



Unconfirmed

MINUTES OF A MEETING OF THE CORPORATE AND STRATEGIC COMMITTEE

Date: Wednesday 12 December 2018

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
A J Dick
R Graham
D Hewitt
M Paku
F Wilson
T Waaka

In Attendance: J Palmer – Chief Executive
M Mohi – Māori Committee Chairman
J Ellerm – Group Manager Corporate Services
L Hooper – Principal Governance Advisor
C Dolley – Group Manager Asset Management
T Skerman – Group Manager Strategic Planning
M Collings – Chief Financial Officer
D Simmonds – HB Tourism Board of Directors
A Dundas – HB Tourism General Manager
G Hickton – HB Tourism Chairman
H Fraser – Works Group Manager
L Lambert – Group Manager Regulation

1. Welcome/Apologies/Notices

The Chairman welcomed everyone to the meeting, advising that due to the substance of the Agenda, some information items will be taken as read.

Pieri Munro offered a karakia to begin.

2. Conflict of Interest Declarations

Toro Waaka declared an interest in item 9 as a member of the HB Māori Tourism and NZ Māori Tourism boards.

There were no conflict of interest declarations.

3. Confirmation of Minutes of the Corporate and Strategic Committee meeting held on 3 October 2018

C&S31/18 Resolution

Minutes of the Corporate and Strategic Committee meeting held on Wednesday, 3 October 2018, a copy having been circulated prior to the meeting, were taken as read and confirmed as a true and correct record.

**Graham/Paku
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 relation to page 2 of the 3 October minutes, a query was raised about the significance of the Kahutia decisions given that a councillor has declared a pecuniary interest and then voted on the resolution despite having declared that interest. In response, James Palmer advised that the final decision of whether to invest has not yet been taken and the decision in question was to seek further advice, therefore suggested that issues with respect to the conflict of interest relate more directly to the final decision yet to be taken.

Comments on the Follow-ups table reflect the status of the items, with several relating to items on today's agenda.

C&S32/18 Resolution

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

**Beaven/Wilson
CARRIED**

5. Call for Items of Business Not on the Agenda

There were no matters raised for discussion

9. HB Tourism Update

Tom Skerman introduced Dave Simmonds, Annie Dundas and George Hickton from HB Tourism, with ensuing queries and discussions highlighting:

- review of funding model for HB Tourism is under way as outlined in the item as requested by Council by resolution after consultation through the LTP process, and

has been presented to the HB Leaders Forum

- funding review needs to consider a wider context and a National review project will get under way in the new year and seeking a sustainable, national solution to funding destination marketing bodies like HB Tourism that can be applied regionally
- as part of the funding review, HB Tourism has done substantial research, and undertaken a benchmarking exercise, engaging nationally and internationally, to learn about different funding models through which it has become evident that fractured models not successful
- collaborative models with industry, cities and regions working together have worked best, however there is no one 'silver bullet' solution
- view expressed that tourism promotion appears monocultural and needs to make better use of Māori tourism as NZ unique value proposition
- LGNZ position supporting a 'bed tax'
- As a method of targeting direct beneficiaries, some councils applying a targeted rate to Air B&B type properties, as an example of a potential model however this is quite complicated
- positive feedback and support to date for a 'regional' model
- some smaller operators struggle to pay membership fees, noting that many tourism operators make substantial in-kind contributions in addition to membership fees
- key to success is regional support and collaboration
- higher order discussions nationally with LGNZ and local government funding review by the Productivity Commission
- fundamentally 3 actions being pursued – continued analysis of how to better target beneficiaries, leading regional bedtax discussions, maintain oversight of and report to C&S on national developments
- industry-wide survey under way and part of that survey asks questions to understand whether and how many operators are paying the living wage
- query in relation to KPIs for engagement with Māori, with further invitation to be extended to HB Maori Tourism chair to meet for discussions

C&S33/18 **Resolution**

That the Corporate and Strategic Committee receives and notes the "HB Tourism Quarterly Update" joint report.

**Graham/Belford
CARRIED**

6. Bus Service Update and Review of Fares

Anne Redgrave introduced the item, which was taken as read, adding that the standalone GoBay website is up and running. Discussions covered:

- Oil prices have dropped by 35%, which may impact on patronage as petrol prices go down
- Staff recommending no change to fares at this time, with a fare review in November 2019
- Review of routes is under way, including low patronage, new routes, efficiency and travel time
- Still experiencing peak time travel delays, particularly in Hastings, despite significant roadworks at Links Road- Pakowhai Road roundabout
- Staff travel plans and subsidised bus fare programmes being trialled at DHB, HBRC and now extending into other organisations
- Suggestion that calculator tool be available on the GoBay website to enable passengers to calculate the costs of using public transport compared to private vehicle – as well as travel time tool
- Living wage for bus drivers is the subject of a national review by Minister of Transport

C&S34/18 Resolutions

1. That the Corporate and Strategic Committee receives and notes the **“Annual Bus Fare Review”** staff report.
2. The Corporate and Strategic Committee recommends that Council:
 - 2.1. 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 this issue without conferring directly with the community.
 - 2.2. Agrees to maintain bus fares at current levels, with a further review in November 2019.

