



EXTRAORDINARY MEETING OF COUNCIL

Open Minutes

Meeting Date: Thursday 26 September 2019

Time: 2.00pm-3.09pm

Venue Council Chambers
Hawke's Bay Regional Council
159 Dalton Street
Napier

Present Acting Mayor White (In the Chair), Councillors Boag, Brosnan,
Dallimore, McGrath, Price, Tapine, Taylor, Wise and Wright

In Attendance Chief Executive, Director Corporate Services, Director
Infrastructure Services, Director City Services, Director City
Strategy, Manager Communications and Marketing, Manager
Community Strategies, Chief Financial Officer, Manager Asset
Strategy
John Palairt – Chair, Audit and Risk Committee
Padraig McNamara - Simpson Grierson

Administration Governance Team

Apologies

Council resolution Councillors Tapine / Price

That the apologies from Mayor Dalton and Councillor Jeffery be accepted.

Carried

Conflicts of interest

Nil

Public forum

Lynne Gibson - Napier Disability Advisory Group

Lynne spoke on behalf of the Napier Disability Advisory Group in support of Council adopting the Napier Disability Strategy. It was noted that the Disability Advisory Group has been involved in the development of the Strategy for the past five years, consulting with various individuals and organisations.

Announcements by the Acting Mayor

Acting Mayor White noted this would be her last formal Council meeting, having served the City for the last 18 years. She thanked everyone that she has worked with over that time and wished those that have chosen not to stand again all the best in their future endeavours, acknowledging the contribution that they have made to this Council.

It was noted that Council has faced a number of challenges over the last year and a brief overview of Council's achievements for this period was given. It was also noted that Council's finances are in good shape, ensuring that rates and debt levels provide the right balance between affordability and planning for the future.

In closing, the Acting Mayor acknowledged the hard work, passion and dedication of Mayor Dalton during his time on Council including the last six years as Mayor of Napier, and wished him well in his ongoing recovery.

Announcements by the management

Nil

AGENDA ITEMS

1. NAPIER DISABILITY STRATEGY

Type of Report: Operational

Legal Reference: N/A

Document ID: 836238

Reporting Officer/s & Unit: Natasha Mackie, Manager Community Strategies

1.1 Purpose of Report

To seek Council approval to adopt the finalised Napier Disability Strategy, which incorporates the feedback on the draft strategy received from the community and key stakeholders.

At the meeting

The Manager Community Strategies spoke to the report, acknowledging the hard work of the members of the Disability Advisory Group in developing the Strategy, and noting that it had been important to work with people who had a lived experience of a disability throughout this process.

The Strategy provides a platform for all members of the community to use our facilities in ways that work for them, and assists in removing barriers for around 27% of our population; the Strategy is about inclusion, not special treatment.

A number of Councillors also acknowledged the work of those involved in developing the Strategy, including staff, and commented on the positive feedback that they have received to date.

Council Councillors Tapine / Boag

resolution

That Council:

- a. Adopt the final Napier Disability Strategy

Carried

2. ADOPTION OF ANNUAL REPORT 2018/19

Type of Report: Legal

Legal Reference: Local Government Act 2002

Document ID: 832907

Reporting Officer/s & Unit: Caroline Thomson, Chief Financial Officer

2.1 Purpose of Report

To present the Napier City Council Annual Report 2018/19 for adoption by Council.

At the meeting

The Chief Financial Officer provided a brief overview and *tabled (Attachment A)* a summary of changes made to the 2018/19 Annual Report, noting that the main changes include the following:

- Adjustment to the Hawke's Bay Airport Ltd annual accounts – revaluation changed to \$765,000
- Correction to land valuation of \$6Million
- Tax note updated to agree surplus for the year
- Minor changes to activity groups to explain methodology and attendance time.

It was confirmed that Council had received a clean audit opinion with no issues and this will be included in the Annual Report.

Councillors noted the following points:

- The report appears to highlight what Councillors are hearing in the community particularly around water infrastructure and waste management.
- It was suggested that Council's contribution towards pedal power over the last 12 months has diminished significantly and the new Council may wish to address this if pedal power is to remain part of Council's Mission under Outcomes and City Vision principles.
- It was noted that the layout and structure of the Annual Report was found to be easy to read and understand.

Council resolution

Councillors Wright / Taylor

That Council:

- a. Adopt the Annual Report for Napier City Council for 2018/19 subject to any grammatical and minor changes and any changes due to the requirements of the audit process.

Carried

3. REVENUE AND FINANCING POLICY REVIEW - STEP 1

Type of Report: Operational

Legal Reference: Local Government Act 2002

Document ID: 841788

Reporting Officer/s & Unit: Caroline Thomson, Chief Financial Officer

3.1 Purpose of Report

To endorse step one of a two step process to review Council's Revenue and Financing policy as required under section 101(3)(a) of the Local Government Act 2002.

At the meeting

It was noted that the activity summary exercise that Officers walked Councillors through was beneficial, and that even those that have been in Council for some time appreciated the knowledge gained from that exercise.

In response to questions from Councillors, it was confirmed that step two of the policy review will include a summary of the funding tools used and the impacts on certain groups.

Council resolution

Councillors Wright / Taylor

That Council:

- a. Endorse the step one analysis for the Council activities as set out in the 'Activity Summary for step one' schedule to be provided to the incoming Council for final adoption.

Carried

4. WATER SUPPLY COMPLIANCE AND PROGRAMME DELIVERY

Type of Report: Operational

Legal Reference: N/A

Document ID: 844523

Reporting Officer/s & Unit: Catherine Bayly, Manager Asset Strategy

4.1 Purpose of Report

To advise Council regarding receipt and content of the attached Report:

Compliance with the Drinking-water Standards for New Zealand 2005 (Revised 2008/18) and duties under Health Act 1956 for the period 1st July 2018 to 30 June 19.

To summarise the current focus in Council's water improvement programme.

At the meeting

The Manager Asset Strategy and Director Infrastructure Services spoke to the report, and clarified the following points in response to questions from Councillors:

- The Ministry of Health (MoH) have indicated that they will be reducing the minimum contact time to 10 minutes.
 - Council is not using chlorine as a means to meet compliance at present, it is being used to manage the risks in the network. It was noted that FAC levels have been quite low and not meeting the minimum threshold of 0.2. This changed significantly from May to August this year and now only five out of 30 monitoring areas are between 0.1 and 0.2 which indicates that the network is starting to get into balance. Officers are confident that the 0.2 level is adequate for our network – this is an international standard.
 - The Acting Mayor confirmed that she had previously advised councillors that it was recommended to delay any meeting with Christchurch City Council until their water safety plan has been completed and reviewed by MoH against the new regulations. This was expected to be completed by the end of the year
 - Dirty water incidents are caused by general areas of low flow or flow changes in the network. Once network mapping is complete we will be able to operationally manage the network better by changing valves etc.
 - Investigations into the network resulted in no correlation between the types of pipes in the network and dirty water events.
 - Napier has a higher number of complaints than other councils because we have introduced chlorine into the network and levels of manganese are present. It was noted that Melbourne experienced dirty water events back in the 1990's and they had several years of complaints as they worked through a similar process as Council is.
 - There is no timeframe for when the network will be free of dirty water events. Council has undertaken a large amount of cleaning over winter and are hoping to identify "hot spots" over summer which will be particular areas for cleaning next winter.
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- A Councillor noted that Council's resolution asked for an assessment against what the government requirements will be to remove chlorine from the network, not to mimic the Dutch or Netherlands model. Officers clarified that the government is not setting the threshold at this point; they are leaving it up to the individual suppliers to investigate how they will become chlorine free. Having a model will therefore be important on how to achieve compliance with the drinking water standards.
 - It was confirmed that the scoping document is being drafted for review by Council before going to tender.
 - Council's ability to address shifts in demand on the network forms part of the three year water programme. Council also intends to address current leakage from the network.
 - At present, it would be unlawful for Council to remove chlorination. The water safety plan must be signed off by the drinking water assessor, and officers have been advised that the water safety plan will not be signed off without the use of chlorine in the network to manage risks within the reticulation network.
 - Councillors do not have input into the water safety plan as this only comes back to Council once it has been approved by the water assessor.

Officer's Recommendation

That Council:

- a. Endorse the report titled 'Compliance with the Drinking-water Standards for New Zealand 2005 (Revised 2008/18) and duties under Health Act 1956 for the period 1 July 2018 to 30 June 2019'.

Council resolution

Councillors Brosnan / Wise

Substitute Motion

That Council:

- a. Receive the report titled 'Compliance with the Drinking-water Standards for New Zealand 2005 (Revised 2008/18) and duties under Health Act 1956 for the period 1 July 2018 to 30 June 2019'.
- b. Note that the scoping document for the review into chlorine removal will come back to Council.

Carried

5. INTERREGNUM PERIOD DELEGATION

Type of Report: Legal and Operational

Legal Reference: Local Government Act 2002, Local Electoral Act 2001

Document ID: 837317

Reporting Officer/s & Unit: Devorah Nícuarta-Smith, Team Leader Governance

5.1 Purpose of Report

To seek a time-limited delegation to the Chief Executive of decision making powers during the interregnum period between councils.

At the meeting

A robust discussion was held as to whether the wording needed to be strengthened in terms of how the Chief Executive would be required to work with the Mayor Elect if a decision needed to be made during the interregnum period.

During discussions, including advice from the Simpson Grierson legal representative and the Chair of the Audit and Risk Committee both in attendance, the following points were noted:

- This requirement is standard procedure and occurs every triennium.
- The delegation is for a period of around two to three weeks only and is required to ensure that any urgent decisions can be made (e.g. in the case of a civil defence emergency) during the period before the Mayor Elect and Council is officially sworn in.
- The delegation needs to be open enough to allow for unforeseen events.
- It was noted that communications may be down during a civil defence emergency.

Council resolution Councillors Wright / Taylor

That Council:

- a. Authorise the Chief Executive to make decisions in respect of urgent matters, in consultation with the Mayor Elect, from 13 October 2019 (that is, the day after the declaration of preliminary results by the Electoral Officer) until the new Council is sworn in
- b. Note that any decisions made under this delegation will be reported to the first ordinary meeting of the new Council.

Carried

6. DRAFT MINUTES - HAWKE'S BAY DRINKING WATER GOVERNANCE JOINT COMMITTEE - 4 SEPTEMBER 2019

Type of Report: Operational

Legal Reference: N/A

Document ID: 839604

Reporting Officer/s & Unit: Devorah Nicuarta-Smith, Team Leader Governance

6.1 Purpose of Report

To present the draft minutes of the Joint Drinking Water Governance Committee from 4 September 2019.

At the meeting

In response to questions from Councillors, the Chief Executive noted that a regional update of the three waters review is currently being planned for around mid-November.

Council resolution Councillors Wise / Price

That Council:

- a. Adopt the draft minutes of the Hawke's Bay Drinking Water Governance Joint Committee meeting on 4 September 2019

Carried

PUBLIC EXCLUDED ITEMS

Council resolution

Councillors Tapine / Brosnan

That the public and staff, excluding the Chair of Council's Audit and Risk Committee and legal representatives of Simpson Grierson (Padraig McNamara in person and Samantha Turner by telephone), be excluded from the following parts of the proceedings of this meeting, namely:

Carried

Agenda Items

1. Terms of Reference

The general subject of each matter to be considered while the public was excluded, the reasons for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution were as follows:

General subject of each matter to be considered.	Reason for passing this resolution in relation to each matter.	Ground(s) under section 48(1) to the passing of this resolution.
	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to:	48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist:

Agenda Items

1. Terms of Reference	<p>7(2)(a) Protect the privacy of natural persons, including that of a deceased person</p> <p>7(2)(f)(ii) Maintain the effective conduct of public affairs through the protection of such members, officers, employees and persons from improper pressure or harassment</p> <p>7(2)(g) Maintain legal professional privilege</p>	<p>48(1)A That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist:</p> <p>(i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official</p>
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		Information and Meetings Act 1987.
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The meeting moved into committee at 3.09pm.

All staff and members of the public, with the exception of the Chair of Council's Audit and Risk Committee and legal representatives of Simpson Grierson (Padraig McNamara and Samantha Turner), left the meeting.

Approved and adopted as a true and accurate record of the meeting.

Chairperson

Date of approval

Attachment A

Summary of Changes

Summary of changes to Napier City Council Annual Report 2018/19

	Heading	Change
Introduction		
Page 9	Financial Overview	<ul style="list-style-type: none"> - Actual net surplus amended to \$11,240 from \$11,253 due to Share of Associate surplus changed by \$13k as a result of finalised set of accounts received 25/09/19 from Hawkes Bay Airport (different from draft received) - Total Assets amended to \$1,766,093 (was \$1,793,054) due to correction in revaluation of PPE and change in revaluation for Hawkes Bay Airport (different from draft accounts received).
Financial Statements		
Page 14	Statement of Comprehensive Revenue and Expenses	<ul style="list-style-type: none"> - Surplus/(deficit) after tax decreased by \$13k (\$11,253 vs \$11,240) due to update in finalised financial statements from Airport (received 25/09/19) - Total comprehensive revenue and expenses decreased by \$5.3m due to decrease of \$6m due to changes in fair value of PPE, and changes in finalised financial statements of changes in fair value of PPE of Hawke's Bay Airport finalised financial statements of \$765k
Page 15	Statement of Financial Position	<ul style="list-style-type: none"> - Property, Plant & Equipment has decreased by \$6m due to correction of revalued assets. - Investment in Associates (HB Airport) increased by \$180k due to changes in finalised financial statements from Hawke's Bay Airport. - Net Assets/Equity has decreased by \$5.3m as a result of changes outlined above.
Page 16	Statement of changes in Equity	<ul style="list-style-type: none"> - Equity has decreased \$5.3m due changes outlined above.
Page 34	Note 8. Tax	<ul style="list-style-type: none"> - Tax note has been updated to agree to surplus for year of \$10,762. - Deferred tax asset has been updated in relation to unused tax losses of \$2,508,029
Page 40/41	Note 14 PPE	<ul style="list-style-type: none"> - Carrying amount of assets amended to \$1,616,622k from \$1,622,623k (difference of \$6m) as per correction to revalued assets as noted above in Statement of Financial Position)
Page 46/47	Note 21 Investments in CCOs	<ul style="list-style-type: none"> - Investment in Hawke's Bay Airport amended to reflect the changes resulting from the finalised set of accounts received 25/09/19 from Hawkes Bay Airport (was \$8,114, changed to \$8,867) –

		mainly due to the fair value changes of the Airport's PPE.
Page 52/53	Note 25 Equity	<ul style="list-style-type: none"> - Asset Revaluation Reserves (page 52) Revaluation gains/(losses) for PPE amended to \$155,938k from \$161,939k (difference of \$6m) due to change in finalised fair value of PPE; Revaluation gains/(losses) for HB Airport amended to \$701k from -\$65 due to fair value changes in Airports PPE. - Total Asset revaluation reserves (page 53) amended to \$943,655 from \$948,890 (difference of \$5.2m) due to changes outlined above. - Total Equity (page 53) amended to \$1,749,480k from \$1,754,728k (difference of \$5.2m) due to changes outlined above.
Page 67	Note 38	Change in wording for Revenue paragraph – Total revenue was \$4.9m more than the Long Term Plan; Development and Financial Contributions amended to \$1.2m from \$3.1m.
Page 68 - 74	Reserve Funds	Rounding changes only – no changes in total.
Pages 84- 129	Activity Groups	<p>References to page 84 in document (changed from page 83) regarding change in methodology for the satisfaction survey results.</p> <p>Page 100 – changes in performance measures as below: Water supply:</p> <ul style="list-style-type: none"> - Attendance time for non-urgent callouts (hours) changed from 1.28 to 1.72 - Resolution time for non-urgent callouts (hours) changed from 2.27 to 3.18
Page 137	CCO	<p>Measures:</p> <ul style="list-style-type: none"> - Diversify the Revenue base Status has changed from Green to Amber - Removed Airport service quality surveys commenced - Added in HR Strategy and Supporting Framework