



MINUTES OF A MEETING OF THE CORPORATE AND STRATEGIC COMMITTEE

Date: Wednesday 6 March 2019

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
D Hewitt
M Paku
F Wilson
T Waaka

In Attendance: J Palmer – Chief Executive
J Ellerm – Group Manager Corporate Services
P Munro – Te Pou Whakarae, Maori Partnerships
A Roets – Governance Administration Assistant
M Collings – Corporate Accountant
J Lawrence – Group Manager Office of the CE & Chair
M Sharp – Project Manager
G Hickton – Chairman, HB Tourism
A Dundas – General Manager, HB Tourism

1. Welcome/Apologies/Notices

The Chair welcomed everyone to the meeting and Pieri Munro offered a karakia.

The Chair advised that Item 9 HB Tourism Update will be considered as the first item of business, followed by Item 11.

Mike Paku advised that he needs to leave at 2pm.

Resolution

C&S1/19 That the apologies for absence from Councillor Rex Graham and Mike Mohi be accepted.

**Wilson/Paku
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 12 December 2018

C&S2/19 Resolution

Minutes of the Corporate and Strategic Committee meeting held on Wednesday, 12 December 2018, a copy having been circulated prior to the meeting, were taken as read and confirmed as a true and correct record.

**Beaven/Wilson
CARRIED**

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

It was noted that work is under way with LINZ to determine the best financial treatment of the Tangoio conservation estate in Council's accounts, and a recommendation will be made to the June C&S meeting.

The current Ethical Investment Policy was reaffirmed by Council resolution in October 2018 on recommendation from the Corporate and Strategic Committee. It was suggested that the Fund Managers present how their ethical investment policies align with Council's at the next C&S meeting in lieu of a workshop for interested councillors as previously agreed.

C&S3/19 Resolution

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

**Barker/Wilson
CARRIED**

5. Call for Minor Items of Business Not on the Agenda

That the Corporate and Strategic Committee accepts the following "Minor Items of Business Not on the Agenda" for discussion as Item 13.

Topic	Raised by
1. East Coast Farming expo	Cr F Wilson

9. HB Tourism Update

The Chair introduced Mandy Sharp, HBRC Project Manager, before Annie Dundas and George Hickton from Hawke's Bay Tourism provided the update, covering:

- regional review of HBT's funding model and the national debate on tourism funding

solutions is ongoing

- January 2019 HB recorded 5% increase in visitor spending from January 2018 – of \$80 million and forecast year-end approximately \$648 (2% increase)
- Seasonal growth since 2015 is +20% in Winter and Spring, 16% in Autumn and 17% in Summer
- Regional Visitor Strategy to deliver a sustainable funding model and encompass marketing, infrastructure and event attraction. First stage to draft the Terms of Reference; Second stage will include a regional survey/workshops/ consultation; and third stage will focus on report development, presentation and sign off.
- The region's Mayors and Chair indicated strong support for an all of region approach to a sustainable funding model and strategy.
- Annie Dundas participating in a national group to identify preferred funding models and will have a draft proposal for discussion after attending a 5-day workshop next week. Potentially a national solution applied regionally.
- Bed taxes and how collection from paid accommodation providers might happen
- HBRC 2018-19 economic development rates shifted more toward commercial sector, and no feedback received from the sector to date
- Initial interim results of the Living Wage survey were outlined, with replies that 36% are paying the living wage, 8% intend to, 23% can't afford to and comments that some pay more than living wage or pay to some staff and not others. Would like a broader group of responses prior to creating the final report which will be circulated once complete.

C&S4/19

Resolution

That the Corporate and Strategic Committee receives and notes the "*HB Tourism Update*" staff report.

**Wilson/Belford
CARRIED**

11. Organisational Performance Update for the Period 1 July 2018 to 31 January 2019

James Palmer introduced the item, the first edition of what is intended to be monthly organisational performance reporting. Discussions traversed:

- The report combines content which typically came to Council through separate reports such as Human Resources, monthly activity reporting to Council, and risk management reporting
- Seeking feedback on both the content and formatting of the document as well as frequency
- Potentially a dashboard showing organisational performance trends against a set of agreed lead indicators (metrics) to be presented at the beginning of the monthly council meetings
- Suggestion to collapse (replace) the monthly significant activities report into the organisation performance report
- Summaries helpful
- Preferences expressed for a thorough, detailed report quarterly and brief 'exception reporting' monthly
- Helpful to see a snapshot of what's coming up over the next month or so to keep 'in the loop'
- Suggested that a brief summary narrative and key performance metrics be included in the monthly activities report to council, plus summary financials
- Suggested participating in 'pre-meeting' question and answer 'forum' to be better prepared ahead of time
- General agreement to receiving the detailed Organisational Performance report on a quarterly basis with more focus on underperforming areas and including a detailed breakdown of the Enforcement and Regulation team's activities, e.g. categorising pollution callouts
- Capital budgets (Asset Management) to increase the level of service of the

Heretaunga Plains scheme to 1 in 500 has been 'smoothed' over 3 years. More work to be done to define the scope and options for the full system including costs and timelines, and this work will be brought to Council as the programme of work develops. A brief update on where the project is at was requested for the next E&S meeting.

- Pollution response and compliance budgets in relation to cost recovery and non-chargeable work
- \$260,000 overspend on the Port Consultation is the result of underestimating the resource required to carry out such an extensive engagement process
- Return on Investments will be considered through the reforecasting exercise in April.

The meeting adjourned at 10.30am and reconvened at 10.45am with Crs Alan Dick and Debbie Hewitt absent

Further discussions traversed:

- Recruitment expenditure may be slightly over budget by the end of the financial year, with several hard to replace roles still to be filled
- Suggested that vacancies be shared with the PSGEs
- Expanded workforce and increased activity outside during summer reflected in increased accidents /injuries reported
- Sustainable homes funding available for septic tanks and double-glazing
- Significant increase in workforce since January 2018 is reflected in increased vehicle fleet numbers
- Increased consideration of replacing vehicles with EVs where possible
- 'suitable to burn' app has been promoted to HB Fruitgrowers and other horticultural groups throughout the region

Crs Debbie Hewitt and Alan Dick re-joined the meeting at 11.00am

- A report on the first year of the Erosion Control Scheme will be provided to the June E&S meeting
- The new bus ticketing system is expected to be operational by the end of this year, and progress is reported regularly to the Regional Transport Committee
- Cash and cash equivalent lines in the financials
- Inputting data and establishing regimes for field based compliance reporting workflows in IRIS has taken significant amounts of staff time

C&S5/19 **Resolution**

That the Corporate and Strategic Committee receives and notes of the "*Operational Update for Seven Months Ending 31 January 2019*" and provides feedback to Council staff.

**Barker/Bailey
CARRIED**

6. Report and Recommendations from the Finance Audit and Risk Sub-committee

Jessica Ellerm introduced the item outlining:

- Rebekah Dinwoodie attended the meeting, her first as Independent member of the sub-committee
- received the 6 monthly Risk Management report
- agreed the proposed scope for the follow-up Water Management Internal Audit, which replaces the Business Continuity Plan internal audit on the audit programme
- financial Data Analytics Internal Audit report was presented
- Financial delegations are addressed as a separate agenda item
- Reviewed the 2017-18 Audit NZ Management Report on the qualified Audit opinion received for the 2017-18 annual report
- contract management policies and processes, with review of the Policy and system to be reported to the May sub-committee meeting

- Treasury reporting will continue to develop
- Cyber security subject of regular discussions and staff training

C&S6/19

Resolutions

The Finance, Audit and Risk Sub-committee recommends that the Corporate and Strategic Committee:

1. Receives and notes the *“Report and Recommendations from the 12 February 2019 Finance, Audit and Risk Sub-committee Meeting”*
2. Agrees that the decisions to be made are not significant under the criteria contained in Council’s adopted Significance and Engagement Policy, and that the Committee can exercise its discretion and make decisions on this issue without conferring directly with the community or persons likely to be affected by or have an interest in the decision.

Six Monthly Report on Risk Assessment and Management

3. Receives and notes the resolutions of the sub-committee, confirming the robustness of Council’s risk management systems, processes and practices
4. Notes that a review of the Risk Assessment and Management framework will be undertaken in the 2019-20 financial year.

Data Analytics Internal Audit Report

5. Receives and notes the resolutions of the sub-committee, confirming that appropriate action has been taken by management in response to the Data Analytics Internal Audit recommendations.

2017-18 Audit NZ Management Report

6. Confirms the Finance, Audit and Risk Sub-committee’s satisfaction that the *“2017-18 Audit NZ Management Report”* is sufficient and that there are no outstanding issues of concern.

Reports Received

7. Notes that the following reports were provided to the Finance Audit and Risk Sub-committee.
 - 7.1. Proposed Scope for Follow-up Water Management Internal Audit (*Resolved: Confirms the proposed Scope for the Follow-up Water Management Internal Audit*)
 - 7.2. Treasury Report
 - 7.3. Resource Management Information System (IRIS) Implementation Update
 - 7.4. February 2019 Sub-Committee Work Programme Update.

**Bailey/Kirton
CARRIED**

7. 2019 Local Governance Statement Update

Joanne Lawrence introduced the item, which was taken as read with the exception of a query in relation to the next opportunity for consideration to be given to Council establishing Māori Wards or constituencies.

C&S7/19

Resolutions

1. That the Corporate and Strategic Committee receives and notes the “2019 Local Governance Statement Update” 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 under the criteria contained in Council’s adopted Significance and Engagement Policy, and that

Council can exercise its discretion and make this decision without conferring directly with the community.

- 2.2. Accepts the “2019 Local Governance Statement” incorporating amendments as agreed by the Corporate and Strategic Committee on 6 March 2019, for publication to the Hawke’s Bay Regional Council website.

**Barker/Belford
CARRIED**

8. Financial Delegations

Manton Collings introduced the item with discussions highlighting:

- Seeking feedback and guidance from Councillors following amendments made to incorporate the feedback given at the sub-committee meeting
- Amounts delegated must be clearly stated as “per transaction” or “per annum” or “individual transactions”
- Audit processes and controls check that all approvals are within the Policy and correct internal delegations
- Options for reporting on significant transactions over \$200,000 to Council and oversight versus delegation
- Delegations for contingency fund spending to be removed as agreed these will be subject to Council approval

C&S8/19 Resolutions

1. That the Corporate and Strategic Committee:
 - 1.1 receives and notes the “*Financial Delegations*” staff report
 - 1.2 provides feedback on the proposed financial delegation levels.
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 the Committee can exercise its discretion and make decisions on this issue without conferring directly with the community or persons likely to be affected by or have an interest in the decision.
 - 2.2. Adopts the Staff Financial Delegations as amended to incorporate the feedback from the 6 March 2019 Corporate and Strategic Committee meeting.

**Wilson/Barker
CARRIED**

10. Matters Arising from Audit NZ 2018-28 Long Term Plan Audits

Jessica Ellerm introduced the item, which was taken as read, with discussions traversing:

- LTP issues and approach mostly consistent nationally
- Appendix 6 sets out the differences between the 2015 and 2018 financial forecasts and suggest this council’s figures are somewhat commensurate with what is happening nation wide
- LTP project review findings included the need for sufficient time to be given to councillors to digest and consider information prior to workshops as well as earlier engagement between the project team and tangata whenua

C&S9/19 Resolution

That the Corporate and Strategic Committee receives and notes the “*Matters Arising from Audit NZ 2018-28 Long Term Plan Audits*” staff report and the Auditor General’s report titled “*Matters arising from our audits of the 2018-28 long-term plans*”.

12. Health and Safety Work Programme

Viv Moule outlined the progress of activities responding to the Audit recommendations, with discussions highlighting:

- draft Health and Safety Governance Charter created for councillors
- councillors will be provided with an opportunity to spend time in the field to get a better understanding of some of the health and safety risks staff experience
- feedback provided on the language used in the documents
- The Implementation Plan addresses the high risk issues
- The draft Strategic Plan draws on strategic health and safety planning guidelines and provides high level targets
- Concerns raised in relation to the number of incidents during January
- re-drafted Governance Charter will be provided to the March Council meeting for adoption and then to be signed by the Council Chair and the Finance, Audit & Risk Sub-committee Chair.

C&S10/19 **Resolution**

That the Corporate and Strategic Committee receives and notes the ***“Health and Safety Work Programme”*** staff report.

Wilson/Barker
CARRIED

13. Discussion of Minor Items Not on the Agenda

Topic	Raised by
East Coast Farming Innovation expo: <ul style="list-style-type: none">• Expo runs from 6-7 March 2019• The Agenda for tomorrow will cover Hill country planting – all welcome in Wairoa	Cr F Wilson

Closure:

There being no further business the Chairman declared the meeting closed at 12:03pm on Wednesday 6 March 2019.

Signed as a true and correct record.

DATE:

CHAIRMAN: