



## MINUTES OF AN EXTRAORDINARY MEETING OF THE REGIONAL COUNCIL

**Date:** Wednesday 13 February 2019

**Time:** 1pm

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

**Present:** R Graham - Chairman  
P Bailey  
R Barker  
P Beaven  
T Belford  
A J Dick  
D Hewitt  
N Kirton  
F Wilson

**In Attendance:** M Mohi – Chairman – Maori Committee  
J Palmer – Chief Executive  
J Ellerm – Group Manager Corporate Services  
L Hooper – Principal Advisor Governance  
J Lawrence – Group Manager Office of the CE & Chair  
I Maxwell – Group Manager Integrated Catchment Management

## 1. Welcome/Prayer/Apologies/Notices

The Chair welcomed everyone to the meeting, noting the presence a group of Napier Port employees.

### Resolution

RC12/19 That the apology for early departure at 3pm, should the meeting still be in progress, from Councillor Fenton Wilson be accepted.

**Kirton/Bailey  
CARRIED**

## 2. Conflict of Interest Declarations

There were no Conflict of Interest Declarations.

## 3. Confirmation of Minutes of the Regional Council Meeting held on 30 January 2019

### RC13/19 Resolution

Minutes of the Regional Council Meeting held on Wednesday, 30 January 2019, a copy having been circulated prior to the meeting, were taken as read and confirmed as a true and correct record.

**Kirton/Beaven  
CARRIED**

## 4. Additional Council Controlled Organisation to Support IPO Transaction Statement of Proposal for Consultation

Jessica Ellerm introduced the item, explaining the purpose of the proposed council controlled organisation will be to provide an efficient and effective structure to facilitate a potential Napier Port minority share issue. Discussions and queries traversed:

- The details of the parameters around the potential IPO, with initial offering of between 33% and 45% as resolved by Council 19 December, however consultation of “up to 49%” allows some flexibility for the future
- HBRIC holds Council’s shares, and Napier Port would offer additional ‘new’ shares to raise the capital required for development – this proposal is to bring those two processes together for a single combined share listing to simplify the transaction
- In order for HBRIC to hold 100% of the combined total of shares for sale, HBRIC would have to acquire the capital to purchase the newly issued Port shares first before then selling or issuing those shares to the public along with those it already holds
- The new CCO – HoldCo – would continue as a company, being the listed company and administrative body for Napier Port
- Structure most commonly used, most simple to effect the IPO transaction
- The Chairman invited Dave Marden (representative of the Port union and employees present) to speak to Council. Mr Marden expressed the uncertainty Port employees are feeling and facing, a view that the current level of Port debt is the result of irresponsibility and the HBRC expectation of being paid a dividend each year. He also raised concerns that if things go ‘pear shaped’ the workers conditions are ‘first to go’. Suggested that the CCO consultation period proposed is not long enough and Council needs to consider the different ways people can and/or need to be able to make submissions. Mr Marden confirmed that the group supports Napier Port expansion, knowing that it needs to grow, and concerns are about the potential negative effects of a share listing on workers and their families.
- Consultation is very specifically on the proposed CCO model, a process step, and

councillors are not under any obligation to consider submissions unrelated to that matter. The process is seeking feedback on what people like about the proposal and what they don't like – not a simple yes or no tick box, and not about the substantive decision already consulted on about whether to progress with a potential IPO transaction.

- In responding to a query from a member of the Port employee group, it was explained that, through the proposed single CCO model, the HoldCo board will be the same directors that sit on the Port board of directors, appointed as the result of a transparent recruitment process and based on their qualifications and experience – which must meet Companies Act and Port Companies Act requirements and liabilities.
- Mechanisms for Council to exert control over the Napier Port board of directors are through the company's constitution, in the ability to appoint up to 2 directors to the Board and the ability to "fire" the board in its entirety (as it currently can).
- Council's intention is not to benefit at the expense of Port employees or their working conditions.
- Following discussions it was agreed that the CCO consultation period would be extended to 3 weeks, ending on 11 March.

**RC14/19 Resolutions**

That Hawke's Bay Regional Council:

1. Receives and notes the "Additional Council Controlled Organisation to Support IPO Transaction Statement of Proposal for Consultation" staff report.
2. Agrees that the decisions to be made are in accordance with section 56 and 82 of the Local Government Act.
3. Agrees to the public consultation process as proposed, commencing Friday 15 February 2019 and concluding on Monday 11 March 2019.
4. Adopts the Statement of Proposal as attached, for public consultation.

**Kirton/Dick  
CARRIED**

**5. Confirmation of Public Excluded Minutes of the Regional Council Meeting Held on 30 January 2019**

**RC15/19 Resolutions**

That the Council excludes the public from this section of the meeting being Confirmation of Public Excluded Minutes Agenda Item 5 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
Port Development Project Executive Steering Committee Update	<p>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</p> <p>7(2)(j) 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 prevent the disclosure or use of official information for improper gain or improper advantage</p>	The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.

Napier Port Director  
Appointments

7(2)(a) 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 protect the privacy of natural persons

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

**Beaven/Wilson  
CARRIED**

**5. Confirmation of Minutes of the Regional Council Meeting held on 30 January 2019**

**RC16/19 Resolution**

Public Excluded Minutes of the Regional Council Meeting held on Wednesday, 30 January 2019, a copy having been circulated prior to the meeting, were taken as read and confirmed as a true and correct record.

**Beaven/Wilson  
CARRIED**

**Resolution**

RC17/19 That the meeting moves out of Public Excluded session.

**Bailey/Beaven  
CARRIED**

***The meeting went into public excluded session at 1.57pm and out of public excluded session at 1.58pm***

**Closure:**

There being no further business the Chairman declared the meeting closed at 1.58pm on Wednesday, 13 February 2019.

Signed as a true and correct record.

**DATE:** .....

**CHAIRMAN:** .....