 109 & 118 DP 10990 CT J4/1227 - Transfer	4212	16 March 2018
1.2	1.2.1 M. Willcox S. Smithers <i>(Delegations under Resource Management Act 1991 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>	4208 4209	27 February 2018 5 March 2018
	1.2.2 E. Lennan K. Boersen <i>(Delegations under the Civil Defence Emergency Management Act 2002 (s.86-92 inclusive) and Clause 32B Schedule 7 of the Local Government Act 2002)</i>	4206 4207	22 February 2018 22 February 2018

RC36/18

Resolutions

That Council:

1. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy that Council can exercise its discretion 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.
2. Confirms the action to affix the Common Seal.

Barker/Bailey
CARRIED

17. HBRC Letter of Expectation for HBRIC Ltd

James Palmer introduced the item, in which staff propose pragmatic recommendations in relation to the interim mandate and structure of HBRIC Ltd in order to meet legislative requirements for a 2018-19 Statement of Intent amidst receiving recommendations from the Capital Structure Review. Queries and discussions traversed:

- Sale of RWSS intellectual property assets and timeframes for that transaction including tax implications of potential write-downs
- Different types of advice to be received from PWC and the Auditor General
- Workshop with Auditor General scheduled on 9 May will be in relation to council's future investment options
- Investigations of commercial forestry for environmental co-benefits is to be carried out to enable development of a business case including options for progressing to provide to Council to consider
- Some science IP is of value to Council, and ensuring that it continues to have access to the data
- Conflict of interest management in relation to councillor directors will be managed in the same way that all conflicts are managed by directors on a Board

Recommendations

That the Hawke's Bay Regional Council:

Councillor Dick moved an amendment, seconded by Councillor Wilson, being an

additional resolution that:

- + Councillor Debbie Hewitt be appointed as Councillor Director to the HBRIC Ltd Board of Directors.

**Dick/Wilson
LOST**

The amendment was LOST and the substantive motion put

Resolutions

RC37/18

That the Hawke's Bay Regional Council:

1. Receives and notes the "HBRC Letter of Expectation for HBRIC Ltd" staff report.
2. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that Council can exercise its discretion 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.
3. Notes the correspondence received from the Chairman of HBRIC Ltd on 27 February and 24 March 2018.
4. Notes the Policy on Appointment and Remuneration of Directors and resolves to depart from the Policy in light of the imminent resignation of a majority of HBRIC Ltd directors and the need to make new appointments quickly in order for the company to have three directors as required by the HBRIC Ltd Constitution.
5. Agrees the HBRIC Ltd Board of Directors is comprised of three directors, including the retention of Dan Druzianic and Peter Beaven and the appointment of the Chairman of the Hawke's Bay Regional Council, effective from 1 April 2018.
6. Agrees to appoint the HBRC Chairman, Rex Graham, as the Chairman of HBRIC Ltd.
7. Agrees the proposed directors have the necessary skills, knowledge and experience to guide HBRIC Ltd and contribute to HBRIC Ltd achieving the objectives set for it by the Council.
8. Agrees that councillor directors receive no additional remuneration beyond their councillor remuneration and remuneration for any independent directors be set at \$20,000 per annum.
9. Agrees to advise all sitting directors not appointed in recommendation 5 that their services as directors are not required from 14 April 2018 and to thank them for their service.
10. Agrees that the Council will not submit a bid in an HBRIC-led transaction to sell down the Ruataniwha Water Storage Scheme assets, but reserves the right to transfer the assets back to the Council in the event that no acceptable offer is received.
11. Confirms that the Letter of Expectation for HBRIC Ltd will be drafted in accordance with:
 - 11.1. The mandate of HBRIC Ltd is to continue to manage the ownership of the Port of Napier on the Council's behalf, to sell any or all Ruataniwha Water Storage Scheme assets held by the company, and to develop business cases for commercial investment activities that support the Council's objectives for natural resource management, including forestry.
 - 11.2. Directs the Board of HBRIC Ltd to engage a suitably qualified third party to sell the Ruataniwha Water Storage Scheme assets on the Company's behalf, and to work with the Council to finalise the conditions and timing of any sale.

- 11.3. The Finance and Administration functions of HBRIC Ltd are transferred to Hawke's Bay Regional Council but the services of the Accountant are retained until 30 September 2018 and the services of the Chief Executive are retained until the long-term future of HBRIC Ltd is determined.
- 11.4. The Dividend Levels provided by HBRIC Ltd to Council remain at current levels plus inflation for years one to three of the 2018-2028 Long Term Plan and this to be reconciled with the Statement of Intent for the Port of Napier in the 2018-19 and 2019-20 years.
12. Delegates the final approval and signing of the Letter of Expectation for HBRIC Ltd to the HBRC Chairman Rex Graham and Chief Executive James Palmer.

Belford/Barker
For: Barker, Bailey, Beaven, Belford, Kirton, Graham
Against: Dick, Hewitt, Wilson
CARRIED

14. HBRC Staff Projects and Activities Through April 2018

Discussions traversed:

- HB Drinking Water Governance Joint committee, including appointment of Independent Chair at the next scheduled meeting in May and the mandate for the Committee
- Request for an explanation of what the "Farm scale sediment workshop SedNetNZ add on
- Request for a Mangapoike land slip update at the Environment & Services meeting on 11 April

RC38/18 **Resolution**

That Council receives and notes the ***HBRC Staff Projects and Activities through April 2018*** report.

Bailey/Belford
CARRIED

15. Discussion of Items Not on the Agenda

There were no items raised for discussion.

16. Final Capital Structure Review Report

RC39/18 **Resolutions**

1. That Council excludes the public from this section of the meeting, being Agenda Item 16 Final Capital Structure Review Report 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:

GENERAL SUBJECT OF THE ITEM TO BE CONSIDERED	REASON FOR PASSING THIS RESOLUTION	GROUNDS UNDER SECTION 48(1) FOR THE PASSING OF THE RESOLUTION
Final Capital Structure Review Report	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. 7(2)(i) That the public conduct of this	The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.

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).

2. That Jonathan Hill remains in attendance for consideration of the item, as the person engaged by Council to manage communications on the Capital Structure Review report.

**Kirton/Beaven
CARRIED**

The meeting went into public excluded session at 2.10pm and out of public excluded session at 2.55pm

Closure:

There being no further business the Chairman declared the meeting closed at 2.55pm on Wednesday 28 March 2018.

Signed as a true and correct record.

DATE:

CHAIRMAN: