



Meeting of the Corporate and Strategic Committee

Date: Wednesday 13 June 2018
Time: 9.00am
Venue: Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
NAPIER

Agenda

| ITEM | SUBJECT | PAGE |
|--|---|------|
| 1. | Welcome/Notices/Apologies | |
| 2. | Conflict of Interest Declarations | |
| 3. | Confirmation of Minutes of the Corporate and Strategic Committee held on 14 March 2018 | |
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| 5. | Call for Items of Business Not on the Agenda | 7 |
| Decision Items | | |
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| 16. | Napier Port Capital Raising Options | 57 |

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

Wednesday 13 June 2018

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

Item 4

Reason for Report

1. In order to track items raised at previous meetings that require follow-up, a list of outstanding items is prepared for each meeting. All follow-up items indicate who is responsible for each, when it is expected to be completed and a brief status comment.
2. Once the items have been completed and reported to the Committee they will be removed from the list.

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 “***Follow-ups from Previous Corporate and Strategic Committee Meetings***” report.

Authored by:

**Leeanne Hooper
PRINCIPAL GOVERNANCE ADVISOR**

Approved by:

**Liz Lambert
GROUP MANAGER
EXTERNAL RELATIONS**

Attachment/s

- [!\[\]\(54a282d3ed55c9b1ac66d6fb81d5de2b_img.jpg\) 1](#) Follow-ups for June 2018 Corporate and Strategic meeting

Follow-ups from Previous Corporate and Strategic Committee Meetings

14 March 2018

| | Agenda Item | Follow-up / Request | Responsible | Status Comment |
|--|---|---|-------------|--|
| | Draft Regional Targets for Swimmable Lakes and Rivers | Draft targets to be released by 31 March 2018 | Liz Lambert | Council resolved 28 March and draft targets released. |
| | Draft Regional Targets for Swimmable Lakes and Rivers | Process to be flagged to the next RPC meeting and further development of final targets will be taken through that Committee for recommendation to Council | Liz Lambert | Item for RPC consideration on 20 June agenda. |
| | HBRC Letter of Expectation for HBRIC Ltd | Letter of Expectation for HBRIC Ltd to assist with preparation of 2018-19 Statement of Intent. | J Ellerm | Council resolved Letter of Expectation 28 March and draft Statement of Intent 30 May. Agenda item on today's (13 June) Corporate & Strategic Committee agenda for recommendation of final 2018-19 HBRIC Sol to Council for adoption. |
| | Council S17a Activities | Status of Council's section 17a reviews and compliance with this legislation | J Ellerm | Work programme of s17a reviews added to the Finance, Audit & Risk Sub-committee work programme with report back to each meeting as a standing agenda item |

Item 4

Attachment 1

HAWKE'S BAY REGIONAL COUNCIL
CORPORATE AND STRATEGIC COMMITTEE

Wednesday 13 June 2018

Subject: CALL FOR ITEMS OF BUSINESS NOT ON THE AGENDA

Item 5

Reason for Report

1. Standing order 9.12 states:

"A meeting may deal with an item of business that is not on the agenda where the meeting resolves to deal with that item and the Chairperson provides the following information during the public part of the meeting:

(a) the reason the item is not on the agenda; and

(b) the reason why the discussion of the item cannot be delayed until a subsequent meeting.

Items not on the agenda may be brought before the meeting through a report from either the Chief Executive or the Chairperson.

Please note that nothing in this standing order removes the requirement to meet the provisions of Part 6, LGA 2002 with regard to consultation and decision making."

2. In addition, standing order 9.13 allows "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."

Recommendations

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

| Item | Topic | Councillor / Staff |
|------|-------|--------------------|
| 1. | | |
| 2. | | |
| 3. | | |
| 4. | | |
| 5. | | |

Leeanne Hooper
PRINCIPAL GOVERNANCE ADVISOR

Liz Lambert
GROUP MANAGER
EXTERNAL RELATIONS

HAWKE'S BAY REGIONAL COUNCIL
CORPORATE AND STRATEGIC COMMITTEE

Wednesday 13 June 2018

Subject: RECOMMENDATIONS FROM THE FINANCE AUDIT & RISK SUB-COMMITTEE

Item 6

Reason for Report

1. The following matters were considered by the Finance Audit & Risk Sub-committee meeting on 6 June 2018 and are now presented for the Committee's consideration and approval.

Agenda Items

2. **Procurement and Contract Management Internal Audit** (attached) - presented the internal audit report for Procurement and Contract Management, including management commentary against each of the report's recommendations. The Sub-committee resolved to refer the report to this Committee for endorsement.
3. **Living Wage Implications Memorandum** (attached) – provided the Sub-committee with the Crowe Horwath Living Wage memorandum for review and consideration, and sought feedback about the potential inclusion of 'living wage' considerations in Council's procurement policy. The Sub-committee resolved that the Corporate and Strategic Committee make further recommendations to Council, and requested that staff provide additional context for the Committee's consideration, as included following.
 - 3.1. As highlighted in the memorandum, there are potential benefits to paying a worker a living wage. Intended benefits for the employee include recognition of the dignity and importance of work, and for some families this extends to no longer having to work multiple jobs and being able to provide for and spend time with their family. Intended benefits for the employer are noted as reduced employee turnover, attraction of more highly skilled job applicants, lower rates of sickness and absence, and reputational gain.
4. **Water Management Internal Audit** (attached) – provided the Crowe Horwath Water Management internal audit findings report, including management commentary against each of the report's recommendations. The Sub-committee requested that staff present the report to this meeting, with a high level view of the collaboration between Council's teams required to address the recommendations and further, recommended that the Corporate and Strategic Committee request a comprehensive report to the October 2018 Corporate and Strategic Committee meeting on progress responding to the report's recommendations.
5. **Proposed 2018-19 Internal Audit Programme** – proposed an internal audit programme for the 2018-19 financial year.
6. **HBRIC Ltd and Napier Port Valuations** – sought the Sub-committee's recommendation of an approach for the triennial valuation of the Hawke's Bay Regional Investment Company Ltd (HBRIC Ltd) for the year ended 30 June 2018.
7. **Local Government Act Section 17a Reviews** – provided an update on progress with s17a activities reviews to meet Council's obligations under s17a of the Local Government Act (2002).
8. **Resource Management Information System Implementation Update** – provided an update on progress with the implementation of the new Resource Management Information System software.
9. **David Benham Resignation** – provided to enable the sub-committee to formally accept Mr Benham's resignation.

10. **June 2018 Update on the Sub-Committee Work Programmes** – provided an overall update on the sub-committee’s work programme
11. **Proposed 2018-19 Council Insurance Programme** – in public excluded session, provided details covering the annual renewal of Council’s current insurance policies and the terms and conditions of renewal.

Decision Making Process

12. These matters have all been specifically considered at the Sub-committee level, and relevant reports are attached for the Committee’s consideration of further recommendations to Council.

Recommendations

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

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 these issues without conferring directly with the community and persons likely to be affected by or to have an interest in the decision.

Procurement and Contract Management Internal Audit

2. Endorses the ***Procurement and Contract Management Internal Audit Report***, including the commentary, and any follow-up actions, provided against each of the report’s recommendations by HBRC Executive staff.

Living Wage Implications Memorandum

3. Receives and notes the “***Living Wage Implications Memorandum***” and accompanying staff report.
4. Recommends that Council:
 - 4.1. Participates in and continually monitors results of the Public Transport Operating Model review and/or any central government policy changes that necessitate the reassessment of the GoBus contract to align with legislation and its own internal policies accordingly.
 - 4.2. Requests that staff amend Council’s procurement policy to give weighting to contractors who are paying the living wage, alongside other important factors such as environmentally friendly business practices and overall affordability, in Tender evaluation processes.
 - 4.3. Requests that Council’s procurement policy is published on the HBRC website (in line with the Procurement Review recommendations from Crowe Horwath).
 - 4.4. Undertakes an exercise to determine a Hawke’s Bay living wage.

Water Management Internal Audit

5. Requests that staff provide a comprehensive report on progress responding to the Crowe Horwath Water Management Internal Audit report findings and recommendations to the 3 October 2018 Corporate and Strategic Committee meeting.

HBRIC Ltd and Napier Port Valuations

6. Recommends that Council:
 - 6.1. Uses the Napier Port valuation provided by HBRIC Ltd as the basis for the valuation of HBRIC Ltd
 - 6.2. Considers undertaking a further valuation of HBRIC Ltd and Napier Port in the 2019-20 financial year.

Reports Received

7. Notes that the following reports were provided to the Finance Audit & Risk Sub-committee.
 - 7.1. Proposed 2018-19 Internal Audit Programme (*added Water Management re-run q4 of 2018-19 and delayed Treasury to 2019-20*)
 - 7.2. Local Government Act Section 17a Reviews (*agreed the proposed work programme*)
 - 7.3. Resource Management Information System Implementation Update
 - 7.4. David Benham Resignation
 - 7.5. June 2018 Update on the Sub-Committee Work Programmes
 - 7.6. Proposed 2018-19 Council Insurance Programme.

Authored by:





Melissa des Landes
MANAGEMENT ACCOUNTANT

Leeanne Hooper
PRINCIPAL GOVERNANCE ADVISOR

Approved by:

Jessica Ellerm
GROUP MANAGER CORPORATE
SERVICES

Attachment/s

- | | | |
|--|---|----------------------|
|  1 | Procurement and Contract Management Internal Audit Report | Under Separate Cover |
|  2 | Living Wage Implications Memorandum | Under Separate Cover |
|  3 | 6 June 2018 Finance, Audit & Risk Sub-committee Living Wage agenda item | Under Separate Cover |
|  4 | Water Management Internal Audit Report | Under Separate Cover |

HAWKE'S BAY REGIONAL COUNCIL
CORPORATE AND STRATEGIC COMMITTEE

Wednesday 13 June 2018

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

Item 7

Reason for Report

1. To enable the initiation of a process to appoint an independent member of the Finance, Audit and Risk Sub-committee (FA&R) to replace David Benham, who has tendered his resignation.

Background

2. The Terms of Reference for the FA&R, adopted by Council on 9 November 2016, state that membership of the sub-committee is:
 - 2.1. Four members of Council, being: Councillors Alan Dick, Neil Kirton, Paul Bailey and Rick Barker
 - 2.2. An external appointee, being: David Benham.
3. At the time (November 2016) 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 FA&R
 - 3.2. Whether the FA&R 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 FA&R 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 FA&R, 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, 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.

Recommendations

1. That the Corporate and Strategic Committee receives and notes the "Appointment of an Independent Member to the Finance, Audit and Risk Sub-committee" staff report.
2. The Corporate and Strategic Committee recommends that Council:
 - 2.1. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that Council can exercise its discretion and make decisions on this issue without conferring directly with the community and persons likely to be affected by or to have an interest in the decision.
 - 2.2. Initiates the process following for the appointment of an Independent member of the Finance, Audit and Risk Sub-committee to replace David Benham.
 - 2.2.1. Chief Executive to seek expressions of interest from suitably qualified candidates
 - 2.2.2. Sub-committee to assess Eols received and determine a shortlist of candidates for interview
 - 2.2.3. Sub-committee undertakes interview of the shortlisted candidates, after which the Sub-committee recommends the appointment of the preferred appointee to Council

Authored by:

Leeanne Hooper
PRINCIPAL GOVERNANCE ADVISOR

Approved by:

James Palmer
CHIEF EXECUTIVE

Attachment/s

There are no attachments for this report.

HAWKE'S BAY REGIONAL COUNCIL
CORPORATE AND STRATEGIC COMMITTEE

Wednesday 13 June 2018

Item 8

**Subject: DRAFT STATEMENT OF INVESTMENT POLICY OBJECTIVES AND
TREASURY POLICIES**

Reason for Report

1. To provide Council with a draft Statement of Investment Policy and Objectives (SIPO) and draft amendments to the Treasury Policies (Investment and Liability Management Policies) for discussion.

Background and Discussion

2. The 2018-25 LTP proposed to set aside the remaining \$50 million cash funds from the RWSS to be invested and provide a return of 4.5% for the first year of the LTP and then a 5% return for the rest of the LTP.
3. In the Council workshop on 9th May 2018, Bancorp Treasury Services Ltd provided a commercial investments overview setting out various investment options, return estimates and risk levels. From this information Council chose to peruse a balanced diversified investment portfolio and commissioned staff to start the process of drafting a SIPO and progressing a request for proposal (RFP).
4. PwC Treasury services were engaged to evaluate the current HBRC Treasury Policies, provide a comprehensive SIPO and help with the documentation and process for the RFP.
5. Attached are the following documents from PwC:
 - 5.1 Covering letter Treasury Policy Recommendations
 - 5.2 Draft Treasury Policies (Amended)*
 - 5.3 Draft Treasury (Amended with tracked changes)*
 - 5.4 Covering letter SIPO
 - 5.5 Draft SIPO*

*please note that the role titles used in these documents reflect the new reorganisation which will take effect on the 1st July 2018.

6. The Investment and Liability Management Policies have been amended to reflect treasury best practice and provide more detail to incorporate the use of a diversified investment portfolio, investment manager and LGFA borrowing.
7. These amendments are not seen as significant as they do not change the essence of the financial strategy consulted in the LTP. Changes to these two policies do not trigger a requirement to consult.
8. One change which needs to be discussed is that PwC have suggested that the borrowing limits that were set out in the Liability Management Policy and Financial Strategy should be aligned with the LGFA lending policy requirements.
 - 8.1 Previous limits :

| HBRC | |
|--|------|
| Total interest expense / total operating expenditure | <25% |
| Debt to Debt Equity Ratio | <28% |

8.2 Suggested new limits:

| | HBRC | LGFA |
|--|-------|-------|
| Net external debt as a percentage of total revenue | <150% | <175% |
| Net interest on external debt as a percentage of total revenue | <15% | <20% |
| Net interest on external debt as a percentage of annual rates income | <20% | <25% |
| Liquidity (liquid assets, term debt and committed debt facilities as a percentage of existing total external debt) | >110% | >110% |

RFP

9. Once Council are comfortable with the Treasury Policies and the SIPO the RFP can be advanced. PwC have started drafting the RFP and will finalise the draft document promptly once the following areas are confirmed by Council:

* Potential timeframes for the RFP process will be provided at the meeting.

Competitive Procurement Process

10. The HBRC procurement policy states that procurement over \$50,000 requires a competitive procurement process such as a RFP and this should be an open process that is available to all parties allowing for as many high quality participants as possible.
11. However the procurement policy does allow for the ability to proceed with a closed procurement process with a select number of participants but this would need approval from the Tenders Committee and there would need to be justification for this and a set criteria for short listing so that this could not be challenged by a party that was not invited to take part in the process.
12. Advice received from both Bancorp and PwC preferred a closed tender due to the timeframe, complexity and expense of a large open RFP process and given that the increased returns for the LTP are expected from 1 July 2018.

Criteria

13. If a closed RFP is preferred there needs to be some set criteria to determine how those were selected. Suggested list includes:
- 13.1 Qualifications
 - 13.2 Track Record
 - 13.3 Service
 - 13.4 Compliance
 - 13.5 Governance
 - 13.6 Fees
 - 13.7 Investment Philosophy and Process
 - 13.8 Expense ratios/fees
 - 13.9 Stability of the Organisation

Selection Process

14. Whichever competitive procurement process is chosen Council need to decide if the selection process will be driven by the whole of Council or through the Tenders Committee or other appropriate panel.

Decision Making Process

15. 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:
 - 15.1. The decision does not significantly alter the service provision or affect a strategic asset.
 - 15.2. The use of the special consultative procedure is not prescribed by legislation.
 - 15.3. The decision does not fall within the definition of Council's policy on significance.
 - 15.4. The persons affected by this decision are all ratepayers in the region.
 - 15.5. The decision is not inconsistent with an existing policy or plan.
 - 15.6. 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.

Recommendations

1. That the Corporate and Strategic Committee receives and notes the ***"Draft Statement of Investment Policy Objectives and Treasury Policies"*** staff report.
2. The Corporate and Strategic Committee recommends that Council:
 - 2.1. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that Council can exercise its discretion and make decisions on this issue without conferring directly with the community and persons likely to be affected by or to have an interest in the decision.
 - 2.2. Agrees to the new borrowing limits to align them to the LGFA lending policy requirements.
 - 2.3. Agrees to the Statement of Investment Policy Objectives as amended at the Corporate and Strategic Committee meeting on 13 June 2018 for adoption at the Council meeting on 27 June 2018.
 - 2.4. Agrees to the Investment and Liability Management Policies as amended at the Corporate and Strategic Committee meeting on 13 June 2018 for adoption at the Council meeting on 27 June 2018.
 - 2.5. Agrees to progress the RFP process after confirming:
 - 2.5.1 Either an Open or Closed competitive procurement process
 - 2.5.2 Either the selection panel composition of all of Council, the Tenders Committee or some other selection panel.

Authored by:

Manton Collings
CORPORATE ACCOUNTANT






Melissa des Landes
MANAGEMENT ACCOUNTANT

Approved by:

Jessica Ellerm
GROUP MANAGER
CORPORATE SERVICES

Item 8

Attachment/s

- | | | |
|---|--|----------------------|
|  1 | Covering letter Treasury Policy recommendations | Under Separate Cover |
|  2 | Draft Treasury Policies (Amended) | Under Separate Cover |
|  3 | Draft Treasury Policies - PwC marked up version | Under Separate Cover |
|  4 | SIPO Covering letter | Under Separate Cover |
|  5 | HBRC Long Term Investment Fund (Statement of Investment Policy and Objectives) | Under Separate Cover |

HAWKE'S BAY REGIONAL COUNCIL
CORPORATE AND STRATEGIC COMMITTEE

Wednesday 13 June 2018

SUBJECT: HBRC REPRESENTATION REVIEW

Item 9

Reason for Report

1. To provide the Committee with the proposed representation arrangements review process and timelines for agreement, and to seek feedback on any alternatives to the status quo that members would like staff to develop for Council's consideration.

Background

2. The Local Electoral Act (LEA) and Local Government Act (LGA) require Council to review its Representation Arrangements at least once every six years – 2018 to take effect for the 2019 elections, as the last review was carried out in 2012 for the 2013 elections.
3. At the Corporate and Strategic Committee meeting on 20 September 2017, the Committee was advised of the need for a representation review prior to the 2019 local body elections and asked to note the proposed timeline to undertake this review. That meeting resolved:
 - 3.1. The Corporate and Strategic Committee recommends that, in principle, Council retains the current Representation Arrangements; being five constituencies represented by 9 elected representatives as the basis for the Representation Review process subject to further advice from the Māori Committee on behalf of the Māori Community on the subject of Māori Constituencies.
4. Subsequent to the September Committee and Council meetings, the Council considered the establishment of one or more Māori constituencies at a meeting on 15 November 2017, which resolved:
 - 4.1. In accordance with s.19Z of the Local Electoral Act 2001, to not establish Māori constituencies for the Hawke's Bay Region for the 2019 local body elections.
5. Having resolved both the Electoral System to be used for the 2019 and 2022 Elections (30 August 2017) and the decision to not establish one or more Māori constituencies, it is now incumbent upon Council to review its Representation Arrangements.

Considerations for Council

6. The Local Electoral Act 2001 (LEA), together with the Local Government Act 2002 (LGA), specify the requirements for representation arrangements, including:
 - 6.1. Part 1A of the LEA contains various principles relevant to representation reviews, including the paramount consideration that local authorities, elected officers and other electoral officials must, in making decisions under the Act, adhere to "fair and effective representation for individuals and communities".
7. In conducting the representation review the Council must determine by resolution:
 - 7.1. The proposed number of constituencies
 - 7.2. The proposed name and the proposed boundaries of each constituency
 - 7.3. The number of members proposed to be elected by the electors of each constituency.
8. The term "community of interest" is not defined by Statute. It is a term that can mean different things to different people depending on a perspective from time to time. Common features of a community of interest are geography and social, economic and cultural connections, all of which contribute to the development of a shared identity.

9. The Commission's 'Guidelines to assist local authorities in undertaking representation reviews' provides three dimensions for recognising communities of interest, being:
 - 9.1. perceptual: a sense of belonging to an area or locality
 - 9.2. functional: the ability to meet the community's requirements for services
 - 9.3. political: the ability to represent the interests and reconcile conflicts of the community.
10. Councillors have an option of having anywhere between 6 and 14 Councillors representing the identified communities of interest in whatever proportion is decided. The principles identified by the Commission, for Councils considering this issue are:
 - 10.1. A recognised community of interest should not be split between electoral subdivisions
 - 10.2. Avoid grouping together two or more communities of interest that share few commonalities of interest
 - 10.3. Consider the accessibility, size and configuration of an area – with the population having reasonable access to its elected members and vice versa, for example would elected members be able to attend public meetings throughout their area and provide reasonable opportunities for their constituents to have face-to-face meetings?
 - 10.4. Would elected members be able to effectively represent the views of their electoral subdivision?
11. The key requirement for Fair Representation is to comply with the basic principle of population equality unless there are good reasons not to. A Regional Council can decide to not comply with Section 19(v)(ii) if it considers that effective representation of communities of interest so requires. Such a decision then requires referral of the proposal to the LGC for determination specifically stating the reasons for that decision.

Options Assessment

12. The 2013 LGC determination agreed the need for Wairoa, Central Hawke's Bay and Napier constituencies despite not meeting the +/-10% requirement due to:
 - 12.1. *"we agree that a separate Wairoa Constituency is necessary to ensure effective representation of this community of interest. In summary we agree that:*
 - 12.1.1. *Wairoa has a community of interest distinct from the rest of the region, both physically and socio-economically, and this presents particular challenges for community consultation and provision of services;*
 - 12.1.2. *the physical realities of the area give rise to particular issues not experienced elsewhere including hill country erosion, pressure on coastal development, pest management, transport infrastructure biodiversity protection, wetland enhancement, flooding and other natural hazards;*
 - 12.1.3. *effective representation is most unlikely to be achieved by merging Wairoa into another constituency in order to comply with the +/-10% rule as this would result in a very large area (70% of the land area of the region) with few commonalities of interest and still eligible for only one councillor;*
 - 12.1.4. *effective representation would be compromised in terms of both access to a councillor and representation of the diversity of the constituency; and*
 - 12.1.5. *the demands on a councillor servicing an enlarged area would be unreasonable."*
 - 12.2. *"We were satisfied, on the basis of the arguments put to us by the Council and supported by all of the objectors, that there was a case for reducing the size of Central Hawke's Bay Constituency to coincide with Central Hawke's Bay District, consistent with section 19U(c), notwithstanding it would not comply with the section 19V(2) fair representation requirement. We endorse the Council proposal in this respect accordingly."*

- 12.3. *“In excess of 2,000 people would need to be transferred from this constituency if it were to equate to the region average population per councillor with a minimum of over 500 to be transferred in order to be within a +/-10% variation. ... Given the numbers involved and the predominantly urban nature of the Napier Constituency, we note that a large segment of the outlying area of Napier City would have to be transferred to the adjoining Hastings Constituency. We also note that the neighbouring parts of the Hastings Community are primarily rural or semi-rural in nature. While it is guided by the principle of fair representation defined in the Act by the +/-10% rule, the Commission considers it is also appropriate to be guided by the requirement to ensure, so far as is practicable, constituency boundaries coincide with territorial authority boundaries ...”*
13. Staff consider that, given the previous resolutions of the Corporate and Strategic Committee and the Regional Council, and previous determinations of the LGC; the current Representation Arrangements for HBRC don't require substantial changes.
14. Staff also consider, however that through this review, Council should consider giving effect to boundary changes made by the Hastings District Council; being:
- 14.1. Hastings District councillors (22 March 2018) decided to recommend leaving the HDC current system largely in place, with just slight boundary changes to take into account new urban developments which would otherwise be included in rural wards.
- 14.2. Where these changes affect the Ngaruroro/Hastings constituency boundaries, staff recommend that the following meshblock changes are incorporated into the HBRC Representation Arrangements to be considered by Council for resolution on 25 July:
- 14.2.1. Lyndhurst (Meshblock 1471202) from Heretaunga to Hastings Havelock North (+850)
- 14.2.2. Williams Street (Meshblock 1471401) from Heretaunga to Hastings Havelock North (+500)
- 14.2.3. Howard Street (meshblock 1472900) from Heretaunga to Hastings Havelock North (+60)
- 14.2.4. Iona (meshblocks 1465506 and 1465601) from Heretaunga to Hastings Havelock North (+100)
- 14.2.5. Te Mata Hills (meshblock 1466710) from Kahuraniki to Hastings Havelock North (+250)
- 14.2.6. Resulting in 1760 moving out of the Ngaruroro Constituency, into the Hastings Constituency.

Consultation

15. After discussions at today's meeting, it is hoped that the committee will have provided clear direction to staff about whether there's a need to formulate alternative proposals for consideration on 25 July, to enable directly resolving and releasing an Initial Proposal for formal public consultation.
16. The process and timeframes for consultation are specified by the legislation, and depending on the nature of any proposed changes there could be a very low level of interest and input on the matter if historical indications are anything to go by.
17. Staff have not made a specific recommendation as to any consultation that could occur before the initial proposal is resolved because to a substantial degree it will hinge upon the extent of any changes proposed. One option could be for staff to conduct an informal online and social media survey to gauge public interest, and members' feedback is sought in this regard.

Summary of Decisions Required

18. The Committee is asked to provide guidance to Council staff today, on whether they want any proposals for alternative representation arrangements developed and provided to Council for consideration as its 'initial proposal' on 25 July.
19. The timelines for the Representation Arrangements review matters and decisions are:

| Key Project Milestone | Description | Due date |
|---|---|-------------------------------|
| 1. Electoral System decision | Council resolution re Electoral System | Achieved 12 Sept 17 |
| | -Public Notice – electors' right to demand electoral system poll | Achieved 19 Sept 17 |
| 2. Maori Constituencies decision | Council resolution to establish Maori Constituencies | Achieved 23 Nov 17 |
| | -Public Notice – establish Maori constituencies if resolved | Achieved |
| 3. Poll Demand | Poll demand for Electoral System or Maori Constituencies | No Demand made |
| | Hold poll if demanded or resolved by 21 February | No Demand made |
| 4. Present options and initiate review | Present status quo with HDC changes seek alternative options for further development | 13June C&S |
| | Council resolution (recommended by C&S) to initiate Representation Review | 27 June |
| 5. Pre-engagement with Public if agreed | Questionnaire /survey, Facebook, HBRC website | 28 June- 13 July |
| 6. Council resolves Initial Proposal | Council selects preferred option as Initial Proposal for notification 19U –effective representation 19V –fair representation and other factors | 25 July 2018 |
| Within 14 days of resolution | Public Notice of initial proposal and open submissions 19L – distribution of copies of resolution 19M – public notice of proposals, and responsibilities in relation to submissions | 4 August |
| | Close of submissions on Initial Proposal | Monday 17 Sept |
| 7. Respond to Submissions | If submissions received, Council considers within 6 weeks of closing 19N – response to submissions | 3 Oct C&S |
| 8 Final Proposal | Amend Proposal from submissions hearings if appropriate - Resolve Final Proposal | Council meeting on 24 October |
| | Public Notice of Final Proposal | On or before Sat 27 Oct 2018 |
| 9. Appeals/Objections | Period of 1 month allowed for 19O appeals /19P objections | Close 26 Nov18 |
| 10. Lodge Final Proposal with LGC | - If no Appeals/Objections –Council confirms as final + Gives Public Notice of Final Proposed Arrangements | 28 Nov 2018 3 Dec 18 |
| | - Forward all documentation to LGC for final determination (not all constituencies meet +/-10% rule) | 10 Dec 18 |
| | - If appeals/objection are received, advise 28Nov Council meeting and forward all documentation to LGC for determination | before 15 Jan 19 |

Decision Making Process

20. 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:
 - 20.1. The decision does not significantly alter the service provision or affect a strategic asset.
 - 20.2. The use of the special consultative procedure is prescribed by legislation, and will be undertaken in accordance with relevant provisions of the Local Government Act and Local Electoral Act.
 - 20.3. The decision does not fall within the definition of Council's policy on significance.
 - 20.4. The persons affected by this decision are the voters within Hawke's Bay Regional Council boundaries.
 - 20.5. The decision is not inconsistent with an existing policy or plan.
21. 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 this decision, Council can exercise its discretion and make this decision in light of the consultation process to be undertaken to seek public input to inform the final decisions.

Recommendations

1. That the Corporate and Strategic Committee receives and notes the ***"HBRC Representation Review"*** staff report.
2. Considers the matters raised in this paper and provides direction to Council staff on the scope of any proposals for alternatives to the current representation arrangements to be developed and provided to Council for consideration on 25 July 2018.
3. The Corporate and Strategic Committee recommends that Council:
 - 3.1. Notes that the decisions in relation to Council's Representation Arrangements will be made in accordance with Council's adopted Significance and Engagement Policy, provisions of the Local Electoral Act 2001 (LEA) and the Local Government Act 2002.
 - 3.2. Initiates the review of the Hawke's Bay Regional Council's representation arrangements as required by the Local Electoral Act 2001 (LEA) and the Local Government Act 2002.
 - 3.3. Requests that staff present proposals for Council's consideration and resolution of the HBRC initial proposal for public notification to the 25 July Regional Council meeting.

Authored by:

Leeanne Hooper
PRINCIPAL GOVERNANCE ADVISOR

Approved by:

Liz Lambert
GROUP MANAGER
EXTERNAL RELATIONS

Attachment/s

There are no attachments for this report.

HAWKE'S BAY REGIONAL COUNCIL
CORPORATE AND STRATEGIC COMMITTEE

Wednesday 13 June 2018

Subject: COUNCILLOR APPOINTMENT TO HB TOURISM BOARD OF DIRECTORS

Item 10

Reason for Report

1. To seek nominations for appointment to the HB Tourism Board of Directors to replace Councillor Fenton Wilson, who has resigned.

Hawke's Bay Tourism

2. Tourism Hawke's Bay is the official Regional Tourism organisation (RTO) for Hawke's Bay. It is governed by a Board, which includes a representative from the Hawke's Bay Regional Council.
3. HB Tourism is a membership based organisation and offers two partnership programme models.
 - 3.1. Industry Partner – for businesses with a direct relationship to the visitor industry e.g. accommodation, transport operators, attractions, retailers, hospitality industry and wineries.
 - 3.2. Support Partner – for support service businesses, industry and sector associations and those with a genuine desire to support economic development in Hawke's Bay through tourism initiatives.
4. The Board of HB Tourism meets approximately every six weeks and undertakes:
 - 4.1. Governance of HB Tourism, including progress towards achieving key performance indicators
 - 4.2. Extensive stakeholder engagement with tourism operators, central and local government and other agencies
 - 4.3. Consideration of new initiatives for tourism in Hawke's Bay (for example, F.A.W.C! Food and Wine Classic)
5. Tourism Hawke's Bay is jointly funded by the Hawke's Bay Regional Council and the local tourism industry through the Hawke's Bay Tourism Industry Association.

Options Assessment

6. Councillors are appointed to various external bodies where representation from the HBRC has been requested, or and/or where HBRC has a financial interest.
7. The role of councillors on these various organisations is not to direct or lead the organisation (except where appointed by the organisation to do so) but instead it is to inform the organisation of Council's views and to act as a conduit for the organisation back to Council.
8. As Council jointly funds Tourism Hawke's Bay, it is recommended that HBRC appoints a Director to the Board of Tourism Hawke's Bay to replace Cr Wilson.

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.
 - 9.2. The use of the special consultative procedure is not prescribed by legislation.

- 9.3. The decision does not fall within the definition of Council's policy on significance.
- 9.4. The persons affected by this decision are Council's elected representatives and members of the HB Tourism Board of Directors.
- 9.5. The decision is not inconsistent with an existing policy or plan.
- 9.6. 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.

Recommendations

- 1. That the Corporate and Strategic Committee
 - 1.1. receives and notes the "Councillor Appointment to HB Tourism Board of Directors" staff report
 - 1.2. nominates Councillor for appointment as Director on the HB Tourism Board of Directors as Council's representative to replace Councillor Fenton Wilson.
- 2. The Corporate and Strategic Committee recommends that 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 this decision without conferring directly with the community and persons likely to be affected by or to have an interest in the decision.
 - 2.2. Appoints Councillor to the HB Tourism Board of Directors.

Authored by:

Leeanne Hooper
PRINCIPAL GOVERNANCE ADVISOR

Approved by:

James Palmer
CHIEF EXECUTIVE

Attachment/s

There are no attachments for this report.

HAWKE'S BAY REGIONAL COUNCIL
CORPORATE AND STRATEGIC COMMITTEE

Wednesday 13 June 2018

Subject: HBRIC LTD DRAFT 2018-19 STATEMENT OF INTENT

Reason for Report

1. To provide the draft HBRIC Ltd 2018-19 Statement of Intent (attached) as amended in accordance with feedback provided by Council at its meeting on 30 May 2018, to enable adoption of the Sol by 30 June to meet legislative timeframes.

Background

2. HBRIC Ltd has developed its final 2018-19 Statement of Intent in accordance with the Letter of Expectation provided by Council 8 April 2018 and subsequent feedback on the draft presented to Council on 30 May 2018.

30 May Feedback and Amendments

3. Council provided the following agreed feedback for incorporation into the HBRIC Ltd 2018-19 Statement of Intent.
 - 3.1. update Council's vision to wording as in Council's 2017-2021 Strategic Plan (adopted by Council 30 August 2017)
 - 3.2. under *Board appointments* heading, change the word '*commercial*' to '*appropriate relevant*' expertise

Decision Making Process

4. The Sol for HBRIC Ltd is required to be prepared under section 64 of the Local Government Act 2002 (the Act). This is a statutory requirement and is not subject to consultation under the provisions of the Act.

Recommendations

1. That the Corporate and Strategic Committee receives and notes the ***"HBRIC Ltd 2018-19 Statement of Intent"*** staff report.
2. The Corporate and Strategic Committee recommends that Council:
 - 2.1. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that Council can exercise its discretion and make decisions on this issue without conferring directly with the community and persons likely to be affected by or to have an interest in the decision.
 - 2.2. Adopts the HBRIC Ltd 2018-19 Statement of Intent as attached.

Authored by:

Jessica Ellerm
GROUP MANAGER
CORPORATE SERVICES

Approved by:

James Palmer
CHIEF EXECUTIVE

Attachment/s

- [!\[\]\(1fd18b524d5424e49d618cba18b5cf0d_img.jpg\) 1](#) Amended draft HBRIC Ltd 2018-19 Statement of Intent

HAWKE'S BAY REGIONAL
INVESTMENT COMPANY LTD

Item 11

DRAFTFINAL
Statement of Intent
For the Year Ending 30 June 2019

Attachment 1

Directory**Postal Address:**

Private Bag 6006, Napier 4142

Registered Address:

159 Dalton Street, Napier South, Napier 4110

Board:

Mr Rex Graham
Mr Peter Beaven
Mr Dan Druzianic

Contact:

Email – comms@hbric.nz

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1. Introduction

This Statement of Intent (SoI) is prepared in accordance with Section 64(1) of the Local Government Act 2002.

The SoI specifies for Hawke's Bay Regional Investment Company Limited (HBRIC Ltd) and its subsidiaries the objectives, the nature and scope of the activities to be undertaken, and the performance targets and other measures by which the performance of the group may be judged in relation to its objectives, amongst other requirements.

The process of negotiation and determination of an acceptable SoI is a public and legally-required expression of the accountability relationship between the company and its shareholder, the Hawke's Bay Regional Council (Council).

The SoI is reviewed annually with Council and covers a three year period.

HBRIC Ltd is a council-controlled trading organisation (CCTO) for the purposes of the Local Government Act 2002.

2. Mission Statement

HBRIC Ltd's mission is:

To optimise the financial and strategic returns to Council from its allocated investment portfolio to assist Council achieve its vision of "a healthy environment, a vibrant community and a prosperous economy"~~region with a vibrant community, a prosperous economy, a clean and healthy environment, now and for future generations~~.

3. Objectives

The objectives of HBRIC Ltd are to:

- Actively manage its allocated investment portfolio and any new investments it makes, including its shareholding in the Port of Napier Limited (Napier Port), to ensure:
 - growth of shareholder value
 - increased financial and strategic returns
 - investments are secure and sustainable over the long term.

4. Nature and Scope of Activities to be Undertaken

HBRIC notes Council's Letter of Expectation dated 1 April 2018.

HBRIC Ltd will:

- Own and manage the investment assets and liabilities transferred to it by Council from time to time.
- Encourage and facilitate subsidiary and associated companies to increase shareholder value and regional prosperity through growth, investment and dividend payments.
- Ensure that best practice governance procedures are applied to the key regional infrastructure and financial investments that are under HBRIC Ltd's ownership.
- Monitor the performance of each subsidiary and associated company against their stated economic, environmental and social performance objectives and against relevant benchmarks, ensure that they have proper governance procedures in place, and promote sustainable business practices.
- Advise Council on strategic issues relating to its investments including, but not limited to, ownership structures, capital structures and rates of return.
- Perform financial, custodial and other functions required by Council which may include:
 - Enabling diversification of the Region's income streams for the benefit of ratepayers.
 - Enhancing Council's capability to manage an active investment policy.
- Comply with the LGA provisions requiring a special consultative process, and with Council policies, in regard to any disposal or part-disposal of shares in any Strategic Asset, for example by way of part sales of shares in Napier Port
- Advise Council of any material capital expenditure projects by HBRIC Ltd or via its subsidiaries.
- Only invest in, or dispose of, investments, and use all income derived from these activities for Regional Council purposes and functions consistent with Council's Investment Policy.

Port of Napier Limited (Napier Port)

Napier Port is the leading international port in central New Zealand. Its East Coast location close to New Zealand's main international shipping lane together with excellent road, rail and coastal transport links enables the most efficient pathway to market for an increasing range of exports in an expanded central New Zealand catchment.

The Council beneficially owns 100% of the shares in Napier Port through HBRIC Ltd. Council's strategic objective is for HBRIC Ltd to continue to beneficially hold control of Napier Port as a key means of assisting economic development of the region. The investment is expected (via dividends) to be a significant source of non-rate revenue for Council and has long-term prospects of growth and

development.

Council, via a Capital Structure Review Panel has recently evaluated the risks and benefits of continuing to own 100% of Napier Port and has reported to Council on this evaluation. During the year it is expected that Council will decide on a preferred capital structure for Napier Port and will consult the public on this.

HBRIC Ltd and Council will be bound by the provisions of the Port Companies Act 1988 in respect of the shareholding in Napier Port.

5. Corporate Governance

This section gives readers an overview of the company's main corporate governance policies, practices and processes adopted or followed by the HBRIC Ltd Board.

Role of the Board of Directors

The Board of Directors is responsible to Council for the direction and control of HBRIC Ltd's activities. The Board is to guide and monitor the business and affairs of HBRIC Ltd in accordance with its mission and objectives as set out in this Statement of Intent.

The Chief Executive has been delegated responsibility for the day to day management of the company, assisted by staff as required. HBRIC Ltd may make use of external advisers from time to time.

All directors are required to comply with a formal Code of Conduct, which is based on the New Zealand Institute of Directors' Principles of Best Practice.

Following a biennial Board and Director evaluation of skills and competencies required for the Board of HBRIC Ltd, the Chairman will report to Council on the results of each evaluation.

Responsibility to Shareholder

Statement of Intent

In accordance with the Local Government Act 2002, each year by 1 March HBRIC Ltd will submit a draft Statement of Intent for the ensuing year to Council for its consideration. The SoI sets out HBRIC Ltd's overall objectives, intentions and financial and performance targets. Having considered any comments on the SoI by Council, the final operative Statement of Intent is then delivered to Council (as shareholder) for its approval on or before 30 June each year.

Board Composition and Fees

Appointments to the HBRIC Ltd board are made directly by Council.

Fees for the HBRIC Ltd Board will be set triennially in accordance with Council policy. HBRIC Ltd will effect an appropriate directors' and officers' liability insurance cover at the expense of HBRIC Ltd.

The Board generally meets at monthly intervals, and more often when required.

Expense Reimbursement

HBRIC Ltd will reimburse Council for the ongoing cost of management, accounting and administrative services incurred by Council in providing these services to HBRIC Ltd. HBRIC Ltd will also reimburse Council for specialist advisory, technical and management services it provides to HBRIC Ltd for particular investments. Other services will be contracted between Council and HBRIC Ltd for other investment management and operation as required.

Subsidiary Companies

All subsidiary companies are required to submit an annual Statement of Intent to HBRIC Ltd, which will evaluate them and suggest changes as considered necessary, before finalisation by the company concerned. In the event of a new subsidiary company being established the first statement of Intent of the subsidiary company will be referred to the Council for comment. Subsequently, if any material changes are proposed by subsidiaries, HBRIC Ltd will consult with Council on such changes.

Representatives of the subsidiary board and management will meet with HBRIC Ltd at least twice each year, to discuss the company's strategic direction and any significant issues that arise. The Board also receives such other reports as are necessary to perform its monitoring function. However, HBRIC Ltd does not involve itself in the operational management of the subsidiary companies.

Board appointments

All directors of subsidiary companies (and associate companies, if any) are selected through an open, professionally managed process, for their ~~commercial~~ appropriate relevant expertise and aptitude in accordance with Council's Appointments Policy, and approved by Council.

Financial results

Directors receive and review parent company financial and other reports monthly, and provide formal group and parent company financial statements to the shareholder twice annually – for the half year to 31 December and for the year ended 30 June.

Joint Ventures

Joint ventures not established as company entities will adhere to the reporting requirements specified for subsidiary companies above.

6. Ratio of Shareholders' Funds to Total Assets¹

The forecast ratio of shareholders' funds to total assets, and capital structure for the next three years is:

Table 1

| Parent Company | Opening 17/18 | 18/19 | 19/20 | 20/21 |
|----------------------------------|------------------|---------|---------|---------|
| Shareholder's funds/total assets | >90% | >90% | >90% | >90% |
| Net debt (\$000) | 6,000 | 6,000 | 6,000 | 6,000 |
| Shareholders' funds (\$000)* | 240,000 | 240,000 | 240,000 | 240,000 |

* No assumptions for Napier Port future capital structure included.

7. Performance Targets and Measures

Financial

The key performance targets of HBRIC Ltd are to achieve or better the financial results set out in the tables below.

Table 2

| HBRIC Ltd Parent | | | |
|--|-------------------|-------------------|-------------------|
| PERFORMANCE TARGETS | | | |
| Performance Indicator | 2018-19 Target | 2019-20 Target | 2020-21 Target |
| Net debt to net debt plus Equity | <10% | <10% | <10% |
| Interest cover (EBIT/Interest Paid) | >3x | >3x | >3x |
| EBITDA/Total Assets | 3% | 3% | 3% |
| Return on Shareholders' Funds | 3% | 3% | 3% |
| Ordinary Dividends | \$7.0m-\$10m | TBA | TBA |
| Notes: EBIT = Earnings Before Interest and Tax EBITDA = Earnings Before Interest, Tax, Depreciation and Amortisation TBA – to be advised | | | |

¹ Shareholders' funds are defined as the sum of paid up capital, capital reserves and revenue reserves of the parent company. Total assets are defined as the total book value of all assets of the parent company as disclosed in the statement of financial position.

Table 3

| Consolidated PERFORMANCE TARGETS | | | |
|---|---------------------------|---------------------------|---------------------------|
| Performance Indicator | 2018-19 Target | 2019-20 Target | 2020-21 Target |
| Net debt to net debt plus Equity | <40% | <40% | <40% |
| Interest cover (EBIT/Interest Paid) | >3x | >3x | >3x |
| EBITDA/Total Assets | 9% | 9% | 9% |
| Return on Shareholders' Funds | 5% | 5% | 5% |
| Notes: EBIT = Earnings Before Interest and Tax EBITDA = Earnings Before Interest, Tax, Depreciation and Amortisation | | | |

Distributions to Shareholder

HBRIC Ltd will pay dividends to the shareholder after taking into account its profitability, future investment and cash management requirements. The dividends payable to the shareholder will be determined by the Board after consideration of the company's funding requirements and the requirement to meet the solvency test under the provisions of the Companies Act 1993. Dividends are forecast to be paid in two instalments in December and June of each financial year.

In addition, HBRIC Ltd may make distributions of capital reserves and/or repurchase its shares from Council, as agreed between Council and HBRIC Ltd from time to time.

Other Performance Measures

In addition to the financial performance measures, the HBRIC Ltd Board will use the following measures to assess its performance over the ~~2016/17~~2018-19 financial year.

Governance

| Objective | Performance target |
|---|---|
| 1. HBRIC Ltd maintains a strategic direction that is consistent with that of 100% shareholder Hawke's Bay Regional Council (Council). | <p>HBRIC Ltd develops and maintains appropriate communication lines with Council to ensure HBRIC Ltd remains aware of Council's strategic priorities.</p> <p>By 1 March each year (unless otherwise agreed), HBRIC Ltd will submit a draft SoI for the forthcoming year for review and approval by Council.</p> |

| Objective | Performance target |
|--|---|
| 2. HBRIC Ltd keeps Council informed of all significant matters relating to HBRIC Ltd and its subsidiaries, within the constraints of commercial sensitivity. | <p>HBRIC Ltd submits quarterly written reports to Council in the financial year and presents seminars to Councillors when appropriate <u>(minimum twice per annum)</u>.</p> <p>Major matters of urgency are reported to Council at the earliest opportunity.</p> |
| 3. Corporate governance procedures are appropriate, documented and reflect best practice. | The company's policies will be developed and reviewed in accordance with a schedule approved by the Board, and the company will work with and assist Council to ensure that there is alignment between Council and company policies. |
| 4. Directors make an effective contribution to the HBRIC Ltd board, and their conduct is in accordance with generally accepted standards. | <p>The Board will conduct a formal biennial performance evaluation for each HBRIC Ltd director.</p> <p>The Governance committee will review the training needs of individual HBRIC Ltd directors, and ensure training is provided where required.</p> |
| 5. HBRIC Ltd's process for the selection and appointment of directors to the boards of subsidiary and monitored companies is rigorous and impartial. | The process followed for each appointment to a subsidiary or monitored company board is transparent, fully documented and in line with Council's approved policies and procedures. |
| 6. Subsidiary companies complete, on a timely basis, Statements of Intent that meet best practice standards. | <p>HBRIC Ltd will engage with subsidiary companies prior to the SoI round in each year regarding the structure and content of their SoIs.</p> <p>In each year, subsidiary companies submit draft Statements of Intent to HBRIC Ltd in sufficient time for HBRIC Ltd to submit a Final SOI by 30 June</p> <p>HBRIC Ltd will review Statements of Intent and respond to the subsidiaries and make recommendations to Council, including on any material changes that are proposed, within six weeks of receipt.</p> |

| Objective | Performance target |
|---|--|
| <p>7. Subsidiary companies that are CCTOs comply with the Local Government Act's requirements that their principal objectives be:</p> <ul style="list-style-type: none"> • achieving the objectives of its shareholders as set out in the SoI; • being a good employer; • exhibiting a sense of social and environmental responsibility; and • conducting their affairs in accordance with sound business practice. | <p>HBRIC Ltd will review the companies' performance in the context of these statutorily required objectives.</p> |

Group strategic, financial and sustainability objectives

| Objective | Performance target |
|--|--|
| <p>1. Subsidiary companies adopt strategies that are compatible with the strategic direction of HBRIC Ltd and Council.</p> | <p>HBRIC Ltd will engage with subsidiary companies prior to the 2018 SoI round regarding key shareholder strategies and, subsequently, review their SoI's for compatibility with those strategies.</p> |
| <p>2. Subsidiary companies adopt strategies that contribute to regional growth.</p> | <p>HBRIC Ltd will encourage subsidiary companies to seek opportunities that are both commercially sound and are capable of enhancing regional growth, and actively engage them with regard to specific opportunities that may arise.</p> |

Parent company financial objectives

| Objective | Performance target |
|---|---|
| <p>1. HBRIC Ltd financial and distribution performance meets the shareholder's expectations.</p> | <p>HBRIC Ltd pays a dividend for the 2019 financial year that meets or exceeds the forecast dividend, and achieves the other budgeted key performance measures set out in section 7.</p> |
| <p>32. HBRIC Ltd's investments provide an appropriate return in relation to their business risk, and against external benchmarks.</p> | <p>HBRIC Ltd will periodically review the performance of subsidiary companies and other investments against external benchmarks, and assess the value of the investment in the individual company in relation to its inherent business risk and community benefits.</p> |

8. HBRIC Ltd to be Periodically Valued

Council and HBRIC Ltd will undertake an independent assessment of the market value of the HBRIC Ltd group as at 30 June ~~2019~~2018, and thereafter on 30 June at three yearly intervals.

HBRIC Ltd will monitor its own market value at 30 June in each financial year by undertaking an internal assessment of its ongoing capital value (including valuation of subsidiaries and associates). This will be used to assist management of capital, debt and revenue and expenditure streams to achieve the returns set out in Section 7 of this Statement of Intent.

9. Reporting and Information to be Provided by HBRIC Ltd

Statutory information requirements

The company will provide an annual Statement of Intent in accordance with Section 64(1) of the Local Government Act 2002. The directors will include any other information they consider appropriate. Where appropriate, revised forecasts will be submitted to the shareholder.

HBRIC Ltd will submit an annual report to the shareholder. The annual report will include audited financial statements and such other details as are necessary to permit an informed assessment of the company's performance and financial position during the reporting period, and to comply with the requirements of the Companies Act and Financial Reporting Act.

The company will also prepare unaudited interim group and parent company financial statements to 31 December, and a review of the period, that comply with NZ IAS 34 "Interim Financial Reporting" by 28 February in each financial year.

Other information to meet the needs of Council

The company will provide regular reports to Council on its activities and the results of its subsidiary companies. It will operate on a "no surprises" basis in respect of significant shareholder-related matters, to the fullest extent possible in the context of commercial sensitivity and confidentiality agreements.

10. Acquisition/Divestment Policy

HBRIC Ltd will comply with Council's Investment Policy as set out in the Long Term Plan ~~2015-25~~2018-28 for acquisitions and divestments.

HBRIC Ltd will periodically review its investments to ensure that continued ownership represents the best option for HBRIC Ltd and Council, and will consult with Council prior to any divestment or major restructuring of a subsidiary company.

11. Activities for Which Compensation is Sought From Any Local Authority

Currently there are no activities for which compensation will be sought from any local authority.

12. Commercial Value of Shareholder's Investment

The Council's investment in HBRIC Ltd as at 30 June 2015 was independently valued at \$235.2 million.

13. Accounting Policies

HBRIC Ltd will adopt accounting policies that are consistent with New Zealand International Financial Reporting Standards, generally accepted accounting practice and the policies adopted by the Hawke's Bay Regional Council group.

HAWKE'S BAY REGIONAL COUNCIL
CORPORATE AND STRATEGIC COMMITTEE

Wednesday 13 June 2018

Subject: HEALTH AND SAFETY UPDATE

Item 12

Reason for Report

1. This report provides the Committee with an update of key health and safety information for the period 1 December 2017 through 30 April 2018.

Background

2. An updated copy of the Health and Safety Reporting Dashboard is attached for the Committee's information.
3. There are no trends of concern resulting from the information provided for this period, and it would appear, from staff reports, that wasps continue to be a reasonably common risk for our field staff.
4. In December 2017 Council received confirmation from Worksafe that no enforcement action was to be taken against any party resulting from Michael Taylor's fatal accident.
5. The use of Sitewise for contractors working with any of the five Councils in Hawke's Bay has been successful to date. A number of contractors have commented on the positive outcome for them using the Sitewise process. The average score has increased from 75% to 79%. A large number of contractors increase their score with their annual re-assessment. Council has invested quite a lot of time and effort to get a number of contractors through their assessment and this is having positive 'spin-off' effects for them and council.
6. The externally monitored *inReach* isolate work emergency devices are now well embedded as a requirement for staff working in remote areas and after training; staff are well versed how to use them both in emergency and non-emergency situations where communication is difficult with standard methods.
7. On the health front, we are providing stress workshops for managers and team leaders, and joining an initiative from Southern Cross called *BeingWell* for all staff to participate in over a twelve-month period.

Decision Making Process

8. 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 ***"Health and Safety"*** staff report.

Authored by:

Viv Moule
HUMAN RESOURCES MANAGER

Approved by:

Jessica Ellerm
GROUP MANAGER CORPORATE
SERVICES

Item 12

Attachment/s

- [!\[\]\(13b6bdd0ca077c333d50231f1443cb1d_img.jpg\) 1](#) Health and Safety Reporting Dashboard
- [!\[\]\(5dbedd4e1e8871e3a0e67053ad2f9701_img.jpg\) 2](#) Safeguard Article dated July-August 2017



Health and Safety Reporting Dashboard

Item 12

Reporting Period: 1 December 2017 to 30 April 2018

Accidents/Incidents - (Works Group in brackets)

Total
9 (21)

Months since last
serious harm injury
12

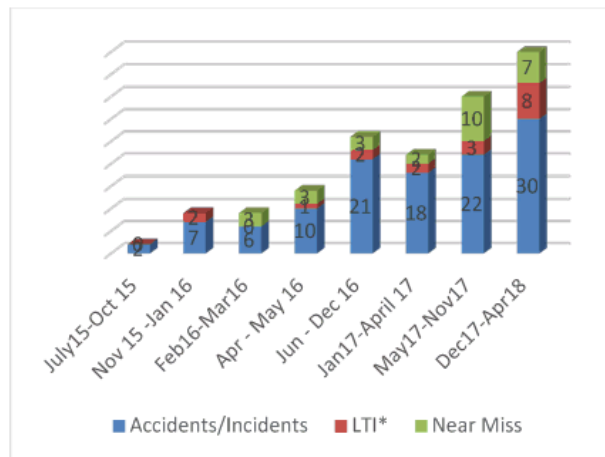
Days since last LTI *
80 (23)

ACC Claims Lodged
5(3)

Near Miss Incidents
3 (7)

* Lost Time Injury

Accumulative: Accidents/Incidents



Types of Accidents/Incidents

| | |
|----------------------|----|
| Sprains/strains | 9 |
| Cuts/abrasions/burns | 5 |
| Trips/falls | |
| Bruising | 1 |
| Near miss | 10 |
| Wasp | 4 |
| Property damage | 10 |

| | |
|------------------------|----|
| No treatment | 12 |
| First Aid | 7 |
| Medical centre | 1 |
| Hospital | |
| Lost Time Injury (LTI) | 8 |

Attachment 1

Attachment 1

Health and Safety Reporting Dashboard *Contd ...*
 Reporting Period: 1 December 2017 to 30 April 2018

General

Workstation
assessments
9

Medical check ups
4

Referrals for
counselling
5

H&S safety training
20 staff
inReach device
training

Driver training
None

Public complaints
2

Item 12

Risk Management

Codes of Practice
reviewed
3

Codes of Practice
review overdue
3

Contractors engaged
Approx 390

Contractors Sitewise
Average Score
79%

Expired Sitewise
registration
9

Health and Safety Reporting Dashboard *Contd ...*
 Reporting Period: 1 December 2017 to 30 April 2018

2017-18 Health and Safety Committee Objectives

| Objective | Review/ Due Date | Achieved/Not Achieved (Comment) |
|--|---|--|
| To ensure all sections of Council are aware of the need for appropriate health and safety training across the activities they are required to undertake. | Ongoing Section meetings | |
| Monitoring of all sections' "field activities" and contractors in medium to high risk Council activities is scheduled and achieved for 85% compliance (monitoring visits) and for H&S compliance. | March 2018 | Student work in Tangoio audited twice over summer period. |
| Improve section H&S reporting to achieve 80% overall compliance. | March 2018 | Still running below this target. Changes to reps may account for failing to achieve. On- going target. |
| Participate in National programmes that are relevant e.g. Safety Week and initiate relevant initiatives for council staff. | As appropriate | Promoting Porse options allowing staff to save money when using the Porse service. |
| Review how health and safety support is provided across council | December 2017 | Appointment of new HR Advisor has allowed some more time for H&S issues. |
| Provide Executive and leadership team with appropriate information and awareness of responsibilities under new legislation. | Executive minimum monthly LDR Team as required | Weekly updates at Executive meetings |
| Provide update reports on H&S issues to every Corporate and Strategic committee meetings. | As required | |
| Actively encourage staff involvement in raising health and safety issues both in and outside staff meeting so as to increase overall awareness of health and safety in the workplace. | Ongoing - review in March 2018 | To be surveyed. |
| Ensure correct contractor processes are undertaken, particularly in regard to Sitewise registration. | Ongoing via section meetings | Majority compliance with having contractors assessed to an acceptable level with Sitewise. |
| Research availability of appropriate you tube clips for relevant health and safety education. | By December 2017 | Partially completed. |
| Reinforce the importance of health and safety discussions at section meetings and accurate completion of HS1 forms | Regular section meetings | |

Item 12

Attachment 1

Health and Safety Reporting Dashboard *Contd ...*
Reporting Period: 1 December 2017 to 30 April 2018

Health and Safety Procedures

% of HS1 section H&S
reports completed *
70%

H&S Committee
meetings
2 (0 WG)

New staff H&S
induction completed
14

WSMP status
Tertiary

Evacuation practice
done
1 (May)

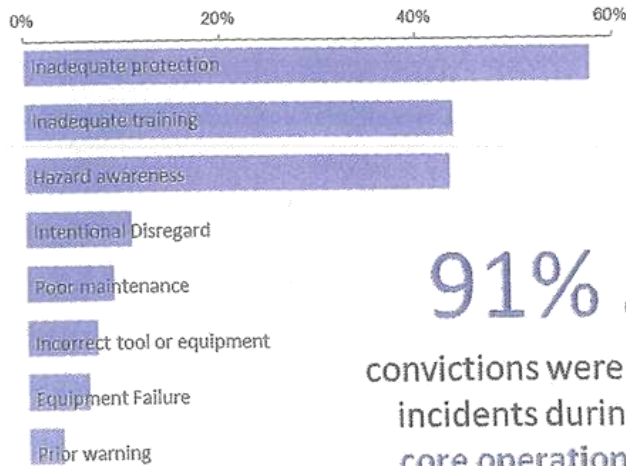
Building safety audit
undertaken
October '17

* Minimum of three per year

Other Issues

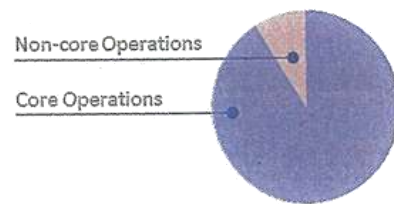
- We heard from Worksafe in early December 2017 that they would be taking no enforcement action against any party as a result of Michael Taylor's fatal accident.
- Partly as a result of Michael's accident we undertook a full review of our isolated work emergency response devices. The result of this was a change to a new device that is externally monitored. This helps to avoid any delay in getting help to a staff member should they activate an emergency device.
- The new device also provides an ability to send pre entered messages or even text where they event is not an emergency one. The main benefit of the new devices is 100% coverage anywhere in the region.
- All staff received training in the new device in December and are required to test the device monthly.
- Two specific initiatives underway for staff health, first being an arrangement with Porse to provide a reduce cost service for child care which can be a considerable saving for working mothers and the second being Council signing up with Southern Cross medical care to introduce their *BeingWell* programme for staff.
- All council managers and team leaders are being offered the opportunity to attend a day workshop on managing stress and how to recognise it in their staff. We believe this will be most beneficial as a tool to address work related stress when it arises.
- The ACC Workplace Safety Management Practices programme has now been terminated. A new programme developed as a collaboration between ACC, WorkSfe and MBIE, called *SafePlus* is being considered, not as a replacement as there is no financial incentive attached to undertaking it, but it does give a good insight into what is actually happening in a work place rather than a document based process.
- Attached is an illustration of Worksafe's prosecution data as at July/August 2017.

Contextual Factors in Prosecution



Average Fine
\$34,894
Maximum Fine
\$196,406

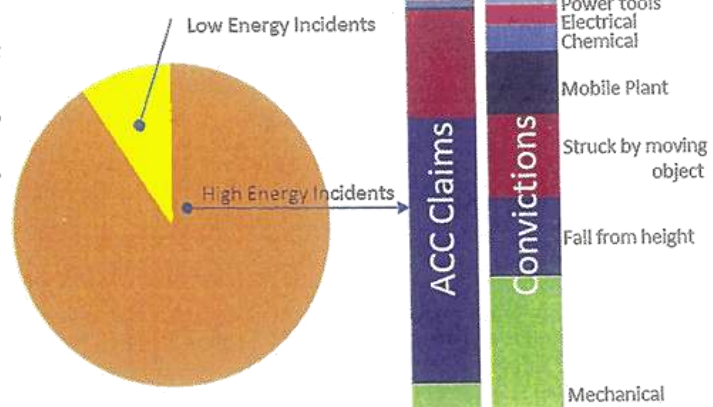
91% of
convictions were for
incidents during
core operations



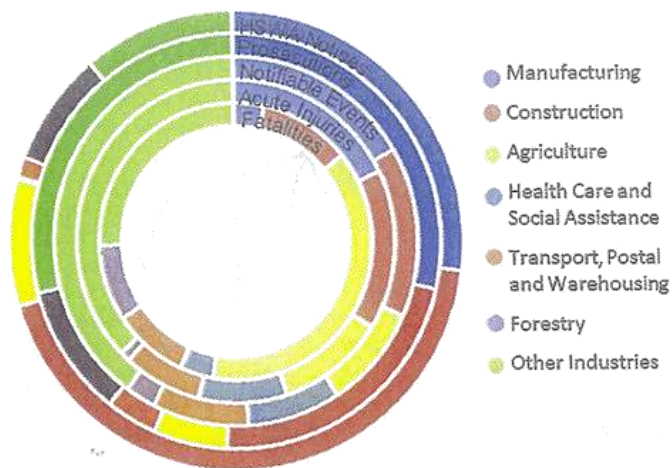
Prosecutions by Energy Type

32% of
convictions were for
mechanical incidents

91% of
convictions were for
high energy incidents



Industry Comparison



51% of
convictions were in
the Manufacturing or
Construction sector

38% of fatalities
were from within the
Agriculture sector



HAWKE'S BAY REGIONAL COUNCIL
CORPORATE AND STRATEGIC COMMITTEE

Wednesday 13 June 2018

Subject: DISCUSSION OF ITEMS NOT ON THE AGENDA

Item 13

Reason for Report

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

| Item | Topic | Raised by |
|------|-------|-----------|
| 1. | | |
| 2. | | |
| 3. | | |
| 4. | | |
| 5. | | |

HAWKE'S BAY REGIONAL COUNCIL
CORPORATE AND STRATEGIC COMMITTEE

Wednesday 13 June 2018

**SUBJECT: CONFIRMATION OF PUBLIC EXCLUDED MINUTES OF THE CORPORATE
& STRATEGIC COMMITTEE MEETING HELD 14 MARCH 2018**

Item 14

That the Council excludes the public from this section of the meeting being Confirmation of Public Excluded Minutes of the Corporate & Strategic Committee Meeting held 14 March 2018, Agenda Item 14 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(S) UNDER SECTION 48(1) FOR THE PASSING OF THE RESOLUTION |
|--|--|--|
| Confirmation of Public Excluded Minutes of the Corporate & Strategic Committee Meeting held 11 December 2017 | 7(2)(a) 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 protect the privacy of natural persons | The Council is specified, in the First Schedule to this Act, as a body to which the Act applies. |
| Phase II Capital Structure Review Report | 7(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 7(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
PRINCIPAL GOVERNANCE ADVISOR

Approved by:

Liz Lambert
GROUP MANAGER
EXTERNAL RELATIONS

HAWKE'S BAY REGIONAL COUNCIL
CORPORATE AND STRATEGIC COMMITTEE

Wednesday 13 June 2018

Subject: CONSIDERATION OF DEBT FACILITY - HBRC TO HBRIC LTD

That Council excludes the public from this section of the meeting, being Agenda Item 15 Consideration of Debt Facility - HBRC to HBRIC Ltd 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 S UNDER SECTION 48(1) FOR THE PASSING OF THE RESOLUTION |
|---|---|--|
| Consideration of Debt Facility - HBRC to HBRIC Ltd | 7(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). 7(2)(j) That the public conduct of this agenda item would be likely to result in the disclosure of information where the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage. | The Council is specified, in the First Schedule to this Act, as a body to which the Act applies. |

Authored by:

Manton Collings
CORPORATE ACCOUNTANT

Approved by:

Jessica Ellerm
GROUP MANAGER
CORPORATE SERVICES

Item 15

HAWKE'S BAY REGIONAL COUNCIL
CORPORATE AND STRATEGIC COMMITTEE

Wednesday 13 June 2018

Subject: NAPIER PORT CAPITAL RAISING OPTIONS

That Council excludes the public from this section of the meeting, being Agenda Item 16 Napier Port Capital Raising Options 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 |
|---|--|--|
| Napier Port Capital Raising Options | <p>7(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.</p> <p>7(2)(i) That the public conduct of this agenda item would be likely to result in the disclosure of information where the withholding of the information is necessary to enable the local authority holding the information to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p> <p>7(2)(j) That the public conduct of this agenda item would be likely to result in the disclosure of information where the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.</p> | The Council is specified, in the First Schedule to this Act, as a body to which the Act applies. |

Authored by:

Melissa des Landes
MANAGEMENT ACCOUNTANT

Jessica Ellerm
GROUP MANAGER
CORPORATE SERVICES

Approved by:

James Palmer
CHIEF EXECUTIVE