



## Meeting of the Corporate and Strategic Committee

**Date:** Wednesday 19 May 2021  
**Time:** 10.30am  
**Venue:** Council Chamber  
Hawke's Bay Regional Council  
159 Dalton Street  
NAPIER

### Agenda

Item	Title	Page
1.	Welcome/Notices/Apologies	
2.	Conflict of Interest Declarations	
3.	Confirmation of Minutes of the Corporate and Strategic Committee held on 3 March 2021	
4.	Follow-ups from Previous Corporate and Strategic Committee Meetings	3
5.	Call for Minor Items not on the Agenda	7
<b>Decision Items</b>		
6.	Report & Recommendations from the 5 May 2021 Finance Audit and Risk Sub-committee Meeting	7
7.	Appointment of an Independent Member to the Finance, Audit and Risk Sub-committee	35
8.	HBRC Investment Strategy and Treasury Policy	39
<b>Information or Performance Monitoring</b>		
9.	2020-21 Quarter 3 (1 January - 31 March 2021) Financial Report	43
10.	Organisational Performance Report for period 1 January to 31 March 2021	57
11.	LTP IT Work Programme Delivery	59
12.	HBRIC Quarterly Update	65
13.	Hawke's Bay Tourism Six-monthly Update	77
14.	Discussion of Minor Matters Not on the Agenda	97
<b>Decision Items (Public Excluded)</b>		
15.	Confirmation of Public Excluded Minutes	99



**HAWKE'S BAY REGIONAL COUNCIL  
CORPORATE AND STRATEGIC COMMITTEE**

**Wednesday 19 May 2021**

**Subject: FOLLOW-UPS FROM PREVIOUS CORPORATE AND STRATEGIC  
COMMITTEE MEETINGS**

**Reason for Report**

1. On the list attached are items raised at previous Corporate and Strategic Committee meetings that staff have followed up on. All items indicate who is responsible for follow up, and a brief status comment. Once the items have been reported to the Committee they will be removed from the list.

**Decision Making Process**

2. Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision-making provisions do not apply.

**Recommendation**

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

**Authored by:**

**Leeanne Hooper  
TEAM LEADER GOVERNANCE**

**Approved by:**

**Desiree Cull  
STRATEGY AND GOVERNANCE MANAGER**

**Attachment/s**

- 1 [↓](#) Followups from Previous Corporate and Strategic Committee meetings



## Follow-ups from Previous Corporate and Strategic Committee Meetings

## Meeting held 3 March 2021

	Agenda Item	Follow-up / Request	Responsible	Status Comment
1	Organisational Performance Report for Period 1 October to 31 December 2020	Email PowerBI-dashboard link to all councillors	K Burkett/ D Cull	Email sent on 5 March 2021, including instructions

## Meeting held 2 December 2020

	Agenda Item	Follow-up / Request	Responsible	Status Comment
2	2019-20 Compliance Annual Report	A visit to CHB is proposed, for councillors to engage with CHBDC councillors on their Long Term Plan and Three Waters upgrade programme	K Brunton /J Palmer	Zoom workshop with Mayor Alex Walker is scheduled following the 30 June Regional Council meeting

## Meeting held 2 September 2020

	Agenda Item	Follow-up / Request	Responsible	Status Comment
3	Follow-ups	Query arose as to when Councillors' health and safety refresher session will be scheduled	K McInnes/ J Palmer	H&S session with councillors was held 28 April following the Council meeting and ongoing H&S due diligence activities will be scheduled with individual councillors.



**HAWKE'S BAY REGIONAL COUNCIL  
CORPORATE AND STRATEGIC COMMITTEE**

**Wednesday 19 May 2021**

**Subject: CALL FOR MINOR ITEMS NOT ON THE AGENDA**

**Reason for Report**

1. This item provides the means for councillors to raise minor matters they wish to bring to the attention of the meeting.
2. Hawke's Bay Regional Council standing order 9.13 states:
  - 2.1 "A meeting may discuss an item that is not on the agenda only if it is a minor matter relating to the general business of the meeting and the Chairperson explains at the beginning of the public part of the meeting that the item will be discussed. However, the meeting may not make a resolution, decision or recommendation about the item, except to refer it to a subsequent meeting for further discussion."

**Decision Making Process**

3. Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision-making provisions do not apply.

**Recommendation**

That the Corporate and Strategic Committee accepts the following "Minor Items Not on the Agenda" for discussion as Item 14.

Topic	Raised by

**Authored by:**

**Leeanne Hooper  
TEAM LEADER GOVERNANCE**

**Approved by:**

**Desiree Cull  
STRATEGY AND GOVERNANCE MANAGER**

**Attachment/s**

There are no attachments for this report.





**HAWKE'S BAY REGIONAL COUNCIL**  
**CORPORATE AND STRATEGIC COMMITTEE**

**Wednesday 19 May 2021**

**Item 6**

**Subject: REPORT & RECOMMENDATIONS FROM THE 5 MAY 2021 FINANCE  
AUDIT AND RISK SUB-COMMITTEE MEETING**

**Reason for Report**

1. The following matters were considered by the Finance Audit and Risk Sub-committee (FARS) meeting on 5 May 2021 and are now presented for the Committee's consideration alongside any additional commentary the Sub-committee Chair wishes to offer.
2. The purpose of the Finance, Audit and Risk Sub-committee, in accordance with its Terms of Reference, is to report to the Corporate and Strategic Committee to fulfil its responsibilities for:
  - 2.1. The provision of appropriate controls to safeguard the Council's financial and non-financial assets, the integrity of internal and external reporting and accountability arrangements
  - 2.2. The review of Council's revenue and expenditure policies and the effectiveness of those policies
  - 2.3. The independence and adequacy of internal and external audit functions
  - 2.4. The robustness of risk management systems, processes and practices
  - 2.5. Compliance with applicable laws, regulations, standards and best practice guidelines
  - 2.6. Monitor the performance of Council's investment portfolio.

**Agenda items**

3. The **Independent Member Resignation** item formally received the resignation of Rebekah Dinwoodie. A separate agenda item has been prepared to provide the means for the Corporate and Strategic Committee (C&S) to act on the Sub-committee's recommendation that:
  - 3.1. the C&S determines and recommends to Hawke's Bay Regional Council an appropriate recruitment and appointment process to replace the Independent Member of the Finance, Audit and Risk Sub-committee.
4. The **Risk Maturity Update** item updated the Sub-committee on the implementation of Council's maturing risk management system, including that Risk Appetite Workshops with the Executive Leadership Team (ELT) and councillors have taken place and a draft Risk Appetite Statement will be presented to the August FARS meeting for adoption. The Sub-committee resolved:
  - 4.1. Confirms that the management actions undertaken and planned adequately respond to the Risk Management Maturity Roadmap as endorsed by Hawke's Bay Regional Council on 24 June 2020
  - 4.2. Reports to the Corporate and Strategic Committee, the Sub-committee's satisfaction that adequate evidence has been provided of progress to implement the maturing risk management system
5. The **Internal Audit Work Programme Update** item updated the Sub-committee on the work programme including the dashboard of corrective actions taken. In response to a query made at the Sub-committee meeting in relation to Health & Safety and the induction of Contractors, staff advise that although there are appropriate processes in place via SiteWise and the HBRC's 2017 Contractors' H&S Guidelines and Workbook, these are currently under review in order to address inadequacies identified by the Audit, and staff

are also working to create a dashboard to enhance the tracking and reporting of how contractors are meeting their H&S obligations. The Sub-committee resolved:

- 5.1. Confirms that management actions undertaken or planned for the future adequately respond to the findings and recommendations of the internal audits
- 5.2. Reports that the Committee can be assured that the H&S of contractors whilst working for the HBRC onsite or off have the appropriate processes in place via SiteWise or the HBRC's 2017 Contractors' H&S Guidelines and Workbook (currently under review)
- 5.3. Confirms that the dashboard reports provide adequate information on the progress of corrective actions and the progress of the approved Annual Internal Audit programme
- 5.4. Reports to the Corporate and Strategic Committee, the Sub-committee's satisfaction that the Internal Audit Work Programme Update provides adequate evidence of the adequacy of Council's internal audit functions and management actions undertaken or planned to respond to internal audit review findings and recommendations.
6. The **Internal Assurance Framework** item provided the draft Internal Assurance Framework and the Internal Assurance Implementation Plan (attached) for the Sub-committee's endorsement and recommendation to the C&S to further recommend to Council for adoption.
7. The intent of the Internal Assurance Framework is to take an organisational and proactive risk-based approach to assurance that covers the breadth and depth of Council. This should provide greater confidence to governors and to management that the organisation is well run with the 'right' activities being delivered in the 'right' way.
8. It is also intended that the Framework will provide a catalyst to promote a culture of transparency across the organisation. Key points in the draft Internal Assurance Framework include:
  - 8.1. Adoption of internal audit principles as defined by the International Institute of Internal Auditors.
  - 8.2. Adoption of the three lines of defence model which is an assurance model that has been endorsed by the Office of the Auditor General. The Office of the Auditor General notes that this model allows for scalability of an assurance programme based on the: criticality of the activity being reviewed, type of assurance being undertaken, and level within the organisation requiring assurance.
  - 8.3. Assurance review classification based on the type of review being undertaken and the recipient of the assurance. The three types of review classifications, classification review examples, and the intended recipients are:
    - 8.3.1. Internal assurance, e.g. S17a – Council Committee and management that is responsible for the activity being reviewed
    - 8.3.2. Enterprise Internal audit, e.g. management system audits – the FARS
    - 8.3.3. Operational internal audits, e.g. review of 'Codes of Practice' (COP) – Council's Management and ELT.
  - 8.4. The Framework will be measured by its ability to drive positive change and improvement throughout Council.
9. The Sub-committee resolved its endorsement of the Framework and support for the Implementation Plan as well as recommending that C&S further recommend both to Council for adoption, noting that the framework itself does not deliver outcomes.
10. The **Data Analytics Internal Audit Report** item provided the report on the fourth consecutive annual Data Analytics Audit of payables, payroll and transactional data for the financial year conducted by Crowe. No significant issues were raised by the Audit and it is proposed that the Data Analytics internal audit be carried out in the first year of TechOne being implemented and then extended to a 2-yearly cycle.

- 10.1. That the Finance, Audit and Risk Sub-committee receives and notes the *"Data Analytics Internal Audit Report"*.
11. The **Quarterly Treasury Report for 1 January - 31 March 2021** item provided an update on the performance of Council's investment portfolio for the third quarter of the 2020-21 financial year, highlighting an expectation that returns will continue to equalise over the next quarter and that full year performance will be around \$8.0m ahead of budget. The following resolution was then passed.
  - 11.1. That the Finance, Audit and Risk Sub-committee receives and notes the *"Quarterly Treasury Report for 1 January - 31 March 2021"* and confirms that the performance of Council's investment portfolio has been reported to the Sub-committee's satisfaction.

### Decision Making Process

12. Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as all items were specifically considered at the Sub-committee level this item is for information only and the LGA decision making provisions do not apply.

### Recommendations

1. That the Corporate and Strategic Committee receives and notes the report and recommendations from the 5 May 2021 Finance, Audit and Risk Sub-committee, including the FARS resolutions:

#### Risk Maturity Update

- 1.1. Confirms that the management actions undertaken and planned adequately respond to the Risk Management Maturity Roadmap as endorsed by Hawke's Bay Regional Council on 24 June 2020
- 1.2. Reports the Sub-committee's satisfaction that adequate evidence has been provided of progress to implement the maturing risk management system.

#### Internal Audit Work Programme Update

- 1.3. Confirms that management actions undertaken or planned for the future adequately respond to the findings and recommendations of the internal audits.
- 1.4. Confirms that the dashboard reports provide adequate information on the progress of corrective actions and the progress of the approved Annual Internal Audit programme.
- 1.5. Reports the Sub-committee's satisfaction that the Internal Audit Work Programme Update provides adequate evidence of the adequacy of Council's internal audit functions and management actions undertaken or planned to respond to internal audit review findings and recommendations.

#### Data Analytics Internal Audit Report

- 1.6. Receives and notes the *"Data Analytics Internal Audit Report"*.

#### Quarterly Treasury Report for 1 October - 31 December 2020

- 1.7. Receives and notes the *"Quarterly Treasury Report for 1 October - 31 December 2020"* and confirms that the performance of Council's investment portfolio has been reported to the Sub-committee's satisfaction.
2. The Finance, Audit and Risk Sub-committee recommends that the Corporate and Strategic Committee:
  - 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 have an interest in the decision.

**Independent Member Resignation**

- 2.2. Determines and recommends to Hawke's Bay Regional Council an appropriate recruitment and appointment process to replace the Independent Member of the Finance, Audit and Risk Sub-committee.

**Internal Assurance Framework**

- 2.3. Approves the draft Internal Assurance Framework and the Internal Assurance Implementation Plan as proposed and recommends the adoption of both to the Hawke's Bay Regional Council.

**Authored by:**

**Olivia Giraud-Burrell  
BUSINESS ANALYST**

**Leeanne Hooper  
TEAM LEADER GOVERNANCE**

**Approved by:**

**Jessica Ellerm  
GROUP MANAGER CORPORATE  
SERVICES**

**Attachment/s**

- 1 [↓](#) Draft Internal Assurance Framework Feb21  
2 [↓](#) Internal Assurance Framework Implementation Plan

## Hawke's Bay Regional Council

# Internal Assurance Framework

## February 2021

Version	Issue Date	Event	Status
0.1	18 February 2021	Peer Review	Endorsed
0.2	23 February 2021	Executive Leadership Group	Endorsed
1.00	5 May 2021	Finance Audit & Risk Sub-committee	

## Contents

<b>1</b>	<b>Purpose and Objective of the Framework .....</b>	<b>1</b>
<b>2</b>	<b>Definitions .....</b>	<b>2</b>
<b>3</b>	<b>Applied Standard for HBRC's Internal Assurance Framework .....</b>	<b>3</b>
<b>4</b>	<b>Principles of HBRC's Internal Assurance Framework .....</b>	<b>5</b>
4.1	Overview .....	5
<b>5</b>	<b>Application of the Internal Assurance Framework.....</b>	<b>6</b>
<b>6</b>	<b>Internal Assurance Roles and Responsibilities .....</b>	<b>7</b>
6.1	Council.....	7
6.2	Finance Audit and Risk Sub-Committee (FARS) .....	7
6.3	Executive Leadership Team (ELT).....	7
6.4	Group Managers .....	7
6.5	Risk and Assurance Lead .....	8
6.6	Key Management System Owners.....	8
6.7	Designated Internal Auditors .....	9
6.8	All Staff.....	9
<b>7</b>	<b>Internal Assurance – Process Execution.....</b>	<b>10</b>
7.1	Overview .....	10
7.1.1	Planning.....	10
7.1.1.1	Annual Internal Assurance Plan .....	10
7.1.1.2	Annual Enterprise Assurance Plan .....	11
7.1.1.3	Annual Operational Internal Audit Plans .....	11
7.1.1.4	Pre-Audit Initiation Planning.....	12
7.1.2	Fieldwork.....	13
7.1.3	Reporting.....	13
7.1.3.1	Working Papers.....	13
7.1.3.2	Final Report.....	13
7.1.4	Follow-up .....	14
<b>8</b>	<b>Application of Framework.....</b>	<b>15</b>
<b>9</b>	<b>Review .....</b>	<b>15</b>

## 1 Purpose and Objective of the Framework

The purpose of HBRC's internal assurance framework is to outline a structured and systematic approach for undertaking independent internal reviews and internal audits. Ensuring that every internal review or internal audit offers advice on areas for improvement at any level of the organisation. Independent internal assurance reviews evaluate performance that ultimately assists HBRC to deliver more effectively on its goals and objectives. While providing confidence to Governance and Senior Leaders that the 'right' things are being delivered in the 'right' way.

Independent internal assurance reviews, include, but are not necessarily limited to:

- audits of key management system e.g. quality (ISO9001), health and safety, asset management, information security, environmental etc
- organisational internal audits e.g. post project implementation reviews
- operational internal audits e.g. Instrument calibration
- S17a, and
- debrief reports e.g. post incidents or continuity reviews

The objective of the internal assurance framework is to provide:

- A proactive and holistic approach to HBRC's internal assurance where internal reviews and internal audits are determined using fact based and data driven rationale
- Councillors with validation that HBRC's is effectively running its corporate or operational business to meet HBRC's fiduciary or strategic obligations
- Guidance to ensure consistency on how internal assurance reviews are undertaken and evaluated enabling review findings to be compared and resources effectively prioritised
- An independent evaluation of the adequacy, efficiency, and effectiveness of HBRC's system of internal controls
- Assurance on compliance with HBRC's policies, procedures, contractual or legal obligations, standards, and management systems
- An assessment on HBRC's significant activities to ensure they are effective in design and therefore efficiently delivering on the organisations purpose
- a mechanism to fulfil obligations under section 17a of the Local Government Act by proactively targeting S17a assurance reviews on either high-cost or high-risk activities. And, where delivery of part or all of activities are undertaken by a different entity the contract or agreement covers key matters e.g. SLA's, performance assessment, risk management, accountabilities, and reporting.

Internal assurance itself does not deliver outcomes. However, effective risk management and assurance are critical elements of good governance. And, good governance helps build trust and confidence with HBRC's key stakeholders. A proactive, robust and structured assurance programme facilitates constructive conversations about risks and focusses actions on priorities that 'make a difference'.

This framework is designed to take a risk-based and proactive approach to assurance. The framework positions assurance so that it is less about compliance and more about demonstrating good assurance thinking based on clear understanding of risk, outcomes and objectives being sought.



## 2 Definitions

- **Annual Internal Assurance Plan** – overarching assurance plan for HBRC that provides the complete internal assurance picture for HBRC by incorporating Independent Internal reviews, such as, internal audits, S17a reviews, post implementation reviews and debrief reports
- **Annual Enterprise Internal Audit Plan** – is a subset of the annual enterprise assurance plan and contains the enterprise specific internal audits, such as, management system audits, data analytics etc
- **Annual Operational Internal Audit Plan** – are internal audits undertaken within the organisation and generally assess the effectiveness of process execution
- **Assurance Universe** – lists HBRC's enterprise risks and gives visibility of what enterprise audits have occurred against the risks over the previous four years
- **Audit Sponsor** – HBRC's Audit Sponsors approves any assurance review to be undertaken and therefore endorses and supports the review as it progresses within their business
- **Control** – as process that either reduces, the likelihood or consequence of a risk event
- **Critical Risk** – sometimes refer to as 'key risks' or 'enterprise risks', these are the risk event most material to an organisation
- **Critical Control** – sometimes referred to as 'key controls', these are main controls that reduce the likelihood or impact of the risk event. They are important as they may be the only control or because the degree to which they mitigate the risk event.
- **Enterprise Risk Management** – the process of planning, organising, leading, and controlling the activities of an organisation to either minimise the effects, or seize opportunities, from uncertainty that impacts an organisation's objectives.
- **Event** – when there is a change to circumstances that triggers a risk response
- **Internal Auditor** - An internal auditor is an auditor who is appointed by Group Managers of HBRC Council to carry out the internal audit function. Generally, for operational audits it is a staff member of HBRC that acts as an internal auditor, whereas for enterprise internal audits or internal assurance reviews HBRC appoints an external expert.
- **Key Management Systems** – Management systems describe the procedures and interactions within an organisation that are needed to achieve its objectives. The "management systems approach is intended to improve effectiveness and efficiency, increase customer satisfaction and better manage risk.
- **Mitigation** – specific measures taken to minimise, manage or eliminate unacceptable risks
- **Operational Audits** – are reviews undertaken in the operational business, generally below Tier three. These reviews focus on the key processes, procedures, system, as well as internal control which the main objective is to improve productivity, and the efficiency and effectiveness of the operation
- **Post Implementation Review** - at a minimum are conducted after completing significant projects with the purpose to evaluate whether project objectives were met, outputs delivered, and project management reviewed. Lessons learned in the project are documented formally for future HBRC benefit.
- **Post Incident Review** – are conducted to evaluate HBRC's response to an incident or event and ensure an effective recovery. Reviews apply to high priority incidents or external events where the BCP needed to be enacted. The output of the review identifies potential findings detailing how the incident could have been handled better
- **Section 17a** – audit the cost effectiveness and robustness whilst seeking efficiencies and cost reductions of current arrangements for providing local infrastructure, services and regulatory functions at regular intervals or when service levels significantly change
- **Three Lines of Defence Model** - strengthens communications on risk management, assurance, and control by clarifying essential roles and duties for various parts of governance, management, and day-to-day operations



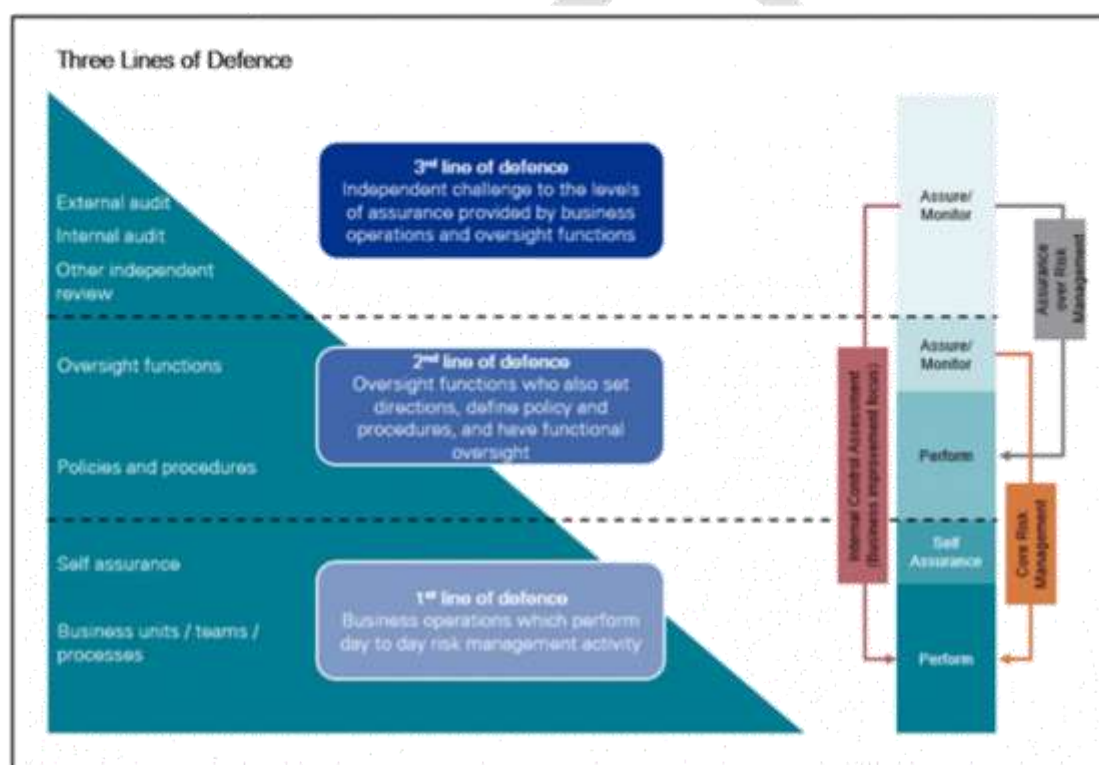
### 3 Applied Standard for HBRC's Internal Assurance Framework

HBRC's framework adopts 'in principle' the 'Institute of Internal Auditors' (IIA) guidelines for good internal auditing practices. Including, the IIA's definition of internal audit:

*'Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operation. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, controls and governance processes.'*

Therefore, the methodologies used in this framework have been purposely designed against the definition and principles of the IIA to guide internal assurance reviews and internal audits.

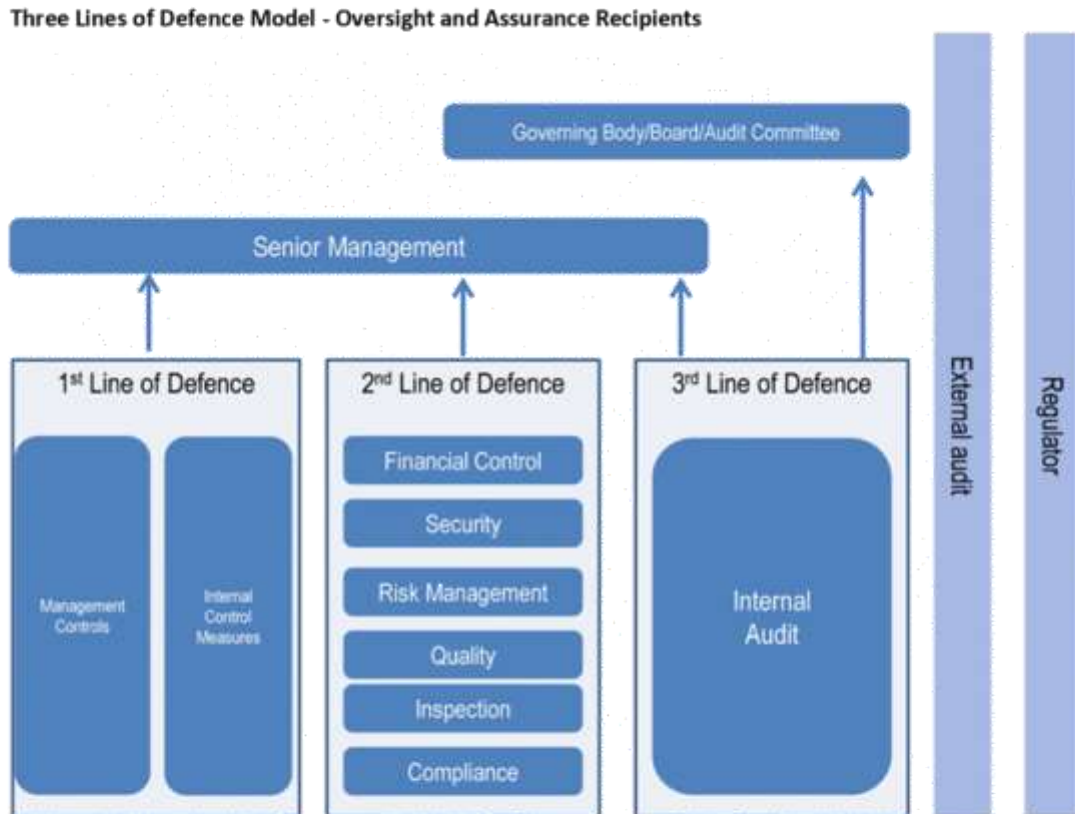
HBRC's risk and assurance programme is based on the three lines of defence model, see figure one below. The Office of the Auditor-General in New Zealand defines the three lines of defence model as a useful way to clearly and effectively strengthen communications on risk management, assurance, and control by clarifying essential roles and duties for various parts of governance, management, and day-to-day operation.



**Figure 1: Three Lines of Defence Model** source - <https://oag.parliament.nz/good-practice/audit-committees/what-works/three-lines-of-defence>

This Internal Assurance framework provides guidance for all HBRC independent internal reviews and internal audits that fall into the criteria of the third line of defence. Reviews undertaken in line with this framework are part of HBRC's third line of defence and provide validation and confidence to the Council, the Finance Audit and Risk Committee (FARS) and the Executive Leadership Team (ELT).

HBRC's Risk Management Framework focuses on the first and second lines of defence. Activities undertaken as part of the first and second line of defence provide oversight to senior management and the ELT but are not sufficiently independent to provide third line assurance, see figure two below.



**Figure 2:** IIA Position Paper: Three Lines of Defence in Effective Risk Management and Control (2013)

- [IIA Position Paper: The Three Line of Defense in Effective Risk Management and Control \(January 2013\)](#)

The guidelines for independent internal assurance reviews that fall into the third line of defence criteria as outlined in this document are intended to be scalable depending on:

- The criticality of the activities being reviewed
- The type of assurance review being undertaken
- Level of the organisation requiring assurance

For operational audits, these guidelines are intended to enable audit integration across HBRC's key management systems. Therefore, one audit and designated auditor can assess multiple types of operational risks. For example, if an auditor is undertaking an operational (process) audit for H&S risks they can also review the quality, and information security risks within that process.

In addition, due to the size of the organisation it is not practical to staff a fully independent internal audit team to undertake HBRC's operational audits. Therefore, to maintain a level of independence auditors executing operational audits must be independent to the process being audited i.e. not the process owner or responsible for executing the process.

Oversight of operational audits is provided by the Risk and Assurance Lead in conjunction with the key Management Systems Owners: Health and Safety (HSMS), Quality (QMS), Asset (AMS), and Information (ISMS) and Environmental (EMS).

## 4 Principles of HBRC's Internal Assurance Framework

### 4.1 Overview

As outlined by the IIA application of the following critical elements should provide the principles to promote an effective internal assurance framework that drive quality reviews:

- Independence – there must be sufficient independence from the activity, process or system that is being audited to ensure impartiality free of interference from management. Internal assurance reviews that contemplate HBRC's enterprise management systems or strategy, including S17a reviews, should be undertaken by a provider that is external to HBRC
- Mandate – recipients of the assurance should endorse and mandate each audit contained within the plan i.e. the annual enterprise assurance plan is endorsed by the Finance Audit and Risk Sub-Committee (FARS), and the annual operational internal audit plan for key management system is endorsed by the Executive Leadership Team (ELT) or a Group Manager e.g. Health and Safety or Quality
- Unrestricted access – internal assurance reviews should be completed with unrestricted access to employees, property, and records
- Adequate resourcing – resourcing and funding must be comparable to the materiality of the assurance sort i.e. sufficient budget must be put aside to enable a robust annual enterprise internal audit plan. Similarly, project budgets for transformational corporate projects must be sufficient to undertake a post implementation review at the end of the project
- Staff competency – staff undertaking the internal audits are sufficiently trained
- Standardised audit process that includes the following elements:
  - Annual audit planning
  - Pre-audit planning
  - Clear benchmarking as a basis for the assessment evaluation eg standards or operating procedures, depending on the level of the audit
  - Evidential based
  - Clear and fact-based reporting with:
    - Findings or observations
    - Recommendations, and
    - Management comments
  - Mechanism to track progress of corrective actions

## 5 Application of the Internal Assurance Framework

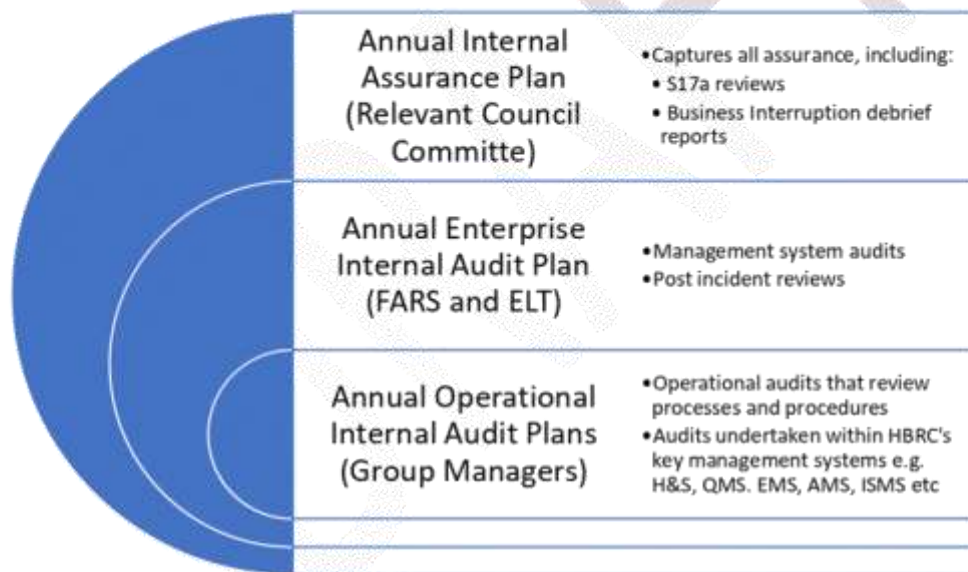
HBRC's internal assurance framework is assurance by design. Assurance by design means that it is not a one-time activity it is planned and budgeted from the outset.

For both the enterprise and operational annual internal audit plans HBRC applies a risk-based approach to determine the frequency of reviews or internal audits.

Considerations when establishing the annual enterprise internal audit plan should also include:

- Critical controls that are identified within the enterprise risk report – note at this level controls relate to management systems (system audits), key organisational policies and significant activities (S17a), linked to HBRC's strategy
- Material changes in the external environment that HBRC's operates e.g. new regulations or legislation that are directly relevant to HBRC
- Local or global internal audit trends
- Post incident review of a material event
- Post implementation review for large or transformational projects
- Emerging issue (internal and external)
- Enterprise compliance with high-risk legislation, regulation, contracts, and standards

Figure three below outlines the hierarchy of assurance type reviews that are undertaken at HBRC.



**Figure 3:** Hierarchy of HBRC assurance reviews and key review report recipients



## 6 Internal Assurance Roles and Responsibilities

### 6.1 Council

- Promotes a culture of transparency and continuous improvement
- Delegates to the appropriate Committee oversight of relevant independent internal assurance review, including to the FARS oversight of the annual enterprise internal audit plan (refer figure 3)
- Delegates to the Finance Audit and Risk Sub-Committee oversight, monitoring and tracking of high and medium priority issues and actions raised through the annual internal assurance plan

### 6.2 Finance Audit and Risk Sub-Committee (FARS)

- Oversees the effectiveness of HBRC's internal assurance function, activities and output
- Receive from staff, for approval recommendations to improve this internal assurance framework
- Ensures a culture exists that encourages transparency and open discussions on potential risks and corrective actions maximising the value of internal assurance to HBRC
- Receive from staff and approves the annual enterprise internal audit plan that forms part of the annual enterprise assurance plan
- Receive an update on any operational audits with 'major' findings

### 6.3 Executive Leadership Team (ELT)

- ELT meeting in the month preceding the FARS meeting to approve the annual enterprise internal audit plan. The Risk and Assurance Lead must present to the ELT for discussion and endorsement the proposed risk-based annual enterprise internal audit plan. The proposed full annual assurance plan should also be present to ELT so ELT can proactively consider the breadth and completeness of HBRC's annual assurance
- Oversee the execution of the FARS approved annual enterprise internal audit plan
- Ensure adequate budget is planned and resourced with appropriately trained internal auditors to execute the individual audits
- For all internal assurance findings oversee the tracking of the corrective actions until the action is closed
- Receive an update on any operational audits that have 'high' findings reported
- Approve the operational audit plans for HBRC's key management systems and ensure that operational audits for common processes consider all types of operational risks e.g. Information Security Management (Cyber) Systems (ISMS), Quality Management System (QMS), Health and Safety Management System (HSMS), and the Environmental Management System (EMS)
- Support a culture of transparency and continuous improvement

### 6.4 Group Managers

- Approve the annual operational audit plans for key management systems that sit within a specific Group e.g. Asset Management System (AMS)
- Support the ELT to drive a culture of transparency and continuous improvement by supporting this assurance framework within the business
- Ensure adequate resourcing and skill is allocated to execute all individual operational audits as set out in the annual operational internal audit plan
- Approve any independent internal assurance reviews and act as Audit Sponsor for any engagement performed within their Group

- Approve management comments and corrective action plans for operational audits with 'major' findings
- Work with the management system owner to nominate competent staff to fulfil the role of 'Designated Internal Auditor' for an agreed tenure

#### 6.5 Risk and Assurance Lead

- Prepares the proposed annual enterprise assurance plan for endorsement by the ELT, including proposed S17a reviews
- Prepares for FARS endorsement the annual enterprise internal audit plan, being a subset of the annual enterprise assurance plan
- In conjunction with the provider engaged to undertake each enterprise internal audit report and present all findings to the ELT and then the FARS
- Help coordinate the execution of enterprise internal assurance reviews that are additional to the enterprise internal audits e.g. S17a reviews. Ensure final report is provided to the overseeing Committee with a copy subsequently provided to FARS for noting
- For all high or medium findings oversee and track progress of the corrective actions with the current action owners' and report the milestone progress to the FARS through regular dashboard reporting – review findings include any enterprise assurance e.g. S17a or enterprise internal audits
- Oversee the execution of the annual enterprise internal audit plan, as a subset of the annual enterprise assurance plan and report progress to the FARS
- Work with the management system owners to ensure a risk based annual operational internal audit plan is developed for each of HBRC's key management systems, these include, but are not limited to: HSMS, QMS, ISMS, EMS, AMS and FEMP's
- Work with the Management System Owners to ensure any major findings from the operational audits are made visible and reported to the ELT, and, as appropriate, through to the FARS
- Fit for purpose training for internal auditors is agreed and implemented

#### 6.6 Key Management System Owners

- Hold the advisory role for operational audits for the respective management system
- Work with the Group Managers and other Management System Owners to nominate appropriate Designated Internal Auditors
- Prepare the risk based annual operational internal audit plan and seek approval for the plan from the ELT or respective Group Manager
- Oversee the execution of the annual operational internal audit plan, ensure that execution of audits comply with this Internal Assurance Framework
- Report at least quarterly the status of completion of the annual operational internal audit plan to the Risk and Assurance Lead
- Ensure any 'major' operational audit findings are reported promptly to the relevant Group Manager and the Risk and Assurance Lead
- Track the progress of corrective actions from the operational audits to ensure that they are satisfactorily closed out, report corrective action progress, as required, to the Risk and Assurance Lead
- Ensure that internal auditors nominated by the Group Managers are competent and trained
- Have a comprehensive understanding of this Internal Assurance Framework

**6.7 Designated Internal Auditors**

- Scope, plan, execute and report all operational audits identified in the annual operational internal audit plan
- Ensure all operational audits undertaken are reported to the relevant Management System Owner
- Be familiar with this internal assurance framework with particular emphasis on section 7: Internal Assurance – Process Execution
- Participate in any formal auditor training, as required
- Maintain independence and objectivity when undertaking any operational audit
- Assign operational audit findings for corrective action

**6.8 All Staff**

- Be available and constructive participants in any designated audit
- Provide access to documentation, as required for internal audit
- Openly provide evidence of processes or activities being audited
- Ensure corrective actions are completed within agreed timeframes

## 7 Internal Assurance – Process Execution

### 7.1 Overview

To execute any internal audit there are four key stages. These stages are also applicable when undertaking broader independent internal assurance type reviews covered by this framework or those reviews contained within the annual enterprise internal assurance plan.

The four stages include:

1. Planning
2. Fieldwork
3. Reporting, and
4. Follow-up

The next sub-sections of this document explain in more detail each of the four steps in this process.

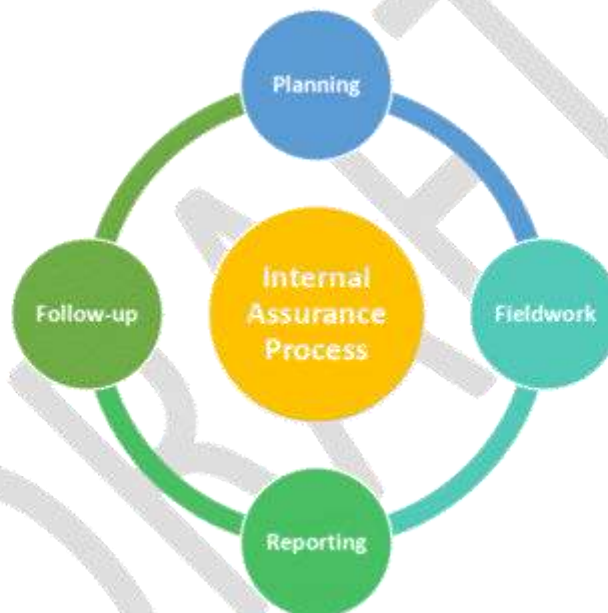


Figure 3 – HBRC Internal Assurance Process

#### 7.1.1 Planning

The first stage of HBRC's internal audit process is planning. Planning is separated into two distinct activities:

1. The annual plans that cover the
  - Annual internal assurance plan audit
  - Annual enterprise internal assurance plan, and
  - Annual operational internal audit plans
2. Pre-review (audit) initiation planning

##### 7.1.1.1 Annual Internal Assurance Plan

The annual internal assurance plan is the overarching assurance plan for HBRC. The independent assurance reviews that make up this plan are intended to provide assurance to HBRC's governing body being, Council. The intention of an overarching annual internal assurance plan is that a proactive approach to assurance is taken that covers the breadth and depth of HBRC activities. That encompasses



all types of assurance reviews. HBRC enterprise assurance plan may include the following types of reviews:

- enterprise internal audit as outlined in HBRC'S annual enterprise internal audit plan (includes management system audits and critical enterprise controls)
- Section 17a
- Post implementation review for transformational corporate projects
- post incident reviews, and
- business interruption debrief reports

Enterprise internal assurance reviews are usually large and undertaken by an external provider to ensure objectivity and independence is maintained. Due to the nature of the review (e.g. S17a) and its relevance to a specific activity the final report is provided to the relevant Committee responsible for the activity being reviewed. However, in these instances the report will be presented to the FARS for noting after it has been through the responsible Committee.

#### 7.1.1.2 Annual Enterprise Assurance Plan

HBRC's annual enterprise internal audit plan is a subset of the annual enterprise assurance plan and is prepared by the Risk and Assurance Lead. To ensure a proactive identification of enterprise audits HBRC adopts a risk-based approach rather than a pure cyclical approach. Therefore, to identify audits for the draft plan the Risk and Assurance Lead considers:

- Critical controls that are identified within the enterprise risk report – note at this level controls relate to management systems (system audits), key organisational policies, and significant activities
- Material changes in the external environment that HBRC's operates e.g. new or changing regulations or legislation that is material to HBRC's operation or mandate
- Local or global internal audit trends
- Post incident review of material events
- Post implementation review for significant or transformational projects
- Assurance universe dashboard that outlines independent enterprise reviews that fall under this framework undertaken over past five years.
- Emerging issue (internal and external)
- Enterprise compliance with high risk legislation, regulation, contracts, and standards
- Budgets, and
- Resourcing

The annual enterprise internal audit plan also includes some cyclical audits this is to provide assurance that where appropriate quality and compliance standards are maintained e.g. data analytics.

The Risk and Assurance Lead drafts the annual enterprise internal audit plan and presents to the ELT for endorsement. Once endorsed by the ELT the Risk and Assurance Lead incorporates annual enterprise internal assurance reviews and presents to the FARS for approval. By incorporating the 'other' internal assurance type reviews that make up the plans the FARS have a complete picture for enterprise assurance for the year.

The execution of the annual enterprise internal audit plan remains the responsibility of the Risk and Assurance Lead while the execution of other independent internal assurance reviews that form the remaining part of the annual internal assurance plan remain the responsibility of the ELT. However, the Risk and Assurance lead will take responsibility for providing a dashboard status report that updates the FARS Councillors on the progress status for the full annual enterprise assurance plan.

#### 7.1.1.3 Annual Operational Internal Audit Plans

The International Organisation for Standardisation (ISO) deem the principle of internal audit to represent sound business practice. Therefore, HBRC supports the development of an annual operational

internal audit plan for all key management systems operating within the organisation. The purpose of the annual operational internal audit plan is to provide assurance to the Group Manager and the broader ELT that operational processes are being undertaken as designed and that the internal controls of the business are operating in a way that safeguards the business from its operational risks. In addition, operational audits within the plan help facilitate continuous improvement.

The Institute of Internal Auditor (IIA) defines operational audit as a systematic process of evaluating an organisation's effectiveness, efficiency and economy of operations under management's control and reporting to appropriate persons the results of the evaluation along with recommendations for improvement. Operational internal audits focus on what has happened already.

HBRC currently has at least seven key management systems that meet the criteria for formal annual internal audit plans, these include:

- Quality Management System (QMS)
- Health and Safety Management System (HSMS)
- Information Security Management System (ISMS)
- Environmental Management System (EMS)
- Contract Management System (CMS)
- Asset Management System (AMS), and
- Farm Environmental Management Plan (FEMP)

Each Management System Owner is responsible for the development of the risk-based annual operational internal audit plan in conjunction with their relevant Manager. Once the annual internal operational audit plan is developed it is approved by the ELT or relevant Group Manager.

Appendix A provides an example annual internal audit plan

#### **7.1.1.4 Pre-Audit Initiation Planning**

Each review whether part is the annual internal assurance plan, annual enterprise internal audit plan, or annual operational internal audit plan should follow standardised audit processes. All individual assurance reviews and audits undertaken internally must start with 'planning the audit'.

Planning for individual audits includes:

1. Terms of reference (TOR) that cover:
  - A statement on the objective and scope of the audit
  - Proposed audit approach outlining the survey techniques
  - Report type e.g. written, process map etc
  - Who the Audit Sponsor is
  - Timeframe and key deliverables
  - Budget, if applicable, and
  - Limitations of the audit if any

It is expected that a TOR or letter of engagement (LOE) for all internal assurance reviews be documented and signed. However, for operational audits the TOR maybe recorded directly into the suitable system e.g. PROMAPP, or noted in the minutes of the opening meeting.

2. An opening meeting which should have in attendance: Audit Sponsor, Designated Auditor, Management System or Process Owner, and, as required, other impacted staff. The opening meeting is to:
  - Clarify and agree the scope and objective of the independent review or internal audit
  - Commit to timelines for completing fieldwork and the final report
  - Identify key staff needed to participate in the review along with confirmation of their availability

- Identify documents, systems or records that will need to be accessed or provided as evidence
  - Document agreed actions and decisions from the opening meeting in the audit working file
3. Agreeing the audit techniques to be used to produce the desired results – the techniques chosen should consider the materiality of the audit and costs associated with the various techniques (cost v benefit)
  4. The Designated Auditor becoming familiar with background information for the audit, including for example:
    - Objectives and activities of the team
    - The audit benchmark e.g. Industry standards or documented process
    - Relevant legislation of regulation
    - Critical controls

#### 7.1.2 Fieldwork

The fieldwork phase is generally the lengthiest part of the internal assurance review or internal audit process. There are several different approaches and techniques that can be undertaken to complete the fieldwork.

These techniques may include:

- Desktop review of documentation
- Interviewing and questioning
- Comparative or analytical review i.e. comparison of source data
- Flowcharting for visualisation complex audit, for consistency HBRC's risk management framework encourages the use of 'bowtie analysis'
- Observation – visually scanning the environment to review critical controls/processes e.g. safety walks, site inspections
- Sample testing – assuring accuracy of process execution, see [appendix B](#) for examples on control based sampling and statistical theory sampling

#### 7.1.3 Reporting

This reporting section is broken into two parts:

1. Working papers that capture the fieldwork conclusions, and
2. The final report that summarises the audit conclusions

##### 7.1.3.1 Working Papers

Work papers provide written evidence that the work done was in accordance with HBRC internal assurance framework. Working papers provide the Designated Auditor undertaking the audit with the complete picture so that, where required, they can write the final audit report.

Assurance working papers when completed inhouse must contain the following qualities:

- Have standalone points for each conclusion that are clear, logical and well thought-out
- Be readily available but securely stored, following HBRC's information security management guidelines, particularly where confidential information is used
- Findings cross-reference to the agreed benchmark e.g. internal COP/framework/policy, external standards, code, regulation etc

##### 7.1.3.2 Final Report

The final report requires the results of either the internal assurance review or internal audit to be compiled and presented for discussion to the Audit Sponsor. The Audit Sponsor in conjunction with the process owner is then required to agree high level action plans and timeframes that correspond to the



findings and recommendations. For enterprise reports the high-level action and timeframe is captured as a 'management comment'.

The key objectives of a final report is to:

- Clearly communicate risks and improvements identified through the review
- Provide a priority rating based on the potential business impacts from the identified risks and concerns see [appendix C](#) for the HBRC's recommended priority assessment matrix
- Identify improvements and recommend possible corrective actions
- Acknowledge quality output
- Recommend follow-up reviews, if required, and
- Provide a permanent record for governance reporting

Unless otherwise agreed or prescribed by regulation, every internal audit or assurance review must be supported by a final report. The type and extent of the reporting depends on the purpose, as a rule of thumb, reviews that relate to the annual internal assurance plan require a more detailed written report. Whereas, for operational audits it is sufficient to provide an extract from HBRC audit system for the report e.g. PROMAPP.

To drive consistency in reporting and enable a quick comparison between reports, it is recommended that all written reports are structured as follows:

- Executive summary – that outlines key conclusion and recommendations
- Scope and approach used
- Limitations of the review/audit
- Detailed findings that also outlines recommendations for corrective actions and corresponding management comment
- If applicable, appendices – that support the full report e.g. working documents, standards, policies, COP's etc that have been used in the review as the benchmark

All reports whether written or constructed using an audit system extract must:

- Be factually correct
- For audit comparison purposes, have findings qualified or quantified, and unless otherwise stated by legislation, regulations, or industry code assessments must use HBRC priority assessment see [appendix C](#)
- Objective and unbiased
- Clear and concise free from technical language, jargon and risk or assurance terminology
- Constructive and void of criticism
- Full and complete and can standalone
- Timely
- Stored in a manner than is consistent with the Information Management Policy

Before a report is finalised a closeout, meeting must be completed. The closeout meeting should include all interested parties and those involved in the opening meeting. The purpose of the closeout meeting is to ensure a shared understanding of the report findings and clarify any confusion or concerns relating to specific findings. It also ensures that management comments and corrective action deliverables are agreed before including in the report. The distribution of the report can also be agreed. All reviews that form part of HBRC's annual internal audit plan must be reported to the FARS at the next scheduled meeting after the report is finalised.

#### 7.1.4 Follow-up

All management comments are formalised into agreed corrective action plans that respond to the individual findings in the report. Oversight on progress to complete the agreed actions is done by the Risk and Assurance Lead for internal assurance reviews, and by the Management System Owners for the operational audits.

For operational corrective actions it is recommended that action tracking be automated through the agreed audit system until the corrective actions have satisfactorily addressed the findings and can be closed. Corrective actions from internal assurance reviews are manually tracked through dashboard reporting that is prepared for the FARS each sub-Committee meeting until those findings are closed.

For all operational and enterprise findings that are assessed as 'high' a follow-up review is undertaken to ensure the corrective actions implemented are embedded and effectively mitigate the original finding.

## 8 Application of Framework

This internal assurance framework applies to HBRC and all of its employees, consultants and advisors undertaking decisions or executing activities on behalf of HBRC.

## 9 Review

While HBRC's structured approach to internal assurance is being implemented this Internal Assurance Framework should be regularly reviewed to ensure that the structure outlined in the framework 'remains fit for purpose'. When the Internal Assurance framework is embedded and fully operational the framework review frequency should revert to once every three years.

## Appendix A

## Annual Operational Audit Plan Manual Template

Annual Operational Audit Plan																										
XXXXXX Management System																										
Final service or product (the objective)	Benchmark for audit eg CoP, Regulation,	Risk Rating of the procedure (Guides frequency)	Audit Lead	Process Owner	2020/2021										2021/2022											
					Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar

## Appendix B – Guidelines for Sample Testing

This framework provides two options as guidelines for sample testing:

1. Controls based, and
2. Statistical theory

When the sample universe is smaller, controls-based sampling is recommended. And, when the sample universe is large i.e. for those processes that performed more than daily or multiple times per week statistical theory sampling is recommended.

### Controls Based Sampling

Controls that are performed less frequently i.e. on average less than once per day controls-based sampling is used. The table below outlines the number of controls to test given the number of times the control is performed.

Control Universe		
Frequency	Control Population Size	Number of Control Tests
Annually	1	1
Quarterly	4	2
Monthly	12	3
Weekly	52	13

### Note

With controls-based sampling for controls that are occurring more frequently than quarterly it is important that the population sampled is spread across the period being reviewed. This is to ensure there are no biases e.g. If the review/audit period is 12 months but the control is performed weekly (52 times) the auditor is only required to review 13 transactions. But these transactions should not be clustered into the same reporting period but should review transactional data over the review period e.g. 12 months.

### Statistical Theory Sampling

Controls that are performed multiple times a day have a population size that is sufficient to use statistical theory sampling. The following table provides guidance on how big the sample size needs to be. For critical controls and audits looking at high risk activities the sample size must be at least 25 with no exceptions detected in the testing. For low priority controls the sample size maybe smaller see [appendix C](#).

Statistical Theory Confidence Rates	
Sample Size	Conclusion
25 no exceptions	90% confidence the exception rate is less than 8.8%
25 no exceptions	95% confidence the exception rate is less than 11.30%
15 no exceptions	73% confidence the exception rate is less than 8.5%
15 no exceptions	80% confidence the exception rate is less than 10.2%

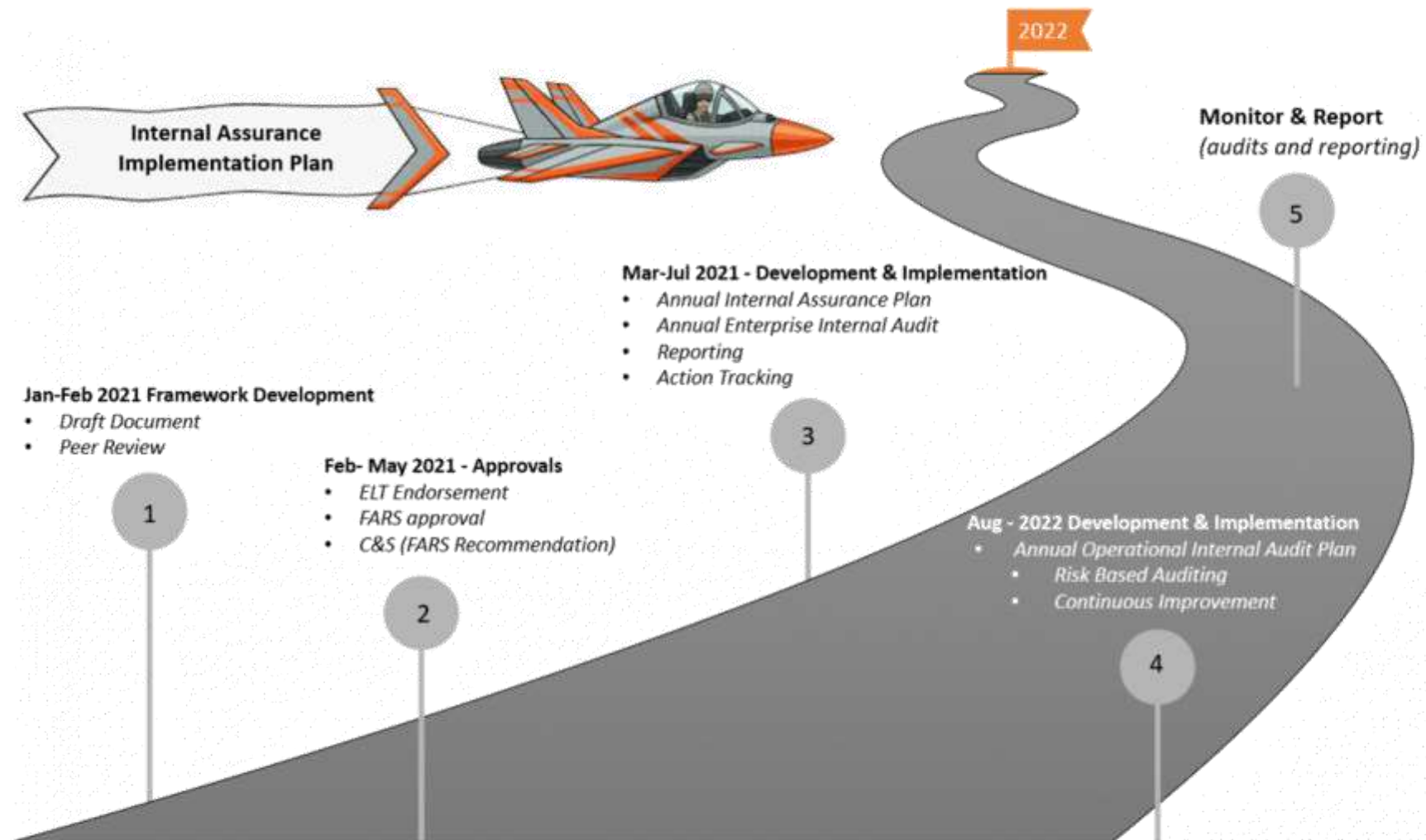
Note the sample selection *must be* randomly selected from the period under review e.g. 12 months

## Appendix C

## HBRC's Internal Assurance Review/Audit Priority Assessment Matrix

Priority Rating	Definition
<b>High</b> (Major non-conformance)	<p>Critical control not designed correctly or absent and presents a material risk to the business</p> <p>Major non-conformance – systematic or serious non-compliance with key internal policies, legislation and regulations that could have a material impact</p> <p>Financial implications to HBRC considered material jeopardising the delivery of the long term plan</p>
<b>Medium</b> (Moderate non-conformance)	<p>Critical controls not designed or operating effectively, which has the potential to result in a moderate impact on the execution of business objectives</p> <p>Moderate non-conformance - reasonable non-compliance with key internal policies, legislation and regulations that could have a medium impact</p> <p>Financial implications that may result in the need to borrow or prolong the delivery of the long-term plan</p>
<b>Low</b> (Minor non-conformance)	<p>Critical controls are suitable in design but not fully operating as designed. Some improvement is required. There maybe a small impact on the execution of business objectives</p> <p>Minor non-conformance – no non-compliance with legislation or regulations however some non-compliance with internal policies is evident which potentially increase the operational risk</p>
<b>Opportunity for Improvement</b> (OI)	<p>Critical controls are strong in design but may not be operating effectively – it is unlikely business processes will be impacted by this finding.</p> <p>Process opportunity – process is designed and operating effectively but could be done more efficiently.</p>







**HAWKE'S BAY REGIONAL COUNCIL**  
**CORPORATE AND STRATEGIC COMMITTEE**

**Wednesday 19 May 2021**

**Item 7**

**Subject: APPOINTMENT OF AN INDEPENDENT MEMBER TO THE FINANCE,  
AUDIT AND RISK SUB-COMMITTEE**

**Reason for Report**

1. This item enables the initiation of a process to appoint an independent member of the Finance, Audit and Risk Sub-committee (FA&R) to replace Rebekah Dinwoodie, who has tendered her resignation from the role.

**Background**

2. The Terms of Reference for the FARS, adopted by Council on 6 November 2019, state that membership of the sub-committee is up to four members of Council and an external appointee.
3. At the time (November 2019) Council adopted its governance structure, including committees' Terms of Reference and membership, there were discussions around:
  - 3.1. The necessity (or otherwise) for an external, independent member of the FARS
  - 3.2. Whether the FARS should be a 'standing committee of the whole' with delegations to make recommendations directly to Council rather than through the Corporate & Strategic Committee as a sub-committee of that body.

**Options Assessment**

4. Council could amend the FARS Terms of Reference to remove the membership requirement for an external (independent) appointee on the sub-committee. However, as this would be contrary to best practice guidelines, staff do not recommend this option.
5. The Committee can agree the process to replace the Independent Appointee on the FARS and recommend to Council that the process be initiated.
6. If it is of a mind to, the Committee might base the process to appoint a new independent member on the one previously undertaken, being:
  - 6.1. Requests that the Chief Executive seeks Expressions of Interest from suitably qualified applicants for the role of independent member of the Finance, Audit and Risk Sub-committee
  - 6.2. Determines the process for the appointment of the independent member of the sub-committee; being:
    - 6.2.1. Candidates short-listed for interview by the Sub-committee
    - 6.2.2. Sub-committee interviews shortlisted candidates
    - 6.2.3. Sub-committee recommends appointment of preferred candidate to the Corporate and Strategic Committee.

**Financial and Resource Implications**

7. The remuneration, including expenses, for the independent member has been included in Council's governance budgets and is currently set at \$8,000 per annum.

**Decision Making Process**

8. Council is required to make every decision in accordance with the requirements of the Local Government Act 2002 (the Act). Staff have assessed the requirements in relation to this item and have concluded:

- 8.1. The decision does not significantly alter the service provision or affect a strategic asset.
- 8.2. The use of the special consultative procedure is not prescribed by legislation.
- 8.3. The decision does not fall within the definition of Council's policy on significance.
- 8.4. The persons affected by this decision are councillor members of the Finance, Audit and Risk Sub-committee and potential candidates for independent member of that body.
- 8.5. The decision is not inconsistent with an existing policy or plan.
- 8.6. Given the nature and significance of the issue to be considered and decided, and also the persons likely to be affected by, or have an interest in the decisions made, Council can exercise its discretion and make a decision without consulting directly with the community or others having an interest in the decision.

### Timeline

9. Proposed timeline for appointment of Independent Member to Finance, Audit and Risk Sub-Committee.

Week 24 - 28 May	Week 14 - 18 June	Week 21 - 25 June	Late June	Thursday 29 July	4 August
SEEK advert	Shortlisting	Interviewing	Reference Checking	FARS Final Agenda	FARS Meeting
HBRC to advertise Approx 2 weeks	Chair of FARS GM Corporate Services	Chair of FARS GM Corporate Services	People & Capability	Recommendation/s for final agenda	Rec to C&S

### Recommendations

1. That the Corporate and Strategic Committee receives and considers the "Appointment of an Independent Member to the Finance, Audit and Risk Sub-committee" 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. Initiates the process following for the recruitment and appointment of an Independent member of the Finance, Audit and Risk Sub-committee
    - 2.2.1. Chief Executive to seek expressions of interest from suitably qualified candidates
    - 2.2.2. FARS councillor members to assess Expressions of Interest received and determine a shortlist of candidates for interview
    - 2.2.3. FARS Chair and GM Corporate Services undertake interviews of the shortlisted candidates, after which the FARS recommends the appointment of the preferred candidate to Council.

**Authored by:**

**Leone Andrews  
EA TO GROUP MANAGER –  
CORPORATE SERVICES**

**Leeanne Hooper  
TEAM LEADER GOVERNANCE**

**Approved by:**

**Jessica Ellerm  
GROUP MANAGER CORPORATE  
SERVICES**

**Attachment/s**

There are no attachments for this report.



**HAWKE'S BAY REGIONAL COUNCIL**  
**CORPORATE AND STRATEGIC COMMITTEE**

**Wednesday 19 May 2021**

**Item 8**

**Subject: HBRC INVESTMENT STRATEGY AND TREASURY POLICY**

**Reason for Report**

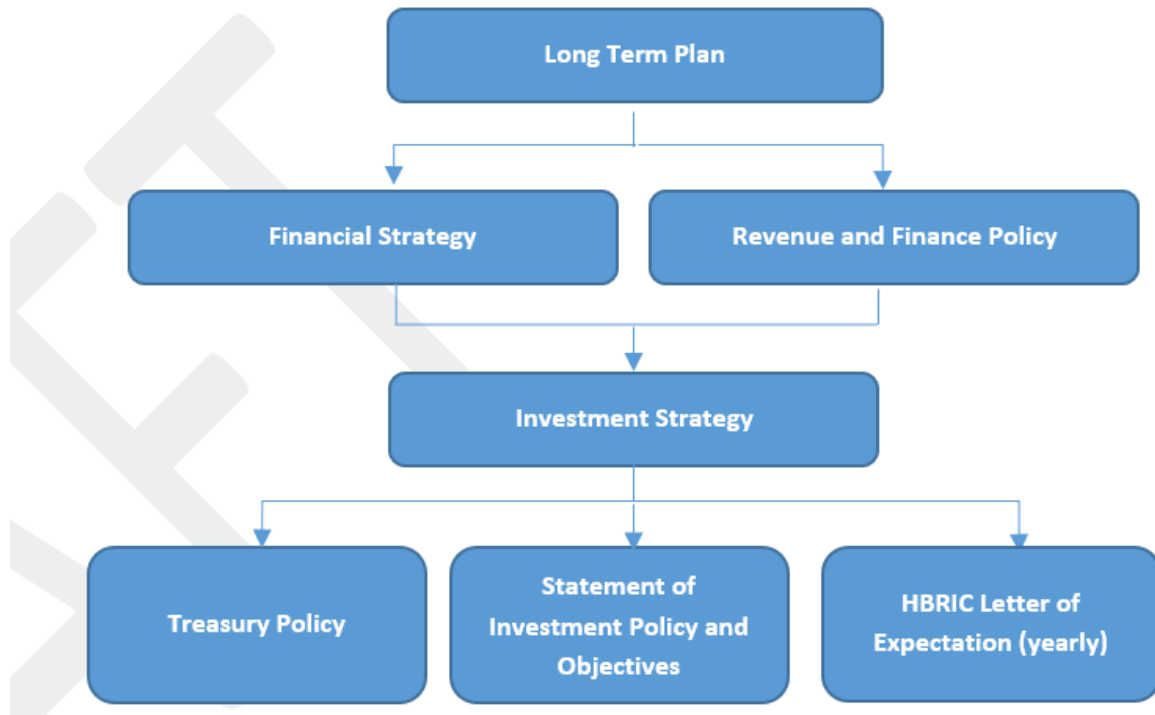
1. The Investment Strategy outlines Council's approach to managing its investment assets. It reflects the principles agreed upon with Councillors as part of the development of the financial strategy for the 2021-31 Long Term Plan (LTP). It builds on this work by providing detail regarding the operational elements required to implement the Investment Strategy. The draft Investment Strategy for the 2021-31 LTP is attached for feedback.
2. The Treasury Policy further operationalises the financial strategy of the LTP and Annual Plan. It sets the limits and parameters to manage all external borrowing, investments and incidental financial arrangements (e.g. use of interest rate risk management instruments). It ensures requirements of the Local Government Act 2002 are met and incorporates the Liability Management Policy and Investment Policy. The amended (marked up) Treasury Policy is attached for feedback.

**Officers' Recommendation(s)**

3. Officers recommend the Committee considers both documents and provides feedback on whether the documents adequately and appropriately deliver operationalising the key principals agreed through the development of the 2021-31 LTP in order to recommend to Council for adoption.

**Background /Discussion**

4. The Financial Strategy outlines the Council's overall approach to managing its finances. The objective of the Financial Strategy is to:
  - 4.1. manage the collection, investment and expenditure of rate-sourced, grant-sourced and user-pays-sourced funds
  - 4.2. set guidelines and limits so that the community has assurance that HBRC's revenue and expenditure remains within known and agreed limits and provides for the investment in infrastructure and the achievement of goals that the community is aware of and has agreed to.
5. Officers have developed an Investment Strategy and updated the Treasury Policy to support delivery of and reflect key changes made to the 2021-31 Financial Strategy, including:
  - 5.1. Increase in debt limit from Net Debt / Total Revenue 150% to 175% in line with LGFA policy covenants
  - 5.2. Increase in Rates as a percentage of Revenue, from 50% to 60% to reduce reliance on investment income
  - 5.3. Build an investment equalisation reserve of \$10m by the end of the 2021-31 LTP
  - 5.4. Borrowing to fund operational costs to balance the rating impact in order to fund an accelerated work programme
  - 5.5. HBRIC mandated to grow its investment portfolio.

*Hierarchy of Documents***Next Steps**

6. Feedback received on the draft documents attached to this report will be incorporated and presented to Council for formal adoption on 30 June 2021 with the Investment Strategy becoming effective from 1 July 2021 and the Treasury Policy from 30 June 2021.
7. Review of the Statement of Investment Policy and Objectives will follow the finalisation of the Investment Strategy and Treasury Policy.
8. The HBRIC Statement of Intent was presented in draft to the Corporate and Strategic Committee on 3 March and the Regional Council on 24 March 2021. Council feedback has been given to the HBRIC board and the revised document will be presented back to Council for adoption on 30 June 2021.

**Decision Making Process**

9. Council and its committees are required to make every decision in accordance with the requirements of the Local Government Act 2002 (the Act). Staff have assessed the requirements in relation to this item and have concluded:
  - 9.1. The decision does not significantly alter the service provision or affect a strategic asset, nor is it inconsistent with an existing policy or plan.
  - 9.2. The use of the special consultative procedure is not prescribed by legislation.
  - 9.3. The decision is not significant under the criteria contained in Council's adopted Significance and Engagement Policy.
  - 9.4. Given the nature and significance of the issue to be considered and decided, Council can exercise its discretion and make a decision without consulting directly with the community or others having an interest in the decision.



## Recommendations

1. That the Corporate and Strategic Committee receives and considers the “HBRC Investment Strategy and Treasury Policy” staff report.
2. The Corporate and Strategic Committee recommends that Hawke’s Bay Regional Council:
  - 2.1. Agrees that the decision to be made is not significant under the criteria contained in Council’s adopted Significance and Engagement Policy, and that Council can exercise its discretion and make the decisions on this issue without conferring directly with the community or persons likely to have an interest in the decision.
  - 2.2. Adopts the HBRC Investment Strategy and Treasury Policy as proposed.

Or

  - 2.3. Adopts the HBRC Investment Strategy and Treasury Policy as amended to incorporate the amendments agreed by the Corporate and Strategic Committee, being:
    - 2.3.1. ...
    - 2.3.2. ...

## Authored by:

**Geoff Howes**  
**TREASURY & FUNDING ACCOUNTANT**

**Bronda Smith**  
**CHIEF FINANCIAL OFFICER**

## Approved by:

**Jessica Ellerm**  
**GROUP MANAGER CORPORATE**  
**SERVICES**

**James Palmer**  
**CHIEF EXECUTIVE**

## Attachment/s

- |                   |                               |                      |
|-------------------|-------------------------------|----------------------|
| <a href="#">1</a> | Draft Investment Strategy     | Under Separate Cover |
| <a href="#">2</a> | Updated Draft Treasury Policy | Under Separate Cover |



**HAWKE'S BAY REGIONAL COUNCIL**  
**CORPORATE AND STRATEGIC COMMITTEE**

**Wednesday 19 May 2021**

**Item 9**

**Subject: 2020-21 QUARTER 3 (1 JANUARY - 31 MARCH 2021) FINANCIAL REPORT**

**Reason for Report**

1. This item provides the Committee with financial results for the 2020-21 financial year for the 9 months to 31 March 2021.

**YTD Summary to 31 March 2021**

2. Councils operating position has improved by \$2.4m, with a YTD deficit of \$2.7m compared to a forecast deficit of \$5.1m based on the pro-rata budget.
3. Operating income is \$500k favourable to budget and expenditure to date is almost \$2m less than budget.
4. Capital expenditure overall is running at 68% of the pro-rata budget (\$7m lower than planned) and capital income is 58% (\$1.75m) exceeding budget due to receiving PGF funding for shovel-ready projects (Heretaunga Plains Flood Control Schemes, Upper Tukituki and Wairoa work). In addition, repayments received from the Sustainable Homes programme have exceeded budget (both early repayments and higher repayments from the increased uptake in the programme).

**Summary – Full Year Forecast**

5. A \$3.6m improvement in the forecast year end operating position. The forecast year end operating position is an operating deficit of \$3.2m compared to a budgeted deficit of \$6.8m.
6. Full year operating income is expected to exceed the budget by 9% (\$4.7m) due to favourable investment income expectations including dividends from HBRIC and the returns from Managed Funds.
7. Full year operating expenditure is expected to exceed the budget by 2% (\$1.1m) due to \$760k of fees charged by the Managed Fund providers as a result of the additional revenue received as noted above.
8. Full year capital expenditure is expected to be 17% (\$5m) underspent with an additional \$3.4m income expected from government funding for the shovel-ready projects across Asset Management and Integrated Catchment Management.
9. The combined capital and operating carry forward requests are expected to exceed \$10m including \$150k of shovel ready funding.

**Background to the Financial Summary**

10. Many of the variances in the financial report to 31 March are the result of:
  - 10.1. no seasonal phasing of budgets.
  - 10.2. timing of the work programme delivery.
11. The FY20-21 annual plan budget was revised in response to the Covid-19 Pandemic. It includes conservative forecasting for investment income in-particular the uncertainty around the economy and financial markets at the time of preparation and adoption.
12. The budgets presented include the carry forwards from FY19-20 approved by Council.
13. For reporting purposes, the annual budget is divided evenly across the year without phasing. Annual spend has considerable seasonality, particularly planting activity, which

will occur towards the end of the Financial Year. Future year reporting, from the new finance system will be phased across the year accounting for seasonality.

14. New loan funding is generally drawn down at the end of the financial year when the actual required funding is known.
15. All revenue and expenditure accrued (carried forward) at the end of the FY19-20 financial year has been recognised in the FY20-21 actuals.

### **Operating Income and Expenditure to 31 March**

#### **Groups of Activities**

16. Overall Expenditure is at 94% (\$2.6m less) than pro-rata budget across all activities.
  - 16.1. Asset Management and Integrated Catchment Management expenditure is less than budget by \$1m and \$2m respectively but both areas are subject to seasonal variations with significant additional expenditure occurring in the last quarter of the year.
  - 16.2. Transport is 13% (\$500k) over budget due to the increased costs associated with the operation of the bus service.
17. Income is 4% (\$1m) favourable to budget at 31 March.
  - 17.1. Emergency Management is \$200k below budget. This is a reflection of budget phasing as partners are invoiced at year end when expenditure for the year is known and the income will be recognised.
  - 17.2. Consents and Compliance income recovery is \$200k less than budget due to more time spent on unrecoverable activities and enforcement actions. However, through prosecutions significant income has been awarded via court fines which has not yet been accounted for in these financial statements.

#### **Regional and Other Income**

18. Income from Managed Funds is 56% (\$2.35m) ahead of budget reflecting returns exceeding the conservative, Covid19 adjusted plan.
19. HBRIC Dividends for FY20-21 were received in December.
20. Endowment Leasehold Rent is \$1.9m below budget due to the timing of the leaseholder invoicing and the payments to ACC but will be adjusted at year end to reflect the revenue received.
21. Fair Value Movements due to Revaluations will be calculated at year end.

#### **Capital Expenditure to 31 March**

22. Overall Capital Expenditure is at 75% of the planned YTD position due to:
  - 22.1. IT projects \$1.4m variance due to delays in recruiting appropriately qualified resources to gather requirements and manage projects.
  - 22.2. Asset management \$1.6m variance due to delays in projects (Clive River dredging awaiting consents etc) and the timing of work as plant purchase and planting is carried out in the winter season. Asset Management income is ahead of budget by \$1.2m through funds received for the shovel-ready projects.
  - 22.3. Integrated Catchment Management expenditure is 10% (\$600k) ahead of budget due to the continued success of the Sustainable Homes programme which is \$2.6m ahead of its budget offsetting limited expenditure in the Ruataniwha Groundwater Modelling, 3D Aquifer Mapping (SkyTEM) and LiDAR mapping projects caused by delays and unavailability of resource.
  - 22.4. Regional Income capital expenditure is behind budget by \$2.3m. This includes the Regional Water Security Scheme which has been impacted by delays in contract agreements with PGF deferring the entire project timeline.

- 22.5. Property, Plant and Equipment purchasing is at 38% of budget (\$2.5m less). \$1.3m variance relates to the timing of the accommodation project. Building work is about to begin and the \$2m allocated to this project is expected to be spent by the end of the calendar year, but will be somewhat dependant on the availability of architects and builders.

### Balance Sheet

23. Non-Current Assets have increased by \$7.5m overall since year end. This comprises increases in Infrastructure Assets and Intangible Assets as a result of the capital work programme, increases in Financial Assets due to the continued growth in the managed funds, offset by \$2.4m reduction in the Investment Property value from the sales of leasehold properties.
24. Current Assets are consistent with the same period in FY19-20 with the increase in Trade Receivables being the result of invoicing to MBIE of \$1.4m for PGF funds for work completed and forestry harvesting revenue from Pan Pac.
25. Fair value reserves have increased by \$7m over the last quarter from unrealized gains in the managed funds.
26. Non-current Liabilities have increased following the further drawdown of \$10m in March 2021 to meet cash flow requirements in addition to the original drawdown of \$6.3m in July 20 for debt funded project work in FY19-20.
27. Current liabilities have increased in comparison to FY19-20 due to an increase in trade and other payables. This consists of the payroll accrual for the end of March and the underlying growth in trade payables which is the result of the significant increase in the work programme.

### Other Information

28. Rates receivables are down by \$800k compared to 31 March 2020 reflecting the overall improvement in rates payment through the early collection and increased use of direct debit.
29. Trade and Lease Receivables are up \$1.7m compared to 31 March 2020 with longer collection periods. Analysis shows the increase is primarily due to the growth in invoices to central government for approved funding which can take months to be verified and processed.
30. Accounts Payable has increased compared to the same period prior year due to the growth in the work programme and the additional costs from the external contractors.

### Reserves

31. Reserve movements are as expected based on the operating and capital income and expenditure to date.

### Forecast to 30 June 2021

32. The full forecast year end position is a \$3.6m improvement on budget, expecting an operating deficit of \$3.2m compared to a budgeted deficit of \$6.8m and a net funding requirement improving from a surplus of \$129k to \$2.2m.
33. The forecast Operating Expenditure across the group of activities is expected to be close to budget Transport is expecting to be 20% over budget due to cost increases in operating the bus service.
34. The forecast Operating Income across the group of activities is expected to be close to budget Transport is expecting to be 20% over budget with the additional funding from NZTA offsetting the reduced direct income from the public from the flat rate fees.
35. Under Regional Income, further gains are expected from the Managed Funds with the year end forecast indicating returns 62% (\$3.5m) over the budget of \$5.5m and HBRIC Dividends remaining at the higher than expected \$4m, \$1m over the full year budget.

36. The Capital forecast shows:
  - 36.1. IT projects finishing \$1m below budget in this year, but projects on track to utilise full budgets.
  - 36.2. Asset Management finishing \$500k below budget. This is a combination of \$1m unspent through continued delays in the Clive river dredging project moving the work to 21/22 plus underspends on other scheme expenditure totaling \$2.3m. This shortfall has been offset by the \$2.825m in additional work expected to be completed through the shovel ready projects.
  - 36.3. Integrated Catchment Management expects to complete the year \$1.7m over budget due to the Sustainable Homes programme which is fully debt funded.
  - 36.4. Regional Income includes Water Security and HBRC Forestry and forecasts \$2.4m shortfall in expenditure. Water Security expects to be \$3m under budget at year end while \$600k has been spent in Forestry on new roading and bridges to support improved access and facilitate the harvest.
37. The 2020-21 annual plan included a forecast \$7.5m debt requirement to cover the impact of Covid-19 on the budget (zero rates increase, reduced returns on managed funds and HBRC dividends). The higher than expected returns from the managed funds and dividends indicate that this debt requirement will be reduced by \$4.5m.

### **Carry Forwards for 2021-22**

38. Several capital and operating projects will be requesting a carry forward of funding into the next financial year based on their forecast expenditure for the year:
  - 38.1. ICM expect to request to carry forward \$1.4m of their operating expenditure including \$800k for the Erosion Control Scheme and \$380k of third party funding for Biodiversity from Te Uru Rakau 1BT. Also, \$1.8m of their capital expenditure including \$650k for 3D Aquifer Mapping (SkyTEM), \$400k for the Ruataniwha Groundwater Modelling and \$370k for the drilling required as part of the Ruataniwha groundwater monitoring programme.
  - 38.2. IT is expecting to request to carry forward \$1m from the IT projects budget due to delays in recruiting staff to initiate, gather requirements and oversee projects and \$400k from the Computer Equipment budget including \$300k for aerial mapping. The regional aerial mapping project has incurred delays from HDC in progressing the procurement process. The tender should be issued before 30 June with the work now expected in 21-22.
  - 38.3. Asset Management is expecting to carry forward \$1m on the Clive River Dredging project with the amount dependent on the timing of consent and capability of the contractor to start work. Other Scheme Capital Expenditure is expected to be carried forward with a review before year end to assess the requirement based on the LTP. The shovel ready projects expect to carry forward \$150k of IRG funding to spend in 21-22.
  - 38.4. Corporate support expects to request a carry forward of \$1.7m to continue the work on the Raffles Street, Station Street and Dalton Street buildings for completion within the calendar year.
  - 38.5. The Water Security project expects to request a capital expenditure carry forward of \$4.1m.
  - 38.6. Strategic Planning expect to request an operating expenditure carry forward of \$250k for continued work on the regional coastal plan, TANK and the OWB hearings.

### **Decision Making Process**

39. Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision-making provisions do not apply.

**Recommendation**

That the Corporate and Strategic Committee receives and notes the “2020-21 Quarter 3 (1 January - 31 March 2021) Financial Report”.

**Authored by:**

**Tim Chaplin**  
**SENIOR GROUP ACCOUNTANT**

**Bronda Smith**  
**CHIEF FINANCIAL OFFICER**

**Approved by:**

**Jessica Ellerm**  
**GROUP MANAGER CORPORATE**  
**SERVICES**

**Attachment/s**

- 1** [↓](#) Q3 2020-21 Financial Statements
- 2** [↓](#) Forecast Financials to 30 June 2021





**HAWKE'S BAY REGIONAL COUNCIL**  
**Operating Income and Expenditure**  
**For Nine Months Ending 31 March 2021**  
**(All budget figures are pro-rata)**

Figures in Thousands	Expenditure			Income			Reserve Movement		New Loan Funding		Net Funding Requirement				
	Actual	Budget	%	Actual	Budget	%	Actual	Budget	Actual	Budget	Actual	Budget	Variance	Variance %	Favourable
<b>GROUPS OF ACTIVITIES</b>															
Strategic Planning	4,017	3,977	101%	(1,870)	(1,609)	116%	(498)	(412)	-	-	1,649	1,956	(307)	-16%	F
Asset Management	7,765	8,721	89%	(6,251)	(5,886)	106%	654	(374)	-	-	2,168	2,461	(293)	-12%	F
Integrated Catchment Management	18,055	20,685	87%	(8,088)	(7,884)	103%	(321)	(567)	-	(3,600)	9,646	8,634	1,012	12%	U
Consents & Compliance	4,588	4,546	101%	(1,520)	(1,719)	88%	-	-	-	-	3,068	2,827	241	9%	U
Emergency Management	2,178	1,995	109%	(1,700)	(1,901)	89%	(464)	27	-	-	14	121	(107)	-88%	F
Transport	4,694	4,147	113%	(4,289)	(3,760)	114%	(339)	(239)	-	-	66	148	(82)	-55%	F
Governance & Partnerships	2,440	2,293	106%	(139)	(106)	131%	(118)	(103)	-	-	2,183	2,084	99	5%	U
	43,737	46,364	94%	(23,857)	(22,865)	104%	(1,086)	(1,668)	-	(3,600)	18,794	18,231	563	3%	U
<b>OPERATIONS GROUP</b>															
Notional Interest on Fixed Assets				(78)	(139)	56%					(78)	(139)	61	-44%	U
Surplus from External Activities				(187)	(88)	213%					(187)	(88)	(99)	113%	F
	-	-		(265)	(227)	117%	-	-	-	-	(265)	(227)	(39)	17%	F
<b>REGIONAL INCOME</b>															
Managed Funds	523	-		(6,540)	(4,191)	156%	-	-	-	-	(6,017)	(4,191)	(1,826)	44%	F
Forestry	428	237	181%	(349)	(399)	87%	(30)	(23)	-	-	49	(185)	234	-126%	U
Leasehold properties	-	6	0%	(630)	(631)	100%	-	-	-	-	(630)	(625)	(5)	1%	F
Miscellaneous	47	61	77%	(125)	(92)	136%	20	86	-	-	(58)	55	(113)	-205%	F
	998	304	328%	(7,644)	(5,313)	144%	(10)	63	-	-	(6,656)	(4,946)	(1,710)	35%	F
<b>INCOME</b>															
General rates	152	97	157%	(4,228)	(4,203)	101%					(4,076)	(4,106)	30	-1%	U
UAGC				(2,174)	(2,117)	103%					(2,174)	(2,117)	(58)	3%	F
HBRIC Dividends				(4,000)	(2,250)	178%					(4,000)	(2,250)	(1,750)	78%	F
Interest on Cash Balances				(14)	(135)	10%					(14)	(135)	121	-90%	U
Endowment Leasehold Rent				158	(1,757)	-9%					158	(1,757)	1,915	-109%	U
Gains/Losses on Disposal of Assets				(147)	(329)	45%					(147)	(329)	182	-55%	U
Fair Value Movements due to Revaluations				-	(2,339)	0%					-	(2,339)	2,339	-100%	U
Other Income				-	(125)	0%					-	(125)	125	-100%	U
	152	97	157%	(10,405)	(13,254)	79%	-	-			(10,253)	(13,157)	2,904	-22%	U
<b>OPERATING (SURPLUS)/DEFICIT</b>															
	44,887	46,765	96%	(42,171)	(41,659)	101%	(1,096)	(1,605)	-	(3,600)	1,620	(99)	1,719	-1745%	U

**HAWKE'S BAY REGIONAL COUNCIL**  
**Capital Income and Expenditure**  
**For Nine Months Ending 31 March 2021**  
**(All budget figures are pro-rata)**

Figures in Thousands	Expenditure			Income			Reserve Movement		New Loan Funding		Net Funding Requirement				
	Actual	Budget	%	Actual	Budget	%	Actual	Budget	Actual	Budget	Actual	Budget	Variance	Variance %	Favourable
<b>CAPITAL PROJECTS</b>															
IT Projects (FUSE, Telephony, etc)	1,255	2,668	47%	-	-		(460)	(345)	-	(2,323)	795	-	795		U
Strategic Planning	15	15	100%	-	-		(15)	(15)	-	-	-	-	-		F
Asset Management	2,555	4,167	61%	(2,738)	(1,291)	212%	684	(2,309)	-	(226)	501	341	160	47%	U
Integrated Catchment Management	8,227	7,459	110%	(2,053)	(1,735)	118%	(4,813)	-	-	(4,748)	1,361	976	385	39%	U
Transport	7	-		-	-		-	-	-	-	7	-	7		U
Governance & Partnerships	263	270	97%	-	-		(263)	(270)	-	-	-	-	-		F
Regional Income	957	3,239	30%	2	-		(820)	(3,200)	-	-	139	39	100	256%	U
	13,279	17,818	75%	(4,789)	(3,026)	158%	(5,687)	(6,139)	-	(7,297)	2,803	1,356	1,447	107%	U
<b>PP&amp;E</b>															
Operations Group Plant & Vehicles	170	327	52%				(170)	(260)		(67)	-	-	-		F
Land and Buildings	372	1,667	22%				(372)	(167)		(1,500)	-	-	-		F
Motor Vehicles and Plant	533	500	107%				(533)	(500)		-	-	-	-		F
Science Equipment	217	848	26%				(217)	(427)		(421)	-	-	-		F
Computer Equipment	205	765	27%				(205)	(652)		(113)	-	-	-		F
Office Furniture	58	38	153%				(58)	(38)		-	-	-	-		F
Technical Equipment	45	17	265%				(45)	(17)		-	-	-	-		F
	1,600	4,162	38%	-	-		(1,600)	(2,061)	-	(2,101)	-	-	-		F
<b>(SURPLUS) / DEFICIT</b>	14,879	21,980	68%	(4,789)	(3,026)	158%	(7,287)	(8,200)	-	(9,398)	2,803	1,356	1,447	107%	U

**HAWKE'S BAY REGIONAL COUNCIL**  
**Balance Sheet**  
**as at 31 March 2021**

Figures in Thousands	As At 31-Mar-21	As At 30-Jun-20	As At 31-Mar-20
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant & equipment	28,347	28,574	29,211
Infrastructure assets	191,707	187,387	177,241
Investment property	55,456	57,855	46,881
Intangible assets	11,972	10,096	7,753
Forestry assets	11,087	11,087	11,793
Financial Assets	585,014	581,054	438,420
<b>Total Non-Current Assets</b>	<b>883,583</b>	<b>876,053</b>	<b>711,298</b>
<b>Current Assets</b>			
Inventories	352	452	115
Trade & other receivables	6,679	11,327	5,266
Other financial assets	2,057	2,057	2,360
Cash and cash equivalents	18,809	6,522	18,180
<b>Total Current Assets</b>	<b>27,897</b>	<b>20,358</b>	<b>25,921</b>
<b>TOTAL ASSETS</b>	<b>911,480</b>	<b>896,411</b>	<b>737,219</b>
<b>NET ASSETS / EQUITY</b>			
Accumulated funds	427,952	429,012	420,985
Fair value reserves	410,034	406,270	275,377
<b>Total Net Assets / Equity</b>	<b>837,986</b>	<b>835,282</b>	<b>696,362</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Borrowings	45,176	31,238	14,988
Provisions for other liabilities & charges	11,458	10,783	11,915
Employee benefit liabilities	697	520	592
<b>Total Non-Current Liabilities</b>	<b>57,331</b>	<b>42,541</b>	<b>27,495</b>
<b>Current Liabilities</b>			
Borrowings	3,275	3,650	3,712
Income in Advance	6,278	2,695	7,117
Provisions for other liabilities & charges	634	686	145
Employee benefit liabilities	1,311	1,939	1,150
Trade & other payables	4,665	9,618	1,238
<b>Total Current Liabilities</b>	<b>16,163</b>	<b>18,588</b>	<b>13,362</b>
<b>TOTAL LIABILITIES</b>	<b>73,494</b>	<b>61,129</b>	<b>40,857</b>
<b>TOTAL NET ASSETS / EQUITY &amp; LIABILITIES</b>	<b>911,480</b>	<b>896,411</b>	<b>737,219</b>

**HAWKE'S BAY REGIONAL COUNCIL**  
**Other Information**  
**For Nine Months Ending 31 March 2021**

Figures in Thousands

	31-Mar-21	30-Jun-20	31-Mar-20
<b>ACCOUNTS RECEIVABLE</b>			
Rates Receivable	233	2,267	1,083
Payments in Advance	(6,248)	(2,695)	(6,751)
Rate Receivables	6,481	4,962	7,834
Trade and Lease Receivables	3,542	6,391	1,883
Provision for Impaired Receivables	(156)	(160)	(23)
<b>TOTAL ACCOUNTS RECEIVABLE</b>	<b>3,619</b>	<b>8,498</b>	<b>2,943</b>
<b>TRADE &amp; LEASE RECEIVABLES</b>			
<b>Aged Trade &amp; Lease Receivables</b>			
1-30 days	1,924	5,447	872
31-60 days	996	191	232
61-90 days	2	-9	4
Over 91	620	762	775
<b>TOTAL TRADE &amp; LEASE RECEIVABLES</b>	<b>3,542</b>	<b>6,391</b>	<b>1,883</b>
<b>ACCOUNTS PAYABLE</b>			
<b>Aged Accounts Payable</b>			
1-30 days	1,391	2,014	1,190
31-60 days	35	227	0
61-90 days	10	182	0
Over 91	218	74	0
<b>TOTAL ACCOUNTS PAYABLE</b>	<b>1,654</b>	<b>2,497</b>	<b>1,190</b>

**HAWKE'S BAY REGIONAL COUNCIL**  
**Reserve Movements**  
**For Nine Months Ending 31 March 2021**  
**(All budget figures are pro-rata)**

Figures in Thousands	Opening	Movement	Closing	Budgeted Movement	Favourable
Makara	38	(4)	34	47	U
Paeroa	123	2	125	13	U
Porangahau	202	19	221	(9)	F
Poukawa	88	5	93	64	U
Ohuia-Whakaki	(57)	(5)	(62)	40	U
Esk	53	(10)	43	17	U
Whirinaki	15	(2)	13	3	U
Maraetotara	17	(1)	16	2	U
Te Ngarue Stream	4	(4)	-	1	U
Kopuawhara	(8)	(4)	(12)	4	U
Upper Tukituki	355	761	1,116	37	F
Opoho	50	8	58	44	U
Kairakau Community Scheme	32	7	39	(1)	F
Wairoa Rivers & Streams Scheme	(541)	293	(248)	11	F
Central & Sthn Areas Scheme	152	44	196	237	U
Raupare Enhancement Scheme	42	9	51	(2)	F
Karamu Enhancement Scheme	232	(9)	223	(31)	F
HPFCS - Rivers Maintenance	976	306	1,282	752	U
HPFCS Drainage - Npr/Meeanee/Puke	815	98	913	362	U
HPFCS Drainage - Brookfields/Awatoto	308	8	316	27	U
HPFCS Drainage - Pakowhai	185	8	193	52	U
HPFCS Drainage - Muddy Creek	581	100	681	108	U
HPFCS Drainage - Haumoana	244	49	293	63	U
HPFCS Drainage - Karamu	923	185	1,108	369	U
HPFCS Drainage - Raupare/Twyford	584	(14)	570	15	U
HPFCS Drainage - Tutaekuri/Moteo	(44)	27	(17)	6	F
HPFCS Drainage- Pungia	256	15	271	37	U
Healthy Homes Initiatives	(1,054)	(4,742)	(5,796)	423	U
Gravel Management	(240)	20	(220)	(18)	F
Tangoio Soil Conservation Res.	2,482	347	2,829	39	F
Maungaharuru	385	-	385	(90)	F
Soil Conservation Nursery	(3)	(100)	(103)	(52)	U
Water Initiatives (Operating Only)	70	19	89	(2)	F
Noxious Plants	(207)	(187)	(394)	60	U
Animal Pest Control	(747)	(36)	(783)	34	U
Emergency Management	35	(465)	(430)	(27)	U
Land Transport Administration	(328)	(278)	(606)	194	U
Rabbit Reserve	80	-	80	-	F
Sale of Land (Non Investment)	1,196	(611)	585	(596)	U
Long-term Investment Fund	56,990	(850)	56,140	(3,222)	F
IPO Future Investment Fund	44,497	-	44,497	-	F
Ngati Pahauwera	77	-	77	-	F
Napier Mussels Limited	19	-	19	-	F
Regional Disaster Damage	2,129	20	2,149	-	F



**HAWKE'S BAY REGIONAL COUNCIL**  
**Operating Income and Expenditure**  
**Forecast to 30 June 2021**

Figures in Thousands

	Expenditure			Income			Reserve Movement		New Loan Funding		Net Funding Requirement				
	Forecast	Budget	%	Forecast	Budget	%	Forecast	Budget	Forecast	Budget	Forecast	Budget	Variance	Variance %	Favourable
<b>GROUPS OF ACTIVITIES</b>															
Strategic Planning	5,500	5,302	104%	(2,348)	(2,145)	109%	(549)	(549)	-	-	2,603	2,608	(5)	0%	F
Asset Management	10,803	11,628	93%	(7,691)	(7,848)	98%	(130)	(498)	-	-	2,982	3,282	(300)	-9%	F
Integrated Catchment Management	27,058	27,580	98%	(10,225)	(10,513)	97%	(693)	(755)	(3,961)	(4,800)	12,179	11,512	667	6%	U
Consents & Compliance	6,062	6,062	100%	(2,051)	(2,293)	89%	-	-	-	-	4,011	3,769	242	6%	U
Emergency Management	2,872	2,660	108%	(2,382)	(2,534)	94%	(280)	37	-	-	210	163	47	29%	U
Transport	6,658	5,529	120%	(5,965)	(5,013)	119%	(168)	(319)	-	-	525	197	328	166%	U
Governance & Partnerships	3,138	3,058	103%	(202)	(142)	142%	(133)	(137)	-	-	2,803	2,779	24	1%	U
	62,091	61,819	100%	(30,864)	(30,488)	101%	(1,953)	(2,221)	(3,961)	(4,800)	25,313	24,310	1,003	4%	U
<b>OPERATIONS GROUP</b>															
Notional Interest on Fixed Assets				(185)	(185)	100%					(185)	(185)	-	0%	U
Surplus from External Activities				(120)	(117)	103%					(120)	(117)	(3)	3%	F
	-	-		(305)	(302)	101%	-	-	-	-	(305)	(302)	(3)	1%	F
<b>REGIONAL INCOME</b>															
Managed Funds (Interest, Dividends, Realised Gains)	760	-		(9,048)	(5,588)	162%	-	-	-	-	(8,288)	(5,588)	(2,700)	48%	F
Forestry	310	316	98%	(674)	(532)	127%	364	(30)	-	-	-	(246)	246	-100%	U
Leasehold properties	4	8	50%	(843)	(841)	100%	-	-	-	-	(839)	(833)	(6)	1%	F
Miscellaneous	76	81	94%	(169)	(123)	137%	163	114	-	-	70	72	(2)	-3%	F
	1,150	405	284%	(10,734)	(7,084)	152%	527	84	-	-	(9,057)	(6,595)	(2,462)	37%	F
<b>INCOME</b>															
General rates	200	130	154%	(5,604)	(5,604)	100%					(5,404)	(5,474)	70	-1%	U
UAGC				(2,822)	(2,822)	100%					(2,822)	(2,822)	-	0%	U
HBRIC Dividends				(4,000)	(3,000)	133%					(4,000)	(3,000)	(1,000)	33%	F
Interest on Cash Balances				(50)	(180)	28%					(50)	(180)	130	-72%	U
Endowment Leasehold Rent				(2,343)	(2,343)	100%					(2,343)	(2,343)	-	0%	U
Gains/Losses on Disposal of Assets				(438)	(438)	100%					(438)	(438)	-	0%	U
Fair Value Movements due to Revaluations				(3,118)	(3,118)	100%					(3,118)	(3,118)	-	0%	U
Other Income				-	(167)	0%					-	(167)	167	-100%	U
	200	130	154%	(18,375)	(17,672)	104%	-	-			(18,175)	(17,542)	(633)	4%	F
<b>OPERATING (SURPLUS)/DEFICIT</b>	63,441	62,354	102%	(60,278)	(55,546)	109%	(1,426)	(2,137)	(3,961)	(4,800)	(2,224)	(129)	(2,095)	1624%	F



**HAWKE'S BAY REGIONAL COUNCIL**  
**Capital Income and Expenditure**  
**Forecast to 30 June 2021**

Figures in Thousands	Expenditure			Income			Reserve Movement		New Loan Funding		Net Funding Requirement					
	Forecast	Budget	%	Forecast	Budget	%	Forecast	Budget	Forecast	Budget	Forecast	Budget	Variance	Variance %	Favourable	
CAPITAL PROJECTS																
IT Projects (FUSE, Telephony, etc)	2,561	3,558	72%	-	-		(460)	(460)	(2,101)	(3,098)	-	-	-		F	
Strategic Planning	20	20	100%	-	-		(20)	(20)	-	-	-	-	-		F	
Asset Management	5,029	5,556	91%	(3,724)	(1,722)	216%	(587)	(3,079)	(341)	(301)	377	454	(77)	-17%	F	
Integrated Catchment Management	11,617	9,946	117%	(3,235)	(2,314)	140%	(355)	-	(7,669)	(6,330)	358	1,302	(944)	-73%	F	
Transport	10	-		-	-		-	-	-	-	10	-	10		U	
Governance & Partnerships	350	360	97%	-	-		(350)	(360)	-	-	-	-	-		F	
Regional Income	1,910	4,319	44%	(450)	-		(850)	(4,266)	-	-	610	53	557	1051%	U	
	21,497	23,759	90%	(7,409)	(4,036)	184%	(2,622)	(8,185)	(10,111)	(9,729)	1,355	1,809	(454)	-25%	F	
PP&E																
Operations Group Plant & Vehicles	456	436	105%				(347)	(347)	(109)	(89)	-	-	-		F	
Land and Buildings	400	2,198	18%				(198)	(198)	(202)	(2,000)	-	-	-		F	
Motor Vehicles and Plant	789	666	118%				(789)	(666)	-	-	-	-	-		F	
Science Equipment	475	1,131	42%				(82)	(214)	(393)	(917)	-	-	-		F	
Computer Equipment	600	1,020	59%				(600)	(870)	-	(150)	-	-	-		F	
Office Furniture	65	50	130%				(65)	(50)	-	-	-	-	-		F	
Technical Equipment	45	23	196%				(45)	(23)	-	-	-	-	-		F	
	2,830	5,524	51%	-	-		(2,126)	(2,368)	(704)	(3,156)	-	-	-		F	
(SURPLUS) / DEFICIT	24,327	29,283	83%	(7,409)	(4,036)	184%	(4,748)	(10,553)	(10,815)	(12,885)	1,355	1,809	-	454	-25%	F



**HAWKE'S BAY REGIONAL COUNCIL**  
**CORPORATE AND STRATEGIC COMMITTEE**

**Wednesday 19 May 2021**

**Item 10**

**Subject: ORGANISATIONAL PERFORMANCE REPORT FOR PERIOD  
1 JANUARY TO 31 MARCH 2021**

**Reason for Report**

1. This item provides the organisational performance for the period 1 January – 31 March 2021.

**Content of the Report**

2. The attached Report contains four parts plus an Executive Summary with highlights and lowlights for the quarter.
  - 2.1. **Part 1: Significant Events or Programmes** impacting this quarter. These tend to be cross-council so sit outside the groups of activities section.
  - 2.2. **Part 2: Business Improvement Measures** focus on how well we are performing across a number of corporate-wide measures such as health and safety incidents and response to customer feedback.
  - 2.3. **Part 3: Level of Service Measures** by Group of Activities with traffic light status and commentary by exception.
  - 2.4. **Part 4: Activity Reporting** by Group of Activities with non-financial and financial (operating only) traffic light status and commentary.
3. This is the tenth Organisational Performance Report to be presented. As per last quarter the status and commentary reporting has been rolled up from 3-digit code to activity level. Status and commentary by 3-digit code is still available to Councillors via the dashboard.
4. Following feedback from Councillors at the last committee meeting we have included the targets for the Level of Service Measures that were adopted in the 2018-28 Long Term Plan.
5. As a reminder, staff complete their reporting in a software tool called Opal3 once actual financial results for the quarter are loaded on the 20<sup>th</sup> of the month following the end of the quarter. Staff select the status (red, amber, green) of non-financial results, but it is fixed against agreed criteria for financial results. For example, red is set at >\$30,000 or >10% over or under budget. Staff are then required to provide commentary on what they did in the quarter in terms of actual non-financial performance and to explain any variations to budgets.
6. It should also be noted that many of the variances shown as red in the activity financial reporting are the result of the current financial systems' inability to phase budgets through the year. The current budget has been spread evenly across the 12 months which does not reflect the actual timing of work programme delivery. The new financial system due to be implemented from 1 July 2021 will address this.
7. Next quarter we plan to increase visibility over our Internal Activities with both non-financial and financial reporting.

**Dashboard**

8. We are continuously improving the new dashboard and improving the data reliability across all areas – we would appreciate any feedback you have. New this quarter are timeseries graphs for the Level of Service Measures to give context for the quarter result.

### **Decision Making Process**

9. Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision-making provisions do not apply.

### **Recommendation**

That the Corporate and Strategic Committee receives and notes the *“Organisational Performance Report for period 1 January to 31 March 2021”*.

### **Authored by:**


**Kelly Burkett  
BUSINESS ANALYST**

**Desiree Cull  
STRATEGY AND GOVERNANCE  
MANAGER**

### **Approved by:**

**Desiree Cull  
STRATEGY AND GOVERNANCE  
MANAGER**

### **Attachment/s**

- 1  Q3 January-March 2021 Organisational Performance Report

Under Separate  
Cover

**HAWKE'S BAY REGIONAL COUNCIL**  
**CORPORATE AND STRATEGIC COMMITTEE**

**Wednesday 19 May 2021**

**Item 11**

**Subject: LTP IT WORK PROGRAMME DELIVERY**

**Reason for Report**

1. This item highlights key initiatives in progress to improve Council's digital systems as well providing an update on the planned programme for delivery, including \$30m capital spend, funded within the 2021-31 Long Term Plan (LTP) draft budgets.
2. It provides the context for a presentation to be made to the Committee by Andrew Siddles, Chief Information Officer.

**Background**

3. One certainty in today's business environment is that most organisations could not survive for very long without their digital systems. In the public sector, good digital systems are the 'table stakes' to meet the expectations of customers, partners, suppliers, staff and other stakeholders. Above these necessities, there are also opportunities for digital systems to enable different ways of doing our work and collaborating with our stakeholders.
4. Council has a diverse range of digital systems that enable the capture, analysis, storage and presentation of data. But there are key gaps in the application portfolio and obsolescence issues with many of our technology platforms. Expectations for integrated systems and reporting are also challenging within current application architectures and datasets.
5. In response to the huge demand for improvements to digital systems across many business units, Council has approved \$30m capital spend, within the 2021-31 Long Term Plan (LTP) draft budgets for the implementation of new digital systems.
6. As part of the Corporate Plan, we've committed to develop an implementation plan for the IT capital work programme.

**Implementation Plan for the IT Capital Work Programme**

7. The IT implementation plan will deliver the capital work programme at a fast pace, while also ensuring that numerous new and upgraded systems are delivered as a cohesive and integrated digital platform.
8. Although \$30m is a significant investment, it is still not enough to meet all of the requests that have been put forward by staff, customers and stakeholders. We have therefore needed to prioritise efforts and investments.
9. The prioritisation process was as follows:
  - 9.1. Requests for business proposals (60 project requests were received)
  - 9.2. Workshopped proposals to clarify the desired outcomes, estimated size, cost and risk profile
  - 9.3. Reviewed data from previous and current digital system implementations to improve understanding of our capacity to deliver
  - 9.4. The Executive leadership team then prioritised activities for the first 3 years of the LTP, taking account of business needs, risks and capacity to deliver
10. The digital system implementations that have been prioritised are illustrated and are attached.

11. This work programme is very ambitious, it will consume most of the resources of the ICT section, as well as many other staff from impacted business units. The implications of this are that there won't be residual capacity to respond to ad-hoc requests for new systems, or system enhancements. To mitigate this, we:
  - 11.1. have reserved 12-15% of project resources for medium sized / innovation projects
  - 11.2. will review internal processes and resources associated with the continuous improvement of existing digital systems.

### **Strategic Fit**

12. The IT work programme is a subset of the Corporate Plan, which underpins many of the desired outcomes and actions in HBRC Strategic Plan 2020-2025.
13. Two of the pillars within HBRC Strategic Plan 2020-2025 are specifically targeted for support and enablement through digital system implementations:
  - 13.1. Sustainable and climate-resilient services and infrastructure.
    - 13.1.1. Enterprise Asset Management System
  - 13.2. Healthy, functioning and climate-resilient biodiversity
    - 13.2.1. Improved systems for Biodiversity and Pest Management teams

### **Next Steps**

14. The IT work programme will be monitored and reported on as part of the broader Corporate Plan.
15. Individual project progress will be reported via the Project Management Office.
16. The IT work programme will have impacts on the wider Council organisation
  - 16.1. There will be an opportunity to review and re-design work processes in areas targeted for digital system implementations
  - 16.2. Process redesign and system implementation will have an impact on resourcing within customer business units. This impact is intended to be mitigated by funding backfill resources from project budgets.
17. IT project priorities will be reviewed annually, alongside the annual plan process. At this time, we will review the assumptions we've made about project sizing, capacity to deliver

### **Decision Making Process**

18. Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision making provisions do not apply.

### **Recommendation**

That the Corporate & Strategic Committee receives and notes the "*LTP IT Work Programme Delivery*" staff report.

#### **Authored by:**

**Andrew Siddles**  
**CHIEF INFORMATION OFFICER**

#### **Approved by:**

**Jessica Ellerm**  
**GROUP MANAGER CORPORATE SERVICES**

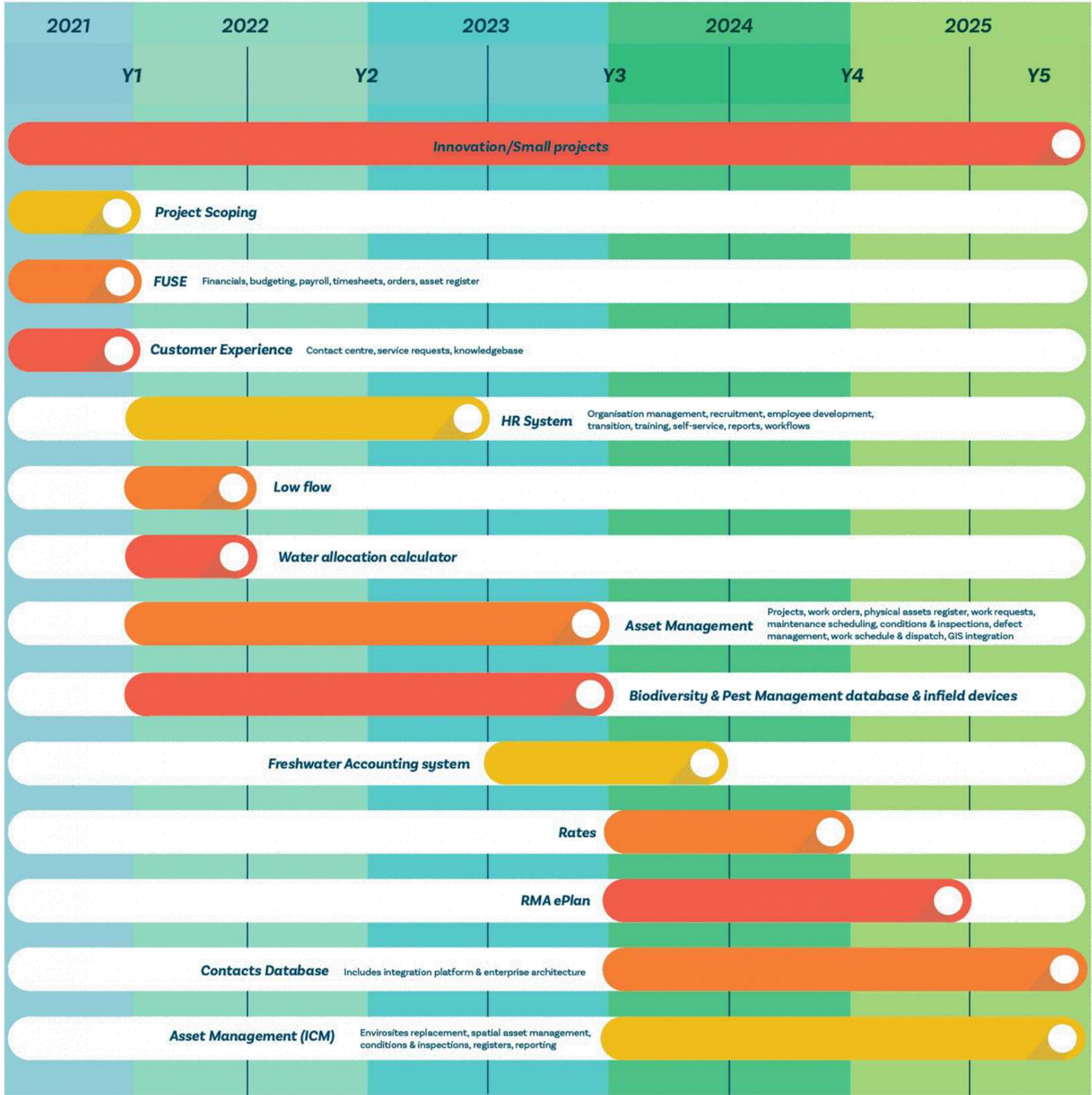
### **Attachment/s**

- 1 [↓](#) ICT Work Programme Timeline





# Timeline ICT Work Programme







**HAWKE'S BAY REGIONAL COUNCIL**  
**CORPORATE AND STRATEGIC COMMITTEE**

**Wednesday 19 May 2021**

**Subject: HBRIC QUARTERLY UPDATE**

**Reason for Report**

1. This item provides Council with a quarterly update on the affairs of Hawke's Bay Regional Investment Company (HBRIC) for the March 2021 quarter.

**Discussion**

2. Attached to this report are the HBRIC financial statements for the 9 months to 31 March 2021.
3. Key Items to note:
  - 3.1. Reported \$348k gain on sale of Port shares is due to a credit on advisor fees confirmed at final washup of IPO costs
  - 3.2. \$5.5mil of Port Dividend revenue recognised in December 2020
  - 3.3. \$4mil dividend paid by HBRIC to HBRC in December 2020
  - 3.4. \$249K of interest received from HBRC relating to interest on a loan from HBRIC to HBRC related to managed funds transferred to Council
  - 3.5. \$23mil YTD loss on revaluation of Napier Port shares
  - 3.6. \$4.3mil YTD gains on managed fund investments (realised and unrealised) of which \$1.2mil was divested in December 2020
  - 3.7. YTD surplus - \$5.9mil
  - 3.8. Net Assets - \$442mil.

**Managed Funds**

4. Full reporting on the HBRIC managed funds is provided via the Council treasury process.
5. The funds remain under management in compliance with Council's SIPO.
6. In December 2020, mirroring Council's approach, HBRIC liquidated circa \$1.2mil of funds after protecting the real capital value of the funds.
7. The value of managed funds with HBRIC as at 31 March 2021 amounted to \$48.7mil, a movement of approximately + \$3.1mil (post divestment) since 30 June 2020.

**HBRIC Capital Structure**

8. The Board of HBRIC has commenced the development of a clearer capital structure and investment mandate to support the growth of the company, as agreed with Council. When this is finalised, it will be shared with Council.
9. To support the required planning, the Board of HBRIC and Council Chair undertook a field trip to meet with similar entities and also entities involved in investment activities of interest. Visits included:
  - 9.1. Tainui Holdings - review of corporate investment model and inland port project
  - 9.2. Waikato Innovation Park – review of the hub's business model, which was used as a template for FoodEast

- 9.3. Quayside Holdings – review of corporate investment model, corporate structure and investment categories
- 9.4. Whakatohea Mussels – review of mussel industry and business model.

### **FoodEast**

- 10. At Council's request, HBRIC has been working with Hastings District Council and Progressive Meats to develop a viable business case for the development of a Food Innovation Hub in Hawke's Bay (to be named FoodEast).
- 11. Council and HBRIC agreed to commit up to \$200k to support the feasibility stage, with the option to invest further. Initial funding has been limited to \$100k, with further investment subject to further due diligence and a business case.
- 12. The business case was approved by the HBRIC Board in February and endorsed by Council at the February Council meeting. Council noted HBRIC will now finalise the investment quantum and terms under its delegated authorities.
- 13. At the February meeting, Council also agreed to consult on the creation of two new Council Controlled Organisations (CCO's) to enable FoodEast to be created. This has now been completed and approved by HBRC. HDC is completing its parallel CCO formation consultation process in the coming days.
- 14. Due diligence and final preparation for financial close is now well advanced with financial close targeted for the end of May/early June.
- 1. 15. Due diligence and final preparation for financial close is now well advanced with financial close targeted for the end of May/early June.
- 2. The investment structure is now being finalised, including:
  - 2.1. HBRIC's majority share
  - 2.2. Director appointments and governance structure during the start-up and construction phase
  - 2.3. Phasing of the capital investment.
- 16. The current schedule, subject to all of HBRIC's conditions being met on time (e.g. confirmation of Crown funding, finalisation of all documentation) will see the HBRIC Board make a final investment decision by 21 May 2021. At this time a decision is also required on the appointment of a director to FoodEast. This appointment requires Council approval and will need to be brought to the 26 May 2021 Council meeting in a public excluded session.
- 17. **Aquaculture** – There has been no further work on this item.

### **Film studios and TV show investment**

- 18. There has been no further work on this item, with any next steps resting with the interested third parties providing sufficient information and an investment case.

### **Whakatu Inland Port**

- 19. HBRIC is working with the Crown and Napier Port to develop a viable model. A further update will be provided once this is developed further.

## Napier Port

20. In April, Napier Port announced an earnings upgrade on the back of solid trade performance, increasing its earnings guidance from \$34m - \$38m to \$39m - \$42m.
21. The upgrade has largely offset the loss of cruise trade and has been supported by stable container trade and strong growth in bulk trades, largely logs.
22. Construction of 6 Wharf remains on budget and on track for completion late 2022.
23. A copy of Napier Port's half year trade results to March release is available at:  
<https://www.napierport.co.nz/investor-centre/>.
24. During the quarter Napier Port also officially launched its industry leading marine cultural health programme. Further information can be found at:  
<https://marineculturalhealth.co.nz>.

## Decision Making Process

25. Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision making provisions do not apply.

## Recommendation

That the Corporate and Strategic Committee receives and notes the "*HBRIC Ltd Quarterly Update*".

## Authored by:

**Kishan Premadasa**  
**MANAGEMENT ACCOUNTANT**

## Approved by:

**Jessica Ellerm**  
**GROUP MANAGER CORPORATE**  
**SERVICES**

## Attachment/s

- 1↓ HBRIC Statement of Financial Performance March 2021
- 2↓ HBRIC Statement of Financial Position March 2021



## HAWKES BAY REGIONAL INVESTMENT COMPANY LIMITED

STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE PERIOD ENDED 31 MARCH 2021

	Current YTD	Full Year Budget 2020-21	Remaining Budget 2020-21
<b>Income</b>			
<b>Interest Income</b>			
Interest Received - Term Deposits	1,147	5,000	- 3,853
Interest Received - Managed Funds	180		180
Interest Received - HBRIC	249,946	333,260	- 83,314
Total Interest Income	251,272	338,260	- 86,988
<b>Dividend Revenue</b>			
Dividends - PONTL	5,500,000	5,500,000	-
Dividends - Managed Funds	216,652	906,000	- 689,348
Total Dividend Revenue	5,716,652	6,406,000	- 689,348
<b>Other Revenue</b>			
Gain on Sale of Port Shares	1 348,000	348,000	-
Gain on Sale of Managed Funds			-
Total Other Income	348,000	348,000	-
<b>Total Income</b>	6,315,924	7,692,260	- 776,336
<b>Expenditure</b>			
<b>Finance Expenses</b>			
Bank Fees	89	200	- 111
Total Finance Expenses	89	200	- 111
<b>Operating Expenses</b>			
Audit Fees & Charges	19,925	78,500	- 98,425
Director's Fees	22,500	30,000	- 7,500
Insurance	33,600	44,800	- 11,200
Contractor Payments	40,500	167,000	- 126,500
Management Services - HBRIC	97,500	132,000	- 34,500
Forestry Project	10,000	10,000	-
Food Hub Project	-	20,000	- 20,000
Aquaculture Project	-	-	-
Professional Advice	22,142	30,000	- 7,858
Legal Fees	-	50,000	- 50,000
Investment Fees - Managed Funds	40,871	132,000	- 91,129
Realised Losses from Managed Funds	62,055		62,055
Tax paid on managed Funds	33,526		
Miscellaneous expense			-
Total Operating Expenses	342,768	694,300	- 351,532
<b>Total Expenditure</b>	342,857	694,500	- 351,643
<b>Surplus</b>	5,973,066	6,397,760	- 424,694
<b>Other Comprehensive Income</b>			
NPHL loss on share revaluation	2 - 23,100,000		
Unrealised Gain from Managed Funds	3,4 4,310,063		
<b>Total Comprehensive Income</b>	- 12,816,870		

**Notes to the Statement of Financial Performance for the period  
ending 31 March 2021**

**1 Gain on Sale of Port Shares**

Cost of Shares	177,400,000
----------------	-------------

**Consideration Received**

Cash	63,901,250
Additional funds received under clause 7.2 of S&P agreement	348,000
55% Shares in NPHL (110,000,000 shares @ \$2.60 a share)	286,000,000
Total Consideration Received	<u>350,249,250</u>
Total Gain	<u>172,849,250</u>
Portion of gain recognised in prior year	<u>172,501,250</u>
Portion of gain recognised in current year	<u>348,000</u>

**2 Shares - Napier Port Holdings Ltd**

Opening balance	396,000,000
Loss on revaluation as at 31/3/2021	- 23,100,000
Closing Balance	<u>372,900,000</u>

**Napier Port Holdings Ltd**

Total no of shares	200,000,000
HBRIC's share at 55%	110,000,000
NZX price per share as at 31/3/2021	3.39
Value as at 31/03/2021	<u>372,900,000</u>

**3 Transactions and Value as at 31 March 2021**

**Mercer**

Opening balance	31,031,541
less Redemptions (divested)	- 816,444
Net Gain*	<u>2,712,990</u>
Closing Value of Portfolio	<u>32,928,087</u>

**Jarden**

Opening balance	14,506,136
less Redemptions (divested)	- 384,209
Net Gain <sup>4</sup>	<u>1,676,008</u>
Closing Value of Portfolio	<u>15,797,934</u>

Total Closing Value of Funds with Fund Managers	48,726,021
---	------------



<b>4 Net Gain - Jarden</b>	
Gross Interest	180
Gross Dividends	216,652
less Tax	(33,526)
less Fees	(40,871)
less Realised losses	(62,055)
other adjustments	(1,447)
plus Unrealised gains*	1,597,073
<b>Net Gain</b>	<b>1,676,008</b>
<hr/>	
* Gains recognised in Other Comprehensive Income	4,310,063



## HAWKES BAY REGIONAL INVESTMENT COMPANY LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

		YTD Balance	30-Jun-20 Balance
<b>Equity and Liabilities</b>			
<b>Equity</b>			
<b>General Reserves</b>			
Asset revaluation reserves	1, 2, 3	91,743,838	110,535,223
<b>Total General Reserves</b>		91,743,838	110,535,223
<b>Shareholder's Funds</b>			
Authorised "A" share capital		177,500,000	177,500,000
Retained earnings	5	171,027,407	(1,005,301)
Dividends Paid	5	(4,000,000)	(46,457,500)
Transfers from revaluation reserves		212	170,600,848
CY profit(loss) after tax	4, 5	5,973,066	47,889,360
<b>Total Shareholder's Funds</b>		350,500,685	348,527,407
<b>Total Equity</b>		442,244,523	459,062,630
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Total GST		(5,250)	
Accrued expenditure			
Trade accounts payable		149	248,146
<b>Total Accounts Payable</b>		(5,101)	248,146
<b>Intergroup Advances</b>			
Advance from HBRC			
Loan from HBRC			
Total Intra-business Payables			
<b>Total Intergroup Advances</b>			
<b>Total Current Liabilities</b>		(5,101)	248,146
<b>Non Current Liabilities</b>			
HBRC Loan			
BNZ Loan			
Deferred Tax			
<b>Total Liabilities</b>		(5,101)	248,146
<b>Total Equity and Liabilities</b>		442,239,422	459,310,776

## HAWKES BAY REGIONAL INVESTMENT COMPANY LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	YTD Balance	30-Jun-20 Balance
<b>Assets</b>		
<b>Current Assets</b>		
<b>Cash and Cash Equivalents</b>		
Bank current account	95,097	205,625
Term deposit	3,452,320	551,415
Bank call account	184	(29)
<b>Total Cash &amp; Cash Equivalents</b>	<u>3,547,600</u>	<u>757,011</u>
<b>Accounts Receivable</b>		
Trade accounts receivable	83,315	
<b>Prepayments</b>		
Prepayments	119,093	152,693
<b>Total Prepayments</b>	<u>119,093</u>	<u>152,693</u>
<b>Income Tax</b>		
Current tax and RWT	200,358	199,763
<b>Total Income Tax</b>	<u>200,358</u>	<u>199,763</u>
<b>Total Current Assets</b>	<u>3,950,366</u>	<u>1,109,467</u>
<b>Non Current Assets</b>		
<b>Non Current Financial Assets</b>		
Shares - Napier Port Holdings Ltd	1 372,900,000	396,000,000
Funds with Fund Managers	2 48,726,021	45,537,678
HBRIC Loan	<u>16,663,036</u>	<u>16,663,036</u>
<b>Total Non-Current Assets</b>	<u>438,289,057</u>	<u>458,200,714</u>
<b>Total Assets</b>	<u>442,239,422</u>	<u>459,310,776</u>

## Notes to the Statement of Financial Position as at 31 March 2021

## 1 Shares - Napier Port Holdings Ltd

Opening balance	396,000,000
Gain/ (loss) on revaluation as at 31/03/2021	- 23,100,000
Closing Balance	<u>372,900,000</u>

## Napier Port Holdings Ltd

Total no of shares	200,000,000
HBRIC's share at 55%	110,000,000
NZX price per share as at 31/03/2021	3.39
Value as at 31/03/2021	<u>372,900,000</u>

## 2 Transactions and Value as at 31 March 2021

**Mercer**

Opening balance	31,031,541
less Redemptions (divested)	(816,444)
Net gain	2,712,990
Closing value of portfolio	<u>32,928,087</u>

**Jarden**

Opening balance	14,506,136
Net gain <sup>3</sup>	1,676,008
Less Redemptions (divested)	- 384,209
Closing value of portfolio	<u>15,797,934</u>

Total Closing Value of Funds with Fund Managers 48,726,021

## 3 Net Gain - Jarden

Gross Interest	180
Gross Dividends	216,652
less Tax	(33,526)
less Fees	(40,871)
less Realised losses	(62,055)
other adjustments	(1,447)
plus Unrealised gains	1,597,073
Net Gain	<u>1,676,008</u>

4

See Statement of Financial Performance for current year profit

**5 Retained Earnings****30-Jun-20**

Opening Balance	(1,005,301)
Less dividends paid to HBRC	(46,457,500)
Plus profit for the year	47,889,360
Plus adjustments	170,600,848
Closing balance	171,027,407

**2021 YTD**

Opening Balance	171,027,407
Less dividends paid to HBRC	(4,000,000)
Other adjustments	212
Plus YTD profit for the year	5,973,066
Closing balance	173,000,685

**HAWKE'S BAY REGIONAL COUNCIL  
CORPORATE AND STRATEGIC COMMITTEE**

**Wednesday 19 May 2021**

**Subject: HAWKE'S BAY TOURISM SIX-MONTHLY UPDATE**

**Reason for Report**

1. This item provides HB Tourism's update (attached) on achievements against key performance indicators as required by their Funding Agreement with Hawke's Bay Regional Council.
2. Hamish Saxton, HB Tourism CEO, will be in attendance to present the report.

**Decision Making Process**

3. Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision-making provisions do not apply.

**Recommendation**

That the Corporate and Strategic Committee receives and notes the "HB Tourism Six-monthly Update" report.

**Authored & Approved by:**

**Jessica Ellerm  
GROUP MANAGER CORPORATE  
SERVICES**

**Attachment/s**

- 1 [↓](#) Hawke's Bay Tourism CEO Report







# Hawke's Bay Tourism CEO Report to Hawke's Bay Regional Council May 2021

[WWW.HAWKESBAYNZ.COM](http://WWW.HAWKESBAYNZ.COM)





# General Overview

## HBT CEO Report to HBRC

Hawke's Bay has experienced its best ever visitor spend results for the months of June, July, August, September, October, November, December, January, and March. The visitor spend from domestic travellers has made up for the lack of international visitors. However, the spend is different and businesses more reliant on international visitors (and the cruise sector) have been feeling the pinch. Domestic visitors have tended to spend more in retail and hospitality.

February was one of the more challenging months with an elevation of alert levels in Auckland and cancellation of the Art Deco Festival. Spend-wise, it was also compared to last year which had 3 x Mission Concerts, and a busy international and cruise season.

Commercial accommodation property occupancy remains higher than the national average.

Our website continues to experience increased visitor traffic – reflecting marketing activity and the addition of the Food and Wine Country micro-site and additional copy and imagery content development.

Business event companies and venues are experiencing positive forward bookings. Due to strong bookings, business events that had to cancel due to community cases/alert changes found it challenging to move/postpone to the same venue for later dates. Venues have worked really well across the region to try to retain business in Hawke's Bay at competitor locations.

Interest in events has been extremely strong. Cycle events, The Little Easy in Central

Hawke's Bay, and The Big Easy both enjoyed increased numbers at Easter. Looking forward, most Winter F.A.W.C! events in June have sold out. The Hawke's Bay Marathon attracted record interest and had to cap entries to 8,200. Around 75% are from out of town – Auckland the highest at 30% and Wellington next at 18%. In the 2019 Marathon, there were 494 athletes registered from Wellington – in 2021 more than 1230.

Summer F.A.W.C! 2021 planning is well underway, including a media partnership with Cuisine magazine to celebrate Hawke's Bay legends – visionaries who have contributed to the region's reputation as Food and Wine Country, and concepts to build F.A.W.C! further beyond this year's 10<sup>th</sup> anniversary.

The team continues to work really well on the execution of marketing campaigns, the rollout of Food and Wine Country, the logistics and coordination of events, media famils and stories, travel trade and business event development and hosting, new imagery, the food and wine project and much more.

We have established a productive working relationship with New Zealand Māori Tourism, and are grateful for their guidance and expertise.

MBIE's Strategic Tourism Asset Protection Programme (STAPP) funding has proven an invaluable top-up to the support we receive from HBRC. It has allowed us to ensure we protect and grow our visitor economy during such financially corrosive times without open borders and international visitors.

# KPI Dashboard

HBT CEO Report to HBRC

**3.7%**share of domestic spend  
(target: 3.0%)

## Industry contribution

Target: \$200k

Achieving: \$212k



+ MBIE funding

\$700k STAPP

\$600k Regional Events Fund



## Earned media YTD

Equivalent advertising value = \$2.4m

Potential audience = 93m

Partnership developed  
with New Zealand  
Māori Tourism**47 members**signed up to Tourism  
Sustainability Commitment

## HBTC CEO Report to HBRC

March share of all Domestic TECT spend
3.73%
Last year
3.51%

Annual share of all Domestic TECT Spend

3.65%

Last year

3.46%

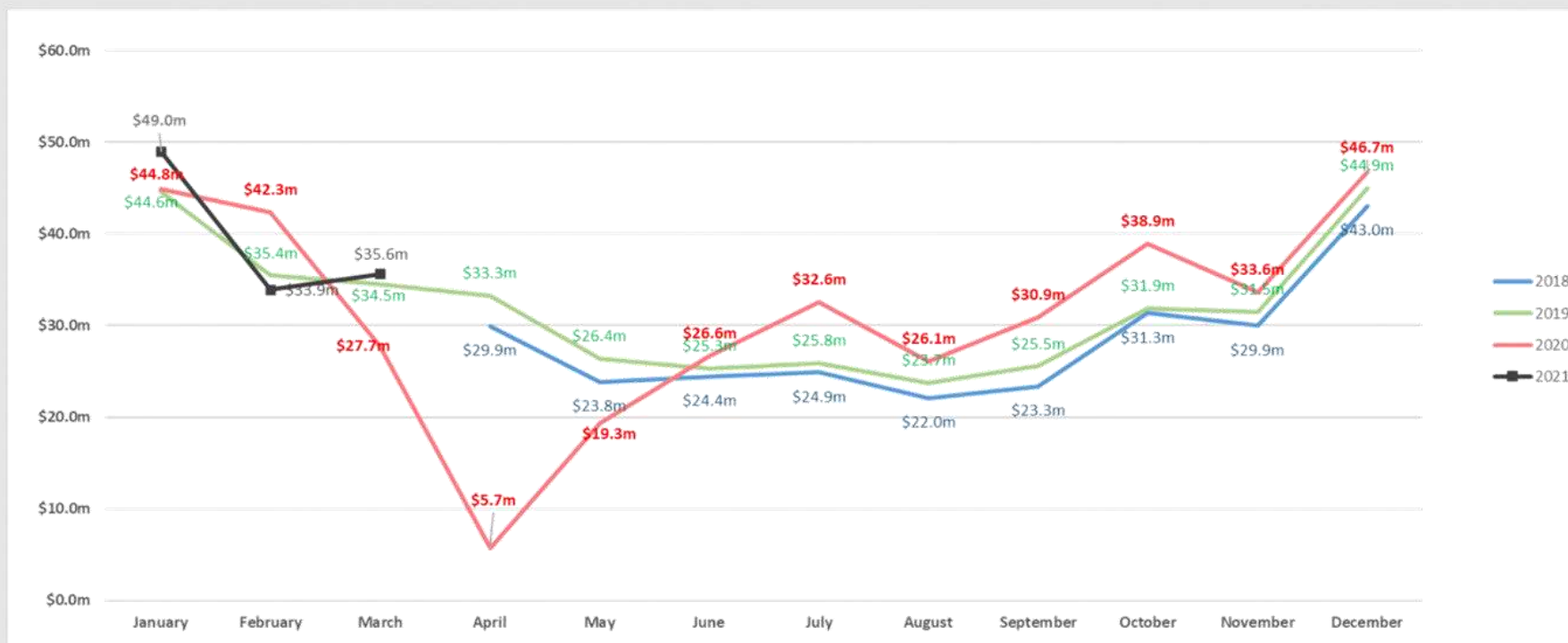
Annual share of Manawatu Spend
5.94%
Last year
5.77%

\$



# Monthly TECT tracking

HBT CEO Report to HBRC



# Commercial Accommodation

HBT CEO Report to HBRC

March Occupancy Overall
<b>51.9%</b>
Last year
N/A (new survey)
National occupancy
41.3%
RTO/region ranking
4 of 34

March Occupancy Hotels
<b>68.7%</b>
Last year
N/A (new survey)
National occupancy
54.8%
RTO/region ranking
3 of 17

March Occupancy Motels & Apartments (>20)
<b>83.0%</b>
Last year
N/A (new survey)
National occupancy
58.6%
RTO/region ranking
1 of 19

March Occupancy Motels & Apartments (6-20)
<b>80.7%</b>
Last year
N/A (new survey)
National occupancy
64.3%
RTO/region ranking
4 of 33



Note, regions with small datasets for accommodation types are excluded from published data

March Occupancy Backpackers
<b>29.9%</b>
Last year
N/A (new survey)
National occupancy
30.6%
RTO/region ranking
7 of 15

March Occupancy Holiday Parks & Campground
<b>38.4%</b>
Last year
N/A (new survey)
National occupancy
24.1%
RTO/region ranking
1 of 29

March Occupancy Lodges & Boutique
<b>46.7%</b>
Last year
N/A (new survey)
National occupancy
40.0%
RTO/region ranking
5 of 19



# Consumer Marketing

HBT CEO Report to HBRC

An Autumn campaign was completed successfully, fully launching our Food and Wine Country positioning into key markets across a range of paid, owned and earned channels. Highlights included a homepage takeover of the New Zealand Herald website, along with a 'flip edition' of NZME's Tuesday Travel magazine with 11 pages of dedicated Hawke's Bay content. Feedback from all stakeholder groups has been excellent, with considerable interest from partners in sharing some of the original content we have created.

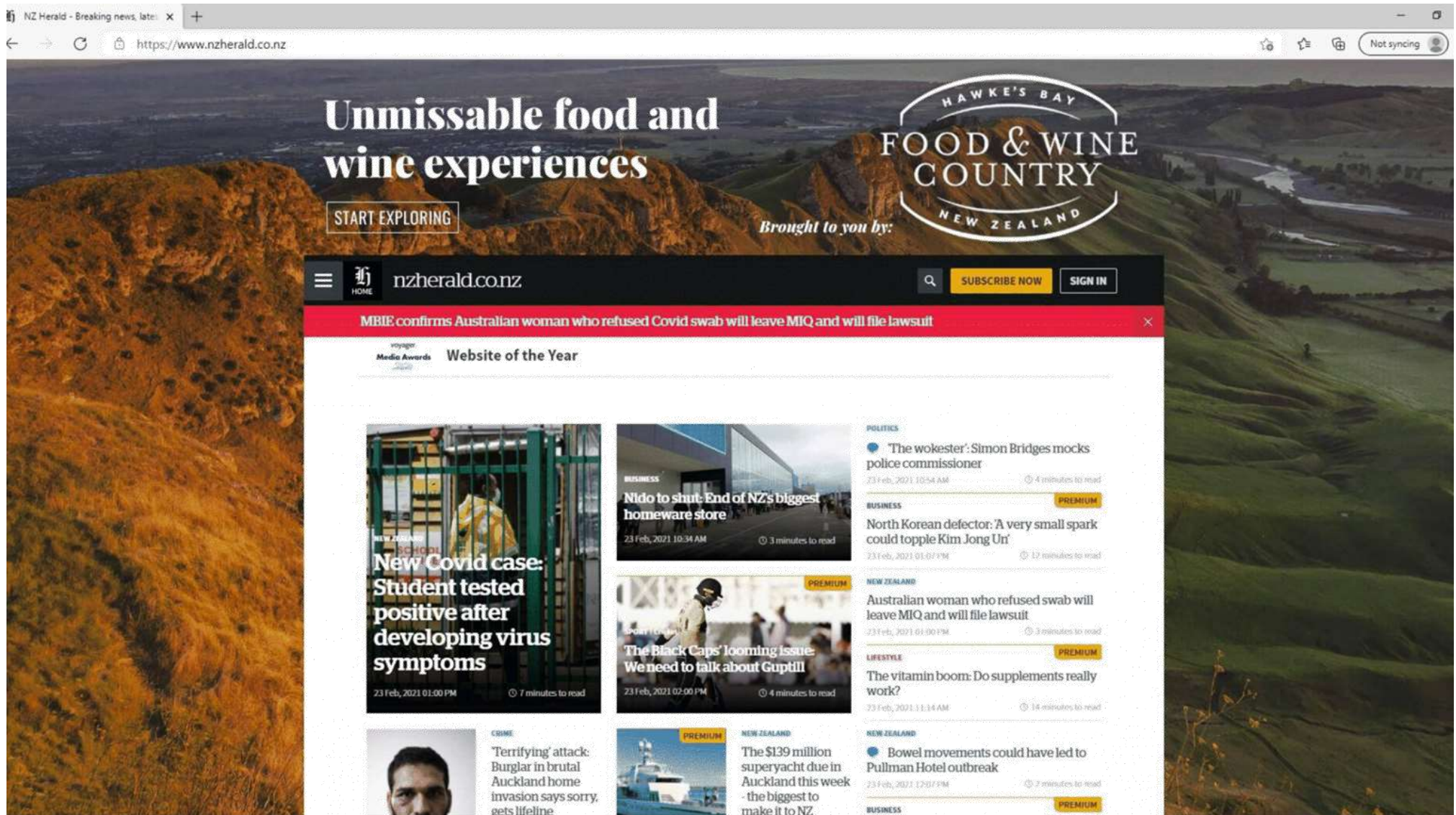
Following on from this brand-led campaign, we have invested in a partnership with Wandr Travel – which is the relatively new NZ arm of the Travlr travel platform in Australia. Wandr has established media partnerships with Stuff and Mediaworks, and also provides the booking platform for Stuff Travel. This opportunity to more directly connect media spend with operator bookings, combined with the media partnership focus – which creates third-party endorsement, rather than just directing everyone to our website – were appealing elements for this campaign and a point of difference from earlier activity. This campaign runs throughout May.

## hawkesbaynz.com

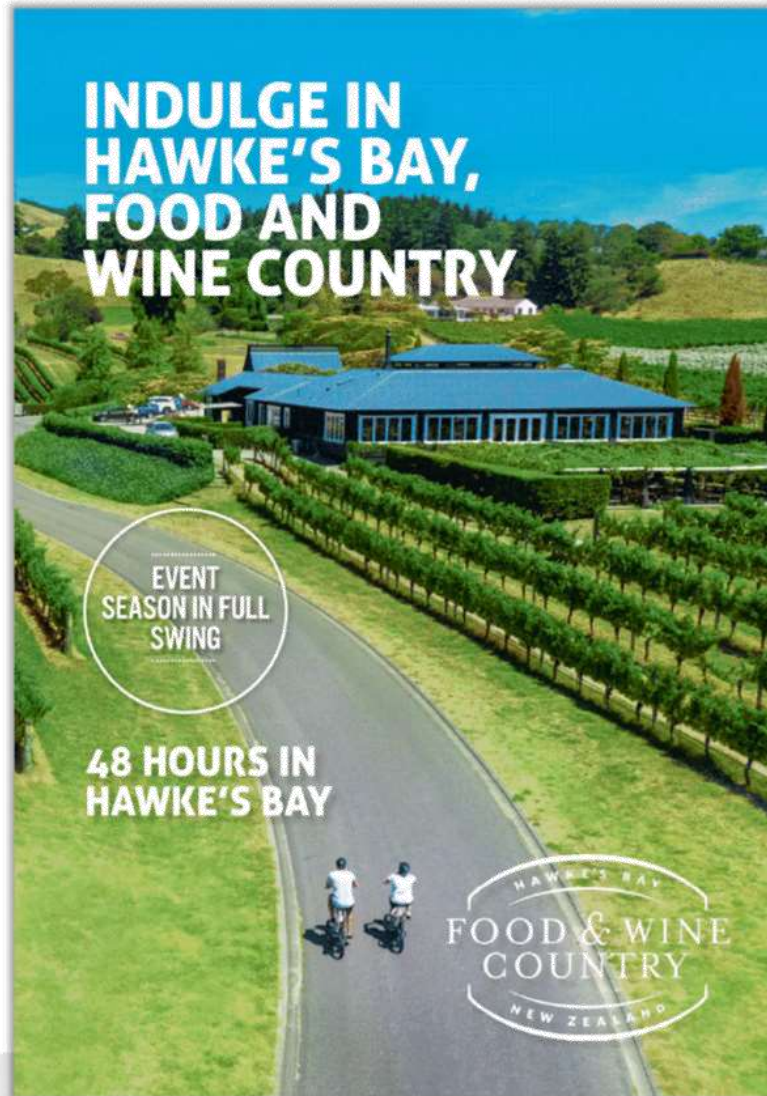
Website traffic continues to surge, with the 10 months of FY21 all recording record organic visitation. Current development is focusing on the evolution of our food and wine content to better align with our Food and Wine Country positioning, as well as the development of an itineraries section to present consumers with a suite of multi-day experiences. We are also in the process of transitioning our corporate website (used by members, trade and media) across from its current standalone platform to the same content management system we use for our consumer websites.

Organic website traffic









# Media and Public Relations

HBT CEO Report to HBRC

- Earned media coverage for the year to date = \$2.4million
- Audience reach for the year to date = 92,590,030

Highlights	Value	Audience
Food and Wine Country	\$529,763	3,841,000
Hawke's Baycation	\$242,075	14,085,000
Summer F.A.W.C!	\$77,515	1,818,000
Events	\$309,224	8,913,000
Operator profiles	\$239,724	27,059,000
Public Affairs	n/a	78,310
Wairoa	\$65,451	3,436,000
Central Hawke's Bay	\$121,917	9,549,000





# Trade Marketing & Business Events

HBT CEO Report to HBRC

## ECNI (Explore Central North Island) Partnership:

Preparation is underway for the following activities in the next 3 months

- PATA Exchange, Virtual Tradeshow – UK Market
- Southern World Virtual Tradeshow – North America Market
- Virtual Famil – Australia Market

## Auckland F.A.W.CI Activation:

20 key Trade partners joined us in Auckland for the Winter F.A.W.CI activation. The event was incredibly well received,

## TRENZ:

We are attending the 'TRENZ Hui' in May in Christchurch.

- 14 people from 9 member organisations are accompanying us.

## Website redevelopment:

New Business Events website went live in March. The content is constantly being updated. New downloadable resources will be available at the end of June.

[www.hawkesbaynz.com/business-events-guide/](http://www.hawkesbaynz.com/business-events-guide/)

## Trade Shows:

- Attended **AuSAE AssociationX**, Wellington in April,
- Attended **Conferenz** – Office PA & Event Planner Show, Auckland in March

Preparation is on track for our attendance at **Meetings 1-3<sup>rd</sup> June, 2021**. We have 4 operators joining us, and will be launching a new regional stand.

## Photography:

We have successfully captured new stock imagery from 4 different Business Events throughout the region. We are saving on the cost of talent by working with our members to capture events already scheduled that meet our brief. This is an ongoing project, funded by the TNZ Partnerships fund, to build our library of Business Event assets

## BEIA (Business Events Industry Aotearoa) Famil:

We showcased Hawke's Bay offerings ahead of firming up requirements for the BEIA's national Conference & AGM which will be held here in October



# Trade & Business Event Media

HBT CEO Report to HBRC

## Qantas Travel Insider:

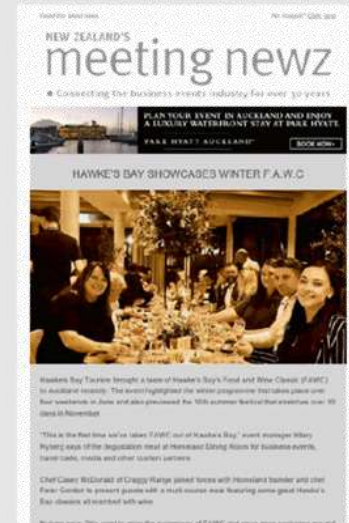
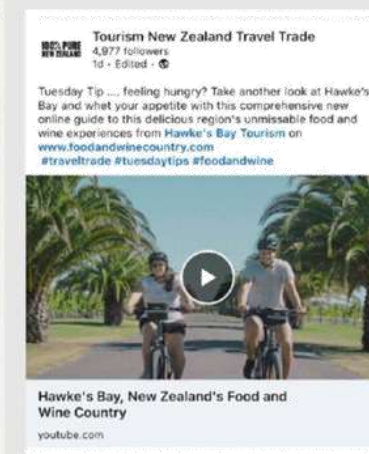
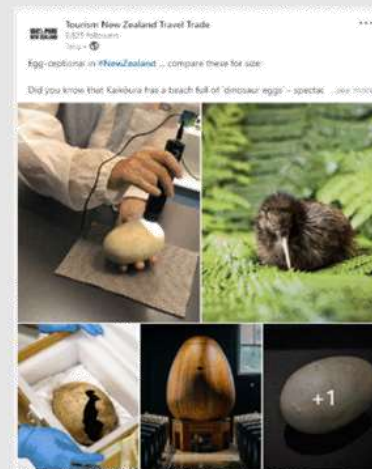
- Australia's No.1 airline and business magazine read by business executives, with a readership of 393K
- <https://www.qantas.com/travelinsider/en/qantas-magazine.html?c=november-2020-edition&page=1>

## Meeting Newz:

- Auckland F.A.W.C! activation featured online.

## Tourism New Zealand Travel Trade Social:

- Hawke's bay locations and destinations have featured in in multiple TNZ posts on the Travel Trade social accounts



## Consumer Events



### The Little Easy and The Big Easy – 2nd/3rd April 2021

We had record number of participants in this year's Big and Little Easy with close to 2000 riders taking part over Easter weekend. From our feedback survey we know that:

- 46% were visitors to the region
- Of those visitors, 75% said the Big Easy was the primary reason for their visit
- 93% rated the overall event good to excellent

### HBT CEO Report to HBRC

#### Winter F.A.W.C!

In April, we hosted a F.A.W.C! event in Auckland to launch the winter programme and promote Hawke's Bay as Food and Wine Country to over influential 60 media and travel trade guests. The event was prepared by Casey McDonald from Craggy Range (in conjunction with Homeland's Peter Gordon) using ingredients from Hawke's Bay. Hawke's Bay wines were presented by Sally Duncan, chairperson of Hawke's Bay Winegrowers. Since this activation there has been significant interest in working with us to promote our Summer F.A.W.C! 10th anniversary.

#### Ticket sales

We have had an amazing response to ticket sales for Winter F.A.W.C! with 89% of tickets sold across 48 events, of which 36 are sold-out events.



# Food and Wine Project

HBT CEO Report to HBRC

The Food and Wine Project is now in its eighth month. During this time, a database has been created and kept updated on producers and businesses in the food and beverage industry in Hawke's Bay with an accompanying report that pulls out some of the highlights discovered in the research phase.

Next steps that have been undertaken is the development of itineraries (to be launched in June) to sit alongside the unmissable food and wine experiences launched in February. We will then look at how this might transfer to some further marketing collateral such as printed maps.

There have been a number of media and trade famils that have utilised the additional knowledge from the project to demonstrate our regions positioning as New Zealand's Food and Wine Country.

Local food and wine heroes and ambassadors will be showcased in content via our Hawke's Bay Tourism channels as well as through the joint promotion with Cuisine magazine, F.A.W.C! Hawke's Bay Legends. This project will honour those visionaries who have contributed to making our region the foodie playground it is today.

We are also looking at how the project can feed into reinforcing the producer to plate premise of F.A.W.C! by identifying producers to partner with restaurants and wineries and locations that personify Food and Wine Country and the development of further seasonal events to celebrate our local produce.



# Central Hawke's Bay

HBT CEO Report to HBRC

**Central Hawke's Bay Visitor Guide** - is now in distribution with really positive feedback. This brochure came in response to a request from the broader visitor industry in Central Hawke's Bay, and has also been supported by advertisers along with Central Hawke's Bay District Council. The content has also been organised to take in a major recommendation of the Tourism Infrastructure Needs Assessment to package up the stories along the lines of thematic journeys, rather than just by geography.

**Little Easy** – Was a successful event with approximately 300 riders, many registering on the day. Rider Survey snapshot: 24.14% visited from outside of Hawke's Bay of which 44% travelled specifically for the event.

**Spring Fling** – we already have we have 15 quality events registered with a further 6 awaiting confirmation. 5 of the confirmed events are brand new to this year's Spring Fling Felicity is continuing to work with businesses and venues to identify opportunities to grow the programme with events that add quality experiences to the line-up.

## Associated events

Between The Lines readers and writer's festival – tickets are already selling very fast for this event, returning after last year's inaugural event. Six of the nine events have now sold out.

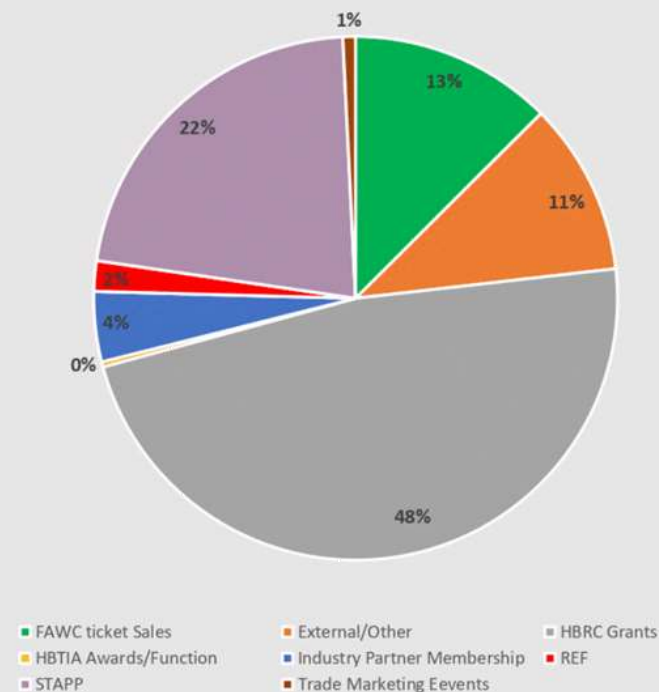


# Profit & Loss – 9 months to March 2021

HBT CEO Report to HBRC

	\$ YTD Actual	\$ YTD Budget	\$ Var NZD	\$ Full Year Budget
<b>Income</b>				
EV-FAWC Eventfinder Ticket Sales Income	214,567	200,000	14,567	400,000
External/Other Revenue	200,649	219,923	(19,274)	340,791
HB Regional Council Grants	1,140,000	1,139,994	6	1,520,000
HBTA Awards Revenue	4,725	10,000	(5,275)	10,000
Industry Partner Membership	129,091	117,390	11,701	138,390
Regional Events Fund	315,570	60,000	255,570	60,000
STAPP Funding	700,000	700,000	0	700,000
Trade Marketing Events	0	25,000	(25,000)	25,000
<b>Total Income</b>	<b>2,704,602</b>	<b>2,472,307</b>	<b>232,295</b>	<b>3,194,181</b>
<b>Less Cost Of Sales</b>				
Consumer Marketing	601,450	918,074	(316,624)	1,186,429
Events	297,874	330,700	(32,826)	670,600
Partner Programme	5,130	11,000	(5,870)	11,500
Trade Marketing	43,539	122,852	(79,313)	183,552
<b>Total Cost Of Sales</b>	<b>947,993</b>	<b>1,382,626</b>	<b>(434,633)</b>	<b>2,052,081</b>
<b>GROSS PROFIT</b>	<b>1,756,609</b>	<b>1,089,681</b>	<b>666,928</b>	<b>1,142,100</b>
<b>Less Operating Expenses</b>				
Admin & Accounting/Legal	5,128	6,238	(1,110)	54,965
Board Expenses	4,766	7,497	(2,731)	10,000
Director's Fees	34,165	45,000	(10,835)	60,000
IT & Telecommunications	14,398	13,194	1,204	17,600
Meetings & Travel	10,355	9,000	1,355	12,000
Motor Vehicle Expenses	22,031	22,740	(709)	24,540
Office Costs	23,797	19,929	3,868	26,575
Premises - Other	7,308	9,887	(2,579)	11,870
Premises - Rent	23,369	23,400	(31)	31,200
Salaries & Other Staff Expenses	555,867	565,450	(9,583)	769,350
Tax - FBT & Income	1,875	3,000	(1,125)	4,000
Tourism Development/Infrastructure	30,500	69,000	(38,500)	120,000
<b>Total Operating Expenses</b>	<b>733,559</b>	<b>794,335</b>	<b>(60,776)</b>	<b>1,142,100</b>
<b>NET PROFIT</b>	<b>1,023,050</b>	<b>295,346</b>	<b>727,704</b>	<b>0</b>

Hawke's Bay Tourism Income Sources





**HAWKE'S BAY REGIONAL COUNCIL  
CORPORATE AND STRATEGIC COMMITTEE**

**Wednesday 19 May 2021**

**Subject: DISCUSSION OF MINOR MATTERS NOT ON THE AGENDA**

**Reason for Report**

1. This document has been prepared to assist Committee members note the Minor Items Not on the Agenda to be discussed as determined earlier in Agenda Item 5.

Item	Topic	Raised by
1.		
2.		
3.		



**HAWKE'S BAY REGIONAL COUNCIL**  
**CORPORATE AND STRATEGIC COMMITTEE**

**Wednesday 19 May 2021**

**Subject: Confirmation of Public Excluded Minutes of the Corporate and Strategic Committee meeting held on 3 March 2021**

That the Corporate and Strategic Committee 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	REASON FOR PASSING THIS RESOLUTION	GROUND UNDER SECTION 48(1) FOR THE PASSING OF THE RESOLUTION
HBRIC Ltd Quarterly Update (to 31 December 2020)	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.
HBRIC Ltd Draft 2021-22 Statement of Intent	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	The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.
Wellington Leasehold Property Offer	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.

**Authored by:**

**Leeanne Hooper**  
**TEAM LEADER GOVERNANCE**

**Approved by:**

**Jessica Ellerm**  
**GROUP MANAGER CORPORATE SERVICES**