**Dick/Barker
CARRIED**

7. Amendment to the Treasury Policy and Investment Funds Statement of Investment Policy Objectives

The item was taken as read, with one proposed amendment to the Treasury Policy to include carbon credits in the description of Council’s Forestry Assets agreed.

C&S35/18 Resolutions

1. That the Corporate and Strategic Committee receives and notes the “Amendment to the Treasury Policy and Statement of Investment Policy Objectives” staff report.
2. The Corporate and Strategic Committee recommends that Hawke’s Bay Regional Council:
 - 2.1. Agrees that the decisions to be made are not significant and Council can exercise its discretion and make decisions on this issue without conferring directly with the community.
 - 2.2. Adopts the amended HBRC Statement of Investment Policy Objectives and Treasury Policy including the amendment to include carbon credits in the description of Council’s Forestry Assets.

**Barker/Graham
CARRIED**

8. Regional Three Waters Review

Chris Dolley, Group Manager Asset Management, introduced the item, noting that the outcomes of this review of service delivery will guide national policy development.

- As regulator, important for HBRC to participate in the review to keep up to date with TLA developments
- Query re potential conflicts between regulatory functions of regional council and central government direction in relation to ‘structure’ of 3 waters service delivery
- Funding split between the relative organisations, and where the costs are budgeted including consideration of ‘ability to pay’ for smaller TAs of Wairoa and CHB as well as direct correlation between HBRC’s flood protection network and stormwater networks
- Water allocation review could be part of a separate, national review potentially of the RMA as the regulation tool that sets water allocation policy and rules
- Aim of the review is to address government’s concerns around scale, costs, standards and capacity and the HB review is expected to be complete by end of June 2019.
- The Central Government review is unlikely to result in any policy changes prior to the next national elections.
- The budget/cost breakdowns associated with the Review are to be provided to the

19 December 2018 Council meeting to enable Council's adoption of the committee's recommendations.

C&S36/18 Resolutions

1. That the Corporate and Strategic Committee receives and notes the "Regional Three Waters Review" staff report.
2. The Corporate and Strategic Committee recommends that Council:
 - 2.1. 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 this issue without conferring directly with the community.
 - 2.2. Having considered all matters raised in this report:
 - 2.2.1. Confirms its support for HBRC participating in the development of a regional business case on 3 Waters management.
 - 2.2.2. Notes the cost of the review is apportioned across the Hawke's Bay councils as being 35% Napier City Council, 35% Hastings District Council, 15% Hawke's Bay Regional Council, 7.5% Wairoa District Council, and 7.5% Central Hawke's Bay District Council.
 - 2.2.3. Agrees that HBRC's funding contribution come from the Drainage and River Control Consultancy Services budget.

**Wilson/Bailey
CARRIED**

Item - 9. HB Tourism Update - was considered immediately following item 6 on the agenda.

The meeting adjourned at 10.35am and reconvened at 10.50am

10. Report from the Finance Audit and Risk Sub-committee

Cr Kirton as Chair of the sub-committee introduced the item, which was taken as read.

C&S37/18 Resolution

That the Corporate and Strategic Committee receives and notes the "Report from the 21 November 2018 Finance, Audit and Risk Sub-committee Meeting"

**Bailey/Dick
CARRIED**

11. Annual Plan Progress Report for the First Four Months of the 2018-2019 Financial Year

Jessica Ellerm introduced the item, noting that there's still a substantial part of the year remaining and that there are several areas that finance is keeping track of, including the Port consultation overspend. Discussions covered:

- James Palmer noted that the overspend for Port consultation is the result of extensive additional effort Council put into reaching the public and raising the issues and profile around this consultation
- Funding for Mohaka Plan Change well advanced, included in Annual Plan budgets and progressing with the Planning team now fully resourced
- Investment returns shortfall due to delays transferring full allocation of investment funds to the Investment Managers.

C&S38/18 Resolution

That Hawke's Bay Regional Council receives and takes note of the "**Annual Plan Progress Report for the First Three Months of the 2017-18 Financial Year**".

**Beaven/Belford
CARRIED**

12. HBRC Works Group Six Monthly Update

Chris Dolley introduced Hamish Fraser and the item, who provided a presentation about the activities under way at the Works Group at Guppy Road and Waipukurau depots.

Mike Mohi left the meeting at 11am

Discussions and queries traversed:

- Growing the business needs to be thought about carefully, and consider civil defence and flood protection responsibilities
- All work completed in accordance with Environmental Code of Practice for River Control and Waterway works and the Ecological Management and Enhancement Plans for each of the schemes
- Most works carried out are under 'permitted activity' provisions in the Regional Resource Management Plan and in liaison with DoC, iwi and other stakeholder groups
- Public Access to Rivers item considered by Environment and Services committee in July included options around maintenance and phasing out the grazing of berms with the lower Ngaruroro the site of a trial and will be the subject of an update to that Committee in early 2019 – noting that due to significant financial impacts this will be considered through development of the next long term plan
- Health and Safety is high profile amongst staff, with no serious harm /notifiable incidents reported in the last 12 years, and days off due to injury for 2017-18 half of the previous year's
- Total 2017-18 actual revenue was \$5.3M and 125% of budgeted revenue
- Responsibilities of HBRC, TAs and landowners for maintenance of river berms in relation to willow control, flood debris and sediment mobilisation and the availability of subsidised works funding from HBRC (managed by Graeme Edmondson). Council necessarily focuses on their responsibilities for the schemes as it is impossible for HBRC to manage all the waterways in the region.
- Asset Management Group's Scheme operations team directs the Ops Group in relation to what maintenance work the Ops Group carries out year to year, and where.

C&S39/18 Resolution

That the Corporate and Strategic Committee receives and notes the "HBRC Works Group" staff report.

**Graham/Bailey
CARRIED**

Mike Mohi re-joined the meeting at 11.55am

13. Human Resources and Health & Safety 2017-18 Annual Reports

Viv Moule introduced the item, with discussions highlighting:

- Additional staff approved through the LTP are mostly on board now, including internal promotions to new positions
- Successful efforts to increase the number of women appointed to management roles and work to increase the capacity and competency of the organisation in the area of engagement with Māori is under way through the Māori Partnerships group

C&S40/18 Resolution

That the Corporate and Strategic Committee receives and notes the "**Human Resources 2017-18 Annual Report**".

**Dick/Barker
CARRIED**

14. **HBRC Response to Water Management Internal Audit Recommendations**

Liz Lambert introduced the item, outlining the background and advising the focus on the two high risk recommendations (of 12 total) relating to:

- Firstly, uncertainty over national environmental standards for drinking water responsibilities – the work of the joint drinking water group and joint governance committee above that have helped clarify the roles and responsibilities through preparation and adoption of a protocol
- Secondly, adoption of the risk based monitoring programme – internal prioritisation exercise that compliance staff undertake with recommendations signed off by the executive leadership team to ensure consistency with the Council's Compliance Strategy
- Work in the area of bore security to be reported to E&S Committee in 2019
- Sewerage discharges and risks to water quality, particularly drinking water

Committee discussions covered:

- Scope of regional three waters review is more broad than the Internal Audit previously focussed on drinking water safety
- Regulation staff involvement in the TANK plan change as part of HBRC project group in relation to bore security, resource consents and enforcement and working with groundwater scientists around source protection zones
- Performance measures relating to water management

C&S41/18 **Resolution**

That the Corporate and Strategic Committee receives and notes the "**HBRC Response to the Water Management Internal Audit Recommendations**" staff report.

**Barker/Graham
CARRIED**

15. **Future Operational Performance Reporting**

Joanne Lawrence introduced the item, which was taken as read, and Peter Wallwork, Council's Principal Advisor Organisational Performance and Monitoring in the Office of the Chief Executive and Chair. Discussions covered:

- Metrics and measures to be measured using Opal3 tool, with first reporting to be provided to Council for the 6 month non-financial reporting in February 2019
- Councillors expressed a preference to see reports first, before providing any feedback on any additional requirements for inclusion

C&S42/18 **Resolution**

That Hawke's Bay Regional Council receives and notes the "Future Operational Performance Reporting" staff report.

**Wilson/Barker
CARRIED**

16. **PMO Pilot Update and Project Status Report**

The item was taken as read, with discussions traversing:

- Lakes state of environment monitoring programme
- Use of acronyms not helpful for councillors

C&S43/18 **Resolution**

That the Corporate and Strategic Committee receives and notes the "Project Management Office Pilot Update and Project Status" report.

**Wilson/Bailey
CARRIED**

17. 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 12.25pm on Wednesday 12 December 2018.

Signed as a true and correct record.

DATE:

CHAIRMAN: