

Consultation
25 March - 12 April 2021

Consultation on establishing new Council Controlled Trading Organisations



Tukua mai ō whakaaro
Have your say

What is the proposal?

Hawke's Bay Regional Council (the Regional Council) is seeking community input on a proposal to establish two new Council Controlled Trading Organisations (CCTOs) to operate FoodEast.

Background

There is an opportunity to invest in a new innovation food hub, FoodEast, which has been led by Hastings District Council (HDC).

Hawke's Bay Regional Council's investment arm - Hawke's Bay Regional Investment Company Limited (HBRIC) - is interested in being a majority investor. In order to invest in FoodEast as a majority investor, HBRIC needs to establish two new CCTOs.

HBRIC wants to support food innovation in Hawke's Bay. The region's economy is powered by the agriculture and horticulture sectors, which are large contributors to the region's GDP. Food production has been growing, and a food innovation hub in Hawke's Bay will support and accelerate that growth and build on the region's competitive advantage.

FoodEast will be a food innovation hub which is established to:

- ▶ facilitate innovation and collaboration in the Hawke's Bay food and beverage, agritech, horticulture industries and related activities,
- ▶ have a physical presence that will be designed to be an innovation centre designed to promote more cost-effective food and beverage product innovation, and
- ▶ provide a base for clustering food technology firms, improving co-operation and bringing in scientific and technical expertise in all areas relating to food innovation (including research activity).

This investment, supported by Crown and Local Government funding, aims to generate positive economic outcomes for the region, in addition to commercial returns for investors, including HBRIC and in turn, the Regional Council.

The nature of the investment is consistent with HBRIC's objectives as outlined in its Statement of Intent and agreed by the Regional Council. HBRIC's mission as set out in the Statement of Intent is to optimise the financial and strategic returns to the Regional Council from its allocated investment portfolio to assist the Regional Council achieve its vision of "a healthy environment, and a resilient and prosperous community".

For the purposes of this proposal, the two proposed CCTOs will be named Limited Partnership and General Partner. On formation, each entity will be given a name that reflects its role in FoodEast.



What options are considered in this consultation?

This consultation presents two options for people to submit on:

- 1. Establish the two new CCTOs as presented in this consultation (preferred option).**
- 2. Do not establish the two new CCTOs.**

This consultation is not seeking views on the decision to invest in FoodEast. Establishing the CCTOs enables HBRIC to make a decision to invest in FoodEast.

What is a CCTO?

An entity which is controlled directly or indirectly by one or more local authorities is a council-controlled organisation.

CCTOs are council-controlled organisations that trade for the purpose of making a profit.

The Regional Council has previously established HBRIC as a CCTO to:

- ▶ Achieve the commercial and non-commercial objectives of its shareholder (The Regional Council), as stated in the statement of intent,
- ▶ Be a good employer, and
- ▶ Exhibit a sense of social and environmental responsibility by considering the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

The Regional Council holds 100% of the shares in HBRIC and appoints the Board of Directors.

HBRIC Limited (Ltd) holds the Regional Council's shares in its other CCTOs, monitors their performance and recommends new director appointments for these organisations for the Regional Council's approval.

Why do we need to establish CCTOs?

The proposed Investment structure would see the Regional Council controlling "Limited Partnership" and "General Partner". Limited Partnership and General Partner therefore become CCTOs by meeting the Local Government Act 2002 definition of a CCTO.

CCTOs provides a robust governance structure as they are subject to requirements in the Local Government Act 2002, including accountability by the CCTO to the Regional Council and ongoing performance monitoring.

Why are we consulting?

The Regional Council is consulting anyone who will or may be affected by, or have an interest in, the establishment of the two new CCTOs as required under Section 56 of the Local Government Act 2002.

The Regional Council encourages any interested members of the community to provide their views on the proposed establishment of the two new CCTOs through this consultation process.

What will the Limited Partnership and General Partner do?

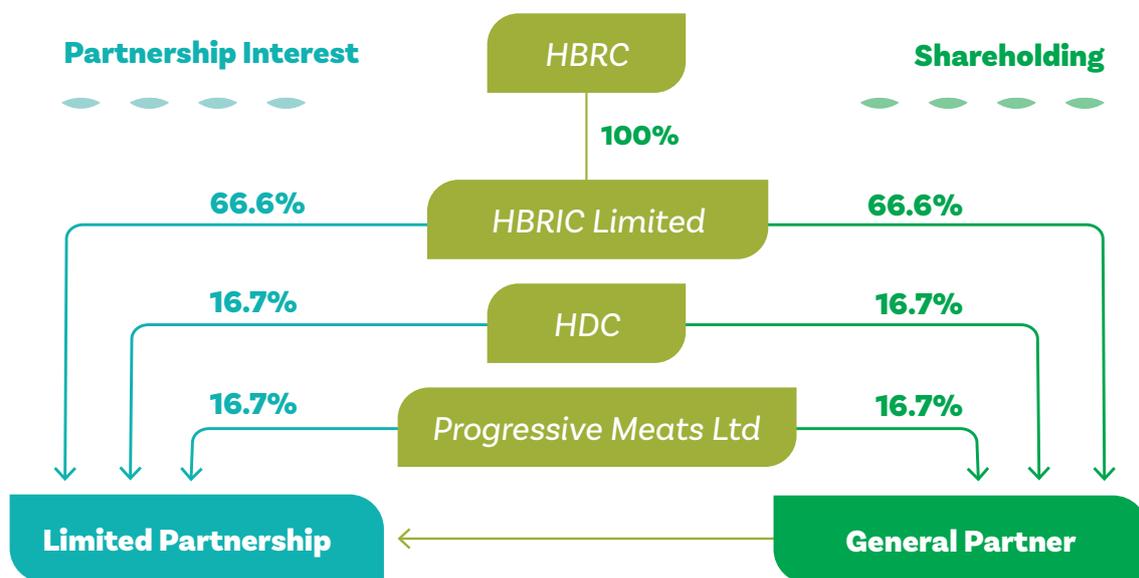
The Limited Partnership will be a limited partnership established in accordance with the Partnerships Act. HBRIC Ltd, HDC and Progressive Meats Limited (Progressive Meats) will be the limited partners and investors.

A Limited Partnership is required to have a general partner to manage the business of the Limited Partnership. The General Partner will be set up as a company under the Companies Act to perform this role. HBRIC Ltd, HDC and Progressive Meats Limited

will be the three shareholders in the General Partner.

Shares in the General Partner will be “stapled” to each of HBRIC Ltd, HDC and Progressive Meats Limited’s interest in the Limited Partnership. This means the shares in the General Partner will be the same as the proportion of their interest in the Limited Partnership.

The proposed structure is shown in the diagram below.



What is the process from here?

- 25th March 2021** ▶ Consultation opens
- 12th April 2021 (8am)** ▶ Consultation closes
- 28th April 2021** ▶ Set aside for people to present their views in person
- 28th April 2021** ▶ Decision made by the Regional Council

Hawke's Bay Regional Council FoodEast CCTO Consultation

Tukua mai ō whakaaro
Have your say

The easiest way is
online at hbrc.govt.nz

First name: _____

Last name: _____

Email: _____

If you are submitting as the official spokesperson on behalf of an organisation,
please provide organisation name below

Street address: _____

Do you support the establishment of two new CCTOs to operate FoodEast?

Yes No

Please give your reasons and/or any other feedback below (optional)

Do you wish to present your submission to Council at a hearing on 28 April 2021?

Yes No If yes please provide a daytime contact number and/or email address

Need more room? You can attach extra pages, just make sure they include your name and address.

Privacy Statement - Submissions are public information. Your name and feedback will be included in public documents as part of the decision-making process. All other personal details will remain private. This information will be held by Hawke's Bay Regional Council but only for the purpose of this consultation process.

One submission per individual.

Email: haveyoursay@hbrc.govt.nz

Post: Hawke's Bay Regional Council, Private Bag 6006, Napier 4142

Hand deliver: 159 Dalton Street, Napier 4110

Online: hbrc.govt.nz

Feedback must be provided to us by 8am on 12 April 2021


HAWKES BAY
REGIONAL COUNCIL

TE KAUNIHERA Ā-ROHE O TE MATAU-A-MĀUI