



NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri

Napier Civic Building
231 Hastings Street
t +64 6 835 7579
e info@napier.govt.nz
www.napier.govt.nz

MĀORI CONSULTATIVE COMMITTEE

Open Agenda

Meeting Date: Tuesday 9 April 2019

Time: 3.00pm

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

Committee Members Piri Prentice (In the Chair), Councillor Apiata Tapine, Tiwana Aranui, Te Whetū Henare-Winitana and George Reti

Officer Responsible Director Community Services

Administration Governance Team

Next Māori Consultative Committee Meeting
Tuesday 21 May 2019

ORDER OF BUSINESS

Karakia

Apologies

Nil

Conflicts of interest

Public forum

Announcements by the Chairperson

Announcements by the management

Confirmation of minutes

A copy of the Minutes from the meeting held on Tuesday, 26 February 2019 are attached on page102

Reports from Standing Committees

Reports from Strategy and Infrastructure Committee held 19 March 2019

1	Napier Aquatic Centre Development: Completing LTP Caveats	3
2	Leases of Reserves - Napier Free Kindergarten Association Incorporated	12
3	Lease of Reserve - Maraenui Rugby & Sports Association Incorporated	17
4	Plastic Recycling.....	20

Reports from Finance Committee held 2 April 2019

1	Hawke's Bay Airport Ltd Half Year Report to 31 December 2018	36
2	Elected Members' Remuneration - 2019 Information Update.....	55
3	Quarterly Report for the six months ended 31 December 2018	60
4	Consent to land being declared road	62

Reports from Community Services Committee held 2 April 2019

1	Submission of Remit Application to Local Government New Zealand – Housing (<i>Decision of Council</i>)	65
2	Submission of Remit Application to Local Government New Zealand - Liability to Building Defects Claims (<i>Decision of Council</i>).....	71
3	Support of Hastings District Council Remit Application to Local Government New Zealand - Alcohol Harm (<i>Decision of Council</i>).....	79
4	Hawke's Bay Museums Trust Collection Management Agreement.....	82
5	Regional Indoor Sports and Events Centre (RISEC) Trustees.....	93
6	Safer Napier programme - annual update.....	95

General Business

REPORTS FROM STANDING COMMITTEES

MĀORI CONSULTATIVE COMMITTEE RECOMMENDATION

That the Māori Consultative Recommendations arising from the discussion of the Committee reports be submitted to the Council meeting for consideration.

REPORTS FROM STRATEGY AND INFRASTRUCTURE COMMITTEE HELD 19 MARCH 2019

1. NAPIER AQUATIC CENTRE DEVELOPMENT: COMPLETING LTP CAVEATS

Type of Report: Operational

Legal Reference: N/A

Document ID: 711664

Reporting Officer/s & Unit: Glenn Lucas, Manager Sport & Recreation

1.1 Purpose of Report

The purpose of this report is to fulfil the requirements of the four caveats to the LTP decision to proceed with the development of the “Pools & Play” option at Prebensen Drive.

Committee's recommendation

Councillors White / Taylor

That the Strategy and Infrastructure Committee:

- a. Note that three of the four caveats outlined during the Long Term Plan deliberations in relation to proceeding with the Aquatic Centre project have been completed:
 - i. Caveat #1: Post-move development and funding plan put in place for Onekawa Park has been met by the Onekawa Park Development and Funding Plan.

- ii. Caveat #2: Outdoor space built-in to the new complex has been met by the design concepts included in the 'Napier Aquatic Centre Concept Design Revision 3.0'.
- iii. Caveat #4: The site investigations for the new location being completed has been met by the Tonkin and Taylor report (Proposed Napier Aquatic Centre, Prebensen Drive, Napier).
- b. Endorse the 'Scope of Tender' for the Aquatic Centre project as detailed in this report. This will complete Caveat #3: Scope for Tender agreed by Council before it is tendered.
- c. Note that the tender come back to Council for approval, including financial costs.

*The division was declared **carried** by 7 votes to 6 votes the voting being as follows:*

For: Councillors Dalton, Brosnan, Hague, Price, Taylor, White and Wright

Against: Councillors Boag, Dallimore, Jeffery, McGrath, Tapine and Wise

Carried

1.2 Background Summary

During Council deliberations on the LTP on 6 June 2018, four caveats to proceeding with the proposed 25m x 25m Pools and Play option at the Prebensen Drive location were agreed and ratified via the resolution of 29 June 2018.

The Council resolution was:

That Council proceed with the proposed 25m x 25m Pools and Play option (new location) and retain the allocated \$41.3 million for this project in the LTP, subject to the following Caveats:

- Post-move development and funding plan put in place for Onekawa Park
- Outdoor space built-in to the new complex
- Scope of Tender agreed by Council before it is tendered
- The site investigations for the new location being completed.

Vision and critical success factors for Napier's aquatic development

Across a three-stage process including two seminars with Councillors on 3 August 2018 and 28 September, Councillors developed a vision and critical success factors for Napier's aquatic development that clarified a strategic framework that connected the development into Napier City Council vision and outcomes. The vision and critical success factors developed and agreed to by Council were:

Vision

- Our facility benefits our community's health, wellbeing and cohesion and is a source of community pride.

Critical success factors

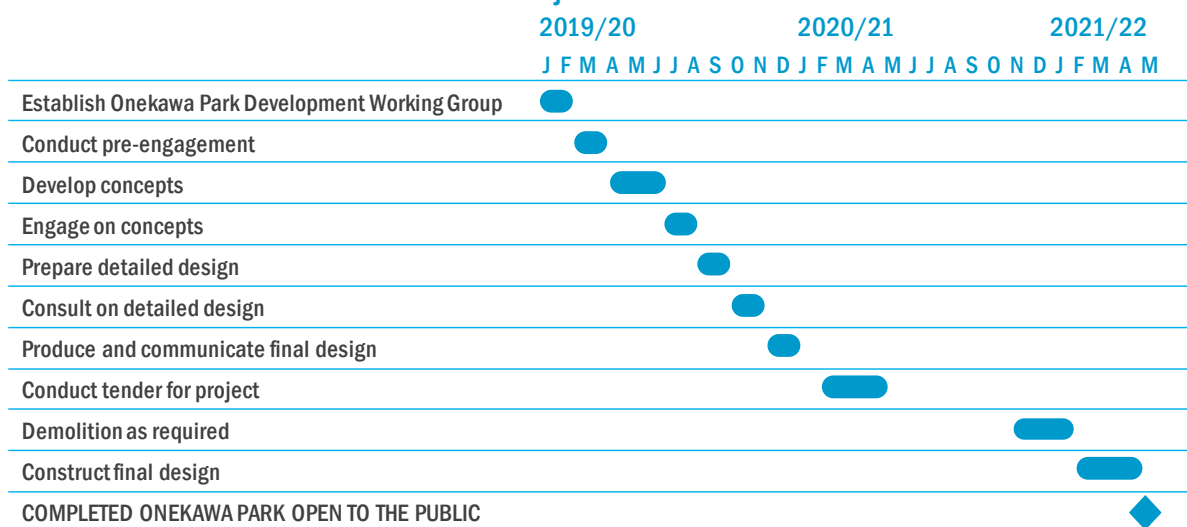
- Aquatic visitors: Increase the number of people participating in aquatic sport and active recreation
- Community pride: Drive a major increase in community engagement satisfaction with aquatic facilities
- Water Safety: Teach more Napier people to be safe and confident in water
- Balance outcomes: Establish and monitor the right balance of space and utilisation among our four outcome areas
- Value for money: Deliver value for money for our ratepayers and our users
- Social cohesion: Improve social cohesion and inclusivity through ensuring all Napier residents benefit from the new facility.

Summary of caveats

Caveat 1: Post-move development and funding plan put in place for Onekawa Park

- A project plan and a high-level concept design has been completed for the development of the Onekawa site.
- A master plan will be developed as part of this process with community input that recognises and factors in existing amenities.
- This plan will identify the best use of the reserve space to deliver Council outcomes and the specific needs of the local community.
- The timings for the development of this Onekawa Park Development Plan are as follows:

ONEKAWA PARK DEVELOPMENT PLAN: Project Plan



- The process will be similar to the Destination Playground development, which was very successful.
- Included in the LTP budget is:
 - \$500,000 in the 2019/20 financial year for demolition of existing facility and returning the site to reserve. Project timeline delays have meant that this amount will need to be carried over to the following financial year when the completion of the new facility is now scheduled.

- \$700,000 in 2023/24 financial year for implementation of the Master Plan for the reserve. It is intended to bring this forward to Year 1 of the 2021/22- 2031/32 Long Term Plan.
- Dependant on the master planning process and Council's vision for Onekawa Park and community consultation, Council will have the opportunity to review and allocate any addition funding identified.

Caveat 2: Outdoor space built-in to the new complex

- Similar to the QEII Taiora facility that provides the basis for the facility designs, an outdoor area is included within the design scope.
- The Scope for Tender as included in this document specifies the location of the outdoor space to be included in the tender requirements.
- The outdoor area included within the design is significantly increased in size to take advantage of the size of the site, provide additional customer utility and take advantage of Napier's climate and sunshine hours.

Caveat 3: Scope of Tender agreed by Council before it goes out

The project team has defined the 'Scope for Tender' as the detailed concept design. This provides all the design, dimension and functionality information for the facility. The next step in detail to be developed from the 'Scope for Tender' is the employer requirements that comprise the tender documentation. These employer requirements are at a level of detail that includes technical specifications of materials, construction and plant performance. The pool description in the concept design defines the size and depth, the employers requirements then go on to define details such as the flow rates, finish warranty durations, gutter dimensions, water recovery quantities and line widths.

Workshops and discussions with Council and external stakeholders over preceding months have identified specific areas of focus for 'enhancing' the QEII Taiora blueprint design to ensure Napier's Aquatic development is relevant to the needs of our community.

These specific areas of focus were:

- The ability to expand the facility should demand dictate
- The size of the learn to swim pool
- Seating capacity around the main pool
- The specific configuration of the leisure play area
- The configuration and utility of the outdoor space
- The size and functionality of the birthday party room
- The café seating area
- The functionality of the community meeting room
- The screening of the plant and equipment on the roof
- The ability to expand the facility to include a 50m pool or other configuration should future demand dictate.

These requirements have been clarified or included in the Concept Design document **attached** to this report.

Caveat 4: The site investigations for the new location being completed

- The final report of site investigations for the Prebensen Drive site was completed by Tonkin & Taylor in June 2018.
- The Tonkin and Taylor report (Proposed Napier Aquatic Centre, Prebensen Drive, Napier) is **attached** to this report.

The value of 'dry side' operations

There has been a lot of discussion around the value of the dry-side 'fitness' operations included within the Scope of Tender, particularly given the number of gyms within Napier. These include a community fitness space, a group fitness studio and a spin room, as well as dry changing rooms.

These community fitness facilities were identified in the business case and have been included in all plans presented, discussed with and approved by Council since the initial seminars with Global Leisure Group and Create in December 2016.

The rationale for the inclusion of dry-side activities into an aquatic centre can be broken down into two key areas:

- The additional customer and community benefit of the co-location of 'dry' fitness services with aquatic facilities
- The financial contribution that these activities can make to help offset the significant operating costs of the aquatic portion of the facility.

Customer and community benefit

For Napier to be 'a safe and healthy city that supports community wellbeing' the overriding objective of the incorporation of dry and wet health and wellbeing is to target those at the beginning of their journey towards health and wellbeing.

The co-location of wet and dry health and wellbeing facilities provides additional customer and community benefits through:

- Providing one place to go to for people that want to use water and dry activities to improve their health and wellbeing, improving convenience and reducing customer effort and cost.
- Establishing appropriate spaces for the AquaMax programme successfully run out of the Napier Aquatic Centre.
 - The programme currently utilises the Hawke's Bay Rugby Union gym at the rear of the existing facility, the Omni-gym, outdoor space and space around the pool deck to deliver its programmes to participants. None of these is ideal, with the HBRU and Omni-gym facilities restricted by its primary usage, outdoor by weather, dew and seasonality and the pool deck by space, obstruction for other pool users and temperature within the existing facility.
- Providing specific health, fitness and wellbeing expertise in house as part of the facility and the wider sports and recreation area to contribute to the Council outcomes of 'a safe and healthy City that supports community wellbeing'
 - This in-house expertise not only supports customers within the facility, but provides opportunities for community outreach: using these skills in

communities, involving the whole whanau and providing inspiration and a helping hand to get moving.

- In addition to the core community health and wellbeing 'membership', provides spaces and expertise to support targeted programmes to improve the wellbeing of specific 'high-need' parts of our community.
 - Examples in this area include Green Prescription, seniors programmes around balance, movement and strength and fundamental movement for zero to five year olds.

Financial contribution to offset aquatic provision costs

Aquatic facilities are expensive to operate. From Sport NZ's Facility Guide 2016 "Industry facility trends indicate that revenue rarely meets annual operating costs for the majority of community indoor facilities. To ensure the best financial viability and attract potential interest from other funders or investors, any future facility must be designed with components that have the potential to contribute positive revenue streams and the capacity to be profitable. Positive contributions to operating costs can assist in offsetting the net costs of other components and may help in attracting private commercial investment or services delivery interest."

For these reasons, almost all aquatic developments in New Zealand consider affordability to ratepayers as part of effective facility planning. A key part of this is generating income from the facility through activities such as fitness centres, learn to swim, retail and birthday parties. Of these potential income sources, a fitness centre or gym is the source with the greatest ability to offset the ratepayer contribution to operating costs.

The business case for the proposed option includes a projected \$400,000 per year from the dry side, based on conservative membership assumptions. Should actual membership numbers reflect the experiences of QEII Taiora that services a similar size population, then this revenue per year can be expected to be as much as double.

From the Sport NZ's Community Sport & Recreation Facility Development Guide "While the health and fitness area of the facility could be expected to generate a significant profit, and the sports hall comes close to breaking even on operating costs, in New Zealand the revenue return on costs for an aquatic centre ranges from as low as 25 percent to just over 100 percent, with a mean from the Yardstick benchmarking report at around 55 percent."

While expenditure in the business case model wasn't separated by function, the net contribution of the facility can be estimated at \$140,000 (at a 35% margin) based on benchmark data of comparable sized fitness centres in similar areas. Over the 30 year life of the asset this equates to a \$4,200,000 offset of operational costs that otherwise would be borne by the ratepayer.

A recent relevant example is the EA Networks Centre in Ashburton. Upon completion of the facility in 2015, it was almost immediately apparent that the 521m² fitness centre was not large enough to cater to community demand. This compromised its ability to maximise the community benefit it was able to deliver and also the financial contribution to offset the contribution from ratepayers. The plan now is add an additional 200m² of fitness space to the four year old facility at a cost of an additional \$500,000. A more detailed case study of the EA Network Centre is **attached** to this report.

Of comparably sized cities and towns with aquatic facilities, Upper Hutt, Rotorua, New Plymouth, Palmerston North, Porirua, Hamilton, and Tauranga have all developed combined facilities with both indoor pools and fitness centres. Only Invercargill and Kapiti have been developed without dry side fitness integrated into the facility.

Of the larger centres, Auckland has 15 facilities with combined aquatic and fitness and four that are pool only (and largely outdoor seasonal pools). All of Christchurch's aquatic facilities have dry fitness operations, as do Wellington City's. Auckland Council have a number of facilities (Glenfield Pool and Leisure Centre, Tepid Baths, Stanmore Bay Pool and Leisure Centre, Lloyd Elsmere Park Pool and Leisure Centre, Albany Stadium Pool) that are at or near operationally cost-neutral as a primary result of its fitness centres, all while providing free swimming to all under 16 year olds.

Issues

Delays to the project timeline have resulted in cost escalation of 3% that may put pressure on the \$41.3 million budget for the project.

1.3 Significance and Engagement

- Considerable community engagement has been undertaken along this journey since the development of the Napier Aquatics Strategy in 2015.
- A communications and community engagement plan has been prepared for the project.
- An external stakeholder group has been formed to provide specific operational input to inform the employer requirements for the tender.
- Community engagement will be conducted for Onekawa Park as specified within the Onekawa Park Development Plan.

1.4 Implications

Financial

See risk

Social & Policy

Delivery of the Napier Aquatic Strategy approved by Council in 2015.

Risk

Cost escalation:

- Construction escalation was estimated to slow at the end of 2018 and flatten at the start of 2019. This has not happened and the costs are continuing to rise in the industry at 3% a year. For Napier's aquatic project, this translates to \$3,000 a day that project cost is escalating. This is outside of project control and unavoidable. This may be further exacerbated by the reducing number of main contractors in the marketplace capable of handling this project. A project specific Quantity Surveyor is currently being engaged to further quantify this aspect and assist in managing this risk.

Programme risk:

- Delays to the project will incur further costs associated with escalation. At present the number of competing main contractors in the market is reducing. Delays to programme may affect the ability to secure a creditable main contractor.

Functionality risk:

- The budget for the project is defined. Cost escalation due to programme delays erodes the available budget meaning that reductions in scope may be required. If these reductions in scope are significant, then the flow on risk is the value engineering process compromises the intended functionality of the facility. Effectively, the greater the delay, the greater the risk that less 'pool' will be able to be delivered to Napier's community.

Reputational risk:

- The reputation of NCC will be adversely affected if the promised functionality cannot be delivered, or if delivery cannot be carried out to stated timeframes.

1.5 Options

The options available to Council are as follows:

- a. Endorse the scope of tender.
- b. Not endorse the scope of tender and undertake further review of the design.

1.6 Development of Preferred Option

The project team will work with Warren & Mahoney to produce the employer requirements for the tender to deliver on the scope for tender as specified in this document. Ongoing involvement from the Project Working Group is anticipated throughout the execution of the project.

At the Meeting

The following points were raised during the discussion on this item:

- Managing the costs of this project is a very high priority. A further \$3M to the LTP provisions has been allowed for to provide some flexibility in recognition of the shifting construction market; this has not been formalised in future years at this point as it remains to be seen what bids are received from any tendering process.
- Some Councillors indicated strong concerns with regards to the affordability of the project, when considered against a number of other large pieces of work due to be undertaken.
- These Councillors also suggested that some cost figures provided (such as for the Onekawa site development) may be inadequate for the works required.
- A full contamination survey has been undertaken for the Prebensen site and no issues were identified.
- In regards to geotechnical considerations, the Prebensen site is no worse than the Onekawa site. The Design-Build contractor will also undertake their own further geotechnical assessments, and will take all factors, including the water table level, into account in the design of foundations and excavation.
- The critical success factors were developed in discussion with Council, and emphasis placed on accessibility and "value for money" based on the clear feedback from elected members.

- The Onekawa Park Working Group has not yet been established; Terms of Reference will be drafted and membership confirmed at the appropriate time in the wider project.
- The list of people that will be engaged with in regards to the Onekawa Park development is indicative only at this point, and is not exhaustive.
- The project as a whole has been taken to the Māori Consultative Committee on several occasions.
- It was reiterated that the decision in front of the Committee is whether to proceed to tender, not which site to use as that decision has already been taken; tenders will be brought back to Council, at which point Council can assess the costs which will have been refined through the tender process.
- Aquatic facilities have been the number one concern raised in the community surveys over several years.
- Although some councillors felt that the decision should be left until after the election, others noted that it is this Council that has received all the information, that has participated in the workshops and that has made the decisions to date, and it was important to continue to take ownership of the project.

Officers will confirm whether the \$500K budgeted for the demolition of the buildings at the Onekawa site allows for any management of contamination required.

Officers will provide an outline of Council's anticipated debt levels against comparable other Councils.

Deputy Mayor White proposed a minor amendment to the Officer's recommendation, which as it was supported by the seconder to the motion, was captured as part c to the Committee's recommendation.

1.7 Attachments

- A Onekawa Park Development Plan *(Under Separate Cover)*
- B Napier Aquatic Centre Concept Design *(Under Separate Cover)*
- C Enlarged birthday party room *(Under Separate Cover)*
- D Tonkin & Taylor Geotechnical Report: Prebensen Drive Proposed Aquatic Site *(Under Separate Cover)*
- E Ashburton EA Networks Centre: Case Study *(Under Separate Cover)*

2. LEASES OF RESERVES - NAPIER FREE KINDERGARTEN ASSOCIATION INCORPORATED

Type of Report:	Legal
Legal Reference:	Reserves Act 1977
Document ID:	702389
Reporting Officer/s & Unit:	Bryan Faulknor, Manager Property Jenny Martin, Property and Facilities Officer

2.1 Purpose of Report

To obtain a Council decision to enter into two new ground leases with the Napier Free Kindergarten Association Incorporated for the Pirimai Kindergarten and the Onekawa Kindergarten.

Committee's recommendation

Councillors Taylor / Brosnan

That the Strategy and Infrastructure Committee:

- a. Recommends that Council Resolve to:
 - i. Enter into new ground leases with the Napier Free Kindergarten Association Incorporated for the Pirimai Kindergarten and the Onekawa Kindergarten for 15 years with one 15 year right of renewal.

Carried

Cr Wright did not vote, as per declaration of interest

2.2 Background Summary

Council is the owner of a number of Reserves, which are vested in Council pursuant to the Reserves Act 1977.

Under the Act Council can, and does, enter into ground leases with community groups to occupy areas on these Reserves.

The leases with the Napier Free Kindergarten Association Incorporated for the Pirimai and Onekawa Kindergartens will be to an organisation, which “technically” does not carry out recreational activities on recreational reserves. Earlier legal advice to Council recommends that rather than changing the recreation status of the reserve, that a lease should be granted under Section 73(3) of the Act. This section applies when a recreation reserve (or part of the recreation reserve) is not currently being used for recreation purposes (and is unlikely to be used for recreation purposes in the future), but it is inadvisable or inexpedient to revoke the reserve status.

In granting leases on Reserve land, Council is acting under delegated authority from the Minister of Conservation.

Council's standard procedure is to grant ground leases for a period of 15 years with one 15-year right of renewal. It is recommended that this model be adopted for these leases.

The two kindergartens, under the administration of the Napier Free Kindergarten Association Incorporated, are incumbent tenants. Pirimai Kindergarten is occupying part of the Allen Berry Avenue Reserve and Onekawa Kindergarten occupies part of the Onekawa Park Reserve. There are no ground leases for any of this land and leases need to be entered into to provide certainty and clarity for both Council and the Association.

The lease areas are shown on the attached plans.

Pursuant to Section 119 of the Act, notification of these proposed leases must be published with a one-month objection period. Notification has been completed and there were no objections.

There are five other Kindergartens on Council land – Carlyle, Taradale, Greenmeadows, Marewa and Tamatea. All have 15 year leases with one 15 year right of renewal.

2.3 Issues

There are no issues.

2.4 Significance and Engagement

Section 73 of the Reserves Act 1977 requires that before granting any lease, public notification be undertaken. This is by way of a notice in the local newspaper. Any member of the public has the right to object to the proposal. This process has been undertaken and no objections were received.

2.5 Implications

Financial

Not applicable.

Social & Policy

Not applicable.

Risk

Not applicable.

2.6 Options

The options available to Council are as follows:

- a. To enter into new ground leases with the Napier Free Kindergarten Association Incorporated for the Pirimai Kindergarten and the Onekawa Kindergarten.
- b. To not enter into new ground leases with the Napier Free Kindergarten Association Incorporated for the Pirimai and Onekawa Kindergarten.

2.7 Development of Preferred Option

Not applicable.

At the Meeting

There was no discussion on this item.

2.8 Attachments

- A Pirimai Kindergarten lease plan
- B Onekawa Kindergarten lease plan





3. LEASE OF RESERVE - MARAENUI RUGBY & SPORTS ASSOCIATION INCORPORATED

Type of Report:	Enter Significance of Report
Legal Reference:	Reserves Act 1977
Document ID:	710981
Reporting Officer/s & Unit:	Bryan Faulknor, Manager Property Jenny Martin, Property and Facilities Officer

3.1 Purpose of Report

To obtain a Council decision to enter into a new ground lease with the Maraenui Rugby & Sports Association Incorporated for two portions of land located at Maraenui Park, Dinwiddie Avenue, Napier.

Committee's recommendation

Councillors White / Wise

That the Strategy and Infrastructure Committee:

- a. Recommends that Council resolve to:
 - i. Enter into a new ground lease with the Maraenui Rugby & Sports Association for 15 years with one 15 year right of renewal.

Carried

Cr Boag did not vote, as per declaration of interest

3.2 Background Summary

The Maraenui Rugby & Sports Association is an incumbent tenant and user of Maraenui Park, Dinwiddie Avenue, Napier. The Club has been a responsible tenant lessee of the land on which it's clubrooms, tennis court and a softball diamond are located over recent years. Its previous leases, one for the clubrooms and tennis court and one for the softball diamond, have expired and a new lease needs to be entered into to provide certainty and clarity for both Council and the Association. It is proposed to combine the expired leases into one new lease.

Council's standard procedure is to grant ground leases to sports organisations for a period of 15 years with one fifteen right of renewal. It is recommended that this model be adopted for the Maraenui Rugby & Sports Association Incorporated lease. The proposed land areas are shown on the attached plan.

The Council has delegation under Section 54 of the Reserves Act 1977 to enter into a new lease with the Association.

3.3 Issues

There are no issues.

3.4 Significance and Engagement

Not applicable.

3.5 Implications

Financial

There are no financial implications.

Social & Policy

Not applicable.

Risk

Not applicable.

3.6 Options

The options available to Council are as follows:

- a. To enter into a new ground lease with the Association.
- b. To not enter into a new ground lease with the Association and instead continue to manage the tenancy under the terms of the Property Law Act, on a month by month basis.

3.7 Development of Preferred Option

Option A is the preferred option.

At the Meeting

It was confirmed that there were no implications for the Pukemokimoki Marae land aspirations from this item.

Cr Tapine advised the meeting that reserve for Marae have to be directly part of the activities of the Marae, and in this instance it is a nearby sports ground in question.

3.8 Attachments

- A Maraenui Rugby & Sports Association lease plan



APPROVED FOR PUBLIC RELEASE 28 March 2019**4. PLASTIC RECYCLING**

<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	713737
<i>Reporting Officer/s & Unit:</i>	Rhett van Veldhuizen, Waste Minimisation Lead
Reason for Exclusion	<p><i>Section 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</i></p> <p><i>Section 7(2)(i) Enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</i></p>

3.1 Purpose of Report

The purpose of this report is to update Council on the current plastic recycling market situation, the impact on the Napier City Council waste services and the options going forward.

Officer's Recommendation

That the Strategy and Infrastructure Committee:

- a. Receive the report of the Waste Minimisation Lead titled "Plastic Recycling" dated 19/03/2019.
- b. Approve the preferred option to collect only Grades 1 and 2 plastics to enable further negotiation with the contractors involved.
- c. Approve funding up to \$50k for a joint communication plan on the change with Hastings District Council funded from existing Solid Waste budgets.

Chairperson's Recommendation

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

3.2 Background SummaryCouncil Provided Recycling Services

The Napier City Council provides a fortnightly kerbside recycling service to all residential properties. Recycling drop off facilities are located at the Redclyffe Refuse Transfer Station and Waste Management's Recycling Processing Centre, Austin St, Onekawa.

This facility is commercially run, but financially supported by Council. \$3799 per month is contributed to this facility in order to it keep financially viable and accept plastics.

Hastings District Council provides:

Weekly kerbside recycling to the urban communities of Hastings, Flaxmere, Havelock North, Clive, Haumoama, Te Awanga, Whirinaki and Whakatu.

Recycling drop off facilities in the following communities: Tutira, Pukehamoamo, Maraekakaho, Poukawa, Waimarama and Havelock North.

Recycling facilities are also available at the Henderson Road and Blackbridge Refuse Transfer Stations.

The Napier and Hastings kerbside recycling collection services are provided by Green Sky Waste Solutions (GS).

The drop off recycling facilities service is provided by Waste Management (WM) to both Councils.

Plastics Situation

Household plastics can be divided into seven different types and are graded 1 to 7 as detailed in **Attachment A**. The grade is usually stamped on the base of the packaging item. Demand, financial value and accessibility to recycling markets for the different grades of plastic varies considerably. Plastic bottles, especially clear PET grade 1 and opaque HDPE grade 2 attract the best prices and are easy to market. Coloured plastic is less desirable due to the inclusion of pigments which cannot be removed.

In general: Grade 1 = Soft drink bottles, sports drink bottles and condiment/food jars, while Grade 2 = Milk bottles and some cleaning product containers.

Until recently last year approximately 50% of the world's waste plastic went to China for recycling. Much of this material was highly contaminated or was plastic unsuitable for recycling. This resulted in a rubbish disposal problem and associated environmental impact for China.

In August 2017, the Chinese Government announced their intention to restrict the importation of 24 categories of solid waste products from around the world including all plastics because environmental impacts and risks to public health. This "National Sword" policy was put into effect 1 January 2018 which means China is no longer accepting imports of these solid wastes. The change has gained large amounts of media attention around the world turning the public's focus on what happens to recyclables after they leave our country.

Currently Napier City and Hastings District Council provide services for mixed plastic of grades 1 to 7. All recycling becomes the property of the contractors who are then responsible for the sorting, marketing of the product to be recycled and disposal of the reject material. Prior to the Chinese restrictions, the most common destination for plastics 1 to 7 was export to South East Asia (96% by value). China and Hong Kong received 53% of the world's plastic exports in 2017.

Once the recyclable materials have left New Zealand shores there is no guarantee that these products will be recycled in an appropriate and sustainable manner. Harmful and inappropriate disposal practices have been uncovered by investigative journalists and

environmentalists which include burning, dumping in poorly managed landfills or littering into the environment, posing a risk to marine life and water quality.

Of these exported 1 to 7 plastics, grades 1 and 2 compose around 50% of total mix. These high value grades could possibly be diverted to recycling facilities in New Zealand where their recycling outcome can be more easily monitored and assured.

This also contributes to the establishment of a circular economy for plastic in New Zealand. This would however require extra sorting. With grades 1 and 2 removed the remaining grades 3 to 7 hold very little value for recyclers and become a problem.

On their own they are not viable for export and there are established markets to recycle them in New Zealand.

Other processing end-markets for recyclables e.g. Malaysia, Indonesia and Thailand are now overwhelmed with product. Malaysia and Thailand have started imposing restrictions on imports as well.

In the near future, the sustainability of contaminated and/or low value plastic recycling is uncertain and the global recycling crisis has made it near impossible to sell and recycle plastics mixed grades 1 to 7, let alone the low grades 3 to 7 on their own.

There is no national strategy around plastic recycling standards and each Local Authority manages their plastic recycling differently. In 2018 South Waikato, Taupo and Far North Councils reduced their plastic recycling to grades 1 and 2 only. Whangarei, Hamilton, Otorohonga, Waitomo, and Tauranga Councils have only been accepting grade 1 & 2 plastics and have not made a change recently. Gisborne Council is currently in the process of making the change to only accepting grades 1 & 2.

82% of Councils surveyed by WASTEMINZ are being affected by China's restrictions and are selling grade 3 to 7 plastics at a much lower price or stockpiling as they struggle to find new buyers.

Currently plastics graded 3 to 7 represent approx. 50% of the Hawke's Bay's mixed plastics and 7% of all recycling items (glass, cardboard etc.) by weight.

3.3 Issues

The NCC and HDC (contract) agreements currently specify that the contractors accept and take ownership of plastics grades 1 to 7 presented at the kerbside or brought to recycling centres by customers.

Plastics grades 1 & 2 still hold a value and can be sold to national and international buyers. However, the range of containers within each grade have varying degrees of acceptance and value.

Council officers have been advised that plastics grades 3 to 7 can no longer be disposed by NZ recyclers and brokers either as a mixed commodity or when separated into individual numbered grades. Both contractors working for the Councils have not been able to maintain regular shipments for the past 12 months and have been stockpiling bales of plastics in between.

Officers are also aware of other Councils in NZ who have approximately six months of baled material in storage that they have been unable to sell.

The current volume of stockpiled plastic in our City and District is being assessed by our contractors. The market for mixed grades 1 to 7 has effectively come to an end this

month (from February 2019) and each contractor will need to complete a stock take once the final loads leave their sites.

It is not possible to follow an individual load of recyclables from NZ to an actual endpoint overseas. Some of it will be recycled, some of it will be disposed of using activities (such as cement production, waste to energy and a managed landfill) and some may be disposed of in a manner that harms people and the environment.

There is a significant community reputational risk if plastics collected for recycling are not recycled. Furthermore, if products are not recyclable then the community should be made aware of the situation in order to assist them with their own product choices.

This report has highlighted a number of challenges, and our community deserves transparent and honest communication around these.

If a certain recycling stream has no market, it has effectively become waste and the recycling scheme is a very expensive way of getting it to the landfill. When this has been identified, it will need to be reviewed to reduce the negative impact on the financial viability of the recycling service.

Contractors

Green Sky Waste Solutions (GS)

GS currently collect all grades of plastics and as of 1 February 2019 have no access to markets for mixed grades 1-7 plastics.

They have a market for some plastic in grades 1 - 2, with the possible exception of some coloured plastics and food trays.

GS is starting to store this material from kerbside recycling pending the outcome of discussions with Council.

Waste Management (WM)

WM are currently accepting plastic grades 1 to 7.

These plastics are stored, waiting for an overseas market where they have historically been sorted and recycled. WM are unable to confirm whether any of this material eventually goes to landfill overseas.

WM state that there are no current disposal methods for plastic grades 3 to 7 in New Zealand or in overseas markets, but they will continue to search for options.

WM are changing their processing centre in Napier from 1 March 2019 and are not willing to accept plastic grades 3 to 7 for recycling from that date. This will affect the NCC and HDC drop off recycling facilities mentioned earlier in the report.

WM has already informed their commercial customers that they will no longer be collecting grades 3 to 7 plastics for recycling and businesses need to dispose of these materials as general waste (Attachment B).

Both contractors' preference is to stop accepting these plastics 3 to 7 as they cannot guarantee such plastics will be recycled in a responsible manner.

3.4 Significance and Engagement

In 2018 NCC and HDC reviewed the Joint Waste Management and Minimisation Plan which received an unprecedented number of submissions (6,165). Many of the submissions highlighted the need for more transparency and information regarding what happens to our recycling. This decision supports the feedback provided by the community.

No specific consultation or engagement has been undertaken with the wider community relating to this situation and in general terms this decision will affect all residents of Hastings and Napier. The main considerations are if it is sustainable to continue to recycle plastic materials given the risks and cost to the community and global environmental impacts.

It is important to note that the arrangements GS has with the NCC and HDC are different. As a result of this, it is possible that the HDC and NCC will favour different approaches and options in dealing with the plastic recycling situation.

The HDC contract with GS is running longer than the agreement NCC entered into. It is important however to identify that stockpiling represents multiple types of risk for all stakeholders. The biggest ones are reputational, environmental and financial. We should aim at managing them together as a region.

3.5 Implications

Financial

The financial implications for Napier are driven by the indirect cost of disposal of the plastics that have no value. For the drop-off centres it results in a saving of up to \$2500 per month as the service costs reduce dramatically. For the kerbside services a disposal cost of up to \$3000 per month is estimated for **option 4: Stop collection of all plastics**.

Options 1: Collect plastics 1-7 and Option 2: Collect all plastics 1-7 are surrounded by uncertainty, as it involves a sizeable increase in cost and risk at the contractors processing facility.

Option 3: Collect only plastics 1 -2 is estimated at half the disposal cost (\$1500), as plastics 3-7 represent about half of the total 1-7 mix. The drop-off centres and the kerbside service disposal financial implications are likely to balance each other out (refer to options table). This option will however increase the tonnage of the kerbside refuse collection by 200 tonnes per annum. This is a 2.88% increase from the 17/18 financial year tonnage. This will without doubt increase the workload of Waste Management who provide this collection service and cost are hard to measure by tonnage; however this is the only metric Council have at present. This increase in waste would represent \$1061 additional cost per month for collection as a straight percentage increase on the monthly contract sum. The waste collection contractor has not asked for this but it would be prudent to discuss this in advance. As recyclables are voluminous, it may result in extra bags put out and higher cost of collection and disposal.

Communication & Education

The cost of the communication associated with changes of this calibre are high. The option that aligns best with the future contract in this regard will be most cost effective. This way it informs and addresses both the current issue and the future contract.

The HDC team have estimated the communication plan at a cost of \$50,000 per Council but that has not yet been reviewed by the Napier Communications Team.

Social & Policy

The WMMP submission provided a clear direction from the community when it comes to transparency and outcomes for the recycling service. The right environmental outcome can help justify a high cost for a service but if this outcome is uncertain or adverse it is expected Council informs the community and adjusts the policy or service affected.

Risk

Ignoring the issue and counting on status quo introduces multiple risks. It may result in stockpiling of large quantities of baled plastics that burden the contractor. This can backfire in various ways. Examples are increased cost, loss of service due to a dispute or bankruptcy and reputational harm. Stockpiles to avoid a problem are basically proof of poor management. The additional cost of landfilling has been costed, the implication on the service provision of the refuse collection are not fully understood. Option 4: Stop collecting all plastics will have the biggest impact on volumes.

3.6 Options

The options available to Council are as follows:

- a. **Option 1: Status Quo** - Council continue to accept all plastics 1 to 7 while ownership and sale remains with the Contractors. This is likely to result in stockpiles of mixed grade plastics.
- b. **Option 2:** Council continue to accept all plastics grade 1-7 and the contractor contractors sort out the grades 1 & 2. Council then takes responsibility to store grades 3 to 7 plastics in the hope to divert from landfill later.
- c. **Option 3:** Collect only grades 1 & 2 - Council services stop accepting recyclable plastics graded 3 to 7 until national guidance or sustainable markets for these lower grade plastics become available.
- d. **Option 4:** Stop collecting all plastics.

Assessment of Options

There are no provisions in the current budget for the impact of changes to the global plastic recycling market on solid waste operations as budgets were set prior to the impacts being fully realised.

An extensive campaign to convey any change in recycling would require a financial commitment of at least \$50,000 so that the changes can be comprehensively communicated to the entire community including key messages such as encouraging our community to be conscious consumers

The costs of the various options below are estimates based on changes proposed but will need to be finalised by negotiation with the two contractors.

Option 1: Status Quo

Council continue to accept all rigid plastics and ownership and sale remains with the Contractors which is likely to result in stockpiles of mixed bales as the mixed plastics market has collapsed.

Council officers believe this option would put undue pressure on the contractors to provide a service that is unsustainable and would mislead the public given the serious concerns raised in the media that much of this material may be landfilled or cause worse environmental impacts overseas.

Option 2

Council continue to accept all plastics grade 1-7 and the contractor contractors sort out the grades 1 & 2. Council then takes responsibility to store grades 3 to 7 plastics in the hope to divert from landfill later.

This may require the acquisition of a secure, accessible and appropriate site that could cater to store mixed 3 to 7 plastic bales. Stockpiled plastics will gradually deteriorate due to exposure to sunlight / weather and could pose a fire risk. There are no assurances or timeframes when this material could be recycled in the future.

As time goes on, the cost of landfilling will increase.

The contractors cannot guarantee that baled grades of 3 to 7 plastics would be “clean” and may even contain in excess of 5% contamination as there would be no incentive for the contractor. It is effectively the reject stream through the plant.

If the material was landfilled eventually, it could be perceived as undermining the integrity of Council the recycling scheme. The public generally assume and hope that plastics grades 3 to 7 are being recycled.

This is an option that would incur additional cost and risk for the transfer of ownership of plastics 3-7. At a minimum the landfill tonnage rate for the 3-7 plastics yield will have to be anticipated.

Option 3

Collect only grades 1 & 2 - Council services stop accepting recyclable plastics graded 3 to 7 until national guidance or sustainable markets for lower grade plastics become available.

This will require a communication plan to be developed and rolled out across the district to inform the public that plastics grades 3 to 7 can no longer be recycled at Council facilities and through the kerbside service.

Taupo District Council made this change in October 2018. The implementation of this was undertaken without any major negative backlash.

This option might return a revenue of approximately \$4,000 per annum for the recycling drop off contract and this would reduce the overall cost.

Option 4

Stop collecting all plastics and amend all agreements accordingly.

This will require a comprehensive communication plan to be developed and rolled out. The community will be advised to make informed decisions at the time of purchasing and become “conscious consumers”. A change, as drastic as this will also require a lot of explanation on Council's behalf.

This option would fit alongside a country-wide product stewardship and/or container deposit scheme that is driven by Central Government.

This option does not align with the WMMP and its principles as the amount of “waste” collected at the kerbside will increase. It will have an impact on the waste collection services and life of the landfill.

Environmentally (local, national and international) and financially impact there are pros and cons to this option, however the non-collection of plastics means that the types with value and diversion potential are landfilled as well.

Options estimate based on 17/18 weight statistics for Napier

Options	Drop Off Facilities	Kerbside Collection	Total
Option 1 - Status Quo (collect 1 to 7 plastics)	Not an option	Knowingly stockpiling at contractors risk. Not sustainable.	Theoretically no cost. Risk of further cost or service disruption.
Option 2 – Collect all plastics but sort grades 1 & 2 out and store/landfill 3 to 7's	Not an option	Up to \$1500 per month for the reject 3-7 if the contractor sorts under the current agreement (not likely)	Up to \$1500 per month for material ownership. Increasing risks when not sold or re-purposed
Option 3 - Collect only grades 1 & 2	Lower cost for the transfer station due to a lower pick-up rate and yield. Lower contribution to Austin Street drop-off centre. \$1500 - \$2000 per month combined savings.	No extra cost, but education/communication cost and increase waste disposal cost. Disposal cost is indirect via rubbish collection and landfill fees. Estimated at the same value as option 2. \$1500 per month	This has the potential to be cost-neutral across all recycling services. If the contractor was willing to share the benefit of the increased value of the yield it could be a saving. This is unlikely however and increase refuse collection effort and may result.
Option 4 - Stop collecting all plastics	Cost savings are higher, but no diversion of plastics. \$1500 - \$2500 savings per month	Disposal costs would transfer to waste collection contract and landfill fees. Estimated at \$3000 per month.	Up to \$1500 cost per month, but no plastics diversion.
Additional Information: Comprehensive communications plan			This cost will also be towards the contract change, as the criteria will continue. Up to \$50,000 estimated per Council by HDC communications team. This has yet to be costed for Napier.
Weight of 1 to 7 plastics (includes cans)	50 tonnes from transfer station trial	400 tonnes	450 tonnes
Estimated tonnes 3-7 plastics	25 tonnes from transfer station trial	200 tonnes	225 tonnes

Other considerations

HDC has estimated the cost of an extensive campaign to convey a change in recycling at \$100,000 for the region (\$50,000 per Council). This would allow for introduction of the changes to the entire community and for key messages such as encouraging more sustainable consumer choices. This cost is able to be reviewed by the NCC Communications Team and discussed between Councils.

A transition period of a month in which plastics grades 3 to 7's are still collected but landfilled by Council could be introduced. Following this transition period these plastics would not be collected and would therefore need to be disposed of with normal waste by residents and businesses using their weekly service.

Any reduction in the plastics accepted for recycling may be seen by some as contradicting the goals and objectives of the Joint Waste Management and Minimisation Plan. However the environmental (and financial) impacts need to be considered and the NCC and HDC want to ensure that plastic recycling means real diverting and not increasing the environmental risk to another country.

Depending on the decisions made by the individual Councils, the proposed 80L wheelie bin for each property in the proposed kerbside rubbish collection contract may need to be reviewed. If the plastics acceptance criteria change, it will increase waste volume respectively.

A 120L wheelie bin with an immediate choice around frequency of collection can be the answer. This bigger bin will cope with the extra volume for the bigger households, while the option to collect fortnightly helps small and environmentally focussed ones. A discount for the fortnightly collection incentivises to reduce waste, does not penalise small households and rewards the ones that really try.

It represents the same volume as the two black 60L bags, with the option to half this to one bag i.e. 60L per week at a discounted rate.

Additional work is being undertaken by officers with regards to wheelie bin capacity and discount options. It is important to identify that the fortnightly collection will not be 50% of the weekly cost.

Along with the environmental and financial considerations, the suspension or reduction of plastic recycling services sends a strong message to the community, industry and central government. Changes need to be made to a system that is struggling to deliver on its intended goals.

Council officers are in regular contact with other councils, interest groups and central government with regards the recycling industry both nationally and internationally.

3.7 Development of Preferred Option

Option 3: Collect only Grades 1 and 2 plastics

This option will result in some cost savings for drop-off centres and similar cost increases for waste disposal (grades 3-7) as a result of additional tonnage to landfill. In return, it enables the recycling contractor to find markets for collected material. It prevents unnecessary high collection and sorting costs (possibly beyond our current lump sum agreement for Napier). It prevents stockpiles and growing associated risks and most importantly, it prevents plastics with no value being sent to countries that are less capable of dealing with them in an environmentally responsible way. This option can result in a variation request from the waste collection contractor as the collection effort required is transferred to them. It will be at a lower cost than the option to stop the collection of all plastics (Option 4.) as it is half of the material.

3.8 Attachments

- A Plastics NZ - Plastic Identification Code
- B 2019-01-07 - Waste Management NZ Limited

The Plastic Identification Code - Label your plastics

Plastics New Zealand encourages all companies in the plastics industry to clearly label their plastic products. This means using the number in the chasing arrows as well as the letters on all rigid and flexible packaging and all homeware, engineered, construction and agricultural plastics.

This international code was developed to meet recyclers' needs while providing manufacturers with a consistent, uniform system that could apply worldwide. Plastics New Zealand introduced the Plastic Identification Code to New Zealand in the early 1990s. Our members voluntarily label their plastic products so they can be easily identified for reuse and recycling.

The Plastic Identification Code does not equal recyclability. The code was not intended to be - nor was it ever promoted as - a guarantee that a given item will be accepted for recycling.

The plastic coding system identifies the six most common plastics, grade or type 1 to 6, and has an "other" category, the number 7, for all other resins. "Other" includes combinations of resins, multi materials (e.g. laminates) and degradable plastics.

If you need more information about how to label or identify your plastic products go to our website www.plastics.org.nz or contact us at info@plastics.org.nz.

We recycle more plastics in New Zealand

Over the last 10 years more New Zealand cities and towns have introduced recycling schemes to reduce waste going to our landfills. Ring your Council or Plastics New Zealand to find out what plastic is recycled in your area or go to www.reduce rubbish.govt.nz and look for the regional links. Most Councils offer kerbside recycling or drop off centres.

Each year the amount of plastic we recycle continues to increase and we are on track to reach the plastics 2008 Packaging Accord recycling target of 23% recovery in 2008. The graph below shows that in 2004 New Zealand recycled a total of 35,442 tonnes in plastic resin types or grades.

For more detailed information about where our plastic is reused and recycled you can download an electronic copy of *Sustainable End of Life Options for Plastics in New Zealand* from www.plastics.org.nz and look in the publications section.

Plastics New Zealand

SEE ONE FOR CODE

Soft drink bottles (PET)  PET
milk bottles (HDPE)  HDPE
Industrial shrinkwrap (LDPE)  LDPE

were the most commonly recycled plastic products. Around 60% [22,600 tonnes] of the recovered plastic was sourced from business/industry and the remaining 40% [12,900 tonnes] from households.

Why are there so many number 7's? OTHER

Over the last 20 years the plastics industry has developed an ever increasing number of new plastics or new combinations of plastic polymers. All these plastics fall into the other, number "7" code which also includes any mixture of plastics. Most "engineered plastics" such as plastics in electronics are also number 7. These number 7 plastics are still a relatively low volume and represents 6% of plastic resin manufactured into products in NZ.

The Plastics Identification Code is an international code and if New Zealand wants to make additions [such as acid new numbers] we need to gain international agreement.

Some common number 7's are:

- Polycarbonate is used to make the large water cooler bottles. It is not used for the smaller hand held water bottles which are made of PET.
- PLA (polylactic acid) a plastic made from a renewable resource e.g. corn starch is also a number 7 and has the symbol shown on the right

For more information on degradable plastics and bio plastics go www.plastics.org.nz

Plastics New Zealand
PO Box 76378 Manukau City
Phone: +64 9 262 3773
Email: info@plastics.org.nz



Material Type	Tonnage Recovered (t)
PET	8,016
HDPE	8,002
LDPE	2,412
PVC	1,215
PP	417
PS	256
OTHER	1,298

Total amount of plastic recovered in 2004 by material type (Source: PNZ Recycling Survey, 2005)

For information on how to print the code go to www.pacla.org.au

For specific polymer mixtures and ISO abbreviations refer to:

- ISO 11469:2000 Plastics - Generic identification and marking of plastics products
- ISO 1043-1:2001 Plastics - Symbols and abbreviated terms - Part 1: Basic polymers and their special characteristics
- ISO 1043-2:2000 Plastics - Symbols and abbreviated terms - Part 2: Fillers and reinforcing materials
- ISO 1043-3:1996 Plastics - Symbols and abbreviated terms - Part 3: Plasticizers
- ISO 1043-4:1998 Plastics - Symbols and abbreviated terms - Part 4: Flame retardants
- ISO 15270:2008 Plastics - Guidelines for the recovery and recycling of plastics waste.



This document is printed on polypropylene, code number 5. It can be recycled.

SYMBOL	TYPE OF PLASTIC	PROPERTIES	COMMON USES	RECYCLED IN	PACKAGING	NON PACKAGING
PET	PET Polyethylene Terephthalate	Clear, tough, solvent resistant, barrier to gas and moisture, softens at 70°C	Soft drink and water bottles , salad dressings and peanut butter containers, fleece clothing and geo-textiles	Pillow and sleeping bag filling, clothing, soft drink bottles, carpet		
HDPE	HDPE High Density Polyethylene	Hard to semi-flexible, resistant to chemicals and moisture, waxy surface, opaque, softens at 135°C, easily coloured, processed and formed	Crinkly shopping bags, freezer bags, milk bottles , ice cream containers, juice bottles, shampoo, chemical and detergent bottles, buckets, rigid agricultural pipe, milk crates	Recycling bins, compost bins, buckets, detergent containers, posts, fencing, pipes		
PVC	PVC Unplasticised Polyvinyl Chloride PVC-U Plasticised Polyvinyl Chloride PVC-P	Strong, tough, can be clear, can be solvent welded, softens at 75°C Flexible, clear, elastic, can be solvent welded	Cosmetic containers , electrical conduit, plumbing pipes and fittings, blister packs, wall cladding, roof sheeting, bottles Garden hose, shoe soles, cable sheathing, blood bags and tubing, watch straps, commercial cling wrap	Flooring, film and sheets, cables, speed bumps, packaging, binders, mud flaps and mats		
LDPE	LDPE Low density Polyethylene LLDPE Linear low density Polyethylene	Soft, flexible, waxy surface, translucent, softens at 80°C, scratches easily	Cling wrap , rubbish bags, squeeze bottles, black irrigation tube, black mulch film, rubbish bins, shrink wrap	Rubbish bin liners, pallet sheets, slip sheets		
PP	PP Polypropylene	Hard but still flexible, waxy surface, softens at 145°C, translucent, withstands solvents, versatile	Dip bottles and ice cream tubs, potato chip bags, straws, microwave dishes, kettles, garden furniture, lunch boxes, blue packing tape, automotive parts	Pegs, bins, pipes, pallet sheets, oil funnels, car battery cases, trays		
PS	PS Polystyrene	Clear, glassy, rigid, brittle, opaque, semi-tough, softens at 95°C. Affected by fats and solvents	CD cases, plastic cutlery, imitation 'crystal glassware', low cost brittle toys, video cases, water station cup , safety helmets	Coat hangers, coasters, white ware components, stationery trays and accessories		
EPS	EPS Expanded Polystyrene	Foamed, light weight, energy absorbing, heat insulating	Foamed polystyrene hot drink cups, hamburger take-away clamshells, foamed meat trays , protective packaging for fragile items, insulation, insulation panels	Car parts, concrete aggregate, plastic timber		
OTHER	OTHER Letters below indicate ISO code for plastic type including SAN (styrene, acrylonitrile), ABS (Acrylonitrile butadiene styrene), PC (polycarbonate), Nylon, degradable plastic e.g. PLA	Includes all other resins, multi materials (e.g. laminates) and degradable plastics. Properties dependent on plastic or combination of plastics	Packaging , car parts, appliance parts, computers , electronics, water cooler bottles, medical devices,	Car parts, concrete aggregate, plastic timber		

Error! No document variable supplied. - 19 March 2019 - Attachments

Item 3
Attachments B



07 January 2019

Waste Management NZ Limited
PO Box 2448
Stortford Lodge
Hastings 4153

Dear Valued Customer

REGIONAL MESSAGE TO OUR HAWKES BAY AND GISBORNE COMMERCIAL CUSTOMERS

You will have received previous correspondence and be aware that there have been significant changes in the recycling market. The result is the return on processing these products safely and profitably has decreased and the certainty that they are being processed sustainably has also decreased. As a result we are having to limit the range of products that can be collected for recycling in the Hawkes Bay and Gisborne Regions as we continually seek more sustainable markets.

The immediate effect is:

- An increase in cost to provide a commercial recycling collection service
- A limitation on the products that can be collected for recycling, as follows;
 - We have secure markets for the recycling of:
 - Grade 1 Plastic (PET) – clear bottles only
 - Grade 2 Plastic (HDPE) – milk bottles clear or opaque, janitorial bottles
 - Grade 4 Plastic (LDPE) – clear plastic pallet wrap
 - Cardboard – clean heavy corrugated cardboard
 - Paper – clean paper and light grade cardboard
 - Glass – whole glass bottles and jars
 - Compostable material – food scraps (cooked and uncooked), organic product contaminated paper or card, approved compostable products
 - We do not currently have secure markets for recycling, and are therefore unable to collect:
 - Grade 3- 7 Plastic – soft plastic bags, meat trays, yogurt containers, polystyrene coloured plastic film or bottles
 - Selected glass – whole glass panes, windscreen glass, broken bottles, laminated glass
 - Selected compostable branded products – unfortunately this market is still fairly unregulated and products can contain plastic liners or be made from GM plant based products

From the New Year we will be:

- Increases in the cost of collecting recyclable materials
- No collection of grades 3-7 and soft plastics with recyclable material

Later in the year to help manage the cost of the recycling service, we are planning to move to separated bins for plastic and colour glass. This will provide a more cost effective solution and be more efficient and safer for our collection staff

9991150545201 452

Hawkes Bay / Gisborne Region

0800 10 10 10
wastemanagement.co.nz



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Item 3
Attachments B



Regarding composting, please review what you are composting and be sure any compostable packaging contains no residual plastic or Genetically Modified materials.

What you can do:

A key part of successful and cost effective waste management and minimisation is sensible procurement of products and packaging and education of staff. If you have any questions regarding the above, please contact our call centre for assistance.

We recognise this may have an impact on your business, however these changes will ensure we can provide a safe and environmentally sustainable recycling service into the future. We are committed to providing the best Waste and Recycling services to our communities and will continue to update you on the best services and solutions available.

Kind Regards

Waste Management NZ Limited

0800 10 10 10



NAPIER
CITY COUNCIL

Te Kaunihera o Ahuriri

Napier Civic Building

231 Hastings Street

t +64 6 835 7579

e info@napier.govt.nz

www.napier.govt.nz

EXTRACT STRATEGY AND INFRASTRUCTURE COMMITTEE Public Excluded Minutes

Meeting Date: Tuesday 19 March 2019

Time: 3.55pm – 4.46pm

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

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

In Attendance Chief Executive, Director Corporate Services, Director Community Services, Director Infrastructure Services, Director City Services, Director City Strategy, Manager Communications and Marketing, Team Leader Transportation, Team Leader Parking, Waste Minimisation Lead, Corporate Planner

Administration Governance Team

3. PLASTIC RECYCLING

Type of Report:	Operational
Legal Reference:	N/A
Document ID:	713737
Reporting Officer/s & Unit:	Rhett van Veldhuizen, Waste Minimisation Lead
Reason for Exclusion	<p><i>Section 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</i></p> <p><i>Section 7(2)(i) Enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</i></p>

3.1 Purpose of Report

The purpose of this report is to update Council on the current plastic recycling market situation, the impact on the Napier City Council waste services and the options going forward.

At the Meeting

In response to questions from Councillors the following points were clarified in discussion:

- The option to not collect plastics at all could be considered. This may be easier than asking the community to sort between types 1 and 2, and 3 to 7. The provision of a disposal station for types 1 and 2 was discussed in the event that collection is stopped. While it was generally acknowledged that this discussion was an important one to have, there was concern that it would be too difficult to bring the public back to recycling as the markets change again or other methods of reuse become available, if no collection of plastics at all is undertaken for a period of time.
- The market for all plastics is volatile worldwide.
- Landfill plastics are very slow to degrade but do not contribute in any significant way to leachate or global warming while in landfill. Although by nature plastics are very voluminous, all materials are compacted at the landfill.
- There would not be any savings if plastics are not collected as recycling, as there would be a direct transfer of the costs to general waste management.
- It is anticipated that plastic would add approximately 200-400 tonnes to the 84,000 tonnes already received by the landfill.
- At this point in time it makes sense to collect what still has value within the market.
- It is anticipated that rather than mislabelling of plastics, there would rather be shift towards packaging in types of plastic that still have market value.
- Contamination may be managed through the mix of kerbside and plant sorting.
- A number of other disposal or recycling options were considered during the waste futures project, including incineration for gaseous energy capture,

Strategy and Infrastructure Committee - 19 March 2019 - Public Excluded Minutes

pyrolysis to fuel and so on. Pyrolysis is the process of taking plastics back to their component molecules for reconstruction.

- Incineration plants are expensive to build and 'hungry', so the management of an incoming waste stream would need to be carefully considered. It is possible that transportation costs would inhibit a single incineration plant being built in the Hawke's Bay to provide service for the whole country.

Committee's recommendation

Councillors McGrath / Tapine

That the Strategy and Infrastructure Committee:

- a. Receive the report of the Waste Minimisation Lead titled "Plastic Recycling" dated 19/03/2019.
- b. Approve the preferred option to collect only Grades 1 and 2 plastics to enable further negotiation with the contractors involved.
- c. Approve funding up to \$50k for a joint communication plan on the change with Hastings District Council funded from existing Solid Waste budgets.

Carried

The meeting closed at 4.46pm

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

Chairperson

Date of approval

REPORTS FROM FINANCE COMMITTEE HELD 2 APRIL 2019

1. HAWKE'S BAY AIRPORT LTD HALF YEAR REPORT TO 31 DECEMBER 2018

<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	714397
<i>Reporting Officer/s & Unit:</i>	Caroline Thomson, Chief Financial Officer

1.1 Purpose of Report

To receive the half year report to shareholders from Hawke's Bay Airport Limited to 31 December 2018.

Committee's recommendation

Councillors Hague / Taylor

That the Finance Committee:

- a. Receive the Hawke's Bay Airport Limited half year report to shareholders, to December 2018.

Carried

1.2 Background Summary

Section 66 of the Local Government Act 2002 requires that a Council-controlled organisation must report to Council each half year. However, Section 65 requires regular monitoring of performance of a Council Controlled Organisation.

The Hawke's Bay Airport Limited is a Council-controlled organisation. 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 Company produces separate annual accounts. No payments are made by Napier City Council to the Company and there is no financial provision included in Council budgets. The Napier City Council share in the Company is included in its annual financial statements as an investment, valued using the equity method of accounting.

In accordance with Part 5, Section 65 of the Local Government Act 2002, Napier City Council has a responsibility to regularly undertake performance monitoring of the Hawke's Bay Airport Limited. The half yearly report to shareholders to 31 December 2017 has been received from Hawke's Bay Airport Limited for Council's information.

1.3 Issues

No issues.

1.4 Significance and Engagement

N/A

1.5 Implications

Financial

N/A

Social & Policy

N/A

Risk

N/A

At the Meeting

Representatives of the Hawke's Bay Airport Ltd provided a presentation on the half yearly report to stakeholders – please see *Appendix One*.

The following further points were made in response to questions from Councillors:

- Passenger numbers have been climbing steadily even prior to Air New Zealand's announcement regarding lower price points for some flights.
- With second tier providers also joining the market there may be opportunities for different routes to be explored. Conversation is also underway with Air New Zealand and Jetstar as well as Christchurch airport to gain a better understanding of possibilities as to route expansion and diversification opportunities.
- Although it is expected that any noise impacts would be more affected by increased fleet movements than by a change in fleet models, a full review of noise contours is scheduled to be undertaken.
- Car rental stand concessions have been increased following a review of national rates (in August 2018) which indicated that Hawke's Bay was very low in the range.
- Better visibility of available car parking is expected to be a further flow on effect of the upcoming changes to the entrance and exit paths from the facility.

The Airport team were thanked for their swift and effective response in addressing the Voluntary Administration scenario.

1.6 Attachments

A HBAL Half Year Report to 31 December 2018

HAWKE'S BAY AIRPORT LIMITED INTERIM REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018



Hawke's Bay Airport Limited Directory

Directors

Tony Porter (Chairman)
Sarah Park (Chair of the Audit and
Finance Committee)
Wendie Harvey
Taine Randell

Chief Executive

Stuart Ainslie (appointed March 2018)

Chief Financial Officer

Jeanette Yule (appointed September 2017)

Operations Manager

Gareth Mentzer (appointed January 2018)

Commercial Manager

Dean Smith

Registered Office

Terminal Building
Hawke's Bay Airport
111 Main North Road
PO Box 721
NAPIER 4140

Bankers

ANZ Bank New Zealand Ltd

Solicitors

Willis Legal
Kensington Swan

Auditors

Staples Rodway Hawke's Bay
Partnership on behalf of the Auditor General

HAWKE'S BAY AIRPORT LTD
PO Box 721, Napier 4140
admin@hawkesbay-airport.co.nz
www.hawkesbay-airport.co.nz

Hawke's Bay Airport Limited

Report to Shareholders

for the Half Year ending 31 December 2018

We report against our Statement of Intent targets which include continued growth in Passenger Numbers, Revenue and Profitability and other activities in accordance with our stated strategic framework.

Financial Performance Highlights

- Total passenger movements for the half year were 380,323 which represents a 7.3% increase on the same period last year, and 21,181 passengers over the budgeted amount for the period. Total Revenue for the period of \$3.871m was 16.7% above budget and 14.8% ahead of the same period the year prior.
- The primary driver of revenue growth was aviation revenue up 18.9%, due to the 12.7% agreed increase in landing charges applicable from 1 July 018, combined with an increased in scheduled landings. This passenger growth also correlates to an increase in car parking revenue of 6.3% over the prior year.
- Total expenditure for the half year was 26.3% ahead of the same period last year and predominantly reflects an increase in costs aligned with supporting business growth, specifically consultancy fees and remuneration costs due to the creation of new roles.
- Due to the above factors, EBITDA for the half year at \$2.120m was 24.9% above budget, and 6.7% above the same period in the prior year.
- Profit after Tax for the period at \$1.008m was \$0.272m (36.9%) above budget and 8% higher than the same period in the prior year.
- Bank borrowings of \$7.990m as at 31 December primarily relates to the Terminal redevelopment project which is underway. The airport continued to invest in infrastructure, in line with its strategic plan, with total capital investment of \$4.2m for the half year.
- Return on Equity of 6.4% is in line with the same period for the prior year and exceeds budget of 4.3%.
- A record fully imputed dividend of \$0.577m was paid during the period, representing 40% of FY2018 Net Profit after Tax.

