



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

Napier Civic Building  
231 Hastings Street  
**t +64 6 835 7579**  
**e** [info@napier.govt.nz](mailto:info@napier.govt.nz)  
[www.napier.govt.nz](http://www.napier.govt.nz)

# PROSPEROUS NAPIER COMMITTEE

## Open Agenda

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Meeting Date: Thursday 3 July 2025

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Time: 9.30am

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Venue: Large Exhibition Hall  
War Memorial Centre  
Marine Parade  
Napier

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*Livestreamed via Council's Facebook page*

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Committee Members     **Chair:**     Councillor Crown

**Members:** Mayor Wise, Deputy Mayor Brosnan, Councillors Boag, Browne, Chrystal, Greig, Mawson, McGrath, Price, Simpson, Tareha and Taylor (Deputy Chair)

                                 Ngā Mānukanuka o te Iwi representatives – Evelyn Ratima and Kirk Leonard

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Officer Responsible     Deputy Chief Executive / Executive Director Corporate Services

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Administration     Governance Team

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**Next Prosperous Napier Committee Meeting**  
**Thursday 21 August 2025**

## 2022-2025 - TERMS OF REFERENCE - PROSPEROUS NAPIER COMMITTEE

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<i>Chairperson</i>	<i>Councillor Crown</i>
<i>Deputy Chairperson</i>	<i>Councillor Taylor</i>
<i>Membership</i>	<i>Mayor and Councillors (13)</i> <i>Ngā Mānukanuka o te Iwi representatives (2)</i>
<i>Quorum</i>	<i>8</i>
<i>Meeting frequency</i>	<i>At least 6 weekly (or as required)</i>
<i>Officer Responsible</i>	<i>Deputy Chief Executive / Executive Director Corporate Services</i>

### **Purpose**

To provide governance oversight to the corporate business of the Council, monitor the Council's financial position and financial performance against the Long Term Plan and Annual Plan, and to guide and monitor Council's interests in any Council Controlled Organisations (CCOs), Council Organisations (COs) and subsidiaries.

### **Delegated Powers to Act**

To exercise and perform Council's functions, powers and duties within its area of responsibility, excluding those matters reserved to Council by law or by resolution of Council, specifically including the following:

1. To monitor the overall financial position of Council and its monthly performance against the Annual Plan and Long Term Plan.
2. To adopt or amend policies or strategies related to the Committee's area of responsibility, provided the new or amended policy does not conflict with an existing policy or strategy.
3. To consider all matters relating to CCOs and COs, not reserved to Council, including to monitoring the overall performance of CCO's.
4. Provide governance to Council's property operations and consider related policy.
5. Consider applications for the sale of properties within the Leasehold Land Portfolio.
6. To resolve any other matters which fall outside the area of responsibility of all Standing Committees, but where the Mayor in consultation with the Chief Executive considers it desirable that the matter is considered by a Standing Committee in the first instance.

### **Power to Recommend**

The Committee may recommend to Council and/or any standing committee as it deems appropriate.

The Committee may recommend to Council and/or the Chief Executive any changes to the funding or rating system for the City, any variation to budgets that are outside the delegated powers of officers and the approval of Statements of Intent for CCOs and COs each year.

To bring to the attention of Council and/or the Chief Executive any matters that the Committee believes are of relevance to the consideration of the financial performance or the delivery of strategic outcomes of Council.

The Committee must make a recommendation to Council or the Chief Executive if the decision considered appropriate is not consistent with, or is contrary to any policy (including the Annual Plan or Long Term Plan) established by the Council.

# ORDER OF BUSINESS

## Karakia

## Apologies

Councillor Browne

## Conflicts of interest

## Public forum

Nil

## Announcements by the Mayor

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

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

A meeting may discuss an item that is not on the agenda only if it is a minor matter relating to the general business of the meeting and the Chairperson explains at the beginning of the public part of the meeting that the item will be discussed. However, the meeting may not make a resolution, decision or recommendation about the item, except to refer it to a subsequent meeting for further discussion.

## Announcements by the management

## Confirmation of minutes

That the Minutes of the Prosperous Napier Committee meeting held on Thursday, 15 May 2025 be taken as a true and accurate record of the meeting. ....38

## Agenda items

- 1 Treasury Activity and Funding Update .....4
- 2 Retirement of Category 3 Voluntary Buyout Policy .....9
- 3 Appointment and Remuneration Policy for Directors of Council Organisations .....22

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

**Recommendation to Exclude the Public..... 37**

# AGENDA ITEMS

## 1. TREASURY ACTIVITY AND FUNDING UPDATE

Type of Report:	Information
Legal Reference:	N/A
Document ID:	1860209
Reporting Officer/s & Unit:	Garry Hrustinsky, Corporate Finance Manager

### 1.1 Purpose of Report

The purpose of this report is to update the Prosperous Napier Committee on Council's treasury activity.

### Officer's Recommendation

The Prosperous Napier Committee:

- Receive** the report titled Treasury Activity and Funding Update dated 3 July 2025.

### 1.2 Background Summary

#### Investments

As at 12 June 2025 Council held \$9m on term deposit at an average interest rate of 3.64%.

The following table reports the cash and cash equivalents on 12 June 2025:

	\$000
Cash on call*	\$7,167
Short term bank deposits	\$9,000
<b>Total cash and deposits</b>	<b>\$16,110</b>

\*Includes \$1.25m of retained funds.

Term Deposit Issuer Summary						
Provider	S&P Credit Rating	Avg. 12 Month Rate	Total Balance	Limit	Percentage	% Limit
Westpac	AA-	N/A	\$ -	\$30m	38.32%*	40%
ANZ	AA-	3.48%	\$ 6,000,000	\$30m	41.12%	40%
ASB	AA-	3.95%	\$ 3,000,000	\$30m	20.56%	40%
BNZ	AA-	N/A	\$ -	\$30m	0.00%	40%
Kiwibank	A	N/A	\$ -	\$30m	0.00%	40%
<b>Total</b>			<b>\$ 9,000,000</b>			

\*Includes cash held in accounts.

ANZ and ASB have been offering the best deposit rates for terms under 60 days. Due to relatively low cash and term deposit balances currently held by NCC, small deposits can result in significant changes in percentages against limit.

#### Term Deposit Maturity Profile vs Guidelines

Term	Percentage	Lower Limit	Upper Limit	Within Limits
0 - 6 months	100%	30%	80%	No
6 - 12 months	0%	20%	70%	No
1 - 3 years	0%	0%	50%	Yes
3 - 5 years	0%	0%	20%	Yes

The primary consideration for placing deposits is timing the need for future expenditure, with returns a secondary consideration. Longer-dated investments beyond 60 days are not possible with the current cash balance.

#### Debt

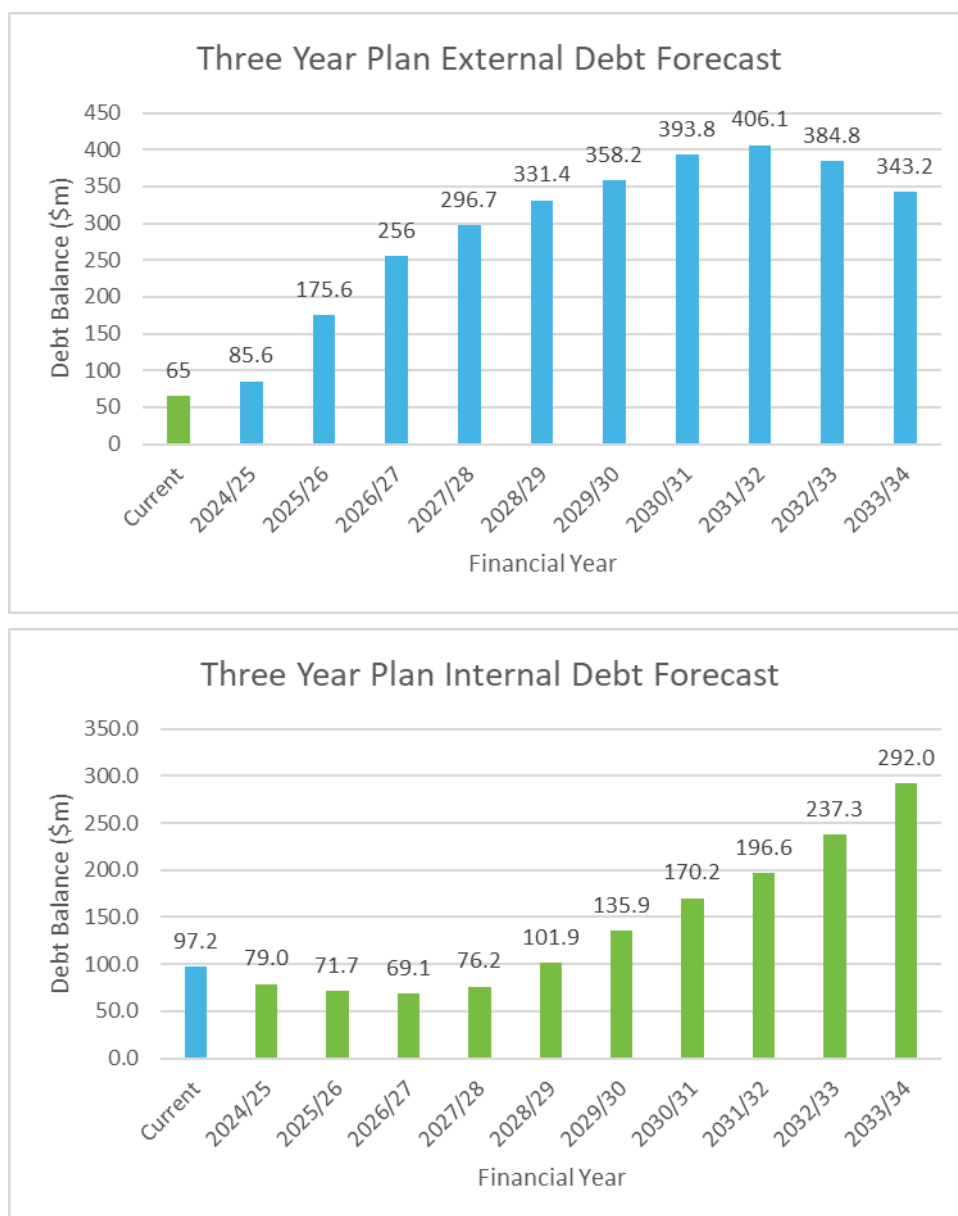
No further borrowing has occurred since April 2025, with the total debt position being \$65m as at the end of the financial year. The details of Council's external debt are as follows:

Draw date	Amount	Interest rate	Maturity date
21/06/2023	\$5m	5.61%	15/04/2026
21/06/2023	\$5m	5.46%	15/05/2028
30/04/2024	\$5m	5.73%	20/04/2029
30/04/2024	\$5m	5.79%	15/05/2030
07/10/2024	\$5m	4.26%	15/04/2027
07/10/2024	\$5m	4.92%	15/05/2031
19/11/2024	\$5m	5.47%	14/05/2032
19/11/2024	\$5m	5.55%	14/04/2033
20/12/2024	\$10m	5.43%	15/05/2035
20/12/2024	\$5m	5.61%	15/04/2037
03/04/2025	\$5m	3.99%	15/04/2026
03/04/2025	\$5m	4.10%	15/04/2027

Additional funding for key projects will be required over the next 6 months.

The interest rate assumptions for internal and external borrowings are set out in the table below:

Interest rates	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
External debt	6.0%	5.3%	5.8%	5.7%	5.7%	5.7%	5.8%	5.9%	6.0%	6.0%
Internal debt	6.0%	5.3%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%



*Please note that as this report was produced several weeks in advance, the figure for 1 July 2025 was not available.*

Council's current total internal debt position as at the 1 July 2024 is \$97.2m. Internal debt occurs when Council uses its own cash resources (reserves) to finance capital expenditure rather than new external borrowing.

Debt projections are based on the assumption that capital projects budgets will be completed. There is currently a gap of \$20.6m between year-end budgeted and actual borrowing.

Council's debt portfolio is managed within macro limits set out in the Treasury Policy. It is recognised that from time-to-time Council may fall out of policy due to timing issues. The Treasury Policy allows for officers to take the necessary steps to move Council's funding profile back within policy in the event that a timing issue causes a breach in policy.

Council is currently compliant with its Investment Management Policy.

The Reserve Bank of New Zealand (RBNZ) reduced the Official Cash Rate (OCR) by 25 basis points to 3.25% at its last review on the 28<sup>th</sup> May 2025. This is the second rate cut since 9<sup>th</sup> of April.

Although reported inflation has increased from 2% to 2.5%, higher tariffs, uncertainty in international economies, and increased political instability are expected to reduce economic growth. This, in turn, is expected to reduce imported inflation.

#### Debt to revenue ratio headroom

This is the key measure for Councils debt profile as it is the measure used by Council's major funders.

The closer Council gets to its limits the more likely it is that it will experience problems raising new debt. A Council with a credit rating would experience a decrease in cost of funds (lower credit rating and higher borrowing margins).

<b>Borrowing Limits</b>			
	<b>Limit</b>	<b>Current</b>	<b>Within Limit</b>
Liquidity to External Debt	>110%	125.1%	<b>Yes</b>
Net External Debt vs Income	<230%	25.1%	<b>Yes</b>
Net Interest vs Total Income	<10%	1.7%	<b>Yes</b>
Net Interest vs Rates	<15%	3.3%	<b>Yes</b>

Note that Liquidity to External Debt has increased slightly from 118.2% to 125.1% and Net External Debt vs Income has decreased from 33.2% to 25.1% since the last report in May 2025 due to the timing of quarterly rates receipts. Moving from weekly creditor runs back to monthly has also allowed Council to retain a higher treasury balance.

Council is currently compliant with its borrowing limits.

#### Credit rating process

Officers are exploring the option around taking on a credit rating. This would unlock more competitive borrowing rates through the LGFA and could increase Council's debt limit to 280% of its revenue/income (providing more headroom to borrow). There is a cost to maintain a credit rating and requires council's financials to be externally audited each year. Once Council reaches approximately \$100m of external borrowings the interest savings achieved from having a credit rating start to outweigh the audit cost.

The process to obtain a credit rating is estimated to take approximately 3 - 4 months (including procurement). The key steps for applying for a credit rating are outlined below:

- A procurement process is commenced to tender for a credit rating agency such as S&P Global, Moody's or Fitch.
- Officers gather and prepare all the necessary financial documents and information about Council. This includes financial statements, annual reports, annual and long term plans and any other relevant data that demonstrates the financial health of Council.
- The successful ratings agency will conduct in person meetings, calls with rating analysts and site visits.
- The credit rating is confirmed and the rating agency publishes the rating.

The rating agency will continuously monitor Council's financial health and performance. This involves regular reviews and updates, including regular on-site visits to analyse

Council's financial health to ensure the rating remains accurate and reflective of the current situation.

**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

**1.6 Options**

The options available to Council are as follows:

- a. Receive the report titled Treasury Activity and Funding Update dated 3 July 2025.
- b. Amend the report titled Treasury Activity and Funding Update dated 3 July 2025.
- c. Reject the report titled Treasury Activity and Funding Update dated 3 July 2025.

**1.7 Development of Preferred Option**

N/A

**1.8 Attachments**

Nil



## 2. RETIREMENT OF CATEGORY 3 VOLUNTARY BUYOUT POLICY

Type of Report:	Enter Significance of Report
Legal Reference:	Enter Legal Reference
Document ID:	1859343
Reporting Officer/s & Unit:	Richard Munneke, Commercial Director

### 2.1 Purpose of Report

To Retire the Category 3 Voluntary Buyout Policy as the Crown has confirmed it would not agree to an amendment or extension to the crown funding agreement.

### Officer's Recommendation

The Prosperous Napier Committee:

- a) **Note** that clause 9.1 of the Category 3 Voluntary Buy-out Policy (the Policy) requires a review on whether the Policy should continue to apply on or before 30 June 2025 and the Hawke's Bay Crown Funding Agreement (which governs the Crown's financial contributions for the Category 3 Voluntary Buyouts) defines the 'Category 3 End Date' as "30 June 2025 or such later date as may be agreed between the parties".
- b) **Note**
  - i. Substantial progress has been made implementing, and effectively concluding, the Category 3 Voluntary Buyout Programme (the Programme).
  - ii. All eligible property owners have had sufficient time to consider their individual situations and whether to receive a Council offer or accept/decline a Council offer.
  - iii. It is expected that by 30 June 2025, all Category 3 property owners will have made a final decision on whether to accept the Council's offer and that Council staff and remaining contractors are working hard to support the final owner through the final parts of owner decision making processes.
- c) **Approve** the formal retirement of the Category 3 Voluntary Buy-out Policy(Doc Id 1861711), effective from 3 July 2025.

### 2.2 Background Summary

The Hawke's Bay Crown Funding Agreement defines the 'Category 3 End Date' as "30 June 2025, unless otherwise agreed" and in developing the Policy (see **Attachment 1**), it was anticipated a review of whether the Policy should continue to apply would be required on or before 30 June 2025.

The Voluntary Buy-out Programme was substantially concluded by 31 December 2024 with provision made to support a small number of Category 3 property owners who needed further time to work through property specific and personal matters

In developing the Policy, the Councils identified objectives and principles, and these have been used to implement the Programme. These were captured in the 3 December 2024 report to the Strategy and Recovery Committee and are replicated below with an updated assessment of whether, and how, these objectives and principles have been achieved and upheld.

Policy objectives	Comment (as at 15 May 2025)
(a) The removal of risk-to-life associated with people living on Category 3 land.	<p>This objective has largely been achieved This is reflected in the high uptake of offers by eligible property owners and demolition of residential components complete</p> <p><b>Of the eligible Category 3 properties, at time of writing only one is outstanding which is eligible for an alternative offer under the Kaupapa Māori pathway</b></p> <p>VBO forecasts assume 92% of offers will have been approved by Programme completion through either the Council led or Kaupapa Māori Pathway.</p> <p><b>To date, no properties where owners have declined the offer or decided not to participate for the Napier area</b></p> <p>All settled dwellings will have been demolished</p>
(b)(i) Residents have clear pathways and certainty about the offer.	<p>This objective has been achieved.</p> <ul style="list-style-type: none"> <li>• 100% of properties have actively engaging in the process.</li> <li>• 100% of eligible property owners have received an offer.</li> <li>• All offers have been approved by the Independent Advisory Panel (IAP) to ensure the offer construction and the process has been consistent with the Policy approved by Council.</li> <li>• Where 'special circumstances' consideration has been requested by owners, the IAP has assessed the VBO's recommendation to ensure the factors contained in the Policy have been appropriately evaluated.</li> </ul>
(b)(ii) Long term positive outcomes for the whole community and the environment.	<p>This objective has been met.</p> <p>This objective has been relevant to any issue of interpretation or situation where 'special circumstances' may arise.</p> <p>The demolition programme achieved high rates of diversion of material (around 73% on average and up to 92% in some cases) helping to reduce the impact on the environment.</p> <p>Relocating dwellings (3 of the 14 in Napier) - instead of demolition, has helped to reduce the overall cost of the Programme to ratepayers and reduces</p>

	material to waste. The other key objective of the disposal process is to maximise the productive use of the land. Good outcomes have been achieved in relation to amalgamating 4 titles into one ownership in line with community aspirations.
(b)(iii) Affordability for ratepayers.	<p>This objective has been achieved.</p> <p><b>Latest financial forecasts indicate the overall cost to NCCC will be around \$4.65m. This is around \$350 below the \$5m cap approved by Council and reflected in the HB Crown Funding Agreement. There is still a small washup expected which may alter the final numbers slightly.</b></p>

Policy principles	
a) Acting in good faith.	<p>This principle has been applied by</p> <p>Proactive problem solving and engagement to achieve best possible outcomes for owners.</p> <ul style="list-style-type: none"> <li>• Timely and transparent provision of information to owners and Crown partners. Significant time taken to ensure owners have the information they need and/or the time and care taken to respond to owner queries and concerns. All key documents and dashboards have been made available on Council VBO webpage.</li> <li>• Altering settlement conditions to assist owner's needs. Time extensions have been provided where needed.</li> <li>• Consistency of approach. Ensuring all owners have been treated equally and fairly within the parameters provided for by the Policy.</li> </ul>
b) Treating people with respect.	<p>This principle has been applied by:</p> <ul style="list-style-type: none"> <li>• Empathetic engagement with owners,. This approach has recognised the trauma owners have experienced and the emotional nature of the process for many.</li> <li>• A professional response to challenges and disputes.</li> <li>• Compassionate deconstruction of dwellings, including going the extra mile for many owners.</li> </ul>

c) Working to achieve timely outcomes.	<p>This principle has been applied and achieved by the in the following ways:</p> <ul style="list-style-type: none"> <li>• The Programme was substantially completed in under 1 year</li> <li>• The VBO team worked closely with owners to move at a pace that owners could support. This included allowing extra time where needed to allow owners to seek further advice and/or information.</li> </ul>
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### 2.3 Issues

Since the closure of the VBO at the end of 2024, officers have been supporting the remaining 2 owners.

The last property owners are deciding between the Council offer and the Crown-led Kaupapa Māori Pathway (KMP). It is a complex situation where the original owner is bereaved and the offers of both the Crown and Council are being considered by the beneficiaries to the will.

The executor of the will has been advised and accepted that any settlements with Council would need to be finalised by 30 June. While officers have confidence that there is a pathway for full completion of the programme by 30 June 2025, intensive support will be required for our remaining property owner over the next few weeks to support decision making. We are working closely with Maungaharuru-Tangitū Trust (MTT) to support whanau who have the option of the Council-led process and the Crown-led process. Given the policy differences between the Council-led process and the Crown-led process it is expected that the offer from the Crown will be of greater benefit to these owners. We should be able to provide an update at the committee meeting.

### 2.4 Significance and Engagement

N/A

### 2.5 Implications

#### Financial

Retiring the policy means that there is no possibility of any further application of the buy out process, and as a consequence no further costs.

#### Social & Policy

As discussed above the Buyout process has successfully achieved the policy objectives.

#### Risk

While small there is a risk that further landowners try to use the policy to achieve a buyout. For this reason, it is prudent to support HDC where the risk is higher, and who have already retired the policy and close the door on any possibility of further.

### 2.6 Options

The options available to Council are as follows:

- a) The Policy is formally retired and would cease to have effect from 1 July 2025.

Advantages

1. Provides a conclusive end date to the activity enabled by the Policy.
2. Is in line with the 'Category 3 End Date' of the Hawke's Bay Crown Funding Agreement.
3. Reduces financial risk to Council.
4. Would be consistent with contractual arrangements of remaining staff and contractors providing assistance to remaining owners.

## b) Status Quo –

That the Policy remains in effect until a later specified date.

**2.7 Development of Preferred Option**

N/A

**2.8 Attachments**

- 1 Voluntary Buy Out Policy (Doc Id 1861711 ) [↓](#)



HASTINGS DISTRICT COUNCIL AND NAPIER CITY COUNCIL

## CATEGORY 3 VOLUNTARY BUY-OUT POLICY

### 1. INTRODUCTION

- 1.1 In February 2023, Te Matau a Māui Hawke's Bay faced devastation and loss from Cyclone Gabrielle – one of the largest natural disasters in the history of Aotearoa New Zealand. Across the region, our communities have endured significant impact to their lives, livelihoods, whānau, homes, farms, orchards, vineyards, commercial enterprises and neighbourhoods.
- 1.2 In May 2023, the Government announced three risk categories for Cyclone affected land, with the most at-risk areas, referred to as Category 3, being identified as areas "*not safe to live in because of the unacceptable risk of future flooding and loss of life*". As part of a wider package to assist the recovery of Hawke's Bay, the Crown entered into an agreement with the local authorities which include a 50:50 cost share for the purchase of Category 3 residential properties or any relocation grant paid for mixed-use properties.
- 1.3 On 14 September 2023, Hastings District Council and Napier City Council resolved separately to adopt changes to their Long Term Plans to provide for the new activity of undertaking the purchase of Category 3 Residential Property and Residential Property Rights. They also separately adopted this Policy which sets out how those purchases will be undertaken.
- 1.4 Hawke's Bay Regional Council has carried out a process of assessing and categorising all flood affected land. Category 3 applies to land where "*Future severe weather event risk cannot be sufficiently mitigated. In some cases some current land uses may remain acceptable, while for others there is an intolerable risk of injury or death*".
- 1.5 The purchase of Category 3 properties is a response to Cyclone Gabrielle and the major flooding event that it caused, which had a significant impact on Hawke's Bay individuals and communities. The Councils have chosen to undertake these purchases in recognition of the substantial impact that the Cyclone had on people's lives and the risk associated with people continuing to live in these Category 3 areas. The Councils recognise that there is significant loss and damage beyond what is covered by the Policy, however its scope is limited by the terms of the agreement with the Crown and is targeted at achieving the objectives below.
- 1.6 They also recognise that there are likely to be events in future which will not be covered by the Policy. There are various statutory and planning provisions which will supersede this type of approach in the future, and the Councils do not intend that the Policy will set an expectation for responses to any future events.
- 1.7 Some of the land classified as Category 3 in Hastings District is Whenua Māori, where land is held in Māori Freehold title. Two marae and 31 Whenua Māori land holdings, some with papakāinga housing, have been severely impacted by the Cyclone. The Crown has undertaken to consult directly with affected mana whenua and tangata whenua and there will be a separate Kaupapa Māori parallel pathway in respect of Whenua Māori. The separate pathway is intended to enable recovery and recognise and take account of the importance of the whenua, and how



any settlement gives effect to Te Tiriti o Waitangi and previous Treaty settlements. As such, while Hastings District Council is supporting hapū, marae and Māori entities where it can in the process of Crown negotiations, the Policy is not intended to apply to Whenua Māori.

## 2. OBJECTIVES AND PRINCIPLES OF THE POLICY

- 2.1 The Councils have identified objectives and principles that have been used to develop the Category 3 Voluntary Buy-out Policy (**the Policy**) and will be relevant to any issue of interpretation or situation where special circumstances may arise.

### Objectives

- (a) Overarching objective - The removal of risk-to-life associated with people living on Category 3 land.
- (b) Further objectives:
  - (i) Residents have clear pathways and certainty about the offer.
  - (ii) Long term positive outcomes for the whole community and the environment.
  - (iii) Affordability for ratepayers.

### Principles

- 2.2 In achieving the Objectives, the Councils will apply the following principles:
- (a) Acting in good faith.
  - (b) Treating people with respect.
  - (c) Working to achieve timely outcomes.
  - (d) Communicating clearly.

## 3. ELIGIBILITY FOR OFFER

- 3.1 An offer under this Policy will be made where the following criteria are met:
- (a) Land:
    - (i) Is, or includes, Category 3 land; and
    - (ii) Is a Residential Property or a Mixed-Use Property; and
    - (iii) One or more Dwelling was, as at 13 February 2023, located within the part of the land classified as Category 3.
  - (b) The Owner has signed and adhered to the preliminary agreement described at clause 5.1(vi).
- 3.2 The offer will be made to the Owner(s) of the Residential Property or Mixed-Use Property and is subject to clause 5.5.

## 4. CONTENT OF OFFER

### Outline

- 4.1 There are two primary bases on which offers are made – a Property Purchase Offer and a Residential Relocation Offer (as described in clauses 4.4 and 4.5 respectively).
- 4.2 Owners of Residential Properties can elect to pursue a Property Purchase or a Residential Relocation Offer as set out below. The election can be made at the time of the initial meeting, outlined in clause 5.1(a) below, or at the time of the Council's offer, outlined in clause 5.1(c) below.
- 4.3 Owners of Mixed-Use Properties are only eligible for a Residential Relocation Offer.

### Property Purchase Offer



- 4.4 A Property Purchase Offer is made in accordance with the process set out at clause 5 and shall include:
- (a) Purchase by the Council of the Residential Property (including all Residential Improvements);
  - (b) Where the property is not insured, payment for the market value of the Residential Property as at 13 February 2023, less a deduction equivalent to what would otherwise have been payable under the Earthquake Commission Act 1993 for damage to the land had the property been insured.
  - (c) Where the property is insured, the Owner may elect one of the following options:
    - (i) Payment for the market value of the Residential Property as at 13 February 2023, less any Insurance Proceeds that have not been spent, in good faith, on repairs to the Dwelling; or
    - (ii) To retain any Insurance Proceeds related to the Dwelling, in which case payment shall be made for the market value of the land as at 13 February 2023, less any payment under the Earthquake Commission Act 1993 for damage to the land that have not been spent, in good faith, on repairs to the land.
  - (d) The Owner of a Residential Property may elect to accept a Residential Relocation Offer instead of a Property Purchase Offer where they wish to retain ownership of the land.

#### **Residential Relocation Offer**

- 4.5 A Residential Relocation Offer is made in accordance with the process set out at clause 5 and shall include:
- (a) Payment comprising:
    - (i) Purchase by the Council, at market value as at 13 February 2023, of any Dwelling(s) and Residential Improvements on the Residential Property (where the Owner elects to consider a Residential Relocation Offer) or Mixed-Use Property that is within the Category 3 area, including any necessary rights to undertake demolition and/or, removal of the Dwelling and Residential Improvements, and site reinstatement related to the demolition (including removal of septic tanks and capping of wells); and
    - (ii) A Relocation Grant.
  - (b) The Owner will retain ownership of the land.
  - (c) A covenant in gross in favour of the Council or similar legal instrument will be registered on the title of the property providing that:
    - (i) No residential activity may occur within that part of the property categorised as Category 3 (which area will be shown on a plan included with the legal instrument); and
    - (ii) The owner shall not oppose or otherwise participate in or fund any third party to participate in any regional or district plan change or variation, or similar proposal, which seeks to remove or restrict the ability to undertake residential activity within the locality of the property.
  - (d) Where the property is not insured, payment under clause 4.5(a)(i) is for the market value of the Dwelling and Residential Improvements as at 13 February 2023.





- (e) Where the property is insured, the Owner may elect one of the following options in relation to the payment under clause 4.5(a)(i):
  - (i) Payment at market valuation for the Dwelling and Residential Improvements as at 13 February 2023, less any related Insurance Proceeds that have not been spent, in good faith, on repairs to the Dwelling; or
  - (ii) To retain any Insurance Proceeds related to the Dwelling and Residential Improvements, in which case the Owner will be eligible for the Relocation Grant only.

#### **Standard terms of offer**

- 4.6 Following settlement, any Dwelling and Residential Improvements within Category 3 land will be removed from the Site if reasonably practicable or otherwise demolished by Council and the site appropriately reinstated. For the avoidance of doubt, reinstatement does not include removal of silt or full site clearance for use for any non-residential purpose.
- 4.7 From the date of execution of the Sale and Purchase Agreement, the Owner agrees not to remove any part of the Dwelling or Residential Improvements from the site.
- 4.8 The Council and the Owner shall agree a mutually acceptable settlement date.
- 4.9 The Council will agree to reimburse the Owner, on receipt of appropriate invoices, for the reasonable costs of a valuation by a Registered Valuer and legal advice where those costs have been incurred prior to the offer being presented to the Owner, up to maximum of \$5,000 (excl. GST). On the date of settlement the Council will also pay all reasonable legal costs related to finalising the sale and purchase agreement and conveyancing costs up to a maximum of \$5,000 (excl GST).
- 4.10 Any payment made by the Council under the offer, except payments made under clause 4.9, will be paid to the Owner's solicitor who will attend to any payment owing to any security holder (eg Owner's bank) where there is a mortgage or other equivalent encumbrance over the Property (except where the security holder agrees otherwise).
- 4.11 Acceptance of the offer made by the Council is voluntary. The Council and the Owner acknowledge that the land is not being taken for a public work, and that the Owner waives any right to have the property offered back to it or its successor if Council decides to dispose of it.
- 4.12 The offer will include GST, if any.
- 4.13 For the avoidance of doubt, the offer will not extend to the purchase of chattels or home contents that could be subject to a contents insurance policy and any such items will be excluded in valuing the Property Purchase Offer or Residential Relocation Offer (as the case may be).

## **5. PROCESS FOR OFFER**

- 5.1 Offers will be made in the following manner:
  - (a) Initial meeting:



- (i) The Council's Representative will make contact with the Owner and arrange a meeting to discuss the process, the options available to the Owner, and for the Owner to provide any information they consider relevant to the valuation process.
    - (ii) The Owner may attend the meeting with a support person and/or professional advisor of the Owner's choosing.
    - (iii) The Council's valuer will typically attend the meeting.
    - (iv) The Owner will have the opportunity to make any relevant elections (e.g. for Residential Property, whether they wish to receive a Property Purchase Offer, a Residential Relocation Offer, or both; If insured, which option they wish to pursue). These elections may also occur at any time up to the final Offer being presented.
    - (v) The Council's Representative will make a record of the meeting, including any elections made by the Owner and any information provided by the Owner relevant to the valuation process, and a copy of this record will be provided to the Owner within 5 working days of the meeting;
    - (vi) If the Owner wishes to receive an offer, they will be required to sign a preliminary agreement either at or following the initial meeting that records the agreed process and respective undertakings needed to finalise the offer, and provide the Council with a copy of all relevant insurance claim settlement information, including the Scope of Works and the Insurance Settlement Sheet that the Owner's Insurer has provided. Where necessary, the Council's Representative may require the Owner's permission to seek clarifying information from their Insurer and provision of such information by the Owner's Insurer may be a condition of the Council being required to proceed with an offer.
  - (b) Valuation
    - (i) The Council will prepare an offer in accordance with the Valuation Process.
  - (c) Council Offer
    - (i) The Council's Representative will present the Owner with an offer, including a Sale and Purchase Agreement, in accordance with clause 4 and clause 5(b) and any further terms and conditions discussed at the initial meeting.
    - (ii) The offer will remain open for three months after the Owner receives the offer, and agreements to an extension of time will not be unreasonably withheld where in the Council's reasonable opinion, substantive progress is being made towards an agreement.
- 5.2 If the Owner accepts the Council offer, a deposit of 10% will be paid on execution and as soon as practicable, settlement will be executed in accordance with the Sale and Purchase Agreement.
- 5.3 If at any stage prior to acceptance of an offer the Owner rejects the Council offer or advises the Council's Representative in writing that they wish to end the process, then the process is at an end and any Council Offer is treated as having been withdrawn. The Council has complete discretion as to whether to recommence the process should the Owner advise they wish to do so, having previously ended the process.
- 5.4 The Owner may advise the Council's Representative in writing at any stage prior to accepting an offer that they wish to pause the process. A mutually agreed extension of time will not be



unreasonably withheld by the Council where there is good reason and progress towards an agreement is still being made in good faith.

- 5.5 No offer will be made where the ownership of the Property has changed after 13 February 2023, other than to a related party of the previous Owner.

## **6. SPECIAL CIRCUMSTANCES - APPLICATION OF POLICY TO LAND WITHOUT AN EXISTING DWELLING**

- 6.1 At its absolute discretion, at the request of the Owner, the Council may extend an offer to the Owner of Category 3 land which did not contain a Dwelling as at 13 February 2023.

- 6.2 A request under this clause may be made by the Owner where either:

- (i) As at 13 February 2023, residential activity on the land was a Permitted Activity under the relevant District Plan. For land within the Hastings District, the land must be located outside the River Hazard Overlay in the Hastings District Plan and for land within Napier City, the land must be located outside the River Hazard Area in the Napier Operative District Plan; or
- (ii) As at 13 February 2023 there was a valid resource consent applying to the property authorising construction of a Dwelling; and

- 6.3 When exercising its discretion under clause 6.1, without limitation, the Council will have regard to the objectives and principles set out in clause 2 and any information provided by the Owner that demonstrates that, as at 13 February 2023, they had a genuine intention to construct a Dwelling for use by the Owner and/or their family on the Category 3 Land, such as:

- (i) Construction of a new Dwelling having lawfully commenced;
- (ii) Application having been made for a certificate of compliance under the Resource Management Act 1991 and/or building consent under the Building Act 2004;
- (iii) Plans for a new Dwelling on the Category 3 portion of the land having been obtained;
- (iv) Finance having been obtained for the build;
- (v) Any evidence that suggests it was more likely than not that a Dwelling would be built on the Category 3 Land.

- 6.4 Once a decision has been made under this clause to make an offer, the process outlined in clause 5 will apply with any such modifications reasonably necessary to address the specific circumstances of the case.

## **7. OTHER SPECIAL CIRCUMSTANCES**

- 7.1 At the request of an Owner, a departure from the position outlined in the Policy (including as to the threshold between a Residential Property and a Mixed-Use Property) may be considered at the absolute discretion of the Council. Any decision to provide for a different process or outcome will have regard to:

- (a) The overarching objective of removing risk-to-life associated with residential activity within Category 3 areas and other objectives and principles of the Policy;
- (b) The reasons for, extent of, and implications of any departure from the Policy;
- (c) Whether the departure involves any increased cost to the Council.



- 7.2 Any decision to depart from the Policy position will be made by the Council or its delegate and recorded in writing, with reasons.

## **8. DISPUTES AND APPEAL PROCESSES**

- 8.1 If an Owner believes that the Policy is not being applied correctly or in accordance with the principles set out in clause 2.2, they may request a review of their case by the Council's Chief Executive or his or her delegate.
- 8.2 The review will be carried out within four weeks of receipt of a written complaint and the outcome of the review will be communicated to the Owner.
- 8.3 In all other respects, because acceptance of the offer under the Policy is voluntary, there is no appeal process provided under the Policy.

## **9. REVIEW DATE**

- 9.1 The Policy will be reviewed by the Council on or before 30 June 2025, including as to whether it should continue to apply.



## DEFINITIONS

**Category 3 Land** means land which has been identified by and confirmed as Category 3 land by Hawke's Bay Regional Council

**Council** means Hasting District Council for properties located in the Hastings District, and Napier City Council for properties located in Napier City.

**Council's Representative** is a person to whom the Council has delegated authority to undertake certain actions on the Council's behalf, which is evidenced by an authorised identification card. For the avoidance of doubt, the Council's representative will only have authority to present an offer that has been subject to the Council's internal approval process.

**Dwelling** means a building, or part of a building (including decks, patios and pergolas) that was, as at 13 February 2023, lawfully established, and is self-contained with the facilities necessary for day-to-day living on an indefinite basis (including somewhere to cook, sleep, live, wash, and use a toilet) and is or could be used by 1 or more persons to live in as their home.

**Insurance proceeds** includes any payments to the Owner or their mortgagee related to the repair or replacement of the Dwelling and Residential Improvements of the property from an insurer, and includes any relevant payments under the Earthquake Commission Act 1993.

**Mixed-Use Property** means land on which one or more Dwelling was located as at 13 February 2023 and which is greater than 2 ha in size, regardless of whether activities other than residential were occurring on the land at that date.

**Owner** means the legal owner of the Residential Property or Mixed-Use Property.

**Relocation Grant** means a payment to the Owner in an amount that represents the difference in the market value of the land with and without the right to rebuild a Dwelling on the Category 3 land.

**Residential Improvements** means lawfully established improvements ancillary to the residential use of the Dwelling, used by the owners or occupiers of the Dwelling for household purposes (such as for parking or storage, and residential recreation facilities) or for access to the Dwelling or to house infrastructure for the Dwelling (such as a shed housing a pump that supplies drinking water to the Dwelling) and includes pathways, driveways, landscaping, fences and gates.

**Residential Property** means land on which one or more Dwelling was located as at 13 February 2023 and which is 2 ha or less in size.

**Valuation Process** means a process to be developed by the Councils that prescribes the basis on which valuation of the property will be undertaken and the process by which the Council's valuation and the Owner's valuation, if any, is reflected in the Council offer. At a minimum, the Valuation Process will include the Council commissioning a valuation from a registered valuer which takes into account (to the extent considered appropriate by the registered valuer) relevant information shared with the Council at the initial meeting and the Owner having the option to commission their own valuation from a registered valuer.

### 3. APPOINTMENT AND REMUNERATION POLICY FOR DIRECTORS OF COUNCIL ORGANISATIONS

Type of Report:	Operational and Procedural
Legal Reference:	Enter Legal Reference
Document ID:	1860543
Reporting Officer/s & Unit:	Emma Alexander, Programme Manager - Transformation - Strategy and Transformation

#### 3.1 Purpose of Report

Council is in the process of recruitment and appointing the board for Ahuriri Investment Management. Through this a drafting issue in clause 3.4.6. of Council's Appointment and Remuneration Policy for Directors has been identified.

This report presents a recommended revised policy to resolve the issue.

#### Officer's Recommendation

The Prosperous Napier Committee:

- a. **Approve** the revised Appointment and Remuneration Policy for Directors of Council Organisations.

#### 3.2 Background Summary

Section 57 of the LGA requires Council to have a policy for the objective and transparent appointment and remuneration of Directors of COs, as well as a process for identifying and considering the skills, knowledge, and experience required of directors of a Council Organisation.

This Appointment and Remuneration Policy for Directors of Council Organisations (**Policy**) meets these legislative requirements.

#### 3.3 Issues

Council is working on the recruitment and appointment of the Board of Directors for Ahuriri Investment Management Limited (**AIM**), the Council Controlled Trading Organization being formed to manage Councils commercial investment assets. This work is in line with decision made in the 2024 – 2027 Three Year Plan.

This work has identified a drafting issue on clause 3.4.6 of the policy. After that issue being identified a wider review of the policy has been undertaken. Another Council's policy has been used to benchmark Council's policy against as part of this process.

Following the review two changes are recommended. These are described below.

##### Clause 3.3.3 Additional competencies for Board candidates

Clauses 3.3.2 and 3.3.3 address the minimum competencies excepted for Board members of 100% wholly owned Council Organisations.

In respect to Ahuriri Investment Management, on 24 April 2025 in a Publicly Excluded meeting, Council decided to defer the appointment of Elected Member-Directors for AIM until after the 2025 triennial council elections. Consideration for this decision included:

#### Considerations

The process of forming Board appointment recommendations includes consideration of individual candidate skillset in conjunction with the blended skillset of all candidates. This may mean there are two great individual candidates, but in combination the Board doesn't have the full set of skills it requires.

- i. A benefit of deferring the Elected Member appointment process is it allows a more staggered approach to developing the blended skill set of the Board.
- ii. A further benefit is that there may be new Elected Members that help achieve the blended skill set required.

The current Policy, in clause 3.3.3, sets out that an additional competency for Elected Members required for AIM is to have served as an Elected Member for more than three years. This drafting is in contradiction to the considerations for deferring appointment timeframes set out above.

To address this Officers, recommend that clause 3.3.3. is amended. The recommended drafting gives preference to Elected Member candidates with more than three years' service, but does not preclude newly appointed Elected Members.

*Recommended drafting change:*

#### 3.3.3. Additional competencies for Board candidates

In addition to the core competencies above, candidates for some Boards of CCOs require further competencies as set out below:

Entity	Additional competency	Notes
Ahuriri Investment Management Limited	<p><b>Governance experience:</b></p> <p>Have experience in one or more of law, finance, property, governance or management of a substantive entity for a period of three of the last eight years</p> <p><b>or</b></p> <p><b>In the case of an Elected Members:</b></p> <ul style="list-style-type: none"> <li>A minimum expectation is that the candidate will have completed the NZ Institute or Directors residential company director programme, or commit to doing this in the first nine months of being appointed, and</li> <li>Preference will be given to candidates who have served more than three years. Have served as an Elected Member for more than three years.</li> </ul>	<p>In this context, a 'substantive entity' is an organisation that has one or more of the following characteristics:</p> <ul style="list-style-type: none"> <li>annual operating revenue or budget of more than \$10 million</li> <li>more than 20 employees</li> <li>assets worth more than \$10 million</li> <li>listed on a stock exchange.</li> </ul>

#### Clause 3.4.6 Recommendation to Council

Clause 3.4 addresses the Board Appointment process to 100% wholly owned Council Organisations. Sub-clause 3.4.6. specifically addresses the recommendation to Council.

The current drafting infers a two-step process. Firstly, publicly excluded consideration of a recommended candidate followed by consideration and appointment in an open Council meeting. This is believed to have arisen as a drafting error rather than the intention.

Officers recommended process is drafted as:



#### 3.4.6. Recommendation to Council

Reports recommending appointments and the Council decision will be considered in a publicly excluded Council meeting to protect the interests and privacy of the candidate., Public announcement of the appointment will be made as soon as practicable after the Council has made its decision. ~~Decisions to appoint directors will be considered in an open Council meeting.~~

#### Other drafting changes

Several other drafting changes have been made to the Policy. All these changes have been made to improve the flow, clarity, and readability of the Policy. None of the edits change the terms or meaning of the Policy. A tracked changes copy of the Policy can be provided if required.

### 3.4 Significance and Engagement

N/A

### 3.5 Implications

#### Financial

N/A

#### Social & Policy

N/A

#### Risk

N/A

### 3.6 Options

N/A

### 3.7 Development of Preferred Option

N/A

### 3.8 Attachments

- 1 Appointments & Remuneration for Directors of Council Organisations Policy (Doc Id 1860843) [↓](#)



# PUBLIC POLICY



Appointments and Remuneration for Directors of Council Organisations Policy			
<b>Adopted By</b>	Council		
<b>Department</b>	Governance		
<b>Original Approval Date</b>	12 March 2020	<b>Review Approval Date</b>	29 August 2024
<b>Next Review Deadline</b>	29 August 2026	<b>Document ID</b>	913652
<b>Relevant Legislation</b>	Local Government Act (2002)		
<b>Relevant Legislation</b>	Privacy Act 2020		
<b>NCC Docs Referenced</b>	This updates and replaces Council Organisation Appointments and Remuneration Policy		

## 1. Policy Context

### 1.1. Introduction

Napier City Council (**Council**) either owns or has an interest in a number of council organisations (**COs**). Through this Council has responsibility, with any other shareholders, to appoint directors to the governing bodies of Council Organisations and set their remuneration.

It is important that directors of Council Organisations are suitably skilled and experienced to provide good governance of the Company. Directors must meet the requirements of the Companies Act 1993 and directors of Council Organisations must also meet the requirements of the Local Government Act (2002) (**LGA**).

To give the public confidence that this is the case, directors of Council Organisations must be appointed through a transparent and robust process, held appropriately to account, and remunerated fairly.

### 1.2. Purpose

Section 57 of the LGA requires Council to have a policy for the objective and transparent appointment and remuneration of Directors of COs, as well as a process for identifying and considering the skills, knowledge, and experience required of directors of a Council Organisation. This Appointment and Remuneration Policy for Directors of Council Organisations (**Policy**) meets these legislative requirements.

### 1.3. Policy objectives and principles

This policy aims to ensure that:

- Directors appointed to a Council Organisation have the skills, knowledge, and experience to guide the organisation, given the nature and scope of its activities, and contribute to the achievement of the organisation's objectives.
- Decisions about appointing and remunerating directors are undertaken using transparent and objective processes, taking into account the following principles:

- When identifying the skills knowledge and experience required of directors, consider whether knowledge of tikanga Māori and Te Ao Māori may be relevant to the governance of the organization
- Be fair and consistent with the values and culture of Council
- Recognise the context within which Council, as a publicly accountable body, must operate
- Align decisions to the purpose and objectives of the Council Organisation
- Balance the need for transparency with the right to privacy of natural persons
- Manage conflicts of interest effectively
- Demonstrate value for money for the regional ratepayer.

## 1.4. Definitions

Where these terms are used, the Policy attributes the same meaning to them as provided for in Section 6 of the LGA. Users of this Policy should refer to Section 6 of the LGA for full definitions, but in summary:

- A Council Organisation (CO) is an organisation in which one or more local authorities has, directly or indirectly, a voting interest or the right to appoint a Director. This is a wide ranging definition, covering a large number and types of organisations.
- A Council Controlled Organisation (CCO) is a Council Organisation in which one or more local authorities control, directly or indirectly, 50% or more of the votes or has the right, directly or indirectly, to appoint 50% or more of the Directors.
- A Council Controlled Trading Organisation (CCTO) is a Council Controlled Organisation which operates a trading undertaking for the purposes of making a profit.

## 2. Partly owned or controlled Council Controlled Organisations

### 2.1. Application of Part 2

Part 2 applies to CCOs where Council does not have 100% ownership or control. Current CCOs that this Part 2 applies to are:

- Hawke's Bay Airport (jointly owned by Hastings District Council, Napier City Council and the Crown)
- Hawke's Bay Museums Trust (three of five Trustees appointed by Napier City Council and Hastings District Council with an Independent Chair appointed jointly).

### 2.2. Required Skills and Experience

Council considers that any person it appoints to be a Director of a CCO should, as a minimum, have the following:

- a relevant qualification
- business experience or other experience that is relevant to the activities of the organisation (or both)
- an understanding of governance issues

- familiarity with Council policy, programmes and activities relevant to the organisation
- sound judgment
- a high standard of personal integrity
- the ability to work as a member of a team.

**Note:** the higher the turnover and or complexity of the CCO the more emphasis should be placed on experience and the ability to deal with complex matters.

## 2.3. Appointment Processes

### ***Appointment Process through a Joint Appointments Committee***

Where appointments of Directors are made through an appointments committee of jointly funded organisations, the responsibility for Council on this matter would be:

- to appoint an Elected Member to the appointments committee, and
- receive the recommendation of the appointments committee.

**Note:** Council's appointment to the joint appointments committee will be the Mayor or their appointed delegate.

The appointments committee will be responsible for determining:

- the appointments process, and
- the terms and conditions of the selected candidate.

**Note:** The Elected Member on the appointments committee will take into consideration Council's goals and objectives, and the skills required for the position when making a selection.

### ***Final Appointment***

Consideration of final candidates will be undertaken by Council in a public excluded meeting. Public announcement of the appointment will be made as soon as practicable after the Council has made its decision.

An Elected Member who is under consideration to fill a particular vacancy may not take part in the discussion or vote on that appointment.

## 2.4. Conditions

### 2.4.1. Term of Appointment

CCO Directors and Trustees will normally be appointed for a term of up to three years. Subject to a review of the Director or Trustee's performance, the term may be renewed for a further two terms of up to three years (i.e. to a maximum of nine years).

### 2.4.2. Conflicts of Interest

The Council expects that CCO Directors and Trustees will avoid situations where their actions could give rise to a conflict of interest. To minimise these situations Council requires Directors to follow the provisions of the New Zealand Institute of Directors' Code of Ethics. All Directors are appointed by Council and may be dismissed by Council for breaches of this code.

### 2.4.3. Remuneration

Remuneration of CCO Directors and Trustees is a matter of public interest.

Where Council is the sole shareholder in a particular organisation, Council will review salaries on an annual basis. In reaching a view on the appropriate level of remuneration for CCO Directors and Trustees, Council will consider the following factors:

- the need to attract and retain appropriately qualified people
- the levels and movement of salaries in comparable organisations (if deemed necessary, Council will retain professional advice on salary levels and movements)
- the objectives of the CCO (in particular whether or not the CCO operates on a charitable basis)
- the past performance of the CCO
- whether the CCO is operating as a trading undertaking (a CCTO)
- the financial situation of the CCO.

In cases where the Council cannot exercise direct control, such as in an organisation where it is one shareholder among many, it will conduct its own monitoring of salaries against the above factors and will publicly disclose the name of any CCO which it considers is not complying with the above factors.

No Elected Member appointed to a CCO by Council shall be paid any remuneration by any CCO without the prior approval of Council.

## 3. Wholly Owned Council Controlled Organisations

### 3.1. Application of Part 3

This Part 3 applies to any company or other entity that is 100% directly owned and controlled by Council.

For clarity references in this section to CCOs apply to both wholly owned CCOs and CCTOs.

### 3.2. Governance context

For wholly owned CCOs, Council has the right to:

- Appoint, re-appoint and dismiss directors
- Set the level of remuneration for Board members
- Approve the broad direction of the organisation's activities
- Receive annual and six-month financial statements and to authorise distribution of any profits.

The latter two rights are agreed between the Council and the organisation annually through the Statement of Intent (SOI) process. The involvement of the Council in the SOI process underpins a company/shareholder accountability relationship while maintaining the independent governance role of the CCO Board.

Council relies on the Board to use its skills and experience to achieve the objectives set in the SOI.

### 3.3. Board Appointments

#### 3.3.1. Eligibility for appointment

**Elected representatives (Elected Members)** of Council are eligible to be considered for appointment to all CCOs covered by this Part, except as otherwise specified.

Elected Members must undergo the same selection process as all other candidates unless otherwise specified.

Any conflicts of interest will be managed in the same way that they are managed for other applicants.

**Council employees** are eligible for consideration for appointment to the Board of all CCOs and their subsidiaries, with the exceptions being appointments to the Board of Ahuriri Investments Management Limited

#### 3.3.2. Core competencies of Board candidates

A Board candidate for a CCO should demonstrate the following core competencies:

- sound judgement
- commitment to informed decision-making
- the ability to think strategically, assess risks and opportunities
- a high standard of personal integrity and courage
- clear communication, willingness to listen, question and influence in a team environment
- commercial acumen
- understanding of and respect for legislation and Te Tiriti o Waitangi
- support for the wider interests of the local government shareholder
- commitment to the principles of good corporate citizenship
- experience in governance.

#### 3.3.3. Additional competencies for Board candidates

In addition to the core competencies above, candidates for some Boards of CCOs require further competencies as set out below:

Entity	Additional competency	Notes
Ahuriri Investment Management Limited	<p><i>Governance experience:</i></p> <p>Have experience in one or more of law, finance, property, governance or management of a substantive entity for a period of three of the last eight years</p> <p><b>or</b></p> <p>In the case of an Elected Members:</p> <ul style="list-style-type: none"> <li>• A minimum expectation is that the candidate will have completed the NZ Institute or Directors residential company director programme, or commit to doing this in the first nine months of being appointed, and</li> <li>• Preference will be given to candidates who have served more than three years.</li> </ul>	<p>In this context, a 'substantive entity' is an organisation that has one or more of the following characteristics:</p> <ul style="list-style-type: none"> <li>• annual operating revenue or budget of more than \$10 million</li> <li>• more than 20 employees</li> <li>• assets worth more than \$10 million</li> <li>• listed on a stock exchange.</li> </ul>

### 3.3.4. Board composition

At the establishment of a particular Board, the balance of composition between independent members and Elected Member or Council staff members shall be determined by Council. This balance for each entity will be reviewed regularly, either by Council, or as agreed in any Board Charter, shareholders agreement, constitution or other similar document.

The Board membership ensures that there is a balance of skills, knowledge and experience appropriate to the requirements of the entity, and that any change to the Board composition can be managed without undue disruption.

Where the composition of the Board and its membership are prescribed in the entity's Trust Deed, Constitution, Board Charter or Board Committee Charter. Council will ensure that the policies and processes used by such entities align with the objectives and principles of this Policy.

### 3.3.5. Term of appointments

Unless otherwise provided for in a CO's Constitution, Board Charter, or Trust Deed, directors will be appointed for a period of up to three years, with succession planning a priority.

Directors may be reappointed for a second or third term of up to three years, for a maximum of nine years in aggregate. In exceptional circumstances, a director may be appointed for a further specified period beyond nine years.

## 3.4. Making Board appointments

### 3.4.1. Role of the Nomination Panel

- To identify potential candidates and assess their suitability to meet the requirements of the Board as a whole, and
- Make recommendations to Council for appointment to the Board.

### 3.4.2. Appointment of the Nomination Panel

The Nomination Panel must be independent so that the selection process is distanced from local government political influence, or perception of bias.

For wholly owned CCOs, the Nomination Panel will be appointed by Council as follows:

- One independent director from the Institute of Directors.
- The independent chair of the CCO, or where the chair is an Elected Member an independent director of the CCO\*.
- One Elected Member of Council.

*\* Where the CCO board is not formed the Councils' Chief Executive, or their nominee will be appointed to the Nominations Panel*

Council will appoint one of the members to be Chair of the Nomination Panel for a defined period.

Members of the Nomination Panel will generally be appointed for three years and may be re-appointed for further three-year terms. No member of the Panel may serve more than three terms.

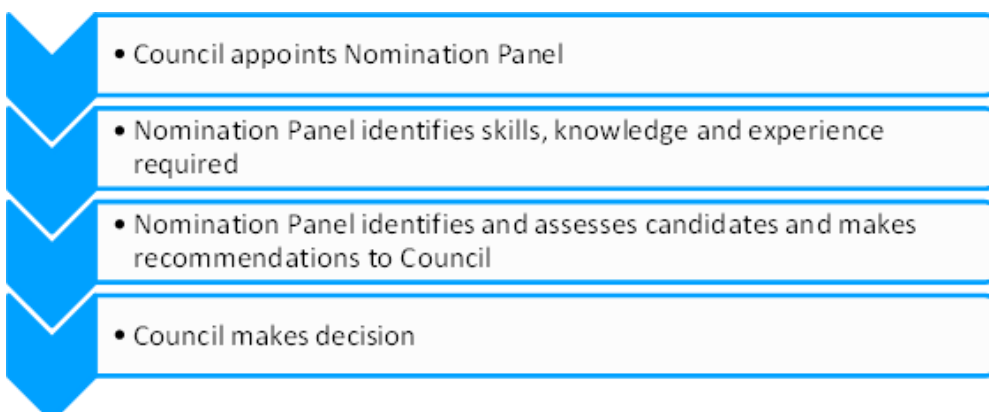
In the case of any casual vacancies occurring or members of the Nomination Panel being required to step down, replacements may be appointed for periods of less than three years, having regard for Panel continuity and appointment cycles.

The remuneration for Panel members will be agreed with the Chief Executive as part of their appointment, having regard for any Institute of Directors recommendation or other advice.

### 3.4.3. Overview of process for appointments

The diagram below illustrates the process for new appointments and consideration of re-appointments.

Second or further terms are not automatic; if any incumbents are seeking re-appointment, the Panel will consider their past performance as part of its assessment of suitability for the role.



### 3.4.4. Identifying skills, knowledge and experience

For each vacancy, the Nomination Panel will consider the existing mix of skills knowledge and experience of the Board and develop a profile of the complementary qualities needed in a new or re-appointed director.

Section 57 of the LGA requires the Nomination panel to seek advice regarding whether knowledge of tikanga Māori and Te Ao Māori is relevant to the CCO.

### 3.4.5. Mandatory disclosures

As part of an application a candidate must disclose whether they

- are an immediate family member of an Elected Member, the Chief Executive, or a second- tier manager of Council or a CCO, or
- have been convicted of an offence for which the maximum available sentence is imprisonment of two years or more (noting that required disclosures are subject to the provisions of the Criminal Records (Clean Slate) Act 2004), or
- have been declared bankrupt at any point in time or been the director of a company at the time it was placed in receivership or involuntary liquidation.

Any disclosures under the above clause will be taken into consideration by the Nomination Panel and Council but will not automatically preclude the candidate's appointment as a director.

In considering candidates, the Nomination Panel will also obtain information from applicants on their relevant interests so that the potential for conflict of interest can be assessed.

Where potential conflicts are identified, the Nomination Panel needs to be confident that measures can be put in place to manage the conflicts of interest, and that the candidate would still make an effective contribution to the Board when the measures are put into effect, for example if they could not take part in making a decision this may have a negative impact on their contribution.



### 3.4.6. Recommendation to Council

Reports recommending appointments and the Council decision will be considered in a publicly excluded Council meeting to protect the interests and privacy of the candidate. Public announcement of the appointment will be made as soon as practicable after the Council has made its decision.

Following the conclusion of any appointments process the Chair of the Nomination Panel will offer feedback to all applicants

For independent director vacancies, the Nomination Panel should identify for Council the best candidate for each vacant independent director position.

For vacancies where Elected Members and/or Council employees are eligible, the Nomination Panel should either:

- identify for Council the best candidate for each vacant position, or
- advise that no suitable Elected Member or Council employee candidate has been found.

If no Elected Member or Council employee candidates can be found, the Nomination Panel may be directed by Council to nominate one or more additional independent directors

### 3.4.7. Council decision on nominations

#### **Considerations**

In voting to appoint or re-appoint an Elected member to a Board, Council will consider the recommendations of the Nomination Panel.

Council may determine that no Elected Member candidates meet the requirements and decline to make an appointment.

#### **Voting**

For wholly owned CO, the nominated candidate must receive the votes of a majority of the members of Council.

Legislation permits Elected member candidates to vote in the appointment process as they are deemed to have no conflict of interest because their appointment to any office is not subject to the pecuniary interest rule. For clarity, this exemption does not apply to any subsequent discussion regarding directors' remuneration. Notwithstanding the legislative provisions, Councillor candidates should consider Council's Code of Conduct for Elected Members in determining whether to vote in an appointment process or not.

#### **Process if no Elected Member-director appointment is made**

In this situation Council will invite the Panel to nominate another Elected Member, if a suitable applicant has been identified. If no such nomination is made or approved by Council, then Council may request that an independent director be nominated by the Panel for appointment.

Such appointments are for up to one year or such other period that enables effective rotation of the Board, and/or consideration of new Elected Members following an upcoming election.



### 3.5. Board review and succession planning

#### 3.5.1. Resignation of Elected Member-Directors

An Elected Member-Director who ceases to be an Elected Member shall resign from the board of all CCOs with immediate effect. If the relevant CCO Board does not receive a resignation letter, the Elected Member-Director will be deemed to have resigned. Council may pass (or require that the relevant CCO passes) an ordinary resolution to remove that Elected Member-Director if required.

#### 3.5.2. Resignation of Council employee-directors

A Council employee-director who ceases to be an employee of Council shall resign from the board of all CCOs with immediate effect. If the relevant CCO Board does not receive a resignation letter, the Council employee-director will be deemed to have resigned. Council may pass (or require that the relevant CCO passes) an ordinary resolution to remove the Council employee-director if required.

#### 3.5.3. Removal of Board Members

Directors of wholly owned CCOs may be removed at any time by Council resolution. Without limiting Council's rights as shareholder, it is likely that removal would be the result of poor performance or where the director no longer has the confidence of the Board or the Council.

Council will not make any payment by way of compensation to a director that has been removed from a Board.

#### 3.5.4. Annual Performance Review

This performance review will be undertaken by the Chair of the Board and will be reported to the Mayor who will share the results with Elected Members.

The information provided by this review will help to identify any skill gaps in the Board and will also inform future recommendations on the retention and/or reappointment of directors. The requirement for performance reviews will be included in the relevant Statement of Intent.

#### 3.5.5. Independent effectiveness review

The Board will undertake an independent review every three years. The scope of the review will include:

- Assessing the effectiveness of the Board, its composition, committee structures and culture, and any recommended improvements
- Assessing the relative size of fees paid to the Chair, Committee Chairs, suitability of the factors determining allocation of the remuneration pool (director relativity factors) in relation to the governance structure and roles and recommendations for changes (if any).

If Council wishes to provide any further guidance on the scope, focus or timing of an effectiveness review, it will do so as part of its annual Statement of Expectations which informs the development of the organisation's Statement of Intent.

### 3.6. Remuneration

#### 3.6.1. Remuneration pool and review of fees

For each financial year, Council will agree with each wholly owned CCO the pool of funding available for the remuneration of directors.

In doing so, Council will apply the following principles:

- decision-making about remuneration is transparent, recognising that Council is a publicly accountable body
- remuneration is fair, reasonable, and set at conservative levels within the market range
- Council will consider an annual adjustment for inflation and benchmarking data for equivalent roles
- ensure that professional advice has been sought before making a decision.

For each organisation, Council will also take into account:

- the scale and complexity of the organisation's business
- the size of the Board and any recommended changes to Board size
- the need to attract and retain appropriately qualified people to be directors, given the market valuation of skills and the rates paid for similar positions in similar public sector organisations
- The directors' fee relativity scale for the organisation
- the amount of "headroom" likely to be required to pay directors for any special work undertaken.

When establishing a CCO Board with paid Directors Council will engage independent remuneration consultants to provide objective market advice on Directors fees taking account of the criteria above.

Should the Director be an Elected Member the advice from the remuneration consultants will additionally take into account:

- The Elected Member Remuneration settings
- The criteria applied by the Remunerations Authority.

### 3.6.2. Fee relativity

Each wholly owned CO will adopt a directors' fee relativity scale, setting out the factors the Board will use to set the relative fees of different board positions, for example Chair, Deputy Chair, Head of Committee. In considering the scale, the Board will take into account the advice received as part of the three-yearly Board effectiveness review

Once agreed, the fee relativity scale will remain in effect until the next Board effectiveness review, unless there are exceptional circumstances that warrant a review.

### 3.6.3. Use of remuneration pool funds

The pool of funding will not be available for other administrative purposes, including director travel expenses.

### 3.6.4. Remuneration of Councillor-directors

Elected Member-Directors' remuneration will be determined in accordance with the same processes and criteria as other directors appointed to the same wholly owned CO.

### 3.6.5. Remuneration of Council employee-directors

Council employees will receive no remuneration as a result of appointment as director to any CO, and three year, and nine year term limits do not apply. Any tax liability that arises to the employee shall be met by the Council.

## 4. Other Council Organisations (COs)

Council appoints Elected Members and other representatives to a number of community and not-for profit organisations following a triennial election. This Part 4 applies to these other COs.

### 4.1. Required Skills and Experience

Any person appointed to a CO should have knowledge or experience relevant to the activities of the organisation and familiarity with Council policy, programmes and activities relevant to the organisation.

### 4.2. Appointment Process

Elected Member appointments to COs are made at the beginning of each triennium on the recommendation of the Mayor.

Vacancies may occur during a triennium, or new organisations may seek a Council representative on their governing body. In such cases, the appointments will be made through the normal Council process, having regard to the criteria specified in this policy.

### 4.3. Conditions

#### 4.3.1. Term of Appointment

Appointments to a CO are generally for a three-year term and are made after the triennial Council elections.

#### 4.3.2. Conflicts of Interest

Elected Members appointed as representatives to COs should not hold other interests in the organisation they have been appointed to. They should identify, notify Council of, and manage any actual or potential interests appropriately.

#### 4.3.3. Remuneration

No separate remuneration will be paid by either Council or the CO to any Elected Member who is appointed by Council to that organisation. No additional remuneration will be paid by Council to any Council appointee who is not an Elected Member.

Remuneration by the CO of appointees who are not elected is a matter for the organisation concerned. However, where the CO concerned is a CCO/ CCTO, the matter of remuneration will be dealt with in line with the policy on CCO Director/ Trustee remuneration.

## 5. Policy Review

The review timeframe of this policy will be no longer than every two years.

## Document History

Version	Reviewer	Change Detail	Date
1.0	Devorah Nícuarta-Smith	New policy replaces existing Remuneration of Authority and Council Policy. Updates to 'skills and experience' and 'conflicts of interest' sections at request of Council prior to adoption 12.03.2020	05.03.2020
2.0	Manager of People & Capability	Privacy Act 2020 (only)	25 January 2021

3.0.0	Commercial Manager	Full review – Adopted by council	29 August 2024
4.0.0	Policy Gatekeeper	Added Doc ID	2 April 2025
5.0.0	Programme Manager - Transformation	Changes to clauses 3.3.3 and 3.4.6 to support Council intentions in establishment of Ahuriri Investment Management. Drafting edits to improve format, flow and readability.	15 June 2025

# RECOMMENDATION TO EXCLUDE THE PUBLIC

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

## AGENDA ITEMS

1. Public Excluded Minutes of the Prosperous Napier Committee meeting held 15 May 2025

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

General subject of each matter to be considered.	Reason for passing this resolution in relation to each matter.	Ground(s) under section 48(1) to the passing of this resolution.	Plain English reason for passing this resolution in relation to each matter
1. Public Excluded Minutes of the Prosperous Napier Committee meeting held 15 May 2025	As stated in the Minutes	48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.	Privacy protection

# PROSPEROUS NAPIER COMMITTEE

## Open Minutes

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Meeting Date: Thursday 15 May 2025

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Time: 9.30am – 9.52am (*Open*)  
9.52am – 10.53am (*Public Excluded*)

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Venue Chapman Room  
Level 1 Chapman Pavilion  
McLean Park  
Latham Street  
Napier

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*Livestreamed via Council's Facebook page*

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Present **Chair:** Councillor Crown  
**Members:** Mayor Wise, Councillors Boag, Browne, Chrystal, Greig, Mawson, McGrath, Price, Simpson and Tareha  
Ngā Mānukanuka o te Iwi representative – Kirk Leonard

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In Attendance Chief Executive (Louise Miller)  
Financial Controller (Talia Foster)  
Manager Strategy and Transformation (Stephanie Murphy)

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Administration Governance Advisors (Carolyn Hunt and Jemma McDade)

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# PROSPEROUS NAPIER COMMITTEE – Open Minutes

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## ORDER OF BUSINESS

### Karakia

The meeting opened with the Council karakia.

### Apologies

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Councillors Mawson / Chrystal

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That the apologies from Deputy Mayor Brosnan, Councillor Taylor and Ngā Mānukanuka o te Iwi representative Evelyn Ratima.

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Carried

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### Conflicts of interest

Nil

### Public forum

Nil

### Announcements by the Mayor

Nil

### Announcements by the Chairperson

**Teen Tragedy** – The Chair acknowledged the tragic event of a suspected homicide in the city of 15 year old Napier Boys' High School student Kaea Karauria on 11 May 2025. This was a real shock to the community and she expressed much aroha and condolences to the whanau, friends and everyone feeling this loss in the community.

### Announcements by the management

*It was noted that members of the Executive Leadership Team would not be present as they were involved in staff meetings in relation to the redesign of the organisation.*

### Confirmation of minutes

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Councillors Crown / Price

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That the Minutes of the Prosperous Napier Committee meeting held on 10 April 2025 were taken as a true and accurate record of the meeting.

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Carried

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# AGENDA ITEMS

## 1. HAWKE'S BAY MUSEUMS TRUST DRAFT STATEMENT OF INTENT AND FINANCIAL REPORTING

<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	1841333
<i>Reporting Officer/s &amp; Unit:</i>	Caroline Thomson, Chief Financial Officer / Acting Executive Director Corporate Services Dileepa Sugathadasa, Management Accountant Elizabeth Caldwell, Manager Arts, Culture and Heritage

### 1.1 Purpose of Report

To receive the Hawke's Bay Museums Trust Financial Report for the nine months ended 31 March 2025 and draft Statement of Intent 2026-2028.

### At the meeting

The Chief Executive, Ms Miller spoke to the report which was to receive the 2026-2028 Statement of Intent. Ms Miller noted that Napier City would continue to participate in the Joint Working Group which is considering the future structure of the Hawke's Bay Museum Trust.

Ms Miller highlighted that \$61,000 is included in the budget and relates to costs for maintenance, cleaning, energy and security while the collection transitions to the new facility.

### COMMITTEE RESOLUTION

Councillors Chrystal / Mawson

The Prosperous Napier Committee:

- a. **Receive** the Hawke's Bay Museums Trust Financial Report (Doc Id 1848631) for the nine months ended 31 March 2025.
- b. **Receive** the Hawke's Bay Museums Trust draft Statement of Intent 2026-2028 (Doc Id 1848630) and provide any feedback to the Trust prior to the Statement of Intent being brought back to Council for adoption.

Carried

## 2. 2024/25 FINANCIAL FORECAST

Type of Report:	Operational
Legal Reference:	N/A
Document ID:	1842907
Reporting Officer/s & Unit:	Talia Foster, Financial Controller

### 2.1 Purpose of Report

To present to the committee the financial forecast to 30 June 2025 for approval.

#### At the meeting

The Financial Controller, Ms Foster presented the financial forecast for the 2024/25 year which was completed in February/March 2025.

#### In response to questions the following was clarified:

- The \$95m is not 95% of the full Annual Plan and includes some overspends which does not necessarily mean projects have gone over budget, rather budgets have been brought forward from future years as some projects are further ahead than expected.
- The forecast shows a net deficit of \$10.5m compared to the budget of \$10m and the Annual Plan budget of \$14.8m deficit.
- During the 3 year plan budget it was decided that Ocean Spa, Kennedy Park and the Napier Conference and Events facilities would work to break even or profitability points. Budgets had been completed on their previous actuals and the analysis undertaken was adding profitability targets, effectively adding extra revenue they were hoping to achieve which in this first year has not been achieved. Further work is still being undertaken on working towards profitability or breaking even in the next few years.

#### COMMITTEE RESOLUTION

Councillors Crown / Greig

The Prosperous Napier Committee:

- a) **Approve** the financial forecast to 30 June 2025.

- ACTION:** i) *Officers to provide information on the Parklands Development and Cyclone Gabrielle voluntary property buy out figures.*
- ii) *Officers to provide figures in relation to the commercial facilities (Ocean Spa, Kennedy Park and Napier Conference Centre) budgets, and how far off budget they are.*

Carried

### 3. TREASURY ACTIVITY AND FUNDING UPDATE

<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1848016
<i>Reporting Officer/s &amp; Unit:</i>	Garry Hrustinsky, Corporate Finance Manager

#### 3.1 Purpose of Report

The purpose of this report is to update the Prosperous Napier Committee on Council's treasury activity.

#### At the meeting

The Chief Executive, Ms Miller provided an update on Council's treasury activity Council's debt will begin increasing when construction of the Civic Precinct and Library Project (Te Aka) commences. Officers are beginning to prepare for the credit rating process which will provide options for competitive borrowing rates.

#### COMMITTEE RESOLUTION

Councillors Crown / Chrystal

The Prosperous Napier Committee:

- a. **Receive** the report titled Treasury Activity and Funding Update dated 15 May 2025.

Carried

### 4. SUBMISSIONS SCHEDULE UPDATE - 26 FEBRUARY 2025 TO 28 APRIL 2025

<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1844108
<i>Reporting Officer/s &amp; Unit:</i>	Jemma McDade, Governance Advisor

#### 4.1 Purpose of Report

The purpose of this report is to provide an update on the opportunities for Napier City Council (NCC) to submit towards the development of legislation and policy, the agencies being monitored for consultation opportunities, and those opportunities on which NCC did or did not make a submission. This report covers the time period between 26 February 2025 and 28 April 2025.

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### At the meeting

The Governance Advisor, Mrs McDade took the report as read and advised that since writing the report the following submissions were in process.

**Hawke's Bay Regional Council – Public Consultation on the Regional Public Transportation Plan** (Part of Annual Plan) – Draft submission circulated on 29 April 2025, feedback received and submission made by the Infrastructure Team on 1 May 2025.

**Te Puna Kokiri (Ministry of Māori Development) – Public Consultation Te Ture Whenua Māori Act 1993** – Te Waka Rangapū and City Strategy have analysed this piece of legislation and determined that the primary purpose was for Māori land owners, beneficiaries and those involved in Māori land as opposed to Councils and therefore no submission was required.

Mrs McDade advised that no responses were received from organisations in response to submissions. It was noted that when making submissions it was not usual to get any direct feedback other than an acknowledgement.

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### COMMITTEE RESOLUTION

Mayor Wise / Councillor Browne

The Prosperous Napier Committee:

- a. **Receive** the report titled Submissions Schedule Update 26 February 2025 to 28 April 2025 dated 15 May 2025.
- b. **Note** the submissions made by Napier City Council during the period 26 February 2025 to 28 April 2025 detailed in the attachment DOC ID 1848110.

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Carried

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### Minor matters

There were no minor matters to discuss.

# RESOLUTION TO EXCLUDE THE PUBLIC

Councillors Tareha / Mawson

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

1. Reappointment of Chairperson and Trustee of HBMT
2. Bad Debt Write-offs for 2025/26
3. Ahuriri Investment Management Director Remuneration

Carried

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

General subject of each matter to be considered.	Reason for passing this resolution in relation to each matter.	Ground(s) under section 48(1) to the passing of this resolution.	Plain English reason for passing this resolution in relation to each matter.
1. Reappointment of Chairperson and Trustee of HBMT	7(2)(a) Protect the privacy of natural persons, including that of a deceased person	48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.	Protect the privacy of the appointee
2. Bad Debt Write-offs for 2025/26	6(d) Likely to endanger the safety of a person	48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist:	Individuals names

		(i) Where the local authority is named or specified in Schedule 1 of this Act, under section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.	
Ahuriri Investment Management Director Remuneration	Section 7(2)(h) Enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	<p>48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist:</p> <p>(i) Where the local authority is named or specified in Schedule 1 of this Act, under section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.</p>	Report relates to to the remuneration of the Directors for the Council Invesmtnet CCTO (AIM)
<b>Public Excluded Text</b>			
Council has considered the public interest in the information above and balanced those interests with the reason(s) for withholding this information. This ensures Council has met the requirements for withholding information under section 7(2) of the Local Government and Official Information and Meetings Act 1987.			

*The meeting adjourned at 9.52am and reconvened  
in Public Excluded at 9.57am*

*The meeting closed with a karakia at 10.53am*

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

Chairperson .....

Date of approval .....