



## Meeting of the Hawke's Bay Regional Council

**Date:** Wednesday 27 March 2019  
**Time:** 10.15am  
**Venue:** Council Chamber  
Hawke's Bay Regional Council  
159 Dalton Street  
NAPIER

### Agenda

| ITEM   | SUBJECT  | PAGE |
|--|--|------|
| 1.   | Welcome/Apologies/Notices  |      |
| 2.   | Conflict of Interest Declarations  |      |
| 3.   | Confirmation of Minutes of the Extraordinary Regional Council Meeting held on 20 March 2019              |      |
| 4.   | Follow-up Items from Previous Regional Council Meetings  | 3    |
| 5.   | Call for Minor Items of Business Not on the Agenda   | 11   |
| <b>Decision Items</b>                        |  |      |
| 6.   | Report and Recommendations from the Corporate and Strategic Committee                                    | 13   |
| 7.   | Freshwater Security Scheme   | 21   |
| 8.   | Affixing of Common Seal  | 35   |
| 9.   | Officers' Analysis of Submissions Received on the Establishment of a New Council Controlled Organisation | 37   |
| 10.  | Establishment of a Council Controlled Organisation to Facilitate a Potential Minority IPO of Napier Port | 43   |
| 11.  | Shareholder Protections - Napier Port Holdings Limited and Port of Napier Limited                        | 47   |
| 12.  | Amendment to HBRC's 2018-2028 Long Term Plan to Provide for the Napier Port Initial Public Offering      | 51   |
| <b>Information or Performance Monitoring</b> |  |      |
| 13.  | March 2019 Napier Port IPO Transaction Project Update  | 55   |
| 14.  | HB CDEM Group 2017-18 Annual Report  | 57   |
| 15.  | Significant HBRC Activities through April 2019   | 59   |
| 16.  | Discussion of Minor Items Not on the Agenda  | 67   |
| <b>Decision Items (Public Excluded)</b>      |  |      |
| 17.  | Nominations for Certificates of Appreciation   | 69   |
| 18.  | 2019-20 Annual Plan Communications Plan  | 71   |
| 19.  | Confirmation of Public Excluded Meeting held on 27 February 2019   | 73   |
| 20.  | <b>Late item to follow:</b> HBRIC Ltd Independent Director Remuneration                                  |      |



## HAWKE'S BAY REGIONAL COUNCIL

Wednesday 27 March 2019

### Subject: FOLLOW-UP ITEMS FROM PREVIOUS REGIONAL COUNCIL MEETINGS

Item 4

#### Reason for Report

1. On the list attached are items raised at Council Meetings that staff have followed up on. All items indicate who is responsible for follow up, and a brief status comment. Once the items have been report to Council they will be removed from the list.
2. Also attached is a list of LGOIMA requests that have been received since the last Council meeting.

#### Decision Making Process

3. Staff have assess the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision making provisions do not apply.

#### Recommendation

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

#### Authored by:

Leeanne Hooper  
PRINCIPAL ADVISOR GOVERNANCE

#### Approved by:

James Palmer  
CHIEF EXECUTIVE

#### Attachment/s

[1](#) Follow-ups for March 19 Council meeting



## Follow-ups from previous Regional Council Meetings

Meeting held 27 February 2019

|   | Agenda Item   | Action   | Responsible | Status Comment   |
|---|---|--|-------------|--|
| 1 | Draft Regional Public Transport Plan for Consultation | Provide further information relating to analysis/statistics on actual passengers on the bus, the number of regular users of bus services, and  | A Redgrave  | Reference 1 following  |
| 2 | Draft Regional Public Transport Plan for Consultation | Provide further info on type of solutions being investigated for CHB and Wairoa including consideration of services for EIT students travelling from CHB and a total mobility scheme in Wairoa | A Redgrave  | Reference 1 following  |
| 3 | Draft Regional Public Transport Plan for Consultation | Provide information on how the Total Mobility Scheme works, access criteria and the level of subsidy to be circulated  | A Redgrave  | Reference 1 following  |
| 4 | Draft Regional Public Transport Plan for Consultation | Forward RPTP to the Māori Committees of all the region's TAs to elicit submissions   | A Redgrave  | Noted and consultation lists have been updated.  |
| 5 | Napier Port IPO Transaction Project Update            | Provide detail of IPO governance structure to councillors  | J Ellerm    | Emailed flow chart to councillors 21 March.  |
| 6 | Significant HBRC Activities through March 2019        | Provide the area of Manuka planting at Whakaki   | J Hales     | Info still to come   |
| 7 | Significant HBRC Activities through March 2019        | Provide detail around the contracts let for Possum eradication and predator suppression at Mahia and Waikaremoana  | C Leckie    | Info still to come   |
| 8 | Significant HBRC Activities through March 2019        | Future Farming initiative – minutes of the last meeting to be circulated to councillors  | K Campbell  | Due to meetings in February and March a summary of progress so far will be presented to the Environment & Services Committee on 10 April 2019. |

## Reference follow-up 1

**Provide further information relating to analysis/statistics on actual passengers on the bus, the number of regular users of bus services.**

HBRC currently has no way of knowing how many individual people use the bus. Once the new ticketing scheme is in place, we will be able to track the number of registered bus card users and how many times the bus is used by each within a given period. However, cash tickets will still be available and not all cardholders will want to register their cards, so we still won't have complete information on this.

We currently issue between 1,500 and 2,000 new cards a year, which means there could in theory be up to 20,000 in circulation, although many will likely be lost, unused or destroyed. About 30% of passenger trips are paid in cash, not on a smartcard, and we have no way of knowing how many individual people these relate to.

The best estimate we could make at present is that in August 2018, we conducted a breakdown of data to ascertain how many weekday vs. weekend trips were made. There were 63,604 weekday trips made in August. If we assumed that all passengers made a return trip every weekday, which is highly unlikely, there would have been a minimum of around 1,400 individuals using the bus on weekdays in August. In reality, this figure would be significantly higher, as we know from survey information that most of our passengers do not use the bus every single day.

**Provide further info on type of solutions being investigated for CHB and Wairoa including consideration of services for EIT students travelling from CHB and a total mobility scheme in Wairoa**

The first stage of the investigation will be to conduct a needs analysis with the local community, agencies, businesses, education facilities and councils. This will shape the types of solutions that could be considered. The options may include any or all of the following, depending on the needs identified: scheduled bus services, community van services, on-demand services, Total Mobility, ridesharing applications etc.

**Provide information on how the Total Mobility Scheme works, access criteria and the level of subsidy to be circulated**

The Total Mobility scheme assists eligible people with long term impairments to access appropriate transport to meet their daily needs and enhance their community participation. This assistance is provided in the form of subsidised door to door transport services wherever scheme transport providers operate. A 50% discount is provided on fares, up to a specified maximum, which differs between regions.

In Hawke's Bay, Total Mobility currently operates in Napier, Hastings and Central Hawke's Bay. There are 14 transport operators currently providing Total Mobility services for HBRC, with most of these having multiple vehicles.

Total Mobility users are assessed by disability agencies to determine their ability to use public transport. The national eligibility criteria are:

*An eligible person must have an impairment that prevents them from undertaking any one or more of the following five components of a journey unaccompanied, on a bus, train or ferry in a safe and dignified manner:*

- *Getting to the place from where the transport departs*
- *Getting onto the transport*
- *Riding securely*
- *Getting off the transport*
- *Getting to the destination*

The current maximum qualifying subsidy is \$15 up to \$30 per trip. \$15 is the maximum discount, even if the fare is higher than \$30. There is a special subsidy of 50% of a fare up to \$50 for the following trips.

- From CHB and Napier to HB Hospital
- From Hastings and Havelock North to Napier Health Centre
- From Hastings to HB Airport and approved trips to EIT and various day programmes and rehabilitation centres

In 2017-18, there were 96,770 trips taken using Total Mobility in Hawke's Bay. The number of people on the scheme fluctuates but as at June 2018 there were 3,598 registered users of the scheme.

## LGOIMA Requests Received between 22 February and 21 March 2019

| Request Date | Request ID | Request Status  | Request Summary   | Requested By                   |
|--------------|------------|-----------------|---|--------------------------------|
| 13/03/2019   | OIR-19-018 | Active          | Details of the sources of funding sought before the decision was made to sell up to 49% of shares in the Port of Napier   | Phil Norman                    |
| 13/03/2019   | OIR-19-017 | Active          | Copies of the FEMPs for the 48 surface water consent holders in CHB potentially affected by PC6 minimum flows   | Tom Kay, Forest and Bird       |
| 12/03/2019   | OIR-19-016 | Active          | A list of all Resource Consents held by DOC   | Michael Sparrow, DOC           |
| 6/03/2019    | OIR-19-015 | Completed       | 1. info re set up of the group of primary sector rep to review the Tukituki Procedural guidelines (RRMP Policy TT4.1(h) & Rule TT1(j) footnote), incl how members were selected & technical backgrounds<br>2. any legal advice on the suitability of the proposed "procedural guidelines template"  | Peter Wilson, HB Fish and Game |
|              |            | <b>Response</b> | <p>Malcolm Miller emailed following response 11 March 2019</p> <p>The Procedural Guidelines are in a draft form. There has been no specific collaboration with the primary sector in its preparation to this stage. HBRC staff have met with representatives of Dairy NZ, Fonterra, Ravensdown and Farm Advisors to discuss aspects of Plan Change 6. They have on occasions pressed to know when we can advise them on how consents will be processed.</p> <p>The draft has been prepared in anticipation of meeting with the primary sector representatives. We are yet to arrange a meeting. We have not determined who would attend.</p> <p>HBRC has not sought any legal opinion on this matter.</p> |                                |
| 5/03/2019    | OIR-19-014 | Completed       | Resource consents for chicken farming operations of any kind from 1 July 2018 to 5 March 2019   | Roz Holland, SAFE              |
|              |            | <b>Response</b> | <p>Malcolm Miller emailed the following response 8 March 2019</p> <p>We have had no applications for chicken farming operations of any kind from 1 June 2018 to 5 March 2019. Nor any applications for extensions or rebuilding or replacement of chicken farming operations.</p>   |                                |

Attachment 1

Item 4

| Request Date | Request ID | Request Status | Request Summary   | Requested By                                |
|--------------|------------|----------------|---|---|
| 4/03/2019    | OIR-19-013 | Completed      | breakdown of the total cost of the 2018 Christmas party and/or festive celebrations incl travel, accommodation, catering, alcohol, decorations, gifts & venue hire  | Mitchell Alexander, Newshub                 |
|              |            |                | <b>Response</b> Melissa des Landes emailed the following response 8 March 2019<br>Good afternoon Mitchell,<br>In response to your LGOIMA request dated 4 March 2019, I can confirm Council spent \$6,489.81 on its 2018 Christmas Function.<br>A detailed breakdown as requested is also attached.              |   |
| 4/03/2019    | OIR-19-012 | Active         | From 2011-present<br>1. total number of dairy farms<br>2. compliance monitoring program incl frequency of checks & type of monitoring<br>3. results of compliance monitoring incl nature any breaches & follow up action taken<br>4. copy of notification decision process                                      | Shiou-Shin (Louise) Lin                     |
| 28/02/2019   | OIR-19-011 | Completed      | List (spreadsheet) of all operative fill sites taking:<br>1. Municipal Class one waste<br>2. Managed fill<br>3. Clean fill<br>4. Monofills/industrial landfills<br>including:<br>1. Site address/contacts<br>2. Consent numbers<br>3. Contact details of site (if possible)<br>4. Consent description           | Nigel Donovan, Ministry for the Environment |
|              |            |                | <b>Response</b> Malcolm Miller emailed the following response 19 March 2019<br>Nigel, attached please find a list of consents issued for landfills within the region. If you wish to see the specific resource consent documents you are able to view these by searching for them on line via our Consents Map. |   |



| Request Date | Request ID | Request Status  | Request Summary  | Requested By                          |
|--------------|------------|-----------------|--|---------------------------------------|
| 25/02/2019   | OIR-19-010 | Completed       | -for period 2016-2018<br>Details of quarrying consents received, approved and/or declined incl period of consent, geological type of aggregate (if known), volumes of aggregate & number of allowable truck movements + consent conditions   | Chris Webster, University of Auckland |
|              |            | <b>Response</b> | <p>Malcolm Miller emailed the following response 19 March 2019</p> <p>Chris you have asked about quarrying. Generally we don't issue consents for quarrying on land that is out of a river bed unless the activity has components (such as stormwater discharge) that require consent. In these cases we wouldn't have information on the volumes of rock that is being removed. The TLAs may require resource consents for quarrying in these locations and hold this information.</p> <p>HBRC do consent the gravel/shingle extraction activities occurring from our rivers and along the coast. We have stopped issuing consents to take gravel from the coast quite recently but there has been extraction occurring within the period that you are requesting information for.</p> <p>I am attaching copies of data held re gravel extraction consents issued by the HBRC. This is for gravel extraction from the rivers and coast of Hawke's Bay. Also attached are copies of the consent documents including conditions intended to mitigate environmental effects.</p> |                                       |
| 22/02/2019   | OIR-19-009 | Active          | <p>Names of current Councillors that have connections, incl but not limited to Shares or paid employment (+ details of that connection) to:</p> <ol style="list-style-type: none"> <li>1. Ravensdown Ltd or Ballance Agri-Nutrients Ltd</li> <li>2. Fonterra or any other dairy companies</li> <li>3. Businesses that primarily service the farming industry</li> <li>4. names of current Councillors that own or operate farms ("farms" being any land used to grow any kind of crops, pasture, animals or orchards) + details of the farming business</li> <li>5. Copy of the current councillors' Interests Register</li> </ol>   | Greenpeace                            |



# HAWKE'S BAY REGIONAL COUNCIL

Wednesday 27 March 2019

**Subject: CALL FOR MINOR ITEMS OF BUSINESS NOT ON THE AGENDA**

**Item 5**

## Reason for Report

1. Hawke's Bay Regional Council standing order 9.13 allows:
  - 1.1. "A meeting may discuss an item that is not on the agenda only if it is a minor matter relating to the general business of the meeting and the Chairperson explains at the beginning of the public part of the meeting that the item will be discussed. However, the meeting may not make a resolution, decision or recommendation about the item, except to refer it to a subsequent meeting for further discussion."

## Recommendations

2. That Council accepts the following "Minor Items of Business Not on the Agenda" for discussion as Item 16:

| Item | Topic | Raised by |
|------|-------|-----------|
| 1.   |       |           |
| 2.   |       |           |
| 3.   |       |           |

**Leeanne Hooper**  
**PRINCIPAL ADVISOR GOVERNANCE**

**James Palmer**  
**CHIEF EXECUTIVE**



# HAWKE'S BAY REGIONAL COUNCIL

Wednesday 27 March 2019

## Subject: REPORT AND RECOMMENDATIONS FROM THE CORPORATE AND STRATEGIC COMMITTEE

Item 6

### Reason for Report

1. The following matters were considered by the Corporate and Strategic Committee meeting on 6 March 2019 and the recommendations agreed are now presented for Council's consideration.

### Reports Received

2. **Report and Recommendations from the Finance Audit and Risk Sub-committee** – provided the Committee with an overview of the matters considered at the meeting held on 12 February, and the opportunity to discuss the recommendations from the sub-committee.
3. **2019 Local Governance Statement Update** – this item, which was taken as read, sought agreement to an updated Local Governance Statement (LGS) for recommendation to Council for adoption and publication to the HBRC website. In response to a query to clarify the information about the establishment of Māori constituencies for the region, the related statement in the LGS has been updated to read:
  - 3.1. *“At an Extraordinary meeting on 15 November 2017, Hawke's Bay Regional Council resolved to **not** establish Māori constituencies in the Hawke's Bay region for the 2019 and 2022 elections, and publicly notified the electors' rights to demand a poll on this issue. This issue can be re-examined by Council at any time, either as part of the 2023 Representation Review or earlier if it so chooses.”*
4. **Financial Delegations** – this item provided the Corporate and Strategic Committee with the opportunity to discuss the current and proposed financial delegations for the Chief Executive (CE) and Group Managers and sought feedback for recommendation to Council for decision. Feedback provided at the meeting has been incorporated into the recommendations and is summarised following.
  - 4.1. Amounts delegated each to be clearly stated as per annum or per transaction
  - 4.2. Delegations for spending from Contingency funds to be removed
  - 4.3. Request for Staff to develop a reporting framework to inform Council of significant transactions, contracts and financial commitments, which will be presented to the next Corporate and Strategic Committee meeting.
5. **HB Tourism Update** – the Chairman, George Hickton, and General Manager, Annie Dundas provided the Committee with an update on the Hawke's Bay Tourism funding review, including what's happening nationally, and on some key visitor statistics for the region.
6. **Matters Arising from Audit NZ 2018-28 Long Term Plan Audits** – provided the opportunity for the Committee to consider and discuss the Auditor General's report *“Matters arising from our audits of the 2018-28 long-term plans”*, produced by Audit NZ after considering the Audits carried out on all the LTP's across the local government sector, along with staff's 2018-2018 Long Term Plan project review.
7. **Organisational Performance Update for the Period 1 July 2018 to 31 January 2019** – this item presented the first Organisational Performance Report to the Committee, a summary of organisational performance for the first seven months of the financial year. Overall comments from the Committee were that the report is a positive step forward for Council and feedback including:

- 7.1. General consensus to have the detailed Organisational Performance update report on a quarterly basis with more focus on any underperforming areas and those areas where performance is significantly exceeding planned targets
- 7.2. The Committee would like the opportunity to have a questions forum to post queries about the report ahead of the Corporate and Strategic Committee meeting
- 7.3. Include a breakdown of the Regulation activities including any significant enforcement actions, major application processes in the pipeline and categorised Pollution hotline calls
- 7.4. A request to include performance indicators for tangata whenua engagement and capacity building
- 7.5. Brief summary of progress against LTP metrics to be included in the monthly Significant Activities report to Council, and make this more forward-looking
- 7.6. Future quarterly reports to C&S to include more detail on:
  - 7.6.1. Strategic Planning Group activities
  - 7.6.2. Marketing and Communications (Marcoms)
  - 7.6.3. Roadsafes
  - 7.6.4. Works Group
  - 7.6.5. Council's progress toward becoming carbon neutral.
8. The feedback provided will be incorporated into future reports, including:
  - 8.1. Future focussed Significant Activities report including summary performance against key metrics to Council each month
  - 8.2. Quarterly detailed Organisational Performance report to the Corporate and Strategic quarterly meetings.
9. **Health and Safety Work Programme** – this item presented an update on the activities under way in response to the Health and Safety internal audit, including:
  - 9.1. A draft Health and Safety Governance Charter for councillors to consider and recommend to Council for adoption (attached as amended from feedback received at the meeting)
  - 9.2. Presentation of the draft Strategic Plan and draft Implementation Plan for councillors' information.

### Decision Making Process

10. These items were specifically considered by the Committee.

### Recommendations

The Corporate and Strategic 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 these matters without conferring directly with the community and persons likely to be affected by or to have an interest in the decisions.

### 2019 Local Governance Statement Update

2. Accepts the "2019 Local Governance Statement" for publication to the Hawke's Bay Regional Council website.

### Financial Delegations

3. Adopts the Staff Financial Delegations following, as amended to incorporate the feedback received at the 6 March 2019 Corporate and Strategic Committee meeting.

| <b>Financial Delegations – where provision is made in the LTP / Annual Plan (Operating &amp; Capital)</b> |   |
|---|---|
| CE  | Authority to implement the LTP / Annual Plan as approved by Council                           |
| Group Manager – Office of the Chair and Chief Executive   | Up to \$200,000 for any one commitment  |
| All Other Group Managers  | Up to \$150,000 for any one commitment  |
| Emergency Management – Group and Local Controllers  | Up to \$100,000 for any one commitment  |
| All Other Staff   | Delegations provided by their Group Manager up to a level of \$100,000 for any one commitment |

| <b>Financial Delegations – where no provision is made in the LTP / Annual Plan</b>   |  |
|--|--|
| <b>Operating Expenditure</b>   |  |
| Any material operating expenditure that is outside the provisions of the LTP / Annual Plan should be raised with Council as soon as practical to obtain their agreement to proceed with the expenditure and to confirm how this will be funded. If it is agreed to fund through reductions in other budgets this will be reported on to Council through the quarterly operations report. Other options may include loan borrowing or letting the cost hit the bottom line. |  |
| The Regional Council contingency budget will only be used once confirmed by the Council. This will usually occur in the 9 month reforecast exercise each year  |  |

| <b>Capital Expenditure</b> |   |
|----------------------------|---|
| CE                         | Up to \$50,000 for any one commitment if funded via the asset replacement reserve.    |
| Group Managers             | Up to \$20,000 for any one commitment if funded via the asset replacement reserve.    |
| Council                    | Any capital expenditure outside of these delegations must go to Council for approval. |

### Health and Safety Work Programme

4. Adopts the proposed Health and Safety Governance Charter including agreed amendments.

### Reports Received

5. Notes that the following reports were provided to the Corporate and Strategic Committee
  - 5.1. Report and Recommendations from the Finance Audit and Risk Sub-committee
  - 5.2. HB Tourism Update
  - 5.3. Matters Arising from Audit NZ 2018-28 Long Term Plan Audits
  - 5.4. Organisational Performance Update for the Period 1 July 2018 to 31 January 2019
  - 5.5. Health and Safety Work Programme.

### Authored by:

**Manton Collings**  
CHIEF FINANCIAL OFFICER

**Viv Moule**  
HUMAN RESOURCES MANAGER

**Leeanne Hooper**  
PRINCIPAL ADVISOR GOVERNANCE

**Peter Wallwork**  
PRINCIPAL ADVISOR -  
ORGANISATIONAL PERFORMANCE

## Item 6

Approved by:

Jessica Ellerm  
GROUP MANAGER CORPORATE  
SERVICES

Joanne Lawrence  
GROUP MANAGER OFFICE OF THE  
CHIEF EXECUTIVE AND CHAIR

### Attachment/s

- [↓1](#) Council Policy - Financial Delegations
- [↓2](#) Health and Safety Governance Charter





## Council Policy

|   |                       |                                   |            |
|---|-----------------------|-----------------------------------|------------|
| <b>TITLE:</b>                                   | Financial Delegations |                                   |            |
| <b>POLICY FIRST INTRODUCED:</b>                 |                       | <b>DATE POLICY LAST REVIEWED:</b> | May 2009   |
| <b>PERSON RESPONSIBLE FOR REVIEWING POLICY:</b> | CFO                   | <b>NEXT REVIEW DUE:</b>           | March 2022 |

### Rationale

This policy has been developed for Council to approve the level of financial delegations that given to Council staff.

### Policy

| Financial Delegations – where provision is made in the LTP / Annual Plan (Operating & Capital) |   |
|--|---|
| CE   | Authority to implement the LTP / Annual Plan as approved by Council                           |
| Group Manager – Office of the Chair and Chief Executive  | Up to \$200,000 for any one commitment  |
| All Other Group Managers   | Up to \$150,000 for any one commitment  |
| Emergency Management – Group and Local Controllers   | Up to \$100,000 for any one commitment  |
| All Other Staff  | Delegations provided by their Group Manager up to a level of \$100,000 for any one commitment |

### Financial Delegations – where no provision is made in the LTP / Annual Plan

#### Operating Expenditure

Any material operating expenditure that is outside the provisions of the LTP / Annual Plan should be raised with Council as soon as practical to obtain their agreement to proceed with the expenditure and to confirm how this will be funded. If it is agreed to fund through reductions in other budgets this will be reported on to Council through the quarterly operations report. Other options may include loan borrowing or letting the cost hit the bottom line.

The Regional Council contingency budget will only be used once confirmed by the Council. This will usually occur in the 9 month reforecast exercise each year

| Capital Expenditure |   |
|---------------------|---|
| CE                  | Up to \$50,000 for any one commitment if funded via the asset replacement reserve.    |
| Group Managers      | Up to \$20,000 for any one commitment if funded via the asset replacement reserve.    |
| Council             | Any capital expenditure outside of these delegations must go to Council for approval. |

## HEALTH AND SAFETY GOVERNANCE CHARTER

### 1. Purpose

The Health and Safety Governance Charter outlines governance responsibilities and provides a high level overview of health and safety leadership at Hawkes Bay Regional Council (Council).

This Governance Charter is Council's highest level statement regarding health and safety and is supported by a Health and Safety Implementation Plan.

The Councillors (the Council) has a priority responsibility as governors, which requires leadership and oversight on all matters relating to health and safety. The Council will ensure that it complies with its health and safety duties and will constantly require a continuous improvement approach.

### 2. Commitment Statement

Council will establish and maintain an effective governance framework in accordance with the Health and Safety at Work Act (HSWA) 2015, other relevant legislative requirements, and established principles to ensure a thorough oversight of health and safety across the full scope of Council's activities.

This framework will be implemented and regularly reviewed to ensure that Council is continuously acting in accordance with best practice for the governance of health and safety, and in order to manage Council's health and safety risks.

### 3. Vision

Our vision for Hawkes Bay Regional Council is, to ensure that everyone feels safe in the work environment, goes home safe every day and, to be a business where others aspire to reach our standards.

### 4. Scope

The requirements of Council's Health and Safety Governance Charter apply to all Council controlled activities. This includes all Council workplaces and workers (employees, contractors or volunteers) where Council acts as principal to the contract or has significant influence or control over the workers in the workplace.

### 5. Responsibilities

As officers under the Health and Safety at Work Act 2015 (HSWA), Councillors are required to exercise due diligence, and in doing so take all reasonably practicable steps to manage health and safety risk. Councilors are responsible for:

- A personal commitment to attaining a thorough understanding of the day to day risks faced by employees and contractors doing work for and on behalf of the Council
- Ensuring health and safety is integrated into business strategies, processes and included in performance measures
- Ensuring that the Council has processes that aim to exceed its health and safety duties under relevant legislation and regulations.

- Ensuring that the council leadership manage health and safety risks through the implementation and review of effective risk identification and management strategies
- Ensuring continuous improvement of health and safety practices within Council by establishing measurable and reporting on, appropriate health and safety lead and lag indicators
- Reviewing any serious incidents in consideration of the adequacy of the management response and provision of any support required
- Attending to other health and safety matters that the Council considers prudent from time to time

#### 6. Monitor and Review

- Council will receive quarterly health and safety reports regarding progress against the health and safety implementation plan, including lead and lag indicators.
- The Council will review the objectives and responsibilities set out in this charter regularly to ensure it adequately sets out the Council's governance role.

#### 7. Key Health and Safety Documents

- Progressive Implementation Plan 2019 (Based on Crowe Horwath report dated September 2018)
- Health and Safety Strategic Plan 2019/2021
- Health and Safety Policy
- Health and Safety Manual
- Codes of Practice

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HBRC Chair ***Rex Graham***

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HBRC Finance, Audit & Risk Sub-committee Chair ***Neil Kirton***

Date: \_\_\_\_\_

*Next review January 2020*

# HAWKE'S BAY REGIONAL COUNCIL

Wednesday 27 March 2019

Item 7

## Subject: FRESHWATER SECURITY SCHEME

### Reason for Report

1. A draft Freshwater Security Scheme (the Scheme) policy was considered by Council at a workshop on 30 January 2019. A revised version is now presented for Council's consideration and adoption.

### Background

2. Hawke's Bay is a region that is and wants to continue growing. Much of the region's prosperity can be afforded to our favourable climate, high-quality land, innovative and resilient communities and, in particular, an abundant access to freshwater. The Long Term Plan 2018-2028 sets aside \$5 million for technical investigation and feasibility studies of water augmentation to ensure continued investment confidence in the context of Hawke's Bay's freshwater security challenges:
  - 2.1. There is pressure on existing water resources, particularly during summer low flow periods, and demand for irrigation and urban water is expected to continue increasing. Demand estimates made in 2012 are likely to underestimate actual growth and more recent forecasts.
  - 2.2. Climate change is expected to alter the way we interact with and utilise our surface and ground water resources. Alongside sea-level and temperature rises, climate change is expected to change the amount, distribution, frequency and timing of rainfall for Hawkes Bay. There is considerable uncertainty in models available regarding the extent of these changes.
  - 2.3. Allocation and access to freshwater needs to be community mandated, providing for community wellbeing, particularly for our Maori communities.
3. The attached Scheme policy provides administrative guidance for the LTP funding.

### Scheme overview

4. Two parallel work streams advance a multi-layered approach which looks strategically into the future as well as responding to urgent needs of our communities:
  - 4.1. Regional Freshwater Assessment (Freshwater Assessment), \$500,000 – A region-wide, long-term view of where and how to future-proof security and reliability of the region's freshwater. It will consider and recommend potential water management solutions, particularly water efficiency and conservation options, for further investigation. This assessment will not be a prerequisite for all projects under the second stream.
  - 4.2. Ready Reaction Fund (RRF), \$4.5 million – Builds upon knowledge and feedback arising from the TANK and Tukituki plan change development processes to further develop solutions and feasibility studies for specific projects. Following completion of the Freshwater Assessment, those recommended projects will be further developed. The first two projects for further development are:
    - 4.2.3 Heretaunga Flow Enhancement Project
    - 4.2.4 Tukituki Water Security Project.
5. The Scheme takes a principled approach that does not compromise environmental standards, enables vibrant and resilient communities, supports the cultural, spiritual and recreational values of our waterbodies, and enables economic productivity.

### Council workshop feedback

6. A draft of the Scheme policy was considered at a Council workshop on 30 January 2019. According to Councillor feedback, the policy has been revised to:

- 6.1. better emphasise conservation and efficiency measures as key strategic activities in achieving regional water security, particularly through the Freshwater Assessment
- 6.2. clarify that enabling high value land use does not necessarily equate to grandfathering current land use. Rather, it enables opportunities to develop new and innovative high value land uses
- 6.3. clarify clauses relating to conflicts of interest and governance to align with the Council's Code of Conduct and staff policies, and wider water security work programme.

### Financial and reporting overview

7. Funding has been allocated evenly over three years as per the table below, however, the multi-year appropriation may be adjusted between years and extended out according to uptake.

| 2018-19     | 2019-20     | 2020-21     |
|-------------|-------------|-------------|
| \$1,666,000 | \$1,666,000 | \$1,666,000 |

8. Each project will have appropriate governance structures with reporting through the Environmental and Services Committee.

### Strategic Fit

9. The purpose and objectives of the Scheme are consistent with the Council's strategic priorities for water quality, safety and certainty. In particular the Scheme contributes to the Council's commitment to understand water demand and use, investigate alternative sources, ensure efficient use of water and work with stakeholders to design viable solutions.
10. Indications from central government environmental policy agendas and programmes suggest that water reliability is a key area of focus to support regional prosperity. Early indications are that the Provincial Growth Fund (PGF) is developing funding criteria that support both strategic regional assessments of water storage, use and management needs as well as the technical investigation of specific small-scale community projects.
11. The Scheme contributes to wider Council freshwater security objectives by providing an evidence-based platform for community engagement, solutions development and prioritisation and enabling leverage of opportunities such as co-funding with other territorial authorities and the PGF.

### Considerations of Tangata Whenua

12. Criteria of the Scheme will require any initiatives investigated through the fund to maintain or enhance community values, remedy or offset negative effects to tikanga Māori, and enable economic opportunities for tangata whenua including allocation for Māori development, including opportunities for under-utilised Māori land.
13. As part of the Freshwater Assessment, the Regional Council will work with communities, including Tangata Whenua to identify and prioritise strategic actions and initiatives to ensure security of supply through conservation, efficiency, storage and innovation.

### Financial and Resource Implications

14. Funding is accounted for in the Long Term Plan 2018-2028. The Scheme has also been developed to enable leverage additional and matched funding opportunities such as the Provincial Growth Fund.

### Decision Making Process

15. Council is required to make every decision in accordance with the requirements of the Local Government Act 2002 (the Act). Staff have assessed the requirements in relation to this item and have concluded:

- 15.1. The decision does not significantly alter the service provision or affect a strategic asset.
- 15.2. The use of the special consultative procedure is not prescribed by legislation.
- 15.3. The decision does not fall within the definition of Council's policy on significance.
- 15.4. The persons affected by this decision are all users of water for cultural, community and economic purposes, particularly in the Heretaunga and Ruataniwha Plains.
- 15.5. The decision is not inconsistent with an existing policy or plan.

### Recommendations

That Hawke's Bay Regional Council:

1. Receives and notes the **"Freshwater Security Scheme"** 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 matter without conferring directly with the community and persons likely to be affected by or to have an interest in the decision.
3. Adopts the Freshwater Security Scheme as proposed.

### Authored by:

Ellen Humphries  
POLICY PLANNER

### Approved by:

Tom Skerman  
GROUP MANAGER STRATEGIC  
PLANNING

### Attachment/s

[!\[\]\(d0262bbe9d2356661a2e89321dfcc781\_img.jpg\) 1](#) Freshwater Security Scheme







Item 7

**Hawke's Bay Regional Council**  
**Freshwater Security Scheme**

Attachment 1

[DRAFT 2] Freshwater Security Scheme.docx policy

1

## Document Control

### Purpose of this document:

The Freshwater Security Scheme Policy outlines how specified Long Term Plan funding will be allocated and administered by the Hawke's Bay Regional Council (the Council).

### Intended Audience:

This Policy is intended for internal use by Council staff administering the Scheme.

### Controlled Document:

The Policy is a controlled document and will be stored on the Council's HerBiGO system.

The Policy will remain current until 2021 and will be reviewed annually. Any changes to the Policy shall be reflected in accompanying implementation guidance for public use.

Any revision must be approved by the Document Owner, Group Manager Strategic Planning.

### Document Information

|                | Position                                       |
|----------------|--|
| Document Owner | Tom Skerman – Group Manager Strategic Planning |
| Issue Date     |  |
| File Name      | Freshwater Security Scheme v1                  |

### Document History

| Version | Issue Date | Changes                           |
|---------|------------|-----------------------------------|
| 0.1     | <date>     | Policy approved by Document Owner |
|         |            |                                   |

### Document Review

| Name            | Role           | Review Status |
|-----------------|----------------|---------------|
| Ellen Humphries | Policy Planner | In progress   |
|                 |                |               |

### Document Sign-off

| Name        | Role                               | Sign-off date |
|-------------|------------------------------------|---------------|
| Tom Skerman | Group Manager – Strategic Planning |               |

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## 1 Introduction

The Hawke's Bay Regional Council (the Council) has committed \$5 million over the next three years to support water augmentation investigation and feasibility projects.

This policy sets out the decision making process that will be used to allocate this funding, the Freshwater Security Scheme (the Scheme), including criteria that will be used to assess proposals.

### 1.1 Background

The Scheme responds to the following challenges:

1. Pressure on existing water resources, particularly during summer low flow periods, and demand for irrigation and urban water, which is expected to continue increasing. Demand estimates made in 2012 are likely to underestimate actual growth and more recent forecasts.
2. Climate change is expected to alter the way we interact with and utilise our surface and ground water resources. Alongside sea-level and temperature rises, climate change is expected to change the amount, distribution, frequency and timing of rainfall for Hawkes Bay. There is considerable uncertainty in models available regarding the extent of these changes.
3. Allocation and access to freshwater needs to be community mandated, providing for community wellbeing, including for our Maori communities.

Looking forward, the cumulative effects of increasing urban and rural water demands and a changing climate are likely to reduce water quantity and reliability of supply if no changes are made to current practices. These factors impact water quality and instream values, economic and investment decisions, equitable allocation and access to water, and consequentially, community wellbeing.

### 1.2 Statutory Context

The Scheme is consistent with the purpose and core services of local government under sections 10(1)(b) and 11A of the Local Government Act 2002, to meet the current and future needs of communities for good quality infrastructure and local public services in a way that is most cost-effective for households and businesses and avoid or mitigate natural hazards.

The Scheme supports the Council's functions under the Resource Management Act 1991 (RMA) to promote the sustainable management of natural and physical resources (Section 5 RMA). It assists in giving effect to the National Policy Statement for Freshwater Management and the Regional Resource Management Plan (the Regional Plan).

### 1.3 Strategic alignment

The Scheme aligns with central government's direction for solutions that provide multiple benefits across the wider community, and initiatives such as the Provincial Growth Fund.

The Scheme directly delivers on two of the four focus areas in Council's *Strategic Plan 2017-2021*:

1. Water quality, safety and certainty
2. Sustainable services and infrastructure

It contributes to the other two focus areas: 'smart, sustainable land use' and 'healthy and functioning biodiversity', and supports the Council's *Land and Water Management Strategy 2011*.

## 2 Freshwater Security Scheme

### 2.1 Purpose

The Scheme's purpose is to assist rural and urban communities within the Hawke's Bay region to continue growing and flourishing in the face of challenges and uncertainties arising from climate change and cumulative impacts of resource use limits. The Scheme aims to improve, or at the very least, maintain the security and reliability of access to water, for now and into the future.

Through experience and engagement, the Regional Council understands the region is demanding an integrated and holistic set of freshwater solutions. The Scheme is part of a multi-layered approach to identifying and supporting the development of water management solutions that maximise the benefits of water available for users today, without compromising current and future ecosystem health or the ability of people to meet their needs in the future. Two concurrent work streams will set an evidence-based platform for community engagement and investigate opportunities for water security and reliability through conservation, efficiency or storage.

The Scheme reflects Plan Change 9 policies 54, 56, 57 and 58 which relate to further investigation of present and future regional supply and demand, allocation of high flow water for Māori development and investigation of freshwater reliability solutions.

Consequently, the Scheme will help balance the competing needs and opportunities of all water users and not exacerbate or perpetuate the perceived inequities created by the Resource Management Act's "first come, first served" framework.

### 2.2 Scope

The Long Term Plan 2018-2028 (LTP) makes available \$5 million over the next three years for water augmentation.

There are two parallel work streams:

1. Regional Freshwater Assessment (Freshwater Assessment) - to identify the region's long-term freshwater priorities and potential water management solutions, particularly water efficiency and conservation options, which will serve communities' needs for decades to come. This assessment will not be a prerequisite for all projects under the second stream.
2. Ready Reaction Fund (RRF) - to further develop solutions and feasibility studies for which pre-feasibility work has been completed and those solutions identified through the Freshwater Assessment.

### 2.3 Scheme Criteria

Water management solutions under the Scheme must demonstrate how they:

1. Achieve the Objective(s) of the Freshwater Assessment or RRF;
2. Are consistent with the Key Principles; and, in particular
3. Achieve multi-value benefits.

### 2.4 Key Principles

The following principles underpin the policy and both funding streams:

**Integrated:** Integrated within the wider physical, regulatory and strategic context, and complementary to other proposals and Council projects.

**Information:** Based on robust and defensible information, applying scientific tools, modelling and community feedback.

**Collaboration:** Communities and local authorities work together to identify suitable tools and options for water management.

**Multi-value benefits:** Projects cannot be developed in isolation, they must deliver benefits for the environment, catchment, and the community that outweigh the costs. The benefits listed below are not a tick list each project must deliver, rather it ensures project development addresses freshwater and community context, opportunities for delivering multiple benefits and the potential for perverse outcomes.

**Environmental sustainability**

- Remedies or offsets stream depletion effects of surface and/or groundwater takes;
- Enables freshwater quality objectives to be met, including more stringent requirements arising from changes to the Regional Plan;
- Enhances, or at the very least maintains, the health of freshwater ecosystems.

**Climate change and extremes**

- Improves resilience to predicted climate change and extreme weather events.

**Community wellbeing**

- Maintains or enhances community values (e.g. health, recreation and amenity values);
- Remedies or offsets negative effects on tikanga Māori;
- Integrated with the functioning of community water systems (supply, waste, storm);
- Enables community-mandated projects;
- Imposes costs equitably.

**Economic wellbeing**

- Enables economic opportunities for tangata whenua, including allocation for Māori development;
- Enables higher value land uses that do not risk environmental degradation<sup>1</sup>;
- Enables confidence in investment decisions through great surety around freshwater security and reliability.

**Strategic development**

- Achieves leverage with other funding sources;
- Is fit-for-purpose within the New Zealand resource management framework;
- Introduces innovative approaches or new technologies to water management.

### 3 Regional Freshwater Assessment

The Council will undertake a strategic assessment of the region's freshwater, updating and building upon previous work, to consider where and how to future-proof the reliability of our freshwater resources, particularly through efficiency and conservation measures.

#### 3.1 Freshwater Assessment Funding Objectives

1. Update our analysis of regional freshwater availability and supply, with special regard for growth opportunities in and around Wairoa, based on:
  - i. Revised estimates for urban and primary industry growth

<sup>1</sup> Note that enabling higher value land use does not require "grandfathering" of existing productive land uses.



- ii. Improved understanding of freshwater resources and climate change impacts
  - iii. Community expectations for freshwater allocation
  - iv. Environmental bottom lines set in the Regional Resource Management Plan (the Regional Plan)
- 2. Identify priority catchments where it is critical to implement better water management solutions for a sustainable future
- 3. Investigate new and emerging options to improve water security and reliability:
  - i. Conservation and efficiency – identify and assess options available to all users, including industrial and domestic as well as irrigation for farming and growing, so we can use our water better
  - ii. Water storage – consider opportunities to improve reliability of water supply including integration opportunities for Managed Aquifer Recharge and improving our understanding of resource limitations
  - iii. Distribution and offsetting – explore new methods of balancing the wider communities freshwater needs.
- 4. Work with Tangata Whenua to understand Māori context, priorities, emerging issues and support opportunities for investment and growth
- 5. Identify and prioritise with communities the strategic actions and initiatives required to ensure security of supply, through conservation, efficiency, storage and innovation.

### 3.2 Approach

The Council will lead this assessment, working with territorial authorities to achieve common goals and minimise duplication. The Freshwater Assessment will culminate in a written report including recommended priority projects for further investigation and investment.

The updated region-wide supply and demand analysis will underpin the identification of priority catchments where it is more critical to develop sustainable water solutions, drawing from information already held by the Council. It will incorporate relevant information from the TANK and Tukituki plan development processes and provide an evidence-based platform for further engagement.

The main emphasis of the Freshwater Assessment is to identify options for these priority catchments. Option investigation will include research into international best practice and must consider the New Zealand resource management framework, including the Resource Management Act, National Policy Statement for Freshwater Management and regional water quality assessments.

A range of stakeholders from across business sectors, community, Iwi and local government will be invited to collaborate in further developing and prioritising options<sup>2</sup>. Community information sessions will be held to raise awareness and check progress against a wider audience.

Regional representative governance, including the Regional Council, Territorial Authorities and iwi, will oversee technical advisory groups and the community engagement process.

<sup>2</sup> The process for community engagement at this stage will be further developed closer to the time in order to respond appropriately to governance structures or collaborative approaches taken with the Territorial Authorities.

### 3.3 Timeframe and quantum of funds

The Freshwater Assessment has been allocated \$500,000 from the total budget of \$5 million. Work will commence in the second half of FY2018/19 and is anticipated to take 12 to 18 months.

## 4 Ready Reaction Fund (RRF)

The RRF is to enable targeted investment for further investigation into and support for specific initiatives. It is intended for use where the Council has recently completed issues and objectives assessments with the community, such as the Tukituki and TANK catchments, and for priority projects recommended from the Freshwater Assessment.

### 4.1 Ready Reaction Funding Objectives

The objectives of the RRF are to:

1. Further investigate and develop candidate projects to identified through Tukituki and TANK plan development and the Freshwater Assessment
2. Develop feasibility studies
3. Provide ongoing technical input and commercial viability support to:
  - a. develop a viable commercial model
  - b. access alternate funding for pilot trials and implementation.

### 4.2 Approach

The RRF work stream will occur concurrently with the Freshwater Assessment, starting with two candidate projects identified through Tukituki and TANK plan development and implementation programme work:

- Heretaunga Flow Enhancement Scheme
- Tukituki Water Security Project.

The Council will work with local authorities, tangata whenua, land and water users and the wider community to review, inform and further develop these projects. Once a proposal has been further developed, the Council will lead the early stages of feasibility investigation. The Council will have continued involvement in the projects by providing technical support, guidance and advice. Council involvement may be quite extensive depending on the nature of the project.

### 4.3 Timeframe and quantum of funds

The RRF will be available from the second half of FY2018/19. \$4.5 million from the total budget of \$5 million has been allocated to the RRF.

Specific project investments will differ and there is no maximum limit set for each project within the \$4.5 million window.

## 5 Provincial Growth Fund

The Establishment of the Scheme via the LTP has coincided with creation of the PGF. This policy is deliberately designed to mirror PGF objectives to better enable co-funding opportunities through the PGF. In the event that PGF requirements necessitate changes to this policy, Council will be informed and any changes tabled for approval.



## 6 Fund Governance

Individual projects, including the Freshwater Assessment and all priority projects, will have their own project governance that is appropriately representative of the users and interest groups. As projects progress, alternative or succeeding project and governance arrangements are evaluated so as to better represent local impact and stakeholder interests.

The Council's Environment and Services committee will authorise and provide overarching governance of the Fund. Staff will provide annual reports to the Environment and Services Committee and relevant project governance regarding spending of the funds and any adjustments.

The Policy is managed by the Group Manager, Strategic Planning.

## 7 Financial Overview

### 7.1 Funding allocation

The Council, as part of the Long Term Plan, has allocated \$5 million to the Freshwater Security Scheme. Funding has been allocated evenly over three years as per the table below, however, the multi-year appropriation may be adjusted between years and extended out according to uptake.

| Year 1<br>18/19 | Year 2<br>19/20 | Year 3<br>20/21 |
|-----------------|-----------------|-----------------|
| \$1,666,000     | \$1,666,000     | \$1,666,000     |

Depending on up-take of the Fund, the multi-year appropriation may be extended out.

### 7.2 Funding Financial authority

The financial authorities for funding are:

- Regional Freshwater Assessment: Group Manager Strategic Planning
- Ready Reaction Fund: Group Managers Strategic Planning and Integrated Catchment Management. Where Council's financial delegation policies require, some decisions will be made by the Chief Executive.

## 8 Policy Administration

### 8.1 Policy Authority

The Group Manager Strategic Planning holds primary responsibility for approval and revision of this Policy.

### 8.2 Conflicts of interest

Elected members will act in accordance with Item 8 of the *Hawkes Bay Regional Council Code of Conduct 2016*<sup>3</sup>.

Council employees will act in accordance with *Staff Policy 28: Conflict of Interest and Other Employment*.

<sup>3</sup> <https://www.hbrc.govt.nz/assets/Document-Library/Council-Documents/20161130-HBRC-Code-of-Conduct-adopted.pdf>

### 8.3 Policy Duration and review

This Policy will remain current until 2021 and will be formally reviewed by the Group Manager Strategic Planning Group annually. This review will consider the following:

- Performance of policy
- Monitoring results against objectives
- Performance against financial forecasts.

A review may also be conducted if the current policy requires urgent revision, due to factors such as over subscription to the Ready Reaction Fund.

# HAWKE'S BAY REGIONAL COUNCIL

Wednesday 27 March 2019

## Subject: AFFIXING OF COMMON SEAL

Item 8

### 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   | <b>Leasehold Land Sales</b>   |              |                               |
| 1.1.1 | Lot 153<br>DP 10775<br>CT B2/1137<br>- Agreement for Sale and Purchase<br>- Transfer  | 4303<br>4308 | 5 March 2019<br>18 March 2019 |
| 1.1.2 | Lot 150<br>DP 12780<br>CT E1/751<br>- Transfer  | 4304         | 6 March 2019                  |
| 1.1.3 | Lot 80<br>DP 11780<br>CT C3/510<br>- Agreement for Sale and Purchase  | 4305         | 6 March 2019                  |
| 1.1.4 | Lot 3<br>DP 4578<br>CT 56/142<br>- Agreement for Sale and Purchase  | 4306         | 6 March 2019                  |
| 1.1.5 | Lot 2<br>DP 1182<br>CT C4/669<br>- Agreement for Sale and Purchase  | 4307         | 18 March 2019                 |
| 1.2   | <b>Staff Warrants</b>   |              |                               |
| 1.2.1 | L. Dragovich<br>(Delegations under Biosecurity Act 1993; Civil Defence Act 1983 (s.60-64); Civil Defence Emergency Management Act 2002 (s.86-91) and Local Government Act 2002 (s.174)) | 4302         | 26 February 2019              |
| 1.2.4 | N. Rakei<br>(Delegations under the Civil Defence Emergency Management Act 2002 (s.86-92 inclusive) and Clause 32B Schedule 7 of the Local Government Act 2002)                          | 4301         | 26 February 2019              |

2. The Common Seal is used twice during a Leasehold Land Sale, once on the Sale and Purchase Agreement and once on the Land Transfer document. More often than not, there is a delay between the second issue (Land Transfer document) of the Common Seal per property. This delay could result in the second issue of the Seal not appearing until the following month.
3. When reporting each month, it may appear there are more Common Seals issued than properties sold. This month shows the Common Seal being used 3 times, but only one property sale. This is due to the timing issue noted above, as one Common Seal was

for a Land Transfer from last month. The listed sales in the table reflect the true movement of leasehold properties.

4. As a result of sales, the current numbers of Leasehold properties owned by Council are:
  - 4.1. 0 cross lease properties were sold, with 74 remaining on Council's books
  - 4.2. 4 single leasehold property was sold, with 102 remaining on Council's books.

### **Decision Making Process**

5. 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 Significance and Engagement Policy 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.
2. Confirms the action to affix the Common Seal.

### **Authored by:**

**Trudy Kilkolly**  
**PRINCIPAL ACCOUNTANT RATES AND**  
**REVENUE**

**Diane Wisely**  
**EXECUTIVE ASSISTANT**

### **Approved by:**

**Jessica Ellerm**  
**GROUP MANAGER CORPORATE**  
**SERVICES**

**James Palmer**  
**CHIEF EXECUTIVE**

### **Attachment/s**

There are no attachments for this report.

# HAWKE'S BAY REGIONAL COUNCIL

Wednesday 27 March 2019

Item 9

## Subject: OFFICERS' ANALYSIS OF SUBMISSIONS RECEIVED ON THE ESTABLISHMENT OF A NEW COUNCIL CONTROLLED ORGANISATION

### Reason for Report

1. This report provides the Regional Council with a summary of the feedback received from the community and other interested and affected parties on the proposal to create a new Council Controlled Organisation (CCO) to provide an efficient and effective structure to facilitate a potential minority IPO of Napier Port.
2. The report also provides officers' analysis and responses to that feedback to assist Council to make a decision on whether or not to establish a new CCO if a decision is made to proceed with a minority listing of Napier Port.
3. This paper and the accompanying decision paper should be read in conjunction with the Shareholder Protections paper which is also being considered by Council at the 27 March 2019 meeting. Much of the commentary from submissions focuses on questions of governance, control and Council influence of the potential listed company which are addressed through provisions in the Shareholder Protections decision paper.

### Consultation Overview

4. Consultation on establishing an additional Council Controlled Organisation to support a potential minority IPO transaction of Napier Port began on Friday 15 February 2019 and closed at 5.00pm on Monday 11 March 2019.
5. There are no provisions under the Local Government Act 2002 expressly setting out the duration of a consultation period when establishing a CCO. The Regional Council originally intended to consult until 28 February 2019, but, after discussion with Port Union representatives, agreed to extend the consultation period out to 11 March 2019.
6. The channels used to inform the public of this consultation included a release to media, newspaper advertising (in Hawke's Bay Today - five, CHB Mail - three and Wairoa Star - three), and through the Regional Council's Facebook social media channel. Three individual Facebook posts reached 17,386 screens, achieved 1,195 Post Clicks, and attracted 170 Likes, Reactions, Comments and Shares.
7. All information related to this consultation, including a consultation proposal, was available online at [hbrc.govt.nz](http://hbrc.govt.nz) from 15 February 2019 and at Regional Council offices in Napier, Taradale, Waipawa and Wairoa. Five submission forms were mailed out on request and 200 submission forms with self-addressed envelopes were printed and provided to Napier Port staff upon their request.
8. Submitters were asked via the submission form to address two questions: 'What do you support about this proposal and why' and 'What don't you support about this proposal and why'. The Statement of Proposal including the submission form is attached to this paper.
9. A total of 84 submissions were received, of which five submitters indicated they wished to present their submission in person. Of the 84 submissions received, a total of 60 were hard copy, 19 online and five via email.
10. Submission Hearings were held at 3.00pm on 20 March 2019. Verbal submissions were heard from three submitters, one was from the perspective of a Ahuriri resident who wanted representation for those living near the Port on the Board of Directors, a Napier Port employee who spoke about the impact of this process on Port staff and another member of the community who was fundamentally against privatisation of publically owned assets.

## Community views and preferences

11. For the purposes of this analysis submissions received have been grouped into four broad categories:
  - 11.1. Those that generally support the proposal to create a CCO – 7
  - 11.2. Those that generally oppose the proposal to create a CCO and stated reasons as to why – 17
  - 11.3. Those that stated opposition to the proposal to create a CCO but did not provide reasons, other than expressing a position against a potential minority IPO of Napier Port – 57
  - 11.4. Those that were irrelevant or did not express any opinion or preference – 3.

## Substantive analysis of submissions

12. As per the four groups of submissions outlined above, this section looks into the recurring themes for each group. Quotes are in italics.

### ***Those that generally support the proposal to create a CCO***

13. These included submissions from affected parties – HBRIC and Napier Port - in support of the proposal. Both noted that the proposed structure would provide simplicity and the optimal structure for anybody considering buying shares in Napier Port. (*Submissions #18 and #51*)
14. Main themes from this group of submissions are:

#### **Governance**

- 14.1. There was general feedback from submitters, including those in opposition to the proposal, that the Regional Council should ensure strong Council representation on the new CCO and the Napier Port Board. Retaining Council control of the Port was the primary reason for this feedback.
- 14.2. *“The directors of Holdco shouldn’t be the directors of the port of napier, rather made up on councillors. WHY, so they have some control over the ports future.” (Submission #28)*
- 14.3. *“It will be important that there is a clear concise Corporate Intent document at a high level, not detail, agreed to with HBRC to ensure that local investors have a degree of priority.” (Submission #3)*

#### **Accountability**

- 14.4. Submitters in support of the proposal liked the clear accountability for the Port’s performance that the CCO provides.
- 14.5. *“The proposal is supported as it provides clear accountability back to the Port directors.” (Submission #3)*
- 14.6. *“Creating a new CCO limits the liability for HBRIC directors and ensures liability rests appropriately with the directors of Napier Port.” (Submission #18)*

#### **Simplicity and efficiency**

- 14.7. Several submitters also supported the proposal as it would ensure a simple, streamlined structure for the potential offer of shares to the public.
- 14.8. *“... creating a new CCO is the most logical, simple and cost-effective approach available to the Regional Council”. (Submission #18)*
- 14.9. *“Seems simple and straightforward.” (Submission #1)*
- 14.10. *“We have taken advice on the proposal and believe Holdco is an efficient and effective mechanism for selling shares.” (Submission #51)*

### The future of Hawke's Bay Regional Investment Company (HBRIC)

- 14.11. Ten submitters who both supported and opposed the proposal to establish a CCO mentioned Council's current CCO, HBRIC. Some raised questions around the future of HBRIC.
- 14.12. *"Makes me wonder about the purpose and reason for the continued existence of HBRIC post the IPO? What would be the reason for not liquidating HBRIC afterwards? Perhaps the Council could explain this a bit better to ratepayers."* (Submission #1)

### Those that generally opposed the creation of a CCO and stated reasons as to why

15. A number of these submissions stated a clear opposition to any sale of shares in Napier Port. Commentary around the proposal to create a new CCO focused broadly on the following two themes.

#### Governance and control

- 15.1. The majority of the 17 submissions in this group cited concerns around future governance – particularly in relation to the concern that the governance bodies of the new CCO and Napier Port would have no direct Regional Council-affiliated representation on it.
- 15.2. *"It makes best sense for council to have direct representation on Holdco's board simply to maintain a careful and prudent overview of proceedings, so as to properly advise council of the detail of any matters the Board may be considering of which Council may otherwise be unaware."*
- 15.3. *"I suggest that at the least council should consider appointing senior representatives, such as its Chairman and CEO, to the Holdco Board for such purposes."* (Submission #32)
- 15.4. *"My wife and I are very concerned that Port directors are going to be directors and in control of the Holdco. To us it is essential that we the ratepayers have good representation in Holdco to ensure our interests are served."* (Submission #75)
- 15.5. *"I do not like the fact that the HBRC will be giving all directorships of Holdco to individuals who have no responsibility to Council. Thereby Council loses control of the entity despite it being named a CCO."* (Submission #26)
- 15.6. *"I urge HBRC to stack Holdco's Board with councillors and NOT port directors."* (Submission #25)
- 15.7. *"Moreover once Holdco's board settles into whatever ongoing configuration its shareholders elect, operating under standard commercial law for listed companies council will find it difficult at best to replace any director appointed ostensibly to protect its interests..."* (Submission #32)
- 15.8. *"The ratepayers are loosing control HBRC councillors need to have more directors in Holdco."* (Submission #27)
- 15.9. *"As I understand it Holdco would have no councillors as directors; I do not find that is acceptable."* (Submission 88)

#### The future and role of HBRIC

- 15.10. Submitters generally opposing the proposal also raised questions around the role of HBRIC.
- 15.11. *"Were the Port sale to go ahead, I'd prefer HBRIC to handle the sale."* (Submission #22)
- 15.12. *"I would like HBRIC to be the CCO if the Port sale were to go ahead."* (Submission #24)
- 15.13. *"It is my preference that HBRIC Limited retains its majority shareholding and directorships of the Port."* (Submission #26)

- 15.14. *"I think the Port of Napier Limited should buy back the shares from HBRIC which HBRIC has decided to sell. Then Port of Napier Limited can conduct the IPO..." (Submission #4)*
- 15.15. *"A CCO should only be setup if HBRIC is closed. Council already has one semi-redundant CCO and it doesn't need two." (Submission #2).*
16. In addition to the two main themes above, another reason given in opposition (#53) was the prospect of a potential future liability around Westshore coastal erosion.
- 16.1. *"The new shareholders have to be made aware and be prepared for an ongoing expense caused by a regularly deepened channel that provides vital harbour access." (Submission #53)*

***Those that stated opposition to the proposal to create a CCO but did not provide reasons, other than expressing a position against a potential minority IPO of Napier Port***

17. The vast majority of submissions received in opposition to the proposal did not address the proposed CCO (56 out of 84). A number stated support for investment in the Port but noted opposition to any share sale. The majority of the submissions in this group simply read 'I DO NOT SUPPORT THE PROPOSAL. NAPIER PORT NOT FOR SALE' or a slight variation on that.

***Those that were irrelevant or did not express any opinion or preference***

18. Three submissions received were not relevant: one seeming to express opposition to the use of 1080 and two making no comments and failing to indicate support or opposition.

**Officers' response**

**Governance**

19. The substantive issues raised in submissions are primarily being addressed through further enhancements the Regional Council's is considering, particularly around additional post IPO shareholder protections.
20. Of particular note, there was clear feedback around ensuring strong Regional Council representation on the Board of a new CCO, and through that, the Board of Napier Port. Council will be asked to make a decision (Shareholder Protections decision paper) on whether or not to proceed with the appointment of two Council-affiliated directors at the 27 March Council meeting.
21. It is worth highlighting that the Regional Council, by merit of its majority ownership position of Napier Port post any minority IPO and the mirroring of the CCO and Napier Port boards, will retain the ability to control the composition of the entire board of the CCO and Napier Port. The boards can include the appointment of the maximum of two Council-affiliated directors (a maximum restriction imposed by the Port Companies Act) if Napier Port's constitution is amended to allow for this.

**The future of HBRIC**

22. The other substantive feedback in submissions focused around the role of HBRIC, should an additional CCO be created for the purpose of a minority Napier Port IPO. Again, this is aligned with Council's current considerations.
23. It is noted that a review regarding the future role of HBRIC is underway. Should the Regional Council vote to proceed both with creating a new CCO and with a minority IPO of Napier Port, the review will be finalised following the completion of the IPO transaction.
24. Irrespective of a decision to proceed with a potential IPO transaction the review of HBRIC under way will still be completed. Therefore this does not affect the decision to establish a CCO.



### Fees for a new CCO

25. During the consultation, feedback was received directly from Port staff questioning whether any directors of a new CCO would be effectively paid twice through creating a second entity. There will be no duplication of directors' fees if a new CCO is created.

### Recommendations

That Hawke's Bay Regional Council:

1. Receives and notes the ***"Officers' Analysis of Submissions Received on the Establishment of a new Council Controlled Organisation"*** staff report.
2. Considers this feedback alongside its other considerations for the 27 March 2019 Regional Council meeting – particularly the Shareholder Rights decision paper and the CCO decision paper.

### Authored by:

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### Approved by:

**James Palmer**  
CHIEF EXECUTIVE

### Attachment/s

There are no attachments for this report.



# HAWKE'S BAY REGIONAL COUNCIL

Wednesday 27 March 2019

## Subject: ESTABLISHMENT OF A COUNCIL CONTROLLED ORGANISATION TO FACILITATE A POTENTIAL MINORITY IPO OF NAPIER PORT

Item 10

### Reason for Report

1. This report provides Council with recommendations on the establishment of a new Council Controlled Organisation (CCO) to provide an efficient and effective structure to facilitate a potential minority IPO of Napier Port.
2. It asks Council to make a decision on whether or not to create a new CCO as outlined in the consultation proposal and whether to name the new CCO Napier Port Holdings Limited, if Council decides to proceed with a minority listing of Napier Port.
3. This report should be read – and decisions taken – in conjunction with the following separate but related Council reports:
  - 3.1. Officers' Analysis of Submissions Received on Establishing a new CCO
  - 3.2. Shareholder Protections.

### Scope of the decision

4. This report seeks a decision by Council on whether to establish a new CCO, as outlined in the consultation proposal 'Consultation on establishing an additional Council Controlled Organisation' dated February 2019.
5. The one reasonably practicable alternative to using a new CCO to facilitate a potential minority share issue of Napier Port, which was included in the consultation proposal, was the status quo option, under which both Hawke's Bay Regional Investment Company Ltd (HBRIC) and Napier Port would separately offer shares to investors and Napier Port would be the listed company on the NZX.
6. Following consideration of feedback received during the consultation, the Council may decide to go ahead with its proposal to establish the new CCO or instead decide to retain the status quo option. Any variation away from these two options may require further consultation.
7. If Council decides to proceed with the new CCO structure, the purpose of this decision is to also authorise timing and approval requirements for the establishment of the new CCO. This decision will enable Council officers, HBRIC and Napier Port to proceed with more detailed planning and to prepare for the establishment of the new CCO, with the new CCO only being established if a final decision to proceed with the IPO option is made.
8. This report is **not** seeking a decision whether or not to proceed with a minority IPO. This was extensively canvassed in a separate consultation with an 'in-principle' decision made on 19 December 2018. This report is also **not** seeking a decision to proceed to implement the IPO Transaction (i.e. it is not seeking a decision that shares in Napier Port may be sold). The decision to proceed with and implement the IPO Transaction will be the subject of a future Council report later in 2019.

### Background

9. On 19 December 2018, the Council made an 'in principle' decision to proceed with work towards offering shares on the New Zealand stock exchange through an Initial Public Offering (IPO) in a stake of Napier Port of up to 49% (the IPO Transaction). Part of designing an IPO transaction is to determine the optimal corporate structure to enable the most efficient offering of shares and the ongoing operation of a publicly-listed company.

10. The Council has taken professional advice which clearly states that the establishment of a new CCO is the most appropriate structure through which to potentially offer shares associated with Napier Port.
11. Advice to the Council states that creation of a CCO would provide the simplest and most efficient structure through which to offer shares to the public. It would ensure liability for Port performance and compliance was correctly apportioned to the listed entity (being the CCO which would own 100% of Napier Port) and its directors and would ensure any offer of shares was easily understood by all investors.
12. The Council consulted on this proposal, as required under section 56 of the Local Government Act 2002. Consultation ran from 15 February 2019 to 11 March 2019. There is a comprehensive breakdown of consultation activities and communications, as well as analysis of submissions received, in the separate report titled "Officers' Analysis of Submissions Received on Establishing a new CCO".

### Key obligations of Council in making its decision

13. Under the Local Government Act 2002, every decision of Council must be made in accordance with such of the provisions of sections 77, 78, 80, 81, and 82 as are applicable. Amongst other things, these include:
  - 13.1. identifying all **reasonably practicable options** for the achievement of the objective of the decision
  - 13.2. assessing the **advantages and disadvantages of** the reasonably practicable **options**, and
  - 13.3. considering the **views and preferences** of all persons likely to be interested in or affected by the matter (such views and preferences having been summarised in a separate report to Council). This means:
    - 13.3.1. giving due consideration and having regard to **all** views and preferences, and
    - 13.3.2. giving due consideration and having regard to such views and preferences with an **open mind** (i.e. not having a predetermined view).

### Advantages and disadvantages of options considered and discounted

14. Council's preferred option going into consultation was to establish a new CCO. Other options were considered and ultimately rejected based on assessment of liability risk, complexity, the potential to confuse potential investors and on the advice of professional advisors.
15. The status quo option was considered and rejected by councillors in favour of consulting on establishing a new CCO was using the Council's current CCO, HBRIC to jointly offer shares alongside Napier Port.
16. The status quo was not the Council's preferred option. This option would require two offerors of shares and would be more complex and potentially confusing for investors than creating a new CCO to act as the listed entity. Under the status quo option, the directors of HBRIC and Napier Port would have the same level of shared involvement and liability in the offer of shares, including in relation to the Product Disclosure Statement (PDS).
17. The Council considered that this potential liability and responsibility should rightly sit with the listed company board and its directors (i.e. the Napier Port directors who would also be directors of the new CCO) as they are in the best position to ensure that the PDS is accurate and to manage post listing compliance.

### Views and preferences

18. An analysis of the feedback received during consultation is covered in the separate report titled "Officers' Analysis of Submissions Received on Establishing a new CCO". By way of short summary of the submissions the primary themes related to governance and control, accountability, simplicity and efficiency and the future role of HBRIC.

19. Both HBRIC and Napier Port, as the two most affected parties of the proposal to create a new CCO for the purpose of a minority share float in Napier Port, have submitted in clear support of the Council's preferred option of establishing a new CCO to offer shares.
20. Both HBRIC and the Board of Napier Port agree that creating a new CCO is the appropriate structure to potentially offer shares in Napier Port.

#### **Other considerations for Council to factor into its decision-making**

21. If the Council votes to proceed with establishing a new CCO, the Council will then be asked to decide whether it would want to have the ability to appoint two Council-affiliated directors to the new CCO (included in the Shareholders Protections report) addressing many of the substantive submissions received. Establishment of the new CCO and appointment of directors would only occur following a decision to proceed with the minority listing of Napier Port (a decision to be taken in the next few weeks by Council).
22. There are a number of additional matters that would need to be attended to in order to establish the new CCO and to ensure it is in a position to comply with its legal obligations moving forward. These include deciding on a name for the CCO (Napier Port Holdings Limited is proposed), preparing a constitution, registering the company and appointing directors.
23. A review of the role of the Council's current CCO, HBRIC, will be undertaken this year regardless of decisions taken around whether to proceed with a minority IPO of Napier Port. Therefore this does not affect the decision to establish a CCO. If a decision is taken to proceed with a minority IPO, the review of HBRIC will be completed post IPO.
24. These considerations were also points raised in public feedback during the consultation around the proposal to create a new CCO.

#### **Recommendations**

That Hawke's Bay Regional Council:

1. Receives and notes the "*Establishment of a Council Controlled Organisation to Facilitate a Potential Minority Initial Public Offering of Napier Port*" staff report.
2. Notes that a consultation process has been carried out by Council, in accordance with the Local Government Act 2002, covering the proposal to establish a new Council Controlled Organisation.
3. Notes the receipt of submissions and findings from the consultation process that has been undertaken in respect of the proposed establishment of a new company (being a 100% subsidiary of Hawke's Bay Regional Investment Company (HBRIC) pre-listing and a majority owned subsidiary of HBRIC post-listing), which will result in the establishment of a new Council Controlled Organisation under the Local Government Act 2002.
4. Notes the separate but related Council report titled "Officers' Analysis of Submissions Received on Establishing a new CCO".
5. Notes that the decision that Council is tasked with making on whether to approve the establishment of a new CCO is part of a sequence of decisions. Once the decision to approve the establishment of a new CCO is made, an amendment to the Long Term plan will provide for the CCO pending a final decision to proceed with the IPO transaction.
6. Agrees that the most appropriate corporate structure for the listed entity is the new Council Controlled Organisation as consulted on in the consultation proposal.
7. Agrees that a new Council Controlled Organisation should be established, following any decision by Council to proceed with a minority listing of shares in Napier Port.
8. Delegates the authority to HBRIC to establish the new Council Controlled Organisation for the purposes of offering a minority stake in Napier Port, subject to Council making a

final decision to proceed with the minority Initial Public Offering of Napier Port.

9. Requests the newly established Council Controlled Organisation be named Napier Port Holdings Limited.
10. Notes that as part of the amendments to the Council's 2018-28 Long Term Plan, amendments will be made to reflect the intended establishment of the new Council Controlled Organisation.
11. Instructs that Council staff advise submitters on the proposal to establish a new Council Controlled Organisation (CCO) of the resolutions made by Council at this meeting in relation to the establishment of the new CCO and shareholder protections.

**Authored by:**

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**Approved by:**

**James Palmer**  
**CHIEF EXECUTIVE**

**Attachment/s**

There are no attachments for this report.

# HAWKE'S BAY REGIONAL COUNCIL

Wednesday 27 March 2019

## Subject: SHAREHOLDER PROTECTIONS - NAPIER PORT HOLDINGS LIMITED AND PORT OF NAPIER LIMITED

Item 11

### Reasons for Report

1. If the Hawke's Bay Regional Council (HBRC or Council) decides to proceed with establishing a new Council Controlled Organisation (CCO) to provide an efficient and effective structure to facilitate a potential minority Initial Public Offering (IPO) of Napier Port, consideration now needs to be given to its optimal governance structure.
2. This decision paper recommends a package of additional protections for the Council to consider to ensure it maintains appropriate levels of influence over, and confidence in, Napier Port's future. Additional protections are particularly important given Napier Port is a significant strategic asset for the Hawke's Bay region and the Council's stated outcomes for the IPO Transaction.
3. The report sets out the protections and rights that Hawke's Bay Regional Investment Company Limited (HBRIC) and Council (HBRC, together with HBRIC, hereafter referred to as the Council Parties) would have under relevant New Zealand law as the majority shareholder in Napier Port Holdings Limited (NPH, previously described as Holdco). It also sets out further enhancements to these rights and protections that the Council should consider to be included as part of the establishment of NPH – on the basis that the Regional Council both votes to establish NPH and proceeds with a minority IPO of Napier Port.
4. In considering these additional measures, consideration has been given to striking the right balance between, on the one hand, protecting the Council Parties' in matters which are of particular importance to the Council Parties (for the good of the Hawke's Bay community), and, on the other hand, having regard to:
  - 4.1. the Council Parties' desire, as set out in Council Resolution 10.7 adopted on 19 December 2018, to ensure that any final IPO transaction design is consistent with proven and established good commercial practice
  - 4.2. maximising the value of the investment in Napier Port by potential investors while at the same time establishing future arrangements for oversight and influence by the Council Parties which protect Council's interests as the majority owner
  - 4.3. avoiding complexity or limiting the ability of the Napier Port Board / senior management to operate the business efficiently and effectively without constant recourse to its shareholders, and
  - 4.4. ensuring the additional measures can endure and remain fit-for-purpose over time, noting Napier Port's status as a strategic infrastructure asset for the Hawke's Bay region.

### Background and context

5. The Regional Council has elected to proceed with preparation for a potential initial public offer (IPO) of a minority share of Port of Napier Limited (Napier Port). It is intended that the IPO would be carried out by way of an offer of new shares in NPH, with HBRIC holding a majority stake in NPH immediately following listing. Should the listing of NPH on the NZX Stock Exchange proceed, it is appropriate to consider how the Regional Council maintains appropriate levels of influence over, and confidence in, Napier Port's future.
6. Specifically, Regional Council resolution 10.8 from the Council meeting on 19 December 2018 stated the commitment to:

*'An appropriate corporate and governance structure be established for the listed entity'.*

7. The establishment of NPH as the new CCO provides an appropriate corporate structure and the package of protections recommended in this paper seek to provide the appropriate shareholder protections. Concerns around governance and control has been a recurring theme during both the substantive consultation on options to fund the Port and the proposal to establish a new CCO.
8. The Regional Council has requested and received independent advice around the shareholder protections provided under the laws governing listed companies, and also on additional protection measures that could be introduced in connection with the minority IPO. The Regional Council discussed the possibility of additional shareholder protections in a Council Workshop on 13 March. This paper reflects the content of the advice received at the Council Workshop and seeks formal endorsement of those protections.

## Considerations for Council

### *Existing protections*

9. As a majority owner of NPH, the Council Parties will have a large degree of influence over the governance and operations of Napier Port, including via majority vote:
  - 9.1. determining the composition of the Board of NPH, as all Board appointments will require shareholder approval at the Annual General Meeting
  - 9.2. determining the outcome of shareholder ordinary resolutions. Most decisions requiring shareholder approval will be ordinary resolutions which require a 50 per cent majority vote to be passed
  - 9.3. influencing the outcome of shareholder special resolutions and, given its significant shareholding, have a reasonable degree of confidence that special resolutions the Council Parties support will be passed. Limited matters such as changing the NPH constitution, changing the rights attaching to shares, putting a company into liquidation or changing the domicile of a company require special resolutions (being a 75% majority to pass).
10. In addition, the Council Parties will, under current law, have the benefit of a number of protections for shareholders, including under:
  - 10.1. **Takeovers Code:** restriction on any other person or company (together with their associates) holding or controlling more than 20 per cent of the voting rights
  - 10.2. **Overseas Investment Act 2005:** restriction on any person or company (together with their associates) owning or controlling 25 per cent or more of the shares
  - 10.3. **Commerce Act 1986:** restriction on any competitor (being another port company or service provider, which is seen as providing substitutable services to those of Napier Port) from holding a significant stake (potentially as little as 5-10 per cent)
  - 10.4. **NZX Listing Rules:** requirement for shareholder approval to authorise certain material corporate actions, including material transactions or significant changes to the nature of the business, and
  - 10.5. **Companies Act 1993:** requirement for shareholder approval to authorise certain material corporate actions, including major transactions, changes to a constitution and changes to the place of incorporation.

### *Additional protections*

11. Feedback from the Hawke's Bay community over the special consultation process around a potential minority IPO of Napier Port indicated a preference for majority community (Regional Council) ownership and councillors have expressed support for additional measures, protections and controls to support Council Parties, local community and all other shareholders interests.
12. Feedback received from the recent consultation on establishing a CCO, ended 11 March 2019, around governance structures for Napier Port have also been reflected in these recommendations (see the "Officers' Analysis of Submissions Received on Establishing a new CCO" paper for more detail on feedback).



13. The “Recommendations” for Council’s consideration present a range of additional protections above and beyond the considerable controls that automatically rest with the Council Parties by virtue of its majority ownership position.

### Decision Making Process

14. Council is required to make every decision in accordance with the requirements of the Local Government Act 2002 (the Act). Staff have assessed the requirements in relation to this item and have concluded:
  - 14.1. This decision affects a strategic asset and is in direct response to feedback relating to governance and control received through the “Our Port – Have your say” special consultative procedure and the consultation on the establishment of a new CCO.

### Recommendations

That Hawke’s Bay Regional Council:

1. Receives and notes the **“Shareholder Protections - Napier Port Holdings Limited and Port of Napier Limited”** staff report.
2. Approves, subject to a decision on whether to proceed with a minority Initial Public Offering of Napier Port Holdings Limited (NPH), the following protections to be established in the formation of NPH and, as necessary, within the constitution of NPH and Port of Napier Limited (as appropriate):
  - 2.1. Protections to prevent Council Parties' share in NPH being diluted to less than a majority of 51 per cent.
  - 2.2. All and any future share issues by NPH must be offered to ALL shareholders on a pro rata basis (as a further protection for all shareholders and to give the Council Parties the ability to ensure its ownership position is not eroded by subsequent share issues).
  - 2.3. The boards of NPH and Napier Port shall be the same, such that they operate as one company in the eyes of all shareholders.
  - 2.4. Two appropriately qualified non-independent directors should be appointed to the NPH and Napier Port Boards as Majority Shareholder-Appointed Directors to provide direct insight into NPH and Napier Port board matters (noting that the directors appointed to the board of NPH must operate in the best interests of NPH, rather than any one group of shareholders, as required by the Companies Act). Such appointments will need to be made in accordance with Council's director appointment policy.
  - 2.5. Information sharing protocols and a confidentiality agreement are to be established between NPH, Napier Port and Council Parties to provide a framework for Regional Council having access to information about Napier Port. The categories of information that could be passed to the Council Parties would need to be agreed to by the independent directors of both NPH and Napier Port and also fall within the permitted parameters of the NZX Listing Rules and the Companies Act. The categories of information could include information that the Council Parties require to comply with their own legal, financial report and tax obligations and other non-price sensitive information. The negotiation and finalisation of the Information sharing protocols and Confidentiality Agreement would be delegated by the Council Parties to the Hawke’s Bay Regional Council Chief Executive.
3. To add the following as additional items that must be approved by Napier Port Holdings Limited's (NPH) shareholders (beyond those provided by existing law as matters requiring shareholder approval and subject to those applicable laws, including the NZX Listing Rules) if any of the following matters were proposed by NPH or Port of Napier Ltd. These items are recommended for the benefit of all shareholders.

- 3.1. A "major transaction" (as defined in the Companies Act), being a transaction such as the acquisition or disposal of assets or incurring liabilities or obligations with a value of more than 30 per cent of the value of NPH's or Napier Port's gross assets (i.e., with no deduction for liabilities). This is a reduction from the Companies Act threshold which requires a vote on a transaction at the threshold of more than 50 per cent of a company's gross assets. This reduction in the threshold provides greater oversight, influence and visibility of major transactions to all shareholders
- 3.2. Any future amendment of the constitution of Napier Port (noting that protection already exists for any amendments to the constitution of NPH)
- 3.3. Any transfer or issue of shares in Napier Port, other than to a directly or indirectly wholly-owned subsidiary of NPH. This ensures that Napier Port remains 100% controlled by NPH unless the required shareholder approval is obtained, and maintains the premise of NPH and Napier Port operating as one company and investment for all shareholders.
- 3.4. A restrictive covenant or encumbrance will be registered in favour of the Council Parties restricting the use of land at Napier Port's main site to activities associated with operating a Port. This covenant or encumbrance will also restrict any future sales of the main site to transfers where the Council Parties have consented to such transfer
- 3.5. Notes that Napier Port will continue to be required to prepare and publish a Statement of Corporate Intent and that the Regional Council will convey its desires through its affiliated directors on the NPH board and Napier Port board, or through a more formal letter of expectations to NPH.
- 3.6. Notes, that in respect of any of the above rights to be entrenched in the constitutions as part of these recommendations, Ministerial approval will be required.
- 3.7. The finalisation and detailed implementation of the recommendations outlined are delegated to the Hawke's Bay Regional Council Chief Executive, working with HBRIC Ltd and NPH, and subject to a Council decision on whether to proceed with the IPO transaction.

**Authored by:**

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**Approved by:**

**James Palmer**  
**CHIEF EXECUTIVE**

**Attachment/s**

There are no attachments for this report.

# HAWKE'S BAY REGIONAL COUNCIL

Wednesday 27 March 2019

## Subject: AMENDMENT TO HBRC'S 2018-2028 LONG TERM PLAN TO PROVIDE FOR THE NAPIER PORT INITIAL PUBLIC OFFERING

Item 12

### Reason for Report

1. This report:
  - 1.1. provides an overview of the background that has led to the decision that Hawke's Bay Regional Council (Council) is being asked to make;
  - 1.2. outlines other considerations that Council should be aware of and take into account in making its decision; and
  - 1.3. presents an amendment to the 2018-28 Long Term Plan (LTP) for adoption by Council in accordance with the Local Government Act 2002 (LGA).
2. Due to Napier Port being a strategic asset, an amendment to the LTP must first be made to enable Council to make a final decision to transfer the ownership or control of Napier Port. The amendment explicitly provides the authority for Council to make a decision to proceed with a minority Initial Public Offering (IPO) of Napier Port.

### Background

3. Under the LGA, a decision by Council to transfer the ownership or control of a strategic asset (such as Napier Port) from Council cannot be made unless (a) the decision is explicitly provided for in the LTP; and (b) the proposal to provide for the decision was included in a consultation document that was consulted on in accordance with the special consultative procedure (with additional content to be included in the consultation document as required by section 93E of the LGA).
4. On 19 December 2018, the Council resolved to proceed with work towards offering shares on the New Zealand stock exchange through an IPO of a stake of up to 49% in Napier Port (the IPO Transaction). This in-principle decision was made after completion of a comprehensive special consultative procedure on four options, of which the IPO Transaction, modelled on a share offering of 45%, was Council's preferred option. Extensive analysis was undertaken by Council in relation to the four options in the preceding two years.
5. An amendment to the LTP is necessary to enable Council to subsequently make a decision to proceed with the transfer of ownership of Napier Port from the Council. The consultation document entitled "Our Port – Have your Say" included a section on which areas of the LTP would require amending if the Council was to move ahead with its preferred option. These included:
  - 5.1. Financial Strategy (Part 3 of the LTP)
  - 5.2. Statement of Financial Position and Funding Impact Statement (Part 6)
  - 5.3. Treasury Policy (Part 7)
  - 5.4. Revenue and Financing Policy (Part 7)
  - 5.5. Statement on Council Controlled Organisations (Part 7)
  - 5.6. Significant Forecasting Assumptions (Part 7).
6. Extracts from the 2018-28 Long Term Plan that were proposed to change as a result of the decision to proceed with the Council's preferred option were included as part of the supporting information for the consultation document.
7. Audit New Zealand reviewed the content and process for the proposed amendment and provided a report. The report confirmed that, in its opinion, the information in the consultation document about the proposed amendment to the LTP provided an effective

basis for public participation in the Council's proposed amendment. The report also confirmed that the information and assumptions underlying the content of the consultation document related to the proposed amendment were reasonable.

### Final Amendment

8. Since Council made its in-principle decision in December 2018, further work has been undertaken to progress the design and details of the proposed IPO Transaction. During this time, Council staff have recommended further minor amendments to the LTP. The nature of these amendments are to:
  - 8.1. better align the LTP with the structural outcomes that Council would want the IPO to achieve, and against which Council's decision to give final approval to proceeding with the IPO Transaction will be determined
  - 8.2. build in some flexibility and discretion as to the ultimate details of the sell-down (which actually reflect what was presented in the consultation but which were drafted too rigidly in the draft proposed LTP amendments), and
  - 8.3. provide detail on the new CCO likely to be established to act as the listed entity and facilitate the potential IPO (subject to a decision by Council to establish a new CCO for this purpose).
9. The proposed amendments to the LTP have been provided to Audit New Zealand for final audit review and clearance.
10. As Council's in-principle decision on 19 December 2018 and the additional changes to the LTP do not vary materially from the proposed LTP amendment that accompanied the 'Our Port – Have Your Say' consultation document, the final LTP amendment is now able to be adopted by Council.
11. Attached to this report are the proposed amended pages from the LTP that have been reviewed and are pending clearance by Audit NZ (at the time this report was written). Council officials will provide a verbal update to confirm that Audit NZ's final clearance has been provided at the meeting (and provide a copy of Audit NZ's report).

### Scope of decision

12. This report seeks a decision by Council on whether to adopt proposed amendments to the LTP which would enable Council to make a future decision to transfer the ownership of Napier Port from the Council.
13. This report is **not** seeking a decision to proceed to implement the IPO Transaction (i.e. it is not seeking a decision that shares in Napier Port may be sold). Rather it is explicitly providing the ability for Council to subsequently make a decision to transfer the ownership or control of Napier Port, should the Council wish to proceed with such a decision at a future date. This amendment, once adopted, would mean that any future decision by Council to proceed with a minority listing of Napier Port (and therefore transfer the ownership or control of a strategic asset) is not inconsistent with its primary planning and accountability document i.e. Council's LTP.

### Decision making process

14. Council is required to make every decision in accordance with the requirements of the LGA. Staff have assessed the requirements in relation to this item and have concluded:
  - 14.1. the decision to transfer the ownership or control of Napier Port (as a strategic asset) must be expressly provided for in the Council's LTP, and
  - 14.2. the proposal to provide for the decision in the LTP must be consulted on in accordance with the special consultative procedure under the LGA.
15. The required consultative procedure was undertaken late in 2018 and Council was presented with and considered a comprehensive set of papers before making its in-principle decision in December 2018 to proceed with further work on its preferred option. This included consideration of reasonably practicable options and consultation feedback received in relation to the four reasonably practicable options, one such option (being

that preferred by Council and the majority of submitters) which related to the LTP amendments Council is being asked to adopt today.

16. In making its decision, Council is required by the LGA to:
  - 16.1. identify and consider the advantages and disadvantages of the reasonably practicable options for the achievement of the objective of the decision
  - 16.2. consider the views and preferences of all persons likely to be interested in or affected by the matter. This means:
    - 16.2.1. giving due consideration and having regard to all views and preferences, and
    - 16.2.2. giving due consideration and having regard to such views and preferences with an open mind (i.e. not having a predetermined view)
  - 16.3. take into account the relationship of Māori and their culture and traditions with their ancestral land, water sites, waahi tapu, valued flora and fauna and other taonga in relation to the land or body of water the subject of the decision
  - 16.4. take account of:
    - 16.4.1. the diversity of the community, and the community's interests within the Hawke's Bay region
    - 16.4.2. the interests of future as well as current communities, and
    - 16.4.3. the likely impact of any decision on the interests referred to in 16.4.1 and 16.4.2
  - 16.5. consider that Council is required to ensure prudent stewardship and the efficient and effective use of its resources in the interests of its region, including by planning effectively for the future management of its assets
  - 16.6. be cognisant that any commercial transaction to be undertaken is in undertaken in accordance with sound business practices, and
17. In light of these decision-making considerations, Councillors should ensure that they refresh and reflect upon the papers that they previously considered for Council's December 2018 meeting, in making their decision today on the adoption of the proposed LTP amendments. The papers from the December meeting are available on the Councillor portal and online in addition to hard copies councillors may have kept.

## **.Recommendations**

That Hawke's Bay Regional Council:

1. Receives and notes the **"Amendment to HBRC's 2018-2028 Long Term Plan to provide for the Napier Port Initial Public Offering"** staff report and the proposed amended pages to Council's 2018-2028 Long Term Plan.
2. Receives the Audit New Zealand audit opinion on the amendments to the Council's 2018-2028 Long Term Plan.
3. Notes that a proposed 2018-2028 Long Term Plan amendment was consulted on as part of the special consultative procedure on the four options to fund the growth of Napier Port entitled 'Our Port – Have your Say'.
4. Notes that Council has previously received and considered an option selection decision report which outlined the advantages and disadvantages of the reasonably practicable options before making its in-principle decision to proceed with further work to refine its preferred option.
5. Notes that Council has previously received and considered submissions and findings from the special consultative procedure in December 2018, before making its in-principle decision to proceed with further work on the Initial Public Offering Transaction.
6. Agrees that the further changes to the 2018-2028 Long Term Plan (LTP) amendment do

not vary materially from the proposed LTP amendment that accompanied the ‘Our Port – Have Your Say’ consultation document.

7. Notes that the adoption of the attached amendment to the 2018-2028 Long Term Plan does not constitute a decision to proceed with a minority Initial Public Offering.
8. Adopts the attached amendment to the 2018-2028 Long Term Plan as presented, with any minor editorial corrections as necessary, to explicitly provide for any final decision to transfer the ownership or control of a minority stake in Napier Port through the appropriate listing structure.
9. Instructs staff to publish the amended 2018-2028 Long Term Plan in its final form.
10. Instructs staff to advise submitters on the ‘Our Port – Have your Say’ consultation of the resolutions made by Council at this meeting in relation to the amendment to the 2018-28 Long Term Plan.

**Authored by:**


**Manton Collings**  
**CHIEF FINANCIAL OFFICER**

**Desiree Cull**  
**STRATEGY AND PROJECTS LEADER**

**Approved by:**

**Jessica Ellerm**  
**GROUP MANAGER**  
**CORPORATE SERVICES**

**Attachment/s**

- |  |                             |
|--|-----------------------------|
| <p> 1 2018-28 Long Term Plan Amended to provide for the Napier Port IPO</p> | <p>Under Separate Cover</p> |
|--|-----------------------------|

# HAWKE'S BAY REGIONAL COUNCIL

Wednesday 27 March 2019

## Subject: MARCH 2019 NAPIER PORT IPO TRANSACTION PROJECT UPDATE

Item 13

### Reason for Report

1. This item provides Council with an update on the Port Capital Structure Project following the 19 December 2018 decision to proceed with preparing for an IPO of Napier Port.

### Council Controlled Organisation formation and protections for Council as majority shareholder

2. Following hearings on 20 March 2019, Council has completed consultation on the formation of Holdco, to be named Napier Port Holdings Limited (NPH). This item is before the Council today for decision.
3. In addition on 13 March, Council met with the project team and advisers to consider the range of protections that would be afforded to NPH under the New Zealand Stock Exchange listing rules and existing law - to protect Council's interest as major shareholder in the publicly listed NPH. Council also received advice on additional measures that could be considered to further protect Council and the community's interest in the listed NPH beyond that provided by the existing regulatory regime. An overview of existing and recommended additional majority shareholder protections is an item before Council today for decision (associated with the formation of NPH).

### Preparation for the initial public offering

4. Detailed preparation is underway for a potential public offering. Workstreams include:
  - 4.1. Detailed due diligence across legal, trade and economic, engineering, environmental, accounting and tax workstreams with advisors due to report back during April.
  - 4.2. Development of an IPO offer structure - consistent with Council's transaction preferences established at the 19 December 2018 Council meeting, and within the bounds consulted on in the October 2018 Consultation Document. This includes planning for local participation.
  - 4.3. Additionally - at the same time as planning for local participation - in order to further inform the Council's decision making on whether to proceed with the IPO, Council has asked Napier Port management and advisers to initiate contact with a range of potential institutional investors, to test market interest in a potential IPO.

### Next Steps

5. A workshop is planned with Council on 10 April 2019 to discuss further preparation items. This includes confirmation of the Napier Port business case for Wharf 6.
6. It is anticipated that the project team will be in a position to bring final recommendations to enable a decision by Council on whether to proceed to the execution phase of the initial public offering on or before 1 May 2019.

### Decision Making Process

7. Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision making provisions do not apply.

### Recommendation

That Hawke's Bay Regional Council receives and notes the "**March 2019 Napier Port IPO Transaction Project Update**" staff report.

**Authored by:**

**Blair O'Keeffe  
HBRIC LTD CHIEF EXECUTIVE**

**Approved by:**

**James Palmer  
CHIEF EXECUTIVE**

**Attachment/s**

There are no attachments for this report.



# HAWKE'S BAY REGIONAL COUNCIL

Wednesday 27 March 2019

## Subject: HB CDEM GROUP 2017-18 ANNUAL REPORT

Item 14

### Reason for Report

1. The purpose of this report is to inform the Council of the activities of the Hawke's Bay Civil Defence Emergency Management (CDEM) Group over the 2017/18 year.
2. **Background**
3. The Hawke's Bay CDEM Group is an established Joint Committee under the CDEM Act 2002. The Group Consists of the Hawke's Bay Regional Council and the four territorial authorities. The Hawke's Bay Regional Council is the Adminstrating Authority for the Group. The activities of the Group are governed by a Joint Committee made up of the regional council chairperson and the four mayors.
4. The Hawke's Bay Group has operated as a "shared service" arrangement since the start of the 2017/18 financial year.
5. This was confirmed in the councils' 2018-28 Long Terms Plans where a regional targeted rate was established to fund the activities of the Group.
6. As the activities of the Group are now within a shared services model, it is seen as important that the activities of the Group are formally communicated to its individual council members.
7. It was decided that this could be best achieved by producing an Annual Report along the lines of what is required under the Local Government Act of individual councils. The first of these reports is **attached** to this paper. This was approved by the Joint Committee at its meeting in December 2018.
8. Staff will be available to answer any questions at the meeting.

### Decision Making Process

9. Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision making provisions do not apply.


### Recommendation

That the Hawke's Bay Regional Council receives and notes the ***"HB CDEM Group 2017-18 Annual Report"***.

### Authored and Approved by:

Ian Macdonald  
GROUP MANAGER/CONTROLLER

### Attachment/s

-  1 HB Civil Defence Emergency Management Group Annual Report 2017-18

Under Separate  
Cover



# HAWKE'S BAY REGIONAL COUNCIL

Wednesday 27 March 2019

**SUBJECT: SIGNIFICANT HBRC ACTIVITIES THROUGH APRIL 2019**

**Item 15**

## Reason for Report

1. The following commentary is provided for Councillors' information, to inform them of significant issues and activities coming up over the next couple of months.
2. This March report is the first version that incorporates Councillors 6 March 2019 feedback in response to the first organisational performance report at the Corporate and Strategic Committee. At that meeting Councillors requested the Significant Activities update to be more future focussed. In addition the report on the 1 May Regional Council agenda will include a summary report of key LTP metrics as also requested.

## Significant Work Streams

| TANK Plan Change                       |                               | Project description                     | Activity Status Update  |
|--|-------------------------------|---|---|
| Group/Section                          | Team(s)                       |   |   |
| <b>Strategic Planning</b>              | Policy                        | Progressing plan change to notification | 1. Pre-notification targeted consultation feedback is being collated for reporting to the RPC 15 May meeting  |
| <b>Integrated Catchment Management</b> | Hydrogeology                  | Heretaunga groundwater modelling        | 2. The report on stream depletion zone development will be published in April or May 2019   |
|  | Water Quality & Ecology (WQE) | WQE options report                      | 3. TANK water quality report is being finalized for intended publication. Changes have been incorporated following external peer review and discussing final changes with policy. |

| New Initiatives (LTP)         |   | Project description   | Activity Status Update  |
|-------------------------------|---|---|---|
| Workstream                    | Group/Team(s)                                       |   |   |
| <b>Erosion Control Scheme</b> | Integrated Catchment Management and Client Services |   | 4. With 29 applications being processed (a total value of approx. \$1.9M), staff will continue to engage with landowners and establish erosion control plans, and also connect with suppliers to deliver on these plans.<br>5. Hill country erosion scheme contract with Te Uru Rakau is expected to be signed in April. The total project is \$8.2 Million of that \$2.84M is Regional Council \$1.1M will be land owners and \$4.27M will be Te Uru Rakau |
| <b>More Whitebait</b>         | Water Quality & Ecology (WQE)                       | Identify partnership opportunities to enhance whitebait populations | 6. Some compromise to balance trees for bank stabilisation versus grass for spawning under negotiation at Tukituki site.  |

| Ngaruroro River & Clive River Water Conservation Order (WCO) application |         | Project description  | Activity Status Update   |
|--|---------|--|--|
| Group/Section  | Team(s) |  |  |
| Strategic Planning   | Policy  | Ngaruroro Water Conservation Order application- Special Tribunal proceedings | <p>7. Stage 2 of the hearing closed 8 March 2019. The Applicants will submit a comprehensive, written closing submission on 29 March 2019.</p> <p>8. Special Tribunal's next procedural steps are yet to be confirmed.</p> <p>9. An update on proceedings will be provided to 10 April Environment &amp; Services Committee meeting.</p> |

| CHB Water                       |                         | Project description  | Activity Status Update   |
|---------------------------------|-------------------------|--|--|
| Group/Section                   | Team(s)                 |  |  |
| Integrated Catchment Management | Groundwater Science     | Science to inform CHB Tukituki Water Taskforce Group               | <p>10. A draft technical Pre-feasibility report on Groundwater Replenishment Scheme for the Ruataniwha Basin intended to be reviewed and finalised by June 2019</p> <p>11. A request for tender notice is being prepared, seeking proposals for development of a suite of groundwater models at appropriate spatial and temporal scales to evaluate water management options in the Ruataniwha Basin</p> |
|                                 | Water quality & Ecology | Sub catchment summaries  | 12. Finalising a contract between HBRC and Fonterra to scope potential constructed wetland sites to help with DIN reductions in the Tukipo catchment.  |
| Strategic Planning              | Policy                  | Scoping potential for plan change to amend dates for minimum flows | 13. 17 April RPC meeting is expected to decide whether or not staff proceed with a limited plan change to delay implementation of new minimum flows in Tukituki catchment based on recommendations from staff based on findings from "fast fail" engagement with the CHB community undertaken.   |

| Hawke's Bay Drinking Water |                         | Project description              | Activity Status Update  |
|----------------------------|-------------------------|----------------------------------|---|
| Group/Section              | Team(s)                 |                                  |   |
| Regulation                 | Consents and Compliance | Joint Working Group              | <p>14. A Working Group meeting was held on 12 March. Primary discussion around the groundwater modeling to establish Source Protection Zones for Hastings and Napier to include in TANK Plan Change.</p> <p>15. Following meeting a communications workshop was held to confirm agreed communications protocols between agencies.</p> |
| Office of CE & Chair       | Governance              | HB DW Governance Joint Committee | 16. 2019 meetings are scheduled 12 June, 4 September and 11 December (1 <sup>st</sup> meeting of 2019-22 triennium).  |

## Significant Team Activities

| Integrated Catchment Management Group |           | Project description       | Activity Status Update   |
|---------------------------------------|-----------|---------------------------|--|
| Section                               | Team      |                           |  |
| Environmental Science                 | All teams | LiDAR Data Project        | <p>17. The LiDAR data capture project should hear from LINZ in early April about the proportion of funding they propose to allocate to the project – expected to be between 50% and 60% of total costs. The tendering process will then start, with the assistance of LINZ.</p> <p>18. Preparation and scheduling for the 2019-20 SkyTEM survey is progressing, with logistics and planning being undertaken by GNS Science. Commencement of the survey is provisionally timetabled for February 2020.</p>   |
|                                       |           | Climate                   | <p>19. A workshop is being facilitated between NIWA and regional stakeholders who rely on seasonal forecasts with the aim of improving the forecasts produced by NIWA, provide them at finer spatial scales and tailor them to stakeholders' needs.</p>  |
|                                       |           | Land Science              | <p>20. Annual soil quality monitoring round of approx 15 orchards and vineyard sites begins end of March.</p> <p>21. Winter forage cropping map for the region will be available April.</p>  |
|                                       |           | Water quality and ecology | <p>22. Trend analyses on water quality in Lake Opouahi shows an ongoing deterioration. The simplest explanation is that reduce water clarity and increased chlorophyll <i>a</i> levels relate to the Hydrilla eradication programme, with the removal of aquatic vegetation by grass carp favouring a more algal dominated state.</p>  |
|                                       |           | Marine and Coast          | <p>23. The Pandora Pond ColiMinder study is ongoing. The aim of this study is to determine whether novel technology can assist in more timely information to Pond users.</p> <p>24. Faecal Source Tracking results have been obtained for the Pandora Pond for the late November/early December event. This showed that avian sources dominated the samples, and ruminant sources made up approximately 1-10%.</p> <p>25. An autonomous Glider 'Betty' is into week 2 of its 4 week voyage. Data coming back in is increasing our understanding of Hawke Bay oceanography.</p> |

Item 15

| Asset Management Group |             | Project description                  | Activity Status Update  |
|------------------------|-------------|--------------------------------------|---|
| Section                | Team(s)     |                                      |   |
| Regional Assets        | Engineering | Northern                             | 26. Nuhaka River Road – river realignment – design is under review and memo being finalized to capture design changes.  |
|                        |             | Central                              | 27. Bridge and gauging structure for forestry road at Tutira is in modelling and design phase.<br>28. Awanui Stopbank – planning and discussion for last portion – right bank.<br>29. Tutaekuri Stopbank Extension – upstream of Puketapu. Private funding, HBRC design and construction. Stopbank eventually to become part of HPFCS - initial modelling completed.<br>30. Clive Dredging – Channel survey underway and expect to receive data in April. Channel Design will be progressed in April and consents planner to be engaged following completion of design. Early contractor engagement in April.<br>31. Tutira Sediment Plan – Re-Design underway. Estimated date of completion 26th April 2019. |
|                        |             | Southern                             | 32. Upper Tukituki Scheme analysis of options for changes to rating system report to be presented to for Council's consideration when completed. Estimated date for completion of report is mid-May.  |
|                        | Open Spaces | Te Mata Park                         | 33. Working with the Te Mata Peak Trust and two committees regarding operational matters within the Park. HBRC Works Group staff providing a good service to the Trust.   |
|                        |             | Hawea Park / Karamu Stream Diversion | 34. Draft park management plan prepared and under review. Management committee to be formed and representatives put forward at next stakeholder meeting.<br>35. Trust Deed lodged with Māori Land Court – hearing held on December 5. Decision from court due in May.   |
|                        |             | Waitangi Regional Park               | 36. Waitangi Regional Park Stage 2 – draft plan complete. Consultation underway with Atea a Rangi Educational Trust and a heritage landscape consultant regarding William Colenso history referencing.<br>37. Lower Tūtaekurī Floodplain Wetland (funded by NKII/Port/Te Wai Maori Fund/HBRC) earthworks complete. Successful site visit with stake holders held 20/02/2019 and visit arranged with Councillors for 29/03/2019 at 10:30am.  |

| Asset Management Group |                | Project description  | Activity Status Update   |
|------------------------|----------------|--|--|
| Section                | Team(s)        |  |  |
|                        | Cycle Networks | NZCT Priority Project Waimarama Road Safety Project                | 38. MBIE decision on new plan and funding expected by end of March, including addition of HDC section. Project plan is now to complete safer off-road section between existing off-road sections parallel to road, for trail users. Awaiting on HDC before proceeding. |
|                        |                | New Zealand Cycle Trail Business Case Hawke's Bay Trails 2018-2023 | 39. Decision expected by end of March 2019.  |
|                        |                | NZCT Priority Project Ahuriri Underpass Flooding Safety Issues     | 40. Working with NZTA around solutions. Meeting with NZTA in April.  |
|                        |                | Hawke's Bay Regional Cycle Plan 2015 - Review                      | 41. Review had taken place and document is being drafted for review.   |

| Regulation Group |          | Project description                      | Activity Status Update   |
|------------------|----------|--|--|
| Section          | Team(s)  |  |  |
| Compliance       |          | PanPac Outfall leak                      | 42. Pan Pac is currently completing repairs on the leak. There have been minor delays in repair as additional damage to the outside of the pipe was discovered [presumed to have been caused during earlier repair works]. The liner and couplers have arrived and the installation engineer from Switzerland arrived on site on 16 March. A verbal update will be provided to Council as to whether or not the work has been completed. |
| Consents         | Consents | Large/ significant application Processes | 43. <b>Te Mata Mushrooms</b> Application for related consents from HDC has been notified and is out for submission.  |
|                  |          |  | 44. The applications lodged with HBRC & CHBDC for mushroom composting on a Mt Herbert Road Waipukurau site are subject to a s92 request for more information.  |
|                  |          |  | 45. <b>HBRC gravel extraction</b> Ngaruroro Tukituki, Waipawa and Tutaekuri. Submission period closed on 4 March. The process is on hold at the applicants request. A hearing may be required but there are no submissions opposing so matters may be able to be resolved by prehearing discussions.   |
|                  |          |  | 46. The four resource consent applications (Landcorp & NCC) for <b>discharging stormwater and drainage water into the Ahuriri Estuary</b> are on hold.   |
|                  |          |  | 47. <b>Ruataniwha Tranche 2</b> groundwater take (8) applications are on hold.   |

| Regulation Group |          | Project description        | Activity Status Update  |
|------------------|----------|----------------------------|---|
| Section          | Team(s)  |                            |   |
|                  |          |                            | <p>48. <b>Wairoa District Council waste water discharge</b> replacement consent application in process. Consent planner is preparing a s 92 further information request following meeting with applicants consultant.</p> <p>49. <b>Takes from the Heretaunga Plains</b> unconfined aquifer (approx. 200 lodged) expire 31 May and will be processed as a group, as requested by applicants,</p> <p>50. <b>CHB Wastewater</b> working party reference group due to provide its recommendation on improved options to CHBDC by May for the Council to determine its options and to advise the Environment Court (by June 30 2019).</p> |
|                  | Consents | Appeals/ Environment Court | 51. <b>PanPac</b> Environment Court hearing scheduled for 8 April.  |

| Strategic Planning Group |   | Project description   | Activity Status Update |
|--------------------------|---|---|------------------------|
| Section / Team(s)        |   |   |                        |
| Policy & Planning        | Statutory Advocacy  | 52. Towards mid-2019, policy planning staff are anticipating a variety of Bills, draft NPSs/NESs and discussion documents to be released for sector and/or public comment. These include:<br>(a) Bill for Stage 1 of RMA amendments<br>(b) Freshwater NPS amendments and NESs<br>(c) National biodiversity strategy review<br>(d) NPS re indigenous biodiversity<br>(e) NPS re productive soils<br>(f) NES for outdoor storage of tyres<br>(g) 12 month review of NES for plantation forestry implementation<br>(h) 'Urban Growth Agenda' urban planning pillar<br>(i) Zero Emissions Bill Select Committee process<br>(j) Emissions Trading Scheme regulation changes. |                        |
| Policy & Planning        | Heretaunga Plains Urban Development Strategy & NPS for Urban Development Capacity | 53. HPUDS Implementation Working Group (IWG) meeting anticipated ~April/May 2019.<br>54. Quarterly reporting on urban development metrics as required by the NPS for Urban Development Capacity is ongoing.   |                        |



| Strategic Planning Group | Project description              | Activity Status Update   |
|--------------------------|----------------------------------|--|
| Section / Team(s)        |                                  |  |
| Transport                | Public Transport                 | 55. The Draft Regional Public Transport Plan will be released for public consultation during April.  |
|                          | Regional Land Transport Planning | 56. The development of a new national road safety strategy is underway and will replace the current <i>Safer Journeys</i> strategy, which ends in 2020. The Ministry of Transport is investigating a Vision Zero approach, which has been successful in Scandinavia and some major cities.<br>57. The Ministry of Transport is commencing its review of the Government Policy Statement on Land Transport and a workshop on transport policy development is scheduled in Napier on Monday 8 April. |

### Decision Making Process

- Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision making provisions do not apply.

### Recommendation

That the Hawke's Bay Regional Council receives and notes the ***Significant HBRC Activities through April 2019*** report.

### Authored by:

**Genevieve Bennett**  
PROJECT MANAGER  
HB BIODIVERSITY STRATEGY

**David Carruth**  
MANAGER REGIONAL ASSETS

**Desiree Cull**  
STRATEGY AND PROJECTS LEADER

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MANAGER ENVIRONMENTAL  
INFORMATION

**Ceri Edmonds**  
MANAGER POLICY AND PLANNING

**Dean Evans**  
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TUKITUKI/SOUTHERN COASTS

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TERRESTRIAL ECOLOGIST

**Nathan Heath**  
CATCHMENT MANAGER  
(WAIROA/MOHAKA)

**Dr Andy Hicks**  
TEAM LEADER/PRINCIPAL SCIENTIST  
WATER QUALITY AND ECOLOGY

**Dr Kathleen Kozyniak**  
PRINCIPAL SCIENTIST (AIR)

**Campbell Leckie**  
MANAGER CATCHMENT SERVICES

**Dr Barry Lynch**  
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(LAND SCIENCE)

**Anna Madarasz-Smith**  
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MARINE AND COAST

**Malcolm Miller**  
MANAGER CONSENTS

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**Brendan Powell  
CATCHMENT MANAGER (CENTRAL)**

**Anne Redgrave  
TRANSPORT MANAGER**

**Dr Jeff Smith  
TEAM LEADER/PRINCIPAL SCIENTIST –  
HYDROLOGY/HYDROGEOLOGY**

**Wayne Wright  
MANAGER COMPLIANCE**

**Approved by:**

**Chris Dolley  
GROUP MANAGER ASSET  
MANAGEMENT**

**Liz Lambert  
GROUP MANAGER REGULATION**

**Joanne Lawrence  
GROUP MANAGER OFFICE OF THE  
CHIEF EXECUTIVE AND CHAIR**

**Iain Maxwell  
GROUP MANAGER INTEGRATED  
CATCHMENT MANAGEMENT**

**Tom Skerman  
GROUP MANAGER STRATEGIC  
PLANNING**

**Attachment/s**

There are no attachments for this report.

# HAWKE'S BAY REGIONAL COUNCIL

Wednesday 27 March 2019

**Subject: DISCUSSION OF MINOR ITEMS NOT ON THE AGENDA**

## Reason for Report

1. This document has been prepared to assist Councillors note the Minor Items of Business Not on the Agenda to be discussed as determined earlier in Agenda Item 5.

| Item | Topic | Raised by |
|------|-------|-----------|
| 1.   |       |           |
| 2.   |       |           |
| 3.   |       |           |
| 4.   |       |           |
| 5.   |       |           |

**Item 16**



# **HAWKE'S BAY REGIONAL COUNCIL**

**Wednesday 27 March 2019**

## **Subject: NOMINATIONS FOR CERTIFICATES OF APPRECIATION**

That Council excludes the public from this section of the meeting, being Agenda Item 17 Nominations for Certificates of Appreciation 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:

| <b>GENERAL SUBJECT OF THE<br/>ITEM TO BE CONSIDERED</b> | <b>REASON FOR PASSING THIS RESOLUTION</b>   | <b>GROUND(S) UNDER SECTION 48(1) FOR<br/>THE PASSING OF THE RESOLUTION</b>                             |
|---|---|--|
| Nominations for Certificates of<br>Appreciation         | 7(2)(a) That the public conduct of this<br>agenda item would be likely to result in the<br>disclosure of information where the<br>withholding of the information is necessary<br>to protect the privacy of natural persons. | The Council is specified, in the First<br>Schedule to this Act, as a body to<br>which the Act applies. |

### **Authored and Approved by:**

**Joanne Lawrence**  
**GROUP MANAGER OFFICE OF THE**  
**CHIEF EXECUTIVE AND CHAIR**



# **HAWKE'S BAY REGIONAL COUNCIL**

**Wednesday 27 March 2019**

## **Subject: 2019-20 ANNUAL PLAN COMMUNICATIONS PLAN**

That Council excludes the public from this section of the meeting, being Agenda Item 18 2019-20 Annual Plan Communications Plan 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:

| <b>GENERAL SUBJECT OF THE ITEM TO BE CONSIDERED</b> | <b>REASON FOR PASSING THIS RESOLUTION</b>  | <b>GROUND'S UNDER SECTION 48(1) FOR THE PASSING OF THE RESOLUTION</b>                            |
|---|--|--|
| 2019-20 Annual Plan Communications Plan             | 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. |

### **Authored by:**

**Drew Broadley**  
**COMMUNITY ENGAGEMENT AND**  
**COMMUNICATIONS MANAGER**

**Karina Campbell**  
**SENIOR PROJECT MANAGER**

### **Approved by:**

**Jessica Ellerm**  
**GROUP MANAGER**  
**CORPORATE SERVICES**

**Item 18**





# HAWKE'S BAY REGIONAL COUNCIL

Wednesday 27 March 2019

## SUBJECT: CONFIRMATION OF PUBLIC EXCLUDED MINUTES OF THE REGIONAL COUNCIL MEETING HELD 27 FEBRUARY 2019

That the Council excludes the public from this section of the meeting being Confirmation of Public Excluded Minutes Agenda Item 19 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<br>ITEM TO BE CONSIDERED  | REASON FOR PASSING THIS RESOLUTION  | GROUND UNDER SECTION 48(1) FOR<br>THE PASSING OF THE RESOLUTION                                  |
|--|---|--|
| Napier Port Director<br>Reappointment            | 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. |
| Port Development Project<br>February 2019 Update | 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<br><br>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 | The Council is specified, in the First Schedule to this Act, as a body to which the Act applies. |
| Shareholder Appointed<br>Directors               | 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. |
| Napier to Wairoa Rail<br>Reinstatement           | 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. |

**Authored by:**

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**Approved by:**

**James Palmer**  
**CHIEF EXECUTIVE**

**Item 19**