



Meeting of the Hawke's Bay Regional Council

Date: Wednesday 25 September 2019
Time: 1.00pm
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 Regional Council Meeting held on 28 August 2019 | |
| 4. | Call for Minor Items of Business Not on the Agenda | 3 |
| 5. | Significant Council Staff Activities through October 2019 | 5 |
| Decision Items | | |
| 6. | HB Tourism - First Quarter Organisation Report, KPIs and Funding Review Update | 13 |
| 7. | Report and Recommendations from the Regional Planning Committee | 27 |
| 8. | Report and Recommendations from the Regional Transport Committee | 33 |
| 9. | Report and Recommendations from the Corporate and Strategic Committee | 47 |
| 10. | Appointment and Remuneration of Directors Policy | 49 |
| 11. | Interim Delegations to the Chief Executive and End of Triennium Wrap-up | 67 |
| 12. | Affixing of Common Seal | 69 |
| Information or Performance Monitoring | | |
| 13. | Report from the HB CDEM Joint Committee Meeting | 71 |
| 14. | Clifton to Tangoio Coastal Hazards Strategy Joint Committee Meeting Summary | 79 |
| 15. | Report from the 4 September 2019 Drinking Water Governance Joint Committee Meeting | 83 |
| 16. | Discussion of Minor Items Not on the Agenda | 85 |
| Decision Items (Public Excluded) | | |
| 17. | Napier Port IPO Proceeds Deployment | 87 |

HAWKE'S BAY REGIONAL COUNCIL

Wednesday 25 September 2019

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

Item 4

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
GOVERNANCE LEAD

James Palmer
CHIEF EXECUTIVE

HAWKE'S BAY REGIONAL COUNCIL

Wednesday 25 September 2019

SUBJECT: SIGNIFICANT COUNCIL STAFF ACTIVITIES THROUGH OCTOBER 2019

Item 5

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.

Significant Work Streams

| NPSFM Plan Changes | | Project description | Activity Status Update |
|--------------------|---------|--|---|
| Group/Section | Team(s) | | |
| Strategic Planning | Policy | Progressing outstanding water bodies plan change (PC7) to notification | 1. Proposed PC7 was publicly notified on 31 August 2019. Submissions close on 28 February 2020. |
| | Policy | Progressing TANK plan change (PC9) to notification | 2. 18 September RPC recommended that the Regional Council adopts Plan Change 9 for public notification including amendments agreed. 3. There will be an Extraordinary RPC meeting 25 September to recommend to Council a Plan Change 9 pathway. |

| Hotspots | | Activity Status Update |
|----------------|--------------------------------|--|
| Project | Team(s) | |
| Marine Hotspot | Marine and Coast | 4. Multibeam surveys will recommence week beginning 16 September 2019 and will continue to map the area of the Clive Hard and subtidal Cape Kidnappers area. 5. Support is continuing for fencing and planting in the lower Pōrangahau catchment. |
| Tutira | Engineering Env Science | 6. Papakiri Stream Bridge and gauging structure installed. 7. Kahakanui Stream Bridge geotech investigation underway, hydraulic modelling completed 8. Tutira Sediment Plan completed and distributed to stakeholders for comment ahead of commencing procurement phase. 9. Air curtain has been turned on for the season. Based on feedback from governance group, the plan is to run the air curtain continuously this season. 10. Minor additions to the Environmental Effects for Southern Outlet are required following a peer review by NIWA, expected to be finalised in October. |
| Whakaki | Env Sci | 11. Lakes 380 team plan to take sediment cores from various lakes in Hawke's Bay including Whakaki. This will show how much sediment has accumulated in lake recently, and predict how much deeper the natural lake bed would have been. As well as provide a vegetation history and other ecological reconstructions. 12. Mesocosm experiment was installed in Whakaki. Solar pumping system has been working well, but extremely fine clays are not effectively removed by filter and this is limiting water clarity gains. A flocculant has been added to help remove the finest particles. 13. A suitable consultant has been identified for independent review of Rahui channel weir, should produce report by end of November. |

| 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>14. The Special Tribunal Recommendation Report released on 30 August 2019.</p> <p>15. Special Tribunal recommends that the WCO be declined for the lower Ngaruroro River, and granted in the upper Ngaruroro River in respect of:</p> <p>13.1 Habitat for rainbow trout</p> <p>13.2 Rainbow trout fishery</p> <p>13.3 Angling amenity and recreation</p> <p>13.4 White water kayaking and rafting amenity and recreation</p> <p>13.5 Wild, scenic and other natural characteristics.</p> <p>16. Staff are generally supportive of a WCO for the upper Ngaruroro River and are developing a submission focussed on the implementation of the Special Tribunal's draft Order.</p> |

Significant Team Activities

| Integrated Catchment Management Group | | Project description | Activity Status Update |
|---------------------------------------|-------------------------|--|---|
| Section | Team | | |
| Environmental Science | Land Science | <p>LiDAR</p> <p>Sediment monitoring</p> <p>S-Map</p> | <p>17. Contract for regional LiDAR has been submitted for tender and HBRC has had 12 responses. These will be evaluated and a provider selected.</p> <p>18. 10 ISCO automatic sediment samplers being ordered and site set up to begin as part of the ECS monitoring. Eventually having 25 samplers region wide to detect long term changes in sediment loads.</p> <p>19. Final and complete version of S-map completing entire region from September. Available on-line to the public from 1 September. Discussions with Comms team to publicly announce</p> |
| | | Waipunga Frost flat | 20. Re-survey of Waipunga frost flats (very rare ecosystem) |
| | Marine and Coast | | 21. Key Ecological Areas for the coastal marine area report due October. This assesses national information against ecological significance criteria to assist identifying areas for management or restoration. |
| | Hydrology/ Hydrogeology | <p>Monitoring well review</p> <p>Managed aquifer recharge prefeasibility</p> | <p>22. Our monitoring well network is going through an internal review to ensure plan implementation can be monitored.</p> <p>23. This project has stalled, awaiting approval from council post-election. Staff resources will be reallocated to other projects.</p> |

| Integrated Catchment Management Group | | Project description | Activity Status Update |
|---------------------------------------|---------------------------|---|--|
| Section | Team | | |
| | Water quality and ecology | <p>TANK</p> <p>Environment Information</p> <p>Whitebait</p> <p>Riparian shade</p> <p>Tukituki</p> | <p>24. WQE objectives and limits report for plan change finalised and awaiting sign off</p> <p>25. Starting on implementation of KiEko Ecological database.</p> <p>26. Preparing sites and instrumentation and getting base flows for the summer low flow program</p> <p>27. Diaries have been handed out to whitebaiters to help collect information on state and trend of whitebait populations. Joint project with DoC.</p> <p>28. Riparian planting brochure is now with graphics designer for publishing</p> <p>29. Developing an ecosystem health framework for the consenting team to take into consideration when processing farm consents.</p> |
| Biosecurity/ Biodiversity | | Predator Free Hawke's Bay | <p>30. Wireless leghold network being deployed on Mahia peninsula</p> <p>31. Community rat and mouse traps being deployed to Mahia community</p> <p>32. First contract for bait station layout by external contractor</p> |
| | | Biodiversity priority ecosystems | <p>33. The Biodiversity team will be working with Taupō District Council in reviewing their Draft Significant Natural Areas Report. This report outlines areas of biodiversity value that will have restrictions placed on them to help protect them long-term.</p> <p>34. Deer Industry New Zealand have approached HBRC to assist in the development of best practice environmental fact sheets focusing on protecting and enhancing biodiversity on deer farms. This work will be undertaken in September.</p> <p>35. The team is working closely with key stakeholders in committing to works on the ground this financial year at 16 Ecosystem Prioritisation sites</p> |
| | | Plant pests | 36. The Pest Plant Team will be preparing for the Chilean needle grass season. This includes signing landowners up to contractors, ensuring everyone understands the RPMP rules and discussing Management Plans. |
| | | Animal pests | 37. Contractors will be beginning appropriate 2019-2020 contracts including rook control |
| Catchment Management | All | | 38. The Catchment Managers are meeting to discuss options for scaling up of the Erosion Control Scheme and Riparian Planting Programme |

| Integrated Catchment Management Group | | Project description | Activity Status Update |
|---------------------------------------|------|---------------------|--|
| Section | Team | | |
| Catchment Management | | Southern | <p>39. The Tukipo Catchment Group (includes catchment landowners other than the committee members) will be holding its first catchment wide discussion on 15 October. They will look to HBRC to provide information about catchment monitoring and insights into the consenting process. And the NZ Landcare Trust will communicate what is happening with the Tukipo wetland project.</p> <p>40. Now that staff have the predicted availability of pole numbers for their area for the coming year, they will be looking at how they can best manage the shortfall for next year's planting season.</p> |
| | | Central | <p>41. Two Catchment advisors will continue to approach new contacts via mail out and follow up personal contacts in the SedNet priority area within this zone.</p> <p>42. Work to plan an increase to poplar and willow supply is underway with potential expansion sites being investigated. A contractor will be employed to develop a nursery management plan and a development plan over the next two months.</p> <p>43. Stream stretches will be selected within the Karamu for targeted approaches to landowners for riparian work.</p> |
| | | Northern Team | <p>44. Recruitment for the 2 Catchment Advisor positions funded through the Hill Country Erosion Project will be occurring through October.</p> <p>45. Staff priorities are focussed on getting out to farmers to build demand for the Erosion Control Scheme.</p> <p>46. A farmer workshop with Whakaki Catchment landholders is being planned to discuss options for addressing erosion problems on farm following a comprehensive farm planning exercise, working alongside the Whakaki Freshwater Improvement Fund project to reduce sediment inputs into the lake.</p> |

| Regulation Group | | Project description | Activity Status Update |
|------------------|----------|--|---|
| Section | Team(s) | | |
| Consents | Consents | Large/ significant application Processes | <p>47. Te Mata Mushrooms HBRC - HDC joint hearing was held on 31 July – 2 August. Hearing has been adjourned to allow the applicant to come back with a details of what can be done on site to fully enclose the activity as soon as possible. Hearing to reconvene 11 October.</p> <p>48. The applications lodged with HBRC & CHBDC for mushroom composting on a Mt Herbert Road Waipukurau site are on hold awaiting provision of more information.</p> <p>49. Following major consents on hold:</p> <ul style="list-style-type: none"> • HBRC gravel extraction Ngaruroro Tukituki, Waipawa and Tutaekuri. • Landcorp and NCC consents for discharging stormwater and drainage water into the Ahuriri Estuary • Ruataniwha Tranche 2 • Michael Glazebrook Trust. Water storage and Augmentation Scheme proposal. To take water from the Ngaruroro River at times of high flow to fill dams with the purpose of augmenting the Ngaruroro River and the Karamu Stream Catchment. <p>50. Wairoa District Council waste water discharge replacement consent application in process. The application was notified on 10th August with the submission period closing on 13th September. 22 submissions were received by the closing date.</p> <p>51. Takes from the Heretaunga Plains unconfined aquifer (approx. 200 lodged) expire 31 May and will be processed as a group, as requested by applicants. Report on the individual and combined stream depletion effects now received. Notification decision pending.</p> <p>52. Report on future actions to address CHBDC municipal wastewater discharges was provided to the Environment Court on 11 September, having been agreed to by both CHDDC and HBRC.</p> |

| Strategic Planning Group | | Project description | Activity Status Update |
|--------------------------|--|---------------------|--|
| Section / Team(s) | | | |
| Policy & Planning | | Statutory Advocacy | 53. Staff to prepare further advice on upcoming proposals from Central Government including Essential Freshwater as and when they arise. 54. Regular report provided to RPC (last report date 18 September) |

ITEM 5 SIGNIFICANT COUNCIL STAFF ACTIVITIES THROUGH OCTOBER 2019

| Asset Management Group | | Project description | Activity Status Update |
|------------------------|----------------|--|---|
| Section | Team(s) | | |
| | Schemes | Gravel Management | 66. New proposed Maraekakaho River Access Road – consent submitted to HDC. 67. Global consent for gravel conditions amended following submissions. Letter with revised conditions attached, sent to submitters for comment. |
| | Open Spaces | Drainage | 68. Eel management review and new COP drafted with interagency taskforce working group. |
| | | Te Mata Park | 69. HBRC Works Group staff delivering 4 days a week service to the Trust, up from 3 days a week. |
| | | Hawea Historical Park / Karamu Stream Diversion | 70. Draft park management plan prepared and under review. Management committee formed with monthly meetings underway. Successful planting day held on 31 August 2019. Design of car park and track to summit of the mound complete by 30 September 2019. 71. Trust Deed lodged with Māori Land Court – hearing held on December 5 2018. Decision from court remains outstanding. |
| | | Waitangi Regional Park | 72. Earthworks for future marquee area with access track and overflow car park underway. |
| | | NZCT Priority Project Waimarama Road Safety Project | 73. Meeting with HDC, final plan is ready to go, to complete safer off-road section between existing off-road sections parallel to road, for all trail users. HDC to complete iwi consultation regarding Archaeological Authority application and submit. One final easement is with lawyers and final negotiations regarding alignment with Te Mata Estate are progressing. |
| | Cycle Networks | New Zealand Cycle Trail Business Case Hawke's Bay Trails 2018-2023 | 74. Bayview/Whirinaki track. Working with land owners, councils, NZTA to finalize route. |
| | | NZCT Priority Project Ahuriri Underpass Flooding Safety Issues | 75. Working with NZTA around solutions – seawall plan is being finalised by OPUS for Southern End. Detour for Northern End using Watchman Rd while feasibly study takes place. Confirming how this is to be funding and timeline for building. |

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 October 2019** report.

Authored by:

**Paul Barrett
PRINCIPAL CONSENTS PLANNER**

**David Carruth
MANAGER REGIONAL ASSETS**

**Desiree Cull
STRATEGY AND PROJECTS LEADER**

**Peter Davis
MANAGER ENVIRONMENTAL
INFORMATION**

**Ceri Edmonds
MANAGER POLICY AND PLANNING**

**Dean Evans
CATCHMENT MANAGER
TUKITUKI/SOUTHERN COASTS**

**Keiko Hashiba
TERRESTRIAL ECOLOGIST**

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

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

**Gavin Ide
PRINCIPAL ADVISOR STRATEGIC
PLANNING**

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

**Campbell Leckie
MANAGER CATCHMENT SERVICES**

**Dr Barry Lynch
TEAM LEADER/PRINCIPAL SCIENTIST
(LAND SCIENCE)**

**Anna Madarasz-Smith
TEAM LEADER/PRINCIPAL SCIENTIST
MARINE AND COAST**

**Malcolm Miller
MANAGER CONSENTS**

**Mark Mitchell
TEAM LEADER/PRINCIPAL ADVISOR,
BIOSECURITY/BIODIVERSITY**

**Thomas Petrie
PROJECT MANAGER ENVIRONMENTAL
HOTSPOTS**

**Brendan Powell
CATCHMENT MANAGER (CENTRAL)**

**Anne Redgrave
TRANSPORT MANAGER**

**Dr Jeff Smith
MANAGER SCIENTIST**

**Jolene Townshend
SENIOR ADVISOR INTEGRATED
CATCHMENT MANAGEMENT**

**Thomas Wilding
SENIOR SCIENTIST**

Approved by:

**Chris Dolley
GROUP MANAGER ASSET
MANAGEMENT**

**Liz Lambert
GROUP MANAGER REGULATION**

**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 25 September 2019

Subject: HB TOURISM - FIRST QUARTER ORGANISATION REPORT, KPIs AND FUNDING REVIEW UPDATE

Item 6

Reason for Report

1. This item provides Council with:
 - 1.1. Hawke's Bay Tourism's first quarter organisation report
 - 1.2. Hawke's Bay Tourism's revised Key Performance Indicators (KPIs) for agreement
 - 1.3. An update on the Hawke's Bay Tourism funding review and some key national industry developments.

Executive Summary

2. Hawke's Bay Tourism has revisited its KPIs (presented to the Corporate and Strategic Committee in June 2019) at Council's suggestion and provides revised indicators for Hawke's Bay Regional Council to agree to.
3. A review of the funding the Regional Council allocates to Hawke's Bay Tourism (HBT) continues, noting there are significant national developments regarding tourism funding, including:
 - 3.1. The release of the Productivity Commission's Local Government Funding and Financing Draft Report which states councils need a new funding tool to cope with the specific cost pressures associated with the growth of tourism
 - 3.2. A remit passed by Local Government New Zealand (LGNZ) that LGNZ advocates for enabling legislation that would allow councils to require all guest accommodation providers to register with the council.
4. The rating allocation of the targeted Economic Development (ED) rate has been further adjusted as part of a three-year process to become more weighted to the commercial/industrial sector as it is considered this sector benefits more directly from tourism than urban rated properties. Funding for HBT is collected through this rate. Further analysis of how the ED rate is collected is planned.
5. HBT is seeking increased financial support from the tourism sector.

Background

6. Hawke's Bay Tourism presented its KPIs to the Corporate and Strategic Committee on 5 June 2019 for adoption. The committee made a recommendation that Council adopt these, subject to the HBT Board of Directors ratifying them (prior to that meeting), and incorporating any amendments agreed by the Committee that day. At the meeting there were suggestions that there be additional KPIs for increasing membership, increasing the number of members signing up to pay the living wage, development of a carbon reduction Tourism strategy, and the need for some additional detail to make the performance measures meaningful.
7. When the minutes from the Corporate and Strategic Committee went to Council on 26 June for adoption it was agreed that HBT's KPIs should be amended in line with the Corporate and Strategic Committee's suggested amendments for ratification by the HBT Board, prior to being brought back to the July Council meeting for agreement, and that the relevant recommendation from the Committee be considered at that time.
8. The KPIs are being presented today as HBT was unable to have representation at earlier Council meetings.

9. A review is being undertaken of the funding the Regional Council provides to Hawke's Bay Tourism with the objectives being:
 - 9.1. To develop a long-term sustainable funding model for Hawke's Bay Tourism that ensures those who benefit commercially from tourism contribute to the promotion and marketing of the region
 - 9.2. To lessen the burden on the Hawke's Bay ratepayer.
10. This arose from the 2018-28 Long Term Plan (LTP) where, following consultation, Council decided to support HBT at a rate of \$1.52 million per annum, for three years, with subsequent funding levels to be reviewed through the 2021-31 LTP process. HBRC also agreed to adjust the economic development rating allocation (where funding for HBT comes from) to become more weighted to the commercial sector, as consulted on.
11. Council also requested that:
 - 11.1. Hawke's Bay Tourism examine levels of accommodation in private homes achieved through hosting websites to recommend to HBRC possible differentiated rating levels for accommodation providers based on occupancy rates
 - 11.2. HBRC staff work with Hawke's Bay Tourism to investigate the possibility of introducing a bed tax via enabling legislation to support the activities of Hawke's Bay Tourism.

Funding Review Update

Economic Development rate split and review

12. The rating allocation of the targeted Economic Development rate has been further adjusted (as consulted on) as part of a three-year process to become more weighted to the commercial/industrial sector.
13. This has seen the allocation move to collecting 70% of the rate from the commercial/industrial sector and 30% from residential and rural properties, effective 1 July 2019.
14. Further analysis of the Economic Development rate will be undertaken to ensure those that benefit commercially from tourism are contributing accordingly to the promotion and marketing of the region as a tourism destination. This will be undertaken as part of a review of all Council's targeted rates with the aim of it being completed by the end of the calendar year.

Hawke's Bay Tourism aims to seek more financial support from the tourism sector

15. Hawke's Bay Tourism is looking to increase its revenue from the tourism sector and has a specific KPI and target in relation to this; increasing industry contribution to \$250,000, which is a 22% increase on 2018-19.
16. Following formal endorsement by the region's Local Government Leaders' Forum, Hawke's Bay Tourism is driving the development of the Hawke's Bay Visitor Strategy and Destination Management Plan and is scoping up the key stakeholder engagement.
17. HBT has provided further analysis on the peer-to-peer sector.

Accommodation levy

18. The Productivity Commission's Local Government Funding and Financing Draft Report, released in July 2019, recommended that while the current funding and financing system should remain councils need new tools to help them deal with some specific cost pressures – one of those being coping with the growth of tourism.
19. The draft report recommends government should legislate to enable councils in tourist centres to choose to implement accommodation levies to recover the tourism-induced costs of providing local mixed-use facilities not otherwise charged for. Councils in tourist centres should make greater use where possible of user pays for mixed-use facilities.

20. HBRC made a submission on the draft report supporting the underlying benefit principle for allocating costs. In order to allocate the otherwise unfunded costs associated with tourism Regional Council preferred another option discussed in the report; this was central government rebates a portion of the GST that it collects from tourists' consumption in the area.
21. The submission noted that HBRC considers that this best recognises the impacts of tourism on a local community. For Hawke's Bay, accommodation services receive a small percentage of average tourism spend, and targeting this sector alone is not in accordance with the benefit principle.
22. HBRC requested that if the government chooses another option for tourism costs:
 - 22.1. That the definition of 'tourism centres' is broadened, so that smaller tourism areas can access any levy, including centres such as Napier, Hastings, Wairoa, Waipawa and Waipukurau, as well as our coastal communities
 - 22.2. That any accommodation levy applied to recover tourism-induced costs should also be able to be applied to wider tourism activities, including tourism marketing and promotion, and not just for local mixed-use facilities.
23. The submission stated HBRC supports application of any accommodation levy to all accommodation, including through platforms such as Airbnb and Bookabach.
24. The submission also stated HBRC supports the use of a database of accommodation providers, and requests support in requiring all accommodation providers register with their local council. HBRC requested that the Commission endorse the recent Local Government NZ remit:
 - 24.1. *That LGNZ advocates for enabling legislation that would allow councils to require all guest accommodation providers to register with the council and that provides an efficient approach to imposing punitive action on operators who don't comply.*
25. Staff from the region's territorial authorities have had an initial meeting about capturing the peer-to-peer sector and are in favour of a coordinated approach.
26. The SOLGM (Society of Local Government Managers) Regulatory Reference Group's July newsletter stated work is currently underway between the reference group and the Ministry of Housing and Urban Development to work with Airbnb in regards to local authorities requiring access to host information in order to regulate this sector.

Some key national tourism developments

27. As outlined above, the Productivity Commission released its draft report in July, recommending government legislate to enable councils in tourist centres to implement an accommodation levy. Submissions have closed and the Commission's final report is due 30 November 2019 with an evaluation scheduled for December 2019. The commission's timeline on its website does not state a month for when the government's response is due in 2020.
28. The judgement of the judicial review of Auckland Council's Accommodation Provider Targeted Rate (APTR) has not been released. The hearing was held in May 2019.
29. The Queenstown Lakes District Council non-binding referendum on a proposed visitor levy, held in June 2019, showed 81.17 % of voters (8,032 voters) were in favour. There was a 42.04 % voter turnout. The council proposed a 5% charge to the costs of accommodation payable by visitors. A government legislation change is needed for the levy to be put in place. In its submission to the Productivity Commission's Draft Report Queenstown Lakes District Council states it continues to work with central government to progress potential solutions.
30. A remit regarding short-term guest accommodation was made official Local Government New Zealand (LGNZ) policy at LGNZ's Annual General Meeting in July. The remit is:
 - 30.1. *That LGNZ advocates for enabling legislation that would allow councils to require all guest accommodation providers to register with the council and that provides an efficient approach to imposing punitive action on operators who don't comply.*

31. The first projects to receive funding from the International Visitor Conservation and Tourism Levy (IVL), which came into effect on 1 July 2019, have been announced. \$18 million was allocated to 10 projects. To see what projects received funding go to: <https://www.mbie.govt.nz/about/news/18-million-to-support-sustainable-tourism-growth/>

Next Steps

32. HBRC staff to undertake the review of the Economic Development targeted rate to ensure those that benefit commercially from tourism are contributing accordingly to the promotion and marketing of the region as a tourism destination.
33. HBRC staff support Hawke's Bay Tourism in its development of the Hawke's Bay Visitor Strategy and Destination Management Plan. Part of the strategy could involve developing a plan for what would be needed to implement a visitor levy if government accepts the Productivity Commission's recommendation to legislate to enable councils to do so, and if the region meets the criteria.
34. HBRC staff continue to closely track industry developments and report back to the Corporate and Strategic Committee when new information is available.

Decision Making Process

35. 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:
 - 35.1. The decision does not significantly alter the service provision or affect a strategic asset
 - 35.2. The use of the special consultative procedure is not prescribed by legislation
 - 35.3. The decision does not fall within the definition of Council's policy on significance
 - 35.4. The decision is not inconsistent with an existing policy or plan
 - 35.5. Given the nature and significance of the issue to be considered and decided, and also the persons likely to be affected by, or have an interest in the decisions made, Council can exercise its discretion and make a decision without consulting directly with the community or others having an interest in the decision.

Recommendations

That Hawke's Bay Regional Council:

1. Receives and considers the "*HB Tourism - First Quarter Organisation Report, KPIs and Funding Review Update*" staff report.
2. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that Council can exercise its discretion and make decisions on this issue without conferring directly with the community or persons likely to have an interest in the decision.
3. Adopts the HB Tourism Key Performance Indicators as proposed.

Authored by:

Mandy Sharpe
PROJECT MANAGER

Approved by:

Joanne Lawrence
GROUP MANAGER OFFICE OF THE
CHIEF EXECUTIVE AND CHAIR

Attachment/s

- [!\[\]\(0a99c3274070c04a2942eb57430d0619_img.jpg\) 1](#) Hawke's Bay Tourism Ltd - First Quarter Report 2018-19



Hawke's Bay Tourism Ltd – First Quarter Report 2018 2019
Prepared by Hamish Saxton | CEO Hawke's Bay Tourism

Contents

- 1 General outlook
- 2 New Hawke's Bay Tourism CEO
- 3 Hawke's Bay Tourism Key Performance Indicators
- 4 Hawke's Bay Tourism Dashboard
- 5 Events Delivered/Attended
- 6 Upcoming Events/Bids Secured
- 7 2019-20 Cruise Season
- 8 Māori Tourism
- 9 Membership
- 10 Stakeholder Management
- 11 Financial Management
- Appendix 1 Profit & Loss statement

Item 6

Attachment 1



1. General outlook

Tourism New Zealand and the wider tourism industry is reiterating a visitor arrival slowdown. They have described it as a "moderation in growth" – but predict 0% growth over the next year or so.

They noted that their target was high-value visitors, and that this was the target for many other visitor destinations, especially in a slowdown, making the marketplace even more competitive.

Core markets continue to demonstrate resilience, however, with solid performance from Australia, and the US. There is a reduction in Chinese visitors, however the Chinese market is forecast to regain growth. Of note is the continued slide from the UK market, with the traditional "gap year" becoming more of a gap month, with younger travellers deciding to focus more on earnings and careers.

2021 is going to be a busy year in Auckland with Americas Cup and APEC. Hawke's Bay ought to see some benefit from these major events, but will need to compete for attention in this space.

At these times of cyclic downturns, it is really important to solidify our base as much as we can. For Hawke's Bay, this means not taking our eye off the important domestic market, which will become even more competitive as RTOs and other sectors also refocus on this market.

At the same time, we need to consider our activities in the Australian market. If an economic downturn of scale transpires, then it is more likely that those holiday makers closer to us may well also choose to be travelling closer to home (unless they can bag a real bargain!).

Companies that need to curb spending may start re-looking at holding business events closer to home as well – which again may bode well for interest from the domestic and Australian markets in our conference facilities.

2. New Hawke's Bay Tourism CEO

After an in-depth search and interview process Hawke's Bay Tourism appointed Hamish Saxton to head up the regional tourism organisation.

Hamish has a strong tourism background and more specifically has extensive experience in managing a regional tourism entity. He had been acting in a caretaker capacity for three months following the departure of Annie Dundas.

We look forward to Hamish's contribution to this dynamic region as we continue to grow and develop tourism's economic impact. Hamish became permanently established in the role in mid-August.



3. Hawke's Bay Tourism Key Performance Indicators

Ratified by the Board of Hawke's Bay Tourism 05 September 2019

| Key Performance Indicator | Target | Performance Result |
|--|--|--------------------|
| Visitor spend, benchmarked against national performance. Data provided by MBIE's Monthly Regional Tourism Estimates. | 2% growth in visitor spend for 12 months to June 2020. | |
| Industry contribution | Increase in revenue to \$250k (22% increase on 2018/19) | |
| Members' awareness and action on climate change and environmental sustainability Number of members signed up to Tourism Industry Aotearoa's "Tourism Sustainability Commitment" | Develop membership engagement on climate change mitigation and adaptation No less than 50 members signed up to TIA Sustainability Commitment | |
| Industry advocacy. Support existing tourism operators to develop new products, and expand into new markets | <ul style="list-style-type: none"> • Develop Maori tourism strategy • Deliver annual series of workshops to build industry capability • Support Hawke's Bay Regional Council with tourism expertise and support | |
| Tourism operators value Hawke's Bay Tourism's leadership and contribution to growth of industry | Industry survey conducted, to set benchmark for future years | |
| Lead the development of a regional visitor strategy for Hawke's Bay | Completion 30 June 2020. | |



4. Hawke's Bay Tourism Dashboard

Hawke's Bay Tourism dashboard

CAM = Commercial Accommodation Monitor, provided by Statistics NZ

MRTE = Monthly Regional Tourism Estimates, provided by MBIE

Peer-to-peer = AirBNB + HomeAway data, provided by AirDNA

| | | | |
|--|---|--|--|
| July CAM Domestic Nights 63,602 Last year ↑8.4% | Annual CAM Domestic Nights 925,994 Last year ↑4.0% | July MRTE Spend Domestic \$36.1m Last year ↑8.9% | Annual MRTE Spend Domestic \$492m Last year ↑2.3% |
| July CAM International Nights 15,288 Last year ↑5.4% | Annual CAM International Nights 312,276 Last year ↓3.3% | July MRTE Spend International \$8.3m Last year ↑8.7% | Annual MRTE Spend International \$172m Last year ↑5.5% |
| July CAM Overall Nights 78,890 Last year ↑0.3% | Annual CAM Overall Nights 1,238,268 Last year ↑2.1% | July MRTE Spend Overall \$44.3m Last year ↑8.8% | Annual MRTE Spend Overall \$664m Last year ↑3.1% |
| July peer-to-peer Overall Nights 15,983 Last year ↑90% | Annual peer-to-peer Overall Nights 278,283 Last year ↑86% | July MRTE Spend Accom \$4.3m Last year ↓12.4% | Annual MRTE Spend Accom \$79.9m Last year ↓3.8% |
| July overall nights CAM + Peer-to-peer 94,873 Last year ↑18.2% | Annual overall nights CAM + Peer-to-peer 1,516,551 Last year ↑11.9% | Peer-to-peer July revenue \$1.53m Last year ↑100% | Peer-to-peer annual revenue \$28.6m Last year ↑105% |

4.1 Key Figures

12 months to June 2019

- Domestic - \$488.5m, up 2.0%
- International - \$171.5m, up 4.7%
- Overall - \$660.1m, up 2.7%



Major International markets for Hawke's Bay

- Australia – relatively large variations. May well down but June well up. Annual value \$52.6m, up 6.1%.
- UK – June first time in 8 months with negative growth, but otherwise strong. Annual value \$28.4m, up 13.8%.
- US – continuing to claw back lost ground with good months. Annual value still down though, \$24.2m, down -0.9%.
- Germany – continuing to drop on back of backpacker numbers dropping. Annual value \$10.6m, down -8.2%.
- China – small gains continue to be made, but still very small market. Annual value \$6.1m, up 14.9%.

Commercial Accommodation Monitor

12 months to June 2019

- Domestic nights rose 3.8% - national average 3.9%
- International down -4.1%, national average down -2.1%
- Overall up 1.7%, national average up 1.3%
- Occupancy continues to be excellent, at 63.3% (excluding holiday parks). We very rarely drop out of top 5 or 6 among RTOs on a monthly basis. (was 59.9% same time last year).

5. Events Delivered/Attended

5.1 Hawke's Bay Tourism Awards

The Hawke's Bay Tourism Awards were also held in this period. Hastings District Council, Napier City Council, Central Hawke's Bay, and Wairoa District Council all contribute sponsorship to allow this event to take place.

The 2019 top honours went to:

2019 Supreme Award Winner: Craggy Range - sponsored by EIT

2019 Accommodation Award Winner: Art Deco Masonic Hotel - sponsored by Hawke's Bay Airport

2019 Visitor Experience Award Winner: Craggy Range - Sponsored by Hastings District Council

2019 Environment Award Winner: Napier Māori Tours - Sponsored by Central Hawke's Bay District Council

2019 Culture & Heritage Award Winner: Church Road Winery - Sponsored by Wairoa District Council

2019 Essence of Hawke's Bay Award Winner: The Urban Winery - sponsored by Napier City Council

Additional Awards

Rising Star Award: Emma Hadden from Meadowood House

Business Excellence Award: Bay Tours



5.2 "Meetings" tradeshow

Hawke's Bay was represented at the annual "Meetings" tradeshow held by CINZ (Conventions and Incentives NZ) by Hawke's Bay Tourism and regional investors/operators.



It was regarded by those representing the region as one of the better shows they'd attended, with keen interest in the region.

Business Events has great potential for growth in the region.

- Business events tend to occur in the shoulder seasons (often between Easter and Labour Weekend)
- Hawke's Bay has a good, wide, range of affordable accommodation
- Napier is ideally suited to smaller (300 or so) conventions (which is more often the size of most business events) due to proximity of accommodation and conference centre
- Napier has recently handled an excellent event for planners, with close to 1000 delegates
- Redevelopment and relaunch of Toitū – Hawke's Bay Arts and Events Centre
- Great assortment of attendee and partner recreation options
- Desirable destination with good regional air connectivity
- Excellent group transportation (bus)

Since then, we have had several leads and bid opportunities connecting possible events with suppliers in our region as well as arranging families.

5.3 Winter F.A.W.C! 2019

The 7th edition of Winter F.A.W.C! wrapped up on 30 June, with 2,927 tickets being sold across 59 events – equivalent to 92% of all available tickets for events that went ahead (a few were lost to cancellations). As always, post-event surveys are sent to ticket purchasers as well as event managers to secure feedback. Noteworthy stats:



- This year saw the highest number of \$150+ events ever offered, with 1/3 of all events in that price bracket.
- Geographic spread of events was also the most even seen across the Winter series, with Napier, Hastings and Havelock North all offering between 17-21 events, while CHB also chipped in with 4 highly successful events at Wallingford.
- Eight new venues were welcomed into the F.A.W.C! family
- The 23 F.A.W.C! by 5 dining deals available was the highest ever, and was tremendously supported by Hawke's Bay Today who featured 11 meal reviews across the month.

5.4 Workshops

Winter workshops have been conducted, including:

- Tourism New Zealand roadshow full-day presentation
- Tourism travel-trade tutorials in Napier and Waipukerau

6. Upcoming Events/Bids Secured

6.1 F.A.W.C! Summer Series

The F.A.W.C! Summer Series is progressing well, with a high number of ticketed events being less than \$100 per person.

Quick points:

- 75 events this year – up 17 events from last year (but similar to some years before). As no masterclasses arranged by HBT this year, it is the highest events series external of HBT.
- 56% of tickets are below \$100pp, and only 4% are above \$200pp
- Strong response from industry through application process, especially a lot of new venues this year which is exciting, keeping it fresh.
- In previous years invited food/wine experts ("talent") have been sourced directly from HBT. This year we created a talent fund, allowing industry to work their networks and partner with us to secure their peers and food/wine luminaries. The fund worked well bringing in new talent from previous years. Utilising this concept we aim to work with industry to get bigger names/international contacts in the future.
- The Hawke's Bay Arts Festival runs close to Summer F.A.W.C! and with a very similar target audience locally so there is competition there, and their tickets are on sale now. IronMaori, on during the last days/weekend of F.A.W.C!, has taken up a good chunk of accommodation, as well as the Twenty20 Cricket match on 8 November.

6.2 Spirited Women

Central Hawke's Bay, March 2020

All 408 team / 1,632 participant spots for this event were snapped up in 7 minutes – a new event record. Of the 1,230 participants who have fully completed their registrations, just 150 are Hawke's Bay residents – a fantastic result for this event, which was secured following a combined pitch by Napier, Hastings and CHB councils, along with Hawke's Bay Tourism. All four partners are working together to ensure regional benefit as much as possible.



6.3 Cycling New Zealand 2020 Vantage Windows and Doors Age Group National Championships

Central Hawke's Bay, April 2020

Central Hawke's Bay won a bid to host the Cycling New Zealand 2020 Vantage Windows and Doors Age Group National Championships next April. A joint bid between Hawke's Bay Tourism, Central Hawke's Bay District Council and Cycling CHB. We expect to host 1,000 riders, supporters and race crew over the three day event weekend.

6.4 Spring Fling

A new website has been created for the 2019 Spring Fling which integrates with Eventfinda, held in Central Hawke's Bay. In 2018 we attracted 17,000 people to events. with 75% from out of the district.

7. 2019-20 Cruise Season

The 2019-20 cruise season is forecast to be our biggest, with an increase to 86 ship visits (from 70) with 150,961 passengers (from 119,181) and 63,681 crew (from 48,472). This year, Port Napier will welcome the maiden visit of the Dream Explorer, part of the Genting family of cruise vessels based out of Hong Kong, which opens up the potential for cruise growth out of Asia.

Stats just released show that Hawke's Bay attracted c. \$28.4m in expenditure for the 2018-19 season (which works out at a value of c\$170 per person – this sum includes costs such as providoring, agent logistics, shore excursions, and spending ashore by passengers and crew).

Australia, followed by the US, UK, Canada, and New Zealand make up the majority of cruise passengers to Hawke's Bay.

| 2018-19 | Australia | United States | United Kingdom | Canada | New Zealand |
|-------------|-----------|---------------|----------------|--------|-------------|
| Passengers | 57,837 | 28,809 | 6,536 | 5,506 | 5,418 |
| % (116,779) | 50% | 25% | 5.6% | 4.7% | 4.6% |

A draft cruise strategy has been developed in conjunction with Port Napier and the Napier i-SITE.

Port Napier's Capability and Cruise Manager, Bruce Lochhead has just been voted back onto the board of Cruise New Zealand for a second term, which is important for the region.

8. Māori Tourism

A Māori marketing and product development plan has been drafted, and to be initially consulted on with existing Māori tourism businesses that are members of Hawke's Bay Tourism.



9. Membership

Full membership – 151 (this was 148 at 01/07/2019)

Support Partners – 20

Listings on website – 448

New listings – 19 (mostly business events-related)

10. Stakeholder Management

HBT continues to report to all entities on a regular basis.

We conduct "First Friday" meetings each month with a cross section of tourism industry representatives from various sectors.

11. Financial Management

Central Hawke's Bay District Council has renewed their contract with us to continue the CHB Tourism Coordinator role. This role provides focus for the district in relation to tourism. The region has seen visitor spend increase 23% for the three years to July 2019.

HBT ended the financial year favourably in a net positive position of \$1,772.

Please see Appendix 1 for HB Tourism's end of year financials.

Key notes:

- Good sales from F.A.W.C!
- Industry contribution down against budget. Budget forecast was aspirational against introduction of new website listings fees which allowed reduced investment and opt-out.
- Consumer marketing spend reduced to reflect reduced budget income
- Salaries higher than expected due to unbudgeted holiday pay payout and addition F.A.W.C! contractor

HBT has only just begun the new financial year and a new budget, all activity is on track at this early stage.



Appendix 1

Profit & Loss

Hawke's Bay Tourism Limited

For the 12 months ending 30 June 2019

| | YTD Actual | YTD Budget | Var NZD | U/F | Full Year Budget |
|---|------------------|------------------|-----------------|----------|------------------|
| | \$ | \$ | \$ | | \$ |
| Income | | | | | |
| EV-FAWC Eventfinder Ticket Sales Income | 415,030 | 400,000 | 15,030 | F | 400,000 |
| External/Other Revenue | 324,465 | 322,100 | 2,365 | F | 322,100 |
| HB Regional Council Grants | 1,520,000 | 1,520,000 | 0 | U | 1,520,000 |
| Industry Partner Membership | 73,120 | 120,000 | (46,880) | U | 120,000 |
| Total Income | 2,332,615 | 2,362,100 | (29,485) | U | 2,362,100 |
| Less Cost of Sales | | | | | |
| Consumer Marketing | 668,512 | 776,000 | (107,488) | F | 776,000 |
| Events | 665,758 | 645,000 | 20,758 | U | 645,000 |
| Partner Programme | 6,285 | 3,250 | 3,035 | U | 3,250 |
| Trade Marketing | 79,656 | 87,500 | (7,844) | F | 87,500 |
| Total Cost of Sales | 1,420,211 | 1,511,750 | (91,539) | F | 1,511,750 |
| GROSS PROFIT | 912,404 | 850,350 | 62,054 | F | 850,350 |
| Less Operating Expenses | | | | | |
| Admin & Accounting/Legal | 6,575 | 8,542 | (1,967) | F | 8,542 |
| Board Expenses | 10,554 | 9,000 | 1,554 | U | 9,000 |
| Director's Fees | 48,333 | 50,000 | (1,667) | F | 50,000 |
| Excel Database Maintenance | 0 | 500 | (500) | F | 500 |
| IT & Telecommunications | 16,954 | 19,320 | (2,366) | F | 19,320 |
| Meetings & Travel | 23,942 | 21,000 | 2,942 | U | 21,000 |
| Motor Vehicle Expenses | 5,980 | 5,000 | 980 | U | 5,000 |
| Motor Vehicle Purchase - NBS | 7,611 | 8,000 | (389) | F | 8,000 |
| Office Costs | 24,089 | 21,860 | 2,229 | U | 21,860 |
| Premises - Other | 11,712 | 10,896 | 816 | U | 10,896 |
| Premises - Rent | 27,637 | 27,480 | 157 | U | 27,480 |
| Salaries & Other Staff Expenses | 723,237 | 655,252 | 67,985 | U | 655,252 |
| Tax - FBT & Income | 2,741 | 3,500 | (759) | F | 3,500 |
| Tourism Development | 1,267 | 10,000 | (8,733) | F | 10,000 |
| Total Operating Expenses | 910,632 | 850,350 | 60,282 | U | 850,350 |
| NET PROFIT | 1,772 | 0 | 1,772 | F | 0 |

HAWKE'S BAY REGIONAL COUNCIL

Wednesday 25 September 2019

Subject: REPORT AND RECOMMENDATIONS FROM THE REGIONAL PLANNING COMMITTEE

Item 7

Reason for Report

1. This item presents the recommendations arising from the 18 September 2019 Regional Planning Committee meeting for Council's consideration and approval.

Agenda Items

2. In the agenda published for the Regional Planning Committee meeting on 18 September 2019, there were four decision items and four information items. Due to a quorum being lost part way through the meeting, only Decision Item 6 (Proposed TANK Plan Change 9 Adoption for Notification) was considered.
3. The full list of decision items and information items is set out below with a very brief description of the respective report's purpose.
4. The **Proposed TANK Plan Change 9 Adoption for Notification** item (Item 6), sought the Committee's agreement to the content of the draft TANK Plan Change version 9.3. The report set out a number of suggested amendments arising from recent feedback on the draft plan change and also discussions from a sub-group of RPC members. Following deliberations, the Committee agreed on a package of amendments that would be incorporated into Plan Change 9 and accompanying section 32 Evaluation Report. Two amendments in particular were in relation to TANK rule 9 and the section 32 Report noting tangata whenua values. The Committee has recommended that the Regional Council adopts Plan Change 9 for public notification with those amendments.
5. Immediately following decision-making on Item 6, the quorum was lost and therefore the remaining items below were not considered by the Regional Planning Committee.
6. The **TANK Plan Change 9 Options for Notification and Beyond** decision item (7) sought the Committee's guidance on a preferred plan change track for notification, submissions through to decision-making.
7. The **Hawke's Bay Regional Planning Committee Terms of Reference** decision item (Item #8) presented an interim annotated version of the revised Terms of Reference (TOR), incorporating relatively minor amendments to align the TOR with the Hawke's Bay Regional Planning Committee Act 2015 for the Committee's agreement and subsequent referral to the Appointers for their agreement.
8. The **Tāngata Whenua Remuneration Review** decision item (Item 9) provided the Strategic Pay report on the findings of their review of tāngata whenua representatives' remuneration for participation on the Regional Planning Committee.
9. The **TANK Decision Making Under the RMA - S32** item (Item 10) was the subject of workshop discussions in the morning, prior to the meeting. The item provided an update in response to the Technical Advisors brief, covering six key points of:
 - 9.1. Item 1 - How has the Council informed itself of tāngata whenua values? What are the values and how have they been provided for in the TANK plan?
 - 9.2. Item 2 - If engagement has been adequate, what values have tāngata whenua articulated?
 - 9.3. Item 3 - How does the TANK plan 'demonstrably aspire to protect water quality from further degradation and to improve it over time'? Recognition of the values in the policies and rules, articulate how these have been given effect to.
 - 9.4. Item 4 - Treaty Principles. Has the plan attempted to work out the issues, has there been compromise from both sides (mainstream parties and tāngata

whenua)? Principle of mutual benefit and duty of active protection – how are the interests of tāngata whenua protected and what is the mutual benefit?

- 9.5. Item 5 - How has the TANK plan considered and recognised Te Mana o te Wai, particularly in the policies, rules and limits?
- 9.6. Item 6 - How have the Part 2 matters been considered and/or provided for through the plan provisions?
10. The **Regional Planning Committee Orientation Handbook** information item (Item #11) provided the Regional Planning Committee (RPC) with an initial suggested list of contents for an RPC Handbook to assist new member orientation and requested members advise staff of any additional useful information that should be considered for inclusion within the handbook.
11. The **Resource Management Policy Project September 2019 Update** standing item (Item #12) provided an update on progress being made on various plan change projects currently on the Committee's work programme.
12. This **Statutory Advocacy September 2019 Update** standing item (Item #13) covered proposals assessed by staff acting under delegated authority as part of the Council's Statutory Advocacy project.

Decision Making Process

13. These items were specifically considered at the Committee level.

Recommendations

That Hawke's Bay Regional Council:

1. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that Council can exercise its discretion and make decisions on this issue without conferring directly with the community and persons likely to be affected by or to have an interest in the decision.
2. Receives and accepts the Report and resolutions from the Regional Planning Committee, being:

That the Regional Planning Committee:

- 2.1. Receives and considers the "*Proposed TANK Plan Change 9 – Agree Amendments for Notification*" staff report.
- 2.2. Agrees to all the additions and amendments made to Version 9 of the Plan as reported to the 3 July 2019 Regional Planning Committee meeting, changes to Objectives 2 and 15 as follows, the amendments described in Table 1 [following], and consequential amendments, into the proposed TANK Plan Change 9 as proposed, as Draft Plan Change version 9.3 and incorporated into the Section 32 report.
 - 2.2.1. **Objective 2-** Amend clause (e) to read:

"The significant values of the outstanding water bodies in schedule 25 and the values in the plan objectives are appropriately protected and provided for.
 - 2.2.2. **Objective 15**

Insert new clause "(f) the protection of the outstanding values of the Kaweka Lakes, Lake Poukawa and Pekapeka Swamp and the Ngamatea East Swamp".

2.2.3. **Table 1: List of issues and amendments**

| | Issue | Amendments | Risk and Opportunities |
|----|--|---|--|
| 1 | The stream flow maintenance scheme does not fully remedy impacts on mauri or reflect tikanga or matauranga Māori. | Adverse effects of groundwater abstraction on mātauranga Māori and tikanga clearly acknowledged in Policy 34 as over-riding concern. Section 32 report to reflect nature of these concerns | Tangata whenua concerns may not be fully addressed by the Plan – but plan review process will enable reassessment about the extent to which adverse effects are to be further avoided or remedied and mitigated |
| 2 | Staged (or interim) approach to management | Policy 34 amended to describe components of staged management approach and new Policy 34 B describes allocation regime. Policy 39 for review remains with amendments to clarify what is being assessed. | Policy 34 more clearly describes the steps being used to develop sustainable groundwater allocation management for Heretaunga Plains groundwater. |
| 3 | The re-allocation of water based on the defined ‘actual and reasonable’ assessment. | Allocation for new water use is avoided as re-allocation is only in respect of existing permits and defined ‘actual and reasonable’ assessment. An exception for urban takes who have to meet planned urban development (HPUDS) within existing allocations. Policy 34B and 35 and 45 | Existing investment is provided for, although is more constrained than previously to drive more efficient water use and management systems. |
| 4 | Any water that is unallocated, even if the total allocation is less than the specified limit, would not be re-allocated to any use until a review had been carried out- a sinking lid approach | If there is unallocated water it is left unused to provide additional protection for ecosystem values. Policy 43 deleted. Policy 34B and 47 | Policy 45 previously allowed for re-allocation to urban use. Urban use must meet future demand within existing limits and through efficiency gains. Avoids further investment into water that might need to be clawed back if the allocation limit is further reduced |
| 5b | No specific allocation limit be included but the combination of actions relied on to prevent new allocations and reduce current allocations | Combination of other provisions means limit is provided by preventing any new allocation of water to actual and reasonable and otherwise managing the HPs aquifer as over-allocated until review of plan provisions carried out | This more accurately reflects the uncertainties about the sustainable allocation limit and the impacts on water abstraction resulting from any changes beyond those already modelled. This also reflects the strong commitment for review of all aspects of water management for the aquifer because of the nature of the uncertainties and the significant potential costs and benefits associated with this decision. |

| | Issue | Amendments | Risk and Opportunities |
|----|--|---|---|
| 6 | Prohibited activity for new water uses | Non-complying rule now made prohibited and no consent can be applied for. | Prohibited provides greater level of control and better reflects concerns about the current level of allocation. Enables further over-allocation to be prevented. Avoids risk of allowing additional minor takes to add to the cumulative effects of all water takes. New water uses will rely on transfer of existing allocated water (subject to some limitations on site to site transfers). Risk that a future water use that might be contemplated in exceptional circumstances cannot be applied for. |
| 7 | The outcomes from stream flow maintenance and habitat enhancement scheme development and operation are more clearly provided for | Provides more clarity about obligations and expectations in respect of the design and operation of such schemes Policy 36 and new Schedule 11 | Enables both flexibility and innovation while establishing minimum requirements. |
| 8 | Further direction included about how success of the stream flow maintenance and habitat enhancement scheme would be assessed. | Assessment criteria included in the policy and reflected in monitoring requirements for the schemes New Policy 37 and Schedule 11 | Provides more clarity in relation to expectations and performance. |
| 9 | Concern that new clauses about constraints for developing large infrastructure over time creates a loophole for new use. (V9.1; Policy 34 Clause (h)(v). | The clause has been removed. More targeted amendment to Rule TANK 7. | The provision was not intended allow new development but to protect existing authorised commitments to water use. It has very limited application. |
| 10 | The development of the stream maintenance schemes needs to be in advance of water permit expiry | The implementation plan needs to be more explicit about council's role in making sure the schemes are able to be developed and rolled out as consents expire and new applications are made. | Provides more clarity for consent applicants. |

- 2.3. Requests that staff prepare Proposed Plan Change 9 and complete the Section 32 report according to the amendments as noted in 2.2 above and subject to amendments identified by the Section 32 peer reviewer.

The Regional Planning Committee recommends that Hawke's Bay Regional Council:

- 2.4. Adopts the draft TANK Plan Change 9, as amended, as Proposed Plan Change 9 to the Regional Resource Management Plan for notification at the meeting on 25 September 2019.
- 2.5. Makes the Section 32 report available for public inspection when the Proposed Plan Change 9 is notified.

Proposed TANK Plan Change 9 Adoption for Notification

3. Adopts Proposed Plan Change 9 to the Regional Resource Management Plan, incorporating amendments agreed by the Regional Planning Committee on 18 September 2019 (2.2 above), for notification.
4. Makes the Section 32 report available for public inspection when the Proposed Plan Change 9 is notified.

Authored by:

Mary-Anne Baker
SENIOR PLANNER

Ceri Edmonds
MANAGER POLICY AND PLANNING

Gavin Ide
PRINCIPAL ADVISOR STRATEGIC
PLANNING

Approved by:

Tom Skerman
GROUP MANAGER STRATEGIC
PLANNING

Attachment/s

There are no attachments for this report.

HAWKE'S BAY REGIONAL COUNCIL

Wednesday 25 September 2019

Subject: REPORT AND RECOMMENDATIONS FROM THE REGIONAL TRANSPORT COMMITTEE

Item 8

Reason for Report

1. This item provides the matters considered and recommendations agreed at the Regional Transport Committee meeting on 6 September 2019 for Council's consideration alongside any additional commentary the Committee Chair wishes to add.

Agenda items

2. The **Monitoring Report on the Hawke's Bay Transport System** item outlined the state of Hawke's Bay's transport system across a range of transport indicators, highlighting that the size of the vehicle fleet, the number of kilometres travelled in the region and vehicle ownership per capita continues to grow as do traffic movements on many of the region's roads.
3. The **NZTA Central Region - Regional Relationships Director's Report September 2019** item outlined a range of policy issues under consideration and provided updates on roading improvements on state highways in the region.
4. The **September 2019 HBRC Transport Manager's Report** traversed a range of topical transport issues, including the HB Transport Study, the preparation of the next Regional Land Transport Plan, driver licensing programmes, and a submission to the draft Road to Zero road safety strategy.
5. The **Roadsafe Hawke's Bay September 2019 Update** presented recent road statistics and outlined road safety education activities and plans for 2019-20.
6. The **Climate Change Mitigation through Public Transport** item presented annual public transport statistics and sought the committee's views on a number of ideas for the mitigation of climate change through public transport. This item is amplified below, and council's direction is sought on a preferred option for further investigation.

Public Transport Service Performance 2018-19

7. This section of the report outlines the performance of the bus and Total Mobility systems for the 2018-19 year, and compares these with previous years.
8. Table 1 shows the monthly passenger trips and the monthly average for 2012-13 to 2018-19.
9. Bus patronage has decreased by 3% in 2018-19, continuing a trend since 2014. Percentage-wise, patronage has decreased most on several of the suburban routes, while the decline is less significant on services between Napier and Hastings, and patronage on express commuter services has increased.

Table 1: Total Annual Bus Patronage 2012-13 to 2018-19

| Year | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Total | Mthly Av |
|----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|----------------|----------|
| 2012-13 | 59,275 | 74,493 | 61,847 | 60,530 | 64,913 | 46,029 | 47,577 | 67,463 | 76,119 | 63,430 | 76,924 | 62,792 | 761,392 | 63,449 |
| 2013-14 | 64,869 | 78,729 | 69,564 | 63,807 | 67,784 | 50,219 | 48,391 | 70,647 | 82,265 | 63,285 | 74,988 | 65,297 | 799,845 | 66,654 |
| 2014-15 | 64,349 | 73,204 | 68,927 | 62,049 | 64,088 | 48,558 | 43,049 | 63,065 | 74,992 | 53,197 | 67,101 | 62,113 | 744,692 | 62,058 |
| 2015-16 | 59,690 | 67,216 | 62,415 | 56,656 | 58,647 | 44,452 | 35,487 | 62,448 | 67,847 | 53,679 | 66,700 | 59,647 | 694,884 | 57,907 |
| 2016-17 | 52,226 | 68,062 | 58,821 | 53,911 | 60,933 | 43,168 | 38,223 | 60,423 | 75,358 | 47,103 | 69,700 | 61,080 | 689,008 | 57,417 |
| 2017-18 | 47,342 | 68,868 | 62,617 | 49,945 | 61,351 | 39,666 | 37,329 | 58,744 | 67,522 | 47,783 | 68,404 | 56,556 | 666,127 | 55,511 |
| 2018-19 | 52,904 | 66,538 | 55,612 | 52,414 | 58,499 | 37,307 | 36,076 | 54,949 | 65,902 | 49,254 | 63,865 | 51,977 | 645,297 | 53,775 |

10. When viewed by passenger class (Table 2 below), some interesting patronage trends are apparent.
- 10.1. Trips by children have increased. A lot of this travel is trips to and from school.
- 10.2. The most significant percentage decline in use has been by Community Services Card holders. This is consistent with our theory that improved economic conditions in HB and record low unemployment mean more cars on the road. This theory is supported by an increase in car ownership per capita in Hawke's Bay of 6.8% between 2014 and 2018.
- 10.3. The increase in DHB staff use is in direct response to a significant reduction in bus fares through the DHB Travel Plan.
- 10.4. The increase in Promo/Ten Trips is largely due to the number of special accounts that we have set up with organisations such as Idea Services and Strive Rehabilitation. These organisations purchase special tickets which they issue to their clients, and we bill them directly.

Table 2: Patronage by Passenger Type

| | 2015-16 | 2016-17 | 2017-18 | 2018-19 | % Change 2015 to 2019, or since counts began |
|----------------|---------|---------|---------|---------|--|
| Adult | 111,754 | 116,080 | 105,830 | 101,111 | -9.5% |
| Child | 192,136 | 198,453 | 200,718 | 200,272 | 4.2% |
| CSC | 111,732 | 104,148 | 88,708 | 81,022 | -27.5% |
| DHB Patients | 3,028 | 4,240 | 5,707 | 5,022 | 65.9% |
| DHB Staff | – | – | 6,904 | 11,257 | 63.1% |
| HBRC Staff | – | – | – | 1,286 | N/A |
| Promo/10-trips | 7,659 | 9,358 | 10,463 | 13,338 | 74.1% |
| Senior | 16,013 | 15,508 | 14,877 | 13,487 | -15.8% |
| SGC | 118,838 | 117,419 | 119,089 | 115,356 | -2.9% |
| Tertiary | 92,248 | 83,477 | 78,493 | 70,790 | -23.3% |
| Transfer | 39,048 | 37,300 | 35,176 | 32,356 | -17.1% |

Table 3: Patronage by Route

| Route | 2015-16 | 2016-17 | 2017-18 | 2018-19 | % change 2015-19 |
|--|---------|---------|---------|---------|------------------|
| R 10 Nap -Hast Express via Taradale and Hospital | - | 6,214 | 9,644 | 11,137 | 79.2% |
| R 11 Nap-Hast Express via Clive | 12,711 | 16,397 | 19,368 | 19,549 | 53.8% |
| R12 Nap to Hast via Taradale-EIT-Pakowhai - Hospital | 170,117 | 159,408 | 149,837 | 149,153 | -12.3% |
| R12 Hast to Nap via Hospital - Pakowhai-EIT - Taradale | 169,578 | 156,616 | 151,892 | 153,096 | -9.7% |
| R 12 Overloads | 19,654 | 31,680 | 31,519 | 27,735 | 41.1% |
| R 13 - Napier-Tamatea-Taradale-Napier | 56,156 | 51,629 | 52,532 | 51,072 | -9.1% |
| R14 - Napier-Maraenui-Onekawa-Napier | 52,791 | 46,341 | 44,822 | 36,586 | -30.7% |
| R15 - Napier-Ahuriri-Westshore -Bay View- Napier | 23,583 | 23,524 | 20,527 | 19,250 | -18.4% |
| R16A Hastings - Camberley-Raureka-Hastings | 13,332 | 12,967 | 14,155 | 14,622 | 9.7% |
| R16B Hastings-Mahora-Hastings | 3,967 | 3,680 | 3,496 | 3,452 | -13.0% |
| R17 Hastings | 3,724 | 4,975 | 7,985 | 9,544 | 156.3% |
| R20 Hastings - Flaxmere - Hastings | 112,480 | 113,644 | 109,136 | 102,132 | -9.2% |
| R21 - Hastings - Havelock North - Hastings. | 51,458 | 54,071 | 46,029 | 42,285 | -17.8% |

11. Table 4 shows the annual net cost (after fares and GST) of operating the goBay bus service from 2012-13 to 2018-19.

Table 4: Net cost of operation

| Year | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | June | TOTAL |
|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--------------|
| 2012-13 | \$224,406 | \$224,406 | \$224,406 | \$224,406 | \$224,406 | \$224,406 | \$242,115 | \$237,799 | \$202,020 | \$231,333 | \$202,252 | \$237,765 | \$ 2,699,719 |
| 2013-14 | \$186,170 | \$278,969 | \$182,220 | \$187,613 | \$302,615 | \$207,605 | \$192,259 | \$162,473 | \$135,329 | \$189,097 | \$280,422 | \$160,101 | \$ 2,464,873 |
| 2014-15 | \$168,720 | \$157,262 | \$264,227 | \$174,153 | \$141,819 | \$255,647 | \$159,785 | \$141,269 | \$253,717 | \$160,004 | \$139,482 | \$247,509 | \$ 2,263,593 |
| 2015-16 | \$142,779 | \$189,698 | \$213,309 | \$157,298 | \$158,061 | \$249,914 | \$222,128 | \$140,246 | \$216,502 | \$160,619 | \$131,916 | \$251,027 | \$ 2,233,497 |
| 2016-17 | \$154,602 | \$138,772 | \$157,040 | \$176,475 | \$163,647 | \$197,234 | \$294,664 | \$156,458 | \$141,638 | \$188,828 | \$177,752 | \$175,458 | \$ 2,122,569 |
| 2017-18 | \$184,246 | \$175,294 | \$166,673 | \$182,945 | \$183,161 | \$200,188 | \$194,928 | \$157,733 | \$160,064 | \$186,174 | \$241,633 | \$178,672 | \$ 2,211,713 |
| 2018-19 | \$176,123 | \$210,652 | \$180,434 | \$180,547 | \$173,080 | \$200,526 | \$197,190 | \$236,736 | \$254,751 | \$192,463 | \$171,170 | \$302,287 | \$ 2,474,912 |

(51% of this cost is met by the New Zealand Transport Agency)

12. The cost of the bus service has increased significantly this year due to:
- 12.1. substantial rises in the NZTA bus index, by which all bus contracts must be adjusted for inflation
 - 12.2. lower fare revenue due to lower patronage
 - 12.3. the cost of paid breaks added to driver hours, as required by the Employment Relations Amendment Act, and of floating buses added at peak times to try to keep Route 12 services running to time.

Total Mobility Trips

13. Table 5 shows the number of Total Mobility trips made from 2012-2013 to 2018-2019.

Table 5: Total Mobility Trips

| Year | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Total |
|---------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| 2012-13 | 6,753 | 6,839 | 6,471 | 7,256 | 6,925 | 6,447 | 6,022 | 6,320 | 6,614 | 6,850 | 7,106 | 6,382 | 79,985 |
| 2013-14 | 7,401 | 6,804 | 6,611 | 7,658 | 7,365 | 7,185 | 6,546 | 7,032 | 7,605 | 7,745 | 7,707 | 7,188 | 86,847 |
| 2014-15 | 8,320 | 7,950 | 7,677 | 8,267 | 7,701 | 7,948 | 6,354 | 6,901 | 8,245 | 7,328 | 7,737 | 7,852 | 92,280 |
| 2015-16 | 7,949 | 7,219 | 8,186 | 7,708 | 7,876 | 7,974 | 6,464 | 7,325 | 8,064 | 7,806 | 8,190 | 8,044 | 92,805 |
| 2016-17 | 7,904 | 8,827 | 7,756 | 7,525 | 8,728 | 8,028 | 6,412 | 7,918 | 8,433 | 7,185 | 8,393 | 6,915 | 94,024 |
| 2017-18 | 8,250 | 8,607 | 8,090 | 7,732 | 8,413 | 7,122 | 7,293 | 7,294 | 8,741 | 7,582 | 9,121 | 8,525 | 96,770 |
| 2018-19 | 8,372 | 8,302 | 7,889 | 7,843 | 8,956 | 7,451 | 6,726 | 8,299 | 8,057 | 7,953 | 9,012 | 8,061 | 96,921 |

Total Mobility Service Costs

14. Table 6 shows the cost of the Total Mobility Scheme (excl GST) for 2012-13 to 2018-2019

Table 6: Total Mobility scheme cost of operation

| Year | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Total |
|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| 2012-13 | \$ 44,451 | \$ 44,877 | \$ 43,241 | \$ 46,217 | \$ 45,383 | \$ 39,881 | \$ 37,347 | \$ 40,682 | \$ 44,382 | \$ 43,927 | \$ 47,612 | \$ 43,394 | \$ 521,394 |
| 2013-14 | \$ 49,274 | \$ 46,153 | \$ 43,965 | \$ 50,189 | \$ 47,744 | \$ 46,968 | \$ 39,581 | \$ 46,567 | \$ 52,047 | \$ 50,715 | \$ 51,078 | \$ 49,349 | \$ 573,630 |
| 2014-15 | \$ 55,780 | \$ 53,489 | \$ 51,223 | \$ 54,492 | \$ 53,591 | \$ 49,973 | \$ 38,990 | \$ 45,943 | \$ 52,581 | \$ 46,747 | \$ 50,971 | \$ 51,422 | \$ 605,202 |
| 2015-16 | \$ 50,877 | \$ 46,255 | \$ 52,340 | \$ 48,692 | \$ 51,546 | \$ 50,992 | \$ 40,488 | \$ 46,215 | \$ 52,418 | \$ 50,688 | \$ 53,458 | \$ 51,945 | \$ 595,914 |
| 2016-17 | \$ 51,904 | \$ 56,536 | \$ 49,607 | \$ 50,179 | \$ 58,273 | \$ 49,239 | \$ 41,584 | \$ 53,728 | \$ 57,907 | \$ 48,716 | \$ 57,319 | \$ 48,205 | \$ 623,197 |
| 2017-18 | \$ 58,041 | \$ 58,047 | \$ 55,477 | \$ 52,546 | \$ 59,020 | \$ 51,360 | \$ 47,887 | \$ 52,009 | \$ 61,500 | \$ 51,955 | \$ 67,062 | \$ 56,764 | \$ 671,668 |
| 2018-19 | \$ 60,536 | \$ 60,282 | \$ 57,320 | \$ 55,541 | \$ 64,113 | \$ 52,387 | \$ 47,238 | \$ 57,358 | \$ 58,154 | \$ 56,876 | \$ 66,126 | \$ 59,317 | \$ 695,248 |

(60% of this cost is met by the New Zealand Transport Agency)

Background to Discussion of the Role of Public Transport in Climate Change Mitigation

15. At a recent workshop, councillors were enthusiastic about the role that public transport could play in reducing carbon emissions, if it were much better used in Hawke's Bay. They tasked the transport team with presenting some ideas for substantially increasing its uptake.

16. A paper setting out five options for discussion was presented to the Regional Transport Committee on 6 September for their feedback. The RTC's comments are outlined in paragraph 77 onwards.

Carbon Mitigation on Current Bus Services

17. The carbon mitigation effect of the existing bus service has been calculated, using the following assumptions:
 - 17.1. That all bus passenger trips replace a single-occupancy petrol car journey
 - 17.2. An average CO₂ emissions per km figure has been used – some cars will emit more or less than this. In 2018, the average CO₂ emission of a petrol car in the NZ fleet was 181.5g per kilometre, a considerable reduction since 2006 when the average was well over 200g per km (This is due to improvements in the fleet).
18. In 2017-18, 7,047,232 passenger-kilometres were travelled on the HB network. Using the above assumptions, this equates to a reduction of 1,279 tonnes of CO₂ annually. However, the buses themselves emit approximately 1,100 tonnes of CO₂ in a year, equating to a net saving of 179 tonnes of CO₂ per year.
19. Increasing passenger numbers and improving the occupancy of our buses would improve this figure, as would further improvements to the bus fleet, or the replacement of some low patronage routes with on-demand services.

Possible issues preventing greater use of the bus service

20. As may be seen from the annual public transport results presented at the start of this report, patronage on HB bus services has been declining for five years.
21. There is a range of factors which may be currently preventing greater public transport use in HB
 - 21.1. Growth in car ownership per capita and low unemployment in Hawke's Bay
 - 21.2. Cost of fares compared with the cost of driving
 - 21.3. Ease, availability and low cost of parking
 - 21.4. The spatial layout of the Heretaunga Plains with dispersed population centres
 - 21.5. Limited service hours at present
 - 21.6. Geographical coverage of the bus service
 - 21.7. Persistent late running issues on Route 12 between cities, mainly due to traffic congestion.
22. In addition to the contribution that increased patronage could make to transport emissions reduction, there are also some emerging issues on the road network that public transport could help to mitigate. In particular, increased use of buses could help to reduce growth in traffic numbers on the HB Expressway, particularly at peak times, thereby possibly postponing the need for further capacity on some sections. There has been substantial growth in traffic on the Expressway, with some sections showing an increase in average daily traffic of 25% – 35% since 2010.
23. There is also an opportunity to make an improved contribution to the government's key strategic priority of enabling transport choice and access. (*Government Policy Statement on Land Transport 2018*).

Ideas to Improve Bus Patronage

24. We have taken the discussion from the council workshop, as well as ideas and issues raised through the Regional Public Transport Plan consultation process, and developed the following broad concept ideas. These are:

Option 1: Increase service levels across the board

25. Extend hours of operation and frequencies, providing all bus routes with weekend services and improving geographical coverage where needed. Some examples:
- 25.1. Route 12 (Napier – Hastings via Taradale/EIT) might operate every 15 minutes in both directions, instead of the current 20 minutes
 - 25.2. A greater frequency and capacity on direct Napier – Hastings services (Routes 10 (via Expressway and HB Hospital) and 11 (via Clive))
 - 25.3. Operating hours extended from 6.00pm to 7.30pm in the evening
 - 25.4. All services to have a Sunday bus service – currently only Route 12, Route 20 (Flaxmere) and Route 21 (Havelock North) have Sunday services
 - 25.5. Greater frequency of Saturday services, introduce Saturday services to Routes 16A, 16B, 17(Hastings)
26. In order to improve geographical coverage of the bus service, it may be necessary to split or reorganise some bus routes.

Rationale

27. Providing more frequent services at peak times on commuter services gives potential passengers more choice and encourages growth in patronage.
28. Elasticity of demand is a concept used to model the likely effects of a range of variables on public transport demand. Standard short-run elasticity values for changes in frequency on NZ bus services state that for every 10% increase in frequency, a 3.5% increase in patronage may result. (<https://www.nzta.govt.nz/assets/resources/research/reports/248/248-Review-of-passenger-transport-demand-elasticities.pdf>, Booz Allen Hamilton, 2004).
29. Growth areas in HB that are not currently well serviced (e.g. Parklands, Taradale East) would gain a bus service, thereby improving access, one of Government's key aims.
30. Longer daily operating hours would provide passengers with more service choice, and may enable some commuters with non-standard work hours to use the bus.

Potential Issues

31. The extension of operating hours, while providing greater choice and flexibility of service, would be out of peak operating hours and therefore unlikely to reach a level of patronage which could make a serious inroad into emissions reduction, although it would certainly improve accessibility.
32. There is relatively modest use of current weekend services on suburban routes – extending weekend services to all suburban services may increase patronage somewhat and would certainly benefit accessibility, but not to the extent that it would make a significant difference to emissions mitigation. In 2016, we introduced Sunday services on both the Flaxmere and Havelock North routes and increased one or two other services, but patronage has continued to decline on these routes overall.
33. Some likely new service areas may have lower PT demand than suburbs already serviced, due to their demographic and socio-economic character. Existing suburban services are already seeing lower patronage, so traditional scheduled bus services may not be the best way to provide service to new areas.
34. Extending routes or adding new ones is the most complex of modifications to make, due to the need to get bus stops allocated and approved by the road controlling authorities and to install other infrastructure such as shelters and timetable holders. If trials are unsuccessful, this infrastructure then needs to be removed at a later date.

Rough cost and carbon benefit

35. The rough cost of this proposal is not possible to estimate without a more detailed plan, but it is likely to be significantly more expensive than some of the other options.
36. Similarly, more detailed investigation would be required to determine the likely carbon benefit; this would very much depend on whether significantly more resource was put into improving peak frequencies than into off-peak or into extending coverage and weekend services etc.

Option 2: Maintain current service levels, introduce some or all electric buses to the fleet*Rationale*

37. If all buses were converted to electric, this would remove the 1,100 tonnes of carbon emissions currently produced by the diesel bus fleet and thereby increase the mitigation of emissions, taking the carbon savings to around 1,279 tonnes of CO₂ annually (2017-18 figures)
38. Would enhance HBRC's image as an environmental protector.
39. May encourage patronage by making PT seem more environmentally friendly and upmarket.

Potential Issues

40. The increase in patronage on the buses is unlikely to be very significant, in the absence of other improvements.
41. The cost of an electric bus is around \$800,000 which is approximately twice that of a new diesel, although operating costs are around 40% lower. However, the capital price differential between diesel and electric is expected to have disappeared by 2030.
42. The logistics of an electric fleet would need to be carefully explored given the length of bus routes between Napier and Hastings, current tight schedules, the likely need for recharging during the day and the draw on power supplies if all vehicles in the fleet needed to be recharged at night at the same time. There are 25 vehicles in the fleet at present.
43. This proposal would not improve accessibility for HB residents, nor is it likely to significantly reduce single-occupancy vehicles at peak times on congested routes.

Rough cost and carbon benefit

44. The rough order cost of this proposal is difficult to estimate at this point without detailed discussion with the operator, understanding of the residual value of the current fleet etc.
45. The carbon benefit of this proposal is in the region of 1,100 tonnes annually, if all buses were converted to electric and assuming no significant increase in patronage.

Option 3: Free 2-zone peak services

46. All 2-zone trips departing between 6am – 9am and 3pm – 6pm free of charge to all passengers, smartcard only. Some additional Route 10, 11 and 12 peak services added to manage expected demand.
47. EIT and Clive form the zone boundaries, so any trip which crosses these is a 2-zone trip i.e. Napier, Bay View, Taradale (before EIT) to Hastings, Havelock North or Flaxmere is a 2-zone trip. Hastings, Havelock North, Flaxmere to Taradale (after EIT), Tamatea, Bay View or Napier is also a 2-zone trip.

Rationale

48. The HB Expressway is showing ongoing growth in daily traffic, with most vehicles at peak time occupied by one person. There are calls for four-laning of the Expressway, which would be hugely expensive. Increasing road capacity generally induces demand, which is not supported by current government policy. Substantially improving commuter

use of the buses between Napier and Hastings would remove peak vehicles from the Expressway, possibly postponing the need for four-laning.

49. Two-zone trips on the Napier–Hastings bus service are all more than 10kms long. Growing two-zone patronage would provide the biggest “bang for buck” in terms of emissions reduction per trip.
50. “Free” services are a powerful incentive and many people will accept lesser convenience in order to save money, even though they have a vehicle and could drive. This effect has been demonstrated by the introduction of Supergold free off-peak travel, the Massy free student service and a number of other examples around the country.
51. Making this free fare available by smartcard only would incentivise greater uptake of the cards (currently sitting at about 75% of trips). This would mean less cash on buses and faster boarding times for peak services. While a fare would not be deducted, the card would still be required as a means of counting passengers (via its tag-on, tag-off system) and recording their boarding and alighting points, to ensure that the 2-zone trip had been taken. The new ticketing system will have the ability to correctly deduct a zero fare from passengers boarding at the right time and alighting after a 2-zone trip.

Potential Issues

52. Inequity for those passengers only travelling 1 zone, or during off-peak (although SuperGold passengers already travel free during this time). Feedback during the Regional Public Transport Plan consultation showed that the cost of 1-zone fares for adults is a significant disincentive to using the bus, particularly with the amount of free parking that is available in both Hastings and Napier. This proposal would therefore not encourage greater use by commuters within Napier–Taradale or within Hastings–Havelock North–Flaxmere.
53. The proposal would benefit commuters travelling for work or study at peak times, and 2-zone trips are currently only 20% of total patronage. While this may achieve a reasonable benefit in terms of carbon mitigation, it will not benefit many of those existing or potential passengers who may be most in need of cheaper fares.

Rough cost and carbon benefit

54. Making all current **peak two-zone** trips free would result in a loss of approximately \$182,000 in revenue each year. There would also be a cost to add further peak buses to the fleet to cater for an expected increase in demand. This requires more detailed investigation to quantify, but is likely to add at least \$100,000 to the annual cost.
55. Using the elasticity rules, an 80% increase in 2-zone peak patronage is likely over time. *(This is consistent with fares-free schemes in other parts of the country where a near doubling of patronage has resulted).* If this were the case, a further saving of 293 tonnes of carbon per year would result (using the calculation method outlined in paragraphs 17-19 above).

Option 4: Cheaper fares for all passengers, all the time

56. All two-zone trips to cost \$2, irrespective of passenger type (child, student, adult etc.), smartcard only.
57. All one-zone trips to cost \$1, irrespective of passenger type, smartcard only.
58. Additional Route 10, 11, 12 and 20 peak services to manage expected demand. It is expected that most other services would be able to absorb up to a doubling of patronage.

Rationale

59. This proposal would provide a fare reduction for all passengers, with adult passengers benefitting the most and school children the least.

Table 7: Smartcard Fares

| | Adult | | | Tertiary Student/Community Services Card | | | Child/High School Student/Senior | | |
|--------|---------|----------|----------|--|----------|----------|----------------------------------|----------|----------|
| | Current | Proposed | Decrease | Current | Proposed | Decrease | Current | Proposed | Decrease |
| 1 zone | \$2.88 | \$1.00 | 65% | \$1.90 | \$1.00 | 47% | \$1.43 | \$1.00 | 30% |
| 2 zone | \$3.65 | \$2.00 | 45% | \$2.86 | \$2.00 | 30% | \$2.14 | \$2.00 | 7% |

60. The cheaper fares would encourage new passengers across all services, including off-peak when occupancy is generally quite low.
61. Elasticity of demand is a concept used to model the likely effects of a range of variables on public transport demand. Standard short-run elasticity values for changes in fares on NZ bus services state that for every 10% decrease in fare levels, a 4% increase in patronage may result in the short-term, with this percentage likely to double over time. (<https://www.nzta.govt.nz/assets/resources/research/reports/248/248-Review-of-passenger-transport-demand-elasticities.pdf>, Booz Allen Hamilton, 2004).
62. As may be seen in the table above, the proposed fare reductions are quite significant and while other factors will also play a part, we could reasonably expect patronage growth of at least 30% over time. For example, commuters between Napier and Hastings would see that \$20 to commute all week on the bus would be less than half the cost of driving a petrol vehicle, especially when parking costs are taken into consideration. Very cheap fares are a substantial motivator, as evidenced by the uptake of subsidised staff bus schemes at HBDHB and HBRC.
63. All passenger groups would benefit, and this would contribute to government aims of improving accessibility, as well as reducing carbon emissions.
64. Making the cheapest fares available by smartcard only would incentivise greater uptake of the cards (currently sitting at about 75% of trips). This would mean less cash on buses and faster boarding times.

Issues

65. As this option removes concession fares for certain passenger groups when using smartcards, we would need to decide whether to retain them for cash fares, or remove them and set cash fares at consistent but higher rates for all passengers. We believe that consistency and simplicity is important, so our recommendation is that concessions are removed from cash fares also, and these are set at \$3 (two-zone trip), \$2 (one-zone trip).

Rough cost and carbon benefit

66. As this option is not for free fares, but significantly cheaper ones, extra patronage (assuming 30% over time) would largely offset lower fares.
67. There would be a cost to add further peak services to the fleet to cater for an expected increase in demand. This requires more detailed investigation to quantify, but is likely to cost at least \$150,000 annually.
68. Assuming a 30% increase in patronage over time (in the same ratio of one-zone:two-zone patronage as we currently carry) a further annual saving of 384 tonnes of carbon annually would be made.

Option 5: Remove zonal fares

69. Under this proposal, the differentiation between one and two zone fares would be removed and all fares would be set at the one-zone rate. Some increase in two-zone services would be necessary to cater for an increase in demand.

Rationale

70. The current cost for a 2-zone trip may be discouraging bus passengers from taking the longer trips between Napier and Hastings. Removing this could encourage greater bus commuting.

Potential Issues

71. The proposal would benefit commuters travelling between cities for work or study. While this may achieve benefits in terms of carbon mitigation, it will not benefit many of those existing or potential passengers who may be most in need of cheaper fares.
72. If fares were set at the current 1-zone levels, there would not be as great a reduction of fares for 2-zone passengers as for Option 4 (27% on average). We could therefore reasonably expect the increase in patronage to be less.
73. 2-zone passengers are currently only around 20% of total patronage and this option does not propose free trips, so the carbon mitigation effects would be less significant than Options 3 and 4.

Rough cost and carbon benefit

74. Lost revenue from reducing 2-zone fares would be in the region of \$65,000; however, this would likely be at least partially recouped from expected higher two-zone patronage.
75. There would also be a cost to add further peak buses to the fleet to cater for an expected increase in demand, although probably less than for either Proposals 3 or 4. This requires more detailed investigation to quantify, but is likely to cost at least \$80,000 annually.
76. An average 27% fare reduction for 2-zone passengers only, could result in an increase in carbon mitigation through increased patronage, of around 108.6 tonnes per year.

Regional Transport Committee Feedback

77. The Regional Transport Committee has considered the five options and had the following comments. Our responses are in italics.
78. The committee was most in support of Option 4 – lower flat fares for all users, all the time. Several members thought that this could be considered along with aspects of other options, particularly the introduction of one or two electric vehicles.
 - 78.1. *Noted. Option 4 is also the transport team's preferred option for reasons outlined in the discussion below (paragraph 87 onwards)*
79. The options cannot be considered in isolation. The availability of free/cheap parking in both cities needed to be considered, along with inter-changeability with other transport modes – particularly the advent of e-scooters and increasing popularity of e-bikes.
 - 79.1. *Agreed. Parking availability and cost is a very significant factor in the decision to use public transport. Wellington's success with public transport is at least partly related to the limited availability and high cost of parking, and to traffic congestion.*
 - 79.2. *We can commence discussions with Hastings and Napier councils regarding parking measures that could stimulate greater bus use. However, experience in other regions shows that there is often a conflict between local councils' desire to stimulate bus patronage and the need to provide CBD parking to support retailers and workers. We would be reluctant to delay any trial to await significant change in parking policy, however we would certainly advocate strongly for change in parking policy.*
 - 79.3. *HB buses are well-equipped to support mode interchangeability; there are bike racks on all buses and electric bikes can be carried. Scooters (electric and otherwise) are also able to be carried on the buses. More secure bike parking (including for electric bikes) may be needed at major bus stops; HBRC would work with the territorial authorities on this.*

- 79.4. *Highlighting multi-modal trips would form part of a major promotional campaign for any major change to be introduced.*
80. Before deciding anything, further work needs to be done into understanding why non-bus users don't use the bus currently, and what would encourage them to use it more.
- 80.1. *HBRC often receives feedback about the bus service through web feedback, and the Regional Public Transport Plan/Regional Land Transport Plan consultation. Fares, particularly 1-zone fares, have often been mentioned as a reason why people don't use the bus (or don't use it more), particularly the cost comparison with driving and parking for free or very cheaply. The implication is that there is no financial incentive to counterbalance the loss of convenience (perceived or real) of taking the bus.*
- 80.2. *Other issues raised are travel time, travel time reliability and frequency. We intend addressing these issues at least on key routes initially.*
- 80.3. *It is unlikely that conducting a wide survey of non-bus users would bring up many more issues than those we are already aware of. We are also very aware from past experience that survey results are often misleading. People are usually over-optimistic about what would make them use a bus service and how often they would do so. A trial is the best way to determine this. We know that using the bus will never be for everyone, but believe that there will be enough incentive from a fare reduction to encourage new users. This is certainly borne out by experience in other places.*
81. Pilots and trials are essential for the introduction of a new service.
- 81.1. *We agree. The ability to trial services or changes is a real advantage, in that modifications can be made or trials cancelled if unsuccessful. This is the usual approach for a new public transport service.*
82. A significant increase in marketing would be essential –perhaps an introductory free period?
- 82.1. *Marketing of any change would be essential and would form a major component of any major upgrade. A free introductory period could be considered.*
83. Park and Ride facilities are needed if we are going to get significantly more people commuting between towns by bus.
- 83.1. *Noted: We need to discuss this with the district and city councils. However we are aware of a number of locations on our bus routes where people already do this, and there is opportunity to promote this further.*
84. There's no point if buses just get stuck in congestion on The Expressway. What opportunities are there for bus lanes/bus priority?
- 84.1. *Delays on the Expressway are not significant to the extent that they slow our bus services. Roadworks have played a part in slowing services recently, but this will be over soon. Congestion in Hastings has been a much more significant contributor to delaying services, and we have some route alterations planned to address this. However, options for bus priority on strategic routes could form part of the programme business case arising from the HB Transport Study.*
85. The price of carbon needs to increase significantly to make any of these suggestions cost-effective for their carbon mitigation value.
- 85.1. *There are many other benefits if a significant increase in patronage is achieved. Refer discussion from paragraph 87 onwards.*
86. What effect is the introduction of Uber likely to have on the bus service?
- 86.1. *We believe that the introduction of Uber is unlikely to have a significant effect on the bus service. The price differential will still be significant. Experience in other regions shows that Uber takes a large share of the occasional transport market but that regular commuting largely continues by public transport or other existing means.*

Preferred Option and Discussion

87. The transport team's preferred option is Option 4, and this was largely supported by feedback from the Regional Transport Committee. This option could provide a wider range of benefits than most of the others presented, and is comparatively more affordable.
88. Lowering the fares should have a significant effect on patronage across all services and help to increase the bus service's contribution to climate change mitigation, in addition to a range of other benefits. A broad-brush assessment of all options against a range of criteria helps to demonstrate this.

Table 8: Assessment of Options

| | Option 1 Increase service levels across the board | Option 2 Maintain current service levels, introduce some or all electric buses to the fleet | Option 3 Free 2-zone peak services | Option 4 Cheaper fares for all passengers, all the time | Option 5 Remove zonal Fares |
|------------------------------------|--|--|---------------------------------------|--|--------------------------------|
| Carbon mitigation benefits | ? | √√√√√ | √√ | √√√ | √ |
| Improving access for the community | √√ | – | √ | √√√ | √ |
| Reducing peak-time vehicles | √ | – | √√√ | √√√ | √√ |
| Affordability | ? | ? | √ | √√ | √√√ |

89. This view is borne out by a number of examples of low or free fare experiences in NZ and worldwide. Lowering or eliminating fares is increasingly recognised as an effective way to stimulate patronage, as long as it is accompanied by careful planning of the any necessary additional services.
- 89.1. Queenstown. Concerned about traffic growth and congestion in Queenstown, Otago Regional Council removed a complex system of fairly high zonal fares and replaced it with a flat rate \$2 card fare for all passengers. Routes were simplified and frequency increased. In December 2016, prior to the flat rate introduction, there were 40,000 boardings. This increased to 120,000 boardings in December 2018. While there were improvements made to the bus service, ORC credits a lot of the service uptake to the low flat fare.
- 89.2. The SuperGold card free offpeak travel scheme introduction caused an almost doubling of bus use by the over-65 age group in Hawke's Bay.
- 89.3. Massey Unlimited Access Scheme. Free bus services for students were introduced in Palmerston North in 2005. There was an almost immediate 90% increase in patronage which has been largely maintained.
- 89.4. Bay of Plenty Regional Council has recently decided to remove fares for school children in order to reduce congestion at school times, starting in 2020.
- 89.5. A number of European cities have introduced free or sharply reduced fares in order to address emissions and congestion.
- www.handelsblatt.com/today/politics/urban-mobility-five-german-cities-to-slash-public-transport-fares-to-fight-pollution
- <https://www.theguardian.com/cities/2018/oct/15/i-leave-the-car-at-home-how-free-buses-are-revolutionising-one-french-city>
90. If Council wishes to view the estimated increase in patronage through a carbon reduction lens only, one could argue that there are more cost-effective ways of mitigating carbon. However, there are much wider benefits to increasing public transport patronage than just solely carbon mitigation. These include:

- 90.1. increasing access and mobility for residents
- 90.2. reducing the number of vehicles on the region's roads (and possibly postponing the need for increased capacity)
- 90.3. decreasing crash risk
- 90.4. freeing up road and parking capacity for essential services and freight.
- 91. These benefits are captured in NZTA's standard public transport benefit values, used in the calculation of a benefit-cost ratio for a particular service or improvement.
- 92. These state that the user value of each additional peak boarding in our region is \$13.31, while off-peak boardings are valued at \$8.87. If patronage over time increased by 30% and we assumed that this was split between peak and off-peak in the same ratio as currently, then \$2,190,740 of annual benefits would accrue to users (this does not include further benefits in road traffic reduction).
- 93. There are of course a number of possible permutations and combinations of the options presented that could provide benefits for climate change and improve accessibility and transport choice for Hawke's Bay residents. For example, it may be beneficial to extend service operating hours somewhat, in addition to introducing the lower flat fares.
- 94. HBRC needs to explore the likelihood of NZTA funding for any of these proposals. However, we are aware that the public transport activity class is over-subscribed and this is very unlikely to change over the next two years.
- 95. Any significant changes to the bus service would need to be introduced on a trial basis, probably for at least two years, to determine the effects on patronage.
- 96. There is a range of other modifications that HBRC would like to make to the bus service, no matter whether any of these proposals is advanced. These include modifying Route 12 to run via the Expressway and Evenden Road, providing an airport service, introducing on-demand services in areas of current low patronage and new residential areas. These proposals are under development and will be presented to the council in due course.

Next Steps

- 97. We are seeking the council's support to proceed to a more detailed investigation of Option 4 and any other aspects that Council thinks should be investigated. This would help to refine what extra services might be required and provide a detailed business case for change.
- 98. The results of this would be brought back to council for discussion and decision early in the new triennium.

Decision Making Process

- 99. These items were specifically considered by the Regional Transport Committee on 6 September 2019 and are now the subject of the following recommendations to Council.

Recommendation

The Regional Transport Committee recommends that Hawke's Bay Regional Council:

- 1. Receives and notes the "*Report and Recommendations from the Regional Transport Committee*".
- 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 these matters without conferring directly with the community.

Climate Change Mitigation Through Public Transport

3. Agrees support for *Option 4 Cheaper fares for all passengers, all the time* and requests that staff proceed to a more detailed investigation leading to presentation of a business case for Council's consideration.

Reports Received

4. Notes that the following reports were provided to the Regional Transport Committee
 - 4.1. Monitoring Report on the Hawke's Bay Transport System
 - 4.2. September 2019 HBRC Transport Manager's Report
 - 4.3. NZTA Central Region - Regional Relationships Director's Report September 2019
 - 4.4. Roadsawfe Hawke's Bay September 2019 Update
 - 4.5. Climate Change Mitigation through Public Transport.

Authored by:

Anne Redgrave
TRANSPORT MANAGER

Approved by:

Tom Skerman
GROUP MANAGER STRATEGIC
PLANNING

Attachment/s

There are no attachments for this report.

HAWKE'S BAY REGIONAL COUNCIL

Wednesday 25 September 2019

Item 9

Subject: REPORT AND RECOMMENDATIONS FROM THE CORPORATE AND STRATEGIC COMMITTEE

Reason for Report

1. The following matters were considered by the Corporate and Strategic Committee meeting on 11 September 2019 and the recommendations agreed are now presented for Council's consideration alongside any additional commentary the Chair, Councillor Neil Kirton, wishes to offer.

Reports Received

2. The **Report and Recommendations from the Finance Audit and Risk Subcommittee** item provided the Committee with updates covering the Remission of Penalties on Rates Policy (Fixed Term), Six-Monthly Report on Risk Assessment and Management, Treasury Report, Procurement Hub Update and an August 2019 Subcommittee Work Programme update.
3. The **Annual Report Update** covered the non-financial performance measures for inclusion in the 2018-19 Annual Report and a discussion with Council's auditor, Stephen Lucy. Feedback provided by the committee will be incorporated into the final Annual Report for adoption.
4. The **Human Resources and Health & Safety 2018-19 Annual Report** item presented an overview of the key human resource metrics recorded for the year 1 July 2018 to 30 June 2019 along with an update of key health and safety and wellbeing information for the same period.
5. The **Works Group Annual Report** was presented by Hamish Fraser and gave an overview of the overall performance, with focus on financial performance, health and safety, environmental management and projects completed of the Works Group for the 2018-19 financial year.
6. **Marketing and Communications Update** – presented an overview of the recent work undertaken by the Marketing Communications team with focus on web and digital marketing projects, Social media, HBRC's public reputation and the new branding for HBRC.

Decision Making Process

7. These items were specifically considered by the Corporate and Strategic Committee on 11 September 2019 and are now the subject of the following recommendations to Council.

Recommendations

The Corporate and Strategic Committee recommends that Hawke's Bay Regional Council:

1. Receives and notes the "Report and Recommendations from the Corporate and Strategic Committee"

Remission of Penalties on Rates Policy (Fixed Term)

2. Notes that Council will consult as required by LGA s103(4) and s82 as part of either the 2020-21 Annual Plan or another appropriate consultation process.
3. Subject to consultation as per 2. above, agrees to adopt a Remission of Penalties on Rates Policy (Fixed Term).

Reports Received

4. Notes that the following reports were provided to the Corporate and Strategic Committee
 - 4.1. Treasury Report
 - 4.2. Annual Report Update
 - 4.3. Works Group Annual Report
 - 4.4. Marketing and Communications Update.

Authored by:

Annelie Roets
GOVERNANCE ADMINISTRATION
ASSISTANT

Approved by:

Jessica Ellerm
GROUP MANAGER CORPORATE
SERVICES

Attachment/s

There are no attachments for this report.

HAWKE'S BAY REGIONAL COUNCIL

Wednesday 25 September 2019

Item 10

Subject: APPOINTMENT AND REMUNERATION OF DIRECTORS POLICY

Reason for Report

1. Following the incorporation of Napier Port Holdings it is appropriate that the policy for the Appointment and Remuneration of Directors be updated.
2. The purpose of this policy is to set out, in accordance with Section 57(1) of the Local Government Act 2002 (the Act), an objective and transparent process for:
 - 2.1. The identification and consideration of the skills, knowledge and experience required of directors of a Council organisation
 - 2.2. The appointment of directors to a Council organisation
 - 2.3. The remuneration of directors of a Council organisation.
3. Council officers with advice from Bell Gully have reviewed marked up proposed amendments to the policy.
4. Attached is a copy of the marked-up policy and a clean version after amendments.

Decision Making Process

5. 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:
 - 5.1. The decision does not significantly alter the service provision or affect a strategic asset.
 - 5.2. The use of the special consultative procedure is not prescribed by legislation.
 - 5.3. The decision does not fall within the definition of Council's policy on significance.
 - 5.4. The decision is not inconsistent with an existing policy or plan.

Recommendations

That Hawke's Bay Regional Council

1. Receives and considers the "Appointment and Remuneration of Directors Policy" staff report.
2. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that Council can exercise its discretion and make decisions on this issue without conferring directly with the community.
3. Adopts the amended Appointment and Remuneration of Directors as proposed.

Authored & Approved by:

Jessica Ellerm
GROUP MANAGER CORPORATE SERVICES

Attachment/s

[!\[\]\(0c0a7169d07bb83b4413369246d7d571_img.jpg\)](#) 1 updated Appointment and Remuneration of Directors Policy for Adoption 25 September 2019

[!\[\]\(226b597ac42f62a39770b99a75ef7eea_img.jpg\)](#) 2 Updated Policy with Tracked Changes

Under Separate
Cover

Hawkes Bay Regional Council

Policy on Appointment and Remuneration of Directors

Adopted by Council Resolution on 25 September 2019

Item 10

Purpose

1. The purpose of this policy is to set out, in accordance with Section 57(1) of the Local Government Act 2002 (the Act), an objective and transparent process for:
 - 1.1. The identification and consideration of the skills, knowledge and experience required of directors of a Council organisation.
 - 1.2. The appointment of directors to a Council organisation.
 - 1.3. The remuneration of directors of a Council organisation.

Principles

2. The following principles underlie this policy:
 - 2.1. Appointments will be made on the basis of merit.
 - 2.2. The Council will follow corporate governance best practice, including the requirements of the NZX Listing Rules (where relevant).
 - 2.3. Directors of Council-controlled trading organisations will be appointed on the basis of the contribution they can make to the organisation, and not on the basis of representation.
 - 2.4. All Council appointed directors must comply with the Council's Code of Conduct for Directors.
 - 2.5. Where organisations are subsidiaries of the Hawke's Bay Regional Investment Company Ltd (HBRIC Ltd) or companies directly owned by HBRC, then HBRIC Ltd will act as the interface and monitoring body between the Council and those subsidiaries.
 - 2.6. All appointments of directors to the Board of HBRIC Ltd and to any Council Controlled Trading Organisation must be ratified by the Hawke's Bay Regional Council other than Napier Port Holdings Limited.

Definitions

3. The term "Council organisation" (CO) is used as defined in Section 6 of the Act.
4. The Act also creates two sub-categories of COs – "Council-controlled organisations" (CCOs) and "Council-controlled trading organisations" (CCTOs).
5. The Council has interests that fall in each of these 2 sub-categories.
6. The following statements used in this Policy are provided for guidance purposes only. Fuller definitions are provided in Section 6 of the Act.

Meaning of "Council organisation"

7. In broad terms, a CO is an organisation in which the Council has a voting interest or the right to appoint a director, trustee or manager (however described). This is a wide-ranging definition, covering a large number of bodies.

Meaning of "Council-controlled organisation"

8. A CCO is a CO in which one or more local authorities control, directly or indirectly, 50% or more of the votes or have the right, directly or indirectly, to appoint 50% or more of the directors, trustees or managers (however described).

Meaning of "Council-controlled trading organisation"

Attachment 1

9. A CCTO is a CCO that operates a trading undertaking for the purpose of making a profit.
10. For the purpose of this document only:
 - 10.1. Hawke's Bay Regional Investment Company Ltd (HBRIC Ltd) is excluded from the definition of a CCTO (there is a separate section in this Policy (page 3) for the appointment and remunerations of directors to HBRIC Ltd).
 - 10.2. Napier Port Holdings Limited (Napier Port) is considered to be a CCTO. Under the Napier Port constitution, any person appointed to / removed from the Board of directors of Napier Port is automatically appointed to / removed from the Board of directors of Port of Napier Limited (and so any decisions made by HBRIC Ltd or Council in relation to the composition of the Board of Napier Port will also affect Port of Napier Limited).
 - 10.3. All associate and subsidiary companies of HBRIC Ltd (for the purposes of this policy only) are considered to be CCTOs irrespective of whether HBRIC Ltd has a controlling interest in the company. *Note – distinct from legal position which requires 50%*
11. Pages 3-5 set out the policy for the appointment and remuneration of directors to the Board of the Hawke's Bay Regional Investment Company Ltd.
12. Pages 6-9 contain the policy for other Council Controlled Organisations, including CCOs and CCTOs currently subject to this Policy, other than Napier Port. These CCOs are listed in Appendix 1. Any new Council organisations in which the Council will have a voting interest or the right to appoint a director, trustee or manager will be subject to this Policy.
13. Pages 10-11 contain the policy for Napier Port.
14. On page 12 is the policy for Council Organisations, that are not Council Controlled Organisations, that are currently subject to this Policy. These COs are listed in Appendix 2. Any new Council Organisation will be subject to this Policy.
15. On pages 13-14 is the HBRIC Ltd Chairperson Succession Planning Policy.

Hawke's Bay Regional Investment Company Ltd

Introduction

16. Hawke's Bay Regional Investment Company Ltd (HBRIC Ltd) is 100% owned by the Council, and holds shares in the Council's CCTOs. It monitors the performance of all CCTOs, whether owned directly by HBRIC Ltd or the Council, and recommends new director appointments for these organisations for the Council's approval.

HBRIC Ltd Director appointment process and Identification of required skills, knowledge and experience

17. The HBRIC Ltd constitution provides for a maximum of eight directors and it is intended that it comprises a mix of Council and independent directors. It is critical to the success of this board that it has a composition which is capable of maintaining the confidence of both the Council and the subsidiary companies.
18. The Council will establish a Council Appointments Committee after the triennial Council election to recommend to the Council the appointment of Council and independent Directors to HBRIC Ltd. This committee will be comprised of **four** members who are not seeking appointment to the HBRIC Ltd Board. **Where possible** the committee members will include the current Chair of HBRIC Ltd, two **current** councillors, and an external experienced director.
19. In the process of selecting Council and independent directors, the Council Appointments Committee will first determine the required skills, knowledge and experience which is necessary for an effective board. In general terms, the committee will apply similar criteria to potential candidates to those used by HBRIC Ltd in its assessment of candidates for other CCTOs. However, where necessary the committee will also take into account a candidate's potential to quickly acquire business and financial skills, as well as his or her existing skills and experience. The candidate's skills must be relevant to the requirements of HBRIC Ltd in terms of its governance and provide as far as possible that there is a suitable cross- section of skills available at the board table which is capable of meeting the normal criteria of good governance.
20. The committee may use the services of a specialist consultant in making an assessment of the suitability of candidates for a Council Director position.

Council Directors of HBRIC Ltd

21. The HBRIC Ltd constitution provides that Council directors must resign on a date specified by the Council being no later than three months after the triennial Council elections, although they may offer themselves for re-appointment. The date selected will be chosen to allow time to select Council directors for appointment as replacement directors in accordance with this policy.
22. Only a Councillor may be appointed as a Council Director of HBRIC Ltd.
23. The Council Appointments Committee will, after the triennial Council elections, interview all Councillors expressing an interest in appointment to the HBRIC Ltd Board. This includes existing HBRIC Ltd Council directors retiring and offering themselves for re-appointment.
24. Following the interviews, the Committee will make its final recommendations in a report to the Council. This report will be considered in the public part of the agenda. The Council will consider the report and make its decision.
25. Public announcement of the appointments will be made as soon as practicable after the Council has made its decision.
26. It is important that the selected Council directors will be able to gain the confidence of the Council and the subsidiary company boards, given the confidential and commercially sensitive nature of much of the business being considered.

Independent directors of HBRIC Ltd

27. The HBRIC Ltd constitution provides that the independent directors will retire by rotation at the end of their term. *Note – reference only to the inaugural appointments.*
28. The HBRIC Ltd governance committee or full board (excluding any retiring director) will give consideration to whether a retiring independent director should be reappointed by rotation and make a recommendation to the Council regarding reappointment where the term of that director will be within the policy for tenure for CCTO directors as provided in this policy.
29. In the case of a vacancy for an independent director appointment, whether it be a casual vacancy or arising from the non reappointment of a retiring independent director, the same procedures will be followed as applies to the appointment of a director to a CCTO.
30. Independent directors will be selected according to the same criteria as used by HBRIC Ltd in its assessment of candidates for other CCTOs. In making appointments every endeavour will be made to ensure that a range of good governance skills will be available to the HBRIC Ltd board as a whole.
31. An independent Director of HBRIC Ltd may be a person who is neither a Councillor nor an employee of the Council.

Chairperson

32. The Council shall nominate who will be the chair of the HBRIC Ltd board and take account of the experience and appropriate skills of the existing board. This nomination will be made in accordance with the policy adopted by Council on 26 March 2014 regarding HBRIC Ltd Chairperson succession. The policy is to ensure that there can be continuity of knowledgeable and capable leadership of the HBRIC Ltd Board. The policy envisages that work commences to identify a successor to the chairperson at least a year before the planned retirement of the incumbent and that in making any replacement board appointments that consideration be given to whether there is sufficient potential on the board for a replacement chairperson should that be needed unexpectedly.
33. The Council Appointments Committee is responsible to make a recommendation to the Council on the nomination of the HBRIC Ltd Chairperson.

All directors of HBRIC Ltd

34. It is expected that all appointees to the HBRIC Ltd Board will undergo, or already have undergone, formal corporate governance training, or have the requisite experience in this area. HBRIC Ltd will generally pay for at least part of any such training.

Length of tenure

35. Independent directors will normally be appointed for periods of three years. Subject to a review of the director's performance after each three year period, the normal tenure for a director will be six years. Following six years of service, a director may be re-appointed for a further three years as decided by Council.

Remuneration of HBRIC Ltd directors

36. Periodically, normally every three years but more frequently if considered appropriate, HBRIC Ltd will review the level of remuneration being paid to the boards of the CCTOs.
37. As part of this function, an independent panel will also review the levels of fees considered appropriate for the HBRIC Ltd board after the triennial Council elections.
38. The fees for HBRIC Ltd directors will be assessed using the same methodology that is used for other CCTOs, in accordance with the constitution (*see 12.1 of constitution – states Council can set independents and Council directors separately*) It is expected that an element of public service should be reflected in the final agreed fees.

39. HBRIC Ltd will then report to the Council with a recommendation with regard to the level of fees for the HBRIC Ltd board. When the Council considers this issue, those Councillors who are directors of HBRIC Ltd or any other CCTO may not take part in discussions or vote on the issue except where a declaration permitting Councillors to discuss and vote on the issue has been granted by the Auditor-General.
40. HBRIC Ltd will arrange and pay for directors' liability insurance, and indemnify each of the directors.

Removal of a director

41. The HBRIC Ltd Constitution provides that any director of HBRIC Ltd may be removed from office at any time by notice in writing from the majority shareholder (Council).
42. Without limiting the right of the Council in the constitution, the likely reasons which would justify removal of a director would be where a director:
 - 42.1. No longer has the confidence of the board or the Council
 - 42.2. Has breached ethical standards and this reflects badly on the board and/or Council
 - 42.3. Does not act in the best interests of the company
 - 42.4. Breaches the confidence of the board in any way including speaking publicly on board issues without the authority of the board
 - 42.5. Does not act in accordance with the principles of collective responsibility.
43. Where the HBRIC Ltd board has concerns regarding the behaviour of one of its directors it shall be considered first by the board and where necessary the board may recommend the removal of the director to the Council.
44. HBRIC Ltd may remove a director from any of its subsidiaries for similar reasons as set out above following referral to, and approval by, the Council.

Council-Controlled Organisations

Introduction

45. The Council has an interest in CCOs which are not trading organisation. These CCO's are Hawke's Bay Local Authority Shared Services and. These are not-for-profit bodies and, in contrast with the section that deals with CCTOs, Hawke's Bay Regional Investment Company Ltd has no involvement in monitoring or the director/trustee appointment process.
46. Appointments to a CCO are generally for a three year term, and are made after the triennial Council elections.

Identification of required skills, knowledge and experience of CCO directors, and appointment

47. The Council will determine the required skills, knowledge and experience for each appointment to these Council Controlled Organisations and make its appointments accordingly.
48. In general, the attributes required for directors of CCTOs will be applicable, but the weightings given to each attribute may vary according to the nature of the appointment.
49. In most cases, Councillors will be the appointees, but there may be instances where it is appropriate to appoint external directors or Council staff.

Remuneration of CCO directors

50. After each triennial Council election, the Council will determine whether there are any CCOs that may more properly be classified as CCTOs for the purposes of determining an appropriate level of remuneration. If any CCOs are so classified, the remuneration of their boards will be determined by HBRIC Ltd in accordance with the policy for CCTOs set out on page 6.
51. In all other cases, CO directors appointed by the Council will receive the remuneration (if any) offered by that body. Council staff members appointed to such bodies will not accept any remuneration.

Council Controlled Trading Organisations

Introduction

52. The Council has significant shareholdings, direct and indirect, in a variety of CCTOs. These all operate at arm's length from the Council on a commercial basis.
53. The Council may establish further CCTO'S during the life of the Policy.
54. HBRIC Ltd has been charged by the Council with monitoring and recommending new director appointments for Council approval in respect of the CCTO's in which HBRIC Ltd directly holds shares.
55. No directors will be appointed to CCTO boards other than through the process described in this policy.

Identification of required skills, knowledge and experience of CCTO directors

56. The required skills, knowledge and experience for director appointments to a CCTO board are assessed in the first instance by the Governance, Appointment and Remuneration Committee of HBRIC Ltd, in consultation with the Chairperson of the relevant CCTO. Reference is made to current governance best practice in this area, as encapsulated in the Institute of Directors' Principles of Best Practice for New Zealand Directors and other relevant material. External assistance may be used by HBRIC Ltd in some cases.
57. The mix of skills and experience on the CCTO board will be taken into account, and consideration given to complementing and reinforcing existing skills and reducing known weaknesses where necessary.
58. In general terms, the following qualities are sought in directors of CCTOs:
 - 58.1. Intellectual ability.
 - 58.2. Commercial experience.
 - 58.3. Understanding of governance issues.
 - 58.4. Sound judgement.
 - 58.5. High standard of personal integrity.
 - 58.6. Commitment to the principles of good corporate citizenship.
 - 58.7. Understanding of the wider interests of the publicly-accountable shareholder.
59. As a general principle, the Council would seek to appoint a person who, while meeting all of the above criteria, has particular strengths in terms of attribute 50.7.
60. It is expected that all appointees to CCTO boards will undergo, or already have undergone, formal corporate governance training, or have the requisite experience in this area.

Appointment process for CCTO directors

61. When a vacancy arises in any CCTO, the HBRIC Ltd Governance, Appointment and Remuneration Committee, having identified the skills, knowledge and experience required for the position (in consultation with the CCTO Chairperson), will then follow the process set out following.

Search

62. In most cases, a specialist consultant will also be contracted to assist with sourcing candidates and the initial evaluation.
63. In some circumstances, HBRIC Ltd may wish to appoint one of its own directors for a particular purpose.
64. If the HBRIC Ltd Governance, Appointment and Remuneration Committee, after consultation with the chairperson of a particular CCTO board, determines that there is a need for a Councillor on the board of that CCTO to bring the specific skills and relationships of a Councillor Director to the board, then the process of selection of candidates will be varied in the following manner.

- 64.1. The HBRIC Ltd Governance, Appointment and Remuneration Committee, assisted by a specialist consultant, will call for nominations from all interested Councillors and will interview all Councillors expressing an interest in an appointment to the CCTO and make an appointment in a manner which is consistent with this policy in all other respects.
- 64.2. If the term of appointment for a Councillor who is appointed under this clause is due for reconsideration in terms of the constitution of the CCTO they may be considered for reappointment by HBRIC Ltd without further consultation with Council under a process consistent with clauses 52 to 55.
- 64.3. Appointments of any Councillor appointed under this clause by HBRIC Ltd shall expire 31 March in the year following a triennial election.
- 64.4. If following the triennial local government election the appointee is not re-elected as a Councillor HBRIC Ltd will commence a process for selection of a new appointee to the board, which may or may not be a Councillor.
- 64.5. HBRIC Ltd will re-assess in consultation with the CCTO at no less than three yearly intervals whether there remains a need for a person to be appointed to the board who is specifically an elected Councillor.
- 64.6. If the HBRIC Ltd Governance, Appointments and Remuneration Committee determines there is an ongoing need for a Councillor on the board of that CCTO, the committee shall carry out a process consistent with paragraphs 16 – 23 of this policy to recommend the appointment of a Councillor to the CCTO.
- 64.7. This clause does not apply to appointments where a Councillor is appointed other than in accordance with this sub-clause.

Interview

65. Following the search process, the HBRIC Ltd Governance, Appointments and Remuneration Committee will draw up a short list of candidates.
66. Where appropriate the committee will co-operate with other shareholders in the selection process.
67. Each candidate will be interviewed by the committee. The committee will then decide its preferred candidate, check all references and report back to the full HBRIC Ltd Board for ratification.

Appointment

68. The HBRIC Ltd Board will then make a recommendation to the Council. The report will be “public excluded” in order to protect the privacy of the individual concerned. The Council will consider the report from HBRIC Ltd and make its decision.
69. Public announcement of the appointment will be made as soon as practicable after the Council has made its decision.

Reappointment

70. Where a director’s term of appointment has expired and he or she is offering him/herself for reappointment, a representative of the HBRIC Ltd Board (normally the Chairperson) will consult on a confidential basis with the Chairperson of the CCTO with regard to:
 - 70.1. Whether the skills of the incumbent add value to the work of the board.
 - 70.2. Whether there are other skills which the board needs.
 - 70.3. Succession issues.
71. The HBRIC Ltd Governance, Appointments and Remuneration Committee will consider the information obtained and, taking into account the director’s length of tenure (see below), form a view on the appropriateness of reappointment or making a replacement appointment.

72. Where reappointment is considered appropriate then the HBRIC Ltd Board is authorised to approve it without further reference to the Council.
73. Where it is not intended to reappoint the existing incumbent, the appointment process outlined above will apply.

Length of tenure

74. CCTO directors will normally be appointed for periods of three years. Subject to a review of the director's performance after each three year period, the normal tenure for a director will be six to nine years. Following nine years of service, a director may be re-appointed for a further three years in special circumstances.

Chairpersons of CCTOs

75. It is the responsibility of the board of each CCTO to appoint its own Chairperson. However, normally the CCTO board will consult with HBRIC Ltd on the person to be so appointed, and where HBRIC Ltd considers it appropriate, it will give its view on who it considers to be the appropriate person to fill the Chairperson's position.

Remuneration of CCTO directors

76. HBRIC Ltd has been charged with monitoring and, where appropriate, recommending to Council for approval changes in remuneration levels for the boards of CCTOs.
77. Periodically HBRIC Ltd will review the level of remuneration made available to the boards of the CCTOs for distribution amongst directors on each board.
78. The fees will be reviewed on an overall basis for each CCTO, leaving the board of that CCTO to apportion the fee between board members as it sees fit. Under exceptional circumstances, HBRIC Ltd may approve an application from a CCTO for additional fees, for a special project.
79. In performing its review of remuneration, HBRIC Ltd will take account of the following factors.
 - 79.1. The need to attract and retain appropriately qualified directors.
 - 79.2. The levels of remuneration paid to comparable companies in New Zealand.
 - 79.3. The performance of the CCTO and any changes in the nature of its business.
 - 79.4. Any other relevant factors.
80. In general, it is intended that boards of CCTOs will receive a level of remuneration that is competitive with the general market, while recognising that there will be differences from time to time, particularly in the period between reviews. Professional advice will be sought where necessary.
81. In the event of a Council or HBRIC Ltd staff member being appointed to a CCTO board, the fees for that appointee shall either not be paid or be paid to the Council or HBRIC Ltd, unless there are special circumstances. This reflects the employee being appointed as part of their existing position.
82. The Council also supports the payment by CCTOs of directors' liability insurance and the indemnification of all directors.

Napier Port**Introduction**

83. This document sets out the policy in relation to the appointment and removal of directors to and from the Board of Napier Port Holdings Limited (**Napier Port**).
84. It is acknowledged that, as a company listed on the NZX stock exchange, Napier Port will be required to comply with all its obligations under law, including the Financial Markets Conduct Act 2013, and under the NZX Listing Rules. Where this policy and any applicable laws, stock exchange rules or regulations conflict, those laws, stock exchange rules or regulations will take priority.

Identification of required skills, knowledge and experience of Napier Port directors

85. The required skills, knowledge and experience for director appointments to the board of Napier Port will be assessed by the Chairperson of Napier Port. If considered necessary, the Chairperson of Napier Port may discuss any skills shortages with the Governance, Appointment and Remuneration Committee of HBRIC Ltd.
86. In assessing required skills, knowledge and experience for director appointments, the Chairperson of Napier Port will have regard to corporate governance best practice materials, including the NZX Corporate Governance Code and the Napier Port Board Charter and Corporate Governance Policies.
87. Subject to applicable laws and regulations (in particular, the Port Companies Act), a Councillor is entitled to be appointed to the Napier Port Board on merit.
88. It is expected that all appointees to the Napier Port Board will undergo, or already have undergone, formal corporate governance training, or have the requisite experience in this area.

Appointment process for Napier Port directors

89. The Napier Port constitution requires that:
 - 89.1. there be a minimum of six directors on the Napier Port Board; and
 - 89.2. that no more than two directors on the Napier Port Board be members or employees of a Harbour Board, territorial authority, regional council or united council that holds shares in Napier Port.
90. Pursuant to the constitution of Napier Port, and the NZX Listing Rules, directors may be appointed to the Napier Port Board in the following manner:
 - 90.1. A director may be appointed to the Board of Napier Port by the Board in order to fill a vacant seat. Any director so appointed must then retire and is eligible to stand for re-election at the next annual shareholder meeting of Napier Port.
 - 90.2. A director may be appointed to, and removed from, the Board of Napier Port by shareholders at a meeting in accordance with the NZX Listing Rules. Any Councillor may be nominated for appointment to the Napier Port Board, subject to the requirements of the NZX Listing Rules and the Port Companies Act 1988. HBRIC Ltd, as a shareholder in Napier Port, will, unless otherwise prevented by law, be entitled to vote on the appointment or removal of all Directors. [Wherever possible, HBRIC Ltd will review the skills, knowledge and experience of all candidates nominated for election or removal as a Director of Napier Port and HBRIC Ltd shall determine who the shareholding in Napier Port will be voted in respect of each such candidate. In doing so, HBRIC Ltd may solicit and take into account the views of Council.]
91. The Napier Port Board will ensure that, prior to the appointment taking effect, proper checks are conducted in respect of any director proposed to be appointed to the Napier Port Board and shareholders are given all relevant information on any proposed director in order to provide shareholders with a basis for an informed decision.
92. Any director appointed to the Board of Napier Port is automatically appointed to the Board of Port of Napier Limited.

Appointment

93. The Napier Port Board will procure that each new director enters into an appointment letter with Napier Port outlining the terms of that director's appointment. Such letter shall include a requirement for each director to comply with the Information Protocols agreed between Napier Port, HBRIC Ltd and Council (if applicable).
94. Napier Port will make a public announcement of the appointment of any director (including a determination in relation to his/her independence) in accordance with the Listing Rules.

Reappointment

95. Each director appointed by the Napier Port Board (as noted in paragraph 84.1 of this policy) will be required to and offer himself/herself for re-election at the first annual shareholder meeting following his/her appointment.
96. Each director appointed by shareholders (as noted in paragraph 84.2 of this policy) will be required to retire and offer himself/herself for re-election no later than the third annual shareholder meeting following his/her appointment.

Resignation of Councillor directors

97. Any director who is also a Councillor must resign from the Napier Port Board and the Port of Napier Limited Board within one month following any local body elections if that Councillor is not re-elected.
98. If there are already two Councillors or employees of the Council who are directors of Napier Port, if a director is appointed as a Councillor in a local body election, that director must resign from the the Napier Port Board and the Port of Napier Limited Board immediately in accordance with the Port Companies Act 1988 and the Napier Port constitution.

Chairperson of Napier Port

99. It is the responsibility of the board of Napier Port to appoint its own Chairperson. If considered appropriate, the Napier Port Board may discuss the appointment of its Chairperson with the Governance, Appointment and Remuneration Committee of HBRIC Ltd.

Remuneration of Napier Port directors

100. The remuneration of the directors of Napier Port will be approved by shareholders pursuant to the NZX Listing Rules. Payment of all such remuneration shall be the responsibility of Napier Port.
101. Napier Port will take out appropriate directors' liability insurance policies and provide an indemnity in favour of all directors.

Council Organisations

Introduction

102. The Council has non-controlling interests in numerous COs. These are not-for-profit bodies and, in contrast with CCTOs, Hawke's Bay Regional Investment Company Ltd has no involvement in monitoring or the director/trustee appointment process.
103. Appointments to COs are made for a number of reasons. These include:
 - 103.1. To provide a means of monitoring where the Council has made a grant to that body.
 - 103.2. To enable Council involvement where the CO's activity is relevant to the Council.
 - 103.3. To satisfy a request from the CO that the Council appoint a representative.
 - 103.4. Statutory requirements.
104. Appointments to a CO are generally for a three year term, and are made after the triennial Council elections.
105. The Council will endeavour to minimise the number of appointments where the benefit to the Council of such an appointment is minimal.

Identification of required skills, knowledge and experience of CO directors, and appointment

106. The range of reasons for the appointment of Council representatives to COs results in a wider range of desired attributes for appointees to these bodies.
107. The Council will determine the required skills, knowledge and experience for each appointment. Candidates are not restricted to Councillors – in some cases, it may be more appropriate to appoint Council staff or external people with affiliations to the Council.

Remuneration of CO directors

108. CO directors appointed by the Council will receive the remuneration (if any) offered by that body. Council staff members appointed to such bodies will not accept any remuneration.

Hawke's Bay Regional Investment Company Limited

Chairperson Succession Planning Policy (This policy is specifically for the HBRIC Ltd Board Chair)

(Adopted 26 March 2014)

Item 10

Attachment 1

Introduction

In line with best practice, and in conjunction with the development of the policy on the appointment and remuneration of directors, this policy has been developed and is presented to Council for consideration and adoption.

Rationale for a succession plan

To provide for:

- Smooth transition through a planned approach
- Knowledgeable leadership of the board in the event of planned or unexpected retirement of the incumbent Chairperson
- Recognition that the term of any chairperson in that role is limited
- A Chairperson's desire to step down at any time, knowing that there is a person who is prepared to take over the role
- Appointment of a new Chairperson who should generally have knowledge of the Company.

Principles

- Directors would generally not be appointed for more than two (3 year) terms on a board
- A person appointed as Chair in their second term may be appointed for a maximum of six years as Chairperson unless in exceptional circumstances as agreed by the Council.
- Council and HBRIC Ltd will generally consider the need for a potential successor as they make each director appointment
- The selection process for all HBRIC Ltd board members, including the Chair, is the prerogative of Hawke's Bay Regional Council under the appointment policy.

Process

The Council Appointments Committee (refer Council policy on the Appointment and Remuneration of Directors) will work through succession planning for the Chair of HBRIC Ltd using the following process:

- Ensure that planning starts at least one year before planned retirement
- Discuss with current Chairperson their views on the date of their retirement and who would be a good successor
- Compose a list of required skillsets for the position following discussion (as appropriate) with the Chairperson and individual Board members and ascertain whether there is any obvious leader amongst the existing board
- Agree a timeframe of the new appointment allowing a bedding-in time of at least one year if the newly proposed Chairperson is new to the Board
- Interview/discussions with the preferred candidate to ascertain their availability for the Chairperson role
- Preliminary discussions will not guarantee appointment but give an indication that all things being equal, they will be the next Chair

General Skillsets Required

- Ability to maintain the trust of the Council

- Ability to maintain close, but independent working relationship with CEO
- Ability to harness the collective skills of the board and executive team to achieve the business objectives and maintain the confidence of the shareholders
- Ability to encourage all directors to have full participation in Board deliberations
- Ability to lead Board evaluation process
- Ability to demonstrate leadership and good interpersonal skills
- Ability to efficiently conduct Board meetings
- Ensure timeliness and relevance of information to the Board
- Ability to be the spokesperson for the company
- Integrity and credibility within the business community
- Ability to retain the confidence of the region and be able to build relationships within the region's networks.

Appendix 1

**Hawke's Bay Regional Council Controlled Organisations
(As at 27 June 2019)**

Item 10

1. Companies in which Hawke's Bay Regional Council directly owns the shares

Hawke's Bay Regional Investment Company Ltd

2. Council Controlled Trading Organisations in which HBRIC Ltd holds shares*

Napier Port Holdings Ltd (which holds all of the shares in Port of Napier Ltd)

3. Council Controlled Organisations in which HBRC appoints Board members by virtue of a Company Constitution

Hawke's Bay Tourism Ltd

Hawke's Bay Local Authority Shared Services Company

Attachment 1

Appendix 2

Council Representation on Outside Bodies**Council Appointments as at 18 September 2019**

| | |
|---|--|
| Hawke's Bay Sports Council | TBfree Hawke's Bay Committee |
| Hawke's Bay Drought Committee | Hawke's Bay Tourism Board of Directors |
| Te Komiti Muriwai o Te Whanga (Ahuriri Estuary Committee) | |

HAWKE'S BAY REGIONAL COUNCIL

Wednesday 25 September 2019

Item 11

Subject: INTERIM DELEGATIONS TO THE CHIEF EXECUTIVE AND END OF TRIENNIUM WRAP-UP

Reason for Report

1. The purpose of this report is to request that Council delegates the responsibilities, duties and powers of the Council, except for certain powers set down in the legislation that cannot be delegated, to the Chief Executive during the interim election period; and to inform councillors of activities to essentially “wrap up” this triennium.

Delegations to the Chief Executive during Interim Election Period

2. It is recommended that Council delegates the power to make decisions in the interim election period to the Chief Executive.
3. This delegation is for the limited time period between the public notice of the final election result (expected 17 October 2019) and the inaugural meeting of the new Council (30 October 2019), and delegates all of Council's responsibilities, duties, and powers for the period in question, except those that cannot be delegated, in accordance with Schedule 7, Clause 32(1), being:

Unless expressly provided otherwise in this Act, or in any other Act, for the purposes of efficiency and effectiveness in the conduct of a local authority's business, a local authority may delegate to a committee or other subordinate decision-making body, community board, or member or officer of the local authority any of its responsibilities, duties, or powers except—

- (a) *the power to make a rate; or*
 - (b) *the power to make a bylaw; or*
 - (c) *the power to borrow money, or purchase or dispose of assets, other than in accordance with the long-term plan; or*
 - (d) *the power to adopt a long-term plan, annual plan, or annual report; or*
 - (e) *the power to appoint a chief executive; or*
 - (f) *the power to adopt policies required to be adopted and consulted on under this Act in association with the long-term plan or developed for the purpose of the local governance statement.*
 - (g) *Repealed*
 - (h) *the power to adopt a remuneration and employment policy.*
4. It is also recommended that the delegation is subject to those matters that cannot reasonably wait until the Inaugural meeting of the new Council and that the Chief Executive is required to report any decisions to the first ordinary meeting of the new Council, scheduled 6 November 2019.

Discharge of Committees

5. Council's committees will be discharged at the end of the triennium in accordance with the Local Government Act 2002 Schedule 7, Part 1, Section 30(7) “A committee, subcommittee, or other subordinate decision-making body is, unless the local authority resolves otherwise, deemed to be discharged on the coming into office of the members of the local authority elected or appointed at, or following, the triennial general election of members” with the exception of:
 - 5.1. Regional Transport Committee
 - 5.2. Regional Planning Committee
 - 5.3. Civil Defence and Emergency Management Group (CDEMG) Joint Committee.

6. For those Committee meetings which have not yet had minutes confirmed, it is necessary for the Chairman of the relevant Committee and the principal administrative officer (Chief Executive) to confirm and sign those in accordance with Standing Order 27.4.

Decision Making Process

7. 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:
 - 7.1. The decision does not significantly alter the service provision or affect a strategic asset.
 - 7.2. The use of the special consultative procedure is not prescribed by legislation.
 - 7.3. The decision does not fall within the definition of Council's policy on significance.
 - 7.4. The decision is not inconsistent with an existing policy or plan.
 - 7.5. Given the nature and significance of the issue to be considered and decided, Council can exercise its discretion and make a decision without consulting directly with the community or others having an interest in the decision.

Recommendations

That Hawke's Bay Regional Council:

1. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that Council can exercise its discretion and make decisions on this issue without conferring directly with the community and persons likely to be affected by or to have an interest in the decision.
2. In accordance with Council's Standing Order 27.4 the Minutes of the Committee meetings listed below will be reviewed, and then signed as 'Confirmed', by the Chair of the Committee and the HBRC Chief Executive as a true and correct record.
 - 2.1. Hearings Committee meeting held 5 June 2019
 - 2.2. Māori Committee meeting held 6 August 2019
 - 2.3. Environment and Services Committee meeting held 7 August 2019
 - 2.4. Finance, Audit and Risk Sub-committee meeting held 21 August 2019
 - 2.5. HB CDEM Group Joint Committee meeting held 26 August 2019
 - 2.6. Tenders Committee meeting held 28 August 2019
 - 2.7. Clifton to Tangoio Coastal Hazards Joint Committee meeting held 3 September 2019
 - 2.8. Corporate and Strategic Committee meeting held 11 September 2019
 - 2.9. Regional Transport Committee meeting held 6 September 2019
 - 2.10. Regional Planning Committee meeting held 18 September 2019.
3. In accordance with Council's Standing Order 27.4 the Minutes of the Regional Council meeting held 25 September 2019 will be received, reviewed, and then signed as 'Confirmed' by the HBRC Chairman and Chief Executive as a true and correct record when they are finalised.

Authored by:

Leeanne Hooper
GOVERNANCE LEAD

Approved by:

Joanne Lawrence
GROUP MANAGER OFFICE OF THE
CHIEF EXECUTIVE AND CHAIR

Attachment/s

There are no attachments for this report.

HAWKE'S BAY REGIONAL COUNCIL

Wednesday 25 September 2019

Subject: AFFIXING OF COMMON SEAL

Item 12

Reason for Report

1. The Common Seal of the Council has been affixed to the following documents and signed by the Chairman or Deputy Chairman and Chief Executive or a Group Manager.

| | | Seal No. | Date |
|-------|--|--------------|--|
| 1.1 | Leasehold Land Sales | | |
| 1.1.1 | Lot 245 DP 6421 CT E2/1438 - Agreement for Sale and Purchase - Transfer | 4349 4350 | 11 September 2019 11 September 2019 |
| 1.1.2 | Lot 1 DP 14683 CT G4/102 - Agreement for Sale and Purchase | 4352 | 17 September 2019 |
| 1.2 | Staff Warrants | | |
| 1.2.1 | L. Cosgrove (Delegations under Resource Management Act 1991; Soil Conservation and Rivers Control Act 1941; Land Drainage Act 1908 and Civil Defence Act 1983 (s.60-64); Civil Defence Emergency Management Act 2002 (s.86-91) and Local Government Act 2002 (s.174)) | 4351 | 11 September 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. As a result of sales, the current numbers of Leasehold properties owned by Council are:
 - 3.1. 0 cross lease properties were sold, with 72 remaining on Council's books
 - 3.2. 1 single leasehold property was sold, with 94 remaining on Council's books.

Decision Making Process

4. 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 25 September 2019

Subject: REPORT FROM THE HB CDEM JOINT COMMITTEE MEETING

Item 13

Reason for Report

1. This item provides a summary of the matters considered by the HB Civil Defence Emergency Management Group Joint Committee meeting for Council's information, along with the unconfirmed minutes attached.
2. The **Hawke's Bay Capability Assessment Report 2019** item asked the Committee to accept the Capability Assessment Report 2019 and identify priority work area approaches for the Group Plan Review and the next version of the Group Work Programme.
3. The **Amendments to the Group Plan: Controllers** item provided the committee with the proposed changes to Local Controller appointments and as a result, proposed the resulting changes to the Hawke's Bay CDEM Group Plan with regards to Wairoa District Council controllers.
4. The **Post-Election Elected Officials Civil Defence Induction** sought the feedback and endorsement of the Committee for the proposed plan for induction of elected officials after the 2019 Local Government Elections.
5. The **2018-19 Annual and Financial Report** item outlined the activities of the Group over the last financial year and noted that the report should be considered in conjunction with the Group Work Program and the Capability Assessment Report.
6. The **Hawke's Bay Disaster Relief Trust Deed** item outlined the process for forming the Trust and addressing the Council Controlled Organisations requirements of the Local Government Act 2001.

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.

Recommendations

That Hawke's Bay Regional Council receives and notes the "*Report from the HB Civil Defence Emergency Management Group Joint Committee*".

Authored by:

Leeanne Hooper
GOVERNANCE LEAD

Approved by:

Ian Macdonald
GROUP MANAGER/CONTROLLER

Attachment/s

- [1](#) 26 August 2019 unconfirmed CDEM Group Joint Committee Minutes



Unconfirmed

MINUTES OF A MEETING OF THE HB CIVIL DEFENCE EMERGENCY MANAGEMENT GROUP

Date: Monday 26 August 2019

Time: 1.30pm

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

Present: Mayor A Walker (Chair)
Chairman R Graham
Mayor C Little
Mayor S Hazlehurst
Councillor G Taylor (*Proxy for Faye White*)

In Attendance: S Bayley – MCDEM
N Bickle – Hastings District Council
M Davidson – Chief Executive, Central Hawke's Bay District Council
A Hickey – MCDEM
S May – Chief Executive, Waioa District Council
M Meads – Emergency Management Consultant
A Henderson – Acting Chief Executive, NCC (*Proxy for Wayne Jack*)
I Macdonald – Group Manager/Controller
J Palmer – Chief Executive, HBRC
A Roets – Governance Administration Assistant

1. Welcome/Apologies/Notices

The Chair, Mayor Alex Walker welcomed everyone to the meeting, specifically Councillor Graham Taylor from Napier City Council who is temporarily replacing Acting Mayor Faye White.

Councillor Rex Graham advised that he has to leave at 2.45pm.

2. Conflict of Interest Declarations

There were no Conflict of Interest Declarations.

3. Confirmation of Minutes of the HB Civil Defence Emergency Management Group Joint Committee meeting held on 27 May 2019

The Chair noted that a quorum was not met at the previous meeting and that no decisions were made, and that the minutes noted the discussions held only.

CDE1/19 Resolution

Notes on discussions of the HB Civil Defence Emergency Management Group Joint Committee meeting held on Monday, 27 May 2019, a copy having been circulated prior to the meeting, were taken as read and confirmed as a correct and true record.

**Hazlehurst/Graham
CARRIED**

Secretarial note: As there are no provisions under Standing Orders for "Matters arising from Minutes" these are recorded in the Follow-ups from previous HB CDEM Group Joint Committee meetings.

4. Action Items from Previous HB CDEM Group Joint Committee Meetings

With regards to the Group Work Programme Outline on Earth quake prone buildings – Ian Macdonald will coordinate a report for the 11 November 2019 meeting.

Group Plan Review: An outline of work program (timeline) processes will be discuss in more detail at the next meeting.

Risk Reduction: to have a discussion paper to the next Joint Committee meeting on developing a combined plan for all TAs and Agencies around natural hazards and risks – report to outline immediate steps/actions and what the mechanisms are available. Advice received from MCDEM noted that Councils are responsible for identifying hazards and risks which will collectively be managed. There is national guidance on how to do a risk assessments and the CDEM Group Plan has the same status as the Regional Policy Statement.

It is proposed that the next meeting be held at the new CDEM facility building in Hastings. There is an opportunity for Councillors to see the new facility on 6 September and an invitation will be send out shortly.

The item was not resolved

5. Call for Minor Items not on the Agenda

There were no items raised for discussion.

6. Hawke's Bay Capability Assessment Report 2019

Ian Macdonald introduced the item, noting that there have been discussions this morning in the workshop around this item. Further discussions traversed:

- A monitoring and evaluation process was undertaken in May 2019 using the

same assessment tool used in 2010 and 2015.

- The Hawke's Bay Capability Assessment Report 2019 was produced in June 2019.
- The CDEM CEG have effectively identified four areas they considered to be a priority over the life of the next Group Plan which includes Operational readiness, Group and partner organisational resilience, Lifelines and Recovery.
- The existing Operational readiness programme is progressing well with regular training and exercising. A Regional level exercise is planned for 17 October 2019.
- Organisational resilience, Lifelines and recovery are all interrelated.
- Organisational resilience – the biggest issue identified is the variable approach to business continuance planning by councils and partner agencies.
- Lifelines – more challenging as other Councils and essential service providers (like NZTA, power companies, telecommunications, Napier Port and HB Airport) are all identified as Lifeline Utilities and are required to function to the fullest possible extent. Oliver Postings has recently taken up a new position within NZTA and has resigned from his Lifelines role. The Lifelines Group was not able to find a Chairperson and currently being run by a committee of core members.
- It is noted that Napier Port and HB Airport are not currently well represented and the intention is to have them involved in the Lifelines Group activities.
- Recovery – substantial progress has been made since the last CAR in 2015.
- Recovery has been identified as an area needing further work.
- The Committee were asked to give direction on the priorities identified and to identify any other areas for priority with potential actions to be developed.
- Further work needs to be done in how to engage staff better in what their roles and responsibilities are.
- Lifelines and Recovery will need to be considered for needing additional resourcing.

CDE2/19

Resolutions

That the HB Civil Defence Emergency Management Group Joint Committee:

1. Agrees that the decisions to be made are not significant under the criteria contained in Adminstrating Authority's adopted Significance and Engagement Policy, and that the Committee 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. Endorses the priorities identified by the Coordinating Executives Group, being:
 - 2.1. Operational Readiness
 - 2.2. Group and Partner Organisational Resilience
 - 2.3. Lifelines
 - 2.4. Recovery.

Hazlehurst/Little
CARRIED

7. Amendments to the Group Plan: Controllers

The item was taken as read.

- An update was given on training and development for new Controllers and how it fits into the new professional development list of priorities.
- Question arose as the whether Councils are putting themselves at risk by appointing local controllers who do not have the relevant qualifications, experience and whom has not completed the training. Is there any legal obligations to adhere to?

- Councils are at risk as powers of authority is given to the Controller as being capable to carry out their responsibilities in any given emergency.
- A Controllers Appointments Policy is currently being developed to address this issue.
- A request is made that should amendments be made to the Group Plan: Controllers, to have some commentary around Controllers' professional development plan, how it fits into the wider context and who qualifies as Controller whilst the Controllers are not yet qualified.

CDE3/19

Resolutions

That the HB Civil Defence Emergency Management Group Joint Committee:

1. Agrees that the decisions to be made are not significant under the criteria contained in Adminstrating Authority's adopted Significance and Engagement Policy, and that the Committee 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. Resolves to make a minor amendment to *Appendix 5: Key Appointments* of the *Hawke's Bay CDEM Group Plan* pursuant to section 57 of the Civil Defence Emergency Management Act 2002 and make appointments and changes to the roles of Hawke's Bay Local Controller as follows:
 - 2.1 Add Libby Young to the Hawke's Bay Local Controllers list
 - 2.2 Remove Helen Montgomery from the Hawke's Bay Local Controllers list

Graham/Little
CARRIED

8. Post-Election Elected Officials Civil Defence Induction

Ian Macdonald introduced the item, noting this item was raised at the last meeting with discussions highlighting:

- The Committee was asked to consider if induction specific to the Joint Committee is needed as part of its first meeting of the new triennium.
- Clarity sought on whether the Committee would like a folder containing relevant information such as media messages, declaration forms and guidance, key contacts and delegations to be distributed to new members.
- Joint Committee Induction training to be completed soon after the elections.
- Councillors inductions for all councillors across the Groups five local authorities to be completed soon after the elections in October.
- Timeframes will be set up and arranged soon after today's meeting.
- It is noted that the CDEM Joint Committee is not dissolved at the end of the triennium.
- A state of emergency declaration can only done by the Minister from the date of dissolution of old council (the day before the election process starts) to the day that elected members are sworn in as elected members. The exception to this are councillors elected unopposed.

CDE4/19

Resolutions

That the HB Civil Defence Emergency Management Group Joint Committee:

1. Agrees that the decisions to be made are not significant under the criteria contained in the Adminstrating Authority's adopted Significance and Engagement Policy, and that the Committee 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. Agrees with the proposal to deliver post Elections 2019 Civil Defence Emergency Management induction for elected officials through forums as proposed.
3. Agrees that an induction package for the incoming Joint Committee be developed as outlined, and be delivered at the Joint Committee's first meeting of the triennium.

**Walker/Hazlehurst
CARRIED**

9. 2018-19 Annual And Financial Report

Ian Macdonald gave an update on the HB CDEM Group Annual Report 2018-19 including financials. Discussions traversed:

- The Group Annual report outlined the activities of the Group over the last financial year and should be considered in conjunction with the Group Work Program and the Capability Assessment Report.
- Significant progress has been made in community engagement activities, community resilience plans and improving operational readiness.
- The Financial report is based on the existing budgets for the Group.
- These reports have not been considered by the Coordinating Executive Group, but will be as an Agenda item to the December 2019 meeting.
- The Financial summary stipulated an underspent of \$354,342 and will be placed within the reserve account for the CDEM targeted rate. The total CDEM reserve will not stand at \$393,000.
- The Group has secured external funding of almost \$400,000 from MCDEM and ECLab and it is likely that an underspent for the current year will occur.
- Agrees that a letter of recommendation from the Chair of this Committee be sent to the Regional Councillors to accept the Annual and Financial Reports for the year 2018-19 from the CDEM Group and how this money is going to be prioritised to build up a reserve for the Civil Defence Fund.
- The Annual report 2018-19 will be circulated to all five councils for consideration after final formatting and some minor changes.

CDE5/19 Resolutions

That the HB Civil Defence Emergency Management Group Joint Committee:

1. Agrees that the decisions to be made are not significant under the criteria contained in Adminstrating Authority's adopted Significance and Engagement Policy, and that the Committee 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. Adopts the draft Hawke's Bay CDEM Group 2018-19 Annual Report including financials as presented, subject to minor editing and formatting.
3. Agrees that a letter of recommendation from the Chair of this Committee be sent to the Regional Councillors to accept the Annual and Financial Reports for the year 2018-19 from the CDEM Group.

**Graham/Taylor
CARRIED**

10. Hawke's Bay Disaster Relief Trust Deed

Ian Macdonald introduced the item and outlined the process for forming the trust and addressing the council controlled organisations requirements of the Local

Government Act 2001. Discussions traversed:

- Consultation on the establishment of the trust as part of the TLAs annual plan or special consultation process – Agreement from all Councillors around the wording of the Draft Deed.
- Wairoa District Council to complete at a council meeting on 3 September 2019.
- Seeking the committees approval on the final draft on the Disaster Relief Trust Deed.
- Once approved and agreed, the Charities Commission to pre-validate its form and content.
- The parties will then sign after formal approval by resolution of each Council which established the trust and addresses the council controlled organisations provisions of the Local Government Act 2002.
- Will then apply to the Charities Commission for formal registration.
- Once granted, apply to the Registrar of Charitable trusts for incorporation under the Charitable Trusts Act 1957.
- In the HB Disaster Relief Trust Deed - that the word "secretary" to the Trust be replaced with " or Nominee or Delegate".

CDE6/19

Resolutions

That the HB Civil Defence Emergency Management Group Joint Committee:

1. Agrees that the decisions to be made are not significant under the criteria contained in Adminstrating Authority's adopted Significance and Engagement Policy, and that the Committee 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. Adopts the draft deed for the Hawke's Bay Disaster Relief Trust as proposed.
3. Agrees to place \$10,000 into the Trust Fund from the CDEM reserve account once the trust account has been established.

**Hazlehurst/Taylor
CARRIED**

11. Discussion of Minor Items not on the Agenda

There were no Minor Items for discussion.

Closure:

There being no further business the Chairman declared the meeting closed at 2.25pm on Monday, 26 August 2019.

Signed as a true and correct record.

DATE:

CHAIRMAN:

HAWKE'S BAY REGIONAL COUNCIL

Wednesday 25 September 2019

Subject: CLIFTON TO TANGOIO COASTAL HAZARDS STRATEGY JOINT COMMITTEE MEETING SUMMARY

Item 14

Reason for Report

1. To provide a regular update (attached) on progress of the Clifton to Tangoio Coastal Hazards Strategy Joint Committee.

Background

2. The Clifton to Tangoio Coastal Hazards Strategy 2120 represents a coordinated approach to identifying and responding to coastal hazards and influence of sea level rise over the next 100 years. It provides a platform for long term planning and decision making.
3. The Strategy is being developed through a Joint Committee formed by elected representatives from the Hawke's Bay Regional Council, He Toa Takitini, Napier City Council, Mana Ahuriri Incorporated, Hastings District Council and the Maungaharuru-Tangitū Trust.
4. The Strategy:
 - 4.1. Covers the coastal area between Clifton and Tangoio
 - 4.2. Seeks to develop a planned response to coastal hazards out to year 2120
 - 4.3. Will assess and respond to the following coastal hazards:
 - 4.3.1. Coastal Erosion (storm cut, trends, effects of sea level rise
 - 4.3.2. Coastal Inundation (storm surge, run up, overtopping and sea level rise
 - 4.4. Incorporates climate change as an overriding influence.
5. The vision of the strategy is:
 - 5.1. That coastal communities, businesses and critical infrastructure from Tangoio to Clifton are resilient to the effects of coastal hazards.

Decision Making Process

6. 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 "*Clifton to Tangoio Coastal Hazards Strategy Joint Committee Meeting Summary*" report.

Authored by:

Simon Bendall
PROJECT MANAGER

Approved by:

Chris Dolley
GROUP MANAGER ASSET
MANAGEMENT

Attachment/s

- [!\[\]\(f4e441eb8e96c015c8454cfc52354b81_img.jpg\) 1](#) Coastal Hazards Joint Committee - Meeting Summary 3 September 2019



Clifton to Tangoio Coastal Hazards Strategy Summary Notes of Meeting held 3 September 2019

1. PURPOSE

This briefing note has been prepared to communicate the activity of the Clifton to Tangoio Coastal Hazards Strategy Joint Committee to the Partner Councils, as the Committee progresses with the Stage 4 of the Strategy. More information on the Strategy can be found on the project website at www.hbcoast.co.nz.

2. JOINT COMMITTEE MEETING SUMMARY: 3 SEPTEMBER 2019

Key points from the Joint Committee meeting held 3 September 2019 are highlighted below. The full minutes of the meeting will be provided to each Partner Council in due course.

Assessment Panel Supplementary Recommendations

- In 2018 the Northern and Southern Cell Assessment Panels delivered their final report to the Joint Committee (full report available for download at <https://www.hbcoast.co.nz/panels/>)
- The report outlines the Panel's process and presents their recommended 100-year adaptive pathways for 9 priority units along the Clifton to Tangoio coastline.
- The report also presents a range of supplementary recommendations that were identified during the Panel's deliberations. The supplementary recommendations generally relate to shorter term actions considered important by Panel members, or detailed matters associated with pathway implementation.
- With the focus of TAG and the Joint Committee on pathway implementation, the Panel's supplementary recommendations have not yet had a formal response from Council's.
- To address this, TAG proposed a response to each supplementary recommendation, for Joint Committee consideration.
- With the Joint Committee's endorsement, TAG will now proceed with the proposed responses, which includes written communication with Partner Councils to propose various actions.

Project Managers Updates

- A broader update on the progress made in each of the five workstreams of Stage 4:
 - Design Workstream: Progressing well using in-house expertise at HBRC
 - Triggers Workstream: Waiting on report from Deep South Science Challenge, due October 2019
 - Funding Workstream: Current focus – multiple workshops held with elected members. Further work required post-elections to confirm aligned position
 - Regulatory Workstream: Internal resources are limited, and this has slowed progress. Now looking to engage consultant support to advance.
 - Governance Workstream: Currently integrated with Funding Workstream. Future activity to be confirmed following outcome of current funding work.
- Overall, the project is tracking in accordance with the overall project plan but there are some resourcing challenges which TAG are now seeking to address through external consultant support.
- The project has underspent \$30,000 against budget in the 2018-19 financial year.

Current Coastal Projects Updates

- Updates were provided on:
 - Whakarire Ave Revetment: NCC continue to engage with affected residents
 - Port of Napier Dredging: A Working Group has been established to review propose maintenance dredging operations. Protection of Rangatira Reef a key concern for Mana Whenua.
 - Extended Area for Dredging Material Deposition, Westshore: HBRC have engaged ecologists to assess effects of extended area. Consenting and consultation process to commence.

Acknowledgements

- This was the final meeting of the Joint Committee for this triennium.
- A new Joint Committee will be formed post-elections.
- It was noted that a number of Partner Council Joint Committee members will not be present post-elections – notably Cr Peter Beaven is not be seeking re-election.
- Cr Beaven has acted as Chair of the Joint Committee since its establishment in late 2014. He also chaired the Northern and Southern Cell Assessment Panels, and participated activity in TAG meetings.
- His fine leadership and significant contribution throughout the years was acknowledged by all members present.

Next Meeting

- TAG are seeking a meeting with the newly-formed Joint Committee as soon as possible post-elections, preferably in December 2019.

HAWKE'S BAY REGIONAL COUNCIL

Wednesday 25 September 2019

Subject: REPORT FROM THE 4 SEPTEMBER 2019 DRINKING WATER GOVERNANCE JOINT COMMITTEE MEETING

Item 15

Reason for Report

1. This item provides a summary of the matters considered by the Joint Drinking Water Governance Committee.

Agenda Items

2. Jim Graham – Study Tour Feedback presented an overview of his study tour of The Netherlands and Denmark. His study tour included an investigation of water suppliers and the challenges they have with aquifers and distribution networks. In particular his presentation focused on water supplies that do not use chlorine and how these are managed.
3. HBRC TANK Plan Change Process update provided an update on the Regional Council's TANK Plan Change (PC9) progress made since April 2019, including detailed information where there was specific reference to source protection zones.
4. Joint Working Group Activities update gave an overview on the Joint Working Group's (JWG) activities and work plan.
5. Regional Three Waters update provided an update on the status of regional and national "three waters service delivery" reviews underway.

Decision Making Process

6. 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 "*Report from the 4 September 2019 Drinking Water Governance Joint Committee Meeting*".

Authored by:

Annelie Roets
GOVERNANCE ADMINISTRATION
ASSISTANT

Approved by:

Liz Lambert
GROUP MANAGER REGULATION

Attachment/s

There are no attachments for this report.

HAWKE'S BAY REGIONAL COUNCIL

Wednesday 25 September 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 25 September 2019

Subject: NAPIER PORT IPO PROCEEDS DEPLOYMENT

That Council excludes the public from this section of the meeting, being Agenda Item 17 Napier Port IPO Proceeds Deployment with the general subject of the item to be considered while the public is excluded; the reasons for passing the resolution and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution being:

| GENERAL SUBJECT OF THE ITEM TO BE CONSIDERED | REASON FOR PASSING THIS RESOLUTION | GROUND(S) UNDER SECTION 48(1) FOR THE PASSING OF THE RESOLUTION |
|---|---|--|
| Napier Port IPO Proceeds Deployment | 7(2)s7(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:

Shash Davé
CHIEF FINANCIAL OFFICER

Approved by:

Jessica Ellerm
GROUP MANAGER CORPORATE SERVICES

Item 17