1. Performance Highlights & Other Activity

1.1 Terminal Development Project and supporting Infrastructure

Stage 1 of the new Terminal Expansion was completed during December 2018 for a soft opening of the new baggage arrivals space to the public which was successfully achieved in mid-January 2019. The upgrade to the project approved by Major Shareholder resolution during mid 2018 has enabled more effective staging of the construction allowing the stage 1 delivery eight months ahead of programme. Excellent progress is being made on Stage 2 with part of the existing building under demolition and steel erection well underway. Completion of this stage is expected by August 2019.

1.2 Airport Access & Internal Airport Road Infrastructure

The final connection of the Airport Link Road to State Highway 2 was completed during September 2018. Additional works have been completed by the airport company to integrate the Airport Link Road into the existing airport internal roads.

Tender Evaluation has been completed for a new Car Park Access Equipment, related civil works and Payment system. Procurement and installation are expected to be completed by Q4.

1.3 Commercial Activity

Agreement has been reached with car-rental companies to increase from 2% to 4.5% for a 4.5year term on existing concession rates. The new charges are payable from January 2019.

Taxi Fees have been increased from \$4 to \$5 effective from January 2018

Work has commenced to develop new retail concession opportunities in the expanded terminal.

Napier City Council provided planning consent for five new external advertising sites on the entry to the airport.

1.4 Safety Management

A wildlife hazard management plan was developed in conjunction with an external specialist noting that bird strike activity has been identified as a key risk. Work on developing the CAA regulated Safety Management System is on programme.

1.5 People & Organisation

A review of completed of the existing organisational resulted in the disestablishment of an Infrastructure Manager role and the recruitment of a new Technical Works Coordinator and Airport Planner. The new roles are aligned with the revised strategic plan to enhance capacity and capability.

The commencement of a project to insource Rescue Fire Fighting capability has commenced based on several key risks identified with the reliance on external resources.

A 2.5% remuneration increase was awarded to all staff back dated to August 2018 in line with a recent review.

1.6 Noise Contours – Private Plan Change Submission

To ensure the Airport can continue to accommodate growth, the Airport is seeking to update its current noise contours in the Napier City Council District Plan. Following public consultation, the proposed plan change was lodged with the Napier City Council in December.

2. New Business Development

2.1 Airport Masterplan

With the appointment of an Airport Planner work has commenced on the development of the 20 Year Airport Masterplan and consultation programme a key strategic focus area.

A short-term commercial partnership with Christchurch International Airport has been entered to provide aeronautical forecasting services to underpin the masterplan review.

To ensure that the Airport can continue to accommodate growth in aircraft movements, the Airport is seeking to update its current noise contours in the Napier City Council District Plan. The approach proposed by the Airport is consistent with New Zealand Standard 6805:1992 *Airport Noise Management and Land Use Planning*. This effort continues in alignment with the Airport Masterplan. A submission was made to the Provincial Growth Fund for HBAL to undertake a feasibility study for the development of Hawkes Bay Air-freight

2.2 Property Development

With the Airport Masterplan Development Work commencing, proposed changes via the Private Plan Change Submission to the Napier City Council District Plan have been placed on hold.

The aim was to enable a broader range of permitted land use activities on the business park.

The Business Park development has been reviewed as part of the broader Property strategy and the Airport is exploring an Airport Designation in line with the Resource Management Act (RMA) to provide the appropriate planning framework to optimise the commercial scope of land use at the airport as well as facilitating additional regional economic growth.

New Property Development Agreements are underway for two new aviation related hangers which align with the Airports development objectives. The construction of these new hangars is expected to commence during Q4 FY 18/19

3. Financial Reports

Our unaudited Interim Financial Results to 31 December 2018 are included in this report. It includes more detailed analysis of the Company's financial performance compared to its Statement of Intent objectives (Budget), as well as a Summary of Financial Performance, Statement of Movements in Equity, Summary of Financial Position, Statement of Cash Flows, Accounting Policies and Notes to the Accounts.

4. Looking Forward

A full review of the company's existing strategic framework was undertaken during the period with a refocusing of the business's Vision, Mission, Values and Strategic Imperatives. The revised strategy is underpinned by the five strategic pillars indicated below.



These will inform the development of HBAL's business plans and will be summarised in the 2019/20 Statement of Intent.

Key Areas of Focus

The terminal redevelopment, car parking improvement project and Masterplan will be the primary focus for the company over the coming period. There will also be a continued commitment to participate in consultation on the proposed revisions to the Napier City Council district plan in relation to both the airport's noise contours and airport designation under the RMA – both of which are considered key strategic enablers for future growth of the airport business.

During Q2 the Airport will commence bi-annual Airport Service Quality surveys as part of our customer service focus.

Over 35 local volunteers have been engaged as Airport Ambassadors to provide customer support and friendly welcome to Hawkes bay Region.



Tony Porter
Chairman, Hawke's Bay Airport Limited
[Enclosed: Statement of Service Performance and an Financial Statements for the Half Year Ending 31 December 2018]

Hawkes's Bay Airport Ltd
For The Six Months Ended 31 December 2018

Financial Performance vs SOI Objectives

	THIS YEAR				LAST YEAR			BUDGET
	HY Actual HY 2018/19	HY Budget FY 2018/19	Variance \$	Variance %	HY Actual HY 2017/18	Variance \$	Variance %	Budget FY 2018/19
Passenger Numbers	380,323	359,142	21,181	5.9%	354,565	25,758	7.3%	705,598
FINANCIAL PERFORMANCE (\$)								
Revenue								
Aviation	2,461,101	1,763,162	697,939	39.6%	2,069,482	391,619	18.9%	3,473,520
Carparking	1,140,996	1,202,592	- 61,596	-5.1%	1,073,206	67,791	6.3%	2,079,921
Business Park	178,598	189,882	- 11,284	-5.9%	144,892	33,706	23.3%	328,181
Other Revenue	90,343	160,994	- 70,651	-43.9%	85,063	5,280	6.2%	752,001
TOTAL REVENUE	3,871,038	3,316,630	554,408	16.7%	3,372,642	498,396	14.8%	6,633,623
Operating Expenses	1,751,052	1,619,007	132,045	8.2%	1,386,084	364,968	26.3%	3,238,014
EBITDA	2,119,986	1,697,623	422,363	24.9%	1,986,558	133,428	6.7%	3,395,609
Depreciation & Amortisation	693,122	584,444	108,678	18.6%	664,600	28,522	4.3%	1,260,656
Interest Income	107	-	107		351	- 245	-69.6%	-
Interest Paid (charged to P&L)	-	90,408	- 90,408	-100.0%	23,554	- 23,554	-100.0%	297,696
Profit before Tax	1,426,971	1,022,771	404,200	39.5%	1,298,755	128,215	9.9%	1,837,257
Tax	418,664	286,376	132,288	46.2%	365,326	53,339	14.6%	514,331
PROFIT AFTER TAX	1,008,307	736,395	271,912	36.9%	933,430	74,877	8.0%	1,322,926
FINANCIAL POSITION (\$)								
Total Assets	44,731,889	43,708,435	1,023,454		36,877,004	7,854,885		48,608,000
Debt	7,989,601	6,524,738	1,464,863		792,281	7,197,321		10,636,000
Shareholders Funds	30,576,381	30,557,467	18,914		29,571,914	1,004,467		31,144,000
CASHFLOW SUMMARY (\$)								
Net Operating Cashflow	1,531,548	1,384,760	146,788		1,166,585	364,963		2,831,000
Capital Expenditure	4,997,380	5,557,375	- 559,995		1,882,082	3,115,298		11,105,000
Dividend	576,492	593,537	- 17,045		651,737	- 75,245		529,000
FINANCIAL METRICS								
Return on Equity	6.4%	4.3%			6.4%	0.0%		4.3%
Net Gearing Ratio	0.0%	22.2%			0.0%	0.0%		22.2%
Shareholders Funds/Total Net Assets	68.4%	69.9%			80.2%	-11.8%		64%

Hawkes's Bay Airport Ltd
For The Six Months Ended 31 December 2018

Summary of Financial Performance

	HBAL Unaudited 6 months to 31-Dec-18	HBAL Unaudited 6 months to 31-Dec-17	HBAL Audited Year to 30-Jun-18
Aviation	2,461,101	1,825,383	4,014,956
Carparking	1,140,996	1,402,367	2,102,473
Business Park	178,598	144,892	367,104
Other Revenue	90,343		164,634
Total revenue	3,871,038	3,372,642	6,649,167
Operating Expenses	(1,751,052)	(1,386,084)	-3,041,665
Operating profit before financing costs and depreciation	2,119,986	1,986,558	3,607,502
Depreciation	(693,122)	(664,600)	(1,396,041)
Finance Income	107	351	948
Finance expense	-	(23,554)	(71,701)
Profit before income tax	1,426,971	1,298,755	2,140,708
Income tax	(418,664)	(365,326)	(695,733)
Profit for the period	1,008,307	933,430	1,444,975
Deferred Tax on Revaluation	-	-	96,372
Total Comprehensive Income	1,008,307	933,430	1,541,347

The accompanying notes form an integral part of these financial statements

Hawkes's Bay Airport Ltd
For The Six Months Ended 31 December 2018

Statement of Movements in Equity

	HBAL Unaudited 6 months to 31-Dec-18	HBAL Unaudited 6 months to 31-Dec-17	HBAL Audited Year to 30-Jun-18
Equity at beginning of year	30,144,567	29,290,220	29,290,220
Profit for period	1,008,307	933,430	1,444,975
Revaluation of property, plant & equipment	-	-	96,372
Distributions to Shareholders	(576,492)	(651,737)	(687,001)
Closing equity	<u>30,576,382</u>	<u>29,571,913</u>	<u>30,144,567</u>

The accompanying notes form an integral part of these financial statements

Hawkes's Bay Airport Ltd
For The Six Months Ended 31 December 2018

Summary of Financial Position

	HBAL	HBAL	HBAL
	Unaudited	Unaudited	Audited
	6 months to	6 months to	Year to
	31-Dec-18	31-Dec-17	30-Jun-18
Assets			
Property, plant and equipment	39,242,233	31,511,155	34,912,723
Investment property	4,455,230	4,586,182	4,535,317
Intangibles	2,135	2,032	3,384
Total non-current assets	43,699,598	36,099,369	39,451,424
Trade and other receivables	833,827	657,021	797,455
Cash and cash equivalents	198,464	120,614	277,979
Total current assets	1,032,291	777,635	1,075,434
Total Assets	44,731,889	36,877,004	40,526,858
Equity			
Issued capital	13,789,155	13,789,155	13,789,155
Retained earnings	8,062,897	6,810,614	7,631,082
Revaluation reserve	8,724,330	8,972,145	8,724,329
Total equity	30,576,381	29,571,914	30,144,566
Liabilities			
Deferred tax liability	3,530,185	3,895,849	3,577,996
Rentals in advance	1,137,797	1,222,038	1,180,264
Interest bearing loans and borrowings	7,989,601	792,281	4,026,792
Total non-current liabilities	12,657,583	5,910,168	8,785,052
Trade and other payables	1,456,331	1,383,833	1,549,249
Employee benefits	41,593	11,089	47,992
Total current liabilities	1,497,925	1,394,922	1,597,241
Total liabilities	14,155,508	7,305,090	10,382,292
Total equity and liabilities	44,731,889	36,877,004	40,526,858

The accompanying notes form an integral part of these financial statements

Hawkes's Bay Airport Ltd
For The Six Months Ended 31 December 2018

Statement of Cash Flows

	HBAL Unaudited 6 months to 31-Dec-18	HBAL Unaudited 6 months to 31-Dec-17	HBAL Audited Year to 30-Jun-18
Cash flows from operating activities			
Cash was provided from:			
Revenues	3,443,637	3,014,695	6,540,467
Interest received	107	351	949
Goods & Service Tax (Net)	339,691	(148,303)	(41,071)
	<u>3,783,434</u>	<u>2,866,743</u>	<u>6,500,345</u>
Cash was disbursed to:			
Suppliers and employees	(1,566,291)	(1,091,749)	(3,303,211)
Interest paid	(83,759)	(23,554)	(46,636)
Income tax paid	(601,836)	(584,856)	(1,462,704)
	<u>(2,251,886)</u>	<u>(1,700,159)</u>	<u>(4,812,551)</u>
Net cash flows from operating activities	<u>1,531,548</u>	<u>1,166,585</u>	<u>1,687,793</u>
Cash flows from investing activities			
Cash was disbursed to:			
Capital works	(4,997,380)	(1,882,082)	(5,445,173)
Net cash flows from investing activities	<u>(4,997,380)</u>	<u>(1,882,082)</u>	<u>(5,445,173)</u>
Cash flows from financing activities			
Cash was disbursed to:			
Borrowings	3,962,809	-	4,026,792
	<u>3,962,809</u>	<u>0</u>	<u>4,026,792</u>
Cash was disbursed to:			
Dividends paid	(576,492)	(651,737)	(687,001)
Debt drawdown/(repayment)	0	792,281	-
	<u>(576,492)</u>	<u>140,544</u>	<u>(687,001)</u>
Net cash flows from financing activities	<u>3,386,317</u>	<u>140,544</u>	<u>3,339,791</u>
Net increase/(decrease) in cash held	<u>(79,516)</u>	<u>(574,954)</u>	<u>(417,589)</u>
Add opening cash brought forward	277,979	695,568	695,568
Closing cash carried forward	<u>198,463</u>	<u>120,614</u>	<u>277,979</u>

The accompanying notes form an integral part of these financial statements

Accounting Policies

For the period ending 31 December 2018

Significant accounting policies

Reporting Entity

Hawke's Bay Airport Limited is a company incorporated in New Zealand under the Companies Act 1993 and is owned by the Crown: 50%, Napier City Council: 26%, Hastings District Council: 24%.

The company is domiciled in New Zealand and its principal place of business is 111 Main North Road, Westshore, Napier. The company operates the Hawke's Bay Airport.

Hawke's Bay Airport Limited is defined as a Council-controlled organisation pursuant to Part 5 of the Local Government Act 2002.

The financial statements have been prepared as required by the Local Government Act 2002 and in accordance with all applicable financial reporting standards and other generally accepted accounting practices in New Zealand. They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate to profit oriented entities applying the Reduced Disclosure Regime.

Measurement Base

The financial statements have been prepared on a going concern basis in accordance with historical cost concepts as modified by the revaluation of certain assets and liabilities as identified in specific accounting policies below.

Presentation Currency

These Financial Statements are presented in New Zealand dollars (\$), which is the functional currency of the company, rounded to the nearest dollar.

Critical Accounting Estimates, Assumptions and Judgements

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Management has exercised its judgment on the impairment assessment of Investment Property, and in the assessment of the recoverable amounts of Capital Work in Progress.

Accounting Policies

For the period ending 31 December 2018

Particular accounting policies

1 Revenues

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities. Revenue is shown net of Goods and Services Tax (if applicable), returns, rebates and discounts. The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and when specific criteria have been met for each of the company's activities. Revenues consist mainly of landing charges, car parking fees, terminal and leased land rentals and concessions. Lease income is recognised on a straight line basis over the term of the lease.

2 Trade and Other Receivables

Trade and other receivables are stated at net realisable value after provision for doubtful debts.

3 Taxation

Income tax expense

Income tax on profits for the period comprises current tax, deferred tax and any adjustment for tax payable in previous periods. Income tax is recognised in profit or loss as tax expense except when it relates to items credited directly to equity, in which case it is recorded in other comprehensive income.

Current tax

Current tax is the expected tax payable on the income for the period based on tax rates and tax laws which are enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax arises by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the equivalent amounts used for tax purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the assets or liabilities giving rise to them are realised or settled.

Deferred tax assets, including those related to the tax effect of income tax losses available to be carried forward are recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses can be realised. Deferred tax assets are reviewed each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4 Cash Flow Statement

The following definitions have been used for the preparation of the Statement of Cash Flows:

Cash and Cash equivalents: Cash and cash equivalents are cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Operating activities: Transactions and other events that are not investing or financing activities.

Investing activities: Activities relating to the acquisition, holding and disposal of non-current assets and of investments, such as securities, not falling within the definition of cash.

Financing activities: Activities which result in changes in the size and composition of the capital structure of the Company, both equity and debt not falling within the definition of cash.

Accounting Policies

For the period ending 31 December 2018

Particular accounting policies (continued)

5 Valuation of Property, Plant and Equipment

Property, Plant and Equipment

In 2015 Property plant and equipment was revalued from their original cost when the assets were acquired from the Hawke's Bay Airport Authority on 1 July 2009.

The revaluations were completed by independent valuers and who have assessed the fair value of the assets. Any revaluation increment was credited to the revaluation reserve and included in other comprehensive income, except to the extent that it reversed a previous decrease of the same asset previously recognised within net profit in the statement of comprehensive income, in which case the increase is recognised within net profit in the statement of comprehensive income.

Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement, and the depreciation based on the original cost is transferred from the revaluation reserve to retained earnings.

Property, plant and equipment comprises airfield and other infrastructure, car parks, buildings and equipment.

Assets under construction

The cost of assets under construction is recorded at incurred cost as at balance date.

Disposal of property plant and equipment

When an item of plant property and equipment is disposed of any gain or loss is recognised in the profit or loss calculated at the difference between the sale price and the carrying value of the asset.

Cyclical maintenance upgrades

Significant expenditure involving renewal of runway surface components is capitalised and subject to depreciation at the appropriate rates.

6 Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, including transaction costs. Costs include all expenditure relating to infrastructure development and construction. Investment property is depreciated using the cost model allowed under NZ IAS 40. Investment properties include all aspects of the business park development adjacent to the airport.

Accounting Policies

For the period ending 31 December 2018

Particular accounting policies (continued)

7 Depreciation

Depreciation is charged on a straight-line basis to write off the cost or value of property, plant and equipment and investment property over their expected economic lives.

The principal depreciation rates are as follows:

Airfield Infrastructure: Base	0.71% to 5.56%
Surface	6.67% to 10.00%
Business Park Infrastructure	0.00% to 10.00%
Buildings	2.50% to 10.00%
Plant & Equipment	2.90% to 40.00%
Car Park & Roading	1.67% to 5.00%
Fencing	5.00% to 15.00%
Lighting	4.00% to 10.00%
Furniture & Fittings	10.00%
Office Equipment	30.00%

8 Intangibles

Intangibles comprise computer software that is not an integral part of the related hardware. This software has either been purchased or developed internally and is initially recorded at cost. Subsequent costs are included in the software's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The costs of maintaining the software are charged to profit or loss. Software is amortised over three years using the straight line method.

9 Financial Instruments Recognition and Measurement

Financial instruments are initially measured at fair value plus transactions costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are stated at amortised cost using the effective interest rate method less accumulated impairment losses. Trade and other receivables and cash and cash equivalents listed in the Company's statement of financial position are classified as loans and receivables.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation. Trade and other payables, employee benefits and borrowings are classified as financial liabilities.

10 Impairment Testing Of Assets

At each reporting date, the Company reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Accounting Policies

For the period ending 31 December 2018

Particular accounting policies (continued)

11 GST

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

12 Leases

The Company only has operating leases.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

Operating lease payments are recognised as an expense on a straight line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred. In the event that leases incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight line basis.

13 Changes in Accounting Policies

There have been no changes in accounting policies in the reported periods.

Notes to the Interim Report
For the period ending 31 December 2018

1. PROPERTY, PLANT AND EQUIPMENT

	Historical cost 30/06/18	Revaluation 30/06/18	Balance 30/06/18	Additions	Depreciation	Disposals
Cost or Valuation	\$	\$	\$	\$	\$	\$
Land and Land Improvements	2,344,515	3,222,847	5,567,362	-	-	-
Airport Infrastructure & Buildings	20,453,735	6,377,774	26,831,509	-	-	-
Other	1,316,791	-	1,316,791	-	-	-
Capital Work in Progress	5,299,250	-	5,299,250	4,941,347	-	-
	<u>29,414,291</u>	<u>9,600,621</u>	<u>39,014,912</u>	<u>4,941,347</u>	<u>-</u>	<u>-</u>
Accumulated Depreciation	\$	\$	\$	\$	\$	\$
Land and Land Improvements	42,109	(29,413)	12,696	-	747	-
Airport Infrastructure & Buildings	5,388,210	(2,254,493)	3,133,717	-	569,126	-
Other	955,776	-	955,776	-	41,965	-
Capital Work in Progress	-	-	-	-	-	-
	<u>6,386,095</u>	<u>(2,283,906)</u>	<u>4,102,189</u>	<u>-</u>	<u>611,838</u>	<u>-</u>
Net Book Value	\$	\$	\$	\$	\$	\$
Land and Land Improvements	2,302,406	3,252,260	5,554,666	-	(747)	-
Airport Infrastructure & Buildings	15,065,525	8,632,267	23,697,792	-	(569,126)	-
Other	361,015	-	361,015	-	(41,965)	-
Capital Work in Progress	5,299,250	-	5,299,250	4,941,347	-	-
	<u>23,028,196</u>	<u>11,884,527</u>	<u>34,912,723</u>	<u>4,941,347</u>	<u>(611,838)</u>	<u>-</u>

2. INVESTMENT PROPERTY

	Balance 30/06/18	Additions	Depreciation	Disposals	Balance 31/12/18
Cost	\$	\$	\$	\$	\$
Land and land improvements	2,977,203	-	-	-	2,977,203
Business Park Infrastructure and Buildings	2,875,214	-	-	-	2,875,214
Capital Work in Progress	145,270	133	-	-	145,403
	<u>5,997,687</u>	<u>133</u>	<u>-</u>	<u>-</u>	<u>5,852,417</u>
Accumulated Depreciation	\$	\$	\$	\$	\$
Land and land improvements	228,887	-	16,948	-	245,835
Business Park Infrastructure and Buildings	1,233,483	-	63,272	-	1,296,755
Capital Work in Progress	-	-	-	-	-
	<u>1,462,370</u>	<u>-</u>	<u>80,219</u>	<u>-</u>	<u>1,542,589</u>
Net Book Value	\$	\$	\$	\$	\$
Land and land improvements	2,748,316	-	(16,948)	-	2,731,368
Business Park Infrastructure and Buildings	1,641,731	-	(63,272)	-	1,578,459
Capital Work in Progress	145,270	133	-	-	145,403
	<u>4,535,317</u>	<u>133</u>	<u>(80,219)</u>	<u>-</u>	<u>4,455,231</u>
Less Provision for Impairment	-	-	-	-	-
	<u>4,535,317</u>	<u>133</u>	<u>(80,219)</u>	<u>-</u>	<u>4,455,231</u>

2. ELECTED MEMBERS' REMUNERATION - 2019 INFORMATION UPDATE

<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	713356
<i>Reporting Officer/s & Unit:</i>	Devorah Nicuarta-Smith, Team Leader Governance

2.1 Purpose of Report

To present to Council an information update on the 2019 process provided by the Remuneration Authority, the national body charged with matters in relation to elected members' remuneration.

Committee's recommendation

Councillors Wright / White

That the Finance Committee:

- a. Receive the information update on the 2019 elected members' remuneration process provided by the national Remuneration Authority.

Carried

2.2 Background Summary

In 2018, the Remuneration Authority ('the Authority') advised of changes to be made to the approach to elected members' remuneration following a two year review and consultation process with Councils.

An updated communication has now been received from the Authority which provides greater clarity on the new process such as it impacts for the 2019/20 year and following the 2019 Local Government Elections.

2.3 Issues

Following the review, the Authority implemented phase one of three stages to its approach – an adjusted remuneration allocation based on the resizing and ranking of Councils based on an expanded number of criteria from previous years.

They also signalled that there would be a move from the existing "partial pool" approach (whereby the Authority determines base councillor pay but each council has a pool to "top up" remuneration for councillors holding positions of responsibility) to a full pool approach.

This new approach, which takes effect following this year's election, means that each council is allocated a pool related to the ranking of the council on the new size index, and then the incoming council proposes to the Authority the councillor base pay and the additional pay for positions of responsibility.

The Authority have set a minimum base pay level which applies to all councils, but many councils may choose to set the base pay above this as part of their allocation process.

It should be noted that the total pool does not apply to the remuneration of Mayors (or Regional Chairs or community board members where those exist). The Authority will continue to set remuneration for these positions directly.

At the end of June 2019, the Authority will release its determination which will be presented in two parts in recognition of the election year. The Authority has provided its proposed remuneration allocation for Part 1 (1 July 2019 to day of official election result declaration), and total councillor pool for Part 2 (day after official election result declaration and onwards) in advance of their final determination to aid councils in preparing for the budgetary implications of the change.

It should be noted that these figures may change as the Authority works towards their final determination.

Proposed 2019/20 Determination Part 1

Effective from 1 July 2019 up to and including the day the official result of the 2019 election of members for the Council is declared.

Napier City Council	
Office	Annual Remuneration (\$)
Mayor	136,176
Deputy Mayor	54,698
Committee Chairperson (4)	52,156
Deputy Committee Chairperson (4)	48,570
Councillor	45,413

Current (2018/19) annual remuneration for comparison:

Napier City Council	
Office	Annual Remuneration (\$)
Mayor	131,514
Deputy Mayor	51,085
Committee Chairperson (4)	48,711
Deputy Committee Chairperson (4)	45,361
Councillor	42,413

Proposed 2019/20 Determination Part 2

Effective from the day after the date on which the official result of the 2019 election of members for the council is declared.

Napier City Council	
Office	Annual Remuneration (\$)
Mayor	145,500
Councillor Minimum Allowable Remuneration	43,142
<i>Pool to be allocated</i>	<i>705,096</i>

Post- Election Allocation Process

Change to proposed approach outlined in 2018

In 2018 the Authority suggested that each outgoing council would be asked to consider the quantum of the pool allocated and let them know prior to July 2019 how they proposed that the pool be distributed following the election. They acknowledged that incoming councils might need to change those proposals and said that provision could be made for that. However, on further reflection and after some feedback, the Authority have decided not to ask outgoing councils to make a proposal and the sole responsibility for this will now sit with the incoming Council.

How the pool will work

The pool approach will start after the 2019 local government election and, following that, each council will be allocated a pool at the beginning of each triennium.

The dollar amount of the annual pool being considered for Napier City council is outlined in the green table above – this may change as the Authority works towards its determination in June 2019, but is a useful ball park figure for budgetary purposes.

The pool will cover remuneration for councillors only. Mayor and regional council chair remuneration will continue to be set by the Authority, as will remuneration for community boards for the time being.

In the remaining two years of the triennium the Authority will make Determinations that may include adjustments based on a narrower set of indicators relevant at the time, but will not resize the councils.

Timeline

- By 1 July 2019: Council will be advised of the exact dollar figure of the full councillor pool to apply from the day after the election result is declared.
- 1 July 2019: The July 1 Determination will include the minimum base councillor remuneration for your council following the election. It will also include the revised remuneration for the Mayor to take effect from the day after the date on which the official result is declared.
- By 20 November 2019: Incoming councils will decide on the distribution of the pool and will send their proposals to the Authority.

- Important considerations in this process are:
 - Base councillor remuneration must NOT be set below the minimum prescribed in Part 2 of the July 1 2019 Determination, but can certainly be higher if it fits within the pool.
 - Positions that a council decides to remunerate may include those on outside groups to which a councillor has been formally appointed by a councils - i.e. the remuneration is not necessarily solely attached to official council committees. Councillors are expected to be involved in a variety of community and cross-council groups as part of their basic role but, in some cases, if the extra work involved is extraordinary it can be recognised in remuneration.
 - Any remuneration for councillors serving as directors on CCOs should be paid directly by the company and will not fall within the ambit of the councillor pool.
 - Councils MUST spend the whole of the pool allocated. The quantum for each council has been set by the Authority following a comprehensive review of the relative size of workloads of all councils and it would be unfair to elected members to withhold any of the available remuneration.
 - The pool does not apply to non-elected people who are appointed to be members or chairs of council committees. The Authority cannot legally prescribe remuneration of payments for non-elected people.
 - Councils may distribute the pool using ratios rather than dollar figures. For example, they may decide that a committee chair should be paid 1.5 times that of a councillor without additional responsibilities. A calculation tool has been provided should Council choose this approach.
- Mid-December 2019: The Authority will check the proposals of all councils and send the assembled list to the Parliamentary Council Office for inclusion into a formal amending Determination.
- Their aim is to have the first amending Determination published by mid-December so councils can incorporate the new figures into their pre-Christmas payroll runs.
- It is important to note that all amending Determinations related to the councillor pool will be backdated so that the confirmed final level of base remuneration will take effect from the day after the date on which the official result of the 2019 election was declared by public notice and remuneration for positions of responsibility from the day after the council formally votes to confirm the recommendation.
- By 18 December 2019: If the information is not submitted on time to include in the first amending Determination, it will have to wait for a further amendment which the Authority anticipates will be in late January 2020 at the earliest, and most likely February 2020.

Other notes

The Authority will be consulting on the issue of potential childcare subsidy for elected members in 2019, and are currently concluding an updated approach to community boards.

2.4 Significance and Engagement

As the Mayor's total remuneration, and the total pool from which councillor remuneration is allocated, are both set by the Remuneration Authority at a national level, this matter

does not trigger our Significance and Engagement Policy, and no consultation of other kinds are required.

2.5 Implications

Financial

Council must budget appropriately to meet the expectations on elected member remuneration outlined by the Authority.

Social & Policy

N/A

Risk

N/A

2.6 Options

The options available to Council are as follows:

- a. To receive the updated information from the Remuneration Authority in relation to elected members' remuneration.

2.7 Development of Preferred Option

To receive the updated information from the Remuneration Authority in relation to elected members' remuneration.

At the Meeting

In response to a Councillors question in relation to the status of Council's investigations into the living wage, it was advised that a report has recently been received and is under review. It will be brought to a workshop once finalised.

2.8 Attachments

Nil

3. QUARTERLY REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

Type of Report:	Legal
Legal Reference:	Local Government Act 2002
Document ID:	711016
Reporting Officer/s & Unit:	Caroline Thomson, Chief Financial Officer

3.1 Purpose of Report

To consider the Quarterly Report for the six months ended 31 December 2018.

Committee's recommendation

Councillors Hague / Wright

That the Finance Committee:

- Receive the Quarterly Report for the six months ended 31 December 2018.

Carried

3.2 Background Summary

The Quarterly Report summarises the Council's progress in the second quarter of 2018/19 towards fulfilling the intentions outlined in the Annual Plan. Quarterly performance is assessed against income, total operating expenditure, and capital expenditure.

3.3 Issues

No issues.

3.4 Significance and Consultation

N/A

3.5 Implications

Financial

N/A

Social & Policy

N/A

Risk

N/A

At the Meeting

The Chief Financial Officer spoke briefly to the report, noting that there have been some changes to the designs in the Parklands development for better environmental outcomes which have led to slower sales in the previous quarter.

In response to questions from Councillors it was advised that it's difficult to quantify whether the option to have two storey builds has had any adverse effect on sales. It's possible that there could be other more effective ways to market the options also.

The increase in reporting on water clarity issues may be due both to the effect of operational changes that were underway in December 2018, and also the improvements in capturing live data in relation to service requests.

Should a Health and Safety incident occur when the public are using a Council facility the Health and Safety team investigate, and liaise with the appropriate business unit in addressing any issues. Due to the nature of incidents these are addressed on a case by case basis rather than a "one size fits all" approach.

A review into the MTG was recently undertaken, following which the Working Group will bring suggested reporting measures back to Council as part of a proposed management plan.

Officer's will respond separately to questions regarding the targets for Par 2 Golf, the Aquarium and MTG being lower than last year's achieved levels, and the three Resource Consent application which missed their processing time.

3.6 Attachments

- A Quarterly Report for the six months ended 31 December 2018 (*Under Separate Cover*)

4. CONSENT TO LAND BEING DECLARED ROAD

Type of Report: Legal

Legal Reference: Public Works Act 1981

Document ID: 715741

Reporting Officer/s & Unit: Jenny Martin, Property and Facilities Officer

4.1 Purpose of Report

Seek approval by Council under the Public Works Act to consent to the land at 243 Awatoto Road be declared road.

Committee's recommendation

Councillors Jeffery / Tapine

That the Finance Committee:

- a. Resolve:
 - i. That in accordance with the provisions of Section 114(2) of the Public Works Act 1981, to consent to the land described in the Schedule hereto to be declared road and vested in the Napier City Council.

SCHEDULE

Hawkes Bay land District – Napier City

Area (hectares)	Legal Description	Part of Record Of Title
0.0039	Section 1 SO Plan 531110	651679

Carried

4.2 Background Summary

In early 2017 it was identified that the fence on the corner of the property at 243 Awatoto Road needed to be moved back from the legal boundary to enable better sight for drivers. Council officers consulted with the owners of the property who agreed to this. The fence was subsequently moved further back into their property.

Section 1 of the attached SO Plan 531110 shows the area of land taken. Compensation has been agreed with the owners.

In order to finalise matters it is now necessary to obtain the appropriate declaration.

4.3 Issues

There are no issues.

4.4 Significance and Engagement

Not applicable.

4.5 Implications

Financial

Finance for the compensation is available with the current Road Asset budget.

Social & Policy

Not applicable.

Risk

Not applicable.

4.6 Options

The options available to Council are as follows:

- a. (Preferred option): That Council, in accordance with the provisions of Section 114(2) of the Public Works Act 1981 resolves to consent to the land described in the Schedule hereto to be declared road and vested in the Napier City Council.
- b. That Council declines, in accordance with the provisions of Section 114(2) of the Public Works Act 1981 to consent to the land described in the Schedule hereto to be declared road and vested in the Napier City Council.

4.7 Development of Preferred Option

Option A is the preferred option.

At the Meeting

There was no discussion on this item.

4.8 Attachments

A 243 Awatoto Road SO Plan

REPORTS FROM COMMUNITY SERVICES COMMITTEE HELD 2 APRIL 2019

1. SUBMISSION OF REMIT APPLICATION TO LOCAL GOVERNMENT NEW ZEALAND - HOUSING

<i>Type of Report:</i>	Procedural
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	713591
<i>Reporting Officer/s & Unit:</i>	Natasha Carswell, Manager Community Strategies

1.1 Purpose of Report

To seek approval to submit a Remit application to Local Government New Zealand (LGNZ) for them to approach the Government to seek funding support for the operation, upgrade and growth of local authority social housing portfolios.

Committee's recommendation

Councillors Boag / Wright

That the Community Services Committee:

- Approve the submission of the Remit application regarding Social Housing.
- That a **DECISION OF COUNCIL** is required urgently to allow the remit to be submitted at the April 2019 Zone 3 meeting.

Carried

Council Resolution Councillors Wright / Brosnan

That Council:

- Approve the submission of the Remit application regarding Social Housing.

Carried

1.2 Background Summary

Councillor Maxine Boag requested that a Remit application be made to LGNZ regarding Council's housing provision given the lack of support from central government for this activity and the current model's lack of sustainability for the continued provision of housing in Napier, but also among many councils across New Zealand.

This Remit supports LGNZ's current work programme in this area. LGNZ recently facilitated a forum with central government agencies and local authorities to focus on how councils could be supported as key providers of community (social) housing. The

Remit requests that the matter is now treated with urgency as more and more councils opt out of this activity.

1.3 Issues

Councils entered into the community housing sector in the 1960s, and again in the 1980s, when the government provided capital loan funding (interest suspended). Councils' rent setting formulas varied across the country, but all provided subsidised rents. While the stock was new, this income was adequate to maintain the homes, however, now, decades on, and with housing nearing end of life or not fit for purpose, significant investment is required. Income from rents has not been enough to fund renewals, let alone growth to meet demand.

The government introduced Income Related Rent subsidy (IRR) in 2000 for public housing tenants, later extending this to registered Community Housing Providers. Essentially the IRR allows tenants to pay an affordable rent related to their income, while the housing provider receives an agreed market rent for the property. Being able to generate market rental income is the most successful sustainable model for the provision of community housing. Providers receive an adequate income to cover the cost of providing housing, to fund future renewals and to raise capital for immediate asset management. Councils are excluded from receiving this subsidy, and so are their tenants.

Demand for housing is increasing, and as the population ages, demand for low cost retirement housing will continue to increase. Already in Napier demand exceeds current supply.

Councils around the country are having to make decisions about whether or not they continue to provide housing. Many have opted out, while others have entered into complex arrangements in order to secure the IRR subsidy.

1.4 Significance and Engagement

This Remit application is required to gain support at either a Zone meeting or with five councils confirming support, before going to LGNZ's Annual General Meeting for consideration. This Remit application has been shared with Hastings District Council who will discuss it at their Remit Workshop on 19 March 2019.

1.5 Implications

Financial

There are no financial implications in submitting this Remit application.

Social & Policy

Should this Remit application, and subsequent approach to government be successful, there is a greater chance councils will be able to sustain the provision of housing for those in need. However, Council will need to put policies in place so that this situation does not occur again in a few decade's time.

Risk

Other councils may not support the Remit. However, there are a significant number of councils that are facing the same issue as Napier City Council with regards to the provision of housing and this Remit aligns strongly with LGNZ's Housing 2030 initiative and work programme. Central government have indicated they wish to work with local authorities to look into this issue.

1.6 Options

The options available to Council are as follows:

- a. Submit the Remit application (preferred option)
- b. Do not submit the Remit application

1.7 Development of Preferred Option

Following Council's approval to submit the Remit application the following steps will be undertaken:

1. Present the Remit application at the next Zone meeting on 4 April 2019.
2. Following support at the Zone meeting, submit Remit application to LGNZ by 13 May 2019.
3. Remits discussed at the LGNZ Annual General Meeting on 7 July 2019.

At the Meeting

The following points were made in discussion:

- It is believed that this remit provides a sensible and sustainable way to address issues faced by Councils in the social housing space.
- The remit meets the theme of "localism" strongly supported at the 2018 LGNZ conference, which advocates for local government being best placed to support local communities.

1.8 Attachments

- A Remit Application - Council Social Housing Provision

Annual General Meeting 2019

Remit Application

Council Proposing Remit:	Napier City Council
Contact Name:	Wayne Jack Chief Executive
Phone:	06 834 4159
Email:	waynej@napier.govt.nz
Remit passed by:	
Proposed Remit: That LGNZ approach the Government to seek funding support for the operation, upgrade and growth of local authority social housing portfolios.	

The nature of the issue

Social housing, especially for older citizens, is a strategic issue.

New Zealand communities are facing an extremely serious housing affordability crisis that has resulted in the country having the highest rate of homelessness in the developed world. Current policy settings are failing to adequately address the issue.

Local government is the second largest provider of social housing in New Zealand, however, since 1991, successive governments have failed to adequately recognise the contribution we have and are making. Unfortunately, existing policy actively discriminates against councils meeting local housing needs resulting in a gradual reduction in the council owned social housing stock. With Housing New Zealand focussing its attention on fast growing urban areas, social housing needs in smaller communities are not being met.

The issue is becoming more serious as baby boomers retire – the current social housing is not designed to address the needs of this cohort – a role historically provided by councils with support from central government in the form of capital grants.

The issue has already become urgent for Aotearoa New Zealand and its communities.

Link to LGNZ Policy and Work Programme

This remit supports LGNZ's Housing 2030 policy and programme, in particular the Social Housing and Affordable Housing work streams. Housing 2030 is one of LGNZ's four strategic projects. This remit reinforces and supports that initiative.

LG NZ recently hosted a Social Housing workshop with both local and central government agencies to discuss the issues and opportunities and the future role councils could play in the provision of social housing. There was agreement that a partnership approach that recognises local situations with a range of options for support from government (both funding and expertise) would be most suitable.

The level of work, if any, already undertaken on the issue by the proposer, and outcomes to date

As the proposer of this remit, Napier City Council, has undertaken an S17A Review of its own provision of community housing, with further investigation underway. In addition, both at a governance and management level, we have taken part in numerous conferences, symposiums and workshops on the matter in the last two years. We lead a local Cross Sector Group – Homelessness forum and take part in the Hawke's Bay Housing Coalition. We have provided housing for our community for over five decades, supplying just under 400 retirement and low cost rental units in Napier.

The outcomes of any zone or sector meetings which have discussed the Issue

The Housing 2030 initiative has been discussed at all Zone meetings.

Suggested actions that could be taken by LGNZ should the remit be adopted.

This remit supports, as a matter of urgency, the further investigation by central government and LGNZ of the opportunities identified at the workshop and any other mechanisms that would support councils provision of community housing in New Zealand.

It is designed to strengthen LGNZ's advocacy and would provide a reason to approach the Government in the knowledge that local government as a whole is in support.

Background

Councils provide in excess of 10,000 housing units, making it a significant provider of community housing in New Zealand. Councils began providing community housing across the country, particularly for pensioners, in the 1960s when central government encouraged them to do so through capital loan funding. In the 1980s, this occurred once again and was applied to general community housing developments. Council's rent setting formulas varied but all provided subsidised rents. While the housing stock was relatively new, the rental income maintained the homes, however, now decades on, and with housing at the end of life, significant investment is required. Income from rents has not been enough to fund renewals let alone growth to meet demand.

The government introduced Income Related Rent subsidy (IRR) in 2000 for public housing tenants and it was later applied to registered Community Housing Providers. This mechanism allows tenants to pay an affordable rent in relation to their income, while the housing provider receives a 'top up' to the agreed market rent for each property under the scheme. In effect, housing providers receive market rent through this mechanism. Being able to generate market rental income is the most successful sustainable model for the provision of community housing. Providers receive an adequate income to cover the cost of providing housing, to fund future renewals and to raise capital for immediate asset management. Councils are excluded from receiving this subsidy, and so are their tenants.

Current Issue

The current situation is a perfect storm. Council housing stock is nearing or at the end of life, many homes are unfit for purpose, all requiring major capital investment. At the same time, councils are excluded from being Community Housing Providers who receive the IRR subsidy, so are unable to fund the capital work required to the existing housing stock through rental income, let alone to fund growth in order to meet growing demand.

Our population is ageing. Demand is already strong for council community housing, with the future demand far exceeding supply.

Because of the significant demands councils have to provide other public infrastructure, many councils have or are considering opting out of housing provision. Others are entering into complex arrangements in order to secure the IRR subsidy to support continued provision of housing.

A New Approach

At the Social Housing workshop, among other opportunities, a tenant centric policy was discussed. Rather than housing provision being supported according to who is providing the home, support could be provided according to the needs of the tenant. The tenant's rent would be set according to their income situation and they could be matched to an available home that meets their needs. Specialist support would still be available through specific providers, but all providers would have access to the same funding mechanisms (like is the current case with Community Housing Providers).

2. SUBMISSION OF REMIT APPLICATION TO LOCAL GOVERNMENT NEW ZEALAND - LIABILITY TO BUILDING DEFECTS CLAIMS

Type of Report:	Procedural
Legal Reference:	N/A
Document ID:	716495
Reporting Officer/s & Unit:	Wayne Jack, Chief Executive

2.1 Purpose of Report

To seek approval to submit a Remit application to Local Government New Zealand (LGNZ) to take action as recommended by the Law Commission in its 2014 report on “Liability of Multiple Defendants” to limit the liability of councils in New Zealand in relation to building defects claims.

Committee's recommendation

Councillors Price / Wise

That the Community Services Committee:

- a. Approve the submission of the Remit application regarding liability of councils in relation to building defects claims
- b. That a **DECISION OF COUNCIL** is required urgently to allow the remit to be submitted at the April 2019 Zone 3 meeting.

Carried

Council Resolution Councillors Wright / Brosnan

That Council:

- a. Approve the submission of the Remit application regarding Social Housing.

Carried

2.2 Background Summary

Building consent authorities in New Zealand (Councils) are disproportionately affected by defective building claims, which are not limited to “leaky building” claims. Claims which

include allegations involving structural and fire defects are increasingly common, both for residential and commercial properties.

In its report on joint and several liability issued in June 2014 the Law Commission recommended that councils' liability for defective building claims should be capped. However, no further work has been taken on progressing this recommendation.

The proposed remit is aimed to focus MBIE and the Government on implementing the Law Commission's recommendation. This includes requesting that a joint working party with LGNZ, MBIE and Ministry of Justice be set up to:

- share information,
- draft proposed amendments to the Building Act and/or a Building (Liability) Amendment Bill, and
- draft content for a cabinet paper to implement the Law Commission's recommendation that council liability for building defect claims be capped.

2.3 Issues

The courts have held that Councils will generally have a proportionate share of liability in defective building cases in the vicinity of 20%. However, because councils are generally exposed to the full quantum of the claim, when other parties are absent (for example whereabouts unknown, deceased, company struck off) or insolvent (bankrupt or company liquidated), which is the rule, rather than the exception, Council is left to cover the shortfall. The Law Commission report recognised that councils in New Zealand effectively act as insurers for homeowners, at the expense of ratepayers.

The cost to ratepayers of the current joint and several liability system is significant, disproportionately so. Although this was recognised in the Law Commission report in 2014, no substantive steps have been taken by central government to address the issue or implement the Law Commission's recommendation that council liability should be capped.

2.4 Significance and Engagement

This Remit application is required to gain support at either a Zone meeting or with five councils confirming support, before going to LGNZ's Annual General Meeting for consideration.

2.5 Implications

Financial

There are no financial implications in submitting this Remit application. Should this Remit application, and subsequent approach to government be successful, Council's liability to future building defects claims would be limited.

Social & Policy

There are no social or policy implications in submitting this Remit application.

Risk

Other councils may not support the Remit. However, there are a significant number of councils that are facing the same issue as Napier City Council with regards to building

defects liability claims and this Remit aligns with the recommendations of the Law Commission in 2014.

2.6 Options

The options available to Council are as follows:

- a. Submit the Remit application (preferred option)
- b. Do not submit the Remit application

1.7 Development of Preferred Option

Following Council's approval to submit the Remit application the following steps will be undertaken:

1. Present the Remit application at the next Zone meeting on 4 April 2019
2. Following support at the Zone meeting, submit Remit application to LGNZ by 13 May 2019
3. Remits discussed at the LGNC Annual General Meeting on 7 July 2019.

At the Meeting

It was confirmed that the intention is to both put forward the remit and work with LGNZ and central government, while also managing risk in developments directly as well.

It was agreed that the ratepayer should not have to bear the burden of workmanship that is below par.

2.7 Attachments

- A Remit Application - Limit Council liability to building defect claims

Annual General Meeting 2019

Remit application

Council Proposing Remit:	Napier City Council
Contact Name:	Wayne Jack, Chief Executive
Phone:	06 834 4159
Email:	waynej@napier.govt.nz
Fax:	N/A
Remit passed by: (zone/sector meeting and/or list 5 councils as per policy)	
Remit:	
LGNZ calls on central government to take action as recommended by the Law Commission in its 2014 report on “Liability of Multiple Defendants” to limit the liability of councils in New Zealand in relation to building defects claims.	

Background information and research

1. Nature of the issue

- 1.1. In its report on joint and several liability issued in June 2014 (the **Law Commission report**)¹ the Law Commission recommended that councils' liability for defective building claims should be capped. Building consent authorities in New Zealand (councils) are disproportionately affected by defective building claims².
- 1.2. The government in its response to the Law Commission report³ directed the Ministry of Justice and the Ministry of Business, Innovation and Employment (**MBIE**) to further analyse the value and potential impact of the Law Commission's recommendations, including capping liability of councils, and report back to their respective Ministers.
- 1.3. The MBIE website suggests that a Building (Liability) Amendment Bill would be consulted on in 2017 and final policy approval obtained from Cabinet⁴. That Bill, according to the MBIE website, would be aimed to amend the Building Act 2004 to cap the liability of councils and protect consumers by introducing provisions driving greater uptake of home warranty protection. However no progress appears to have been made towards drafting or introducing this Bill into Parliament. At a recent rural and provincial local government meeting in Wellington, MBIE advised that no further action is being taken to progress any capping of council liability.
- 1.4. This proposed remit is aimed to put pressure on MBIE and the Government to follow the Law Commission's recommendation to limit (ideally, by capping) councils' liability in respect of defective building claims.

2. Background

- 2.1. Defective building claims are prevalent throughout New Zealand, both in large centres and small. They are not limited to "leaky building" claims. Claims which include allegations involving structural and fire defects are increasingly common, both for residential and commercial properties.
- 2.2. The courts have held that councils will generally have a proportionate share of liability in defective building cases in the vicinity of 20%⁵. However, because councils are generally exposed to the full quantum of the claim, when other parties are absent (for example whereabouts unknown, deceased, company struck off) or insolvent (bankrupt or company liquidated), which is the rule, rather than the exception, Council is left to

¹ Law Commission, *Liability of Multiple Defendants*, Report 132, June 2014 (**Law Commission report**) at p 20 <http://r132.publications.lawcom.govt.nz/uploads/NZLC-R132-Liability-of-Multiple-Defendants.pdf>.

² See, for example, Wellington City Council's submission to the Law Commission ahead of the Law Commission report, in which it notes that the council's contribution as a percentage of the settlement sum on single dwellings had, by 2010-2011, increased to 65%, <https://lawcom.govt.nz/sites/default/files/submissionAttachments/IP32%20Submissions%20part%203.pdf>; Law Commission report, above at n 1, including at pp 5, 12 and 45.

³ Government Response to Law Commission Report, 11 November 2014 https://lawcom.govt.nz/sites/default/files/governmentResponseAttachments/govt_response_to_nzlc_r132.pdf.

⁴ <https://www.mbie.govt.nz/cross-government-functions/regulatory-stewardship/regulatory-systems/building-regulatory-system/>.

⁵ *Body Corporate 326421 v Auckland Council* [2015] NZHC 862 (Nautilus) at [324].

cover the shortfall⁶. The Law Commission report recognised that councils in New Zealand effectively act as insurers for homeowners, at the expense of ratepayers⁷.

- 2.3. Other liable parties such as developers, builders and architects can potentially reduce their exposure through insurance and wind up companies in the event of a large claim. Developers often set up a dedicated company for a particular development and then wind that company up following completion.
- 2.4. Councils on the other hand can no longer access insurance for weathertightness defects (a “known risk”)⁸. They have no choice about whether to be involved in the design and construction of buildings, as they have a legislative role as building consent authorities in their districts. They make no profit from developments and cannot increase their fees to account for the level of risk. Yet they are often the main or sole solvent defendant in defective building claims (last person standing).
- 2.5. The cost to ratepayers of the current joint and several liability system is significant, disproportionately so. This was recognised in the Law Commission report in 2014, but no substantive steps have been taken by central government to address the issue or implement the Law Commission’s recommendation that council liability should be capped.

3. Relationship to the current LGNZ Work Programme and its objectives

- 3.1. The current LGNZ Work Programme for housing includes an objective of the regulatory and competitive framework of continuing advocacy to Government for alternatives to current liability arrangements. Clearly this remit fits squarely within and would assist to progress that objective.

4. The level of work already undertaken on this issue and outcomes to date

- 4.1. The Law Commission report was a result of concerns raised primarily by LGNZ and councils around New Zealand about the effect of joint and several liability in relation to the leaky homes crisis. Prior to release of the report, LGNZ and a number of councils around New Zealand, including Auckland Council, Christchurch City Council, Hamilton City Council, Hastings District Council, Queenstown Lakes District Council, Tararua District Council, Waipa District Council staff, Wellington City Council, as well as SOLGM and BOINZ all filed submissions advocating for a change to the status quo.
- 4.2. The Law Commission report, as discussed in more detail **above** recommended that councils’ liability be capped. It was understood from the Government’s response to the Law Commission report and from MBIE (both discussed **above**) that this recommendation was being progressed in a meaningful way. This was further supported by MBIE’s submission to the Law Commission prior to the release of the Law Commission report, in which it stated that⁹:

⁶ Law Commission report, above at n 1, including a pp 47, 54-55.

⁷ Law Commission report, above at n 1, at p 20.

⁸ Riskpool submission for the Law Commission report, 30 January 2013, <https://lawcom.govt.nz/sites/default/files/submissionAttachments/IP32%20Submissions%20part%203.pdf>.

⁹

<https://lawcom.govt.nz/sites/default/files/submissionAttachments/IP32%20Submissions%20part%202.pdf>.

- a. Provisions in the Building Amendment Act 2012 not yet in force, in particular the three new types of building consent limiting councils' liability "are likely to be brought into force within a reasonable time after the Commission completes its review of joint and several liability". MBIE stated that the Law Commission should take the impact of these changes into account in preparing its report. However, these provisions are still not in force.
 - b. "The Government has instructed the Ministry to explore options for the consolidation of building consent authorities as part of the Housing Affordability agenda and ongoing reforms in the construction sector. Issues regarding the liability of a central regulator, as well as that of territorial authorities, will be fundamental concerns as consolidation options and other measures to increase productivity in the sector are explored". This does not appear to have been progressed.
- 4.3. It was only in the last month or so that MBIE has now advised that the recommendation that councils' liability be capped would no longer be progressed.

5. Outcomes of any zone or sector meetings which have discussed this issue

5.1. TBC

6. Suggested actions that could be taken by LGNZ should the remit be adopted

- 6.1. We consider that LGNZ could form a joint working party with MBIE and the Ministry of Justice, and possibly the relevant Minister's (Jenny Salesa's) staff to explore limiting councils' liability for building defects claims, including:
- a. Disclosing and considering the following information (whether by way of OIA requests and/or as part of a working group):
 - i. MBIE documents relating to its consideration of the Law Commission report and the reasons why it is no longer progressing the capping of council liability.
 - ii. Ministry of Justice and Minister of Building and Housing's documents relating to the Law Commission report and to proposed capping of council liability.
 - iii. MBIE and Minister of Building and Housing's documents relating to implementation of s 17 of the Building Amendment Act 2012.
 - b. Drafting proposed amendments to the Building Act and/or a Building (Liability) Amendment Bill (this work may have been started by MBIE¹⁰, so this task should await the outcome of the information gathering exercise above).

¹⁰ See MBIE website here: <https://www.mbie.govt.nz/cross-government-functions/regulatory-stewardship/regulatory-systems/building-regulatory-system/> which references a Building (Liability) Amendment Bill including to amend the Building Act 2004 to cap the liability of councils. It is unclear how far advanced (if at all) this Bill is.

- c. Drafting content for a cabinet paper regarding the Law Commission's recommendation that council liability for building defect claims be capped.

3. SUPPORT OF HASTINGS DISTRICT COUNCIL REMIT APPLICATION TO LOCAL GOVERNMENT NEW ZEALAND - ALCOHOL HARM

Type of Report:	Procedural
Legal Reference:	N/A
Document ID:	715928
Reporting Officer/s & Unit:	Michele Grigg, Senior Advisor Policy

3.1 Purpose of Report

To seek Council's support for Hastings District Council's (HDC) Remit application to Local Government New Zealand (LGNZ) asking them to identify opportunities and actively advocate on national policy changes to reduce alcohol harm.

Committee's recommendation

Councillors Boag / Taylor

That the Community Services Committee:

- Endorse Hastings District Council's Remit application to LGNZ about reducing alcohol harm.
- Agree that a **DECISION OF COUNCIL** is required urgently to allow the remit to be submitted noting NCC's endorsement at the April 2019 Zone 3 meeting.

Carried

Council Councillors Jeffery / Hague

Resolution

That Council:

- Endorse Hastings District Council's Remit application to LGNZ about reducing alcohol harm.

Carried

3.2 Background Summary

Twenty-nine percent of Hawke's Bay adults drink at harmful levels compared to 21 percent nationally, and this rate is increasing over time (HBDHB, *Health Equity Report 2018*). In 2011, Napier City and Hastings District Councils developed a Joint Alcohol Strategy (JAS), which was revised in 2017 to cover the five year period 2017-2022.

The revised Strategy's aspirational vision is *a safe and healthy community free from alcohol related harm*. Objectives of the Strategy are:

- Demonstrate leadership to reduce alcohol harm
- Foster safe and responsible events and environments
- Change attitudes towards alcohol to reduce tolerance for alcohol harms.

During development of the revised Strategy, a JAS Advisory Group comprising two nominated Councillors from each Council, was established. Councillors White and Price represented Napier City Council on this Group.

The purpose of the Advisory Group was to review and consider feedback arising from engagement with stakeholders and the public on the draft revised JAS and to provide advice and recommendations to each Council on finalising the Strategy. During their deliberations, the Group asked Council Officers to add the following item to the Strategy Action Plan (once developed):

- "Council to submit a remit to LGNZ Conference to support stronger measures to reduce alcohol related harm nationally."

The Remit is being prepared by HDC. The Remit is seeking LGNZ support to advocate central government to make changes to relevant policies and legislation that influence alcohol-related harm in New Zealand. Effective national-level strategies and interventions that prevent or minimise alcohol-related harm include:

- Pricing and taxing
- Regulating the physical availability
- Raising the purchase age
- Restrictions on marketing, advertising and sponsorship
- Drink-driving countermeasures
- Treatment and early intervention services.
- (Babor et al, *Alcohol: No Ordinary Commodity*. Oxford University Press)

The proposed Remit builds on the Remit application submitted by Councillor Maxine Boag in 2018, asking that "LGNZ seek the Government's agreement to amend the Sale and Supply of Alcohol Act 2012 so that Local Alcohol Policies are able to more accurately reflect local community views and preferences." Communication by HDC with LGNZ indicates the 2018 Remit has not been progressed. The current Remit broadens but also reinforces the earlier one.

3.3 Issues

Alcohol harm is also a significant issue at the national level. Alcohol leads to a range of problems, including health issues, death and injury, violence, family harm, suicide, assault and anti-social behaviours.

Local-level activities aimed at reducing alcohol-related harm need to be supported by change at the national level.

3.4 Significance and Engagement

Napier City Council's support will assist HDC to progress their Remit application at the upcoming Zone meeting, before going to LGNZ's Annual General Meeting for consideration.

The vision and objectives of the Napier and Hastings JAS also strategically align with the goal to reduce alcohol related harm identified by the two safe communities (Safer Napier and Safer Hastings).

3.5 Implications

Financial

There are no financial implications associated with supporting HDC's Remit application.

Social & Policy

Should the Remit application and subsequent action by LGNZ be successful, there is a greater likelihood of change towards reducing the harms caused by alcohol in our community.

Risk

Other councils may not support HDC's Remit, however the likelihood of this is low given the passing of the 2018 Remit on alcohol harm submitted by Councillor Boag and the impact of alcohol-related harm requiring national-level response in other jurisdictions in New Zealand.

3.6 Options

The options available to Council are as follows:

- a. Support HDC's Remit application (preferred option)
- b. Do not support HDC's Remit application.

3.7 Development of Preferred Option

Following Council's approval to support HDC's Remit application, the following steps will be undertaken:

1. HDC present their Remit application at the Zone meeting on 4 April 2019.
2. Following support at the Zone meeting, HDC submits the Remit application to LGNZ by 13 May 2019.
3. Remits discussed at the LGNZ Annual General Meeting on 7 July 2019.

Note: The HDC Remit is being developed and will be tabled at the meeting. Its contents reflect the information provided in this report.

At the Meeting

The following points were made in discussion:

- It is important to ensure that alcohol harm continues to be addressed and this remit raises another aspect of the issue from a local government perspective.
- It was noted that there is a risk that responsible drinkers may be inadvertently penalised and care should be taken that it is harmful levels of drinking that is directly targeted.
- It was noted the background to this remit may not be the appropriate context to advise that "Hawke's Bay is renowned as wine region".

3.8 Attachments

Nil

4. HAWKE'S BAY MUSEUMS TRUST COLLECTION MANAGEMENT AGREEMENT

Type of Report:	Contractual
Legal Reference:	N/A
Document ID:	715942
Reporting Officer/s & Unit:	Antoinette Campbell, Director Community Services

4.1 Purpose of Report

To seek Council approval to enter into a new Management Agreement with the Hawke's Bay Museum Trust (HBMT) for a period of one year while the Hawke's Bay Regional Collection Joint Working Group conducts its review of governance and operational arrangements of how the collection is to be maintained and governed.

Committee's recommendation

Mayor Dalton / Councillor Wright

That the Community Services Committee:

- a. Approve that Napier City Council enter into a one-year Management Agreement with the Hawke's Bay Museum Trust.

Carried

4.2 Background Summary

The MTG, on behalf of Napier City Council, provides for care, protection, access, storage and development of the Hawke's Bay Museums Trust regional collection by way of a Management Agreement between the Council and the Trust. The term of the current agreement is for three years from 1 July 2016 to 30 June 2019.

A Joint Working Group comprised of Napier City Councillors and officers, Hastings District Councillors and officers, and HBMT board members, has been established with the purpose of facilitating a review of the governance and operational arrangements of how the collection is to be maintained and governed. Specific objectives of the working party are to make recommendations to the respective councils and the Trust on the most appropriate and fit for purpose ways of achieving;

1. Regional museum - explore the concept of a regional museum and the implications moving forward.
2. Funding transparency – review management and funding arrangements to ensure funding requirements are transparent.
3. Levels of service expectations – review and make recommendations to all stakeholders for increased transparency of levels of service expectations.

4. Appropriate storage – identify most cost effective and fit for purpose storage arrangements.
5. Access to collection – set KPIs that encourage access to, and display of, the regional collection.
6. Service performance standards – review and make recommendations to the Trust for increased transparency of service performance standards included in the Statement of Intent.
7. Governance options – explore and make recommendations on the most appropriate governance options for the care and protection of the regional collection and/or running of the regional museum.

4.3 Issues

The Hawke's Bay Museums Trust met on the 25 February 2019 to discuss the renewal of the Management Agreement. At the meeting, the Trustees agreed that in light of the review underway by the Joint Working Group, that it is recommended that the Management Agreement is rolled over for one year commencing 1 July 2019. This will allow time for the objectives of the review to be met and Council will have clear direction on how the regional collection will be governed and managed into the future.

4.4 Significance and Engagement

N/A

4.5 Implications

Financial

N/A

Social & Policy

N/A

Risk

N/A

4.6 Options

The options available to Council are as follows:

- a. Approve that Napier City Council enters into a one-year Management Agreement with the Hawke's Bay Museums Trust while the Joint Working Group carry out its review of governance and operations.
- b. Negotiate with the Trust to enter into a further three-year term Management Agreement.

4.7 Development of Preferred Option

The attached Management Agreement between Napier City Council is due to be presented for signing at the next meeting of the Hawke's Bay Museums Trust on Monday 29 April 2019. The preferred option is for Council to enter into a one-year Management Agreement with the Hawke's Bay Museums Trust while the Joint Working Group carry out the governance and operations review.

At the Meeting

There was no discussion on this item.

4.8 Attachments

A Management Agreement 2019/20

**DATE:
29 APRIL 2019**

HAWKE'S BAY MUSEUMS TRUST

AND

NAPIER CITY COUNCIL

**MUSEUMS COLLECTIONS
MANAGEMENT AGREEMENT**



Addresses for notices:

**HB Museums Trust
PO Box 123
NAPIER**

**Napier City Council
Private Bag 6010
Hastings Street
NAPIER**

**Phone: 06-835-7579
Fax: 06-835-7574**

1. **Parties**

This agreement is made by:

- 1.1 Hawke's Bay Museums Trust ("HBMT") and
- 1.2 Napier City Council ("NCC")

2. **Background**

- 2.1 HBMT are the owners and guardians of the collection for the people of Hawke's Bay.
- 2.2 NCC owns and operates the facility known as MTG Hawke's Bay (MTG) which houses the collection owned by HBMT. This includes the Faraday Centre.
- 2.3 This Management Agreement relates to the provision of services by NCC to HBMT to ensure the proper care and management of the collection.
- 2.4 NCC and Hastings District Council have agreed to jointly fund the costs of holding maintaining and administering the collection, including HBMT governance costs. This Council funding is provided by way of grants to the HBMT who in turn pay NCC under this Management Agreement. This agreement is subject to the continuation of Hastings District Council and Napier City Council funding.

3. **Term**

- 3.1 The term of this agreement shall be for one year from 1 July 2019 to 30 June 2020.
- 3.2 Notwithstanding clause 3.1 this agreement may be terminated or amended with the mutual agreement of both parties provided that any such termination or agreement shall be recorded in writing.

4. **Obligations of the HBMT**

The HBMT shall be responsible for:

- 4.1 Retention of funds from the funding Councils' grants to provide for:
 - Legal Fees
 - Accounting Services
 - Management and Secretarial Services
 - Audit Fees
 - Meeting Expenses
 - Sundry Trust expenses
- 4.2 Creating policy with respect to access to the collection;
- 4.3 Providing income funds (where available) and applying its bequest capital for accessions to the collection in keeping with any accession conditions specified with the bequests

- 4.4 Providing income funds (where available) and applying its bequest capital to conservation of the collection in keeping with any conservation conditions specified with the bequests;
- 4.5 Arrange Trustee Liability Insurance for the Trustees of the HBMT;
- 4.6 Care and Collection Policies;
- 4.7 Policy for accessioning requests;
- 4.8 Policy for de-accessioning approvals;
- 4.9 Monitoring the Management Agreement;
- 4.10 The setting of key reporting targets with respect to the collection;
- 4.11 The setting of reporting requirements in agreement with NCC;
- 4.12 HBMT shall provide six-monthly and annual reports to Napier City Council and Hastings District Council in the prescribed format.

5. Obligations of NCC

NCC shall, within the funding levels provided by HBMT:

- 5.1 Cause a full valuation of the collection to be undertaken every three years with such valuation to be reviewed annually;
- 5.2 Arrange insurance of the collection to the value determined in accordance with clause 5.1 with such insurance providing cover for the collection at MTG Hawke's Bay, the Faraday Centre or any such other place as the collection or any part of the collection is located from time to time.
- 5.3 Provide necessary staff to meet agreed levels of service to ensure proper care and maintenance of the collection as detailed below:

Protection

This will be achieved through:

- a. Storage – appropriate storage to accepted Museum Industry Standards (MIS)
 - i. Pest Control
 - ii. Storage Media
 - iii. Shelving
 - iv. Air quality
- b. Security – appropriate security to accepted MIS
 - i. Alarm Systems (Burglary, fire)
 - ii. Alarm Monitoring
 - iii. Access Systems
 - iv. Insurance (loan items, owed items)
- c. Records Management – appropriate records management to accepted MIS

- i. Vernon database
- ii. Other records

Quality

- a. Conservation – appropriate conservation to accepted MIS and consistent with HBMT collection policies
- b. Accessioning - appropriate accessioning to accepted MIS consistent with HBMT collection policies
- c. De-accessioning - appropriate de-accessioning to accepted MIS consistent with HBMT collection policies

Access

- a. Exhibitions – collection available to Hastings City Art Gallery and MTG Hawke's Bay and other institutions as appropriate within accepted MIS
- b. Research – Collection made available through MTG Hawke's Bay as appropriate within accepted MIS.
- c. Archives – Archives made available through MTG Hawke's Bay as appropriate within accepted MIS

Development

- a. Bequests – To actively foster bequests
 - b. Fundraising - To work with the MTG Foundation to provide funding.
 - c. Reserves – To appropriately manage accession reserves.
 - d. Relationships - To appropriately manage relationships to allow the collection to develop appropriately, in particular but not restricted to
 - i. Funding Councils
 - ii. Ngati Kahungunu Iwi Incorporated
 - iii. Te Roopu Kaiawhina Taonga, and
 - iv. Friends of MTG Hawkes Bay
- 5.4 Provide the information and reports necessary to enable HBMT to fulfil its reporting obligations under Clause 8.1

6. Financial

- 6.1 The financial management of the trust is to be kept completely separate from all other aspects of Napier City Council. Napier City Council will provide financial and administration services, including monthly management reports, and HBMT will be charged for all direct costs and a share of related overhead costs. Napier City Council will invoice HBMT monthly for reimbursement.

7. Joint obligations of HBMT and NCC

- 7.1 HBMT and NCC shall comply with all statutes, regulations and by-laws applicable to the facilities under its control (MTG Hawke's Bay and Faraday Centre)
- 7.2 In all cases, issues arising will be resolved in the spirit of mutual co-operation.

8. No Assignment Without Consent

- 8.1 Neither party may assign, or otherwise dispose of the whole or any part of its interest under this contract without the prior written consent of the other party.

9. Disputes

- 9.1 Amicable Resolution: The parties hereby acknowledge their desire that all questions or differences whatsoever which may arise between the parties concerning this Contract or its subject matter or arising out of or in relation thereto and whether as to interpretation or otherwise be resolved amicably by bona fide discussion between them.
- 9.2 Mediation: However, if any question or difference referred to in Clause 9.1 (the dispute) is not resolved either party may at any time invoke a mediation process, as follows:
 - 9.2.1 Mediation Notice: either party may by written notice (the "Mediation Notice") to the other party, require that the dispute between the parties be referred to mediation. A Mediation Notice shall set out the nature of the dispute, but need not detail the background or the party's position in relation to the same; and
 - 9.2.2 Obligation to Resolve Remains: a Mediation Notice shall not derogate from the obligation of the parties to seek resolution of the dispute by consultation and negotiation; and
 - 9.2.3 Appointment of Mediator: the parties shall in good faith endeavour to agree upon and appoint a person as mediator to consult with the parties and assist the parties to reach agreement in respect of the dispute by no later than seven days from the date upon which the Mediation Notice was given; and
 - 9.2.4 Mediator to Settle Procedures: if a mediator is appointed, he or she shall, in consultation with the parties, settle a timetable and the procedures to be adopted during the mediation. The decision of the mediator on any such timetabling and procedural matters shall be binding on the parties and, in particular, the mediator shall be entitled to call any meeting between the parties at such times and places as the mediator considers appropriate; and

9.2.5 Parties to Endeavour to Reach Solution in Good Faith: the parties shall attend all meetings called by the mediator and at such meetings shall conduct their negotiations in good faith, and shall use their best endeavours to reach an agreed solution which is acceptable to both parties. While the parties may, if they wish, have the assistance of legal counsel in such negotiations, all proceedings of the mediation shall be conducted on a "without prejudice" basis – in that nothing that transpires during the course of the negotiations (other than any settlement or supplementary written agreement between the parties) is intended to or shall in any way affect the rights or prejudice the position of the parties to the dispute or in any subsequent adjudication, arbitration or litigation or other legal proceedings of any kind. Without derogating from the generality of the foregoing and merely by way of example:

- (a) any opinion given, report produced and terms of settlement proposed or recommended by the mediator or either party shall not be disclosed to the adjudicator, arbitrator or court; and
- (b) the fact that information of whatsoever nature was made available to the mediator does not mean that privilege or confidentiality is waived for any subsequent adjudication, arbitration or litigation or other legal proceedings of any kind; and
- (c) the fact that the accuracy of information or the validity or meaning of documents was not challenged during the mediation does not preclude challenge in subsequent adjudication, arbitration or litigation or other legal proceedings of any kind; and

9.2.6 Mediator Has No Power of Decision: the mediator shall have no power of decision on any matters other than timetabling and procedural matters; and

9.3 Resolution of Unresolved Disputes: Subject to the provisions of this Clause 10.3 if any question or difference between the parties:

9.3.1 As to Interpretation of Application: as to the interpretation of the provisions of this Contract or as to their application in any particular circumstances (including any liability thereunder or any damages thereby arising); and

9.3.2 Arising from Failure to Agree: arising from the parties' failure to agree;

is not resolved by written agreement between the parties upon the expiration of 20 Business Days from the date upon which the Mediation Notice was given (irrespective of whether or not the parties agreed upon the appointed mediator pursuant to Clause 10.2.3, the question of difference shall be resolved by the arbitration of a single arbitrator to be agreed upon by the parties or, failing agreement, of an arbitrator appointed by the President for the time being of the New Zealand Law Society and every arbitration shall be conducted under and in accordance with the provisions of the Arbitration Act 1996. However, it is acknowledged and agreed that the award of the arbitrator shall contain reasons for the same and that the costs of and incidental to the reference and the award respectively shall be at the discretion of the arbitrator, who may determine the amount thereof or the basis upon which the same shall be ascertained.

10. Miscellaneous

- 10.1 Non-waiver: Failure by either party to enforce any right or obligation with respect to any matter arising in connection with this Contract shall not constitute a waiver as to that matter or any other matter either then or in the future. Any waiver of any such right or obligation under this Contract shall only be of any force and effect if such waiver is in writing and is expressly stated to be a waiver of a specified right or obligation under this Contract.
- 10.2 Governing Law: This Contract shall be construed and take effect in accordance with the domestic laws of New Zealand.
- 10.3 Regulation: During the term of this Contract, each party shall comply with and observe all applicable regulations and statutory requirements for the time being in force.
- 10.4 Amendment: There shall be no amendment or modification of the provisions of this Contract except by a supplementary written agreement between the parties.
- 10.5 Notices:
- 10.5.1 In Writing and by Facsimile, Mail or Other Delivery: any notice, request, offer, advice, consent, approval, invoice or other communication required by this Contract to be given by any one party to the other, shall be given in writing and shall be deemed to have been sufficiently given if sent by facsimile delivery to that party at the number set out in the Address for Communications section at the front of this Contract (or such other number or for the attention of such alternative person as may subsequently be notified by that party for such purpose) or by letter delivered by mail or otherwise to that party at the address set out in the Address for Communications section at the front of this Contract (or such other address or for the attention of such alternative person as may subsequently be notified by that party for such purpose); and
- 10.5.2 Receipt of Facsimile: any such communication sent by facsimile shall be deemed to have been received by the addressee at the time of completion of the delivery of the facsimile and generation of a confirmation of receipt of the facsimile, provided that if the facsimile delivery occurs at a time other than between the hours of 8.30am and 5.30pm (inclusive) on a Business Day, the communication shall be deemed to have been received by the addressee at 8.30am on the next succeeding Business Day and provided further, if the facsimile delivery occurs prior to 8.30am on a Business Day, the communication shall be deemed to have been received by the addressee at 8.30am on that Business Day; and
- 10.5.3 Receipt of Mail and Other Delivery: any such communication sent by letter delivered by mail or otherwise shall be deemed to have been received by the addressee:
- (a) if sent by mail (including by any document exchange system or which the addressee is a member), 48 hours after the envelope containing the communication was posted; or

- (b) if personally delivered (whether by courier or otherwise), at the time of delivery;

provided that if such time of receipt is not between the hours of 8.30am and 5.30pm (inclusive) on a Business Day, the communication shall be deemed to have been received by the addressee at 8.30am on the next succeeding Business Day and provided further, if the time of receipt occurs prior to 8.30am on a Business Day, the communication shall be deemed to have been received by the addressee at 8.30am on that Business Day.

- 10.6 No Precedent: Nothing in this Contract shall operate or be taken by either party to be a precedent as to the form or substance of any new (or supplementary) terms and conditions or other contract which may be entered into between the parties.
- 10.7 No Third Party Rights: Except as specifically mentioned in this Contract the parties do not intend to create rights in or grant remedies to any third party as a beneficiary of this Contract and all covenants, stipulations, promises and agreements herein contained shall be for the sole and exclusive benefit of the parties hereto and their respective successors and permitted assigns.
- 10.8 Further Acts: Each party agrees that it will from time to time sign, execute, procure, pass and do all such further documents, acts, matters, resolutions and things within its power as may reasonably be necessary to effect the provisions of this Contract.
- 10.9 Commencement Date to be Effective: This Contract shall have effect from and including the Commencement Date.

DATED this day of 2019

SIGNED for and on behalf of _____)
HAWKE'S BAY MUSEUMS TRUST _____)

SIGNED for and on behalf of)
NAPIER CITY COUNCIL)

5. REGIONAL INDOOR SPORTS AND EVENTS CENTRE (RISEC) TRUSTEES

<i>Type of Report:</i>	Procedural
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	709895
<i>Reporting Officer/s & Unit:</i>	Antoinette Campbell, Director Community Services

5.1 Purpose of Report

To endorse the appointment of the Regional Indoor Sports and Events Centre (RISEC) trustees for a further term of three years.

Officer's Recommendation

That the Community Services Committee:

- a. Endorse the Advisory Group's recommendation to the RISEC Board to appoint the current trustees for a further three-year term.

This Officer's recommendation was laid on the table, pending further information in relation to the lack of diversity in the current proposed trustees.

5.2 Background

Pettigrew Green Arena (PGA) is governed by the Regional Indoor Sports and Events Centre (RISEC) Trust. The Trust make up is as follows;

Name:	Position	Appointed
• Craig Waterhouse	Chairman & Trustee	1 July 2014
• Shaun McPherson	Trustee	1 July 2014
• Ian Wilmot	Trustee	1 July 2014
• Paul Trass	Trustee	26 February 2015
• Matthew Lawson	Trustee	26 February 2015

As per the Trust deed, the Trust sought approval from the Advisory Group comprised of representatives from Napier City Council, Hastings District Council and the Eastern Institute of Technology, to appoint the current trustees for a further three year term.

5.3 Issues

No issues

5.4 Significance and Engagement

N/A

5.5 Implications

Financial

N/A

Social & Policy

N/A

Risk

N/A

5.6 Options

The options available to Council are as follows:

- a. To endorse the recommendation of the Advisory Group to appoint the current Trustees for a further three year team.

5.7 Development of Preferred Option

N/A

At the Meeting

The following points were noted in discussion:

- It is difficult to endorse a board structure which does not reflect the diversity expected by Sport New Zealand – there are no women or youth in the proposed trustees.
- Sport Hawke's Bay have already had it suggested that they are not meeting the diversity expectations that Sport New Zealand see as vital, as boards are strongly placed to set standards and model expected behaviours.
- Research shows that it was important to actively "shoulder tap" a range of people who may have the skills required but lack the confidence to put themselves forward.
- Further information is to be sought on the process undertaken with regards to the proposed board structure prior to the Council meeting scheduled for 16 April 2019.

5.8 Attachments

Nil

6. SAFER NAPIER PROGRAMME - ANNUAL UPDATE

<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	Enter Legal Reference
<i>Document ID:</i>	713588
<i>Reporting Officer/s & Unit:</i>	Michele Grigg, Senior Advisor Policy

6.1 Purpose of Report

To provide a summary of the 2017/18 year of the Safer Napier programme, including key highlights and benefits to Council and Napier.

Committee's recommendation

Councillors Wright / Brosnan

That the Community Services Committee:

- a. Note the Safer Napier programme update.

Carried

6.2 Background Summary

Napier has been an accredited Safe Community since 2010. Safe Communities is an international concept that recognises safety as a universal concern and a responsibility for all. It creates ways to increase action on community safety (in all its forms) through greater collaboration and cooperation between non-government organisations, the business sector, and local and government agencies.

Forty three organisations, agencies and groups have signed the Safer Napier Memorandum of Commitment agreeing to be part of the programme and to work together to improve community safety in Napier. Safer Napier was successfully reaccredited in 2015.

The vision of the Safer Napier programme is 'Napier is a safe and healthy city'. There are five goals to achieve this:

- People are injury free in Napier
- Napier is free from crime
- Napier roads are safe for all
- People in Napier keep themselves safe
- Napier is free from alcohol and addiction related harm.

A key strength of Safer Napier is the collaborative working relationship between signatory organisations, which is supported by a part-time contracted Coordinator and Council staff. The programme is overseen by a Safer Napier Strategic Group of representatives from 17 of the signatory organisations (Attachment A). Mayor Bill Dalton is the programme's ambassador.

The programme is part of the Safe Communities Foundation of New Zealand and the international safe communities network. It also has strong links with counterparts in Hawke's Bay – Safer Hastings, Safer CHB, and Te Wairoa He Hapori Haumaru (Wairoa).

Safer Napier is a high priority for Council in meeting its goal to support and improve community safety.

Programme Planning

As an accredited Safe Community, data analysis, evaluation and priority setting form the foundation of the programme. The planning process begins each year with a workshop for the signatory organisations. The workshops are hosted by Safer Napier and attended by about 60 representatives who come together to identify ongoing and emerging safety issues under each goal area, and priorities for the year ahead.

Every two years the programme holds a Celebrate Safer Napier event for Napier residents. Each event has a safety theme (2017's theme was 'We're Water Safe') and is free to attend. The event provides an opportunity for the public to not only learn about key safety messages but to also identify their safety concerns/issues which feed into the upcoming action plan. The next Celebrate Safer Napier event is being planned for Spring 2019, with a possible focus on child safety.

The Safer Napier Strategic Group considers this feedback, along with issues identified in the workshop and the latest data to determine direction of the annual plan including priority actions and target population groups.

Programme Scope

Projects delivered to achieve Safer Napier's aims are many and varied. The Safe Community Foundation of New Zealand (SCFNZ) have noted that projects delivered by Safer Napier demonstrate a range of issues, interventions, and outcomes based on effective strategies.

The programme's annual 2017/18 report illustrates the diversity of projects being delivered in each goal area. These (and other programme documents) are available on Council's website (#safernapier).

Each year a user-friendly summary is also published in the free community newspaper to profile the programme to the public (Attachment B). A selection of highlights from the last year include:

- **Kaumātua Ironmāori:** Working with Te Timatanga Ararau Trust in 2017 and 2018 to promote key safety messages on fall prevention, fire safety and home safety at their kaumātua event.
- **Safe as Houses:** Adaptation and extension of Napier's flagship project into Napier City Council's retirement villages to check on fire safety and emergency preparedness and to promote safety in the home and neighbourhood.
- **Tools for the Teenage Years:** Revision of this well-established resource for parents, whānau and caregivers using a strengths-based approach to raise awareness of a wide range of issues affecting teens.
- **Water Safety:** Renewed focus on water safety, including the risks and dangers in our marine and river environments, through the 2017 Celebrate Safer Napier Day and investment into Surf Lifesaving patrols and water safety signage/information.
- **Alcohol Harm:** A strategic approach to the alignment of activities through the recently revised Napier and Hastings Joint Alcohol Strategy with the aim of

reducing alcohol-related harm in the area. As part of this, the effective 'One for One' promotion has become embedded into Hawke's Bay's large event calendar.

Programme Value

Safer Napier is a collaborative model involving Council, agencies and organisations working together to achieve its common vision. Its strengths include buy-in from a number of partner and signatory agencies, dedicated funding (from Council's Long Term Plan) for the programme Coordinator, and a high programme profile within Council activities.

The programme operates under a comprehensive implementation framework. This is established in the five-year Strategic Plan which sets out the programme's vision and ongoing focus. Operationalisation of the strategic vision is achieved through an annual action plan, a communications plan, and an evaluation plan. Evaluation of programme and project performance is undertaken using the Results Based Accountability framework (RBA) to measure progress.

Recognition

Safer Napier is recognised as a leading safe community program both internationally and nationally. In 2016 it won the World Health Organization's Western Pacific Regional Office Healthy Cities Recognition for Violence and Injury Prevention Award (the only accredited safe community in New Zealand to date to achieve this recognition).

Over the last five years, three of Safer Napier's key personnel have won SCFNZ awards in recognition of their commitment and leadership – Safer Napier Coordinator Liz Lambert, Safer Napier Manager Natasha Carswell, and local ACC representative Sally Phelps.

6.3 Issues

Sustainable funding for the programme, including for the Safer Napier Coordinator, is a key challenge. We are currently in the position of off-setting project funding to maintain viable coordination. Additional project funding is sought externally. This is also an issue for other safe communities around the country who have been reaccredited and therefore no longer receive ACC coordination support.

6.4 Significance and Engagement

Feedback and input from a range of sources ensures transparent annual action planning and appropriate identification of target groups and prioritisation of activities.

A snapshot of the programme's achievements is published annually in the free community newspaper.

6.5 Implications

Financial

Council's LTP includes funding for delivery of the Safer Napier programme through a part-time contracted Coordinator (\$39,600 per annum). ACC only provides programme funding to newly accredited safe communities. This ceases once a community becomes reaccredited (after five years) as is the case for Safer Napier, which is operating without any external programme funding. Coalition partner agencies are often not in a position to fund the programme and funding sources for projects remains variable.

The programme remains viable through ongoing support from Council in the form of staff time and LTP funding. Council also provides safety-related funding through its service agreements with the following community organisations:

- Surf Lifesaving NZ - \$47,000 per annum
- Napier Safety Trust (CCTV) - \$45,000 per annum
- Napier Community Patrol - \$47,000.

These further support Council's goal of improving community safety.

Social & Policy

Community safety remains a key priority for Napier residents. The 2017 Social Monitor survey found 93.8% of respondents feel the safety of themselves and other family members is average or better. This was similar to the percentage recorded in the previous survey (94.3% in 2014). In both surveys, a large number of comments were provided about specific safety concerns.

Safer Napier's programme reach extends year-on-year through the inclusion of additional target population groups and new or extended projects and initiatives. This ensures the programme remains relevant and responsive, and has continued impact as new and emerging issues arise in the community.

Risk

As mentioned earlier, Council is the primary funder for delivery of Safer Napier and many of its 'flagship' projects and events. Continued identification of funding through the Long Term Plan is essential for the programme's ongoing sustainability.

6.6 Options

The option available to Council is as follows:

- a. Note the Safer Napier annual summary.

At the Meeting

In response to questions from Councillors it was advised that:

- A number of different programmes are underway under the umbrella of Safer Napier, including some with a more regulatory focus.
- Neighbourhood Watch have a part to play in the wider approaches to safety and have recently expanded their own offerings to include responses to street safety, post-burglary support and so on.

6.7 Attachments

- A Safer Napier Strategic Group Members
- B Safer Napier Summary 2017/18

Safer Napier Strategic Group Members

- Accident Compensation Corporation
- Fire and Emergency New Zealand
- Hawke's Bay Civil Defence Emergency Management Group
- Hawke's Bay District Health Board
- Health Hawke's Bay
- Housing New Zealand Corporation
- Ministry of Social Development
- Napier City Council
- Napier City Business Incorporated
- New Zealand Automobile Association
- New Zealand Police
- New Zealand Red Cross
- Te Puni Kōkiri
- RoadSafe Hawke's Bay
- Te Rangihaeata Oranga Trust
- Te Roopu a Iwi Trust
- Te Kupenga Hauora – Ahuriri



working together for a

Safer Napier

Did you know?

Napier is very proud to be an accredited International Safe Community. We thank everyone, including over 40 groups, organisations and agencies who work together in Napier for a safe community. A full copy of the Safer Napier Annual Report 2017/2018, which outlines 40 of our projects and activities, is online at www.napier.govt.nz keyword #safernapier.

Highlights

Advances have been made in:

- ▶ Injury Prevention
- ▶ Crime Prevention
- ▶ Road Safety
- ▶ Community Resilience
- ▶ Alcohol Related Harm



10,725 Napier households are members of a Neighbourhood Support Group.



120 road crashes resulting in injury were reported on Napier roads.



41% of households in the Safe As Houses project had at least 10 litres of water stored, per person.



25 licensed premises were visited to monitor if alcohol was being sold to underage people in Napier.



Over 700 older adults attended Sport Hawke's Bay classes to improve their balance and prevent falls.

Some joint projects last year

Safe As Houses

We hold home safety assessments and street BBQs to raise safety awareness, and make physical changes to the home to reduce risk of falls, fires, crime and natural hazards. An important action you can take to make your place safer is to get to know your neighbours.

Tools for the Teenage Years

This is a resource for whānau, parents and caregivers of teens providing information, ideas and inspiration, including helpful websites and services.

Go to www.napier.govt.nz keyword #teenageyearsbooklet. Talk to your teen - ask them what they think, how they feel and what they need.

Joint Alcohol Strategy

Multiple agencies in Hawke's Bay work together to address alcohol related harm in our region. Actions include "Creating Safer Drinking Environments" seminars, alcohol free events, and promotion of the One for One message - drink a glass of water between each alcoholic beverage.

We're Water Safe

A free family day at Perfume Point hosted by Safer Napier focused on water safety. Lifejackets are essential for all recreational activities on the water. Never swim or surf alone.

School Zones

Flashing school zone signs operate near 16 Napier schools, reminding drivers to be extra vigilant that children, who can be easily distracted, could be crossing the road. Remember to slow down around schools.

Safety is everyone's business

Supported by



NAPIER
CITY COUNCIL
Te Kōwhiri o Ahuriri



MĀORI CONSULTATIVE COMMITTEE

Open Minutes

Meeting Date:	Tuesday 26 February 2019
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Time:	3.04pm-4.12pm
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Venue	Council Chamber Hawke's Bay Regional Council 159 Dalton Street Napier
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Present	Piri Prentice (In the Chair), Mayor Dalton, Councillor Tapine, Tiwana Aranui, Te Whetū Henare-Winitana and George Reti
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In Attendance	Chief Executive, Director Community Services, Councillor Boag, Strategic Māori Advisor, Communications and Marketing Manager
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Administration	Governance Team
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Karakia

George Reti opened the meeting with a karakia.

Apologies

Nil

Conflicts of interest

Nil

Public forum

Joan Plowman, Chair and Mark Cleary, Trustee - Napier Pilot City Trust

Joan and Mark addressed the committee and spoke to the rejuvenated vision, mission and strategic plan of the Napier Pilot City Trust [*tabled at the meeting*]. This work has been completed through a series of workshops involving up to 40 members of the Napier community. The Trust aspires to Napier becoming an inclusive society where all members of the community are treated with fairness and kindness, including access to quality employment and active participation by all members of the community.

The Trust are holding a re-launch on 24 April 2019 and a hīkoi from Tangoio Marae to Pukemokimoki Marae on 28 April 2019.

The work of Pat Magill in this space was recognised by the Committee and it was noted that the Trust would like to increase their Māori representation.

Announcements by the Chairperson

Nil

Announcements by the management

The Chief Executive advised the Committee members that the Director Community Services will be Acting Chief Executive during his upcoming leave.

The Mayor noted that discussions are underway in relation to the 2019 Civic Awards. Council would appreciate input from the Committee regarding potential nominees.

Confirmation of minutes

Mayor Dalton / T Aranui

That the Minutes of the meeting held on 4 December 2018 were taken as a true and accurate record of the meeting.

Carried

REPORTS FROM STANDING COMMITTEES

Councillor Tapine / T Aranui

That the Māori Consultative Recommendations arising from the discussion of the Committee reports be submitted to the Council meeting for consideration.

Carried

REPORTS FROM STRATEGY AND INFRASTRUCTURE COMMITTEE HELD 19 FEBRUARY 2019

1. NAPIER DISABILITY STRATEGY - DRAFT FOR CONSULTATION

Type of Report: Operational

Legal Reference: N/A

Document ID: 697022

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

1.1 Purpose of Report

This report summarises the development of the Napier Disability Strategy and requests approval to release it for community feedback prior to its finalisation for adoption by Council.

At the Māori Consultative Committee meeting

Councillor Tapine spoke to previous discussion had by the Strategy and Infrastructure Committee on this item.

Māori Consultative Committee's recommendation

Councillor Tapine / T Aranui

That the Council resolve that the Committee's recommendation be adopted.

Carried

Committee's recommendation

Councillors Boag / White

That the Strategy and Infrastructure Committee:

- a. Approve the release of the draft Napier Disability Strategy for community feedback.
-

Carried

2. NAPIER SAILING CLUB FUNDING REQUEST

<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	698622
<i>Reporting Officer/s & Unit:</i>	Bryan Faulknor, Manager Property

2.1 Purpose of Report

To seek Council's approval for a grant to the Napier Sailing Club towards the cost of upgrading the existing breastwork and boardwalk immediately in front of the Napier Sailing Club Clubhouse.

At the Māori Consultative Committee meeting

The Mayor clarified that the grant is to assist the Napier Sailing Club with the cost of upgrading the breastwork around the sailing club.

Māori Consultative Committee's recommendation

Councillor Tapine / T Aranui

That the Council resolve that the Committee's recommendation be adopted.

Carried

Committee's recommendation

Mayor Dalton / Councillor Brosnan

That the Strategy and Infrastructure Committee:

- Approve a grant to the Napier Sailing Club of 50% of the cost of an upgrade to the breastwork and boardwalk in front of the clubhouse, subject to a maximum grant amount of \$250,000.
- That approval of the grant is subject to Council Officers being satisfied as to final design, scope of works, final quote, and compliance with any required consents.
- That actual payment to the club is to be made only upon Council Officers being satisfied as to physical progress of the works.
- That funding is to be provided from current Inner Harbour capital budgets, which are funded from the Hawke's Bay Harbour Board Endowment Land Income Account.
- To authorise the transfer of the appropriate budget from the Inner Harbour Capital budgets to a Grant budget.
- That an appropriate variation be made to the current Deed of Lease to secure reasonable public access to the breastwork and boardwalk in front of the clubhouse.

Carried

3. REPRESENTATION REVIEW 2018 - LOCAL GOVERNMENT COMMISSION DETERMINATION

<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	Local Electoral Act 2002
<i>Document ID:</i>	693953
<i>Reporting Officer/s & Unit:</i>	Deborah Smith, Team Leader Governance

3.1 Purpose of Report

To bring to Council the determination of the Local Government Commission in relation to the 2018 representation review.

At the Māori Consultative Committee meeting

It was noted that Council will move to a ward-only system from the next election.

Māori Consultative Committee's recommendation

Councillor Tapine / T Aranui

That the Council resolve that the Committee's recommendation be adopted.

Carried

Committee's recommendation

Councillors Boag / Wright

That the Strategy and Infrastructure Committee:

- a. Receive the Local Government Commission determination on the 2018 representation review.
- b. Note that Officers will make the appropriate arrangements for the 2019 elections in liaison with Council's election provider.

Carried

4. ORDERING OF CANDIDATES' NAMES ON VOTING DOCUMENTS

<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	Local Electoral Act 2001
<i>Document ID:</i>	694417
<i>Reporting Officer/s & Unit:</i>	Deborah Smith, Team Leader Governance

4.1 Purpose of Report

To obtain a decision from the Council on the ordering of candidates' names on voting documents, as per the Local Electoral Act 2001.

At the Māori Consultative Committee meeting

The Chief Executive advised that other Councils are now moving to random order of candidates' names on voting papers.

Māori Consultative Committee's recommendation

Councillor Tapine / T Aranui

That the Council resolve that the Committee's recommendation be adopted.

Carried

Committee's recommendation

Councillors McGrath / Taylor

That the Strategy and Infrastructure Committee:

- a. Endorse the presentation of candidates' names in random order on voting documents for the 2019 Local Government Elections.

Carried

5. NAPIER ROLL OF HONOUR

<i>Type of Report:</i>	Procedural
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	697896
<i>Reporting Officer/s & Unit:</i>	Charles Ropitini, Strategic Maori Advisor

5.1 Purpose of Report

To consider and approve the reviewed Napier Roll of Honour for display at the War Memorial Centre site.

At the Māori Consultative Committee meeting

The Strategic Māori Advisor spoke to the item, noting that updating the Roll of Honour (ROH) has been a large piece of work undertaken with the assistance of external researchers and archivists. The number of names has doubled from the number listed on the original ROH. Through this work some Māori names have been identified for correction and the Committee were asked to review the names and advise of any discrepancies. It was noted that records for Māori soldiers in particular are very poor.

In response to questions and discussion from the Committee it was clarified that the ROH does not recognise service. The criteria for the ROH is names of those that died within the official government period of the conflict. The Chair noted his dissatisfaction that service would not be recognised on the ROH.

Māori Consultative Committee's recommendation

Councillor Tapine / T Aranui

That the Council resolve that the Committee's recommendation be adopted.

Carried

Committee's recommendation

Mayor Dalton / Councillor Taylor

That the Strategy and Infrastructure Committee:

- a. Approve the Napier Roll of Honour as an official Civic list of war dead for display at the War Memorial Centre site, and:
- b. Approve that 15 identified names from the 1995 Roll of Honour deemed by research to have good and legitimate reason for removal are not carried forward to the revised Roll of Honour.

Carried

6. WAR MEMORIAL DESIGN OPTIONS CONSULTATION

<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	699633
<i>Reporting Officer/s & Unit:</i>	Natasha Carswell, Manager Community Strategies

6.1 Purpose of Report

This report provides the feedback received during consultation on concept design options for a War Memorial. It is recommended that Council select an option in order to proceed with development of a concept brief and subsequent construction of a War Memorial for Napier.

At the Māori Consultative Committee meeting

It was noted that the War Memorial is still in the planning stage, but as the community has indicated that they would like to see interactive elements, there are opportunities for technology to be used in some manner to ensure the younger generation feel connected to this space and possibly to recognise others involved in those conflicts.

Māori Consultative Committee's recommendation

Councillor Tapine / T Aranui

That the Council resolve that the Committee's recommendation be adopted.

Carried

Committee's recommendation

Councillors Brosnan / Wise

That the Strategy and Infrastructure Committee:

- a. Considers the community feedback,
- b. Reconfirms its decision made on 27 September 2017 to locate the War Memorial at the Floral Clock site, and
- c. Provides direction on a design concept.
- d. That Council staff take the following design direction to create a final design concept for adoption by Council:
 1. That the reinstated Memorial be constructed at forecourt level, on the floral clock site, forming part of the War Memorial Site,
 2. That a curved wall, open to the elements, mimicking the ballroom shape and physically connected to the building, display the Roll of Honour,
 3. That the Perpetual Flame be built into the existing War Memorial Building Entranceway so that it is visible when entering the building, from the Memorial and externally at night,
 4. That water be incorporated into the design that is near to and complements the flame, so that they can be viewed together,
 5. That a place/s to sit and reflect be included,
 6. That physical access and visual connection to the formal lawn be incorporated,
 7. That remembrance artwork be commissioned, to connect the Memorial space with the Memorial Building and lower lawn, uniting the Memorial elements; and that this be given as a brief to the Arts Advisory Group to commission,
 8. That landscaping is included that complements and promotes restful contemplation, and unites the Memorial Building with the Memorial elements,
 9. That the design include flag poles connecting the Memorial and Memorial building,
 10. That WW1 and WW2 Rolls be displayed in a prominent way flowing onto future conflicts such as Vietnam and Boer War Rolls,

11. That the physical original Roll of Honour be respectfully incorporated into the design and that a small committee of appropriate representatives are given this brief, to provide Council a recommendation on 'how to incorporate'.
- e. Note Councils intention to adopt a final design no later than August 2019 and begin construction as soon as practicable in the 2019 calendar year.

The division was declared **carried** by 12 votes to 1 vote the voting being as follows:

For: Councillors Boag, Brosnan, Dallimore, Hague, Jeffery, McGrath, Price, Tapine, Taylor, White, Wise and Wright

Against: Mayor Dalton

Carried

7. GREENDALE POOL FUNDING DECISION: COUNCIL PROJECTS FUND

Type of Report: Operational

Legal Reference: N/A

Document ID: 700270

Reporting Officer/s & Unit: Glenn Lucas, Manager Sport & Recreation

7.1 Purpose of Report

To approve a \$50,000 grant to Greendale Committee to contribute towards the restoration of the Taradale School Pool (Greendale Pool).

At the Māori Consultative Committee meeting

The Mayor clarified that the aquatic strategy is currently underway with a new facility to be built at Prebensen Drive. In the short term there is a shortage of swimming lanes, especially for learn to swim programmes. Council has agreed to assist with the cost of upgrading the Greendale Pool, with funding being subject to the Greendale fundraising committee obtaining a signed contract for the works.

Māori Consultative Committee's recommendation

Councillor Tapine / T Aranui

That the Council resolve that the Committee's recommendation be adopted.

Carried

Committee's recommendation

Councillors Wise / Taylor

That the Strategy and Infrastructure Committee:

- a. Approve that \$50,000 be allocated from the 2019/20 Council Project Fund to the Greendale Committee to restore the Taradale School Pool, conditional upon the receipt of a signed tender agreement signalling the commencement of the refurbishment work.

The division was declared ***carried*** by 12 votes to 1 vote the voting being as follows:

For: Mayor Dalton, Councillors Boag, Brosnan, Dallimore, Hague, Jeffery, Price, Tapine, Taylor, White, Wise and Wright

Against: Councillor McGrath

Carried

8. ROAD STOPPING - CORNER OF GEDDIS AND LONGFELLOW AVENUES

Type of Report: Legal

Legal Reference: Local Government Act 1974

Document ID: 696916

Reporting Officer/s & Unit: Bryan Faulknor, Manager Property
Jenny Martin, Property and Facilities Officer

8.1 Purpose of Report

To confirm the Council resolution of 30 October 2018 to initiate the road stopping process in accordance with the 10th Schedule of the Local Government Act 1974 and subsequent sale of approximately 188m² of the current legal road on the corner of Geddis and Longfellow Avenues, to Ahuriri District Health.

At the Māori Consultative Committee meeting

There was no discussion on this item. The Mayor noted that the road stopping is an operational matter.

Māori Consultative Committee's recommendation

Councillor Tapine / T Aranui

That the Council resolve that the Committee's recommendation be adopted.

Carried

Committee's recommendation

Councillors Jeffery / Boag

That the Strategy and Infrastructure Committee:

- a. Declare the road adjoining 65 Geddis Avenue, as described in the Schedule hereto, to be stopped; and
- b. Transfer the stopped road to the owners of the adjoining land, as described in the Schedule hereto, and require the amalgamation of the stopped road with the adjoining land under one record of title.

SCHEDULE

Hawkes Bay Land District – Napier City

Area	Description	Adjoining Land
0.0188 ha	Section 1 SO Plan 530636	Record of Title HBM3/1138

Carried

9. OMARUNUI REFUSE LANDFILL JOINT COMMITTEE MINUTES 7 DECEMBER 2018

<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	696550
<i>Reporting Officer/s & Unit:</i>	Cheree Ball, Governance Advisor

9.1 Purpose of Report

To present to Council the unconfirmed minutes of the Omarunui Refuse Landfill Joint Committee meeting, held on 7 December 2018.

At the Māori Consultative Committee meeting

The Mayor noted that the real challenge is around limiting the amount of waste that ends up at the landfill. New environmental requirements mean that the cost to build a new landfill will be enormously expensive. It was acknowledged that education will be key to delaying this for as long as possible.

Māori Consultative Committee's recommendation

Councillor Tapine / T Aranui

That the Council resolve that the Committee's recommendation be adopted.

Carried

Committee's recommendation

Councillors Tapine / Hague

That the Strategy and Infrastructure Committee:

- a. Receive the unconfirmed minutes of the Omarunui Refuse Landfill Joint Committee meeting from 7 December 2018.

Carried

REPORTS FROM REGULATORY COMMITTEE HELD 19 FEBRUARY 2019

1. NCC AND NAPIER CITY BUSINESS INC EVENTS 2019

Type of Report: Procedural

Legal Reference: Local Government Act 2002

Document ID: 694616

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

1.1 Purpose of Report

The purpose of this report is to obtain a resolution of Council to allow trading in a public place to occur at Napier City Council and Napier City Business Inc events in Napier city until the end of October 2019.

At the Māori Consultative Committee meeting

The Chief Executive noted that this recommendation provides approval for food carts to trade in the CBD as part of Council or Napier City Business Inc events until 31 October 2019, which they are currently unable to do under the bylaw.

In response to questions it was noted that Council will assess whether a change to the bylaw is required.

Māori Consultative Committee's recommendation

Councillor Tapine / Mayor Dalton

That the Council resolve that the Committee's recommendation be adopted.

Carried

Committee's recommendation

Councillors Boag / Tapine

That the Regulatory Committee:

- a. Approve the sale of food and beverages, including alcoholic beverages, to the public on public land within the city centre as part of events held by either Napier City Council or Napier City Business Inc until the 31st October 2019.

Carried

GENERAL BUSINESS

The following matters were raised and discussed during a round table discussion at the request of the Chair.

Matariki Regional Economic Development Strategy (Matariki REDS)

The Committee requested an overview of Matariki REDS. The Chief Executive confirmed that he would provide an presentation/update to the Committee at the next Māori Consultative Committee meeting.

Appointments to the Māori Consultative Committee

Clarification was requested as to how members are appointed to this Committee due to concerns being raised amongst other groups around the current representation.

It was clarified that although members are appointed by the Mayor, this has been done in consultation with Piri. A conscious decision was made to not appoint representatives of different parts of Māoridom but rather to have good people from within the Māori community around the table.

The Strategic Māori Advisor noted that Council as a whole is going through an evolutionary process in relation to cultural competency. He advised that Council want better representation and to be more responsive to mana whenua but needs their involvement to achieve this, and although Council has made some big improvements in this space over the last two years there is still a lot of work to do.

It was noted that Local Government across New Zealand is experiencing issues with Māori engagement. Napier City Council has large cultural aspirations but recognises that these will only be achieved through working together.

The Committee agreed that appointments to the Māori Consultative Committee were best to be discussed and agreed upon by the current committee members with recommendations to be put forward to the Mayor. The Strategic Māori Advisor confirmed that he would assist in facilitating this.

Terms of Reference

It was noted that the new Terms of Reference are yet to be confirmed and an update was requested from officers. The Strategic Māori Advisor confirmed that he will provide an update on the Terms of Reference at the next meeting.

Art Deco Weekend

The 2019 Art Deco Weekend was discussed with the lack of Māori involvement noted by the Committee; however, the Māori section of the fashion parade and the pōwhiri were both highlighted as successes. Officers noted that the Art Deco Trust are currently reviewing their capacity etc. and Council may be in a position to assist the Trust with their cultural responsiveness.

Other

- The Strategic Māori Advisor noted that the ASB Building is now under new ownership with the owners looking to restore the Māori motifs featured in the building.

- It was noted that the NZ Planning Institute Conference will be held here in Napier this year and the Committee members were asked to advise the Strategic Māori Advisor if they wish to attend. A Māori focus day will be held on 2 April 2019 specifically for kaupapa Māori in the planning space.
- In response to comments from the Committee as to whether Napier holds any records around how marae and hapū groups assisted at the time of the earthquake, the Strategic Māori Advisor noted that he had recently attended a hui on marae resilience. He relayed how the Parewahawaha Marae in Bulls had captured their own korero on what they had done in the past, including where they lived and why they lived there.

Tiwana Aranui closed the proceedings with a karakia at 4.12pm.

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

Chairperson

Date of approval