



Unconfirmed

MINUTES OF A MEETING OF THE CORPORATE AND STRATEGIC COMMITTEE

Date: Wednesday 2 September 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 (Māori Committee Representative)
Cr W Foley
Cr C Foss
Cr R Graham
Cr C Lambert
Cr H Ormsby
A Tapine (RPC Representative) (from 9.25am)
Cr J van Beek
Cr M Williams

In Attendance: J Palmer – Chief Executive
J Ellerm – Group Manager Corporate Services
M Heaney – Manager Client Services
C Edmonds – Acting Group Manager Strategic Planning
E Lambert – Group Manager Regulation
T Skerman – Manager (Acting) Regional Water Security
A Langley – Project:Haus
L MacGillivray – HB Rural Advisory Group Chair
D Betty – Eastern Screen Alliance
D Slade – Eastern Screen Alliance
B O'Keeffe – HBRIC Ltd Chief Executive
T Chaplin – Senior Group Accountant
P Munro – Te Pou Whakarae
B Smith – Chief Financial Officer
A Roets – Governance Administration Assistant

1. Welcome/Apologies/Notices

The Chair welcomed everyone to the meeting and Pieri Munro led the group in offering a karakia.

The Chair advised that Dr Nick Jones from the Hawke's Bay District Health Board will provide an update on Covid-19 resurgence at 12noon.

2. Conflict of Interest Declarations

There were no conflicts of interest declared.

10 June 2020

C&S26/20 Resolution

Minutes of the Corporate and Strategic Committee meeting held on Wednesday, 10 June 2020, a copy having been circulated prior to the meeting, were taken as read and confirmed as a true and correct record.

**Ormsby/van Beek
CARRIED**

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

The item was taken as read, with one query in relation to when councillors' health and safety refresher session will be scheduled.

C&S27/20 Resolution

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

**Barker/van Beek
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 15.

Topic	Raised by
How te mana o te wai will be incorporated into HBRC frameworks	Peter Eden

6. Report and Recommendations from the 12 August 2020 Finance Audit and Risk Sub-committee

Cr Craig Foss introduced the item, which was taken as read, with discussions highlighting:

- Emphasis on best practice processes and procedures for achieving better outcomes
- Updated Risk Management policy and framework was agreed for implementation
- Agreed the internal audit work programme for 2020-21
- An update on what Health and Safety management actions are yet to be implemented was requested, as well as an outline of how new staff are inducted with regard to Council's staff policies.

C&S28/20 Resolutions

That the Corporate and Strategic Committee:

1. Receives and considers the *“Report and Recommendations from the 12 August 2020 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 these items without conferring directly with the community or persons likely to have an interest in them.

Procurement Policy Amendments to Support the HB Economic Recovery

3. Adopts the Procurement Policy and Manual with amendments as proposed.

Risk Maturity

4. Approves both the Risk Management Policy and the Risk Management Framework as proposed, and as being appropriate and sufficiently robust to manage Council’s significant risks.

Reports Received

5. Notes that the following reports were provided to the Finance Audit and Risk Sub-committee.
 - 5.1. Six Monthly Enterprise Risk Management Report (*FARS resolved: confirms its confidence that Council management has undertaken an effective risk identification and risk management process for Council’s significant risks, and that actions taken to date to mature HBRC’s risk management system are in line with Council’s expectations as provided to the 10 June 2020 Corporate and Strategic Committee meeting in the Risk Maturity Roadmap*)
 - 5.2. Annual 2020-21 Internal Audit Work Plan (*resolved: adopts the 2020-21 Internal Audit Work Plan as proposed*)
 - 5.3. Cyber Security Internal Audit Follow-up (*resolved: confirms it is comfortable that management actions undertaken or planned for the future adequately respond to the findings and recommendations of the Crowe Internal Audit – IT Security report*)
 - 5.4. Data Analytics Internal Audit Report (*resolved: receives and notes the Data Analytics Internal Audit Report*)
 - 5.5. Internal Audits Review and Action Plan (*resolved: confirms it is comfortable that management actions undertaken or planned for the future adequately respond to the findings and recommendations of the Crowe Internal Audit Follow-up Audit report*).
 - 5.6. 2019-20 Annual Report Audit Plan (*resolved: receives and notes the “2019-20 Annual Report Audit Plan” staff report and agrees the Audit Plan as proposed*)
 - 5.7. Treasury Report to 30 June 2020 (*resolved: receives and notes the “Treasury Report to 30 June 2020*).
 - 5.8. Sub-committee work programme August 2020 update (*resolved: To receive and notes the “Sub-committee Work Programme August 2020 Update” staff report*).

**Foss/van Beek
CARRIED**

7. Regional Water Security Programme – CHB Project

Tom Skerman and Amanda Langley introduced to the item, outlining the process undertaken to date.

Api Tapine arrived at 9.25am

- Broader issues will be covered in the Regional Water Assessment next year, designed to create the basis for informed community engagement and consultation

- on a full range of options
- Legislative framework and politics around the allocation of water and land use, rights and interests of Māori, and managing cumulative environmental effects thoroughly explored and understood by the RMA review panel and recommendations for fundamental change will be considered by incoming Government
- Recommendations have been developed by Catalyst through an independently-facilitated process with the Tukituki Leaders' Forum
- Will continue to engage with the community to understand preferences for a range of interventions on both the demand and supply sides of the water balance equation, including water storage, water use efficiency and conservation, land use change and the range to which those contribute to filling the gap between supply and demand
- Important differences between Heretaunga and Central Hawke's Bay, although consistent approach being taken
- Provincial Growth Fund has stated policy requirements for projects it will consider funding
- Need to have a detailed information base for wider community engagement, and to develop better understanding of the costs and benefits of small and medium scale water storage solutions.

C&S29/20 Resolutions

1. That the Corporate and Strategic Committee receives and considers the "*Regional Water Security Programme – CHB Project*" 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 acknowledges that staff will not progress, at this stage, a business case for pre-feasibility for above ground water storage sites, but will progress cost and benefit assessment of smaller scale storage and the Managed Aquifer Recharge Pilot Study.
 - 2.3 urgently progresses the Managed Aquifer Recharge Pilot, including comprehensive engagement with iwi, landowners and the wider community on all aspects of the proposed pilot.
 - 2.4 further engages with the Central Hawke's Bay community through the Regional Water Assessment project to develop broader non-storage policy solutions and interventions for achieving water security in that district.
 - 2.5 urgently progresses a focussed and targeted engagement strategy with Central Hawke's Bay iwi, landowners and the wider community on the Regional Water Assessment project to develop broader non-storage policy solutions and interventions for achieving water security in Central Hawke's Bay, including water use conservation and efficiency measures, farm systems and land use change, water allocation, recycling and recovery policies.
 - 2.6 requests that staff report back on the focussed and targeted engagement strategy at the next available Council meeting.

**Ormsby/van Beek
CARRIED**

The meeting adjourned at 11.00am and reconvened at 11.19am, with Api Tapine in attendance via Zoom link.

14. Eastern Screen Alliance Deputation: Building A Regional Screen Industry in Hawke's Bay

Daniel Betty (Eastern Screen Alliance board member) and Derek Slade (potential Auckland investor) showed a video and made a presentation about the potential development of film production studios in Hawke's Bay and the establishment of the region as a film friendly environment. Discussions traversed:

- Seeking Council's support with funding and relationship building
- Currently studio space in New Zealand is all booked
- Opportunities exist for education and training, employment, partnerships with local suppliers to boost the local economy that would come with establishing a regional film production industry
- Location based filming opportunities in Wairoa and Central Hawke's Bay with Napier and/or Hastings as a 'hub'
- A business case will be provided to enable discussions with Council about potential support and investment opportunities
- It was suggested that HBRIC should explore investment opportunities.

C&S30/20 Resolution

That the Corporate and Strategic Committee receives and notes the "*Eastern Screen Alliance Deputation: Building a Regional Screen Industry in Hawke's Bay*" presentation.

**Barker/Graham
CARRIED**

12. Regional Drought Relief Fund

The Chair introduced Lochie MacGillivray, Chair of the HB Rural Advisory Group (RAG), to speak to the item. Questions and discussions covered:

- Assisted around 520 farmers and lifestyle farmers and envisage around \$167,000 will remain in the fund once applications have closed
- HBRC contributed 20% of the funding which equates to approximately \$40k of the remaining funding
- Rural Support Trust developed a geospatial database using the data provided by farmers accessing assistance
- Staff asked to bring options, including retention of funds for future drought assistance, for the remaining funding to Council for consideration
- Suggestion that funding could be leveraged against MPI for the development and implementation of the regional drought resilience strategy
- The committee acknowledged Lochie's commitment and hard work throughout the drought period.

C&S31/20 Resolution

That the Corporate and Strategic Committee receives and notes the "*Regional Drought Relief Fund*" staff report.

**Foley/Kirton
CARRIED**

10. Update on Covid-19: CDEM Financial Report and Resurgence Planning

James Palmer introduced the item and Dr Nick Jones, who was invited to provide commentary in relation to public health resurgence preparedness. Ian Macdonald, CDEM Group Controller, responded to queries about the CDEM information item including:

- Consultancy costs were for additional staff contracted to work during the welfare response
- CDEM work with marae to be more deliberately coordinated in future, tangata

whenua representation on the Covid-19 Regional Leadership Group which continues to meet weekly, and working with Tihei Mauri Ora on resurgence planning

- MPI contributes funding to the Drought response, and Central Government reimburses 100% costs of emergency welfare response including, for the Pandemic, foodbanks – operational costs are not recoverable
- Concerns were raised about the potential consequences of a depleted reserve fund should another event hit.

Dr Nick Jones, HB District Health Board made a presentation in relation to public health Covid-19 resurgence preparedness. Discussions traversed:

- HB DHB currently planning in readiness for resurgence of Covid-19 in the region, including better streamlining of testing facilities and results expected within 48 hours
- Aim to respond to outbreaks immediately to eliminate further transmission
- There is no evidence of community transmission in Hawke's Bay as yet
- It is now mandatory to wear masks on public transport with the need to clarify who is able to enforce it

The Chair thanked Dr Jones and the DHB for their efforts to prevent the spread of the virus, particularly from the Ruby Princess.

C&S32/20 **Resolution**

That the Corporate and Strategic Committee receives and notes the *"Update on Covid-19: CDEM Financial Report and Resurgence Planning"*.

**Ormsby/Foss
CARRIED**

11. **HBRC Covid-19 Response Review Update**

Jessica Ellerm introduced the item which provides an update on the internal review of HBRC's organisational response to the Covid-19 pandemic with commentary noting:

- The review captured the learnings and potential opportunities for a more efficient response to future events
- Overall feedback from staff was that the organisation responded well
- Next, additional information and management comments will be collated into a report for presentation to the Executive Leadership Team and then the Finance, Audit and Risk Sub-committee on 11 November 2020.
- A flexible working policy for staff is being implemented and will feed into the staff accommodation review
- Preference is still for staff to use electronic means for attending conferences and meetings so air travel remains low.
- Unprecedented situation so anticipated that experiences and learnings will lead to much better, more efficient responses to future events.

C&S33/20 **Resolution**

That the Corporate and Strategic Committee receives and notes the *"HBRC Covid-19 Response Review Update"* staff report.

**Lambert/Williams
CARRIED**

13. **Regional Economic Recovery**

James Palmer introduced Sarah Tully, Regional Recovery Manager who gave a presentation on the economic and social impacts of the Covid-19 pandemic and current recovery activities under way. Discussions traversed:

- If future resurgences or drought crises occur, recovery and response will run in parallel

- \$330m wage subsidies paid across the region, of which 52% were first wave and 10% paid during the extension
- Job seekers increased by 58% for June-July versus last year
- 187 farmers utilised the feed transport assistance, 333 lifestyle block feed run recipients, 143 Beef & Lamb feed budgeting assistance applications
- Provisional GDP decreased by 0.9% (-2.1% nationally); overall HB economy forecast to be -6.2%
- 50% of businesses now operating at full capacity
- Food and fibre, and construction sectors leading the recovery and good proportion of workforce is essential
- \$338m total funding into the region from PGF in 2019-20 financial year
- Matariki has a refined programme of action with a recovery focus
- RSE workers critical to the horticulture sector
- HBRC supporting recovery activities through Business HB, Regional Business Partners and HB Tourism.

C&S34/20 **Resolution**

That the Corporate and Strategic Committee receives and notes the “*Regional Economic Recovery*” staff report.

**van Beek/Barker
CARRIED**

The meeting adjourned at 1.09pm and reconvened at 1.38pm.

8. **Cycleway Co-funding**

Chris Dolley introduced the item seeking support for additional funding for three priority Hawke’s Bay trials projects, which was taken as read. Discussions covered:

- All HB trails are created by accredited trail designers and many interact with Council’s open spaces
- These three projects were not incorporated into the 2018-28 LTP hence the funding shortfall being requested
- Whole of life costs will be factored into the LTP process to ensure there’s a sustainable programme of ongoing maintenance for the cycleways as part of the Open Spaces Strategy.
- Item to recommend Council approval to include a map and provide detail of maintenance/operating costs, and the total kilometres of HB trails constructed.

C&S35/20 **Resolutions**

1. That the Corporate and Strategic Committee receives and approved the “Cycleway co-funding” 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. Supports and approves the loan funding of \$418,500 for the Waimarama Road Safety Improvements, Ahuriri Underpass Improvements, and Bayview Whirinaki Trail capital priority projects to leverage Central Government funding approved by the Ministry for Business Innovation and Employment.

**Barker/Graham
CARRIED**

16. **HBRIC Ltd and Napier Port Quarterly Update**

C&S36/20 Resolutions

That Hawke's Bay Regional Council excludes the public from this section of the meeting, being Agenda Item 16 HBRIC Ltd and Napier Port Quarterly 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	REASON FOR PASSING THIS RESOLUTION	GROUND UNDER SECTION 48(1) FOR THE PASSING OF THE RESOLUTION
HBRIC Ltd and Napier Port Quarterly Update	<p>s7(2)(h) 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, commercial activities.</p> <p>7s7(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>	The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.

2. That Blair O'Keeffe, Todd Dawson and Kristen Lie remain in attendance as presenters of the information that is the subject of the item.

**Ormsby/Barker
CARRIED**

17. Confirmation of Public Excluded Minutes of the 10 June 2020 Corporate and Strategic Committee Meeting

C&S37/20 Resolution

That Hawke's Bay Regional Council excludes the public from this section of the meeting being Confirmation of Public Excluded Minutes Agenda Item 17 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
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.
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	The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.

	person who supplied or who is the subject of the information	
Napier Port Verbal Update	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.
Request for Remission of Leasehold Rent – Wellington Property	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)	The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.

**Ormsby/Barker
CARRIED**

The meeting went into public excluded session at 1.53pm and out of public excluded session at 3.09pm.

18. 2019-20 Annual Interim Results and Carry Forwards for 2020-21

Jess Ellerm and Bronda Smith introduced the item, which was taken as read. Key discussions covered:

- Impacts of Covid-19 on financial markets resulted in reduced investment return of \$1M; \$6M short of forecast
- Requests for \$1.36M of budgeted operating expenditure and \$9.64M of budgeted capital expenditure be carried forward to the 2020-21 financial year after careful consideration by the Executive team to keep as low as possible to minimise next year's deficit.

C&S38/20 Resolutions

1. That the Corporate and Strategic Committee receives and considers the "2019-20 Annual Interim Results and Carry Forwards for 2020-21" 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. Approves the carry forward of all expenditure requests from the 2019-20 to the 2020-21 budget; being:

Operating Expenditure Carry Forward

Project	Request	Source of Funds			
		General	Reserve	External	Debt
Strategic Planning					
191 - Regional Coastal Plan	85,140	85,140			
192 - Strategy & Planning	459,135	459,135			
Asset Management					
240 - Makara Flood Control Scheme	22,500		22,500		
291 - HPFCS - Napier/Meeanee/Puketapu	150,000	15,000	135,000		
292 - HPFCS - Brookfields/Awatoto	24,300		24,300		
ICM					
306 - Erosion Control Scheme Booster	94,332			94,332	
312 - Regional Surface Water Ecology Research	221,000	25,000		196,000	
351 - Te Wai o Tutira	60,000	60,000			
354 - Whakaki Lake Protection & Enhancement	54,000	54,000			
662 - Biodiversity	40,000			40,000	
Transport					
798 - Regional Cycling	60,000	60,000			
786 - Regional Road Safety	22,000		22,000		
Governance					
874 - Iwi Engagement	70,000	70,000			
Total	1,362,407	828,275	203,800	330,332	

Capital Expenditure Carry Forward

Project	Request	Source of Funds			
		General	Reserves	External	Debt
Asset Management					
265 - Upper Tukituki Scheme	76,000	13,300	62,700		
266 - Opoho Scheme	56,000		56,000		
286 - HPFCS - Rivers Maintenance	657,000		657,000		
287 - HPFCS - Flood & River Control	800,000	240,000	560,000		
291 - HPFCS - Napier/Meeanee/Puketapu	110,000	11,000	99,000		
292 - HPFCS - Brookfields/Awatoto	12,000	1,200	10,800		
295 - HPFCS - Haumoana	55,000	5,500	49,500		
362 - Regional Park Network	158,000	15,800	71,100		71,100
ICM					
333 - SkyTEM	1,231,859				1,231,859
334 - LiDAR	589,506				589,506
Regional Income					
995 - Water Investment	2,692,000		2,692,000		
IT					
913 - Systems Integration Projects	1,877,770		300,000		1,577,770
CAPEX					
IT Asset Purchases	287,000		287,000		
Science Equipment Purchases	1,041,046		32,709		1,008,337
Total	9,643,181	286,800	4,877,809		4,478,572

**Foss/van Beek
CARRIED**

the Chair.

9. Organisational Performance Report for the Period 1 April to 30 June 2020

James Palmer introduced the Organisation Performance report, with discussions highlighting:

- Disruption caused by Covid-19 evident and has had specific constraints on activities' financial allocations however the organisation continued to deliver the overwhelming majority of services to the standard required and where slippage has occurred efforts are under way to re-balance
- Starting to see cumulative effects on some of the financial assumptions made in the LTP around budgets/revenue, for example Compliance cost recovery

- Future reports to show whether financial variance is under or over budget.

C&S39/20 Resolution

That Hawke’s Bay Regional Council receives and notes the “*Organisational Performance Report for period 1 April to 30 June 2020*”.

**Barker/van Beek
CARRIED**

15. Discussion of Minor Matters Not on the Agenda

Topic	Raised by
<p>Query as to how Te Mana o te Wai will be incorporated into Council’s freshwater plan change processes</p> <ul style="list-style-type: none"> • NPS premised on HBRC engagement with tangata whenua across the region and Te Mana o te Wai for this region will be determined and defined iteratively in partnership with the Regional Planning Committee • CE has specifically requested of the Governance Group that National guidance on implementation of Te Mana o te Wai is prioritised. Group working together to develop the implementation programme includes Kahui Wai Māori, regional sector, central government, primary sector and NGO representation. 	<p>Peter Eden</p>

Pieri Munro offered a karakia to close the meeting.

Closure:

There being no further business the Chairman declared the meeting closed at 3.42pm on Wednesday, 2 September 2020.

Signed as a true and correct record.

DATE:

CHAIRMAN: