



Unconfirmed

MINUTES OF A MEETING OF THE CORPORATE AND STRATEGIC COMMITTEE

Date: Monday 11 December 2017

Time: 9.00am

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

Present: N Kirton - Chairman
P Bailey
R Barker
P Beaven
T Belford
D Hewitt
F Wilson

In Attendance: M Mohi – Maori Committee Chairman
J Palmer – Chief Executive
L Lambert – Group Manager External Relations
L Hooper – Governance Manager
M Collings – Corporate Accountant
M des Landes – Management Accountant

1. Welcome/Apologies/Notices

The Chairman welcomed everyone to the meeting.

Resolution

C&S24/17 Resolution

That the apologies for absence from Councillors Rex Graham and Alan Dick, and Mr Toro Waaka and Mike Paku be accepted.

**Barker/Bailey
CARRIED**

2. Conflict of Interest Declarations

There were no conflict of interest declarations.

3. Confirmation of Minutes of the Corporate and Strategic Committee Meeting Held on 20 September 2017

C&S25/17 Resolution

That the minutes, on page 6 item 15, fifth bullet point be amended to include "discussion on" before the word 'survey'.

**Bailey/Wilson
CARRIED**

Minutes of the Corporate and Strategic Committee held on Wednesday, 20 September 2017, a copy having been circulated prior to the meeting, were taken as read and confirmed as a true and correct record as amended.

**Hewitt/Bailey
CARRIED**

Secretarial note: As there are no provisions under Council's Standing Orders for discussion of the minutes other than confirmation of their correctness, "matters arising" discussions are recorded as part of item 4 Follow-ups from Previous Strategic Committee meetings.

4. Follow-ups from Previous Corporate and Strategic Committee Meetings

In response to a query, Mr Palmer advised there has been no further information from Napier in relation to the Aquarium business case presented to the 20 September Corporate & Strategic committee meeting, however he is aware that NCC in discussions with the new government about the project.

The follow-ups were taken as read.

C&S26/17 Resolution

That the Corporate and Strategic Committee receives and notes the "Follow-ups from Previous Corporate and Strategic Committee Meetings" report.

**Beaven/Bailey
CARRIED**

There was discussion, led by the Chairman, about the consideration of items on the Agenda given time constraints.

5. Call for Items of Business Not on the Agenda

There were no items raised.

6. **Submission on Remuneration Authority Elected Representatives' Remuneration Review**

Mrs Lambert introduced the item, outlining the main points of the LGNZ submission which Council might consider supporting. Discussions traversed:

- Remuneration authority proposing adding factors including total asset value, land area, socioeconomic deprivation index and tourist guest nights into the calculation of council size
- Strongly support land area contributing to the “size of the Council” calculation
- Opposition to use of the socioeconomic deprivation index and question the relevance of tourist guest nights
- Remuneration Authority proposes to continue to set the salary for the Chair (full time position) and then calculate a ‘pool’ for the remainder of elected representatives which would be split up or apportioned as agreed by Council decision/resolution – no base salary as provided currently.
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C&S27/17 **Resolutions**

1. That the Corporate and Strategic Committee receives and notes the “Submission on Remuneration Authority Elected Representatives' Remuneration Review” staff report.
2. The Corporate and Strategic Committee recommends that Council:
 - 2.1. Agrees to support the submission by Local Government New Zealand in respect of the Review of Elected Members' Remuneration.
 - 2.2. Agrees to advise the Remuneration Authority of its support for the LGNZ submission while also noting additional views on council sizing and setting remuneration; being:
 - 2.2.1 opposition to the use of socioeconomic deprivation index and tourist guest nights to calculate council size
 - 2.2.2 support for the inclusion of land area in the council size calculation for regional councils.

**Wilson/Belford
CARRIED**

7. **Recommendations from the Finance, Audit and Risk Sub-committee**

Mr Manton Collings outlined discussions at the meeting on the items considered by the Sub-committee including the Audit NZ management report on the 2016-17 Annual Report. Discussions covered:

- Pressure will continue to align Napier Port financial year end date to Council/HBRIC via either change of the balance date or a special purpose report at 30 June
- Auditors Management report on the 16-17 annual report and recommendations for performance improvements did not raise any significant issues of concern
- Extent of the of the Water Management internal audit

Ms Melissa des Landes provided an overview of the Data Analytics internal audit findings as presented to the sub-committee, with discussions traversing:

- New internal auditors Crowe Horwath (selected through HBLASS procurement process for all 5 HB councils) presented findings of first audit of council's Data Analytics and staff working to address the recommendations from that
- Next internal audit will cover Water Management (stormwater, wastewater, drinking water) and following that council Procurement will be subject to scrutiny
- Office of the Auditor General's work programme relating to Water Management,

and the inclusion of elements from that report into the scope for the internal audit of council's Water Management systems and processes

- Ms des Landes will coordinate, Wayne Wright is the contact for the independent auditor, with 60 hours allocated for a Crowe Horwath staff member with relevant specialist expertise to carry out the audit of council's systems and processes around water management, in particular compliance and consenting processes
- Concerns expressed about the ability of the auditors to adequately 'audit' what's provided in the scoping document for the Water Management internal audit
- CE will investigate further in relation to execution and capabilities to carry out the audit and bring further advice to the 31 January council meeting to seek Council's agreement to initiate the Water Management internal audit.

C&S28/17 Resolutions

That the Corporate and Strategic Committee:

1. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy and that Council can exercise its discretion and make decisions on these issues without conferring directly with the community.

Audit NZ Management Report for HBRC Annual Report for Year Ending 30 June 2017

2. Forwards a letter to HBRIC Ltd requesting that Napier Port change their annual reporting date to 30 June to align with the Group and Council financial year dates.

December 2017 Update on the Sub-committee Work Programmes

3. Receives and notes the "Controller and Auditor General Water Management Work Programme" report
4. Requests that the Chief Executive seek confirmation of adequate expertise for undertaking the Water Management internal audit, to enable Council to agree to initiation of that work at the Regional Council meeting on 31 January 2018.

Reports Received

5. Notes that the following reports were provided to the Finance, Audit and Risk Sub-committee meeting:
 - 5.1 Data Analytics Internal Audit Report
 - 5.2 ACC Lease Receivables Agreement Audit
 - 5.3 Risk Management Update
 - 5.4 December 2017 Update on the Sub-Committee Work Programmes

**Kirton/Belford
CARRIED**

8. Compliance and Land Management Departmental Review Findings

Mr James Palmer introduced the item, and Sue Powell who carried out the review of Resource Use (Compliance). Through the presentation, Ms Powell provided an overview of the key findings and recommendations from her report. Queries and discussions traversed:

- Significant increases in workloads due to major policy shifts and changes of approach, and also increasing numbers of pollution complaints and consents – teams not currently equipped to deal with increased expectations
- To be strong at a systems level, needs strong leadership with a Strategic focus at the 2nd and 3rd tier level
- Capability needs to be aligned to the Strategic Plan and delivery of council's

priorities, emerging issues, response to additional NEW and NPS requirements – with performance metrics that support and reinforce the direction of council's priorities

- the findings and recommendations of the Havelock North government inquiry and how those are expected to impact on regulation work priorities and responsibilities
- Budgets for additional staff and consequences of cost recovery requirements being planned for through the LTP – additional senior staff requirements for both Consents and Compliance teams are forecast at minimum required
- Operational structure changes through review under way to address issues around too many functional silos operating independently
- Current capacity and ability to meet expectations specifically in relation to TA three waters consents compliance in the interim – while additional resources are sought

The meeting adjourned at 10.35am and reconvened at 10.50am

Further discussions after the break included:

- Most recent NCC E-coli results in the reticulation system, not source – not HBRC compliance issue, but being tracked and ongoing dialogue via HB Drinking Water joint committee as well as directly between CE/Executives
- CHB wastewater issues require infrastructure upgrades which will take time to fix
- Compliance staff resource pressures over next 90 days
- Suggestion a need for additional independent resource on a short term basis to review the NCC wastewater and drinking water consents and compliance requirements

Mr Maxwell introduced Christina Robb who provided a presentation covering the findings and recommendations of her Integrated Delivery of Freshwater Outcomes (land management review) including:

- Key themes from interviews were - support for a partnership between councils and Maori, - an appetite for acceleration across the region and - support for HBRC galvanising action by others
- Huge support for community involvement and participation, at hapu/marae, schools, even pubs, level including using Maori monitoring tool
- What to do and what to do first – on a Sub-region (catchment) basis. Pick one or 2 focus areas and hit them hard
- Recommendations including aligning council teams and information systems, establishment of a regulatory implementation role working closely with catchment managers, maintain the work relating to FEMPs, actively manage public expectations
- Local delivery led by catchment team with advisory group sitting alongside regulatory implementation, initial contact with landowners needs to be one-on-one with Land Management Officer

Comments, queries and discussions covered:

- Advisory capability needs building throughout the region – not just within Council – to accelerate progress on priority actions
- Local focus in priority sub-catchments working well in Tukituki, for example Papanui
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C&S29/17 **Resolutions**

That the Corporate and Strategic Committee:

1. Receives and notes the “Compliance and Land Management Departmental Review Findings” staff and consultants’ reports.

2. Notes that the Chief Executive will be taking the recommendations and advice of the reviews into account when considering the Council's structure and operating model, including external capacity and partnerships.
3. Notes that the additional resourcing requirements highlighted in the reports will be considered as part of the Long Term Plan development process.

**Kirton/Barker
CARRIED**

11. HB Tourism Future Funding Scenarios

Mr George Hickton (Chairman) and Annie Dundas (General Manager) introduced the update, highlighting:

- \$87m increase in visitor spend, benefits for non-tourism businesses, monetary contributions of TLAs, opportunity represented by HBRC contributions to tourism funding, comparison of finding by rateable property in other regions

Queries and discussions traversed:

- Current HB model most efficient and simplest in NZ, region wide collective approach
- Support for central government support for tourism funding
- Competing for contestable tourism dollars from within NZ and internationally
- To get the economic benefit you have to get the visitors here in the first place, which is what HB Tourism role is
- 2010 report recommendations around the level of benefit to commercial / other industries and funding contributions

C&S30/17 Resolution

That the Corporate and Strategic Committee receives and notes the "**HB Tourism Future Funding Scenarios**" report.

**Wilson/Beaven
CARRIED**

15 Subject: Capital Structure Stage 1 Review Findings

Resolutions

1. That the Committee excludes the public from this section of the meeting, being Agenda Item 15 Capital Structure Stage 1 Review Findings with the general subject of the item to be considered while the public is excluded; the reasons for passing the resolution and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution being:

GENERAL SUBJECT OF THE ITEM TO BE CONSIDERED	REASON FOR PASSING THIS RESOLUTION	GROUND UNDER SECTION 48(1) FOR THE PASSING OF THE RESOLUTION
Error! No document variable supplied.	<p>7(2)(b)(ii) That the public conduct of this agenda item would be likely to result in the disclosure of information where the withholding of that information is necessary to protect information which otherwise would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.</p> <p>7(2)(i) That the public conduct of this agenda item would be likely to result in the disclosure of information where the withholding of the information is necessary to enable the local authority holding the information to carry out, without prejudice or disadvantage, negotiations (including commercial</p>	The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.

and industrial negotiations).

7(2)(j) That the public conduct of this agenda item would be likely to result in the disclosure of information where the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.

2. That David Shand, Chris Tremain, Jim Scotland, Blair O'Keefe and Erin Harford-Wright, as members of the Capital Structure Review Panel and contributors to the report being considered, remain in attendance for this item to enable provision of detailed responses to Committee queries.

**Barker/Beaven
CARRIED**

16 Napier Port Director Appointments

Resolutions

1. That the Committee excludes the public from this section of the meeting, being Agenda Item 16 Napier Port Director Appointment, with the general subject of the item to be considered while the public is excluded; the reasons for passing the resolution and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution being:

GENERAL SUBJECT OF THE ITEM TO BE CONSIDERED	REASON FOR PASSING THIS RESOLUTION	GROUND UNDER SECTION 48(1) FOR THE PASSING OF THE RESOLUTION
Napier Port Director Appointment	77(2)(a) That the public conduct of this agenda item would be likely to result in the disclosure of information where the withholding of the information is necessary to protect the privacy of natural persons.	The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.

2. That Chris Tremain and Blair O'Keefe, authors of the recommendations being considered, remain in attendance for this item to enable provision of detailed responses to Committee queries.

The meeting went into public excluded session at 12.15pm and out of public excluded session at 2.10pm

9. Motor Vehicle Fleet Efficiency & Policy; Responses to Woodham Efficiency; Council S17a Activities and Information Technology Review Updates

The item was taken as read.

C&S31/17 Resolution

That the Corporate and Strategic Committee receives and notes the "Motor Vehicle Fleet Efficiency & Policy; Responses to Woodham Efficiency; and Council S17A Activities Reviews" staff report.

**Barker/Belford
CARRIED**

10. HBRC Procurement Policy Review and GoBus Contract

The item was taken as read, with one query leading to discussion about the possible legal challenge by unsuccessful tenderers if contracts are renegotiated.

C&S32/17 Resolution

That the Corporate and Strategic Committee receives and notes the "HBRC Procurement Policy Review and GoBus Contract" staff report.

**Barker/Belford
CARRIED**

Item - 11. HB Tourism Future Funding Scenarios - was considered immediately following item 8.

12. Health and Safety Update Report for the Period 1 May Through 30 November 2017

The item was taken as read

C&S33/17 Resolution

That the Corporate and Strategic Committee receives and notes the “***Health and Safety Update Report for the Period 1 May through 30 November 2017***”.

**Barker/Belford
CARRIED**

13. Community Engagement and Communications Quarterly Update

The item was taken as read

C&S34/17 Resolution

That the Corporate and Strategic Committee receives the “Community Engagement & Communications Quarterly Update” staff report.

**Barker/Belford
CARRIED**

14. Discussion of Items Not on the Agenda

There were no items raised

Closure:

There being no further business the Chairman declared the meeting closed at 2.30pm on Monday 11 December 2017.

Signed as a true and correct record.

DATE:

CHAIRMAN: