



**NAPIER**  
CITY COUNCIL  
*Te Kaunihera o Ahuriri*

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# ORDINARY MEETING OF COUNCIL

## Open Agenda

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Meeting Date: Thursday 27 August 2020

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Time: 10am

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Venue: Large Exhibition Hall  
Napier War Memorial Centre  
Marine Parade  
Napier

Livestreamed via Zoom to Council's Facebook page

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Council Members Mayor Wise, Deputy Mayor Brosnan, Councillors Boag, Browne, Chrystal, Crown, Mawson, McGrath, Price, Simpson, Tapine, Taylor, Wright

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Officer Responsible Interim Chief Executive

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Administrator Governance Team

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**Next Ordinary Council Meeting**  
**Thursday 8 October 2020**

# ORDER OF BUSINESS

## Apologies

Nil

## Conflicts of interest

## Public forum

Nil

## Announcements by the Mayor including notification of minor matters not on the agenda

*Note: re minor matters only - refer LGOIMA s46A(7A) and Standing Orders s9.13*

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.

## Announcements by the management

## Confirmation of minutes

That the Draft Minutes of the Ordinary Meeting of Council held on Thursday, 16 July 2020 be confirmed as a true and accurate record of the meeting. ....138

That the Draft Minutes of the Extraordinary Meeting of Council held on Friday, 24 July 2020 be confirmed as a true and accurate record of the meeting. ....169

That the Draft Minutes of the Extraordinary Meeting of Council held on Friday, 24 July 2020 be confirmed as a true and accurate record of the meeting. ....

That the Draft Minutes of the Extraordinary Meeting of Council held on Wednesday, 12 August 2020 be confirmed as a true and accurate record of the meeting.....173

## Agenda items

1	Hawke's Bay Airport Ltd Revised Draft Statement of Intent 2020/21 .....	4
2	Three Waters Reform Programme - Memorandum of Understanding .....	32
3	Maori Committee 'mechanics' - reconsideration of item .....	84
4	Section 10A Annual Dog Control Report - 2019/2020 .....	92
5	Marine Parade Reserve The Amazing Dinosaur Discovery .....	100
6	Unconfirmed Minutes Hawke's Bay Drinking Water Governance Joint Committee - 13 February 2020 .....	106

## Reports / Recommendations from the Standing Committees

### Reports from Sustainable Napier Committee held 30 July 2020

1	Napier City Council Submission to the TANK Plan Change .....	117
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### Reports from Future Napier Committee held 30 July 2020

1	District Plan Review - Policy Approach of the Draft Plan.....	119
2	DISTRICT PLAN REVIEW - DRAFT CHAPTER: Special Zone: Te Whanganui-a-Orotū (Ahuriri Estuary) Ecology and Stormwater Park .....	121
3	Adoption of Napier City Mobile Sign Bylaw .....	123
4	Civic Precinct Project Update .....	125
5	Anna Spencer Statue .....	126
6	Napier Recovery Funding.....	128
7	Resource Consent Activity Report .....	129

### Reports from Sustainable Napier Committee held 6 August 2020

1	Three Waters Reform Programme - Memorandum of Understanding .....	130
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### Reports from Māori Committee held 14 August 2020

1	Three Waters Reform Programme - Memorandum of Understanding .....	132
6	Māori Committee 'mechanics' - update following Council meeting 16 July 2020.....	133

## Reports under delegated authority

1	Documents signed under Delegated Authority .....	134
2	Tenders Let.....	135

## Minor matters not on the agenda – discussion (if any)

Public excluded .....	136
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# AGENDA ITEMS

## 1. HAWKE'S BAY AIRPORT LTD REVISED DRAFT STATEMENT OF INTENT 2020/21

<i>Type of Report:</i>	Legal and Operational
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	950601
<i>Reporting Officer/s &amp; Unit:</i>	Adele Henderson, Director Corporate Services

### 1.1 Purpose of Report

To present the Hawke's Bay Airport Ltd revised Draft Statement of Intent for the 2020/21 year.

#### Officer's Recommendation

That Council:

- a. Receive the 2020/21 Revised Draft Statement of Intent of the Hawke's Bay Airport Limited and provide comment and feedback from Napier City Council

### 1.2 Background Summary

The Hawke's Bay Airport Limited (HBAL) is a Council Controlled Organisation (CCO). It is a company incorporated under the Companies Act and is owned by the Crown, Hastings District Council and Napier City Council. Napier City Council has a 26% shareholding.

The Local Government Act 2002 requires Council Controlled Organisations (CCO) to submit a Statement of Intent to their shareholders for consideration.

Following the submission of a Draft Statement of Intent 2020/21 by the Hawke's Bay Airport Ltd, the external environment has shifted with the impacts of COVID-19 becoming increasingly evident. To this end some tactical changes have been made to align the organisations growth outlook, planning and resourcing to recognise the impact of COVID-19. A revised Draft Statement of Intent 2020/21 captures these changes and is shown at **Attachment A**.

The Draft Statement of Intent presented by HBAL satisfies all the requirements as set out in Schedule 8 of the Local Government Act and also clearly sets out the nature and scope of the HBAL activities and performance targets.

### 1.3 Issues

The Revised Draft Statement of Intent is accompanied by a cover letter which provides an overview of the main updates in line with the impacts of COVID-19; this is shown at **Attachment B**.



#### 1.4 Significance and Engagement

This matter does not trigger Council's Significance and Engagement Policy or other consultation requirements.

#### 1.5 Implications

##### Financial

N/A

##### Social & Policy

N/A

##### Risk

N/A

#### 1.6 Options

The options available to Council are as follows:

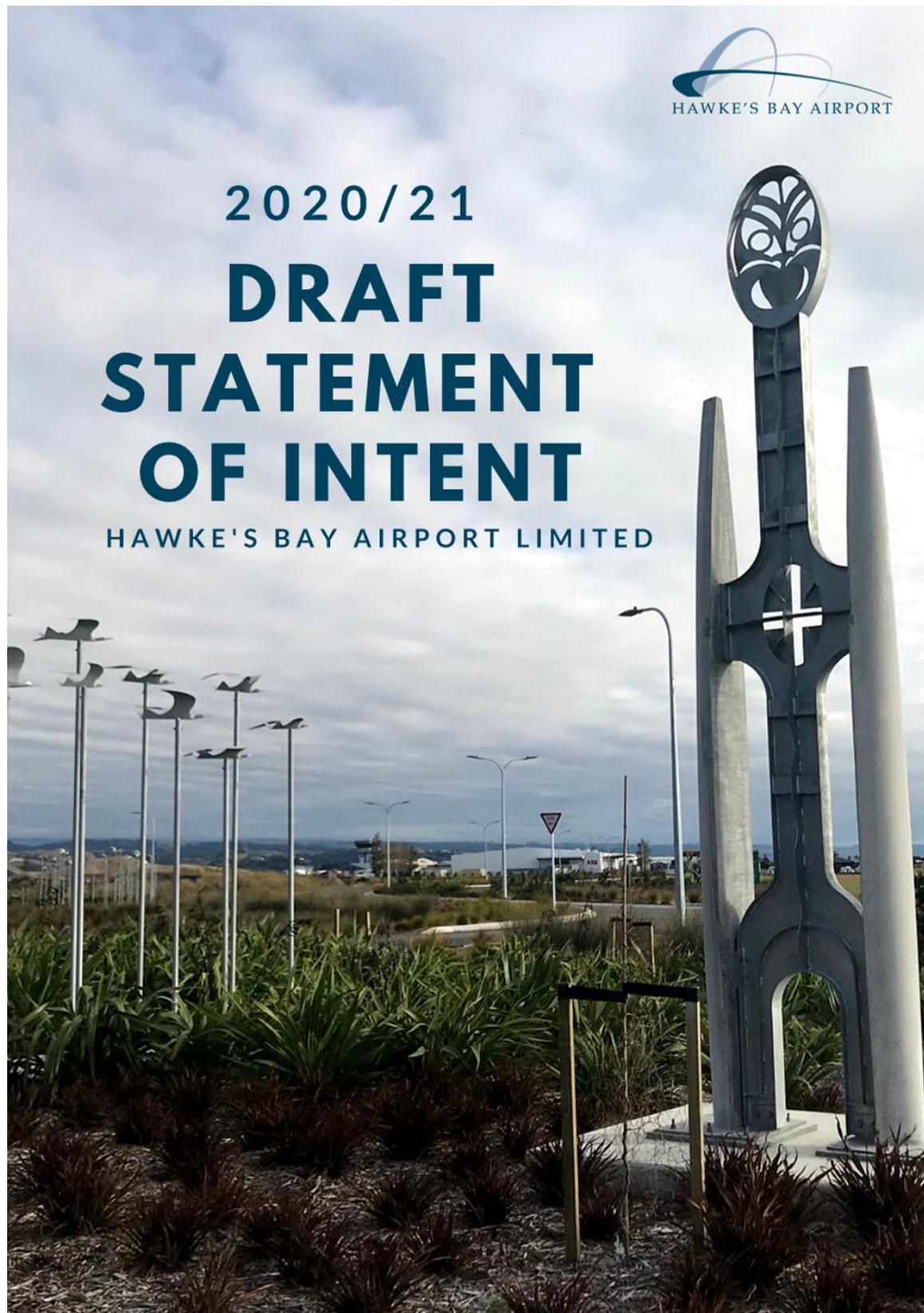
- a. Receive the 2020/21 Draft HBAL Statement of Intent.
- b. Council can also request directors of HBAL to consider changes to the Statement of Intent if it wishes. The directors of HBAL would then need to consider the request alongside the feedback from the other 2 shareholders.
- c. If HBAL decided that it did not wish to make the changes requested by Council as its shareholder, Council has recourse through Schedule 8 (5) of the Local Government Act. Council can by resolution, require the board to modify the statement of intent if Council deemed it necessary. However given NCC's minority shareholding in HBAL, it would need majority shareholder consensus to enforce this option.

#### 1.7 Development of Preferred Option

The preferred option is for the 2020/21 Revised Draft Statement of Intent to be received and any suggested changes passed on to the HBAL Board, noting that this revision already captures changes made to align with the impacts of COVID-19.

#### 1.8 Attachments

- A HBAL Revised Draft Statement of Intent 2020/21 [↓](#)
- B HBAL Cover letter [↓](#)







# INTRODUCTION

This Statement of Intent ("SOI") is prepared by the Board of Directors of Hawkes Bay Airport Ltd ("HBAL") in accordance with Section 64(l) of the Local Government Act 2002.

This SOI sets out for HBAL the objectives, the nature and scope of the activities to be undertaken and the performance targets and measures by which the company will be reviewed in relation to its performance.

HBAL's achievements against the objectives outlined in last year's Statement of Intent are referred to in this year's Annual Report.

The SOI is a public and legally required document, reviewed and agreed annually with shareholders and covers a three-year period, from 1 July 2020 to 30 June 2023.



Hawke's Bay Airport Ltd - Statement of Intent 2020/21 - 1



## ABOUT US

HAWKE'S BAY AIRPORT WAS OFFICIALLY OPENED ON THE 15TH OF FEBRUARY 1964. THE FIRST COMMERCIAL FLIGHT WAS A NATIONAL AIRWAYS CORPORATION DC3 FROM WELLINGTON.

Today Hawke's Bay Airport is the third busiest airport in the North Island and provides an essential role in connecting the region's people and produce with the wider national and international economy.

The Hawke's Bay Region stretches from Wairoa in the north to Waipukurau in the south and at the 2018 New Zealand census had a population of 166,368.

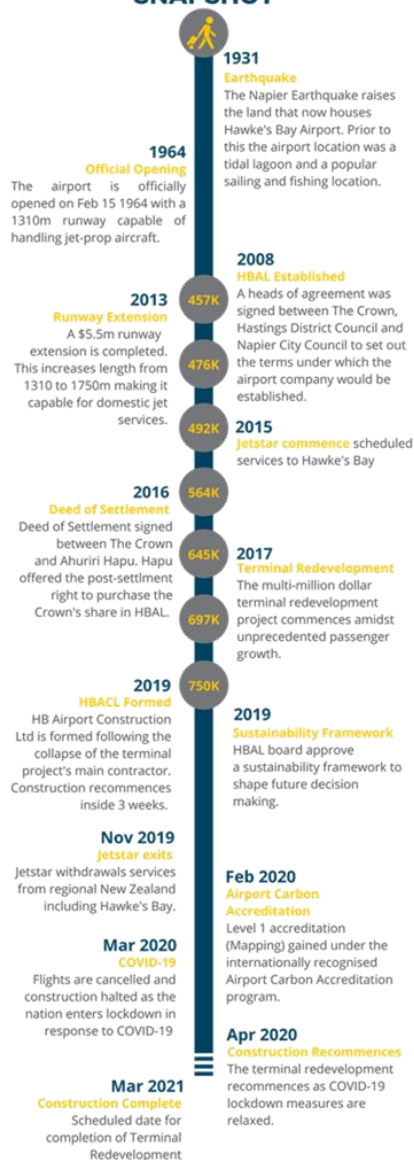
Hawke's Bay has a long and proud history. Māori first settled in around 1250-1300 AD and today represent over 26% of the population. The region's largest iwi (tribe) are Ngāti Kahungunu.

### OWNERSHIP AND GOVERNANCE

Governance sits with the Board of Directors of Hawke's Bay Airport Limited, which is responsible for the strategic and overall direction of the organisation. Directors are appointed by the company's shareholders; the Napier City Council (26%), Hastings District Council (24%) and the Crown (50%).

The Board has four Directors, two of whom are appointed by the Council Shareholders and two who are appointed by the Crown. The Board meets regularly with Management to review the company's performance and provides quarterly, half yearly and annual business performance reports to shareholders.

### HISTORICAL SNAPSHOT



# VISION, MISSION & VALUES

Hawke's Bay Airport's Vision is to be New Zealand's most vibrant and successful regional airport welcoming 1 million passengers by 2030.

We will achieve this by delivering against our Mission of enabling safe, customer focussed and sustainable air transport services in and out of Hawke's Bay.

Our success in working towards this vision will be measured by performance across the five strategic pillars of our business.

This document identifies specific activities and measurable targets for each pillar. These have been developed in alignment with our values and sustainability framework.



## OUR VALUES

- Safety First
- We look to the Horizon
- Striving for continued Commercial Success
- Care and Respect for our people
- Customer Focused
- Sustainability is part of our DNA
- Environmentally responsible.

## STRATEGIC PILLARS



### OPERATIONS

Ensuring a safe, rewarding and delightful journey for our travellers. Striving for Excellence in everything we do.



### COMMERCIAL

Maximising the returns across our Aeronautical Business whilst delivering greater value and a strong sense of place.



### PROPERTY

Making the best use of our land whilst safeguarding our airport to optimise returns and increase value to our shareholders.



### PARTNERS

Engaging with our Customers, Stakeholders, Business Partners and Community to grow our airport in a way which benefits everyone. A great place to do business.



### PEOPLE

Working together to get the best outcomes from our people and community. A great place to work and live.

**HAWKE'S BAY AIRPORT IS A CRITICAL TRANSPORT HUB, ESSENTIAL TO ENABLING AND CONNECTING BUSINESSES, TOURISTS, RESIDENTS, FREIGHT, MEDICAL SERVICES AND GENERAL AVIATION BOTH DOMESTICALLY AND INTERNATIONALLY.**

**THE ORGANISATION'S STRATEGIC PLANNING PROCESS IS PREDICATED ON ITS FOCUS ON SUSTAINABILITY AS PART OF ITS DNA.**



## SITUATIONAL OVERVIEW & THE FLIGHTPATH TO RECOVERY



The airport environment has shifted considerably over recent months with the withdrawal of Jetstar at the end of 2019 followed by the Covid-19 pandemic in 2020 presenting some material changes to Hawke's Bay Airport's operating landscape.

Prior to Jetstar withdrawing services in November 2019 the airport's annual passenger numbers had surged to a new record of over 752,000.

The reduction in capacity following Jetstar's exit saw a decline in passenger numbers that was initially buffered by additional Air New Zealand services before the impact of Covid-19 became apparent.

The combined impact of Jetstar leaving and the Covid-19 pandemic has driven a reset in the airport's passenger growth forecasts. This work was conducted by independent industry experts who have considered a broad range of factors that will influence the ability for the industry to recover.

As a food producing and processing region, Hawke's Bay is expected to have slightly less exposure to the Covid-19 recession than the rest of New Zealand. Despite this, regional GDP is still forecast to contract by more than four times the contraction experienced in 2009 during the Global Financial Crisis[2]. The impact on the aviation industry is anticipated to be much greater than this and there remains a high level of uncertainty around the length and magnitude of its recovery.

Forecast passenger numbers for FY2021 are 317,923 which represents approximately half of all Air New Zealand's passenger numbers in FY2019. Recovery is forecast to continue through FY2022 and FY2023 with passenger numbers forecast to surpass 540,000 by the end of the 3 year planning period in 2024.

The forecast is at the conservative end of the various scenarios modeled however this is considered appropriate given the significant uncertainty that still exists in the current economic environment.

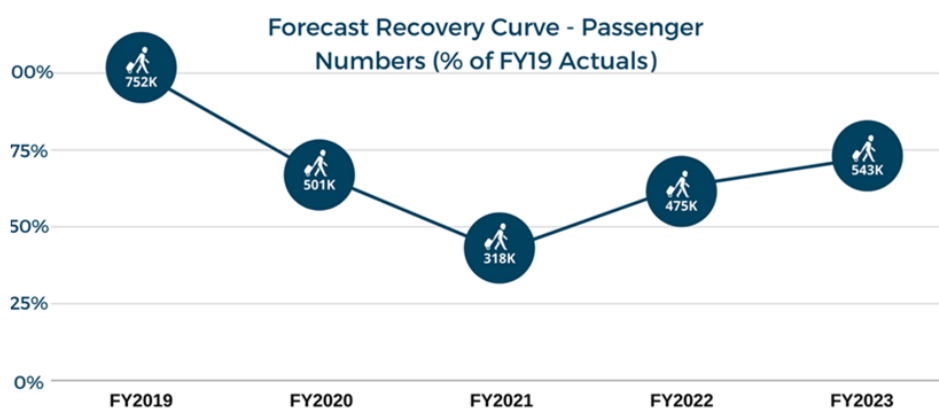
In response to these challenges the airport has moved swiftly to reduce expenditure including the deferment of growth related capex, an organisation wide re-structure and the acceleration of a strategic decision to in-source the airport's rescue fire service.

The airport's strategic focus remains clear and it remains committed to achieving its vision to be New Zealand's most vibrant and successful regional airport.

Central to this will be delivering against its strategic framework and acknowledging the symbiotic nature of the airport's wider ecosystem - For Hawke's Bay Airport to succeed those around it must also prosper.

This will involve the airport working pragmatically and collaboratively where possible to achieve mutually successful and sustainable outcomes.

Partnerships will be key - these will be built within the community and across a broad spectrum of stakeholders including local business, Hawke's Bay Tourism, Air New Zealand, local iwi, central and local government agencies and the wider aviation industry.



[2] Infometrics Economic Impact of COVID-19 on HB Region - April 2020



### TERMINAL REDEVELOPMENT

The HBAL Board and Management completed a major review of investment in the terminal infrastructure which was approved via a Major Shareholder Transaction resolution during July 2018. This took the total committed terminal expansion expenditure to \$22.4M and increased the terminal footprint by a total of 74%.

During Q1 2019 the Airport's lead construction contractor, Arrow International went into voluntary administration. The HBAL Board and Management worked to establish a wholly-owned subsidiary – Hawke's Bay Airport Construction Limited which enabled the Terminal Expansion to progress with minimal programme and budgetary impact.

The Terminal Construction is now well advanced with Stage 1 (arrivals area) completed in January 2019, Stage 2 (departures area) was completed in November 2019.

The terminal redevelopment includes a number of technological improvements being incorporated to elevate the safety of passengers and staff and the efficiency of the wider operation. There is also provision in the design for future passenger and baggage screening.

Airside electrical infrastructure has been upgraded to enable a revised apron configuration. This includes the installation of energy saving LEDs and additional capacity to support the growing electricity requirements of airside activities.

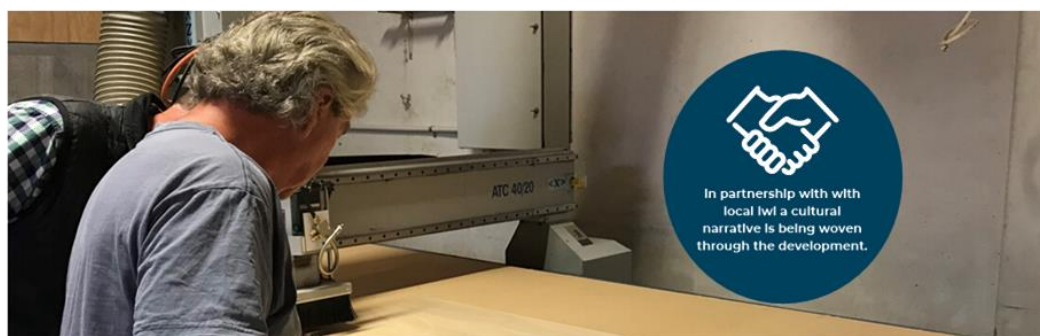
The landside electrical infrastructure has recently been upgraded to prepare it for future terminal and property related expansion allowing greater capacity and resilience.

The landside forecourt and wider precinct will be also be redeveloped to accommodate a revised ground transport footprint and safer pedestrian access.

In partnership with local Iwi a cultural narrative will be woven through the development. The Regions proud history will be incorporated into the physical environment through the integration of contemporary Maori artwork. The objective being to reinforce the airport's unique sense of place and to connect it with the region's people and surrounding environment.

The construction site was temporarily shut down for 5 weeks during COVID-19 Alert Level 4, however construction resumed on 28th April 2020.

In unhindered conditions it is anticipated that the project will complete mid February 2020.





## REGIONAL VALUE

Hawke's Bay Airport is a strategic asset for the region and its people. It is an integral component of the transport system and enables opportunities for economic growth and improved connectivity for Hawke's Bay businesses, tourists, regional leadership and community members.

The airport is identified in the Civil Defence Emergency Management Act 2002 as a specified lifeline utility. For a community that is geographically separated from New Zealand's main cities, the airport plays an important and high-profile role and will be a key contributor to the region's Covid-19 recovery.

A 2017 Market Economics report into Hawke's Bay Airport identified the total value of economic activity taking place in the Hawkes Bay Airport environs at \$37.5m<sup>[1]</sup> (gross output).

At a combined level (summing all passenger movements and associated effects) the connections enabled by the airport were identified as having an initial impact on local GDP of some \$214.5m<sup>[1]</sup>. The primary contributors are business connections (\$97.1m) and tourism spending (\$71.8m).

The airport's Terminal Redevelopment Project which began in 2018 is supporting over 200 jobs with 30 individual sub-contractors engaged - nearly all of them are local Hawke's Bay businesses.

The airport business currently supports over 35 volunteer ambassadors, and also provides key regional sponsorship for the Napier based Art Deco Trust, Biodiversity Hawke's Bay, Yarny Army and Hawke's Bay Air Ambulance Charitable Trust.

Hawke's Bay Airport supports the Matariki REDS vision of making Hawke's Bay NZ's most innovative region, the leading exporter of premium primary produce, and a hub for business growth.

The Matariki - Hawke's Bay Regional Economic Development Strategy (REDS) and Action Plan 2019 applies to the geographical areas of Central Hawke's Bay District, Hastings District, Napier City, Wairoa District and small parts of Rangitikei District and Taupō District. The boundary coincides with the Hawke's Bay Regional Council.

[1] ME Consulting, October 2017





# COMMERCIAL STRATEGY

THE ADVENT OF COVID-19 HAS HAD A SIGNIFICANT IMPACT ON ALL PASSENGER AND PLANE RELATED REVENUE NOTING THAT THE AIRPORT HAS LONG IDENTIFIED THE RELIANCE ON AERONAUTICAL REVENUE AS A KEY RISK. HBAL HAS IDENTIFIED A NUMBER OF KEY AREAS TO ENABLE GREATER REVENUE DIVERSITY AND RESILIENCE AS PART OF OUR CORE STRATEGY FOCUSING ON COMMERCIAL & PROPERTY

OUR COMMERCIAL STRATEGY AND RECOVERY PLAN IS FOCUSED ON RECOVERY ACROSS ALL AERONAUTICAL REVENUE STREAMS INCLUDING CAR PARKING, RETAIL, ADVERTISING AND AIR SERVICES DEVELOPMENT WITH A SIGNIFICANT FOCUS ON PROPERTY DEVELOPMENT AND RENEWABLE ENERGY.

## PROPERTY DEVELOPMENT

The airport is ideally located to accommodate critical infrastructure linkages by air, road and sea. This positions HBAL as a hub for critical transport and logistics and a key enabler of regional infrastructure growth.

Property is one of HBAL's strategic pillars which aims to optimise the use of HBAL land whilst safeguarding the airport, improving returns and increasing shareholder value.

A 20-year Master Plan is being developed to ensure safeguarding of aeronautical growth whilst maximising non-aeronautical returns against our sustainability framework.

The focus is on safeguarding the airport's ability to grow sustainably. This is imperative to ensuring it can continue provide the necessary infrastructure to enable critical air services and the connectivity of the region's people and produce both domestically and internationally.

This work is being aligned with the Napier City Council District Plan review which is currently underway.

The airport's updated masterplan has identified zones of land that have no future aeronautical utility and are available for commercial development.

The airport is now seeking to accelerate the development of this land and other property initiatives to achieve its strategic objectives.

A property development pathway is currently being worked through. This process will review market opportunities and work up precinct plans and supporting infrastructure plan for the site. The objective is to optimise the long-term value of the land in alignment with the region's broader commercial land use strategy.

## SOLAR FARM

The airport has been investigating the potential of a renewable energy project on our land for some time and has identified the development of a commercial solar array as an effective way of leveraging the value of land that is restricted in the type of development possible. The objective is to diversify revenue and advance the airport's goal of achieving carbon neutrality. This initiative is a opportunity for HBAL to diversify its

The project is flexible and will likely be developed in stages. Energy generated will not only meet the airport's direct requirements but be available to supply its current and future tenants. Surplus energy can be sold back to the grid.

To expedite the project HBAL has entered into a Joint Venture agreement with Waipukurau based lines Company Centralines. The JV is currently in the process of procuring a technical partner who will assist in progressing the project to an investment ready stage.



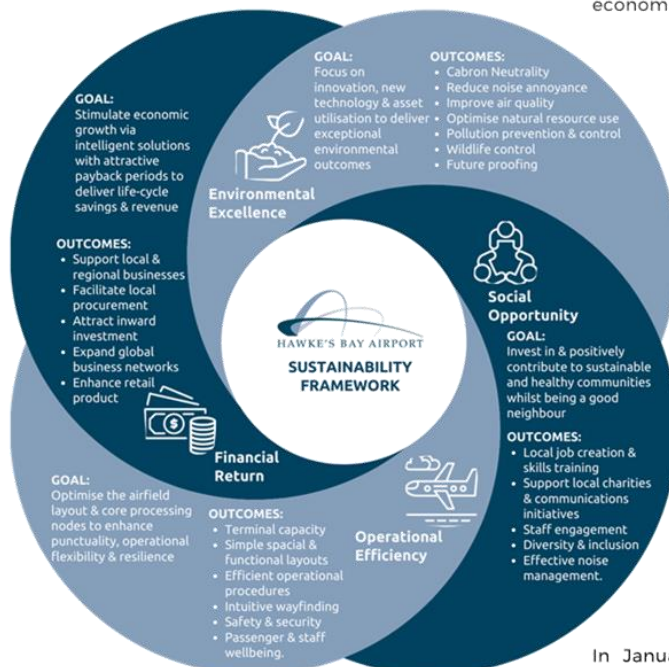


HBA has committed to a Sustainability Framework which is underpinned by the four key pillars of financial return, environmental excellence, social opportunity and operational excellence.

The sustainability framework is ultimately the foundation for our medium to long term strategic imperatives and airport masterplan placing sustainability at the heart of everything we do.

The key objectives identified in this statement of intent have been mapped against specified SDG's to identify their alignment.

The United Nations Sustainable Development Goals (SDGs) are the 'blueprint' to create a better and more sustainable future for all. The SDG's provide a framework for HBAL to align, measure and explain its actions to operate more responsibly and deliver positive social, environmental and economic impacts.



The company has joined ACI's Airport Carbon Accreditation programme, an independent, internationally recognised programme for carbon reduction at airports. It independently assesses and recognises the efforts of airports to manage and reduce their carbon emissions through 4 levels of certification: 'Mapping', 'Reduction', 'Optimisation' & 'Neutrality'.

In January 2020 the company was successfully accredited at Level 1 Mapping stage with the aim to achieve Level 2 – Reduction by the January 2021.





























The feasibility of an on-airport commercial solar project is also being advanced. This aligns with HBAL's carbon neutral aspirations and many industry, national and local goals to transition to renewable energy.

During the Covid-19 recovery period restoring the Airport's financial sustainability will be the priority however there will be an ongoing focus on ensuring that decision making continues to balance all four pillars of the framework.

Through this framework HBAL will measure and explain its actions in accordance with the United Nations Sustainable Development Goals (SDGs).



## KEY PROJECTS & CAPITAL EXPENDITURE

		 Airport Masterplan	 Property & Commercial	 Terminal & Apron	 Operational Efficiency	 Sustainability
FY2020/21	Q1		 Property Development Plan Complete		 In-sourcing of Airport Fire & Safety Team	 Solar Energy Feasibility Complete
	Q2	 Revised Masterplan adopted	 Aero Pricing Review	 Forecourt Works Complete		
	Q3	 Lodge Notice of Requirement	 New Terminal Food & Beverage Complete	 Stage 3 Terminal Expansion Complete	 Revised Conditions of Use Implemented	
	Q4		 New Advertising Infrastructure			
318K						
FY2021/22	Q1		 Additional Retail to support local offerings	 Major Airfield Maintenance	 Replace Safety Vehicle	 Stage 1 Solar Energy Development Complete
	Q2	 District Plan Hearings				
	Q3		 Major Property Development		 Procure New Fire Appliance	 Level 2 Airport Carbon Accreditation
	Q4					
475K						
FY2022/23	Q1					 Stage 2 Solar Energy Development Complete
	Q2			 Airfield Infrastructure Improvements Runway, Apron & Taxiway Enhancements		
	Q3		 Major Property Development			 Level 3 Carbon Accreditation
	Q4					
543K						






# KEY OBJECTIVES BUSINESS PLAN 2020/21



TACTICAL FOCUS		ACTIVITY & OUTCOME	MEASURE	TARGET DATE
COVID-19 RECOVERY	1.	An uncompromising safety focus and compliance to Covid-19 operational guidelines at all times	Monthly review of Covid-19 management plan, risk and business recovery.	Monthly
	2.	Dynamic calibration of financials and business planning.	Monthly review of aeronautical recovery forecasts and resource allocation.	Monthly
	3.	Actively encourage pragmatic whole of aviation industry approach to recovery.	HBAL presence at all relevant forums. Regular meetings with relevant aviation stakeholders including Air NZ, Airways and other Airports.	Ongoing
	4.	Regional collaboration to champion HB air connectivity as critical part of national tourism strategy.	Develop Regional Air Services Strategy in consultation with HB Tourism	30-Aug 2020
	5.	Review economies of scale and in sourcing versus outsourcing of key operational resources.	Review complete and implemented	1-July 2020
	6.	Review aeronautical pricing in consultation with major airline partner.	Aeronautical pricing consultation complete and agreed with key parties.	30 December 2020
	7.	Optimise returns from existing infrastructure by reviewing product offering and develop differentiated propositions.	Segmented propositions implemented.	31 December 2020
	8.	Manage short term in-terminal retail proposition to best meet customer demand whilst preserving viability of third-party operators.	Monthly meetings with retail operator to review passenger feedback and performance	Monthly
	9.	Prioritise the safe reinstatement of Airport Ambassador Program	Enhanced Customer Satisfaction/ASQ	Monthly
	10.	Proactively monitor wellbeing of staff	Internal welfare survey completed	Quarterly







# KEY OBJECTIVES BUSINESS PLAN 2020/21







STRATEGIC IMPERATIVE		ACTIVITY & OUTCOME	MEASURE	TARGET DATE	SDG ALIGNMENT
OPTIMISE SHAREHOLDER VALUE	11.	Achieve financial and operational targets as per SOI	SOI FY2020-21 with a focus on recovery to positive returns.	30 June 2021	
 OPERATIONS	12.	Operating and effective safety management system.	Internal SMS Tracker updated monthly	Monthly	
	13.	Practical completion of Terminal Redevelopment	Stage 3 Completed	28/02/2021	
	14.	Bi-annual Strategic Risk/Compliance Review	Review Implemented	Biannual	
	15.	Review and Refine Wildlife Management Plan	Second Phase Plan Implemented.	30/11/2020	
	16.	Reduction of Carbon Emissions against established benchmarks.	Achieve Level 2 Airport Carbon Accreditation (ACA)	30/01/2021	
 COMMERCIAL	17.	Improve service levels and returns by leveraging existing infrastructure	Implement research based product segmentation of carpark	31/01/2021	
			Develop and implement revised aeronautical conditions of use.	31/08/2020	
			Complete review of General Aviation Charges in line with industry benchmarks	31/08/2020	

# KEY OBJECTIVES BUSINESS PLAN 2020/21



STRATEGIC IMPERATIVE		ACTIVITY & OUTCOME	MEASURE	TARGET DATE	SDG ALIGNMENT
COMMERCIAL CONTINUED	18.	Improve carpark to gate and customer experience and car parking returns	>10% of transactions are ticketless Improved ASQ scores	30/06/2021	
	19.	Revise ground transport strategy to ensure alignment with sustainability framework and new technologies.	Transport Strategy Review Complete	30/09/2020	
	20.	Leverage grants/sponsorship where possible to expedite sustainability outcomes	Network with private and public stakeholders to identify opportunities for collaboration.	Ongoing	
	21.	Grow in-terminal retail engagement and per passenger spend rates.	Procure new retail operator/s. Strong focus on non-price attributes. Maximise Returns from Digital Assets	30/11/2020	
 PROPERTY	22.	Work closely with NCC planners to ensure HBAL interests are considered in district plan review.	Completed RMA Framework	30/08/2020	
	23.	Refine commercial property strategic plan in alignment with RMA/sustainability framework and market demand.	Property Strategy and Marketing Plan in Place	30/11/2020	
	24.	Stimulate property development opportunities	Proactive engagement and collaboration with key strategic partners	Ongoing	
	25.	Develop guidelines for future development to ensure strategic alignment	HBAL development guidelines approved	31/12/2020	
	26.	Develop renewable energy project.	Feasibility complete for Land Based Renewable Project	31/10/2020	

# KEY OBJECTIVES BUSINESS PLAN 2020/21

STRATEGIC IMPERATIVE		ACTIVITY & OUTCOME	MEASURE	TARGET DATE	SDG ALIGNMENT
 PARTNERS	27.	Proactively engage with HB Community, local and central government and other key stakeholders.	Supportive environment for wider airport.	Ongoing	
	28.	Partnership/Collaboration with regional leaders around sustainability outcomes	Ensure airport presence/voice at regional forums.	Ongoing	
	29.	Undertake stakeholder and public consultation as part of NCC district plan review	Community to work as one team.	31/07/2020	
	30.	Continued collaboration with Mana Whenua	Regular meetings/engagement Property Partnerships	Ongoing	
	31.	Collaborate on a plan for the future delivery of air traffic services	Regular meetings with Airways and partner airports	Ongoing	
	32.	Partnership with regional stakeholders to grow Air Services.	Develop Regional Air Services Strategy in partnership with HB Tourism and other stakeholders.	30-Aug 2020	
 PEOPLE	33.	Invest in Teams Development and Training	Training and Development Program	30/06/2021	
	34.	Develop Team Capability	Resources/Expense in line with financial Forecast	30/06/2021	
	35.	Proactively engage with staff to ensure engagement and optimise wellbeing in the workplace.	Staff engagement and culture survey completed.	Quarterly	
	36.	Continue build on success of Ambassador program	>85% of existing Ambassadors complete two years of service	30/06/2021	



## FINANCIAL FORECASTS

### Aeronautical Revenue Assumptions:

Prior to Covid-19 HBAL was in the midst of a pricing consultation process with Air NZ. A move to a revised per-passenger charging mechanism was proposed to acknowledge increases to HBAL's aeronautical asset values and operating costs.

Given the recent operating environment and the uncertainty around future passenger numbers a decision was made to defer the consultation process until Q1 FY21. The proposed passenger charge is assumed to commence following the completion of the terminal redevelopment.

### Other Assumptions/Commentary:

Existing ANZ banking facilities are maintained with additional shareholder loans used to fund the shortfall of HBAL's construction program and working capital requirements. The assumed financing costs associated with these shareholder loans are included in the interest/funding cost line in the P&L and cashflow.

The performance targets include continued growth in passenger numbers, increases in landing charges and associated passenger related revenue. Ongoing capital expenditure relating to the terminal development and associated improvements increasingly impacts interest and depreciation expenses.

Enhanced revenue streams as the terminal development is completed provides for a forecast return to operating surplus in FY23. This is reflected in forecast improvements to the return on equity and net gearing ratios over the three-year SOL period.

### Statement of Intent - Headlines & Financial Metrics July 2020 - June 2023

	Jul 20 - Jun 21	Jul 21 - Jun 22	Jul 22 - Jun 23
Passenger Numbers	317,923	475,187	542,993
Forecast Revenue	4,178,546	6,858,612	8,396,705
EBITDA	1,024,775	3,341,801	4,558,870
EBITDA Margin	24.52%	48.72%	54.29%
NPAT	(1,555,051)	(241,722)	641,849
Net Profit after Taxation Margin	(37.22%)	(3.52%)	7.64%
Interest Cover	(2.09)	0.63	2.29
Total Debt	26,300,627	25,294,368	23,262,918
Total Assets	63,172,284	61,738,880	60,625,375
Leverage Ratio	25.7	7.6	5.1
Return on Equity	(5.1%)	(0.8%)	2.1%
Gearing Ratio	46%	45%	43%
Equity %	49%	50%	53%

# FINANCIAL FORECASTS



## Prospective Summary Statement of Comprehensive Income

July 2020 - June 2023

	Jul 20 - Jun 21	Jul 21 - Jun 22	Jul 22 - Jun 23
<i>Passenger Numbers</i>	317,923	475,187	542,993
Revenue			
Aeronautical	2,116,219	3,939,487	4,688,522
Non-aeronautical	2,062,327	2,919,125	3,708,182
<b>Total Revenue</b>	<b>4,178,546</b>	<b>6,858,612</b>	<b>8,396,705</b>
Operating Expenditure	3,153,771	3,516,812	3,837,834
<b>EBITDA</b>	<b>1,024,775</b>	<b>3,341,801</b>	<b>4,558,870</b>
Depreciation	2,485,131	2,828,674	2,904,683
<b>EBIT</b>	<b>(1,460,355)</b>	<b>513,127</b>	<b>1,654,187</b>
Interest Expense	699,438	809,964	723,841
<b>Profit before Income Tax</b>	<b>(2,159,794)</b>	<b>(296,837)</b>	<b>930,346</b>
Income Tax Expense	(604,742)	(55,114)	288,497
<b>Net Profit after Tax</b>	<b>(1,555,051)</b>	<b>(241,722)</b>	<b>641,849</b>

## Prospective Summary Statement of Cashflows

July 2020 - June 2023

	Jul 20 - Jun 21	Jul 21 - Jun 22	Jul 22 - Jun 23
Cashflow From Operations	1,084,617	3,160,633	4,482,006
Cashflow From Investing	(8,599,907)	(883,000)	(1,097,500)
Financing and Other			
Total Loans Issued	9,234,576	(1,000,000)	(2,000,000)
Interest Payments	(594,545)	(816,222)	(755,291)
Cashflow From Financing	8,640,031	(1,816,222)	(2,755,291)
<b>Net Cash Inflow/(Outflow)</b>	<b>1,120,475</b>	<b>461,410</b>	<b>629,215</b>
Opening Bank	(1,178,043)	(57,568)	403,842
<b>Net Cash Movement</b>	<b>1,120,475</b>	<b>461,410</b>	<b>629,215</b>
Closing Bank	(57,568)	403,842	1,033,057

## FINANCIAL FORECASTS



### Prospective Summary Statement of Financial Position July 2020 - June 2023

	Jul 20 - Jun 21	Jul 21 - Jun 22	Jul 22 - Jun 23
Current Assets	599,453	1,111,723	1,805,401
Non Current Assets	62,572,831	60,627,157	58,819,974
<b>TOTAL ASSETS</b>	<b>63,172,284</b>	<b>61,738,880</b>	<b>60,625,375</b>
Current Liabilities	646,546	461,123	737,219
Non Current Liabilities			
Total Debt	26,300,627	25,294,368	23,262,918
Other Non Current Liabilities	5,494,593	5,494,593	5,494,593
Total Non Current Liabilities	31,795,220	30,788,961	28,757,511
<b>TOTAL LIABILITIES</b>	<b>32,441,766</b>	<b>31,250,084</b>	<b>29,494,730</b>
<b>NET ASSETS</b>	<b>30,730,518</b>	<b>30,488,796</b>	<b>31,130,645</b>
Capital and Reserves	30,730,518	30,488,795	31,130,645
<b>TOTAL EQUITY</b>	<b>30,730,518</b>	<b>30,488,795</b>	<b>31,130,645</b>

### Capital Expenditure

The forecast reductions in aircraft and passenger movements has enabled the majority of HBAL's CAPEX program to be deferred to preserve cashflow during the COVID-19 recovery period. This excludes critical maintenance required to ensure the safety and integrity of airport infrastructure.

Budgeted capital expenditure is summarised in the table below. Long term capital expenditure associated with the aeronautical infrastructure is provided for as per the long-term maintenance plan prepared and updated annually by Beca Ltd. From time to time, HBAL may consider additional capital expenditure programmes if supported by a robust business case and the provision of debt funding.

### Prospective Summary Statement of Capital Expenditure

	2020/21	2021/22	2022/23
Terminal and Landside Development Projects	7,322,713	295,000	85,000
Airside Infrastructure & Projects	167,200	213,000	306,000
Security and Rescue Fire Service	412,800	-	545,000
Planning, Development & Property	577,500	365,000	111,500
Other Capital Expenditure	10,000	10,000	50,000
	<b>8,490,213</b>	<b>883,000</b>	<b>1,097,500</b>

# FINANCIAL FORECASTS

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## Accounting Policies

The accounting policies adopted by HBAL are consistent with New Zealand's International Financial Reporting Standards and generally accepted New Zealand accounting practices. The policies are included within HBAL's Annual Report that is available on the Company's website; [www.hawkesbay-airport.co.nz/about/company/annual-report](http://www.hawkesbay-airport.co.nz/about/company/annual-report).

## Distributions

HBAL is forecasting losses for the first two years of the post Covid-19 recovery period which makes the prospect of any dividend payments unlikely until FY2022/23.

## Information to be provided to Shareholders

Shareholders will receive:

- An annual report including audited financial statements within 3 months of balance date.
- A 6 monthly report including non-audited financial statements within 2 months of balance date.
- A Quarterly Report within 2 months of the end of each quarter.
- A Statement of Intent submitted for shareholders' consideration in accordance with the Local Government Act 2002
- Other interim financial reports as agreed with the shareholders
- Reports on matters of material interest to shareholders. Shareholders will continue to be kept informed of key developments, consistent with the Crown's 'No Surprises' policy.

## Acquisition Procedures

The acquisition of any interest in a company or organisation will be considered when it is consistent with the long-term commercial objectives of the company. Any material acquisition will be the subject of consultation with shareholders.

Major transactions as defined by the Companies Act 1993 will require shareholder approval.

## Compensation Sought from Local Body Shareholders

At the request of the shareholders the company may undertake activities that are not consistent with normal commercial objectives.

The company may seek, in these circumstances, a specific subsidy to meet the full commercial cost of providing such activities, however none are contemplated in the planning period.

**Estimate of Commercial Value**

The value of Shareholders investment in the company as at 31 December 2019 is \$34,608,456.

The non-current assets owned by HBAL were revalued at 30 June 2019 to their current market value resulting in an uplift in value of \$2.94 million (net of the deferred tax impact).

HBAL will continue to undertake a revaluation approach to its assets on a regular cycle or when there has been a significant change in the market, to consider the gap between current book values of the assets and liabilities versus the commercial value of the business. The recent withdrawal of JetStar services to the region, the negative impact of Covid-19 on revenues for the next period and the completion of the terminal development in 2020 are seen as a significant events with potential to influence asset value. A revised valuation is subsequently under way with assets to be revalued as at 30 June 2020.



Wendie Harvey  
Chairperson  
Hawke's Bay Airport limited  
XX/XX/2020

[www.hawkesbay-airport.co.nz](http://www.hawkesbay-airport.co.nz)





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[www.hawkesbay-airport.co.nz](http://www.hawkesbay-airport.co.nz)

21<sup>st</sup> July 2020

Hon Grant Robertson, Minister of Finance  
Rt Hon Winston Peters, Minister for State Owned Enterprises  
Kirsten Wise Mayor, Napier City Council  
Sandra Hazlehurst Mayor, Hastings District Council

cc

Adele Henderson, Napier City Council  
Bruce Allen, Hastings District Council  
Catalina De Mendoza, Commercial Performance TSY

Dear Shareholders,

#### **2020/2021 SHAREHOLDER EXPECTATIONS FOR HAWKE'S BAY AIRPORT LIMITED**

Following previous correspondence exchanged in relation to the HBAL Statement of Intent, please find attached a copy of the proposed SOI document for 2020-2023 for your consideration.

Since submitting a previous draft SOI to you, the external environment has shifted dramatically with the severe impact of Covid-19 becoming increasingly evident. To this end, whilst the airport remains committed to its broader strategic framework some significant tactical changes have been made to align the organisation's growth outlook, planning and resourcing to recognise the challenges presented by Covid-19. These changes have been captured in a revised draft of the SOI for FY21 – FY23 which is attached for your review. We have also set out the following commentary to provide additional context to the revised document and its alignment with your stated shareholder expectations:

#### **Overview**

As a strategically essential regional asset, the airport enables opportunities for economic growth and improved connectivity for Hawke's Bay businesses, community members and tourists, and is identified as a specified lifeline utility. For a community that is geographically separated from New Zealand's main cities, the airport plays an important and high-profile role and will be a key contributor to the region's Covid-19 recovery.

In recognising the role it has to play, the airport's primary strategic priority will continue to be the delivery on its Mission to enable safe, customer focused and sustainable air transport services in and out of Hawke's Bay.

However - Covid-19 has presented the most substantial financial shock for the Airport ever experienced and the necessity for future revenue diversification and resilience has been identified as critically important to ensure continued value add to shareholders.

Hawke's Bay regional GDP is forecast to contract by -6.2% over the year to March 2021, this is more than four times worse than the contraction of -1.5% experienced in 2009 during the Global Financial

Crisis<sup>1</sup>. Further, the impact on the aviation industry is anticipated to be significantly greater than this and there remains a high level of uncertainty around the length and magnitude of the sector's recovery.

It is against this backdrop therefore that HBAL finds itself cash constrained and relying on the support of its Shareholders and the loan facility made available through Shareholders, to support the organisations navigation to recovery.

To this end and given the volatile environment management have taken some time to review forecasts in this year's SOI cognisant of the 12-24 month unpredictability, recognising a return to the "new normal" over a three year period of recovery. The revised scenario identifies significant pressure on HBAL's revenue, liquidity and profitability over the recovery period.

### **1. The new "Normal"**

The impact of Covid-19 on HBAL revenue is unprecedented and cannot be understated. Several measures have been implemented to preserve cashflow and mitigate losses. These include a -25% reduction in forecast operating expenditure and the deferral of all non-essential capital. There will be a continued focus on further reducing operating expenditure where possible to maximise EBITDA in the immediate term.

The forecast used to anchor the revised SOI has adopted conservative assumptions around recovery and assumes passenger numbers for FY2021 of 317,923 (58% below FY19 actual of 752,000). Recovery is forecast to continue through FY2022 and FY2023 with passenger numbers forecast to reach a "new normal" of 542,993 by the end of the 3-year planning period.

The revised SOI assumes that revolving banking facilities are available to fund both HBAL's construction program and working capital requirements.

### **2. Health, Safety & Sustainability**

Recognising that Hawke's Bay Airport was one of the first to receive an unqualified CAA SMS accreditation in 2019, the organisation operates an overarching safety management system that provides a systematic, explicit and comprehensive process for managing health and safety risks across the business. This framework is well equipped to integrate the airport's Covid-19 management plan.

In April HBAL received notice from the NZ Airways Corporation of a proposal to cease operations of the control tower at Napier Airport. At the time of writing Airways are in the midst of a consultation process with the regional airports impacted by this proposal, and regional impact studies are being undertaken to support a final decision. It is by no means certain that the outcome will be one of complete shut down of the control tower operation and indeed alternative technologies and resourcing options are being seriously considered. HBAL has taken an active lead in this process and is confident that whatever Airways decision, the outcome will be one that meets HBAL operational requirements without compromise to passenger safety or services.

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<sup>1</sup> Economic impact of COVID-19 on Hawke's Bay Region, April 2020 - Infometrics



Construction safety and wildlife management are other areas that will continue to receive a high degree of focus.

The company will continue to prioritise the allocation of resources to ensure the ongoing integrity of its safety-first approach.

Similar to Safety HBAL has adopted a Sustainability Framework that is intrinsic to all of our critical business and operational decisions. The company is proud of its sponsorship of Biodiversity Hawke's Bay and our goal of working towards accredited Airport Carbon Neutrality.

### **3. Redevelopment of terminal building**

Underpinning our strategy is the completion of a fit for purpose terminal building and connected facilities to support the region's ongoing airline and passenger service requirements reflecting our unique sense of place.

During Q1 2019 the Airport's lead construction contractor, Arrow International went into voluntary administration. Through the establishment of a wholly owned subsidiary, the airport has enabled the Terminal Expansion to progress with minimal programme and budgetary impact. The Terminal Construction is now well advanced with Stage 1 (arrivals) completed in January 2019 and Stage 2 (departures) completed in November 2019.

The scope of project was extended in late 2019 to incorporate the redevelopment of the forecourt and the inclusion of a cultural overlay that will integrate contemporary Maori artwork through both the internal fitout and landside precinct. The cultural design is being led by local artist Jacob Scott with strong input from local iwi. The objective is to reinforce the airport's unique sense of place and to connect it with the region's people and surrounding environment.

The site was temporarily shut down for 5 weeks during Covid-19 Alert Level 4, however construction resumed expediently on 28th April 2020 with the airport keen to minimise the financial risks associated with protracted delays. The construction project supports over 200 local construction jobs. The revised program now identifies a completion date of March 2021.

### **4. Our Commercial Precinct**

The airport has long identified its heavy reliance on aeronautical and passenger derived revenue as a risk. The impact of Covid-19, and the withdrawal of Jetstar has graphically emphasised the need for HBAL to advance its non-aeronautical commercial aspirations to improve revenue resilience and diversity of risk.

Prior to the lockdown, work was well advanced in the planning of an effective property development mix on the 223 Ha of airport land with a pipeline of prospective developments being worked through.

As part of its commercial offering the airport has also been actively evaluating the opportunity to develop a solar farm to the west of the main runway. The proposed scheme contemplates both generation to meet the energy needs of the airport, in addition to possible opportunities for additional load supply to tenants residing on the surrounding airport land. A project of this nature is

seen as an excellent way to leverage the value of otherwise undevelopable land whilst also advancing the airport's sustainability aspirations. Management have entered into a Joint Venture agreement with Waipukurau based lines company Centralines. The JV is currently in the process of procuring a technical partner who will assist in progressing the project to an investment ready stage. Should this project proceed to construction stage it is likely to be funded through a Limited Liability Partnership. Strong interest has been received from potential funding partners.

Ultimately, whilst the recovery period will delay the airport's ability to invest directly in advancing its commercial property interests, there will continue to be strong focus on working collaboratively with Shareholders and local stakeholders to ensure the airport's land bank is best positioned to support the region's wider economic development objectives.

## 5. Partners

One aspect of HBALs plan for recovery includes working in partnership with industry bodies, local and central government agencies, regional advocacy groups and the wider aviation ecosystem to advance the interests of the Hawke's Bay region.

In February representatives from Hawke's Bay Tourism and Business Hawke's Bay joined Hawke's Bay Airport in meeting with Air New Zealand to discuss how the region could support the airline to add value and grow connectivity. Air New Zealand were supportive of this regional approach and are keen to continue engaging in this way. The airport has subsequently advocated to develop a regional aviation growth strategy, and this has now been included as an action under the Economic Development Strategic Pillar (*i.e. Pou 4*) of the Matariki Action Plan. Work continues to advance this initiative through a proposed Airport led working group with representation sought from local councils (economic development leads), Hawke's Bay Tourism and Business Hawke's Bay.

HBAL Management have formed a strategic collaboration with Airways, New Plymouth Airport and Gisborne Airport to assess the opportunities for safer, more efficient Air Traffic Management solutions following Airways announcements for a proposed withdrawal from seven regional airports.

We are proud to continue the first regional airport community based volunteer Ambassador programme with over 30 ambassadors engaged in our programme since 2018 and assisting with our airport service quality monitoring programme.

In addition HBAL have formed an aligned partnership with Christchurch International Airport to leverage their corporate capability around aeronautical forecasting intelligence, planning support, and commercial property development.

Whilst the economic impacts of Covid-19 will provide a strong headwind, HBAL believe that air travel into the region could enjoy a stronger than forecast recovery if collaborative efforts are made to leverage central government investment in promoting domestic tourism.

## 6. Dividends

HBAL is forecasting losses for the first two years of its recovery which makes the prospect of any dividend payments unlikely until FY2022/23.

Through a strong focus on revenue diversification and resilience HBAL believes that this SOI underpins a sound foundation for strong revenue recovery, balance sheet growth to enable enhanced returns and value to shareholders through an appropriate balance of dividends and reinvestment.

#### 7. General Expectations

The airport acknowledges the general expectations outlined in the shareholder letter.

It is noted that in addition to direction received from the Crown this is the first-time shareholding councils have issued a joint letter of expectation. This is considered a positive approach that provides the airport company with clear and consolidated directives of shareholder aspiration for the business and how successful performance will be measured. We look forward to continuing to work closely with our owners to navigate immediate challenges at hand whilst also ensuring the airport is best positioned to contribute to the region's vibrant and sustainable future.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Wendie Harvey', with a long horizontal flourish extending to the left.

Wendie Harvey  
Chair  
HBAL

cc. Stuart Ainslie  
Chief Executive Officer

## 2. THREE WATERS REFORM PROGRAMME - MEMORANDUM OF UNDERSTANDING

<i>Type of Report:</i>	Contractual
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	950827
<i>Reporting Officer/s &amp; Unit:</i>	Adele Henderson, Director Corporate Services Jon Kingsford, Director Infrastructure Services

### 2.1 Purpose of Report

Provide information to Council on the Memorandum of Understanding being the first stage of the Three Water Services Reform Programme

#### Officer's Recommendation

That Council:

- a. Approve entering into the Memorandum of Understanding and associated Funding Agreement and Delivery Plan for the first stage of the Three Waters Services Reform Programme.
- b. Note the Reform Programme is part of the Governments programme to reform current water service delivery, into larger scale providers, to realise significant economic, public health, environmental, and other benefits over the medium to long term, and that signing this MOU does not create any obligation upon Council with regard to future steps of this reform programme;
- c. Note that details on the allocation of the funding will come back to Council as a separate paper. Details of the actual funding are only provided on the signing of the Memorandum of Understanding.
- d. Council note the central government announcement of a package for three waters investment over the next twelve months with \$50m earmarked for Hawke's Bay councils that will be progressed once Council signs an MoU with the Crown. The process for agreeing this will come to a Council before the end of August.
- e. Delegate signing of the MOU to the Chief Executive

### 2.2 Background Summary

Over the past three years, central and local government have been considering solutions to challenges facing delivery of three waters services to communities.

This has seen the development of new legislation and the creation of Taumata Arowai, the new Water Services Regulator, to oversee and enforce a new drinking water regulatory framework, with an additional oversight role for wastewater and stormwater networks.

While addressing the regulatory issues, both central and local government acknowledge that there are broader challenges facing local government water services and infrastructure, and the communities that fund and rely on these services.

There has been underinvestment in three waters infrastructure in parts of the country and persistent affordability issues; along with the need for additional investment to meet improvements in freshwater outcomes, increase resilience to climate change and natural hazards, and enhance community wellbeing.

In July 2020, the Government announced a funding package of \$761 million to provide immediate post-COVID-19 stimulus to local authorities to maintain and improve three waters (drinking water, wastewater, stormwater) infrastructure, and to support reform of local government water services delivery arrangements.

The Government has indicated that its starting intention is public multi-regional models for water service delivery to realise the benefits of scale for communities and reflect neighbouring catchments and communities of interest. There is a preference that entities will be in shared ownership of local authorities. Design of the proposed new arrangements will be informed by discussion with the local government sector.

There is a shared understanding that a partnership approach between Central and Local Government will best support the wider community interests, and ensure that any transition to new service delivery arrangements is well managed and as smooth as possible. This has led to the formation of a joint Three Waters Steering Committee to provide oversight and guidance on three waters services delivery and infrastructure reform.

### **Three Waters Steering Committee**

At the recent Central/Local Government Forum, central and local government leadership discussed challenges facing New Zealand's water service delivery and infrastructure, and committed to working jointly on reform.

The Joint Three Waters Steering Committee has been established to provide oversight and guidance to support progress towards reform, and to assist in engaging with local government, iwi/Māori and other water sector stakeholders on options and proposals.

The Steering Committee comprises independent chair Brian Hanna, local government mayors, chairs and chief executives, representatives of Local Government New Zealand and the Society of Local Government Managers, officials and advisors from the Department of Internal Affairs, Taumata Arowai, and the Treasury.

The Steering Committee will ensure that the perspectives, interests and expertise of both central and local government, and of communities throughout New Zealand are considered, while the challenges facing water services and infrastructure are addressed. This will include periods of engagement, in the first instance with the local government sector.

The Steering Committee is supported by a secretariat made up of advisors and officials from Local Government New Zealand, the Society of Local Government Managers, the Department of Internal Affairs, and the Treasury.

### **Reform programme and funding package**

In July 2020, the Government announced funding to provide immediate post-COVID-19 stimulus to maintain and improve water networks infrastructure, and to support a three-year programme of reform of local government water services delivery arrangements.

Central and Local Government consider it is timely to apply targeted infrastructure stimulus investment to enable improvements to water service delivery, progress reform in partnership, and ensure the period of economic recovery following COVID-19 supports a transition to a productive, sustainable economy.

While the Government's starting intention is for publicly-owned multi-regional models for water service delivery, with a preference for local authority ownership, final decisions on a service delivery model will be informed by discussion with the local government sector and the work of the Steering Committee.

Initial funding will be made available immediately to those councils that sign up to the Memorandum of Understanding (MoU) and associated Funding Agreement and Delivery Plan for the first stage of the Three Waters Services Reform Programme.

The Reform Programme is designed to support economic recovery post COVID-19 and address persistent systemic issues facing the three waters sector, through a combination of:

- stimulating investment, to assist economic recovery through job creation, and maintain investment in water infrastructure renewals and maintenance; and
- reforming current water service delivery, into larger scale providers, to realise significant economic, public health, environmental, and other benefits over the medium to long term.

The three waters reform programme can be found on the Department of Internal Affairs website.

## **Sector Engagement**

In addition to working with the Steering Committee, there will be an ongoing programme of engagement with local government, Iwi/Māori, the wider water services sector, and communities of interest throughout the transformation programme.

Initial engagement started July/August 2020 with local government and Iwi/Māori partners to discuss the Memorandum of Understanding (MoU) and associated Funding Agreement and Delivery Plan. This first engagement provides a forum for councils considering signing up to the reform programme to raise issues and work through questions ahead of signing the MoU.

Signing the Memorandum of Understanding commits councils to engage with the reform programme and share information but does not require them to continue with future stages of the reform.

From the initial workshops, ongoing work will continue with ad-hoc sessions and webinars, targeted engagement and formal information-sharing sessions with local government, Iwi/Māori, water service providers and interested parties as we progress the reform programme.

## **Iwi/Māori interests**

Over the past three years central and local government have been considering solutions to challenges facing three waters services delivered to communities. There have been a series of hui and workshops with Iwi/Māori as part of this, through the

Three Waters Review and the establishment of Taumata Arowai. The progress of the proposed reform requires further engagement with iwi/Māori to more fully understand Treaty rights of interests over the course of the reform period.

A range of engagements are proposed over the next 6-12 months both directly through central government and in partnership with local government.

## **2.3 Issues**

Signing the Memorandum of Understanding commits councils to engage with the reform programme and share information but does not require them to continue with future stages of the reform.

## **2.4 Significance and Engagement**

Although the funding is considered significant, the projects that the funding will go towards are likely to be already covered in an existing Annual Plan or Long Term Plan. A separate paper will come back to Council on how the funding will be allocated should the Memorandum of Understanding be signed.

## **2.5 Implications**

### **Financial**

Funding will be provided as soon as practicable following agreement to the Memorandum and the associated Funding Agreement and Delivery Plan. The Delivery Plan will need to show that the funding is to be applied to operating or capital expenditure on three waters service delivery (with the mix to be determined by the Council) that:

- supports economic recovery through job creation; and
- maintains, increases and/or accelerates investment in core water infrastructure renewals and maintenance.

The Delivery Plan will be based on a simple template and will include a summary of projects, relevant milestones, costs, location of physical works, number of people employed in works, reporting milestones and an assessment of how it supports the reform objectives set out in this Memorandum.

The Delivery Plan will be supplied to Crown Infrastructure Partners, and other organisations as agreed between the Parties, who will monitor progress of application of funding against the Delivery Plan to ensure spending has been undertaken consistent with public sector financial management requirements.

Agreement to this Memorandum and associated Funding Agreement and Delivery Plan are required prior to the release of Government funding. The Council will have the right to choose whether or not they wish to continue to participate in the reform programme beyond the term of the Memorandum.

### **Social & Policy**

This Memorandum of Understanding (Memorandum) sets out the principles and objectives that the Parties agree will underpin their ongoing relationship to support the improvement in three waters service delivery for communities with the aim of realising significant public health, environmental, economic, and other benefits over the medium to long term. It describes, in general terms, the key features of the proposed reform programme and the Government funding arrangements that will support investment in three waters infrastructure as part of the COVID 19 economic recovery.

## **Risk**

The Council will have the right to choose whether or not they wish to continue to participate in the reform programme beyond the term of the Memorandum.

### **2.6 Options**

The options available to Council are as follows:

- a. Sign the Memorandum of Understanding that will underpin the ongoing relationship to support the improvement to three waters service delivery, with the provision of funding upfront (a share of Hawkes Bays \$50m with actual amount to be distributed to Napier City Council yet to be confirmed)
- b. Not sign the Memorandum of Understanding

### **2.7 Development of Preferred Option**

Sign the Memorandum of Understanding that will underpin the ongoing relationship to support the improvement to three waters service delivery, with the provision of funding upfront (a share of \$50m with actual amount for Napier City Council to be confirmed)

### **2.8 Attachments**

- A 3 Waters Reform Programme - A3 [↓](#)
- B 3W Reform FAQ's [↓](#)
- C Slide Pack July and August [↓](#)
- D 3 Waters Reform Memorandum of Understanding [↓](#)







# Three Waters Reform Programme

A proposal to transform the delivery of three waters services

## 1. BACKGROUND

Over the past three years central and local government have been considering solutions to challenges facing the regulation and delivery of three waters services. This has seen the development of new legislation and the creation of Taumata Arowai, the new water services regulator.

Both central and local government acknowledge that there are broader challenges facing the delivery of water services and infrastructure, and the communities that fund and rely on these services. There has been regulatory failure, underinvestment in three waters infrastructure in parts of the country, and persistent affordability challenges.

Iwi/Māori also have a significant interest in te mana o te wai. Both central and local government acknowledge the importance of rights and interests under the Treaty of Waitangi and the role of the Treaty partners in progressing these issues.

Additional investment is required to increase public confidence in the safety of drinking water, and to improve environmental outcomes. The reform of three waters services will also support increased sustainability and resilience of communities to natural hazards and climate change.

## 2. CHALLENGES

### THE EXISTING INFRASTRUCTURE DEFICIT

Quantifying the precise infrastructure gap remains challenging. The Office of the Auditor General (OAG) has raised concerns about relevant and reliable information about assets remaining a challenge.

### UNGRADED ASSETS

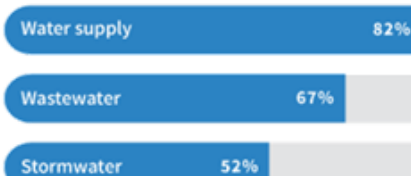
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### RENEWAL GAPS

A more recent analysis highlights the extent of the reinvestment challenge and the "renewals gap".

Forecast average renewals as proportion of forecast average depreciation for:



While unquantified in New Zealand due to limited asset quality data, experience from places like Scotland that have undertaken significant water services reforms indicates the bulk of asset replacement value (potentially up to 80%) and the accumulated infrastructure deficit likely lies in renewal of pipes rather than treatment plants.

### FURTHER RESEARCH COMMISSIONED BY DIA FOUND:

**\$309-\$574 million**

Estimated cost for upgrading networked drinking water treatment plants to meet drinking water standards, with an additional annual operating cost of \$11-\$21 million.

**\$3-\$4 billion**

Estimated cost for upgrading wastewater treatment systems that discharge to coastal and freshwater bodies to meet national minimum discharge standards, with an annualised operating cost of \$126-\$193 million.

## 3. OBJECTIVES

- A** Significantly improving safety and quality of drinking water services, and the environmental performance of wastewater and stormwater systems.
- B** Ensuring all New Zealanders have equitable access to affordable three waters services.
- C** Improving resource coordination and unlocking strategic opportunities to consider national infrastructure needs at a larger scale.
- D** Increasing resilience of three waters service provision to both short- and long-term risks and events, particularly climate change and natural hazards.
- E** Moving three waters services to a financially sustainable footing, and addressing the affordability and capability challenges faced by small suppliers and councils.
- F** Improving transparency and accountability in cost and delivery of three waters services, including the ability to benchmark performance of service providers.

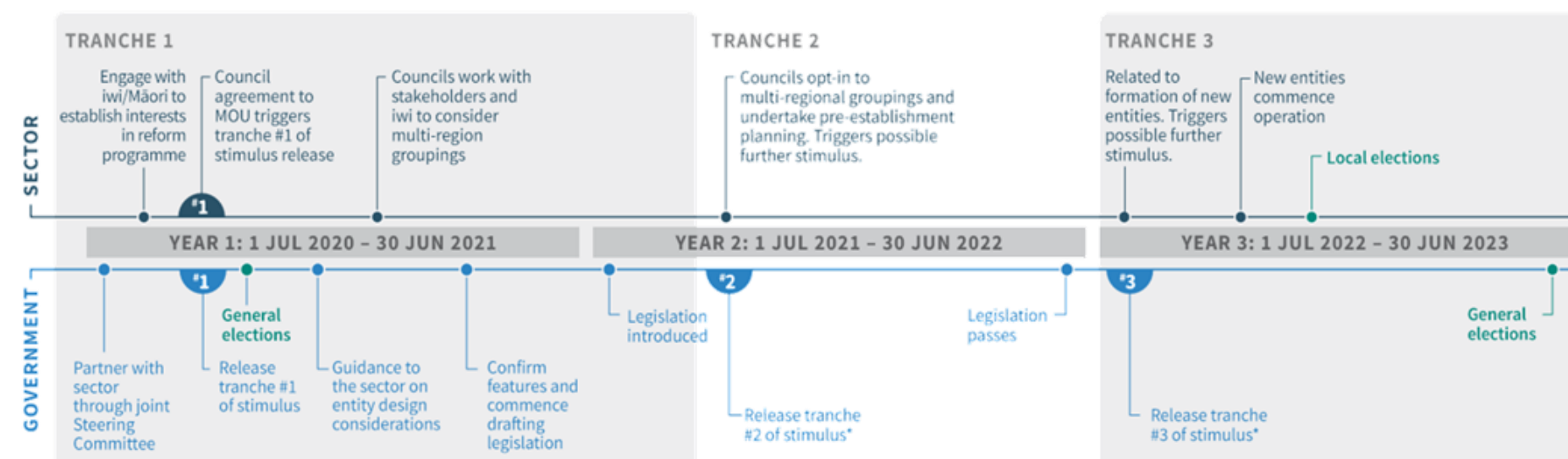
## 4. KEY FEATURES

Design features of the proposed reform programme should examine, as a minimum:

- A** Water service delivery entities that are:
  - of significant scale (most likely multi-regional) to enable benefits from aggregation to be achieved over the medium- to long-term;
  - asset-owning entities with balance sheet separation, to support improved access to capital, alternative funding instruments and improved balance sheet strength; and
  - structured as statutory entities with appropriate and relevant commercial disciplines and competency-based boards.
- B** Delivery of drinking water and wastewater services as a priority, with the ability to extend to stormwater service provision only where effective and efficient to do so.
- C** Publicly owned entities, with a preference for collective council ownership.
- D** Mechanisms for enabling iwi/Māori and communities to provide input in relation to the new entities.

## 5. INDICATIVE REFORM PATHWAY

\* Subject to Government decision-making



## 6. PROPOSED PROCESS

An opt-in reform and funding programme to:

- Stimulate investment, to assist economic recovery through job creation, and maintain investment in water infrastructure renewals and maintenance.
- Reform current water service delivery into larger scale providers, to realise significant economic, public health, environmental, and other benefits over the medium- to long-term.

Progressed in phases:

- Three phases of reform with three tranches of investment proposed (as set out above). The first phase of the programme includes a Memorandum of Understanding between central and local government to progress the reform in partnership. Reform will be guided by a joint Steering Committee at key stages.

Memorandum of understanding:

- Non-binding MOU between each Council and Government.
- Does not commit Councils to reforming water services or transferring assets.
- Enables Councils to access funding for three waters through an associated Funding Agreement and Delivery Plan.

## 7. FUNDING AND IMPACT

Government funding		\$761 million
Jobs protected or created	(direct)	2,288 jobs
	(direct, indirect, induced)	7,230 jobs
GDP increase	(direct)	\$236 million
	(direct, indirect, induced)	\$800 million

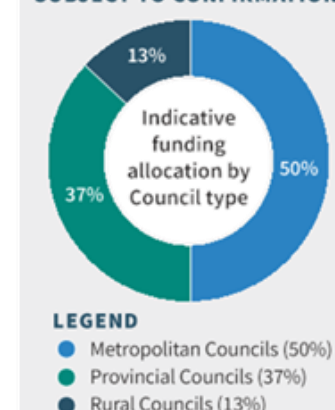
### ALLOCATION OF FUNDING

First tranche funding provided as a grant to Councils who opt-in to participate in the reform process.

Allocation is based on a simple formula applied on a nationally consistent basis.

Future additional funding will be subject to Government decision-making and reliant on progress against the reform objectives.

### INDICATIVE ALLOCATION SUBJECT TO CONFIRMATION





*The central and local government Steering Committee has put together the following compilation of FAQs to assist councils with an understanding of the proposed reform programme. These will be added to and updated as further questions arise and the reform programme progresses.*

## Three Waters Reform Programme: Frequently Asked Questions

### *FAQs Part 1: High-level questions on reform parameters and scope, and the joint approach*

#### **1. Why does service delivery reform need to happen?**

- The Havelock North inquiry highlighted some significant deficiencies in the provision and regulation of safe drinking water. This has seen the Government progress a programme of three waters regulatory reform, including the establishment of Taumata Arowai, the new Water Services Regulator.
- While addressing the regulatory issues, both central and local government acknowledge there are broader challenges facing local government water services and infrastructure, and the communities that fund and rely on these services.
- Under-investment in three waters infrastructure in some parts of New Zealand and persistent affordability challenges make it increasingly difficult to meet rising drinking water and environmental regulatory requirements and community expectations, while providing resilient infrastructure. There are concerns that the economic recovery from COVID 19 will exacerbate this situation.
- Addressing these challenges through service delivery reform is intended to facilitate good public health and environmental outcomes, increase resilience to climate change and natural hazards, and enhance community wellbeing and equitable access to affordable water services for all New Zealanders.

#### **2. What will the reform programme entail?**

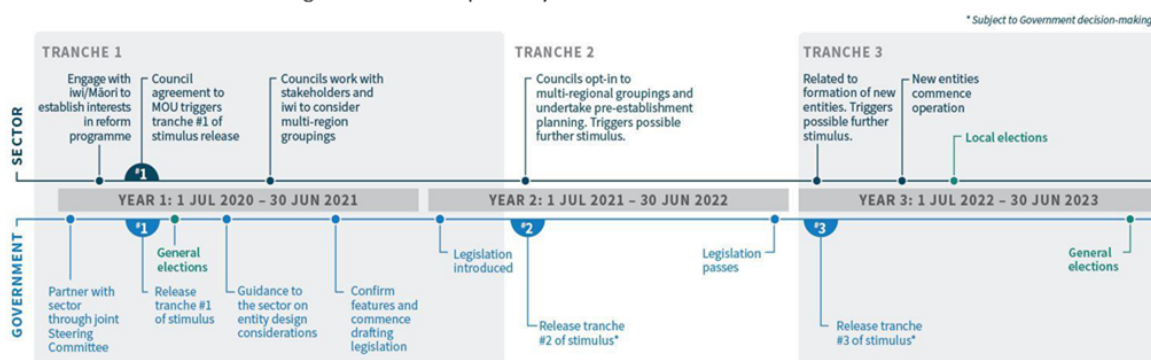
- The reform programme is an opt-in programme designed to support economic recovery post COVID-19 and address persistent systemic issues facing the three waters sector, through a combination of:
  - stimulating investment, to assist economic recovery through job creation, and maintain/accelerate/increase investment in water infrastructure renewals and maintenance; and
  - reforming current water service delivery to realise significant economic, public health, environmental, and other benefits over the medium to long term. The Government's starting intention is for new service delivery arrangements, such as multi-regional entities, which can achieve the benefits of scale, and reflect neighbouring catchments and communities of interest.
- Alongside the above, the reform programme also has the following objectives:
  - significantly improving the safety and quality of drinking water services, and the environmental performance of wastewater and stormwater systems;
  - ensuring all New Zealanders have equitable access to affordable three waters services;

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- improving the coordination of resources and unlocking strategic opportunities to consider New Zealand's infrastructure needs at a larger scale;
  - increasing the resilience of three waters service provision to both short- and long-term risks and events, particularly climate change and natural hazards;
  - moving the supply of three waters services to a more financially sustainable footing, and addressing the affordability and capability challenges faced across the sector and particularly by some small suppliers and councils;
  - improving transparency about, and accountability for, the delivery and costs of three waters services, including the ability to benchmark the performance of service providers; and
  - undertaking the reform in a manner that enables local government to further enhance the way in which it can deliver on its broader “wellbeing mandates” as set out in the Local Government Act 2002.
- The reform is expected to proceed in phases, enabling councils to determine at each point in the process whether they will participate in future phases on a voluntary, opt-in basis.
  - The first phase of the programme includes a Memorandum of Understanding (MoU) between central and local government to progress the reform in partnership and targeted infrastructure stimulus to enable improvements to water service delivery and ensure economic recovery following COVID-19.
  - The subsequent phases of the reform programme will be guided by the process undertaken in partnership throughout phase one. However, the Government's starting intention is to reform current water service delivery arrangements into larger scale providers. These phases will also be on an opt-in basis for local government.

### 3. What is the timeframe for the reform programme?

- Below is an indicative timetable for the full reform programme. While this is subject to change as the reform progresses, this provides an overview of the longer-term reform pathway.



15 July 2020

Page 2 of 12



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**4. Why are central and local government working together on this programme and why is this the best approach to take?**

- A partnership approach between central and local government enables the expertise and aspirations of both parties to guide the proposed reform programme.
- An initial allocation of funding will be made available upon signing of a MoU that commits parties to work together on the reform programme. This stimulus investment will support three waters projects, creating and maintaining jobs and investment in water infrastructure renewals in the context of COVID-19 pressures.
- Additional funding will be subject to Government decision-making and reliant on the parties demonstrating substantive progress against the reform objectives. The amount, timing, conditions and any other information relating to future funding will be advised at the appropriate time.

**5. What are the key features the Government is expecting from future reformed service delivery arrangements?**

- The first phase of the programme will involve central and local government working in partnership to design and develop the proposed new service delivery arrangements and operating models.
- The initial focus of phase one is on drinking water and wastewater assets and services; however, we will work through the inclusion of stormwater, where appropriate, as part of the reform programme.
- However, the Government is expecting new service delivery arrangements, such as multi regional entities, which can achieve the benefits of scale, and reflect neighbouring catchments and communities of interest. The new water entities would also likely be governed by competency-based boards.
- There are also a number of features that central government expects to be included/retained in new water service delivery entities including:
  - The new water entities must be able to borrow independently of councils;
  - The new entities must be publicly owned – with a preference for collective council ownership – and there need to be mechanisms to protect against privatisation in the future;
  - Consumer interests must be protected, and the model must allow for consideration of the needs and well-being of local communities;
  - At a minimum, drinking water and wastewater must be included in the new water entities. Stormwater services may be included where efficient and effective to do so; and
  - The new entities will be statutory entities (i.e. designed and established by legislation).

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- The reform of water service delivery is likely to present a range of Treaty interests which will need to be identified and explored as part of the reform programme through targeted engagement with iwi/Māori.

#### **6. Can councils choose to participate in the reform?**

- This reform of service delivery arrangements is an opt-in reform programme. However, the initial stimulus funding to invest in critical water services and infrastructure is contingent upon councils participating in the reform programme. This will entail working with neighbouring councils over the course of the reform period to consider the creation of multi-regional entities.
- There will be subsequent phases of the reform at which councils can choose to opt-in. Later phases are likely to require councils to opt-in by signing a binding contract committing to the reform of their water services.
- Regardless of participation in this process, all water service providers will be required to meet drinking water and wastewater regulatory requirements, including complying with the proposed new drinking water regulatory system that will be overseen by Taumata Arowai (the new Water Services Regulator).

#### **7. What will happen to the voluntary service delivery reform programmes that some councils have already embarked on?**

- Those councils that have already begun discussions about three waters reform will be well placed to engage with the reform design.
- It is a decision for councils as to whether they continue their voluntary programmes or sign the MoU and commit to working to get alignment with the reform objectives.
- We will work with these councils on whether their current programmes are likely to meet the objectives of the benefits of scale, and reflect neighbouring catchments and communities of interest as we work through the reform process.

### **FAQs Part 2: Councils' role in the reform programme**

#### **1. How can local government play a role shaping the reforms?**

- To ensure reformed water service delivery entities have longevity they need to be shaped and influenced by both central and local government.
- Central and local government have created a Three Waters Steering Committee with representatives from central and local government to oversee and provide input into the design of the proposed service delivery entities.
- The Steering Committee comprises elected members and chief executives from local government along with LGNZ, SOLGM and central government officials.
- Councils signing the MoU will be committing to engage in the reform programme and to work with their neighbouring councils to consider the creation of multi-regional entities.



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- Initial sector engagement is planned for July and August 2020 to provide an initial forum for raising issues and areas for the Steering Committee to work through and consider in the detailed design and policy work.
- As we progress beyond this date, we will provide you with updates, and hold workshops or webinars on specific topics to explain options and trade-offs and hear your views.

## **2. What would my council actually be committing to?**

- Councils signing the MoU are committing to the principles and objectives of working together with central government through the first stage of the reform programme.
- This will entail working with neighbouring councils over the course of the reform period to consider the creation of multi-regional entities for the improvement of three waters service delivery for communities. This will include:
  - Open communication and a no-surprises approach to matters related to the reform programme;
  - Working with neighbouring councils over the course of the reform period with a view to creating multi-regional entities; and
  - Openly sharing information and analysis undertaken to date on the state of the system for delivering three waters services and the quality of the asset base.
- The initial funding allocation will be provided as soon as practicable following agreement to the MoU and associated Funding Agreement and Delivery Plan.
- The Delivery Plan and associated reporting arrangements will need to show that the funding is to be applied to operating or capital expenditure on three waters service delivery that:
  - supports economic recovery through job creation; and
  - maintains, increases or accelerates investment in core water infrastructure renewals and maintenance.
- This funding will not need to be repaid if the council does not ultimately commit to subsequent stages of the reform programme provided you meet the terms of the Funding Agreement and Delivery Plan.
- Additional funding will be subject to Government decision-making and reliant on the parties demonstrating substantive progress against the reform objectives.

## **3. Is the stimulus a grant or a loan?**

- The stimulus is a grant.
- The initial funding will be made available following the signing of the MoU and associated Funding Agreement and Delivery Plan and can be applied to three water services as described in those documents.
- It is important that this funding is spent effectively and efficiently as soon as possible to support the economic recovery following COVID-19.

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- Additional funding will be subject to Government decision-making and reliant on the parties demonstrating substantive progress against the reform objectives. We anticipate this will include signing a binding contract to commit to water reform (and any associated funding agreements).

**4. What does my council need to decide and when?**

- As part of the voluntary opt-in process, councils need to consider and sign the MoU and associated Funding Agreement and provide a Delivery Plan by the end of August 2020.
- This MoU covers the first phase of the programme and commits central and local government to partner and work towards the reform of three waters service delivery.
- Councils should approach the MoU in good faith. However, if they initially support the MoU and reform programme and subsequently opt-out, they can do so.
- If a council opts-out, it will not be able to access future funding associated with future phases of the programme.

**5. Why does the MoU need to be signed by the August deadline?**

- The first phase of the reform programme is in part designed to support economic recovery relating to COVID-19 through urgent funding stimulus. To achieve this, the investment needs to be made and actioned very promptly.
- The initial allocation of funding will be released immediately upon signing the MoU and associated Funding Agreement and Delivery Plan.
- This will help create and maintain jobs, investment in infrastructure renewals and maintenance, and protect the safety and sustainability of this essential infrastructure and its associated services.

**6. What role will iwi/Māori have throughout the reform programme?**

- It is important that the rights and interests of the Crown's Treaty partners are well understood and that our work is informed by this relationship.
- We acknowledge the range of relationships councils have with tangata whenua that will need to be considered alongside the reform programme.
- We will be formally engaging with iwi/Māori throughout the reform programme to understand the Treaty rights and interests as they relate to the reform. However, we encourage councils to remain engaged with their iwi partners throughout the journey as well.

**7. Will councils need to consult with their communities before signing the MoU?**

- While each council will have their own significance and engagement policy, our best advice is that you will not have to consult your communities to sign up to the MoU and participate in phase one of the reform programme.
- Signing the MoU, and committing to participate in the reform programme, does not commit the council to change the way it currently delivers three waters services.

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- However, you will need to consider your own significance and engagement policy when considering investment to be made through the Funding Agreement and Delivery Plan.
- The decision to commit to the transition to new water entities will not occur until the second phase of the reform programme which is likely to be mid-2021 at the earliest.
- Commitment to subsequent stages of the reform programme may require changes to your LTP which would require public consultation at that stage in the process.

**8. How does participating in the reform programme impact my council planning process?**

- Participating in this initial stage of the reform programme does not impact your LTP process.
- However, subsequent stages of the reform programme may require changes to your LTP to reflect commitment to future changes as part of this phase of the reform.
- We will work with councils to understand the implications of future stages of the reform, how to undertake public consultation to reflect future commitment to the reform, and how we might reduce the burden of this as the reform programme progresses.

**FAQs Part 3: Potential forms of new water service delivery entities**

**1. What sort of model (ownership/financial) is envisaged?**

- The first phase of the reform will work through this question in partnership with central and local government. However, the Government's starting intention is for the entities to meet the objectives of the reform, as above, including to be financially self-sufficient and sustainable.
- The Government's preferred model is that the entities remain in public ownership and that they should be statutory entities.
- Statutory entities are created in legislation and are different from Crown entities.. They can have non-commercial functions or commercial imperatives.
- Each statutory entity usually has its own establishing legislation that contains entity-specific objectives that could be a mix of social, cultural, public policy, and commercial. There will be opportunities for local government to help shape the key features of this legislation through the reform programme.
- The entities will need to be legally separate from councils to ensure balance sheet separation for both the water entity and councils to drive improved access to capital and funding instruments.

**2. Will this be a set model for each entity or will there be flexibility?**

- The Government is expecting new service delivery arrangements, such as multi-regional entities, which can achieve the benefits of scale, and reflect neighbouring catchments and communities of interest. We anticipate that the entities will have many features in common, as provided for in legislation.

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- However, the exact make up of each entity may differ to allow some flexibility at a local level in terms of operations, management, governance, and funding and financing, while ensuring the long-term success and sustainability of these entities.

### **3. Why does the Government prefer a multi-regional entity?**

- A multi-regional entity implies an entity or organisation that is not limited to or constrained by regional boundaries and is likely to include councils in more than one neighbouring region.
- Ministers have indicated a preference for a small number of entities, with at least one large urban centre within each entity. The exact numbers and boundaries of these would be finalised following discussions with local government through the reform programme. However, these decisions are likely to be based on factors such as benefits of scale, communities of interest, and catchments.
- A multi-regional approach is preferred by the Government as it is more likely to achieve the size (population and customer density) over which scale efficiencies are likely to be necessary to meet the objectives of the reform programme.
- The aim of the first phase of the reform programme will be to identify configurations that best meet the objectives of the reform in partnership with central and local government.

### **4. Looking after water services is a large part of what my council does – if this is being done by other entities what will my council do instead?**

- This is an important consideration and will be discussed through the reform programme in partnership with local government.
- Councils provide a wide range of services to communities, and play an essential role in supporting community wellbeing. These roles and potential new roles will be fully explored alongside the reform programme.

### **5. How will community interests be maintained under the new entity?**

- We understand that councils will want to ensure that your ratepayers are protected. The reform process and subsequent design of the water entities will provide mechanisms to ensure this happens.
- New governance and management structures will be put in the place for the new entities with an appropriate establishment phase. These entities will be independently and commercially run and separate from council.
- Councils may no longer have direct control over the assets or water provision in your area. However, there will be mechanisms put in place to ensure local service delivery considerations and influence are maintained.

## ***FAQs Part 4: Potential forms of new water service delivery entity ownership and governance***

### **1. Is this privatisation by stealth and how will public ownership be protected?**



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- No. The Government has been clear that, if service delivery arrangements are reformed, water infrastructure must remain in public ownership.
- Most water infrastructure is already publicly owned – by communities through their council.
- The preference is for multi-regional water entities to be collectively owned by councils – on behalf of their communities – as shareholders.
- However, the new water entities will need sufficient legal separation to ensure they can borrow, independently of councils and without impacting councils' balance sheets.
- The basis for shareholding will need careful consideration and financial and commercial analysis through the first phase of the reform programme. This analysis will also investigate ways to ensure protections against any future impulse towards privatisation.

## **2. Will there be Crown ownership?**

- The possibility of some form of Crown shareholding has also been raised, but these matters require further consideration and will be worked through as the design process proceeds.
- There are several reasons why the Crown may consider having an ownership interest, including to reflect its level of investment through the economic stimulus packages, and to support the reform objectives. However, these matters require thorough analysis through the early phases of the reform programme.

## **3. What is the iwi/Māori role in entity ownership and governance?**

- It is important that the rights and interests of the Crown's Treaty partners are well understood and that our work is informed by this relationship.
- At a minimum, the entities will be set up in legislation and this may require the relationship to the Treaty to be clearly expressed.
- A programme of targeted engagement will be undertaken with appropriate parties to canvass matters of mutual interest as the programme proceeds.

## **FAQs Part 5: Asset ownership and transfers**

### **1. Will my council still have control over our assets and service conditions?**

- It is proposed that the assets related to provision of water services will be transferred to the new water entities. This would be to ensure that they are owned, maintained and operated independently by the new entities.
- The transfer of assets enables the water entities to take a strategic approach to infrastructure planning and development and funding and financing arrangements.
- We will work to ensure councils and the communities they represent will be able to have their say on service conditions and expectations through mechanisms set up in the design of the statutory entities.

### **2. If water assets and liabilities are taken out of my council, what will this do to its ability to borrow?**



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- We will be asking councils for information on assets and liabilities to assess this and determine the impact, on balance sheets, revenue, liabilities and on the ability to borrow. This will vary from council to council.
- We will work through this with participating councils as part of the reform programme.

**3. What will happen with my internal resource/staff allocated to water services? Will they transfer too?**

- Ultimately this will be a matter to be worked through between employers and employees.
- Consideration will need to be given to the overall level of resource and capability required at an aggregated entity level. However, an objective of the reform is to see efficiencies through shared service delivery at scale.
- Efficiencies mentioned above may not necessarily mean a reduction in staff, but will instead help address current capability and capacity issues, as staff will be used more efficiently across the entity area.
- Once groupings are determined associated resourcing will also need to be worked through and we anticipate an appropriate establishment phase.
- Where your staff operate across water and other council assets, decisions will need to be made as to the best place for this skilled resource to remain.

**4. Should I continue with my three waters investment programme now?**

- For now, carry on as planned. We are asking councils to not let this process stop you from making planned investment in water assets.
- The additional investment provided by the Government as part of this reform programme is designed to enable you to undertake this planned investment despite the significant impact of COVID-19 on all councils and address existing investment gaps.
- We don't want to stop investment at this key time when improvements and change are needed nationwide, and economic benefits of investment and the associated impact of improved water services are needed.
- When we ask for information to help us shape the reform programme, we will also be interested in your planned capital investment in water and any debt you are planning on raising to fund this.

**FAQs Part 6: Water related revenue**

**1. Will councils retain their water-related revenue?**

- Revenue relating to these assets would need to be available to the new entities to ensure that they have the funding (or are able to raise debt against this funding) to maintain, replace and invest in future water assets.
- Different models for revenue collection are applied across the country and we will work with you to understand this and consider whether this will need to evolve over time.

**2. How will my ratepayers be charged for water under this model?**

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- We are looking to minimise the change to consumers.

**3. How do I get comfort that ratepayers will not be cross-subsidising other regions and/or face increased costs?**

- An aggregated model of service delivery will always involve some degree of cost sharing across the region. However, the extent and scale of this will be worked through in partnership with councils as part of the policy development through the reform programme.
- The intention of this reform is to address the significant ongoing under-investment in three water services in some areas and the capability, capacity and affordability issues that are facing some councils, particularly in light of the expected impact of COVID-19.
- From a national perspective, any increased costs due to cross-subsidisation in the short-term are likely to be offset in the medium-term by benefits of the changes to create sustainable larger scale entities.
- In the medium- to long-term, this includes the operational and efficiency advantages and cost benefits of operating at scale.

**FAQs Part 7: Other considerations**

**1. I am a small council - will I get a say in shaping the solution or just have to follow suit? Will design be dominated by larger councils?**

- The intention is that the reform is to ensure that the needs and interests of all communities are identified and understood.
- The views of all councils that sign the MoU will be heard and considered in the final design of the reform.

**2. What happens if no neighbouring councils want to join up with my council?**

- Once the MoUs have been signed, we will work with those councils that are interested in considering reform.
- The ability to join the reform programme is open to all councils at any stage so more councils may choose to join at subsequent phases.
- However, once the deadline for opting into funding has past, there is no further opportunity for councils to access that funding.

**3. What is the process for submitting questions and continued engagement in the reform programme?**

- We expect questions to arise throughout the process and will be updating FAQs and distributing these to our webpage as we progress.
- Beyond our proposed initial period of engagement, we will continue to meet and discuss pressing issues with the Steering Committee. We will also provide your council with regular update emails, and opportunities to join webinars and formal information-sharing sessions.
- If there are questions you would like to discuss prior to MoU signing, we will do our best to accommodate this. Please send an email to [3WatersSteeringGroup@dia.govt.nz](mailto:3WatersSteeringGroup@dia.govt.nz) with your query.

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- Please make it as specific as possible so we can do our best to answer it in the short timeframe available. Given the short timeframes and work to be done as part of the programme, we may not be in a position to answer your question fully.

# Three Waters Reform Programme

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A proposal to transform the delivery  
of three waters services

Webpage: <https://www.dia.govt.nz/Three-Waters-Reform-Programme>

Email: [3waterssteeringgroup@dia.govt.nz](mailto:3waterssteeringgroup@dia.govt.nz)



## Quick overview

### 1 An opt-in reform programme

With an initial **\$761 million funding package** from central government, and designed to support economic recovery post COVID-19 and address persistent systemic issues facing three waters, by:

- stimulating investment and job creation to assist with **economic recovery**;
- reforming water service delivery, **into larger scale providers**, to realise significant economic, public health, environmental, and other benefits over the medium to long term.

### 2 Phased delivery

The reform programme will be undertaken in phases, each informed by the previous stage.

The first phase requires Councils to consider a **non-binding MOU** to share information and participate in reform programme and **does not require asset transfers**.

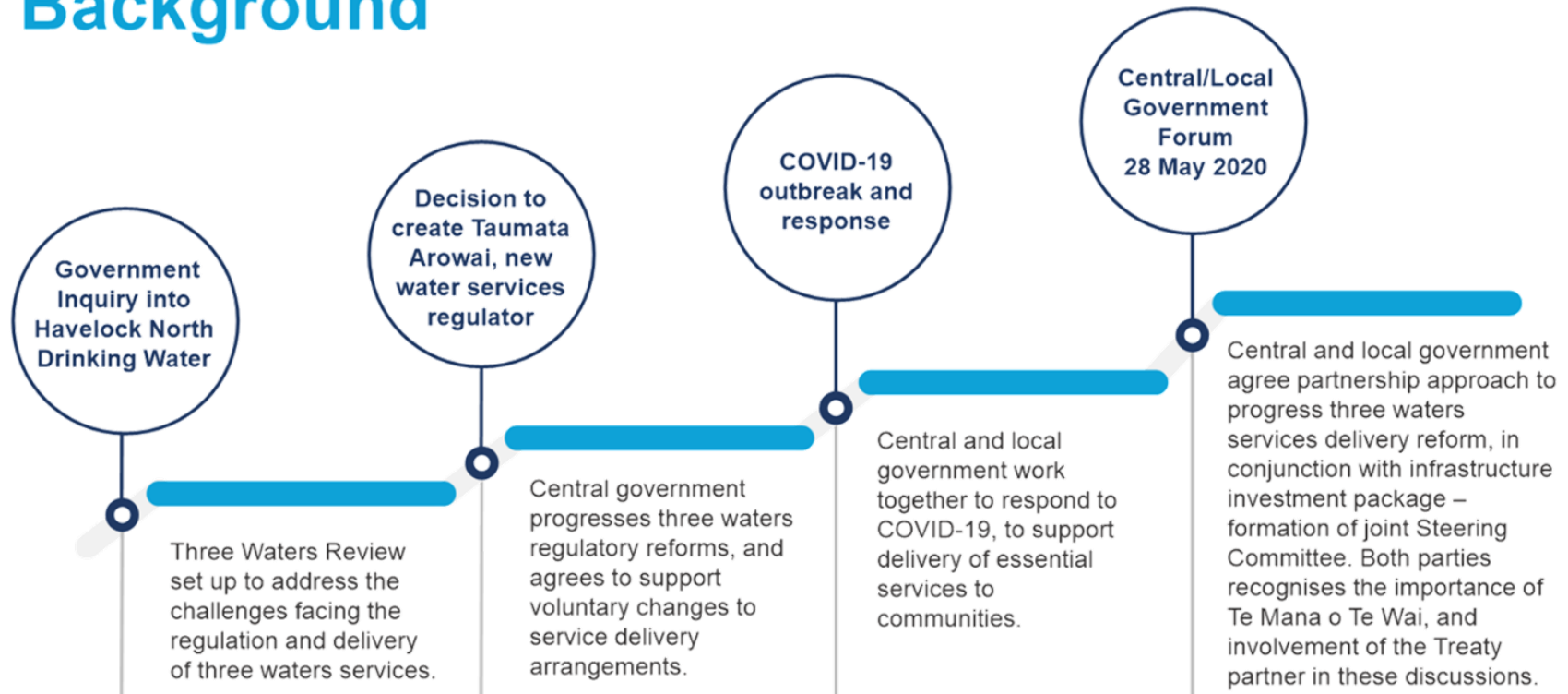
This is a **good faith** agreement to work together.

### 3 3-year horizon

Subsequent phases will occur over the **next 3 years** and will require close collaboration, including with input from iwi/Māori.



# Background

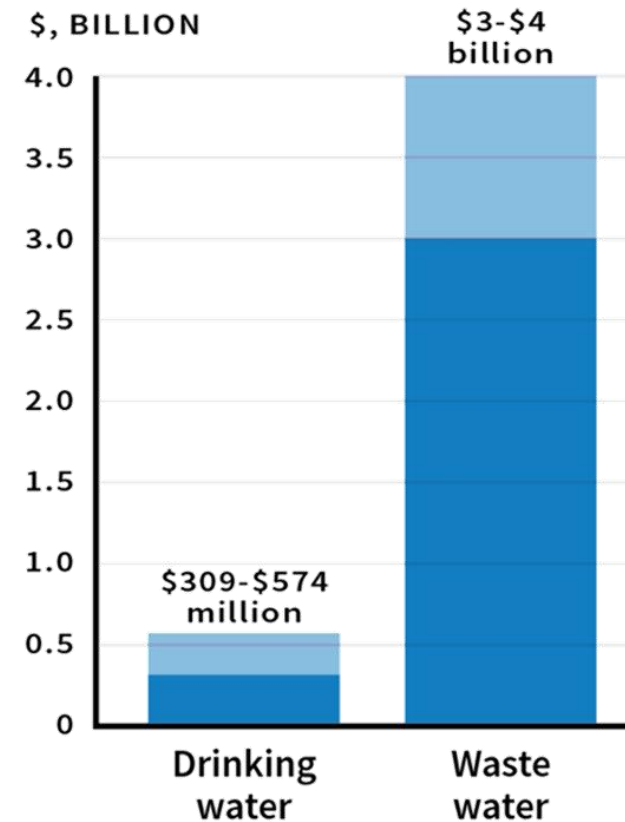


# Regulation

- Taumata Arowai, new drinking water regulator, with a focus on compliance, monitoring and enforcement of new drinking water regime.
- Water Services Bill to give effect to Cabinet decisions to significantly strengthen the regulatory framework.
- Potential economic regulation to:
  - Improve transparency about infrastructure and investment
  - Protect interests of customers
  - Support efficiency

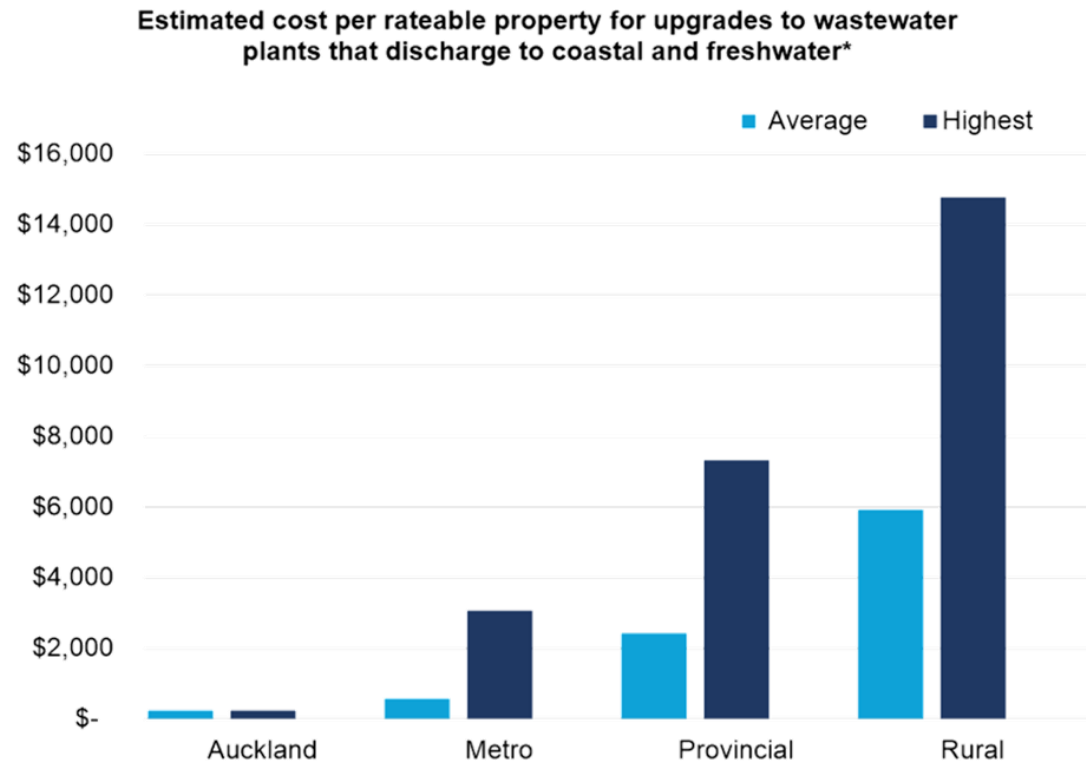
## Investment challenges

1. Staying ahead of the significant reinvestment and renewals has been a challenge.
2. The cost of meeting drinking water and waste water standards will be high.
3. Funding, financing and affordability issues are only going to be exacerbated by the revenue challenges following COVID-19.
4. Pipes are 80% of the asset base, and are in addition to this.



# Funding and affordability challenges

The challenge is greatest for small councils with fewer ratepayers to share costs.



\* Wastewater costs are driven by existing RMA consent requirements, not three waters changes

# Parallel Conversation

**There is a parallel opportunity for the local government sector to partner with the Government to ensure the sector is better positioned to expand their role in delivering community wellbeing.**

- The Government is acutely aware of the significance of the proposed reform programme for the roles and functions of local government in supporting community wellbeing.
- Over the last year DIA has engaged with local government on how to better promote community wellbeing. We have heard:
  - All parties would need to operate in a different, more seamless and sustainable way;
  - Needs a partnership between local government and central government, iwi, NGOs, and industry to better deliver community-led priorities.



# Proposal

The Government is proposing a programme for reforming three waters service delivery arrangements, which would be delivered in parallel with an economic stimulus package of Crown investment in water infrastructure.

## Economic stimulus package

- \$761m in FY 2020/21.
- Funding provided to territorial authorities who opt-in to a partnership process, before the end of August.
- Funding to be invested in three waters infrastructure that support economic recovery.
- Further tranches will depend on Government decisions and progress against reform objectives.

## Service delivery reform Programme

- A phased, three-year programme to reform three waters services delivery arrangements.
- Supported by joint central/local government steering committee.
- Engagement with sector, Iwi/Māori and stakeholders throughout the programme.

# Reform objectives

**A** Significantly improving safety and quality of drinking water services, and the environmental performance of wastewater and stormwater systems.

**B** Ensuring all New Zealanders have equitable access to affordable three waters services.

**C** Improving resource coordination and unlocking strategic opportunities to consider national infrastructure needs at a larger scale.

**D** Increasing resilience of three waters service provision to both short- and long-term risks and events, particularly climate change and natural hazards.

**E** Moving three waters services to a more financially sustainable footing, and addressing the affordability and capability challenges faced by small suppliers and councils.

**F** Improving transparency and accountability in cost and delivery of three waters services, including the ability to benchmark performance of service providers.

# Reform design features

Design features that the **proposed** reform programme should examine, as a minimum:

- A** Water service delivery entities that are:
  - **of significant scale** (most likely multi-regional) to enable benefits from aggregation to be achieved over the medium- to long-term;
  - **asset-owning entities** with balance sheet separation, to support improved access to capital, alternative funding instruments and improved balance sheet strength; and
  - **structured as statutory entities** with appropriate and relevant commercial disciplines and competency-based boards.
- B** Delivery of drinking water and wastewater services as a priority, with the ability to extend to stormwater service provision only where effective and efficient to do so.
- C** Publicly owned entities, with a preference for collective council ownership.
- D** Mechanisms for enabling iwi /Māori and communities to provide input in relation to the new entities.

# Approach to aggregation

The potential size of the entities will need to be considered against three principles:

## Scale benefits

Potential to achieve scale benefits from the greater scale of water service delivery to consumers at a multi-regional level to ensure full benefits of scale are achieved through a population/customer base.

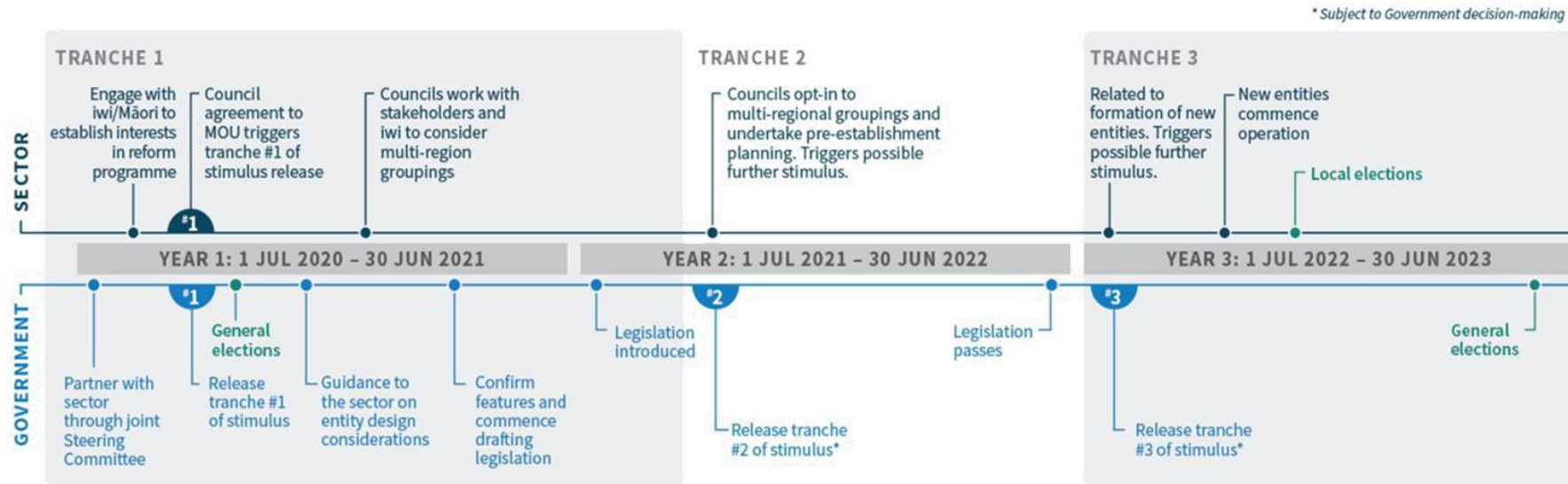
## Communities of interest

Alignment of geographical boundaries to encompass **natural communities of interest**, belonging and identity including rohe/takiwā.

## Relevant regulatory boundaries

Relationship with **relevant regulatory boundaries** particularly to enable water to be managed from source to the sea.

# Indicative timeline





# Questions?

## Breakout session

**Let's break into small groups and discuss:**

- 1** What are your thoughts on the proposed minimum design features and reform process?
- 2** What factors do you think the Steering Committee should consider as the reform programme progresses?
- 3** What guidance or support do you think would be helpful?

## Next steps

What **mechanisms and support** will be made available to local authorities to participate in this process?

# Memorandum of understanding

A model agreement developed by the Steering Group for each Council to enter into with the Government:

Legal opinion commissioned by SOLGM on behalf of the Steering Committee was provided by Simpson Grierson that the MoU **does not** contain any explicit triggers for consultation under the Local Government Act 2002.

Committed to...	Does not...
<ul style="list-style-type: none"> <li>Engage in the first phase of the reform programme.</li> <li>Work with neighbouring councils to consider the creation of large scale entities.</li> <li>Principles and objectives of working together with central government.</li> <li>Openly share information and analysis undertaken on the state of the three waters asset base and delivery system.</li> </ul>	<ul style="list-style-type: none"> <li>Legally commit Councils to future phases of the reform programme.</li> <li>Require Councils to transfer assets or establish new water entities.</li> <li>Exclude participation in later phases – Councils that choose to opt-in later can still do so but will not have access to the initial funding package.</li> </ul>

# Funding

Decision to opt-in to tranche one required no later than the end of August to access initial stimulus funding

1

## Funding provided to maintain and accelerate three waters infrastructure investment

- Funding provided as a grant.
- Can be used for Capex and/or Opex.
- Drinking water and wastewater priority.

2

## Funding allocation to be determined shortly

- Ministers working to confirm this shortly.

3

## Planning implications

- Likely focus on renewals and bringing forward of BAU capital works programme.



# Funding Agreement

Mechanisms for accessing the Government funding package:

## Funding Agreement

- Standard-form agreement between Crown and local authorities.
- Guides the release and use of funding.
- Grant funding.
- Sets out:
  - Funding amount.
  - Funding conditions.
  - Public Finance Act/ public accountability requirements.
  - Reporting obligations.

# Delivery Plan

**Potential**  
mechanism for  
accessing the  
Government  
funding package:

## Potential Delivery Plan

- Short-form template submitted to Crown Infrastructure Partners for review and monitoring.
- Show that funding is applied to operating or capital expenditure that supports economic recovery and maintains/increases investment in core water infrastructure.
- Sets out:
  - A summary of works.
  - Estimated cost.
  - Location of the physical works.
  - Number of people employed in the works.
  - Reporting arrangements.
  - Assessment of how it supports the stimulus objectives.
  - Expected benefits/outcomes.

# What are we inviting local authorities to do before August?

**Consider whether you will opt-in to a partnership process with the Government to:**

- Explore and design a pathway for reforming three waters service delivery arrangements in a way that will be beneficial for your communities.
- Secure an initial release of funding to stimulate economic recovery and maintain, increase or accelerate planned investment in three waters infrastructure.

**NOTE: Decisions required no later than the 31 August to access initial stimulus funding.**

## Next Steps

### Upcoming Future Engagement

- Updated FAQs and guidance material following workshops (ongoing)
- Webinar with CEs and Water Managers (early August)
- Webinar for Legal and CFOs (early August)
- Iwi/Māori engagement, in conjunction with Taumata Arowai (September/October)
- Steering Committee communications and updates (ongoing)
- Policy and Commercial discussions (post August)

# Questions?



## Breakout session

**Let's break into small groups and discuss:**

- 1** What are your thoughts about the proposed MoU/Funding Agreement and Delivery Plan?
- 2** What further advice or information would your Council require to consider opting in to tranche one?
- 3** What guidance or support do you think would be helpful?

# Ngā mihi Thank you

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Webpage: <https://www.dia.govt.nz/Three-Waters-Reform-Programme>

Email: [3waterssteeringgroup@dia.govt.nz](mailto:3waterssteeringgroup@dia.govt.nz)



**Te Tari Taiwhenua**  
**Internal Affairs**

**We are.**  
**LGNZ.**  
Te Kāhui Kaunihera o Aotearoa.

 **SOLGM**  
New Zealand Society of  
Local Government Managers

# MODEL

## Memorandum of Understanding Three Waters Services Reform

Between the [Sovereign in right of New  
Zealand acting by and through the Minister of  
Local Government] and

[Territorial Authority]

Date

## PURPOSE

This Memorandum of Understanding (Memorandum) sets out the principles and objectives that the Parties agree will underpin their ongoing relationship to support the improvement in three waters service delivery for communities with the aim of realising significant public health, environmental, economic, and other benefits over the medium to long term. It describes, in general terms, the key features of the proposed reform programme and the Government funding arrangements that will support investment in three waters infrastructure as part of the COVID 19 economic recovery.

## BACKGROUND

Over the past three years central and local government have been considering solutions to challenges facing the regulation and delivery of three water services. This has seen the development of new legislation to create Taumata Arowai, the new Water Services Regulator, to oversee and enforce a new drinking water regulatory framework, with an additional oversight role for wastewater and stormwater networks.

While addressing the regulatory issues, both central and local government acknowledge that there are broader challenges facing the delivery of water services and infrastructure, and the communities that fund and rely on these services. There has been regulatory failure, underinvestment in three waters infrastructure in parts of the country, and persistent affordability challenges, and additional investment is required to increase public confidence in the safety of drinking water and to improve freshwater outcomes.

Furthermore, investment in water service delivery infrastructure is a critical component of a collective response to climate change and increasing resilience of local communities.

The Parties to this Memorandum consider it is timely to apply targeted infrastructure stimulus investment to enable improvements to water service delivery, progress reform in partnership, and ensure the period of economic recovery following COVID-19 supports a transition to a productive, sustainable economy. Additional funding will be subject to Government decision-making and reliant on the Parties demonstrating substantive progress against the reform objectives. The quantum, timing, conditions, and any other information relating to future funding will be advised at the appropriate time but will likely comprise additional tranches of funding and more specific agreement to key reform milestones.

The reform process and stimulus funding, proposed by Government, is designed to support economic recovery post COVID-19 and address persistent systemic issues facing the three waters sector, through a combination of:

- stimulating investment, to assist economic recovery through job creation, and maintain investment in water infrastructure renewals and maintenance; and
- reforming current water service delivery, into larger scale providers, to realise significant economic, public health, environmental, and other benefits over the medium to long term.

There is a shared understanding that a partnership approach will best support the wider community and ensure that the transition to any eventual new arrangements is well managed and as smooth as possible. This requires undertaking the reform in a manner that enables local government to continue and, where possible, enhance delivery of its broad “wellbeing mandates” under the Local Government Act 2002, while recognising the potential impacts that changes to three waters service delivery may have on the role and functions of territorial authorities.

## PRINCIPLES FOR WORKING TOGETHER

The Parties shall promote a relationship in their dealings with each other, and other Parties related to the three waters services reform, based on:

- mutual trust and respect; and
- openness, promptness, consistency and fairness in all dealings and communication including through adopting a no-surprises approach to any matters or dealings related to the reform programme; and
- non-adversarial dealings and constructive problem-solving approaches; and
- working co-operatively and helpfully to facilitate the other Parties perform their roles; and
- openly sharing information and analysis undertaken to date on the state of the system for delivering three waters services and the quality of the asset base.

This Memorandum is intended to be non-binding in so far as it does not give rise to legally enforceable obligations between the Parties.

## REFORM OBJECTIVES AND CORE DESIGN FEATURES

By agreeing to this Memorandum, the Parties agree to work constructively together to support the objectives of the three waters service delivery reform programme.

The Parties agree that the following objectives will underpin the reform programme and inform the development of reform options/proposals:

- significantly improving the safety and quality of drinking water services, and the environmental performance of drinking water and wastewater systems (which are crucial to good public health and wellbeing, and achieving good environmental outcomes);
- ensuring all New Zealanders have equitable access to affordable three waters services;
- improving the coordination of resources, planning, and unlocking strategic opportunities to consider New Zealand's infrastructure and environmental needs at a larger scale;
- increasing the resilience of three waters service provision to both short- and long-term risks and events, particularly climate change and natural hazards;
- moving the supply of three waters services to a more financially sustainable footing, and addressing the affordability and capability challenges faced by small suppliers and councils;
- improving transparency about, and accountability for, the delivery and costs of three waters services, including the ability to benchmark the performance of service providers; and
- undertaking the reform in a manner that enables local government to further enhance the way in which it can deliver on its broader "wellbeing mandates" as set out in the Local Government Act 2002.



In addition to these objectives, the Parties recognise that any consideration of changes to, or new models for, water service delivery arrangements must include the following fundamental requirements and safeguards:

- mechanisms that provide for continued public ownership of water service delivery infrastructure, and protect against privatisation; and
- mechanisms that provide for the exercise of ownership rights in water services entities that consider the interests and wellbeing of local communities, and which provide for local service delivery.

The Parties also recognise the reform programme will give rise to rights and interests under the Treaty of Waitangi and both Parties acknowledge the role of the Treaty partner. This includes maintaining Treaty settlement obligations and other statutory rights including under the Resource Management Act 1991 and the Local Government Act 2002. The outcome of discussions with iwi/Māori will inform design of appropriate mechanisms to reflect Treaty interests. This will include clarity of roles and responsibilities.

The Parties agree to work together to identify an approach to service delivery reform that incorporates the objectives and safeguards noted above, and considers the following design features as a minimum:

- water service delivery entities, that are:
  - of significant scale (most likely multi-regional) to enable benefits from aggregation to be achieved over the medium to long-term;
  - asset owning entities, with balance sheet separation to support improved access to capital, alternative funding instruments and improved balance sheet strength; and
  - structured as statutory entities with appropriate and relevant commercial disciplines and competency-based boards;
- delivery of drinking water and wastewater services as a priority, with the ability to extend to stormwater service provision only where effective and efficient to do so; and
- publicly owned entities, with a preference for collective council ownership;
- mechanisms for enabling communities to provide input in relation to the new entities.

The Parties acknowledge that work will also be undertaken to develop a regulatory framework, including mechanisms to protect the interests of consumers.

## FUNDING ARRANGEMENTS

The Government has indicated its intention to provide funding to stimulate investment to enable improvements in water service delivery, support economic recovery and progress Three Waters Services Reform. The quantum of funding available for the Council (and each participating Council) will be notified by Government prior to signing this Memorandum.

Funding will be provided as soon as practicable following agreement to this Memorandum and the associated Funding Agreement and Delivery Plan. The Delivery Plan will need to show that the funding is to be applied to operating or capital expenditure on three waters service delivery (with the mix to be determined by the Council) that:

- supports economic recovery through job creation; and
- maintains, increases and/or accelerates investment in core water infrastructure renewals and maintenance.<sup>1</sup>

The Delivery Plan will be based on a simple template and will include a summary of projects, relevant milestones, costs, location of physical works, number of people employed in works, reporting milestones and an assessment of how it supports the reform objectives set out in this Memorandum.

The Delivery Plan will be supplied to Crown Infrastructure Partners, and other organisations as agreed between the Parties, who will monitor progress of application of funding against the Delivery Plan to ensure spending has been undertaken consistent with public sector financial management requirements.

Agreement to this Memorandum and associated Funding Agreement and Delivery Plan are required prior to the release of Government funding. The Council will have the right to choose whether or not they wish to continue to participate in the reform programme beyond the term of the Memorandum.

## FUTURE AGREEMENTS

The Parties may choose to enter other agreements that support the reform programme. These agreements will be expected to set out the terms on which the Council will partner with other councils to deliver on the reform objectives and core design features, and will include key reform milestones and detailed plans for transition to and establishment of new three waters service delivery entities.

## PROGRAMME MANAGEMENT

The Government will establish a programme management office and the Council will be able to access funding support to participate in the reform process.

The Government will provide further guidance on the approach to programme support, central and regional support functions and activities and criteria for determining eligibility for funding support. This guidance will also include the specifics of any information required to progress the reform that may be related to asset quality, asset value, costs, and funding arrangements.

## TERM

This Memorandum is effective from the date of agreement until 30 June 2021 unless terminated by agreement or by replacement with another agreement related to the reform programme.

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<sup>1</sup> Maintains previously planned investment that may have otherwise deferred as a result of COVID-19.

## INTERACTIONS, MONITORING, INFORMATION AND RECORDS

The Parties nominate the following representatives to act as the primary point of communication for the purposes of this Memorandum and any other purpose related to the reform programme.

Government's representative	Council
[As delegated]	[Chief Executive of the Council]

It is the responsibility of these representatives to:

- work collaboratively to support the reform objectives;
- keep both Parties fully informed;
- act as a first point of reference between Parties and as liaison persons for external contacts; and
- communicate between Parties on matters that arise that may be of interest to either party.

If the contact person changes in either organisation, the other party's contact person must be informed of the new contact person immediately and there should be an efficient transition to ensure the momentum of the reform process is not undermined.

## CONFIDENTIALITY

Neither of the Parties is to disclose, directly or indirectly, any confidential information received from the other party to any third party without written consent from the other party, unless required by processes under the Official Information Act 1982 or the Local Government Official Information and Meetings Act 1987 (whichever applies), or under a Parliamentary process- such as following a Parliamentary question, in which case the relevant party is to inform the other party prior to disclosure. Protocols will be established to enable exchange information between Councils where that is consistent with progressing reform objectives.

## DISPUTE RESOLUTION

Any dispute concerning the subject matter of this document is to be settled by full and frank discussion and negotiation between the Parties.

.....  
  
SIGNED on behalf of the Crown  
  
by [insert name - DELETE TEXT]  
  
[Sovereign in right of New Zealand acting by  
and through the Minister of Local  
Government]:

.....  
  
SIGNED by [insert name of the Mayor of the  
Territorial Authority signing - DELETE TEXT] on  
behalf of [Territorial Authority]

.....  
  
SIGNED by [insert name of the Chief Executive  
of the Territorial Authority signing - DELETE  
TEXT] on behalf of [Territorial Authority]

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Witness signature  
  
Witness name [insert name - DELETE TEXT]  
Witness occupation [insert occupation -  
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Witness occupation [insert occupation  
-DELETE TEXT]  
  
Witness address [insert address - DELETE  
TEXT]

### 3. MAORI COMMITTEE 'MECHANICS' - RECONSIDERATION OF ITEM

<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	Local Government Official Information and Meetings Act 1987; Local Government Act 2001
<i>Document ID:</i>	950825
<i>Reporting Officer/s &amp; Unit:</i>	Devorah Nícuarta-Smith, Team Leader Governance

#### 3.1 Purpose of Report

To re-present a proposal to re-integrate the Māori Committee into the six-weekly meeting cycle of Council, this matter having been laid on the table by Council at its meeting on 16 July 2020.

#### Officer's Recommendation

That Council:

- a. Director Officers to re-integrate the Māori Committee into the six-weekly meeting cycle alongside the standing committees, including implementing the processes and system updates required to complete this change
- b. Note the following in relation to the update:
  - i. There will be changes in the timing of standing committees within the six weekly cycle to allow for the re-integration to take place
  - ii. Māori Committee members will be invited to all Council workshops
  - iii. Decisions of Council at standing committee (while remaining an option under Standing Orders) are expected to take place in extenuating and genuinely urgent instances only, as they bypass not only the Māori Committee but the full double debate process.
  - iv. The Māori Committee will be able to lay items on the table, as are standing committees; a process is under development to clarify how any such items will be treated in the upcoming meeting cycle
  - v. The InfoCouncil functionality to allow for the flow of information through the standing and Māori committees to Council requires reactivation and there may be some time lag in the update due to the complexity of this process

#### 3.2 Background Summary

On 3 June 2020, during a Māori Committee workshop session on the Committee Terms of Reference, Officers were requested to explore options for re-integrating the Committee into the six-week meeting cycle of Council, as this was viewed as one way to better facilitate the Committee fully stepping into its purpose and mandate.

Any proposal would need to ensure that:

- the Māori Committee's expectations were met regarding information accessibility and the opportunity to discuss and make any recommendations on Council reports
- the agenda production time frames set by the Mayor for this triennium were honoured

- the process integrated with Council's existing agenda production tool (InfoCouncil) and the functionality available
- there was no loss of Council workshop time

Shown at **Attachment A** is:

- a brief outline of the current six weekly cycle,
- a proposal that re-integrates the Māori Committee into the meeting cycle while achieving all the above requirements.

It should be noted that the Audit & Risk and Hearings Committees operate outside of the six-weekly structure, and this proposal does not currently include comment on how the Māori Committee would best be kept across information coming through these forums.

Due to their nature, matters coming to extraordinary meetings would need to be addressed on a case by case basis.

### 3.3 Issues

#### Outline of proposal

The Māori Committee will have access to the open agendas for all four standing committees at the same time as Councillors, so members are able to read and consider two to three weeks in advance of the Committee hui which reports are of particular interest for discussion. However, while Committee members may indicate early interest in some matters, there would be opportunity to discuss all standing committee reports at the hui if this was desired.

It should be noted that reports taken directly to Council (and therefore not double debated) will bypass this process. There are typically two types of report that are taken straight to Council – those matters which by law cannot be delegated to a Committee, and minor matters such as information-only reports out of other joint committees or external bodies that Council administers (such as the Creative Communities Committee). It is anticipated that, in the case of the former, the Māori Committee members will have access to information under discussion through other routes (such as Council workshops and informal kōrero). In the case of the latter, generally Council itself is only receiving the information so there is no requirement for feedback from the Māori Committee.

On occasion funding applications may also need to go direct to Council due to timing within external monthly funding rounds.

It is acknowledged that in previous terms some matters have gone straight to Council when they could and should have been double-debated. This is already being addressed within this triennium, and the shift in setting for the Māori Committee will be a useful reiteration of the correct process.

To ensure that the Māori Committee have the most comprehensive opportunity to review and provide input on matters for double debate, Decisions of Council at standing committee (while remaining an option under Standing Orders) are expected to take place in extenuating and genuinely urgent instances only, as they bypass not only the Māori Committee but the full double debate process. However, as most matters can be easily prepared for well in advance of a decision being required, it is anticipated that this will be rare. In instances where a Council decision is required more promptly than the double debate process allows for, an extraordinary meeting of Council can also be used.



As well as reports to the standing committees, new reports specific to the Māori Committee's mandate would also be brought through directly to the Committee as required.

Access to the standing committee meeting papers and new reports to the Māori Committee is currently via Council's website and email. However, a separate workstream has been initiated to provide Māori Committee members with iPads for use during their term as representative, and Council emails and access to Council's document sharing portal (LG Hub) to better support the provision of information. It should be noted that while it is an organisation (as opposed to an individual) that is appointed to the Committee, it is anticipated that the organisational representatives will remain relatively stable over a three-year term, as emails and Hub access will be set up for individuals.

The 'partner update' section of the Māori Committee agenda introduced this term would continue, and Committee members will also continue to be able to raise any queries for follow up under a General Business item to be added as standing agenda item (at the discretion of the Chair), so the multi-directional kōrero, which is a particular strength of the current hui, is not lost.

All standing committees are able to require that an item be 'left on the table' if it is felt that further work is required prior to a recommendation to Council being appropriate. The Māori Committee will also have this ability alongside the standing committees. If the Committee feels that questions have not been addressed appropriately, or that more information is required in order to be able to make an appropriate recommendation to Council under their mandate, then the item will be laid on the table for further follow up by officers, which will then be brought back through the next Māori Committee round and so on to Council. Where an item is proposed to be laid on the table by the Committee, Officers will advise of any time constraints on the decision due to external pressures, and an extraordinary meeting of Council may be arranged if a decision is required prior to the next ordinary meeting. This option is a new inclusion to the 'mechanics' of the Māori Committee and viewed as an important contributor to embedding the mana of the Committee, its mandate and recommendations it makes within Council's governance structures.

Further to the change to the timing of the Committee's hui, members will also be included in all Council workshop bookings moving forward. While it is recognised that Committee members have multiple demands on their time, and attendance will be at their discretion, extending the invitations provides greater visibility of upcoming matters being considered by Council, and further reiterates the full incorporation of the Māori Committee into the governance structure.

### **Māori Committee feedback on the proposal**

Informal testing of the proposal with members of the Māori Committee received a very positive response and when the Committee formally considered the proposal at its hui on 10 July 2020 it recommended that the proposal go ahead as outlined.

### **Next Steps**

#### ***Adoption of proposal***

Council is required to formally adopt any changes to its governance structure and this report is intended to facilitate that process.

#### ***InfoCouncil***

A piece of work would need to be undertaken to reactivate functionality of Council's meeting paper preparation tool (InfoCouncil), which allows all standing committee items

to be pulled into the Māori Committee papers, and then allocates the Māori Committee discussion and recommendations against each standing committee item in the Council agenda.

It should be noted that this process will require the Council IT Team to work with InfoCouncil Support Team in Australia to complete the process of reactivating the functionality and link the new Māori Committee to the new standing committees and Council into the scripting; while it is possible, it will not be an overnight change.

### ***Process and logistical updates***

A piece of work is already underway to map out the implications across meeting cycles of laying an item on the table at a committee. This has implications for all standing committees as well as the Māori Committee, so it was felt it was appropriate to initiate the work prior to any decision in relation to the re-integration of the Māori Committee into the six weekly cycle.

The timing of standing committees will be updated as outlined in the attachment, and multiple internal process documents will be updated to ensure clarity on the new setting and its implications for report writing, advertising of meetings and so on. Venue bookings, livestreaming and other associated arrangement linked with meetings will also be negotiated.

### ***Council workshops***

Invitations to all Council workshops will be extended to Māori Committee members.

### ***Internal communications***

Following the process and logistical updates, the Governance Team will prepare communications to all staff to ensure the new setting is well understood.

## **3.4 Significance and Engagement**

This matter does not trigger Council's Significance and Engagement Policy or any other consultation requirements.

## **3.5 Implications**

### **Financial**

There may be some cost to engaging InfoCouncil to reactivate the functionality that allows for meeting paper production where all committees are linked.

### **Social & Policy**

N/A

### **Risk**

N/A

## **3.6 Options**

The options available to Council are as follows:

- a. To approve the proposal to re-integrate the Māori Committee into the six weekly double debated meeting cycle
- b. To maintain the current setting of monthly hui outside the six weekly double debate process

### **3.7 Development of Preferred Option**

It is recommended that Council approve the proposal to reintegrate the Māori Committee into the six weekly double debated meeting cycle.

Multiple factors have been considered in the proposal and Officers will continue to identify and implement any further improvements as the implementation is undertaken to ensure the best outcomes possible for all participants in the process.

### **3.8 Attachments**

A Meeting integration proposal [↓](#)

**1. Current Setting as at June 2020**

	<b>Sust. Napier/ Future Napier</b>	<b>People and Places/ Prosperous Napier</b>	<b>Māori Committee Monthly – Friday am</b>	<b>Council</b>	<b>Workshops</b>
<b>Week 1</b>	Final Agenda due Wed, to be run first thing Thursday				COUNCIL WORKSHOPS - Thurs
<b>Week 2</b>	MEETINGS – Thurs am	Draft agenda due Wed			
<b>Week 3</b>		Final Agenda due Wed, to be run first thing Thursday			COUNCIL WORKSHOPS - Thurs
<b>Week 4</b>		MEETINGS – Thurs am			
<b>Week 5</b>				Final agenda due Wed, to be run first thing Thursday – requires minutes of standing committees to be pulled through	COUNCIL WORKSHOPS - Thurs
<b>Week 6</b>	Draft agenda due Wed			MEETING – Thurs am	

## 2. Proposed Change

	Sust. Napier/ Future Napier	People and Places/ Prosperous Napier	Māori Committee	Council	Workshops
<b>Week 1</b>	MEETINGS – Thurs am	Final Agenda due Wed, to be run first thing Thursday  MC access at same time as Councillors			
<b>Week 2</b>		MEETINGS – Thurs am			
<b>Week 3</b>			New items due Tuesday  Final agenda due Wed, to be run first thing Thursday – requires minutes of all standing committees so these can be pulled through via InfoCouncil (agendas already available)		COUNCIL WORKSHOPS – Thurs
<b>Week 4</b>			MEETING – Friday am		COUNCIL WORKSHOPS – Thurs
<b>Week 5</b>	Draft agenda due – Wed			New items due Monday  Final Agenda due Wed, to be run first thing Thursday – needs standing committee AND MC minutes (agendas already ready to be integrated)	COUNCIL WORKSHOPS – Thurs

<b>Week 6</b>	Final Agenda due Wed, to be run first thing Thursday MC access at same time as Councillors	Draft agenda due Wed		MEETING – Thursday am	
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#### 4. SECTION 10A ANNUAL DOG CONTROL REPORT - 2019/2020

<i>Type of Report:</i>	Operational and Procedural
<i>Legal Reference:</i>	Dog Control Act 1996
<i>Document ID:</i>	942711
<i>Reporting Officer/s &amp; Unit:</i>	Rachael Horton, Manager Regulatory Solutions

##### 4.1 Purpose of Report

To present the territorial authority report on dog control policies and practices for the dog control registration year 1 July 2019 – 30 June 2020 for adoption by Council as required under Section 10A of the Dog Control Act 1996, prior to being submitted to the Secretary of Local Government and being made publically available.

##### Officer's Recommendation

That Council:

- a. Adopt the Napier City Council Annual Dog Control Report 2019/20.
- i. That the report be submitted to the Secretary for Local Government and published in accordance with the Dog Control Act 1996.

##### 4.2 Background Summary

Section 10A of the Dog Control Act 1996 requires territorial authorities to report on their dog control policy and activities annually.

The law requires that:

- the report be adopted by Council and made publically available each year (subsection 1);
- notice of adoption of the report be published in a daily paper or other newspaper that has an equivalent circulation within the district, or by any other means the territorial authority thinks is desirable (subsection 3); and
- within one month of adoption, a copy of the report must also be submitted to the Secretary for Local Government (subsection 4).

##### 4.3 Issues

The Napier City Council Annual Dog Control report 2019/20 is shown in attachment A

##### 4.4 Significance and Engagement

Council officers have prepared the attached report in accordance with the Section 10A reporting requirements provided by the Department of Internal Affairs. No consultation is required for this report as it is a legislative requirement.

##### 4.5 Implications

##### Financial

N/A

### **Social & Policy**

N/A

### **Risk**

Failure to adopt the report and make it available to the public would put Napier City Council in breach of the Dog Control Act 1996.

#### **4.6 Options**

The options available to Council are as follows:

- a. Adopt the report, submit it to the Secretary for Local Government, and publish it so that the information is publicly available to meet legislative requirements under the Dog Control Act 1996.
- b. Not adopt the report.

#### **4.7 Development of Preferred Option**

N/A

#### **4.8 Attachments**

- A Annual Dog Control Report [↓](#)



## 1. Introduction

The Napier City Council, as a territorial authority, is required to manage and enforce provisions of the Dog Control Act 1996 (the Act). Section 10A of the Act requires the Council to report annually to the Secretary of Local Government on its Dog Control Policy and practices.

This report fulfils this statutory requirement for the dog registration year:

- 1 July 2019 to 30 June 2020.

## 2. The Council's Dog Control Policy and Practices

### 2.1. Policy objectives

The council adopted the Dog Control Policy in 2014.

The objectives of the policy are to:

- provide clear guidance to the public and staff in the administration of the Dog Control Act 1996,
- provide a safe and healthy environment for citizens and visitors,
- minimise dog attacks by appropriate enforcement of the policy, bylaw and Act, and
- provide for the general welfare of dogs and ensure dogs kept under human care are well cared for.

The Council adopted the Napier City Council Animal Control Bylaw in 2014. The objectives of the bylaw are to:

- enhance the safety of the public and children by minimising the distress, nuisance and intimidation caused by dogs to the community,
- avoid the inherent danger of uncontrolled dogs in public places, and
- provide dogs and their owners with the ability to satisfy their recreational needs.

### 2.2. Summary of Practices

The operational functions of the Act are carried out by our Animal Control team within the City Services Directorate. Regulatory decisions are separated from operations and decided by our regulatory team in the City Strategy Directorate.

A dog pound is operated by Council and acts as a safe holding place for dogs. Those dogs that are suitable to be rehomed are held at the pound until their new home can be found.

The team maintain the Park Island and Taradale dog agility parks, the dog shower at Park Island, and keep the poo-bag dispensers topped up.

A large proportion of their work is responding to public safety issues and taking necessary action to keep people and dogs safe following an incident. To prevent these incidents from occurring, the Animal Control team proactively patrol reserves and beaches, parks and playgrounds to ensure compliance with the Act and Napier City's Dog Control Policy.

Educating people – of all ages – is a big part of what the team do to promote a culture of responsible dog ownership. The education they provide to schools and kindergartens isn't just to teach children how to be safe around dogs, but how to be better, gentler dog owners themselves.

They also provide advice, help check fences and gates, help install running wires to keep dogs contained, and help dog owners understand their dog's behaviour.

### 2.3. Fees

The Government has made councils responsible for the implementation of the Dog Control Act 1996.

Councils meet its requirements under the Act by the development of a policy on dog control and by applying appropriate resources to implement and enforce the policy.

Council's dog control services apply to all owners and members of the public and the annual registration fee is the mechanism provided through the legislation to enable Council to fund the share of dog control activities that Council determines are to be funded by owners.

The determination of the portion of costs paid by owners and that funded from rates is a policy matter that is determined by each Council.

Currently approximately 80% of the costs of the Napier City Council's animal control activity are funded from dog owners and 20% of costs are funded from rates. Council review this mix every 3 years as part of the development of a Revenue and Financing Policy that is included in the Council's Long-Term Plan.



### 3. Dog Control Statistics

The information provided below sets out the statistical information required by Section 10(A)(2) of the Act.

#### Number of Registered Dogs

Category	2018/19	2019/20
Number of dogs registered by Council	7,804	8,262

*\*Data counted for the registration year being 1 July through to 30 June*

#### Dangerous and Menacing Dogs

Total number of dogs classified as dangerous (Section 31)

Category	2018/19	2019/20
Total Dangerous Dogs	20	11

*\*Total number of dogs classified as dangerous at 30 June.*

Total number of dogs classified as menacing (Section 32A and 33C)

Category	2018/19	2019/20
Total Menacing Dogs	180	187

*\*Total number of dogs classified as menacing at 30 June.*

#### Infringements

Number of infringement notices issued

Category	2018/19	2019/20
Infringement notices issued	228	343



**Classification of Dog Owners**

Number of classified dog owners

Category	2018/19	2019/20
Probationary Owners	2	0
Disqualified Owners	2	1

\* Total number of classified dog owners at 30 June.

**Prosecutions**

Number of prosecutions taken for offences under the Dog Control Act 1996

Category	2018/19	2019/20
Prosecutions	3	1

**Complaints**

Number and nature of dog complaints received

Category	2018/19	2019/20
<b>Public Safety related complaints</b>		
Dog attack on people – minor	51	41
Dog attack on people – serious	9	10
Dog attack on other animals	104	81
Dog attack on stock	3	4
Dog worrying stock	3	6
Dog chasing	15	8
Dog rushing	53	61
Aggressive dog behaviour other than rushing	49	44
Roaming dogs reported by public	698	623
<b>Non-safety concerns</b>		
Roaming dogs contained by public	571	431
People's dogs that are reported lost	349	234
Barking	702	503
Fouling	17	28
Bylaws breach	60	70
Unregistered dog	43	43
Welfare concerns	28	35
Miscellaneous*	812	260
Licence/Permit	17	46
Information requests *	718	210
Registration Enquiry*	-	85
Refill Dispenser*	-	85
<b>Total</b>	<b>3,655</b>	<b>2,908</b>

\* Improvements have been made to complaint categories within our system to report complaints more accurately. This has resulted in larger variations between 18/19 and 19/20 as which complaints go into each category has changed.

**Impounding and Rehoming**

Category	2018/19	2019/20
<b>Total dogs impounded</b>	<b>769</b>	<b>610</b>
<b>Outcomes of impounding<sup>1</sup>:</b>		
Dogs returned to owner	506	388
Dogs rehomed	27	19
Dogs surrendered to SPCA	1	3
Dogs euthanised	232	189
Other (death by natural causes etc)	3	4
Alive and in pound		7

*\*Of the number of dog's euthanised, 38 were surrendered by owner to euthanise due to attacking/biting, aggression or failure to pass the rehoming assessment. In addition to this, 1 dog was euthanised following court order, 4 due to poor health on arrival at the pound, 64 dogs were notably aggressive or had behavioural issues and were unable to be rehomed, 23 dogs were classified menacing dogs and not suitable for rehoming, and 24 dogs were carrying parvovirus at the time of impounding or contracted the virus on entering the pound.*

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<sup>1</sup> The outcome date may not have occurred until the next reporting year, however it is reported against this reporting year for completeness

## 5. MARINE PARADE RESERVE THE AMAZING DINOSAUR DISCOVERY

Type of Report:	Procedural
Legal Reference:	Reserves Act 1977
Document ID:	954480
Reporting Officer/s & Unit:	Debra Stewart, Team Leader Parks, Reserves, Sportsgrounds

### 5.1 Purpose of Report

The purpose of the report is to seek approval from Council allow Zirka Circus – “The Amazing Dinosaur Discovery” to locate on Marine Parade in the area south of the aquarium for the September 2020 School Holidays , 22 September to 13 October 2020 (inclusive of pack in and pack out).

### Officer’s Recommendation

- a. That the Ordinary Meeting of Council resolves that the report be received.
- b. Resolve
  - i. Pursuant to the delegated authority provided to the Council under the Instrument of Delegation for Territorial Authorities, dated 12 June 2013, to grant a licence under Section 54(1)(d) of the Reserves Act 1977 for Zirka Circus – The Amazing Dinosaur Discovery over part of the land described in the Schedule below (being a recreation reserve) for the purposes of operating the business of a circus for a term of no more than [21] consecutive days and otherwise in accordance with the provisions of the Reserves Act 1977, subject to any other Consents being granted.

Schedule -

Legal Description	Identifier
Lot 3 DP 27728	HBW4/780

### MAYOR’S/CHAIRPERSON’S RECOMMENDATION

That the Council resolve that the officer’s recommendation be adopted.

### 1.2 Background Summary

Zirka Circus – The Amazing Dinosaur Discovery have requested to locate on Marine Parade, in the area south of the aquarium (refer Figure 2 below), for a total of 21 days from the 22 September 2020 until 12 October 2020. The main attraction is considered to

be the robotic dinosaur displays situated outside of the marquee. Inside the marquee there will be “dino-themed” activities, games, face painting, a baby dinosaur interaction and a bouncy castle”. The event schedule for The Amazing Dinosaur is as below (Figure 1).

- a. **Dates:** 22nd September - 13th October 2020; **Pack In:** 4x days (22nd-25th September);  
 b. **Pack Out:** 3x days (11th - 13th October) Total number of sessions: 19

c. MO N	d. TUE	e. WE D	f. THU	g. FRI	h. SAT	i. SUN
j. 21	k. 22	l. 23	m. 24	n. 25	o. 26	p. 27
	q. PACK IN				r. 1.00 -3.00	s. 10.0 0-12.00 t. 1.00 -3.00
u. 28	v. 29	w. 30	x. 1	y. 2	z. 3	aa. 4
bb. NO SESSIONS	cc. 12.0 0-2.00	dd. 12.0 0-2.00	ee. 12.0 0-2.00	ff. 12.0 0-2.00	gg. 10.0 0-12.00 hh. 1.00 -3.00	ii. 10.0 0-12.00 jj. 1.00 -3.00
kk. 5	ll. 6	mm. 7	nn. 8	oo. 9	pp. 10	qq. 11
rr. NO SESSIONS	ss. 12.0 0-2.00	tt. 12.0 0-2.00	uu. 12.0 0-2.00	vv. 12.0 0-2.00	ww. 10.0 0-12.00 xx. 1.00 -3.00	yy. 10.0 0-12.00 zz. 1.00 -3.00

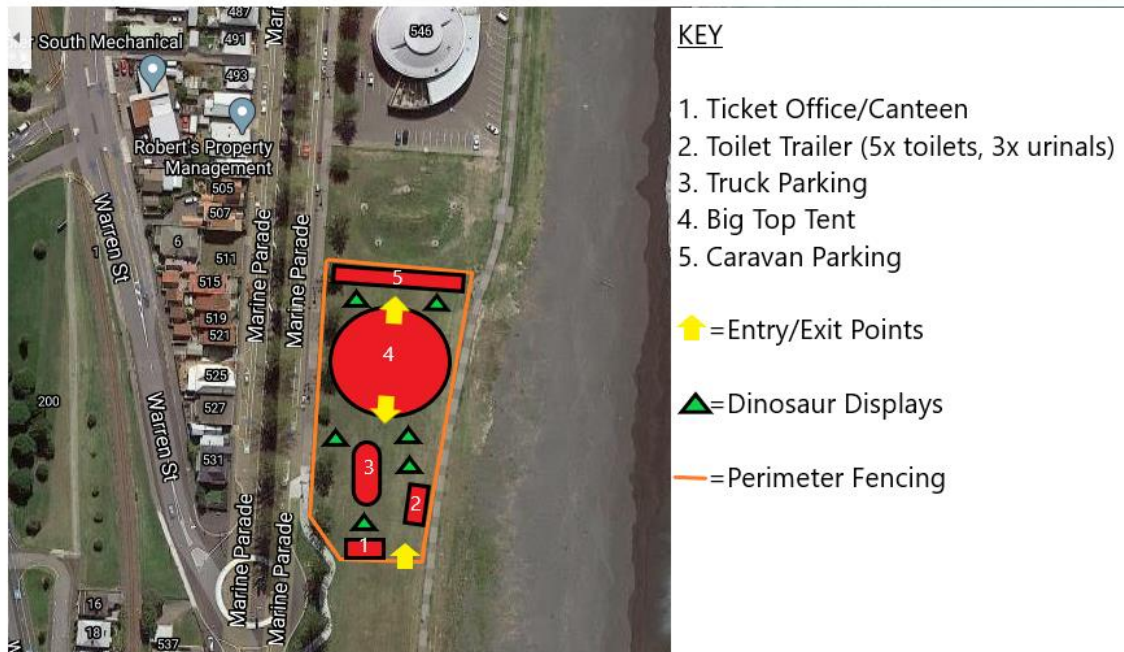
**Figure 1 – Zirka Circus – The Amazing Dinosaur Discovery schedule of events**

The Amazing Dinosaur Discovery will require the area to be fully fenced with 1.8m high fencing and will include a marquee the same size as previous events with the displays at the front and back of the tent.



**Figure 2 – Area proposed to be occupied by Zirka Circus – The Amazing Dinosaur Discovery**





**Figure 3 – Layout provided by Zirka Circus – The Amazing Dinosaur Discovery. Note – 4. The Big Top Tent is located on top of an existing Ngaio and the site layout would need to be adjusted to avoid this.**

Zirka Circus have located on this site before and have been approved to do so via the Council's Booking System.

However, Officers have recently been made aware that the correct process for allowing temporary commercial activities of this nature to occur in this location is to have Council resolve to issue a licence under Section 54(1)(d) of the Reserves Act 1977.

## 5.2 Issues

### Other Regulatory Requirements

Should Council approve the issuing of a Licence (subject to the Reserves Act), this in no way confers approval with any other regulatory requirements, including but not limited to, compliance with the Resource Management Act and Building Act.

We note that the District Plan allows Temporary Events of this nature for up to 15 consecutive days plus 5 additional days for setup and removal (totalling 20 days). The application is currently requesting 21 days and on this basis would require Resource Consent. The applicant has been advised that they will need to address all other regulatory requirements outside of the Reserves Act processes set out in this report.

### Other issues

Zirka Circus has previously located on this site. There have been a number of issues which have been addressed previously with the circus but would require further review with the new proposal. These have included Health and Safety considerations, traffic management, damage to grounds, and set back from the Rotary Pathway. If Council were of a mind to grant a Licence to Zirka Circus then Officers would work through these matters with the Circus.



### 5.3 Significance and Engagement

N/A

### 5.4 Implications

#### Financial

Fees and charges would be in accordance with Councils Fees and Charges Policy. This event would be charged \$417 per day and the event would also be bonded. Total cost for the hire of this area based on a 21 day occupation would be \$8757 (incl.) plus a bond refundable if the grounds are left in good order. It is noted that on previous occasions Zirka Circus has not been charged for the pack in/pack out days.

Parks and Reserves Fees and Charges approved for 1 July 2020 to 30 June 2021.

All fees and charges are inclusive of GST (except as noted \*).

Reserves	Fee (incl GST)
<b>Note:</b> Occupation and use of any public Park or Reserve by either a commercial operation, circus, Mardi Gras, Gypsy Fair or entertainment group, which intend to charge a public admission or sell products for financial gain	
Rental (per day)	\$417.00
Bond (refundable only if grounds and amenities are left in good order)*	\$1,200.00

**Figure 4 – Extract from Councils Fees and Charges Policy**

#### Social & Policy

Whilst the Reserve Management Plan for this area anticipates this type of activity, Council is still required to issue a Licence for the use of this area because it is vested as Recreation Reserve subject to the provisions of the Reserves Act 1977.

#### Risk

There has been no consultation with the community regarding locating this activity in this location. Noting that there are no specific requirements under the Reserves Act to undertake consultation for a temporary licence of this nature and furthermore that Zirka Circus has located here before without significant issue.

Council has recently been approached by another commercial organisation who would like to also operate a temporary commercial event on Marine Parade. There is a risk that by allowing one activity to locate here that there will be a precedent for other similar activities. Approval is however, site specific and any application would be assessed (just like this one) on its own merits and based on the underlying Reserves Act classification. The risk of precedent therefore remains low.

### 5.5 Options

The options available to Council are as follows:

- Option A – Grant a Licence to Occupy for the area identified in **Figure 2** above
- Option B – Grant a Licence to Occupy for an alternative site
- Option C – Do not grant a Licence to Occupy

### 5.6 Development of Preferred Option

Option A is the preferred location for the Zirka Circus – Amazing Dinosaur Discovery because of the high profile of this site. There are a number of other sites including Anderson Park that may be suitable for this activity. The Marine Parade is only suitable for this activity on the basis that all other regulatory matters can be addressed which sit outside of this approval and the Reserves Act process.

Section 54(1)(d) of the Reserves Act gives Council the delegation to grant a licence on the basis that this 'would be a business or occupation that will allow the public to obtain the benefit and enjoyment of the reserve'. It is my opinion that the proposal meets these requirements of the Act and the activity will contribute to the public obtaining benefit and enjoyment of the reserve. Accordingly a licence for this site can be issued under the Reserves Act should Council believe it is appropriate.

## **5.7 Attachments**

Nil

## 6. UNCONFIRMED MINUTES HAWKE'S BAY DRINKING WATER GOVERNANCE JOINT COMMITTEE - 13 FEBRUARY 2020

<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	Local Government Official Information and Meetings Act 1987
<i>Document ID:</i>	951700
<i>Reporting Officer/s &amp; Unit:</i>	Devorah Nícuarta-Smith, Team Leader Governance

### 6.1 Purpose of Report

To receive the unconfirmed minutes of the Hawke's Bay Drinking Water Governance Joint Committee meeting held on 13 February 2020.

#### Officer's Recommendation

That Council:

- a. Receive the unconfirmed minutes of the Hawke's Bay Drinking Water Governance Joint Committee meeting held on 13 February 2020.

### 6.2 Background Summary

The Hawke's Bay Drinking Water Governance Joint Committee met on 13 February 2020 – the unconfirmed minutes of this meeting are **attached**.

### 6.3 Issues

N/A

### 6.4 Significance and Engagement

N/A

### 6.5 Implications

#### Financial

N/A

#### Social & Policy

N/A

#### Risk

N/A

### 6.6 Options

The options available to Council are as follows:

- a. To receive the unconfirmed minutes of the Hawke's Bay Drinking Water Governance Joint Committee meeting.

## **6.7 Attachments**

- A Unconfirmed Minutes Hawke's Bay Drinking Water Governance Joint Committee Minutes - 13 February 2020. [↓](#)



## Unconfirmed

### MINUTES OF A MEETING OF THE HAWKE'S BAY DRINKING WATER GOVERNANCE JOINT COMMITTEE

**Date:** Thursday 13 February 2020

**Time:** 2.30pm

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

**Present:** G Cowie – Chairman  
Mayor S Hazlehurst (HDC) – *from 2.44pm*  
Cr K Watkins (HDC)  
A Apatu (HB DHB)  
Cr H Ormsby (HBRC)  
Cr N Simpson (NCC)  
Cr R Chrystal (NCC)  
Cr D Eaglesome-Karekare (WDC)

**In Attendance:** E Lambert – HBRC Group Manager Regulation  
N Jones - HB DHB  
J Lloyd – CHBDC  
T Goodlass – NCC  
J Kingsford – NCC  
C Bayly – NCC  
C Thew - HDC  
M Rohleder HB DHB  
S Heath – WDC  
A Roets – HBRC Governance Administration Assistant

**1. Welcome/Apologies/Notices**

The Chairman welcomed everyone to the meeting.

**DWG31/20 Resolution**

That the apologies for absence from Mayors Craig Little and Alex Walker, Councillors Brent Muggeridge and Martin Williams and Shayne Walker, and for lateness from Mayor Sandra Hazlehurst be accepted.

**Eaglesome-Karekare/Ormsby  
CARRIED**

**2. Conflict of Interest Declarations**

There were no conflicts of interest declared.

**3. Confirmation of Hawke's Bay Drinking Water Governance Joint Committee Appointments**

The item was taken as read.

Hawke's Bay District Health Board to confirm appointees, one being Ana Apatu.

**DWG32/20 Resolutions**

That the Hawke's Bay Drinking Water Governance Joint Committee:

1. Receives and notes the *Confirmation of Hawke's Bay Drinking Water Governance Joint Committee Appointments* staff report.
2. Confirms the appointments of the following as members of the *Hawke's Bay Drinking Water Governance Joint Committee*
  - 2.1. Representatives of Central Hawke's Bay District Council – Mayor Alex Walker and Councillor Brent Muggeridge
  - 2.2. Representatives of Hastings District Council – Mayor Sandra Hazlehurst and Councillor Kevin Watkins
  - 2.3. Representatives of the Hawkes' Bay District Health Board – Ana Apatu and another representative to be confirmed.
  - 2.4. Representatives of Hawke's Bay Regional Council – Councillors Hinewai Ormsby and Martin Williams
  - 2.5. Representatives of Napier City Council – Councillors Nigel Simpson and Ronda Chrystal
  - 2.6. Representative of Ngati Kahungunu Iwi Inc – Ngahiwi Tomoana
  - 2.7. Representatives of Wairoa District Council – Mayor Craig Little and Councillor Denise Eaglesome-Karekare.

**Watkins/Ormsby  
CARRIED**

**5. Adoption of the Hawke's Bay Drinking Water Governance Joint Committee Terms of Reference**

The Chair introduced the item, which was taken as read.

- The current Terms of Reference remain fit for purpose and was endorsed by each partner council end of 2019
- It was noted that the Drinking Water Regulator may change during 2020 and potentially change the terms of reference, which will be addressed when required.



DWG33/20 **Resolutions**

That the Hawke's Bay Drinking Water Governance Joint Committee:

1. Receives and notes the *Adoption of the Hawke's Bay Drinking Water Governance Joint Committee Terms of Reference* staff report
2. Agrees that the decisions to be made are not significant under the criteria contained in Councils' adopted Significance and Engagement policies, and that the Joint Committee can exercise its discretion and make decisions on this issue without conferring with the community.
3. Agrees the Terms of Reference (following) as adopted by all participating agencies.
4. Notes that the Drinking Water Regulator may change during 2020 and that the Terms of Reference will be amended accordingly as required.

**Hawke's Bay Drinking Water Governance Joint Committee  
Terms of Reference**

**1. Background**

- 1.1. In August 2016 a significant water contamination event occurred that affected the Hawke's Bay community of Havelock North. The Government established an Inquiry into the Havelock North water supply.
- 1.2. It became apparent during the Government Inquiry that in order to achieve a systematic approach to ensuring safe drinking water, there was a need to strengthen interagency working relationships, collaboration and information sharing pertaining to drinking water.
- 1.3. The Inquiry asked a Joint Working Group (JWG) initially comprising staff representatives of the
- 1.4. Hawke's Bay District Health Board, Hawke's Bay Regional Council and the Hastings District Council to implement its 17 initial recommendations. As this group has evolved it has become apparent that many drinking water issues will require an ongoing forum for regional collaboration and decision making. Napier City Council have also joined the Joint Working Group, as well as a Drinking- Water Assessor from the Central North Island Drinking Water Assessment Unit.
- 1.5. Ngāti Kahungunu Iwi Incorporated have called for the agencies involved in water management to view water as a taonga, the lifeblood of the land and people. They consider that drinking water should be set as the number one priority for water use in decision-making processes related to water.
- 1.6. It is within this context that the Hawke's Bay Drinking Water Governance Joint Committee has been established. The principal focus of the Committee is on drinking water, however drinking water cannot be considered in isolation from other fresh water management issues. For that that reason the focus of the Committee will be twofold:
  - 1.6.1. To provide governance oversight for planning and decision making on regional drinking water matters; and
  - 1.6.2. To consider and make recommendations where appropriate to decision-making bodies with responsibility for broader freshwater management issues or planning or infrastructure issues that have implications for drinking water and/or drinking water safety.

**2. Purpose**

- 2.1. The parties agree that water is a taonga, the lifeblood of the land and people. They further agree that the Joint Committee established under this Terms of Reference is intended to give practical meaning and effect to this agreement.
- 2.2. The Committee is established to provide governance oversight to the existing JWG regarding the implementation of recommendations from the Inquiry Panel and then the evolution of the JWG into a more permanent officials working group.
- 2.3. In the context of this agreement including 2.1 and 2.2 above, the purpose of the Hawke's Bay Regional Drinking Water Security Joint Committee is to give governance oversight and direction in respect of the following matters:
  - 2.3.1. Programmes and initiatives to protect and enhance drinking water quality and safety
  - 2.3.2. Improving and maintaining effective inter-agency working relationships relating to drinking water, including the extent and effectiveness of cooperation, collaboration and information sharing between the agencies, and mechanisms to achieve these desired outcomes
  - 2.3.3. Provision of governance oversight of strategies and work programmes related to

- drinking water management, including drinking water sources and infrastructure matters
- 2.3.4. To recommend to the relevant bodies and decision making for changes to strategies and work programmes to protect and enhance drinking water quality and safety
  - 2.3.5. To encourage the member parties to give adequate consideration of the safety of drinking water in the carrying out of their range of functions
  - 2.3.6. To make recommendations as appropriate to relevant agencies and decision making fora on initiatives and priorities related to water, having regard to the needs of the region for adequate and secure water resources suitable for the supply of safe drinking water.
- 2.4. The geographic scope of the Joint Committee's jurisdiction shall be over drinking water related matters on the land and catchment areas within territorial authorities who elect to be members of the Joint Committee (the participating territorial authorities) plus such other land and catchment areas within the authority of the Hawke's Bay Regional Council that have an impact upon drinking water within the participating territorial authorities.
- 3. Members/Parties**
- 3.1. If they elect to take up membership and establish the Joint Committee, each of the following shall be a Member Organisation of the Hawke's Bay Drinking Water Governance Joint Committee and a party to this document and the establishment of the Joint Committee:
    - 3.1.1. Hawke's Bay District Health Board
    - 3.1.2. Hawke's Bay Regional Council
    - 3.1.3. Central Hawke's Bay District Council
    - 3.1.4. Hastings District Council
    - 3.1.5. Napier City Council
    - 3.1.6. Wairoa District Council
  - 3.2. Each member organisation may appoint two (2) representatives.
  - 3.3. To ensure the work of the joint Committee is not unreasonably disrupted by absences each party may also appoint alternative representatives.
  - 3.4. The Joint Committee shall appoint an Independent Chairperson of the Joint Committee.
  - 3.5. Water is of particular importance to Māori, and Māori have certain statutory rights in respect of decision making relating to water under the Resource Management Act 1991 and the Local Government Act 2002. Some iwi representatives have been involved in discussions leading to the proposal for this Joint Committee but have not determined whether or not they wish to formally participate in the Joint Committee. Provision is made for iwi representation to be added to the Committee should iwi organisations with authority in respect of the geographic areas over which this Joint Committee has jurisdiction indicate that they wish to formally join the Committee.
    - 3.5.1. Notwithstanding any decision by iwi organisations under e. above, the member organisations will take steps to consult with, and take into account the interests of, Māori as appropriate in terms of local authority decision making requirements in respect of matters before the Joint Committee.
- 4. Name**
- 4.1. The Hawke's Bay Drinking Water Governance Joint Committee shall be known as the **Hawke's Bay Drinking Water Governance Joint Committee (HBDWGJC).**
- 5. Status**
- 5.1. By agreement of the local authority members, the Hawke's Bay Drinking Water Governance Joint Committee is to be established as a Joint Committee under clause 30 and clause 30A of Schedule 7 of the Local Government Act 2002.
- 6. Delegated Authority**
- 6.1. The Hawke's Bay Water Governance Joint Committee shall have authority to undertake such steps as are necessary to give effect to the purpose of the Hawke's Bay Water Governance Joint Committee including but not limited to:
    - 6.1.1. Establishing and amending as it sees fit the Terms of Reference for the JWG
    - 6.1.2. Receiving reports from and giving direction to the officials Joint Working Group that leads interagency cooperation and work programmes on drinking water quality and safety and/or from the Chief Executives of the member agencies
    - 6.1.3. Commissioning reports and studies
    - 6.1.4. Making recommendations to members related to the security and safety of drinking water
    - 6.1.5. Making recommendations to member organisations relating to strategies and work programmes.
    - 6.1.6. Making recommendations to appropriate parties on matters within the purpose of

the Joint Committee.

#### **7. Administering Authority and Servicing**

- 7.1. The members of the Hawke's Bay Drinking Water Governance Joint Committee shall work with the JWG established to lead interagency cooperation and work programmes on drinking water quality and safety.
- 7.2. The Administering Authority of the Joint Committee shall be the Hawke's Bay Regional Council.

#### **8. The Remuneration**

- 8.1. Each member organisation of the Hawke's Bay Drinking Water Governance Joint Committee shall be responsible for the cost of its participation on the Joint Committee.
- 8.2. The Joint Committee shall agree on the apportionment of the costs of the Independent Chairperson on the recommendation of the JWG.
- 8.3. The JWG shall agree the apportionment of any costs arising from the work of the Joint Committee.

#### **9. Meetings**

- 9.1. The Standing Orders of the Hawke's Bay Regional Council will be used to conduct Joint Committee meetings.
- 9.2. The Joint Committee shall meet not less than 6 monthly or at such other times and places as agreed for the achievement of the purpose of the Joint Committee.

#### **10. Quorum**

- 10.1. The quorum at any meeting shall be not less than eight (8).

#### **11. Voting**

- 11.1. The membership shall strive at all times to reach a consensus.
- 11.2. Each representative and the Independent Chairperson shall be entitled to one vote on any item of business.
- 11.3. There shall be no casting vote.

#### **12. Chairperson and Deputy Chairperson**

- 12.1. Member representatives shall appoint, by agreement, an Independent Chairperson who shall be entitled to one vote, and in the case of an equality of votes does not have a casting vote.
- 12.2. The Joint Committee shall also appoint, by simple majority vote from among the representatives, a Deputy Chairperson.

#### **13. Variations**

- 13.1. Any Member may propose an amendment (including additions or deletions) to the Terms of Reference which may be agreed to by the Joint Committee.
- 13.2. Once agreed to by the Joint Committee, amendments to the Terms of Reference shall have no effect until each member organisation has agreed to the amendment.

#### **14. Good Faith**

The parties to this Terms of Reference agree to act in good faith towards each other and to give effect to the purpose of the Joint Committee.

**Apatu/Ormsby  
CARRIED**

#### **6. Independent Chairperson Appointment and Election of Deputy Chairperson**

Garth Cowie stepped down and Liz Lambert assumed the Chair at 2.40pm, explaining the process to be undertaken.

- Garth Cowie indicated his availability to continue as Chair, and declared his chairmanship of the Hastings District Council 3 Waters Improvement Committee, a position he has held since 2018
- It is the Joint Committee decision whether to reappoint Garth Cowie as Chair.

*Garth Cowie was reappointed and resumed the Chair at 2.42pm.*

DWG34/20

#### **Resolutions**

That the Hawke's Bay Drinking Water Governance Joint Committee:

1. Receives and considers the "*Independent Chairperson's Appointment and Election of the Deputy Chairperson*" staff report.
2. Agrees that an Independent Chairperson will be appointed for the Joint Committee.

3. Confirms the re-appointment of Garth Cowie as the Independent Chairperson for the Hawke's Bay Drinking Water Governance Joint Committee for the 2019-22 Triennium.

**Atkinson/Simpson  
CARRIED**

4. Denise Eaglesome-Karekare nominated Hinewai Ormsby as Deputy Chair, seconded by Ana Apatu.

- 4.1. There being no further nominations, Hinewai Ormsby was unanimously elected Deputy Chair of the Hawke's Bay Drinking Water Governance Joint Committee for the 2019-22 Triennium.

**Eaglesome-Karekare/Apatu  
CARRIED**

Mayor Sandra Hazlehurst arrived at 2.44pm.

## 7. **Submission to Central Government's Drinking Water Regulator and Regulations Proposals**

The Chair introduced the item, and discussions covered:

- The report sets out a number of issues and background to the proposed legislation and seeks support for the making of a joint submission from this group and the working group to ensure adequate processes are in place before the Regulator is appointed
- Points of submission and key concerns include funding, capability within NZ, statutory independence and status, governance, delivery, participation in collaborative regional forums like this Joint Committee
- General agreement in support of the preparation and lodging of a joint submission by the 4 March 2020 deadline
- Collectively agree that a joint submission be submitted by the HB Drinking Water Governance Joint Committee and made public
- Hastings District Council will also make an independent submission including the offer to house the Regulator.

## DWG35/20 **Resolutions**

That the Hawke's Bay Drinking Water Governance Joint Committee:

1. Receives and considers the "Submission to Central Government's Government Drinking Water Regulator and Regulations Proposals" staff report.
2. Agrees that the decisions to be made are not significant under the criteria contained in Hawke's Bay Regional Council's adopted Significance and Engagement Policy, and that the Joint Committee 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. Agrees to prepare and lodge a submission on the Taumata Arowai – Water Services Regulator Bill, with the drafting and approval of the submission delegated to Garth Cowrie and Nigel Simpson representing the Joint Committee, and Nick Jones and Craig Thew representing the Joint Working Group.

**Hazlehurst/Ormsby  
CARRIED**

## 7. **Introduction to the Joint Committee, Its Role and Responsibilities**

Liz Lambert introduced the item, noting the Joint Committee arose out the Havelock North inquiry.

- Roles and responsibilities of both the Joint Committee and Joint Working Group (JWG) were explained, particularly around achieving high levels of cooperation and collaboration among the member agencies with Garth Cowie chairing both to

- provide strong liaison between the two
- Emerging issues this triennium will include responding to drinking water supply management legislation, changes to drinking water services through the 3 Waters Review, and further work on source protection zones in Hawke's Bay
- Source protection zones are areas with specific landuse rules that require the notification of particular activities to the Drinking Water Provider (HDC or NCC)
- Current focus is on communication and key messaging between partner councils to ensure up to date information is shared
- The JWG work programme for the next three years is being developed
- The SkyTem aquifer mapping report will be shared once available.

**DWG36/20 Resolution**

That the Hawke's Bay Drinking Water Governance Joint Committee receives and notes the *"Introduction to the Joint Committee, Its Role and Responsibilities"* staff report.

**Watkins/Eaglesome-Karekare  
CARRIED**

**8. Three Waters Governance Funding Review**

Toni Goodlass summarised the item with discussions highlighting:

- Central Government contributing \$1.55m staged funding to the HB 3 Waters Review, to enable detailed analysis of the potential service delivery options including the assessment of potential to meet the requirements of future changes to regulation, and the design and implementation of a comprehensive engagement strategy to support the review process.
- Further 3 phases (4 total) are dependent on approval of Councils and Government to proceed and completion is anticipated in the second half of 2021
- Development and implementation of a regional communications and engagement strategy to ensure communities are engaged and consulted on
- Preferred option to be presented in to councils in September 2020.
- An explanation was given of the infrastructure asset sensitivity assessment work under way with WSP
- Hawke's Bay has been invited to be part of the Department Internal Affairs delegation to Tasmania to review water services delivery models.
- Water quality and quantity of supply "mapping" is being reported through the JWG work programme.
- Critical separate workstream within the Review is dedicated to Māori engagement.

**DWG37/20 Resolution**

This report is for information purposes only. No decision is required of this committee. It is recommended that the Hawke's Bay Drinking Water Governance Joint Committee receives the *"Three Waters Review Funding Announcement"* report.

**Apatu/Chrystal  
CARRIED**

**9. Drinking Water Joint Working Group Work Plan**

Craig Thew introduced the item, with discussions covering:

- Most actions arising from the Inquiry Panel's direction have been addressed
- List is prioritised by colour, with red being highest priority
- Next steps will have greater focus on sharing information/skills across agencies to enhance consistency of approach and federation of information for trends analysis
- Development of a Joint Emergency Response Plan to prepare for potential scenarios where drinking water is lost or interrupted is under way
- JWG role to review and amend the work programme in response to new requirements from central government on the management of drinking water.

DWG38/20 **Resolution**

That the Hawke's Bay Drinking Water Governance Joint Committee receives and notes the *"Drinking Water Joint Working Group Work Plan"* staff report.

**Eaglesome-Karekare/Jones  
CARRIED**

**Closure:**

There being no further business the Chairman declared the meeting closed at 3.40pm on Thursday, 13 February 2020.

Signed as a true and correct record.

**DATE:** .....

**CHAIRMAN:** .....



# REPORTS / RECOMMENDATIONS FROM THE STANDING COMMITTEES

## REPORTS FROM SUSTAINABLE NAPIER COMMITTEE HELD 30 JULY 2020

### 1. NAPIER CITY COUNCIL SUBMISSION TO THE TANK PLAN CHANGE

<i>Type of Report:</i>	Legal and Operational
<i>Legal Reference:</i>	Resource Management Act 1991
<i>Document ID:</i>	944236
<i>Reporting Officer/s &amp; Unit:</i>	Kim Anstey, Planner Policy/Analyst Jon Kingsford, Director Infrastructure Services

#### 1.1 Purpose of Report

The purpose of this report is to authorise Council Officers to lodge a submission to the Hawke's Bay Regional Council's (HBRC) Proposed Change 9 to the Regional Resource Management Plan (RRMP). This plan change seeks to improve the management of fresh water in the Greater Heretaunga Catchments and is commonly referred to as the TANK plan change.

The Napier City Council submission will address the key points discussed at the Council workshop on June 25 and identified in section 1.3 below. A copy of the submission will be provided to Council prior to lodgement before the submission close date of August 14, 2020.

#### At the Meeting

The Policy Planner/ Analyst spoke to the report providing background to Council's proposed submission to the TANK plan change. The submission is due Friday 14 August 2020.

Hastings District Council are putting a separate submission in but the appendix outlining the relief sought is the same as Napier's.

In response to questions from councillors it was clarified that:

- The current supply of potable water should remain secure throughout the change.
- The potential implications of point 12 will be followed up on; this was an amendment requested by Hastings District Council.

It was noted that the process to work through the TANK plan change has been long and required a huge amount of work from a large variety of people.

**Committee's recommendation**

Councillors Taylor / Crown

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The Sustainable Napier Committee:

- a. Authorise Council Officer's to lodge a submission that addresses the key points of submission at section 1.3 below.

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Carried

## REPORTS FROM FUTURE NAPIER COMMITTEE HELD 30 JULY 2020

### 1. DISTRICT PLAN REVIEW - POLICY APPROACH OF THE DRAFT PLAN

Type of Report:	Legal and Operational
Legal Reference:	Resource Management Act 1991
Document ID:	945299
Reporting Officer/s & Unit:	Dean Moriarity, Team Leader Policy Planning

#### 1.1 Purpose of Report

- a. The purpose of this report is to follow up on the recent series of seminars held with Council between 19<sup>th</sup> March 2020 and the 25<sup>th</sup> June 2020 regarding the review of the District Plan; and
- b. For Council to approve the recommended policy approach for specific chapters so that officers can draft plan provisions within an agreed framework.

#### At the Meeting

The Team Leader Policy Planning spoke to the report, noting that this follows a series of workshops with Council, and captures the policy approach discussed at those times for formal adoption.

A public meeting is being arranged for 9 August 2020 regarding port noise.

A legislative update (National Policy Statement) which has impacts on the District Plan was released this week and comes into force immediately. There will be no minimum car parking requirements to be included in any District Plan across the country, so there is no mandatory requirement for developers to allow for car parking in any zones other than accessible car parks beyond 2022.

In response to questions from councillors it was clarified that:

- Council will not be able to impose car parking requirements on developers locally but it is likely that car parking still be considered as most activities require some level of parks. Onsite parking has been the single biggest known hurdle to commercial and inner city development so it is possible that this has triggered the change.
- It is possible that businesses may be in greater contact with Council's Regulatory team around parking times outside their buildings as greater reliance on street parking develops over time.
- Currently Council has a parking exemption area in town which may need to be worked through as there may be some rating implications.

- A revisit of the parking strategy may be required, particularly in areas like Ahuriri, as greater public parking will need to be allowed for.
- Building heights are also touched on in the NPS, but there are only adjustments to Tier 1 areas (Napier being Tier 2). There is an increase in monitoring and reporting required, and if growth projections are not being met as requirement to notify MfE.
- No impacts are anticipated on Napier's heritage area and art deco buildings. Napier currently has quite a liberal approach to building height in central areas to act in an enabling way, but are not captured by the mandatory requirements to have taller buildings in town.
- The public have access to information around the District Plan through open agendas. It was noted that the Plan is a work in progress and when it is at the point of being a Draft Plan this will be the best opportunity to see the updated proposals as a whole. However feedback is being sought in different ways from the public, including direct meetings in areas where the public may be more affected. Feedback will be separately reported through the Council at the next committee round.

### **Committee's recommendation**

Mayor Wise / Councillor Browne

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The Future Napier Committee:

- a. Endorse the recommended policy approach in the report, for preparing the Draft District Plan for the purposes of undertaking consultation and engagement with all interested parties within Napier.

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Carried

## 2. DISTRICT PLAN REVIEW - DRAFT CHAPTER: SPECIAL ZONE: TE WHANGANUI-A-OROTŪ (AHURIRI ESTUARY) ECOLOGY AND STORMWATER PARK

Type of Report:	Legal and Operational
Legal Reference:	Resource Management Act 1991
Document ID:	933479
Reporting Officer/s & Unit:	Yvonne Legarth, Policy Planner

### 2.1 Purpose of Report

To obtain the agreement of Council to remove the existing two zones that apply to land at Lagoon Farm in the operative district plan, and include a single special zone in the draft District Plan that implements a policy approach to achieve stormwater improvement and outcomes for the water quality and ecology of Te Whanganui-a-Orotū (Ahuriri Estuary).

The policy approach will then form part of the draft district plan and, subject to Council resolution, will proceed to public consultation.

### At the Meeting

The Policy Planner spoke to the report providing an overview of the matter at hand.

In response to questions from councillors it was clarified that:

- Any future recreational pathway in the area is allowed for, but will have to meet the positioning requirements to protect the estuary and ensure separation from any water treatment activities
- The District Plan is only one tool in this space which operates at a higher level; other options such as a specific wetland would be required for more specific ecological development

### Committee's recommendation

Councillors Mawson / Wright

The Future Napier Committee:

- a. Endorse the replacement of the two zones that currently apply to land at Lagoon Farm in the operative district plan, with a single special zone in the draft District Plan that implements a policy and regulatory approach that controls activities to:
  - i. achieve stormwater treatment and water quality improvements; and
  - ii. ecological outcomes for the Te Whanganui-a-Orotū (Ahuriri Estuary); and
  - iii. provides for recreation and controls limited commercial activities to ensure these are compatible with the ecological values of the estuary.



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Carried

### 3. ADOPTION OF NAPIER CITY MOBILE SIGN BYLAW

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Type of Report:	Legal
Legal Reference:	Local Government Act 2002
Document ID:	942786
Reporting Officer/s & Unit:	Yvonne Legarth, Policy Planner Rachael Horton, Manager Regulatory Solutions

#### 3.1 Purpose of Report

To seek Council confirmation and adoption of the reviewed Mobile Sign Bylaw.

##### At the Meeting

The Manager Regulatory Solutions spoke to the report noting that the proposal is to adopt the Bylaw without amendment. Consultation has been undertaken and no submissions were received. There are also no complaints under the Bylaw such that would suggest the current setting is not fit for purpose.

In response to questions from councillors it was clarified that:

- The business associations were not specifically spoken to as many of the signs in question are on trailers outside of the inner city area.

##### Committee's recommendation

Councillors Mawson / Price

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The Future Napier Committee:

- a. Note the information in the previous report to Council Meeting on 7 May 2020 that dealt with the need to review the Mobile Sign Bylaw 2013.
- b. Note that no submissions have been received on the proposal to continue the Mobile Sign Bylaw 2013 without amendment.
- c. Confirm, in accordance with Section 155 of the Local Government Act 2002, that a Mobile Sign Bylaw 2020 is the most appropriate way of addressing the problems that mobile signs can have on:

- i. public and traffic safety
  - ii. maintenance of aesthetic standards
  - iii. control of offensive material on mobile signs
- b. Confirm that the Mobile Sign Bylaw is currently the most appropriate form of bylaw.
- c. Agree that the Mobile Sign Bylaw is not inconsistent with, or have any implications under the New Zealand Bill of Rights Act 1990.
- d. Confirm that a further review of the Mobile Sign Bylaw 2020 is to be undertaken as part of the process to prepare a consolidated Napier City Council Urban Environment Bylaw.
- e. Adopt the Mobile Sign Bylaw 2020

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Carried

## 4. CIVIC PRECINCT PROJECT UPDATE

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*Type of Report:* Information

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*Legal Reference:* N/A

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*Document ID:* 944857

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*Reporting Officer/s & Unit:* Fleur Lincoln, Strategic Planning Lead

### 4.1 Purpose of Report

This report is to provide an update on progress made, and next steps for the Civic Precinct Project.

#### At the Meeting

The Strategic Planning Lead spoke to the report, providing a brief background to the project. It is intended to engage an external consultant to develop a master plan for the precinct. The Deputy Mayor has been appointed to the steering group along with Councillors Chrystal and Wright. The first meeting is scheduled for next week and will focus on developing vision for the area.

In response to questions from councillors it was clarified that:

- The master planning exercise is the first step in the process. While work has been undertaken in relation to costs, these will be further confirmed as the master planning becomes clearer. While it is clear that the civic building needs to be demolished there are more options in relation to the library.

The composition of the steering group was commended especially for the inclusion of mana whenua and youth.

#### Committee's recommendation

Councillors Brosnan / Wright

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The Future Napier Committee:

- a. Receive the update provided on the Civic Precinct project
- b. Endorse the process to develop a Masterplan for the Precinct

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Carried

## 5. ANNA SPENCER STATUE

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*Type of Report:* Procedural

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*Legal Reference:* N/A

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*Document ID:* 946459

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*Reporting Officer/s & Unit:* Fleur Lincoln, Strategic Planning Lead

### 5.1 Purpose of Report

The purpose of this report is to obtain approval for the installation of the Anna Elizabeth Jerome Spencer statue within road reserve of Napier's CBD.

#### At the Meeting

The Strategic Planning Lead spoke to the report providing some information on the NZ Womens' institute and Ms Spencer. There is currently no specific policy in relation to managing such large gifted items. The matter has already been considered by the Arts Advisory Panel and previous CE.

In response to questions from councillors it was clarified that:

- The group who approached Council has been working with the Transportation Team as well as the Strategic Planning Lead. The site has been assessed and it is not believed that visibility or safety will be impeded by the installation.
- The link held by Ms Spencer with both the cathedral and Napier Girls' High School makes the location particularly appropriate.
- The gift is a significant one and of a person who has made a strong contribution to the city. The public are already very fond of the existing personalities captured in bronzes and it is anticipated that Ms Spencer will also attract positive attention.

Thanks were extended to the Womens' Institute for the very special gift.

**ACTION** Investigate whether it was intended that the Emerson Street statues be a triple set including a male architect on a bike cycling up to meet the woman and child.

#### Committee's recommendation

Councillors Taylor / Wright

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The Future Napier Committee:

- a. Approve the acceptance of the gift to Napier City Council of the statue from the New Zealand Women's Institute in perpetuity.
- b. Approve the installation of the Anna Elizabeth Jerome Spencer statue within road reserve on the corner of Cathedral Lane and Shakespeare Road, as well as a small storyboard detailing who Miss Spencer was, and her contribution to society.

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Carried

## 6. NAPIER RECOVERY FUNDING

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<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	942991
<i>Reporting Officer/s &amp; Unit:</i>	Michele Grigg, Senior Advisor Policy Dean Prebble, Economic Development Manager

### 6.1 Purpose of Report

To provide an update on two funds established to progress the aims of the Napier Recovery Plan.

#### At the Meeting

The Senior Advisor Policy spoke to the report, providing an update on two funds recently established to help support local recovery.

The funds are not contestable and will be available until funds run out or until July 2021. A good level of interest has already been seen and 16 applications have been received as of the morning of 30 July 2020. The applications have been received from a wide range of groups.

#### Committee's recommendation

Councillor Crown / Mayor Wise

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The Future Napier Committee:

- a. Note the information on two recovery funds recently established, those being:
  - Recovery Projects Fund
  - Te Puawaitanga – Green Communities Together Fund

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Carried



## 7. RESOURCE CONSENT ACTIVITY REPORT

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<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	Resource Management Act 1991
<i>Document ID:</i>	943179
<i>Reporting Officer/s &amp; Unit:</i>	Luke Johnson, Team Leader Planning and Compliance

### 7.1 Purpose of Report

This report provides an update on recent activity within the resource consenting team. The report is provided for information purposes only for elected members, so that there is visibility of major projects and an opportunity for elected members to understand the process.

Applications are assessed by delegation through the RMA; it is not intended to have application outcome discussions as part of this paper.

This report only contains information which is lodged with Council and is publicly available.

### At the Meeting

The Team Leader Planning and Compliance spoke to the report, noting that while resource consent applications did reduce during the COVID-19 response, since moving to Alert Level 1 there has been an upswing in applications. Specific applications were briefly touched on.

In response to questions from councillors it was clarified that:

- Kainga ora developments will be included in the report moving forward where they meet the reporting criteria

### Committee's recommendation

Councillors Taylor / Tapine

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The Future Napier Committee:

- a. Note the resource consent activity update.

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Carried

## REPORTS FROM SUSTAINABLE NAPIER COMMITTEE HELD 6 AUGUST 2020

### 1. THREE WATERS REFORM PROGRAMME - MEMORANDUM OF UNDERSTANDING

Type of Report:	Contractual
Legal Reference:	N/A
Document ID:	951023
Reporting Officer/s & Unit:	Adele Henderson, Director Corporate Services Jon Kingsford, Director Infrastructure Services

#### 1.1 Purpose of Report

Provide information to Council on the Memorandum of Understanding being the first stage of the Three Water Services Reform Programme

#### At the Meeting

The Director Infrastructure Services spoke to the report noting that the environment is very fast moving.

There has been much discussion at both regional and national levels in relation to water which has culminated in new legislation at the national level intended to address regulatory issues. It is recognised that there has been underinvestment in infrastructure across the country in part due to lack of available funding to invest in smaller areas. The government has announced a post-COVID-19 recovery package which includes significant investment in 3 waters. Central government is looking to take a partnership approach with local government in implementing the proposed reforms. The proposed implementation is anticipated to take place over a three year period, which funding being released in tranches over the time period, from an immediate provision to address COVID19 recovery and outstanding needs through to funding for later works.

The MOU is intended to bring other councils to the point that Hawke's Bay is already at through the regional work undertaken over the last 18 months. The MOU is non-binding but outlines specific expectations as to how any funding provided would be used. It also requires that a delivery plan must be developed and lodged with the DIA within particular timeframes, and also provides for quarterly reporting against the plan.

In response to questions from councillors it was clarified that:

- It is ambiguous as to whether the funding can be used on currently planned works and clarification will be sought on this
- This is an extraordinary meeting of the Sustainable Napier committee to allow for the report to be brought to the Maori Committee on 14 August and Council on 27 August as the decision on participating in the MOU is required by end of

August. Further decision making in relation to the funding will also be brought to Council.

- It would be difficult to consult given the very tight time frames within which Council must make its decision. The outcomes of the changes are very aligned with the direction Council is already pursuing.
- The other Councils in the region have yet to consider the MOU in a formal way.
- The wording of the MOU has been provided to all councils and it is expected that government would not be making any adjustments given the expectation that any signatory councils will have completed this by 31 August 2020.
- It is believed that the ability to provide for different and unique water supplies is recognised, and the ability to enshrine different levels of service is possible in most agreements where there is a regional aggregation/ shared ownership model being implemented.
- A number of principles were enshrined in the Hawke's Bay regional review, one of which was protecting the interests of our communities. All the elected members and officers in the partner councils have ratified the principles, and central government have also been very interested in the regional work in Hawke's Bay in developing their own thinking. Hawke's Bay continues to take a leadership role in this space.

### **Committee's recommendation**

Mayor Wise / Councillor Brosnan

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The Sustainable Napier Committee:

- a. Approve entering into the Memorandum of Understanding and associated Funding Agreement and Delivery Plan for the first stage of the Three Waters Services Reform Programme.
- b. Note the Reform Programme is part of the Governments programme to reform current water service delivery, into larger scale providers, to realise significant economic, public health, environmental, and other benefits over the medium to long term, and that signing this MOU does not create any obligation upon Council with regard to future steps of this reform programme;
- c. Note that details on the allocation of the funding will come back to Council as a separate paper. Details of the actual funding are only provided on the signing of the Memorandum of Understanding.
- d. Delegate signing of the MOU to the Chief Executive, noting the attached is a template.

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Carried

## REPORTS FROM MĀORI COMMITTEE HELD 14 AUGUST 2020

### 1. THREE WATERS REFORM PROGRAMME - MEMORANDUM OF UNDERSTANDING

<i>Type of Report:</i>	Contractual
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	951022
<i>Reporting Officer/s &amp; Unit:</i>	Adele Henderson, Director Corporate Services Jon Kingsford, Director Infrastructure Services

#### 1.1 Purpose of Report

Provide information to Council on the Memorandum of Understanding being the first stage of the Three Water Services Reform Programme

#### At the Meeting

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#### Officer's Recommendation

The Māori Committee recommend that Council:

- a. Approve entering into the Memorandum of Understanding and associated Funding Agreement and Delivery Plan for the first stage of the Three Waters Services Reform Programme.
- b. Note the Reform Programme is part of the Governments programme to reform current water service delivery, into larger scale providers, to realise significant economic, public health, environmental, and other benefits over the medium to long term, and that signing this MOU does not create any obligation upon Council with regard to future steps of this reform programme;
- c. Note that details on the allocation of the funding will come back to Council as a separate paper. Details of the actual funding are only provided on the signing of the Memorandum of Understanding.
- d. Delegate signing of the MOU to the Chief Executive, noting the attached is a template.

## 6. MĀORI COMMITTEE 'MECHANICS - UPDATE FOLLOWING COUNCIL MEETING 16 JULY 2020

<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	Local Government Official Information and Meetings Act 1987; Local Government Act 2001
<i>Document ID:</i>	950823
<i>Reporting Officer/s &amp; Unit:</i>	Devorah Nícuarta-Smith, Team Leader Governance

### 6.1 Purpose of Report

To provide an update to the Māori Committee on the proposal to reintegrate the Committee into Council's six weekly meeting cycle, following the Council meeting of 16 July 2020.

#### At the Meeting

<Enter text or delete row if not required>

#### Officer's Recommendation

The Māori Committee:

- a. Receive the update in relation to the proposal to reintegrate the Māori Committee into Council's six weekly meeting cycle

# REPORTS UNDER DELEGATED AUTHORITY

## 1. DOCUMENTS SIGNED UNDER DELEGATED AUTHORITY

<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	953535
<i>Reporting Officer/s &amp; Unit:</i>	Debbie Beamish, Executive Assistant to the Chief Executive

### 1.1 Purpose of Report

To report on the Documents Executed under Seal for the period 27 June – 31 July 2020.

#### Officer's Recommendation

That Council:

Receive the report for Documents Executed under Seal for the period 27 June – 31 July 2020.

### For the period 27 June – 31 July 2020

Date	Document	Presenting Officer
02.03.2020	Agreement to grant easement, Te Awa Estate Record of Title 546574 - Powerco	Jenny Martin
29/07/2020	Bond Replacement 43 Austin Street	Colin Hunt
29/07/2020	Easement in Gross 83 Coverdale Street	Paul O'Shaughnessy

### 1.2 Attachments

Nil

## 2. TENDERS LET

<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	953539
<i>Reporting Officer/s &amp; Unit:</i>	Debbie Beamish, Executive Assistant to the Chief Executive

### 2.1 Purpose of Report

To report the Tenders let under delegated authority for the period 27 June – 31 July 2020.

#### Officer's Recommendation

That Council:

- a. Receive the Tenders Let for the period 27 June – 31 July 2020.

CONTRACTS OVER \$100,000 LET UNDER CHIEF EXECUTIVE/DIRECTOR INFRASTRUCTURE DISCRETION

#### **Contract 1267 Airport Wastewater Pump Station Replacement**

Three suppliers were invited to tender and three tenders were received.

The Engineer's estimate was \$180,000.00.

It was recommended that the contract be awarded to Xylem Water Solutions NZ in the sum of \$155,192.00.

This recommendation was approved.

### 2.2 Attachments

Nil



# PUBLIC EXCLUDED ITEMS

That the public be excluded from the following parts of the proceedings of this meeting, namely:

## Agenda Items

1. Napier City Civic Award Nominations 2020
2. Consideration of Aquatic Centre tender

## Reports from Sustainable Napier Committee held 30 July 2020

1. Land Acquisition & Road Stopping - McLeod Road

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. Napier City Civic Award Nominations 2020	7(2)(a) Protect the privacy of natural persons, including that of a deceased person	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: (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 Information and Meetings Act 1987.
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<p>2. Consideration of Aquatic Centre tender</p>	<p>7(2)(b)(ii) Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>7(2)(i) Enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</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 Information and Meetings Act 1987.</p>
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### Reports from Sustainable Napier Committee held 30 July 2020

<p>1. Land Acquisition &amp; Road Stopping - McLeod Road</p>	<p>7(2)(i) Enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</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 Information and Meetings Act 1987.</p>
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# ORDINARY MEETING OF COUNCIL

## Open Minutes

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Meeting Date: Thursday 16 July 2020

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Time: 10.00am – 11.31am

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Venue Large Exhibition Hall  
Napier War Memorial Centre  
Marine Parade  
Napier

Zoom livestreamed to Council's Facebook page

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Present Deputy Mayor Brosnan (In the Chair), Councillors Boag, Browne, Chrystal, Crown, Mawson, McGrath, Price, Simpson, Tapine, Taylor

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In Attendance Interim Chief Executive, Director Corporate Services, Director Community Services, Director Infrastructure Services, Director City Services, Manager Communications and Marketing  
Chief Financial Officer  
Investments and Funding Manager  
Community Strategies Manager  
Manager Building Consents  
Manager Property  
Team Leader Transportation  
Team Leader, Planning and Compliance  
Procurement Lead  
Community Funding Advisor

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Administration Governance Team

## Apologies

### Council resolution

Councillors Taylor / Browne

That the apologies from Mayor Wise and Councillor Wright be accepted.

Carried

## Conflicts of interest

Nil

## Public forum

### Project Prima Volta

A short background to Project Prima Volta was provided, noting that the intention is to help young people to find their voice and provide a performance platform for them.

Project Prima Volta is the 'flagship' programme focussed on providing opportunities for teenagers, and recently a new junior programme was initiated to provide similar opportunities for a younger age cohort. A further initiative is called 'PPV Lab', where an educator works in schools both demonstrating the pedagogy and training the teachers.

The team continued to offer what they could during lockdown but attendees learned throughout the experience how important singing together is to them.

The team have expanded their thinking about community options that they could offer, and are planning to partner with the Napier Civic Choir and the Symphonic Orchestra to offer a Christmas concert. The opportunity to participate in such a large event can be transformative for many young people.

The team would appreciate Council's support through subsidised tickets and provision of venue related costs, allowing the community to attend without cost being a barrier.

In response to questions from Councillors it was clarified that

- The concert is intended to be indoors, ideally at the Municipal Theatre. The Theatre would also be required for rehearsals, meaning two non-consecutive evenings in the week before the concert.
- Tickets would need to be used to help manage numbers in the venue, and are intended to be circulated in an equitable way.
- Young people join the programme via PPV Lab, dropping flyers into school and advertising via Facebook.
- An application made to the Creative Communities Committee would mean that the team cannot apply for other Creative NZ Grants, and an submission has not been made to the Annual Plan process.

## Announcements by the Chair

Nil

## Minor Matters

Update on Marewa toilet block

## Announcements by the management

### Cemetery Plots

During Covid-19 lockdown, Council resolved to stop the pre-sale of cemetery plots. As there is no current pressures from COVID, and a new part of the cemetery is now open, the team feel comfortable removing this requirement. It can be reassessed if things change.

**ACTION** Governance will confirm the wording of the original resolution and if a specific resolution is required to overturn the existing decision this will be facilitated.

## Confirmation of minutes

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### Council resolution

Councillors Simpson / Price

That the Draft Minutes of the Ordinary meeting held on 4 June 2020 be confirmed as a true and accurate record of the meeting.

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Carried

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### Council resolution

Councillors Simpson / Price

That the Draft Minutes of the Extraordinary meeting held on 11 June 2020 be confirmed as a true and accurate record of the meeting.

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Carried

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## Point of Order

A point of order was raised as to why the four reports brought through as new reports rather than being double debated at committee level.

Two of the reports were impacted by timing, and two are governance related which are typically brought direct to Council.

# AGENDA ITEMS

## 1. PROCUREMENT STRATEGY FOR TRANSPORTATION PROJECTS

<i>Type of Report:</i>	Operational and Procedural
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	937168
<i>Reporting Officer/s &amp; Unit:</i>	Sharon O'Toole, Procurement Lead Robin Malley, Team Leader Transportation

### 1.1 Purpose of Report

To approve the Napier City Council Procurement Strategy for transportation projects.

#### At the Meeting

The Team Leader Transportation spoke briefly to reasons why this report has been brought directly to Council, including constraints in timing set by NZTA.

The Procurement Lead spoke to the report providing a brief overview of the focus for the strategy. The strategy is one part of a larger piece of work.

In response to questions from councillors it was clarified that:

- The structure and content are set by an external party, and while there is a small amount of latitude the requirements are largely prescriptive.
- The requirements do mean the document is not purely strategic but also includes a lot of procedural matters.
- The transportation requirements within the broader strategy are to be reviewed within 12 months
- Remove references to LTCCP which is an out of date term for Long Term Plans
- The standard maximum contract period is 5 years but many organisations have longer periods in place. There would be the option to extend the period if desired.
- The Agency was very complimentary about what Council has submitted and are very comfortable with how Council is intending to progress.

#### Council resolution

Councillors Price / Simpson

That Council:

- Approves the Transportation Procurement Strategy
- Notes the development of the Napier City Council Procurement Strategy, of which the Transportation Procurement Strategy will be a component.

Carried

## 2. MĀORI COMMITTEE MEETING 'MECHANICS'

<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	942710
<i>Reporting Officer/s &amp; Unit:</i>	Devorah Nícuarta-Smith, Team Leader Governance

### 2.1 Purpose of Report

To present a proposal to re-integrate the Māori Committee into the six-weekly meeting cycle of Council.

#### At the meeting

The Interim Chief Executive spoke briefly to the report, providing the background to this matter being brought to Council. The report is the culmination of a series of conversations with the Māori Committee over the last couple of months and is intended to re-integrate the Committee into the six weekly meeting cycle as part of Council's double debate process, but in a more meaningful way than they participated in this cycle over the last three-year term. Following informal circulation where the proposal was positively received, the report was formally considered by the Māori Committee at the most recent hui where it was endorsed and the recommendation affirmed.

As a governance related topic, the report has then been brought direct to Council as is standard practice with these matters.

The Team Leader Governance spoke to the report, noting that the intent is to provide meaningful space and weight to the voice of the Māori Committee. In the last triennium information came to the Committee too late, or bypassed the Committee altogether (for example where a Decision of Council was taken at a Standing Committee).

In response to questions from councillors it was clarified that:

- The proposal is not intended to override standing orders or the terms of reference of standing committees in relation to Decisions of Council. However Decisions of Council both bypass the double debate process which councillors see as a particularly strength and mean the Māori Committee lose their opportunity to consider and provide recommendations on the item in question, so the officers' recommendation reflects that they are undesirable for several reasons.
- Where the timing of a decision is significant, extraordinary meetings are another tool that can be used to facilitate this.
- Internal changes have been implemented to support business units to plan better for upcoming reporting to Council. It is anticipated that 'last minute' matters will be driven by external time frames rather than internal ones.
- The Māori Committee receives both new reports directly and standing committee reports. If this proposal is approved they will receive all standing committee reports.
- The recommendations of the Māori Committee on any report taken directly to that Committee would be pulled into a Council agenda in the same way that those of standing committee are.
- The proposal allows for the demands of the InfoCouncil functionality as it interacts with the current agenda publication time frames set by the mayor.



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- There will be a time lag between any decision and implementation due to the InfoCouncil functionality, venue and supplier confirmation and the logistics to rearrange the meeting schedule.
  - Māori Committee hui are not currently livestreamed at the decision of the mayor, but this can be revised at any time as required, noting that there is a cost to all filing and livestreaming.
  - Standing committees, the Māori Committee and Council are all able to lay items on the table if required.
  - Councillors are welcome to attend Māori Committee hui and it will be confirmed that the invitations have been forwarded to the group.
  - This has been a timely opportunity to review the meeting cycle and report production timing as a whole. Available appropriate venues will also be required to be confirmed for meetings and workshops.

Councillors advised that they would prefer to consider the matter through a workshop prior to making a decision.

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**LAI**  
**ON THE**  
**TABLE**

**Officer's Recommendation**

That Council:

- Director Officers to re-integrate the Māori Committee into the six-weekly meeting cycle alongside the standing committees, including implementing the processes and system updates required to complete this change
- Note the following in relation to the update:
  - There will be changes in the timing of standing committees within the six weekly cycle to allow for the re-integration to take place
  - Māori Committee members will be invited to all Council workshops
  - Decisions of Council will no longer be taken at standing committees
  - The Māori Committee will be able to lay items on the table, as are standing committees; a process is under development to clarify how any such items will be treated in the upcoming meeting cycle
  - The InfoCouncil functionality to allow for the flow of information through the standing and Māori committees to Council requires reactivation and there may be some time lag in the update due to the complexity of this process

**New Motion**

Councillors Boag / Price

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**Council  
resolution**

That Council:

- Lay this report and recommendations on the table in order for Council to consider the intent and implication of the report at a Council workshop to which the Māori Committee are invited.

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Carried

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### 3. LOCAL GOVERNANCE STATEMENT UPDATES

<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	942687
<i>Reporting Officer/s &amp; Unit:</i>	Devorah Nícuarta-Smith, Team Leader Governance

#### 3.1 Purpose of Report

To highlight updates made to the Local Governance Statement since 12 March 2020, including adjustments in the Governance Structure which require adoption by Council.

#### At the meeting

An updated Officers' Recommendation was tabled incorporating greater clarity in relation to the remuneration of Māori Committee members.

The Team Leader Governance spoke to the report, providing a brief overview of the updates that have been made to the Local Governance Statement since it was originally received by Council on 12 March 2020.

In responses to questions from councillors it was clarified that:

- The proposal to remunerate Māori Committee members \$200 gross per half day attended of discretionary workshops is based on a total of \$400 gross per day.
- The half day 'blocks' are 8am to 12 noon and 1pm – 5pm regardless of the number of individual blocks in any block.
- The Remuneration Authority's mandate is to set the total remuneration for mayors and a remuneration pool which must be spent across all other councillors. Any remuneration for appointed members is an internal decision to a council.
- Appointed members in other committees (such as the Audit and Risk Committee and Grants Sub-Committee) are also remunerated. The Grants Sub-Committee members are also paid per meeting and the rate was increased by Council resolution at the same time as the triennial increase to the Māori Committee rate in late 2019.

#### Council resolution

Councillors Boag / Browne

That Council:

Endorse the mayor's proposed updates to the councillor portfolios  
 Cr Ronda Chrystal – Tourism/ Council Facilities  
 Cr Richard McGrath – Child Friendly City, City Services  
 Cr Sally Crown – Economic Development

Endorse the appointment of Cr Ronda Chrystal as a further councillor representative on the Arts Advisory Panel

Note the additional information to the Hearings Committee Terms of Reference regarding consideration of tenders

Note the external appointment correction from Sports Hawke's Bay to Sports Council

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Note the overt recognition of the status of te Tiriti o Waitangi as requested by Council at its meeting on 12 March 2020

Note the inclusion of information on Napier' Sister Cities as requested by Council at its meeting on 12 March 2020

Endorse the increase in remuneration for the Māori Committee Chair to \$600 gross per attended Māori Committee meeting or workshop, with appropriate back payment to be made to the first meeting chaired

Note that Māori Committee members are now paid for all Māori Committee meetings and workshops attended where previously remuneration was only for Māori Committee meetings

Note that all Māori Committee members (including the Chair) will be remunerated for attending any discretionary workshops of Council at a rate of \$200 gross per half day

Note that the Terms of Reference for the Māori Committee continues to be a work in progress with the members of that Committee, and a further update to the governance structure and Local Governance Statement will ensue

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Carried

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#### 4. NEW YEARS EVE FUNDING 2020-2021

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*Type of Report:* Operational

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*Legal Reference:* N/A

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*Document ID:* 939253

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*Reporting Officer/s & Unit:* Belinda McLeod, Community Funding Advisor

##### 4.1 Purpose of Report

To seek approval to apply for external funding to support the 2020/21 New Year's Event.

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##### At the meeting

The Community Funding Advisor spoke to the report noting that the COVID-19 response has created some uncertainty around availability of funding.

In response to questions from councillors:

- The event uses as many local artists as possible and it is anticipated that this approach would continue

**ACTION** Next year as the New Year's Event is on a set date this report must come through to the community focussed committee (currently Napier People and Places Committee).

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##### Council resolution

Councillors McGrath / Mawson

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That Council:

- a. Approve the applications to external funders for the 2020/21 New Year's Eve Event.

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Carried

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# REPORTS / RECOMMENDATIONS FROM THE STANDING COMMITTEES

## REPORTS FROM AUDIT AND RISK COMMITTEE HELD 12 JUNE 2020

### 1. WASTEWATER OUTFALL REPORT

<i>Type of Report:</i>	Legal and Operational
<i>Legal Reference:</i>	Resource Management Act 1991
<i>Document ID:</i>	933764
<i>Reporting Officer/s &amp; Unit:</i>	Catherine Bayly, Manager Asset Strategy Cameron Burton, Manager Environmental Solutions

#### 1.1 Purpose of Report

To provide the Audit and Risk Committee with an update on the Wastewater Outfall, noting a similar report has gone to Council to:

- inform Council of an update to the status of the Awatoto Submarine Wastewater Outfall which conveys treated wastewater to the Pacific Ocean, and to;
- enable decisions to be made to bring forward funding for an expedited repair, renewal or replacement of the outfall structure.

#### At the meeting

There was no discussion on this item.

#### Council resolution

Councillors Simpson / Taylor

That Council:

- a. Note the current status of the submarine wastewater outfall:
  - i. There remains some seepage of wastewater from sealing gaskets which form part of a bespoke fibreglass joint section of the subsurface outfall pipe structure;
  - ii. Despite efforts, staff have not been able to identify a way to quickly fix this seepage without putting the fibreglass joint at risk of rupturing;

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- iii. That frequent testing of the coastal waters surrounding the area of seepage continues to show de minimus environmental effect of those waters, caused by this seepage;
  - iv. That Hawkes Bay Regional Council (HBRC) have recently indicated (on 25 March 2020) that Council must take the following actions:
    - 1) Undertake short-term repairs to mitigate the leak from the joint leak by 30 October 2020
    - 2) Provide long-term options for repairing the joint in the outfall pipe by the same date (30 October 2020)
  - v. That HBRC have informally notified Council of their intention to pursue enforcement action against Napier City Council to cease the discharge at the joint if the timeframes above are not met.
  - vi. That a further leak has been discovered within 100m of the fibreglass joint. Divers have been to the site with the aim to repair and have found that this is an old repair that has been damaged by an anchor, or other, and will need an additional repair.
  - vii. Tight timeframes to effect a repair increases the risk associated with delivering a short-term fix, rather than facilitating long-term solutions which will provide better outcomes.
- b. Officers are seeking approval by Council to:
    - i. Seek a variation to the current resource consent to authorise the discharge of wastewater via seepage at a position other than that currently authorised (at the fibreglass joint location);
    - ii. Seek early provision of funding assigned for later financial years in the Long Term Plan (LTP) to enable the strategic and planned replacement of the wastewater outfall, including better treatment options to facilitate a more highly treated wastewater in the future.
  - c. Note that funding to be released from Wastewater Reserves to attempt a fix of the two seepages and to start on investigation works for replacement of the outfall (\$2m has been put forward in the 20/21 Annual Plan).
  - d. Note attempt the lowest risk repair option of the fibreglass joint to address Regional Council's repair timelines.
  - e. Note the Beca Ltd Report entitled "Napier City Council – Wastewater Outfall – Issues and Options" dated 15 May 2020.
  - f. Note the Audit and Risk Committee may request further information in relation to this issue that they may require in order to fully understand the risk to Council and the community if not already provided in the report. This committee has the ability to provide any feedback on the risk assessment based on the preferred options presented as part of this paper and/or may any recommendation to Council.

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Carried

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## 2. SUMMARY OF NAPIER WATER SAFETY PLAN'S RISKS

<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	933756
<i>Reporting Officer/s &amp; Unit:</i>	Catherine Bayly, Manager Asset Strategy

### 2.1 Purpose of Report

Purpose of this report is to bring 'high' and 'very high' risks as identified in NCC's current version of Water Safety Plan (v4.3, updated August 2019) to Audit and Risk Committee attention and for Committee to acknowledge those risks.

### At the meeting

There was no discussion on this item.

<b>Council resolution</b>	Councillors Simpson / Taylor
	The Audit and Risk Committee:
	a. Endorse the report.
	b. Note the risks identified.
	Carried



### 3. HEALTH AND SAFETY REPORT

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*Type of Report:* Operational

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*Legal Reference:* N/A

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*Document ID:* 933568

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*Reporting Officer/s & Unit:* Sue Matkin, Manager People & Capability

#### 3.1 Purpose of Report

The purpose of the report is to provide the Audit and Risk Committee with an overview of the health and safety performance as at 30 April 2020.

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#### At the meeting

There was no discussion on this item.

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<b>Council resolution</b>	<u>Councillors Simpson / Taylor</u>
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The Audit and Risk Committee:

a. Receive the Health and Safety report as at 30 April 2020

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Carried

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#### 4. DRAFT ANNUAL PLAN 2020/21

<i>Type of Report:</i>	Legal
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	933816
<i>Reporting Officer/s &amp; Unit:</i>	Caroline Thomson, Chief Financial Officer Adele Henderson, Director Corporate Services Jane McLoughlin, Corporate Planner

##### 4.1 Purpose of Report

That the Committee review and provide feedback to Council on the Annual Plan 2020/21 underlying financial information prior to the final adoption of the reports.

##### At the meeting

There was no discussion on this item.

##### Council resolution

Councillors Simpson / Taylor

The Audit and Risk Committee note that they have reviewed and are comfortable with the approach taken by Council in the adoption of the Draft Annual Plan and commend and note that Council has made the following resolutions:

- a. Receive the underlying information as the basis for the Annual Plan 20/21:
  - i. Financial information
  - ii. 10 year revised capital plan
  - iii. Rates remission policy
  - iv. Rates postponement policy
  - v. Statement of Proposal to join LGFA
- b. Provide feedback to Council by 9 June (via the Director of Corporate Services) to be tabled for consideration by Council at its meeting on 11 June 2020.
- c. Resolve that the use reserves to fund the one-off shortfall of \$6.74m anticipated in 20/21 is financially prudent and does not impact unfairly on ratepayers in the future.
- d. Note that the Annual Plan 20/21 does not meet the section 100 (i) balanced budget provision of the Local Government Act, and that Council will be working towards a balanced budget for the LTP.
- e. Note that Council has notified DIA and Audit NZ that it will not meet the statutory deadline of 30 June 2020 for adoption of the Annual Plan 20/21.

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Carried

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## 5. SENSITIVE EXPENDITURE - MAYOR AND CHIEF EXECUTIVE

<i>Type of Report:</i>	Procedural
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	933218
<i>Reporting Officer/s &amp; Unit:</i>	Caroline Thomson, Chief Financial Officer

### 5.1 Purpose of Report

To provide the information required for the Committee to review Sensitive Expenditure of the Mayor and Chief Executive for compliance with Council's Sensitive Expenditure Policy.

### At the meeting

There was no discussion on this item.

### Council resolution

Councillors Simpson / Taylor

The Audit and Risk Committee:

- a. Receive the report of Sensitive Expenditure for the Mayor and Chief Executive and review for compliance with the Sensitive Expenditure Policy.

Carried

## 6. EXTERNAL ACCOUNTABILITY - INVESTMENT AND DEBT REPORT

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<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	933511
<i>Reporting Officer/s &amp; Unit:</i>	Caroline Thomson, Chief Financial Officer

### 6.1 Purpose of Report

To consider the snapshot report on Napier City Council's Investment and Debt as at 30 April 2020.

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#### At the meeting

There was no discussion on this item.

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<b>Council resolution</b>	<u>Councillors Simpson / Taylor</u>
	The Audit and Risk Committee:
	a. Receive the snapshot report on Napier City Council's Investment and Debt as at 30 April 2020.
	<u>Carried</u>

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## 7. RISK MANAGEMENT REPORT JUNE 2020

<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	934363
<i>Reporting Officer/s &amp; Unit:</i>	Adele Henderson, Director Corporate Services

### 7.1 Purpose of Report

To provide the Audit and Risk Committee with an update on progress with risk management work and to report on the highest paid risks.

#### At the meeting

There was no discussion on this item.

<b>Council resolution</b>	<u>Councillors Simpson / Taylor</u>
	The Audit and Risk Committee:
	a. Note the Risk Management Work being undertaken by Napier City Council staff and management.
	b. Note the current High risks.
	c. Receive the Risk Report dated 29 <sup>th</sup> May 2020
	<u>Carried</u>

## REPORTS FROM FUTURE NAPIER COMMITTEE HELD 18 JUNE 2020

### 1. BUILDING ACT CHANGES

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*Type of Report:* Information

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*Legal Reference:* Building Act 2004

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*Document ID:* 932415

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*Reporting Officer/s & Unit:* Malcolm Smith, Manager Building Consents

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#### 1.1 Purpose of Report

To advise the Future Napier Committee on the potential implications on Council from proposed changes to the Building Act exempt work provisions.

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#### At the meeting

There was no discussion on this item.

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#### Council resolution

Councillors Chrystal / Tapine

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The Future Napier Committee:

- a. Note that the proposed changes to the Building Act will have minimal implications for Council.
  - b. Direct Officers to explore the possibility of growing the Building Team further to process applications for AlphaOne Councils.
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Carried

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## 2. RESOURCE CONSENT ACTIVITY

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<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	Resource Management Act 1991
<i>Document ID:</i>	936789
<i>Reporting Officer/s &amp; Unit:</i>	Paul O'Shaughnessy, Principal Resource Consents Planner

### 2.1 Purpose of Report

This report provides an update on the status of major developments applying for resource consent in Napier.

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#### At the meeting

There was no discussion on this item.

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<b>Council resolution</b>	<u>Councillors Chrystal / Tapine</u>
	The Future Napier Committee:
	a. Receives the report.
	<u>Carried</u>

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## REPORTS FROM NAPIER PEOPLE AND PLACES COMMITTEE HELD 2 JULY 2020

### 1. LIBRARY MEMBERSHIP POLICY

<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	934519
<i>Reporting Officer/s &amp; Unit:</i>	Darran Gillies, Libraries Manager

#### 1.1 Purpose of Report

To define what library membership is, who is entitled to the membership and what the conditions of membership are. The policy should reflect the five objectives of the library strategy; Space for All, Enabling Access, Knowledge Advocacy, Community Collaborator and Sustainable futures.

#### At the meeting

There was no discussion on this item.

<b>Council resolution</b>	Councillors Boag / Browne
	The Napier People and Places Committee:
	a. Approve the Library Membership Policy
	Carried

## REPORTS FROM PROSPEROUS NAPIER COMMITTEE HELD 2 JULY 2020

### 1. LICENCE TO OCCUPY RECREATION RESERVE - SUNDAY MARKET

<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	Reserves Act 1977
<i>Document ID:</i>	938617
<i>Reporting Officer/s &amp; Unit:</i>	Bryan Faulknor, Manager Property

#### 1.1 Purpose of Report

To confirm the granting of a Licence to Occupy to Margaret Habib for the carpark on Marine Parade immediately north of Ocean Spa and an alternative site at Anderson Park if the Marine Parade site is unavailable, for the operation of the Sunday Market for a term of three years.

#### At the meeting

There was no discussion on this item.

#### Council resolution

Councillors Taylor / Simpson

The Prosperous Napier Committee:

- a. Recommend that Council approve the granting of a Licence to Occupy to Margaret Habib for the carpark on Marine Parade immediately north of Ocean Spa and an alternative site at Anderson Park if the Marine Parade site is unavailable, for the operation of the Sunday Market for a term of three years.

Carried

## 2. HAWKE'S BAY DISASTER RELIEF TRUST - COUNCIL CONTROLLED ORGANISATION EXEMPTION

<i>Type of Report:</i>	Legal and Operational
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	936362
<i>Reporting Officer/s &amp; Unit:</i>	Caroline Thomson, Chief Financial Officer

### 2.1 Purpose of Report

To obtain a decision from the Council to exempt the Hawke's Bay Disaster Relief Trust from the requirements imposed on Council Controlled Organisations (CCO) under the Local Government Act 2002 (LGA). The exemption will allow a reduced reporting requirement for the Trust under the LGA.

### At the meeting

There was no discussion on this item.

<b>Council resolution</b>	<u>Councillors Taylor / Simpson</u>
	The Prosperous Napier Committee:
	a. Receive the report titled 'Hawke's Bay Disaster Relief Trust – Council Controlled Organisation Exemption'.
	b. Recommend that Council resolve that as provided for in sections 6 and 7 of the Local Government Act 2002, the Council grants the Hawke's Bay Disaster Relief Trust an exemption from being a Council Controlled Organisation, as defined by section 6 of the Local Government Act 2002 for a period of three years to 30 June 2023.
	<u>Carried</u>

# REPORTS UNDER DELEGATED AUTHORITY

## 1. DOCUMENTS EXECUTED UNDER SEAL

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<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	942161
<i>Reporting Officer/s &amp; Unit:</i>	Debbie Beamish, Executive Assistant to the Chief Executive

### 1.1 Purpose of Report

To report on the Documents Executed under Seal for the period 22 February – 26 June 2020.

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### At the meeting

There was no discussion on this item.

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### Council resolution

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#### Councillors Price / Tapine

That Council:

- a. Receive the report for Documents Executed under Seal for the period 22 February – 26 June 2020.

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Carried

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## 2. TENDERS LET

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<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	942166
<i>Reporting Officer/s &amp; Unit:</i>	Debbie Beamish, Executive Assistant to the Chief Executive

### 2.1 Purpose of Report

To report the Tenders let under delegated authority for the period 22 February – 26 June 2020.

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#### At the meeting

There was no discussion on this item.

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#### Council resolution

Councillors Price / Tapine

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That Council:

- a. Receive the Tenders Let for the period 22 February – 26 June 2020.

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Carried

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### 3. RESOURCE CONSENTS

<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	942357
<i>Reporting Officer/s &amp; Unit:</i>	Debbie Beamish, Executive Assistant to the Chief Executive

#### 3.1 Purpose of Report

To present the report on Resource Consents issued under delegated authority for the period 22 February – 26 June 2020.

#### At the meeting

There was no discussion on this item.

#### Council resolution

Councillors Price / Tapine

That Council:

- a. Resolves to receive the report titled 'Resource Consents approved 22 February – 26 June 2020.

Carried

## MINOR MATTERS

#### Marewa Toilet Block

The damaged toilet block at Marewa has now been assessed by Council's insurance assessors and will now need to be structurally assessed to determine whether the block can be partially opened to provide some service. Signage is being placed in the areas notifying where the closest open facilities are.



# PUBLIC EXCLUDED ITEMS

## Council resolution

Councillors Mawson / Crown

That the public be excluded from the following parts of the proceedings of this meeting.

Carried

## Agenda Items

1. Contract for services
2. Napier Creative Communities Funding June 2020
3. Land Purchase

## Reports from Audit and Risk Committee held 12 June 2020

1. Insurance Update
2. Cybersecurity Strategy
3. Revera Lead Agency IaaS Close Out Report
4. Legal Update

## Reports from Napier People and Places Committee held 2 July 2020

1. Council Projects Fund Application

## Reports from Prosperous Napier Committee held 2 July 2020

1. Bad Debt Write Off
2. Loan Agreement

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. Contract for services	7(2)(b)(ii) Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	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: (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 Information and Meetings Act 1987.
2. Napier Creative Communities Funding June 2020	7(2)(c)(i) Protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied	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: (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 Information and Meetings Act 1987.
3. Land Purchase	7(2)(h) Enable the local authority to carry out, without prejudice or disadvantage, commercial activities  7(2)(i) Enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	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: (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 Information and Meetings Act 1987.

## Reports from Audit and Risk Committee held 12 June 2020

1. Insurance Update	7(2)(i) Enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	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: (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 Information and Meetings Act 1987.
2. Cybersecurity Strategy	7(2)(h) Enable the local authority to carry out, without prejudice or disadvantage, commercial activities	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: (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 Information and Meetings Act 1987.
3. Revera Lead Agency IaaS Close Out Report	7(2)(h) Enable the local authority to carry out, without prejudice or disadvantage, commercial activities	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: (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 Information and Meetings Act 1987.

4. Legal Update	<p>7(2)(b)(ii) Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>7(2)(g) Maintain legal professional privilege</p> <p>7(2)(i) Enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</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 Information and Meetings Act 1987.</p>
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#### Reports from Napier People and Places Committee held 2 July 2020

1. Council Projects Fund Application	<p>7(2)(h) Enable the local authority to carry out, without prejudice or disadvantage, commercial activities</p> <p>7(2)(i) Enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</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 Information and Meetings Act 1987.</p>
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#### Reports from Prosperous Napier Committee held 2 July 2020

1. Bad Debt Write Off	<p>7(2)(a) Protect the privacy of natural persons, including that of a deceased person</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.
2. Loan Agreement	<p>7(2)(b)(ii) Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>7(2)(h) Enable the local authority to carry out, without prejudice or disadvantage, commercial activities</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 Information and Meetings Act 1987.</p>

The meeting moved into committee at 11.31am then adjourned for a short break.

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

Chairperson .....

Date of approval .....

# EXTRAORDINARY MEETING OF COUNCIL

## Open Minutes

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Meeting Date:	Friday 24 July 2020
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Time:	2.00pm – 2.01pm
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Venue	Large Exhibition Hall Napier War Memorial Centre Marine Parade Napier
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Present	Mayor Wise, Councillors Boag, Mawson, McGrath, Price, Simpson, Tapine, Taylor
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In Attendance	Director Corporate Services, Director City Strategy Manager Building Consents Audit and Risk Committee external members – John Palairet and David Pearson RiceSpeir representatives - Nathan Speir and Luke Fraser
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Administration	Governance Team
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## Apologies

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### Council resolution

Councillors Tapine / Boag

That the apology from Councillors Brosnan, Browne, Chrystal , Crown and Wright be accepted

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Carried

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## Conflicts of interest

Nil

## Public forum

Nil

## Announcements by the Mayor

Nil

## Announcements by the management

Nil

# PUBLIC EXCLUDED ITEMS

## Council resolution

Councillors Taylor / McGrath

That the public [except for the Audit and Risk Committee and two representatives from RiceSpeir] be excluded from the following parts of the proceedings of this meeting.

Carried

## Agenda Items

1. Hawkes Bay Airport Ltd Appointment of Director
2. Delegation
3. Legal Update

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. Hawkes Bay Airport Ltd Appointment of Director	7(2)(a) Protect the privacy of natural persons, including that of a deceased person	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: (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
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		Government Official Information and Meetings Act 1987.
2. Delegation	<p>7(2)(g) Maintain legal professional privilege</p> <p>7(2)(h) Enable the local authority to carry out, without prejudice or disadvantage, commercial activities</p> <p>7(2)(i) Enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</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 Information and Meetings Act 1987.</p>
3. Legal Update	<p>7(2)(b)(ii) Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>7(2)(g) Maintain legal professional privilege</p> <p>7(2)(i) Enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</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 Information and Meetings Act 1987.</p>

The meeting moved into Public Excluded Limited Distribution at 2.01pm

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

Chairperson .....

Date of approval .....

# EXTRAORDINARY MEETING OF COUNCIL

## Open Minutes

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Meeting Date:	Wednesday 12 August 2020 Thursday 13 August 2020 Friday 14 August 2020
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Time:	Wednesday 9.05am – 2.46pm Thursday 9.00am – 5.00pm Friday 9.07am – 11.48am
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Venue	Large Exhibition Hall War Memorial Centre Marine Parade Napier  Zoom Livestreamed to Council's Facebook
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Present	Mayor Wise, Deputy Mayor Brosnan, Councillors Boag [from 11.08am, 13 August by Zoom], Browne, Chrystal, Crown, Mawson, McGrath, Price, Simpson [from 9.12am Thursday 13 August 2020], Tapine, Taylor, Wright
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In Attendance	Interim Chief Executive, Director Corporate Services, Director Community Services, Director Infrastructure Services, Director City Strategy, Manager Communications and Marketing Chief Financial Officer Team Leader Corporate Planning Corporate Planning Analyst Manager Community Strategies
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Administration	Governance Team
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The mayor opened the proceedings and welcomed attendees, noting that the meeting is being both recorded and livestreamed.

It was noted that most of the country moves back into Alert Level 2 (with Auckland moving into Alert Level 3) as of 12 noon today, and appropriate health and safety measures should be taken.

The recent passing of Minnie Ratima was noted with great sadness; she will be greatly missed by many in the community.

## Apologies

### Council resolution

Councillors Taylor / Price

That the apologies from Councillor Boag due to attending a tangi and Councillor Simpson who will be following the livestream while social distancing be accepted.

Carried

### Conflicts of interest

Cr Taylor advised that he is a trustee of Sport Hawke's Bay.

# HEARING

## Wednesday 12th August

Submission Number	Agenda Page Number	Speaker/s	Summary
249	283 (Attachments at page 446)	Neil Hallet and Moana Davis on behalf of Youth Impact Programme Aotearoa	<p><i>9.10am</i></p> <p>Neil and Moana spoke briefly on the Youth Impact Programme which is designed for young men aged 10-14 years.</p> <p>The Programme team are also working with Hawke's Bay Rugby Union and Hastings District Council regarding funding opportunities. Participants will follow an application process; currently working through how this would be promoted through schools and whānau. It is intended to include 40 participants from Napier and 40 from Hastings for the first programme.</p>
173	189 (Attachment at page 371)	John Marshall and colleagues on behalf of Blokart Hawke's Bay	<p><i>9.20am</i></p> <p>The representatives introduced the sport of blokarting with a short video. An initial grant already received from Council provided for a square track. Since that time the membership has increased to 60 people (with a wide age range), and regular programmes have been run with organisations,</p>

			<p>businesses and the public. The sport is very appealing as it provides for those of differing mobility, and those who regularly use a wheelchair are able to participate. A youth development squad are in training for national and world events in 2021. The club are requesting funding for a track expansion to support increased training and event opportunities; \$30k, which is half of the quote provided. Funding is also being sought from other supporters. The expansion would allow for longer and more interesting courses to be set. It would also allow the club to manage wind interference stemming from a tree bank by lagoon farm. The contractors have been secured and the surveying completed.</p> <p>The opportunity to could be opened to tourists interested in a more 'adventure' focused experience. Club members contribute via subs and a huge amount of volunteer support. Members of the public pay \$25 for about 30-40 minutes track time. The club have a 5+5 year lease with Council for the land.</p>
270	311 (Attachment at page 463)	Mark Aspden and colleague on behalf of Sport Hawke's Bay	<p>9.30am</p> <p><i>Cr Taylor – declared conflict</i></p> <p>Mr Aspden spoke to a short presentation outlining the work undertaken by Sport Hawke's Bay over the last 12 months. Sport HB has had a longstanding contract with Council to support Council's aspirations for the community in the realm of sport and health. Sport HB have also provided support to the iWay programme and cycle strategy.</p> <p>The team have been upskilling teachers to tie in with 'education outside the classroom' initiatives. A extended programme is being co-designed with Napier Boys' High School providing NCEA credits while</p>

			<p>building skills to increase employability for school leavers.</p> <p>Sport HB is now taking a coordination role to promote active living opportunities for the disability sector as there were no other organisations that might take on this role in the region. A gap has been clearly identified in this area and Council support is sought to help continue this programming.</p> <p>The team spoke briefly to the impacts of the national response to COVID-19 to date, noting that so far the sector has been resilient but there have been challenges. It was noted that there are immediate ramifications from the new government announcement late 11 August 2020 for sporting events. A clear regional vision for sports facility will be important for the future.</p>
276	318 (Attachment at page 471)	Sue Miles and colleague on behalf of Environment Justice and Peace Network	<p>9.40am</p> <p>The representatives spoke in relation to social housing. The existing social housing provided by Council is primarily focused on older persons on their own, but there is a growing requirement for homes with more than one bedroom and in increased numbers as more people are unable to afford rents charged by private owners. Warm safe housing is an important contributor to wellbeing and Council is asked to consider how the housing stock can be better structured for the current needs of the community.</p>

*The meeting adjourned at 9.50am*

*The meeting reconvened at 10.50am*

**Council resolution**

Councillors Mawson/ Tapine

That the apologies from Mayor Wise and Councillor Crown for the late morning session due to attending a tangi be accepted.

Carried

Submission Number	Agenda Page Number	Speaker/s	Summary
307	358 (Attachment at page 704)	Alan White on behalf of Cycle Aware Hawke's Bay	<p><i>10.50am</i></p> <p>Mr White spoke to his submission noting that it is imperative that a comprehensive cycling network be developed, and Council meet its strategy in relation to active transport options.</p> <p>There are many dangers inherent to cycling and pedestrian transport modes, and the submission request adjustments of speed limits to help mitigate these. Council is urged to establish a forum including representatives from the cycling and walking communities to begin addressing the provision of safe space for alternative transport modes to vehicles.</p>
305	356 (Attachment at page 659)	Dymphi van der Linden and Jose Aparicio on behalf of Napier Civic Choir	<p><i>11.00am</i></p> <p>The representatives spoke to the Choir's submission noting that \$10K is requested to help support the provision of the Choir's performances and help subsidise tickets.</p> <p>The Choir consists of all ages, with about 70 members at any time.</p> <p>The Choir maintains a reputation for high value attractive performances and is unique in that it actively partners with an orchestra. The opportunity to participate in the Choir has encouraged people to move to and visit the Hawke's Bay.</p> <p>The Choir have continued to prepare for upcoming performances throughout the national lockdown through virtual</p>

			<p>practices. Council funding would help provide financial security for the Choir as well as supporting access of the community to performances and events.</p> <p>A previous funding agreement with Council has provided around \$600k towards the Choir.</p>
224	<p>249</p> <p>(Attachments at page 440)</p>	<p>Joan Plowman and Mark Cleary on behalf of the Napier Pilot City Trust</p>	<p><i>11.10am</i></p> <p>The Trust representatives spoke to their submission, noting that social cohesion has been a key focus of the Trust for many years. Developing a child-friendly city plan is proposed as an important way that this could be achieved; the Trust are looking to Council to lead this. As a small Trust it is not believed that they hold capacity to lead the work, but would support Council leading through their networks, partners and engagement processes.</p> <p>In response to a query as to why a wider “age friendly” focus is not being asked for (which would incorporate young people), it was commented that looking after rangitahi and tamariki is important, as if early care is not provided then there is less likelihood that they will have space and support to age and become the elders of a community. The input of older persons into any child friendly plan would be recommended.</p> <p>A city-wide focus is needed, not just a lens on smaller sections of the community.</p> <p>The Trust have previously put forward a plan to engage with small groups of the community in relation to responses to the COVID-19 epidemic.</p>
304	<p>355</p> <p>(Attachment at page 656)</p>	<p>Bruce Carnegie and colleague on behalf of Grey Power</p>	<p><i>11.20am</i></p> <p>The representatives spoke to their submission drawing attention to particular points.</p> <p>Council was thanked for the support to older people provided during the</p>



			<p>national response to COVID-19 and particularly the lockdown, including the regular messaging and encouragement.</p> <p>They also thanked Council for the easy-read consultation booklet and the opportunity to speak to Council, noting they find Hearings to be an important part of strong democratic process. The group are very interested in staying politically aware and engaged, and attend many meetings across the region as well as inviting speakers to their own gatherings to help facilitate this. Council was also thanked for vastly improving communication to citizens through livestreaming meetings, initiating 'town huddles', Facebook posts and other methods initiated to keep in touch. It was noted that not all older people have digital access, an contact through phone during the lockdown was very beneficial. Any continuing communication channels should be simple and consistent.</p> <p>The challenges of limited income households was touched on, noting that rates rebates are often not available to double income households as they just breach the threshold.</p>
20	24 (Attachment at page 362)	Gordon Sanson	<p><i>11.30am</i></p> <p>Mr Sanson is a builder and member of the registered master builders committee, as well as consulting for other building companies across the North Island. Mr Sanson spoke to his submission, noting his preference to maintain the core facilities currently available at the Onekawa Aquatic Centre and not move to Prebensen Drive.</p> <p>He also spoke to his points in relation to enhancing funding for development of the Pandora Pond area, and providing a wave pool as part of the offerings at Anderson Park. He hasn't given extensive thought to options for the wave pool in the off seasons, but</p>

			<p>briefly noted that polo or a covered area could be considered. He also noted that artificial beaches are popular options in other warm climate areas.</p> <p>He suggested that the Prebensen Drive area could be developed for garaging, and offered for storing campervans or for running home businesses.</p> <p>These suggestions would save money from developing an aquatic centre, and redirect this into other aquatic related areas.</p>
281	324 (Attachment at page 596)	Robin Gwynn	<p><i>11.40am</i></p> <p>Dr Gwynn spoke to his submission noting that he was pleased that formal Hearings had been reinstated this year.</p> <p>He noted that there may be opportunities to promote Napier's water quality as a tourism asset, and that this should be borne in mind when considering chlorination options.</p> <p>He advised that in relation to wheelibins, not everyone lives in flat areas where they are easy to move to a kerb, especially for older persons.</p> <p>He noted that there was a missed opportunity to speak to neighbourhood watch groups and others in particular areas about potential implications of a decision to be made, to localise consultation.</p> <p>He advised that he hoped that consultation would be seen by Council as a rich and ongoing discussion with the community, and not a legal 'tick-box' exercise.</p> <p>Dr Gwynn also spoke in regards to social housing, remarking that with the growing need in the community for affordable housing Council should not be considering selling any housing stock. Councils have a role to play in providing for the fundamental needs of the community. He was open to the model where leasing the stock to a community provider would allow</p>

			<p>access to greater central government funding thereby allowing for increased overall provisions. He supports the Napier Pilot City Trust submission asking for greater emphasis on the social pillar of Council's activities. Dr Gwynn also spoke briefly in relation to the War Memorial, noting that increased community opportunity to participate in decisions in this space was important.</p> <p>Dr Gwynn also spoke in relation to the current boundary arrangements, and suggested that a revision be looked at, as there are areas which fall within the Hastings boundary but where the residents seek provisions and opportunities within Napier as this is the closest city to where they live.</p>
296	345 (Attachment at page 616)	Pat Magill	<p><i>11.55am</i></p> <p>Mr Magill spoke to his submission, noting that the City was designated as a Pilot City in the 1980s to look at ways to address violence. He asked that the contributions of those in the past be honoured by reviving Napier as a pilot city, and reinstating the murals prepared a number of years ago featuring the pilot city logo. He asked that Council partner with the Napier Pilot City Trust and Te Taiwhenua O Te Whanganui-a-Orotū to take consistent planned social action.</p> <p>Mr Magill also asked for a child-friendly area to be created in the Maraenui central precinct. He noted that a pilot city has a lot of potential to create positive opportunities for youth in the city.</p>

*The meeting adjourned at 12.03pm*

*The Mayor and Councillor Crown re-joined the meeting, which reconvened at 1.32pm.*

Submission Number	Agenda Page Number	Speaker/s	Summary
179	196	Willow Noome and Marjolaine Stranaghan on behalf of the Napier Youth Council	<p><i>1.32pm</i></p> <p>The representatives spoke to their submission noting that it would be great to see multi-purpose recycling bins alongside the waste bins in the city to better encourage recycling and appropriate waste management. The bins could start a process of education around the impact of waste; there could be opportunity to remove all bins but currently that is likely to increase litter levels.</p> <p>The Youth Council are asking for an increase in the funding allocate to them for grants that they manage over the year; this would allow for an increase in categories and the ability to create a large annual prize. Grants are allocated to young people often seeking to be part of activities such as Outward Bound. The decision is made by the whole Youth Council; they are not aware of the applicant when considering their request to mitigate bias.</p> <p>The representatives noted that the current iteming of Council meetings makes it difficult for youth to attend and asked how their participation could be better encouraged.</p>
299	349 (Attachment at page 617)	Pauline Doyle on behalf of Guardians of the Aquifer	<p><i>1.40pm</i></p> <p>Ms Doyle spoke in relation to concerns held by the Guardians in relation to chlorination, and information previously shared by Council in relation to transgressions in the Council network, stating that there is no clear evidence that a new reservoir or expensive treatment plants are required. Ms Doyle is also concerned about health effects believed to be caused by disinfection by-products. Ms Doyle also noted that in conversation with consultants it appeared that residual chlorine would</p>

			<p>not have made a difference in events such as the Havelock North breach. It was requested that Council rethink how money is spent on water. Concerns were expressed that a solution may have been agreed before full investigations into chlorine-free options have been undertaken. It is believed that there are further options that have not been noted so far in the Pattle Delamore review. There are people in the Napier community that Pattle Delamore could be speaking to on this matter.</p> <p>A Napier solution could be based on the updated Christchurch water safety plan which is currently being reviewed by international experts, if a copy is able to be sought.</p> <p>It is believed that Napier has very clean bio-stable water which will not support infections; however it was agreed that leakage may be an issue, although the potential possible levels identified through modelling are believed to be high.</p>
303	354 (Attachment at page 655)	Angie Denby and Lyn Anderson on behalf of the Ahuriri Estuary Protection Society Inc.	<p><i>1.55pm</i></p> <p>Ms Denby noted that the Society has been in place since 1981. The Society requests a return to face-to-face consultation where possible, noting that they did appreciate the impacts of the COVID-19 response on what was possible.</p> <p>The Society has concerns that a delay in funding will slow addressing issues around the estuary, and would like reassurance that the delays are temporary. The Society thanked the Environmental Solutions Team of Council for the work they do.</p> <p>There are changes to the ecology impacting on the estuary from the higher salt environment created by pump station changes, for example where an invasive tube worm is benefiting from the salt which it responds well to.</p>

			The Society would like to see better collaboration between all the parties involved in protecting the estuary.
50	54	Karl Jager	<p><i>2.00pm</i></p> <p>Mr Jager spoke to his submission, asking whether the cubby areas in the library will be continued when it is moved back into its new space and noted he hopes that the library will be modernised as well.</p> <p>He asked that rebates be offered for home filtration systems where people have installed these to address chlorination.</p> <p>He noted that increased CCTV cameras could help alleviate speeding and help identify perpetrators of violence who then leave a scene before responders arrive.</p> <p>He noted that the wind picks up recycling (paper etc) off the top of the new recycling bins, which seems to contradict Councils' statements in relation to waste bins.</p>
301	352 (Attachment at page 631)	Sukhdeep Singh and Rizwaana Latiff on behalf of the Multicultural Association Hawke's Bay Inc.	<p><i>2.10pm</i></p> <p>The representatives spoke briefly about the work of the Association, and asked for Council to increase focus on the multi-cultural area in its commitment to providing a vibrant and safe community. The different ethnicities in Napier make a large contribution to the community in many ways. The importance of a migrant voice and the creation of a multi-cultural strategy was emphasised to ensure issues of access, involvement and safety are addressed. The Association recognise the work recognised in developing such a strategy and are willing to partner with Council in completing this.</p> <p>While Hastings District Council has a multi-cultural working group Napier does not currently; however it would be relatively simple to pull together a group of representatives including iwi</p>

			as the Association are already in conversation with many groups towards this aim.
280	323 (Attachment at page 473)	Johan Ehlers on behalf of Kenny Road LLC	<p><i>2.16pm</i></p> <p>Mr Ehlers spoke to his submission in relation to financial contributions for development in the Te Awa area. He noted that contributions should match the costs of infrastructure, so neither more nor less should be charged. Kenny Road LLC has previously paid contributions but it no longer appears that the works contributed to are intended to proceed; there have been changes between the 2015 LTP and 2018 LTP and 2020 Annual Plan. Contributions made are 'targeted' and can only be used to create or support infrastructure in the area directly contributed to.</p> <p>Mr Ehlers believed that there should be drop in contributions in line with the lower investment levels intended, and a refund for Kenny Road LLC.</p>
201	222 (Attachment at page 390)	Susan Chappell on behalf of the National Council of Women Hawke's Bay	<p><i>2.30pm</i></p> <p>Ms Chappell spoke to the Council of Women's submission on the future of the Napier Women's Rest. The Women's Rest has been assessed as holding sufficient significance to be listed as category 1 Historic Building, and its aesthetic and historic positioning were touched on as well as its unusual placement as a WW1 memorial dedicated to women's use. It is hoped that the building can be brought back to life, for example as an affordable community meeting room or as a women's centre which would reflect the history of the building. Ms Chappell suggested that perhaps the Hastings Women's Centre in Hastings could expand and the building host an Ahuriri Centre.</p> <p>It has been noted that even in the wake of the recent COVID-19 response women are already</p>

			noticeably disadvantaged and it would be ideal to see the building being used to provide support services to help in this space.
286	331 (Attachment at page 598)	Harlem-Cruz Ihaia	<p><i>2.40pm</i></p> <p>Ms Ihaia dedicated her submission to Minnie Ratima who walked her talk. She spoke to a concept she has developed, a 'village' which creates space for people to be surrounded by support and help in their lives where they need it. This needs to be broader than employment, and include mental well-being, building cultural and identity well-being, surrounding people with whānau support where they may not have it otherwise. The intent being to expand the proposed Te Pihinga project to take a broader view.</p>

*The meeting adjourned at 2.46pm Wednesday 12 August 2020*



*The meeting reconvened at 9.00am Thursday 13 August 2020*

<b>Council resolution</b>	Councillors Mawson/ Crown
	That the apologies from Councillor Boag for the first morning session and Councillor Simpson for lateness be accepted.
	Carried

### Thursday 13th August 2020

Submission Number	Agenda Page Number	Speaker/s	Summary
235	263	Allen McMillan on behalf of Taradale Residents' Association	<p><i>9.08am</i></p> <p>Mr McMillan spoke to the Taradale Residents' Association's submission on the Annual Plan, specifically noting that the Association strongly opposes closing the aquarium and requested that the Taradale community be consulted in relation to any further changes or development to green spaces in Taradale. He also expressed their concerns around the potential sale or lease of Council owned community housing and asked what consultation will be undertaken in relation to this matter.</p>

*Cr Simpson joined the meeting at 9.12am*

233 and 278	261 and 321	Amelia and Emily Otto	<p><i>9:18am</i></p> <p>Emily and Amelia Otto spoke to their submission, requesting that Council continue with their work in relation to the National Aquarium 'Project Shapeshifter' and noted that they do not support this facility being closed. They also requested that Council consider a carbon neutral green build for the building, and suggested a National Aquarium 'think tank' be established in order to better inform the public in relation to this project moving forward.</p>
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			Amelia shared the results of her online survey, with over 1000 responses from her peers and teachers from other local schools, confirming that there was overwhelming support to retain and maintain the National Aquarium.
223	248 (Attachment at page 435)	Richard Catley on behalf of Pirimai Residents' Association	<p><i>9.30am</i></p> <p>Mr Catley spoke to the Association submission as the Chair, particularly in relation to the request to expand the Allen Berry reserve. Recent changes to land ownership mean that increased housing will go in to the area. The Association are concerned to ensure that reserve space is provided for, and are concerned about the reduction in road frontage. They would also like to know what the funding of \$100k is allocated for. The Association would appreciate being involved in any discussions in relation to the area and particularly that Council maintain land for reserve area.</p> <p>A small group of business owners in the area has been drawn together and are asking regularly what is happening in the area and expressing concern in relation to the land.</p>
221	246	Bronwyn Edwards	<p><i>9.37am</i></p> <p>Ms Edwards spoke to a brief presentation on her submission related to car break-ins and theft in the Milton Road area.</p> <p>Council is requested to take over the Napier City Safety Trust CCTV cameras to help ensure safety in the city and back up private cameras in tracing thieves.</p> <p>Ms Edwards also asked for a safety group to be formed in Council to review these types of matters.</p>
290	336 (Attachment at page 613)	Deborah Burnside on behalf of Clean Earth Ltd.	<p><i>9.50am</i></p> <p>Ms Burnside spoke to her submission noting that wheelbin contractors feel very unheard. Ms Burnside expressed concern that her business has been negatively impacted by the recent</p>

			<p>changes to recycling in Napier and the belief that local providers did not have realistic opportunities to tender due to the capital costs. She stated that Council has an obligation to ensure that local contractors are provided for. She advised of instances where there have been safety issues related to wheelibins.</p> <p>She asked that Councillors talk to local businesses that may be impacted before any decisions are made.</p>
272	313 (Attachment at page 466)	Deborah Burnside on behalf of Jervoistown Residents' Facebook Group	<p><i>10.05am</i></p> <p>Ms Burnside expressed concern that the Jervoistown area experiencing a lot of litter, have concerns about open drains, and would like better lighting and some beautification. Some residents are concerned about the existing plantings.</p> <p>She asked that Council continue to work with the residents in the area. She also asked for some form of pathway or boardwalk along the wide berm by Burness Road as there is no kerb or gutter.</p>
252	287 (Attachment at page 457)	Dick Grant and Rosamund Stewart on behalf of Ngā Toi Hawke's Bay	<p><i>10.12am</i></p> <p>The representatives spoke to the Ngā Toi submission. The Trust is voluntary and has limited resources. Ngā Toi has been requested by Hawke's District Council to implement their Arts and Cultural Strategy, which was drafted as a regional strategy; Council is requested to provide support and funding for arts and culture in Napier through Ngā Toi. The Strategy has little formally regarding implementation of the Strategy and specific funding has not been allocated to date. Funding from both councils and Creative NZ would allow the Trust to undertake a number of initiatives in the community.</p> <p>Ngā Toi also see themselves as a potential sole contact for arts and culture in Hawke's Bay when</p>

			<p>advocating to central government and Creative NZ.</p> <p>It is anticipated that the implementation would be phased to ensure that resourcing is available and the councils are clear as to how their funding is being used.</p>
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*The meeting adjourned at 10.24am*

*The meeting reconvened at 10.55 am*

*Cr Boag joined the meeting via Zoom at 11.08am*

# DELIBERATIONS

## 1. SUBMISSIONS ON THE RATES REMISSION POLICY AND RATES POSTPONEMENT POLICY, AND PROPOSAL TO JOIN THE LOCAL GOVERNMENT FUNDING AGENCY

<i>Type of Report:</i>	Legal and Operational
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	949321
<i>Reporting Officer/s &amp; Unit:</i>	Garry Hrustinsky, Investment and Funding Manager

### 1.1 Purpose of Report

To present the submissions received on consultation documents relating to the Rates Remission Policy, Rates Postponement Policy, and proposal to join the Local Government Funding Agency.

### At the Meeting

The Investment and Funding Manager spoke to the report, which draws together three policies reviewed by Council and now consulted on. In summary of the feedback:

- 80% of the responses supported the amended rate remissions policy.
- 100% of received responses supported the amended rates postponement policy. Where older persons may be experiencing financial stressors they are encouraged to contact Council
- 100% of received responses supported the proposed to join the LGFA. One submitter suggested that it would make sense for Council to become a shareholder; while there is merit in the proposal, it is suggested that this be considered in the future rather than at this point in time.

In response to questions from Councillors it was clarified that:

- A change in LGFA membership status could be looked at in the next three years but after the “dust has settled” in relation to the COVID-19 response
- The performance and status of Council’s participation will be regularly monitored

**ACTION** Council to formally review the membership status with the option to become a shareholder in three years.

### Council resolution

Councillors Taylor / Price

That Council:

- Adopt the amended Rates Remission Policy.
- Adopt the amended Rates Postponement Policy.
- Adopt the proposal for Napier City Council to join the Local Government Funding Agency as an unrated guaranteeing local authority.

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Carried

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## 2. . SUBMISSIONS ON THE ANNUAL PLAN 2020/21 CONSULTATION DOCUMENT

Type of Report:	Legal
Legal Reference:	Local Government Act 2002
Document ID:	950826
Reporting Officer/s & Unit:	Adele Henderson, Director Corporate Services Caroline Thomson, Chief Financial Officer Antoinette Campbell, Director Community Services Richard Munneke, Director City Strategy Jon Kingsford, Director Infrastructure Services Natasha Mackie, Manager Community Strategies Lauren Sye, Corporate Planning Analyst

### 2.1 Purpose of Report

To present the submissions received on the Annual Plan 2020/21 Consultation Document for Council's consideration.

#### **Action notes:**

**ACTION** The results of the Auckland Watercare study into pressure transducers will be sought

**ACTION** A sample 120l bin will be placed in the customer service centre for the public to view the size

**ACTION** A list of all current Council strategies are to be provided to councillors

**ACTION** Council will evaluate its approach to strategies

#### **Procedural notes:**

**Sport Hawke's Bay** – Cr Taylor declared a conflict and should not be considered as voting on this matter

*Cr Tapine left the meeting at 12.01pm, returning at 12.06pm*

*The meeting adjourned at 12.34pm and reconvened at 1.33pm*

*The meeting adjourned at 5.00pm Thursday 13 August 2020*

*The meeting reconvened at 9.07am Friday 14 August 2020.*

*Cr Boag re-joined the meeting by Zoom.*

*Apologies for Lateness from Cr Taylor were accepted by the meeting.*

*Cr Taylor joined the meeting at 9.50am*

*Cr Mawson left the meeting briefly at 10.00am.*

*Cr Crown left the meeting at 10.00am.*

*The meeting adjourned at 10.20am and reconvened at 10.45am*

*Cr Crown re-joined the meeting at 11.00am*

## **Officer's Recommendation**

That Council:

### **A. Overarching direction to Officers**

Adopt the following officer recommendations, including any changes and/or additional recommendations arising from the deliberations and consideration of all submissions to the Annual Plan 2020/21 Consultation Document.

### **B. Rates, operating shortfall:**

That Council proceed with the officer's recommendation, that is, to increase rates by 4.8% for 2020/21 and use the Parking Reserve (\$4m) and the Subdivision and Urban Growth Fund (\$2.74m) to fund the predicted operating gap of \$6.74m in 2020/21.

### **C. Officer's submission:**

That Council proceed with all the changes outlined in the Officer's submission as attached to this Report (submission number 289) namely being:

#### **C1. Capital Programme key changes**

C1.a Council agree the total Annual Plan 2020/21 capital programme be reduced from \$72m to \$59.5m, with \$3.4m of projects to remain in the plan to be completed based on capacity availability.

C1.b Council agree to the key changes to the 2020/21 capital programme as per table below:

<b>Proposed changes to capital plan</b>	<b>Original Budget</b>	<b>Officer submission Revised Annual Plan</b>	<b>Variance</b>	<b>Comment</b>
Budget Adjustments	<b>\$10.99m</b>	<b>\$7.78m</b>	<b>(\$3.21m)</b>	Reduction in annual plan budget requirement and new requirements.
Move to future year	<b>\$9.99m</b>	<b>\$500k</b>	<b>(\$9.5m)</b>	Move project to future year – hold \$500k for Onekawa Park investigations and Aquatic Centre design requirements.



To be prioritised based on capacity	\$3.4m		(\$3.4m)	Leave in plan and completed based on capacity.
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Proposed changes to operating budget	Original Budget	Officer submission Revised Annual Plan	Variance	Comment
Budget Adjustments	\$0	\$400k	\$400k	New budget requirement for Ahuriri Regional Park funded from Three Waters government funding

## C2. New requirements

C2.a Council note the following new requirements to the 2020/21 capital programme:

1. Te Awa structure plan
  - \$600K increase funded from Financial Contributions reserve for 2020/21 for Transportation infrastructure.
  - \$500K increase funded from Financial Contributions reserve for 2020/21 for Water Supply infrastructure.
  - \$500K increase funded from Financial Contributions reserve for 2020/21 for Wastewater infrastructure.
2. Water supply
  - \$100K increase funded by loans for Hospital Hill Falling Trunk Main.
  - \$90K increased funded by renewals for Upgrade Water Supply Control System (SCADA).
3. Wastewater planning
  - A 30 year wastewater improvement programme is being developed and urgent works will be prioritised in 2020/21. No extra funding allocation required for 2020/21.
4. Stormwater planning
  - Modelling and investigation work underway will inform priorities for capital works on pump stations in Napier for 2020/21. No extra funding allocation required for 2020/21.

## C3. Aquarium expansion project

C3.a Council note:

- That Council are still awaiting formal confirmation of central government's funding commitment for the National Aquarium of New Zealand expansion project before the project continues to the next gateway.

- The project and the budgets contained in the 2018-28 Long Term Plan assumed an upgrade would be undertaken, and as a result, maintenance costs and funding were reduced/removed.
- Council still have an obligation to maintain existing services, and to maintain the building requirements in the interim while a final decision on the project is made.

C3.b Council agree to \$1m of the funding currently allocated to the upgrade project to be reallocated to any building maintenance and maintenance of exhibits to an appropriate standard, until such time a decision is made around the next steps for this expansion project. The \$1m for 2020/21 will be funded from the Parklands Reserve which currently sits in 2019/20 but can be carried forward.

#### **C4. Napier Aquatic Centre**

C4.a Council note their previous resolution on 4 June 2020 to undertake investigations and design at the current Onekawa site or any other requirements and to complete further consultation with the community through the 2021-31 Long Term Plan or through a future Annual Plan.

C4.b Council approve a transfer of \$500K to 2020/21 from the Aquatic Expansion project fund to enable further investigations at the Onekawa site. This is funded from reserves.

C4.c Council note the funding of \$500K will be used for a site investigation of Onekawa Park; concept design of one option on Onekawa Park (if site investigations show that the Onekawa site is practicable); and consultation with the community on the concept design.

#### **C5. Library/Civic Building - funding for initial scoping of project**

C5.a Council note there is a strong community mandate to return the Library to the Station Street site in some form, with 75% of submitters agreeing, 20% being neutral, and only 5% disagreeing.

C5.b Council agree to allocate initial funding of \$500K in 2020/21 from Reserves to be brought forward from 2021/22 for master-planning for a civic precinct including to return the library to the old Library site.

C5.c Council note that the master-planning of the area will inform any funding requirements for the 2021-31 Long Term Plan.

C5.d Council note a working party that includes councillors has been established to progress this project.

### **C6. *Three Waters***

C6.a. Council note the central government announcement of a package for three waters investment over the next twelve months with \$50m earmarked for Hawke's Bay councils over two tranches of funding e.g. \$23m and \$27m, including:

- the Hawke's Bay councils will need to sign a Memorandum of Understanding (MOU) with government for the first tranche of funding but it does not obligate moving to a new service delivery model. A separate report to approve the MOU will be provided to Council.
- Future tranches of funding are reliant on Hawke's Bay Councils signing up to the concept of co-design on regional entities.

C6.b Council note that once the amount of central government funding is finalised for Napier, it will be tagged against specific operating and capital projects and budgets updated through the revised budget process during the first quarter of 2020/21. A separate report will be brought back to Council.

C6.c Council note it is anticipated that Council's share of the first tranche of funding would be fully spent in the 2020/21 year.

### **C7. *Ahuriri Regional Park***

C7.a Council agree to progress the concept development for the Ahuriri Regional Park as a priority in 2020/21 and match the contribution Hawke's Bay Regional Council have assigned of \$400k.

C7.b Council agree to an increase in operating budget increase by \$400k to fund the concept development of the Ahuriri Regional Park, funded from Three Waters central government funding (once this funding stream is received), with no impact on rates.

### **D. Financial policies and Local Government Funding Agency(LGFA)**

D1. As per the resolutions made on the Council report at this meeting, titled, Submissions on the Rates Remission Policy and Rates Postponement Policy, and Proposal to join the Local Government Funding Agency, Council note

- Council agreed to adopt the amended Rates Remission Policy
- Council agreed to adopt the amended Rates Postponement Policy
- Council agreed to adopt the proposal for Napier City Council to join the Local Government Funding Agency as an unrated guaranteeing local authority.

D2. Consider funding requests and other submissions to the Annual Plan and provide direction to Council officers.

D3. Council note the significant initiatives for 2020/21, which are Council's work programme for the year. Council agreed to these

initiatives on 11 June and they have been assessed through the Officer's submission process to ensure they are fully resourced to be delivered in 2020/21.

- D4. Direct Officers to prepare the Annual Plan 2020/21 document in accordance with the recommendations above (i-vi).
- D5. Direct Officers to advise the submitters of Council's decision in relation to their submission at the time of the adoption of the Annual Plan 2020/21 on 28 August 2020.

**Council  
Resolution**

Mayor Wise / Councillor Tapine

**New motion**

That Council:

**A. Overarching direction to Officers**

Adopt the following officer recommendations, including any changes and/or additional recommendations arising from the deliberations and consideration of all submissions to the Annual Plan 2020/21 Consultation Document.

**A1. Including the following decisions and responses to consultation items:**

***Post COVID-19 Recovery Plan***

- Note the submissions received on this consultation topic

***Water***

That Council

- Reconfirms Three Waters as its number 1 priority
- Notes progress is being made on the low manganese source water and network improvements to address dirty water
- Notes progress is being made in the independent chlorine free review, the report on which will be brought to Council by the end of this calendar year
- Provides an early indication that the report will be peer reviewed
- Request that the scope of options being assessed in the chlorine free review include not only the Dutch model but all options for a unique chlorine free solution for Napier
- Asks that the chlorine free review consultants speak with local stakeholders and previous senior water employees of Council to tap into local knowledge in the investigation and identification of all chlorine free options
- Notes the work being carried out by Hawke's Bay Regional Council on aquifer mapping will be considered in future planning
- Will continue to communicate with Christchurch City Council in relation to their Water Safety Plan and chlorine free proposal

- Notes Council intends to roll out a comprehensive communications and engagement strategy shortly on our water and water programme including our chlorine free work
- Confirms it will investigate the introduction of a Council assisted household filter programme similar to the Hawke's Bay Regional Council "Healthy Homes" programme, where households can spread the initial cost of a filter over their individual rates

#### ***Kerbside Waste***

- Note that there is a communication plan in place and further information will be shared with the community both in the lead up to, and with, the delivery of the wheelibins

#### ***Napier Library Civic Precinct***

- Note that the community feedback received in the submissions will be forwarded to the Civic Precinct Steering Group for consideration in the drafting of a Masterplan for the development of the Library on the Station Street site
- A communications plan be developed to inform the community on the Civic Precinct project, in line with the Steering Group Terms of Reference
- Note that the Taradale Library seismic strengthening is scheduled to commence in two weeks' time, and further upgrades will be considered as part of the 2021-2031 Long Term Plan

#### ***Street Management***

- A review of the current CCTV system and Policy will be undertaken to include guidelines around placement of cameras across the city, management (including technical capability specification) and privacy matters, subject to funding approval

### **A2. Including the following direction in relation to funding requests:**

#### ***Napier Youth Council***

- That the funding to the Youth Council for Youth Awards be increased to \$7,000 to be funded from the Community Development Projects fund.
- That the Youth Council provide a funding allocation policy to Council
- That feedback on grants made in the 2020/21 year be brought back to Council

#### ***Sport Hawke's Bay – Cr Taylor declared a conflict and should not be considered as voting on this matter***

- That no change be made to the standing Service Level Agreement, but that Council meet with Sport Hawke's Bay in the lead into the Long Term Plan
- That a one-off grant be considered for the Bike in Schools programme, following an application to the Council Projects fund
- That a one-off allocation of \$10,000 be made from the Council Projects fund.
- A potential increase to the Service Level Agreement in relation to a disability focussed resource would be considered through the Long Term Plan

#### ***Blokart***

- That the Club are invited to make an application to the Recovery Fund which includes their long term strategic plan; Council officers will work with the Club as they develop their application

***Napier Civic Choir***

- That Council will honour the existing commitment to including a new Service Level Agreement with the Choir through the 2021-2031 Long Term Plan process, and advise the Choir that a proposal will be sought from them in relation to this
- An additional allocation of \$3,000 funding be given this year from the Arts Policy allocation.

***Pirimai Residents Association***

- That a meeting be arranged with the Association to discuss options to link in with other resources such as the Rotary Pathways Trust
- That advice and input be provided to any concept developed to ensure that Council's infrastructure is protected

***Ngā Toi***

- That \$10,000 be funded from the Arts Policy allocation
- Council notes that Ngā Toi will be bringing their plan for implementation of the regional strategy later this year; it is anticipated that meetings will take place prior to this to ensure the proposed implementation aligns with Council's City Vision and other relevant strategic documents.

***Taradale Community Pool Trust***

- Council will seek further information from the Pool Trust on their request and also encourage the Trust to develop their rationale for any future requests, for example through an application to another grants fund. It is noted that as the Trust are requesting a service level agreement this would be best received through the Long Term Plan process.

***Youth Impact Programme Aotearoa***

- Council indicates support in principle for the Programme, and will seek further information so that their request can be assessed against the criteria of the Community Development Projects fund
- The Programme is also encouraged to seek funding from other sources

***Te Taiwhenua o te Whanganui-a-Orotū***

- Council will consider the request as part of the Memorandum of Understanding discussions currently underway.
- Development of the MOU sits within existing budgets.

***NZ Chinese Language Week Charitable Trust***

- Council will contact the New Zealand Chinese Association (Hawke's Bay branch) Inc. to discuss how Council may support them to provide localised events during Chinese Language Week.
- A response will also be sent to the requestor advising that Council will be working with the local branch of the NZ Chinese Association, and while their request is appreciated it is declined in this instance.

**A3: Including the following other decisions and responses of Council to submissions:**

- **Strategy requests**

- **Multicultural Association**

- Council supports the development of a strategy in principle and will engage with the Multicultural Association to discuss and plan for this as part of the Long Term Plan

- **Cycle Aware Hawke's Bay**

- Council is a participant in the development of a wider transportation strategy through the Regional Transport Committee, and will contact Hawke's Bay Regional Council on behalf of Cycle Aware Hawke's Bay a view to the group becoming a participant in this Committee.

- Council will meet with Cycle Hawke's Bay to discuss how Council can best partner with the group to achieve their desired outcomes. It was noted that the regional cycle governance group is also considering transportation as part of the cycling programme.

- **Napier Pilot City Trust**

- Council notes that a current Youth Strategy is already in place, that the Youth Council uses to guide their work programme. Council is working with the Department of the Prime Minister and Cabinet and other councils on how the national Child and Youth Strategy can be given effect at a local level.

- Council recognises the Napier Pilot City Trust as a key stakeholder in this area, and encourages the Trust to partner with Council in the development of the action plan to the Strategy. A stocktake is currently being taken of activities underway in the youth sector which will inform any future actions planned and identify any gaps.

- **Level of rates vs CPI**

- Council advises that the consumers price index (CPI) is a measure of inflation for New Zealand households. It records changes in the price of goods and services. The costs of Councils are subject to other cost increases including labour and construction markets. The Local Government Cost Index (LGCI) therefore better reflects Council's cost increases.

- At the moment Councils are also facing other cost pressures such as legislation changes, COVID-19 and standards, which is putting pressure on rates increases in line with CPI. This year has been challenging for Council, and this is reflected by the use of reserves to meet its operating deficit and consulted with the community on this. This balanced affordability of the community and the need to meet the costs of Council.

- **Living Wage**

- Council will prepare a report investigating the numbers and costs involved in implementing the living wage for permanent full time employees of Council, including the requirements and implications of becoming an accredited living wage employer, and comparable

wages across the region, for consideration ahead of the Long Term Plan.

- **Pirimai Residents Association**

Council have considered the four requests within the Pirimai Residents Association submission and will meet with the Association to discuss all matters raised.

- **Community housing**

Council acknowledges that the review of Council's community housing was delayed due to the national COVID-19 response. The options analysis is underway, with the final results to be brought to Council in early 2021; subject to major changes being proposed, this would be followed by a Special Consultative Procedure being undertaken with the whole of the community to inform the decision. Council is working with Kāinga Ora for the provision of public housing within Napier.

- **Memorial Square community rooms**

Council acknowledges and confirms the heritage and social significance of the Memorial Square community rooms. Council will partner with the National Council of Women and Historic Places Hawke's Bay to investigate options for strengthening and returning the building to community use. Ways to celebrate the building and its history on its 2021 anniversary will be explored.

- **MTG Storage**

Council notes that the joint Working Group with Hastings District Council and Hawke's Bay Museums Trust is making good progress with the identification of an appropriate site that caters for future growth of the collection in Hastings, and alongside this are considering a governance structure for the ongoing management of both the collection and the MTG.

Some funding has been provided for in the current capital budget of council as the requirements of the storage building are considered. This funding could be reallocated by Council as required.

- **Public Rubbish and Recycling bin policy**

Council will develop a public waste receptacle policy which will include guidance on the placement and number of bins, including recycling bins, and a long term strategy for the provision of waste receptacles in public spaces.

Council will review the following topics separately and provide feedback to officers in preparing the final Annual Plan over the next week:

- Aquatic facility
- Blokart trees
- Jervoistown piping and path
- War memorial
- Clive Square issues
- Napier boundary
- Taradale park development
- The locals village concept



- Ahuriri estuary
- Aquarium
- Local traffic speed and management plans
- Local procurement
- Sustainability policy - capital projects
- Chinese language - 5 day 5 phrases challenge
- Indoor children's facility
- Eat street concept
- Dog poo bags
- Disability access on footpaths
- Parks on Clyde road re ambulances
- Cycleways
- Puketitiri road upgrade - website updates?
- Safety council and cameras
- Seats in walkways - donations
- Wastewater treatment options and disposal options
- Lobby central government to extend accessibility of rates rebates

#### **B. Rates, operating shortfall:**

That Council proceed with the officer's recommendation, that is, to increase rates by 4.8% for 2020/21 and use the Parking Reserve (\$4m) and the Subdivision and Urban Growth Fund (\$2.74m) to fund the predicted operating gap of \$6.74m in 2020/21.

#### **C. Officer's submission:**

That Council proceed with all the changes outlined in the Officer's submission as attached to this Report (submission number 289) namely being:

#### **C1. Capital Programme key changes**

C1.a Council agree the total Annual Plan 2020/21 capital programme be reduced from \$72m to \$59.5m, with \$3.4m of projects to remain in the plan to be completed based on capacity availability.

C1.b Council agree to the key changes to the 2020/21 capital programme as per table below:

Proposed changes to capital plan	Original Budget	Officer submission Revised Annual Plan	Variance	Comment
Budget Adjustments	\$10.99m	\$7.78m	(\$3.21m)	Reduction in annual plan budget requirement and new requirements.
Move to future year	\$9.99m	\$500k	(\$9.5m)	Move project to future year – hold \$500k for Onekawa Park investigations and Aquatic Centre design requirements.

To be prioritised based on capacity	\$3.4m		(\$3.4m)	Leave in plan and completed based on capacity.
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Proposed changes to operating budget	Original Budget	Officer submission Revised Annual Plan	Variance	Comment
Budget Adjustments	\$0	\$400k	\$400k	New budget requirement for Ahuriri Regional Park funded from Three Waters government funding

## C2. New requirements

C2.a Council note the following new requirements to the 2020/21 capital programme:

1. Te Awa structure plan
  - \$600K increase funded from Financial Contributions reserve for 2020/21 for Transportation infrastructure.
  - \$500K increase funded from Financial Contributions reserve for 2020/21 for Water Supply infrastructure.
  - \$500K increase funded from Financial Contributions reserve for 2020/21 for Wastewater infrastructure.
2. Water supply
  - \$100K increase funded by loans for Hospital Hill Falling Trunk Main.
  - \$90K increased funded by renewals for Upgrade Water Supply Control System (SCADA).
3. Wastewater planning
  - A 30 year wastewater improvement programme is being developed and urgent works will be prioritised in 2020/21. No extra funding allocation required for 2020/21.
4. Stormwater planning
  - Modelling and investigation work underway will inform priorities for capital works on pump stations in Napier for 2020/21. No extra funding allocation required for 2020/21.

## C3. Aquarium expansion project

C3.a Council note:

- That Council are still awaiting formal confirmation of central government's funding commitment for the National Aquarium of New Zealand expansion project before the project continues to the next gateway.

- The project and the budgets contained in the 2018-28 Long Term Plan assumed an upgrade would be undertaken, and as a result, maintenance costs and funding were reduced/removed.
- Council still have an obligation to maintain existing services, and to maintain the building requirements in the interim while a final decision on the project is made.

C3.b Council agree to \$1m of the funding currently allocated to the upgrade project to be reallocated to any building maintenance and maintenance of exhibits to an appropriate standard, until such time a decision is made around the next steps for this expansion project. The \$1m for 2020/21 will be funded from the Parklands Reserve which currently sits in 2019/20 but can be carried forward.

#### ***C4. Napier Aquatic Centre***

C4.a Council note their previous resolution on 4 June 2020 to undertake investigations and design at the current Onekawa site or any other requirements and to complete further consultation with the community through the 2021-31 Long Term Plan or through a future Annual Plan.

C4.b Council approve a transfer of \$500K to 2020/21 from the Aquatic Expansion project fund to enable further investigations at the Onekawa site. This is funded from reserves.

C4.c Council note the funding of \$500K will be used for a site investigation of Onekawa Park; concept design of one option on Onekawa Park (if site investigations show that the Onekawa site is practicable); and consultation with the community on the concept design.

#### ***C5. Library/Civic Building - funding for initial scoping of project***

C5.a Council note there is a strong community mandate to return the Library to the Civic Precinct (Station Street and adjacent areas) in some form, with 75% of submitters agreeing, 20% being neutral, and only 5% disagreeing.

C5.b Council agree to allocate initial funding of \$500K in 2020/21 from Reserves to be brought forward from 2021/22 for master-planning for a civic precinct including to return the library to the old Library site.

C5.c Council note that the master-planning of the area will inform any funding requirements for the 2021-31 Long Term Plan.

C5.d Council note a working party that includes councillors has been established to progress this project.

### **C6. *Three Waters***

C6.a Council note the central government announcement of a package for three waters investment over the next twelve months with \$50m earmarked for Hawke's Bay councils that will be progressed once Council signs an MoU with the Crown. The process for agreeing this will come to a Council before the end of August.

C6.b Council note that once the amount of central government funding is finalised for Napier, it will be tagged against specific operating and capital projects and budgets updated through the revised budget process during the first quarter of 2020/21. A separate report will be brought back to Council.

C6.c Council note it is anticipated that Council's share of the first tranche of funding would be fully spent by March 2022.

### **C7. *Ahuriri Regional Park***

C7.a Council agree to progress the concept development for the Ahuriri Regional Park as a priority in 2020/21 and match the contribution Hawke's Bay Regional Council have assigned of \$400k.

C7.b Council agree to an increase in operating budget increase by \$400k to fund the concept development of the Ahuriri Regional Park, funded from Three Waters central government funding (once this funding stream is received), with no impact on rates.

## **D. Financial policies and Local Government Funding Agency(LGFA)**

D1. As per the resolutions made on the Council report at this meeting, titled, Submissions on the Rates Remission Policy and Rates Postponement Policy, and Proposal to join the Local Government Funding Agency, Council note

- Council agreed to adopt the amended Rates Remission Policy
- Council agreed to adopt the amended Rates Postponement Policy
- Council agreed to adopt the proposal for Napier City Council to join the Local Government Funding Agency as an unrated guaranteeing local authority.

D2. Consider funding requests and other submissions to the Annual Plan and provide direction to Council officers.

D3. Council note the significant initiatives for 2020/21, which are Council's work programme for the year. Council agreed to these initiatives on 11 June and they have been assessed through the Officer's submission process to ensure they are fully resourced to be delivered in 2020/21.

D4. Direct Officers to prepare the Annual Plan 2020/21 document in accordance with the recommendations above (i-vi).

D5. Direct Officers to advise the submitters of Council's decision in relation to their submission after the adoption of the Annual Plan 2020/21 on 27 August 2020.

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Carried

UNANIMOUS

*noting that Cr Taylor should not be considered as voting in regards to the resolution on Sport Hawke's Bay due to his declared conflict on this matter only*

The meeting closed at 11.48am Friday 14 August 2020

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

Chairperson .....

Date of approval .....