



Unconfirmed

MINUTES OF A MEETING OF THE CORPORATE AND STRATEGIC COMMITTEE

- Date:** Wednesday 10 June 2020
- Time:** 9.00am
- Venue:** Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
NAPIER
- Present:** Cr N Kirton - Chairman
Cr R Barker
P Eden
Cr W Foley
Cr C Foss
Cr R Graham
Cr C Lambert
Cr H Ormsby
A Tapine
Cr J van Beek
Cr M Williams
- In Attendance:** J Palmer – Chief Executive
J Ellerm – Group Manager Corporate Services
T Skerman – Group Manager Strategic Planning
C Dolley – Group Manager Asset Management
B Smith – Chief Financial Officer
J Lawrence – Group Manager Office of the CE & Chair
H Marsden – Risk and Assurance Lead
K McInnes – Senior Advisor Health and Safety
S Davé – Independent Consultant
A Roets – Governance Administration Assistant

1. Karakia /Welcome/Apologies/Notices

The Chair welcomed everyone to the meeting and Cr Hinewai Ormsby offered a karakia to open the meeting.

Cr Will Foley acknowledged the passing of Bill Stevensen, a strong advocate for the Ongaonga community, particularly around household bore water issues.

Resolution

C&S14/20 That the apologies for absence from Rebekah Dinwoodie, Independent member of the Finance, Audit and Risk Sub-committee and for early departure from Cr Rex Graham and Mr Peter Eden be accepted.

Ormsby/Foley
CARRIED

2. Conflict of Interest Declarations

There were no conflicts of interest declared.

3. Confirmation of Minutes of the Corporate and Strategic Committee meeting held on 11 March 2020

C&S15/20 Resolution

Minutes of the Corporate and Strategic Committee meeting held on Wednesday, 11 March 2020, a copy having been circulated prior to the meeting, were taken as read and confirmed as a true and correct record.

Barker/Foley
CARRIED

4. Follow-up Items from Previous Meetings

The item was taken as read.

C&S16/20 Resolution

That the Corporate & Strategic Committee receives and notes the "*Follow-up Items from Previous Meetings*" staff report.

Ormsby/Foss
CARRIED

5. Call for Minor Items not on the Agenda

Recommendations

That the Corporate and Strategic Committee accepts the following "Minor Items Not on the Agenda" for discussion as Item 11

Topic	Raised by
Sustainable homes programme	Cr Hinewai Ormsby
Art Deco	Cr Neil Kirton

6. Remit to Local Government New Zealand Annual General Meeting

Chris Dolley introduced the item with discussions traversing:

- Hauraki District Council seeking support for their Coastal Hazards remit
- Needs the support of at least five other councils to be accepted by LGNZ for the AGM
- The remit reflects some of the challenges experienced during development of the

- Clifton to Tangoio Coastal Hazards Strategy 2120, particularly around funding
- Support is also being sought from Napier and Hastings councils through the Deputy Chairs of the Clifton to Tangoio Coastal Hazards Strategy Joint Committee, Annette Brosnan and Tania Kerr respectively.

C&S17/20 Resolutions

That the Corporate and Strategic Committee:

1. Receives and considers the “Remit to Local Government New Zealand Annual General Meeting” staff report.
2. Agrees that the decisions to be made are not significant, and that the Committee can exercise its discretion and make decisions on this issue without conferring with the community.
3. Confirms support for the proposed Hauraki District Council Climate Change Coastal Hazard remit, to be supplied by the Hawke’s Bay Regional Council Chairman via email.

**Graham/van Beek
CARRIED**

7. Risk Maturity Roadmap

Joanne Lawrence introduced Helen Marsden, Council Risk and Assurance Lead, and Shash Davé, Ridgbak Consulting who have undertaken the work and authored the item. Discussions traversed:

- Work and item arisen out of the Finance, Audit & Risk Sub-committee and identified issues with visibility and inconsistent, ad-hoc, siloed risk management within Council
- The Enterprise Risk Maturity Roadmap outlines a proposed long-term pathway towards a single, robust Enterprise Risk Management (ERM) framework and a culture of consistent and transparent risk intelligent decision making is embedded across every Council function
- Through a preliminary assessment of Council’s current risk management maturity it became evident that further development of Council’s risk systems and processes is necessary, starting with standardising Council’s risk management framework with consistent systems and common language across all functions, building on what’s in place
- Phase I includes development of the Council’s Risk Policy and Framework for presentation to the 12 August Finance, Audit and Risk Sub-committee (FARS) meeting for endorsement along with the Risk Review internal audit report
- Progress and milestone reporting will be to ELT and FARS
- Prior to Havelock North drinking water contamination event (highest risk), Council did not have a formalised risk assessment framework and the further development of the organisation’s approach to risk management will enable more active identification of new risks and a conscious, consistent approach to understanding risks, likelihood and consequence, and acceptable risk tolerance.
- Risk matrix will be a completely integrated system with quantitative and qualitative measures including assessment of Health and Safety, financial, and reputational risks
- Problem (to be fixed by implementing ERM framework) defined as the inconsistent, ad-hoc, siloed way risk management is currently dealt with at Council not being adequate for an organisation of its size and with its risk profile
- Most significant shift will be to assessing risk deliberately at the centre of decision making on a like for like basis rather than as a bolt-on.

C&S18/20 Resolutions

1. That the Corporate and Strategic Committee receives and considers the “*Proposed Risk Maturity Roadmap*” 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 decisions on this issue without conferring directly with the community or persons likely to have an interest in the decision.
- 2.2. Endorses the approach proposed by staff to formally launch the proposed Risk Management Maturity Roadmap with the goal of embedding consistency in risk-intelligent decision making across all levels and functions of the organisation.

**Foss/Kirton
CARRIED**

8. Health and Safety (H&S) Governance Charter

Joanne Lawrence introduced Kirsty McInnes, Senior Health and Safety Advisor, who gave an update on the Health and Safety Governance Charter with discussions covering:

- A 2018 internal audit recommended annual reviews of the H&S Charter
- A follow-up review of the original Health and Safety internal audit has been conducted and the report will be presented at the 12 August Finance, Audit and Risk Sub-committee (FARS) meeting
- Proposing more regular updates to FARS on H&S risks and strategies as an improvement to the current work plan
- Proposed an additional briefing for Councillors' health and safety responsibilities as a refresher or follow-up to the session they participated in as part of the orientation programme,
- Request for the Health and Safety induction materials to be uploaded to Stellar.

C&S19/20 Resolutions

1. That the Corporate and Strategic Committee receives and considers the "*Health and Safety Governance Charter*" 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 decisions on this issue without conferring directly with the community or persons likely to have an interest in the decision.
 - 2.2. Adopts the Health and Safety Governance Charter as proposed, for the signatures of the Regional Council and Finance, Audit and Risk Sub-committee Chairs.

**Lambert/Foley
CARRIED**

9. Quarterly Treasury Report for Period to 31 March 2020

Brian Kearney, Philip Houghton-Brown and Rhys Weyburne from Mercer introduced themselves and updated the committee on the performance and current state of the Mercer HBRC investment portfolio they manage for Council, highlighting:

- Impacts of Covid-19 on the markets and the economy have been severe
- Torrid March hit markets hard, total value compared to original investment was down \$3.4m, but benefitted from the rebound in April and May, gaining 7% to the end of May - up \$1.7m from original investment
- Asset allocations are monitored daily

The Committee adjourned at 11.00am and reconvened at 11.18am

Jessica Ellerm introduced the Treasury Report, with Bronda Smith and Geoff Howes providing an overview covering:

- The Mercer portfolio generated a gross return of -7.8% for the March quarter and has now achieved a gross cumulative return of 2.7% since inception in January 2019
- Main areas of underperformance were Fixed Interest and Overseas Sovereign Bonds
- The portfolio remains compliant with strategic asset allocation ranges stipulated in the SIPO
- The Jarden portfolio generated a gross return of -9.1% for the March quarter and has achieved a net return of -1.4% since inception; slightly breached its target asset allocations as a result of market volatility from Covid-19, and will rebalance once market volatility eases
- Council's cash flow and debt forecast indicate a requirement for an additional \$10mil of core borrowings during this financial year
- Hopeful that HBRC's funding strategy is growing/developing in a more resilient stage and have adequate reserve funds to provide protection against market volatility into the future
- LTP Workshop next week will introduce some options how Council might develop the funding strategy over the next 10 years to provide more resilience
- Request for more regular reporting on income and balance sheet.
- Council is comfortable with the SIPO in its current state.

C&S20/20 Resolution

That the Corporate and Strategic Committee receives and notes the "Quarterly Treasury Report for period to 31 March 2020".

**Barker/Ormsby
CARRIED**

11. Discussion of Minor Matters not on the Agenda

Topic	Raised by
Sustainable homes programme Insulation and ventilation parts of the Sustainable homes programme are going very well, suggests additional communication of other aspects of the program that aren't as well subscribed to the community (e.g. solar, double glazing, water storage, septic tanks)	Cr Hinewai Ormsby
Art Deco Drought in "tourism" sector, in particular Napier, and seeking direction as to whether Council might consider underwriting or providing some support specifically for the 2021 Art Deco event.	Cr Neil Kirton

10. Water Security Governance Model - was not considered

12. Heretaunga Water Security Scoping Report

C&S21/20 Resolutions

1. That Council excludes the public from this section of the meeting, being Agenda Item 12 Heretaunga Water Security Scoping Report 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	GROUNDS UNDER SECTION 48(1) FOR THE PASSING OF THE RESOLUTION
Heretaunga Water Security Scoping Report	<p>s7(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 and industrial negotiations).</p> <p>s7(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.</p>	The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.

2. That Amanda Langley (Project:Haus), Blair O’Keeffe (Commercial Advisor), David Leong and Dominic Fletcher (Tonkin + Taylor), Richard Westbury and Jane Francis, Central Government remain in attendance as subject matter experts.

**Foley/van Beek
CARRIED**

13. HBRIC Ltd 2019-20 Statement of Intent

C&S22/20 Resolutions

1. That Hawke’s Bay Regional Council excludes the public from this section of the meeting, being Agenda Item 13 HBRIC Ltd 2019-20 Statement of Intent 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	GROUNDS UNDER SECTION 48(1) FOR THE PASSING OF THE RESOLUTION
HBRIC Ltd 2019-20 Statement of Intent	s7(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.	The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.

2. That Blair O’Keeffe and Dan Druzianic remain in attendance for this item as HBRIC Ltd Chief Executive and Chairman, respectively, as subject matter experts.

**Foley/van Beek
CARRIED**

14. Napier Port Verbal Update

C&S23/20 Resolutions

1. That Hawke’s Bay Regional Council excludes the public from this section of the meeting, being Agenda Item 14 Napier Port Verbal Update 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

Napier Port Verbal Update

REASON FOR PASSING THIS RESOLUTION

s7(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.

GROUND UNDER SECTION 48(1) FOR THE PASSING OF THE RESOLUTION

The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.

2. That Blair O’Keeffe (HBRIC Ltd CE and Napier Port Holding Company Director) remains in attendance for this item as a subject matter expert.

**Foley/van Beek
CARRIED**

15. Request for Remission of Leasehold Rent – Wellington Property

C&S24/20 Resolution

That Council excludes the public from this section of the meeting, being Agenda Item Request for Remission of Leasehold Rent – Wellington Property 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

Request for Remission of Leasehold Rent – Wellington Property

REASON FOR PASSING THIS RESOLUTION

s7(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 and industrial negotiations).

GROUND UNDER SECTION 48(1) FOR THE PASSING OF THE RESOLUTION

The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.

**Foley/van Beek
CARRIED**

16. Confirmation of 11 March 2020 Public Excluded Minutes

C&S25/20 Resolution:

That the Council excludes the public from this section of the meeting being Confirmation of Public Excluded Minutes Agenda Item 15 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

Proposed Wellington Leasehold Property Sale

REASON FOR PASSING THIS RESOLUTION

s7(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 and industrial negotiations)

GROUND UNDER SECTION 48(1) FOR THE PASSING OF THE RESOLUTION

The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.

**Foley/van Beek
CARRIED**

The meeting went into public excluded session at 11.45am and out of public excluded session at 2.53pm

Closure:

There being no further business the Chairman declared the meeting closed at 2.55pm on Wednesday 10 June 2020.

Signed as a true and correct record.

DATE:

CHAIRMAN: