



MINUTES OF A MEETING OF THE CORPORATE AND STRATEGIC COMMITTEE

Date: Wednesday 3 October 2018

Time: 11.00am

Venue: Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
NAPIER

Present: N Kirton - Chairman
P Bailey
R Barker
T Belford
A J Dick
R Graham
D Hewitt
M Paku
T Waaka
F Wilson

In Attendance: J Palmer – Chief Executive
M Collings – Chief Financial Officer
J Ellerm – Group Manager Corporate Services
J Lawrence – Group Manager Office of the Chief Executive & Chair
T Skerman – Group Manager Strategic Planning
A Roets – Governance Administration Assistant
P Barrett – Principal Consents Planner
M Miller – Acting Group Manager Regulation

1. Welcome/Apologies/Notices

The Chairman welcomed everyone to the meeting. Mr Pieri Munro acknowledged the passing of Mr Toro Waaka's mother and offered a karakia.

The Chairman noted that Cr Rex Graham will join the meeting shortly. Mr Paku indicated that he would need to be excused for a short period to attend to business.

Resolution

C&S17/18 That the apology for absence from Cr Peter Beaven be accepted.

**Barker/Bailey
CARRIED**

2. Conflict of Interest Declarations

Cr Tom Belford declared an interest in relation to Item 8 Kahutia – Ngati Kahungunu Iwi Incorporated Carbon Credit Proposal as he has a contractual relationship with Kahutia Limited in terms of his own property, but does not see that as a barrier to participating in discussions.

Mr Michael Paku declared an interest in relation to Item 8 Kahutia – Ngati Kahungunu Iwi Incorporated Carbon Credit Proposal as an owner of the Kahutia Company and will therefore not participate in any discussions or debate on the item.

Mr Toro Waaka declared an Interest in Item 12 HB Tourism update as a director on the NZ Māori Tourism Board but does not foresee any barriers to participation in the discussions.

Late Item of Business that Cannot be Delayed

The Corporate and Strategic Committee accepts the late item of business, 16. Notification Decision for Application to Transfer Water Take Resource Consent, in accordance with SO 9.12, as this decision will not meet RMA required timeframes if it is delayed.

**Dick/Wilson
CARRIED**

Notices

The Chief Executive advised that, in accordance with HBRC Standing Orders 9.9, Item 7 Tangata Whenua representation on Council and its committees has been withdrawn to enable the resolution of issues that have arisen through the Regional Planning Committee performance review and input by the recently appointed Te Pou Whakarae, Pieri Munro.

**Wilson/Bailey
CARRIED**

Cr Rex Graham arrived at 11.11am.

3. Confirmation of Minutes of the Corporate And Strategic Committee meeting held on 13 June 2018

C&S18/18 Resolution

Minutes of the Corporate and Strategic Committee held on Wednesday, 13 June 2018, a copy having been circulated prior to the meeting, were taken as read and confirmed as a true and correct record.

**Bailey/Kirton
CARRIED**

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

The item was taken as read, with actions taken as noted.

C&S19/18 Resolution

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

**Belford/Graham
CARRIED**

5. Call for items of Business not on the Agenda

There were no items raised.

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

Jessica Ellerm presented the item, highlighting:

- Reasonable amount of discussion and debate around future reporting on Risk Assessment and Management
- Process of appointing an Independent member of the Sub-committee continues with applications now closed, 17 responses to be short-listed for interview
- Health and Safety Audit report was deferred to November to allow input from HR Staff
- Treasury reporting to incorporate the review and performance of Council's managed funds
- It was suggested the auditor be invited to the 24 October Council meeting
- In relation to the potential disclosure of tangata whenua remuneration, advice received clarifies that Council is able to include the remuneration total for each committee, but preferably not to list individual members by name.

C&S20/18 Resolutions

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.

Six Monthly Report on Risk Assessment and Management

2. Confirms the Sub-committee's opinion that the risk assessment processes are appropriate and adequately identify and assess organisational risks.

Annual Report Update

3. Having considered the staff advice provided, the Corporate and Strategic Committee requests that staff include the disclosure of Regional Planning Committee and Māori Committee tangata whenua representatives' remuneration in the Council's 2017-18 Annual Report, in the form following, for Council approval as part of the adoption of the Annual Report for publication on 24 October 2018.
 - 3.1. List of individual members' names, the actual remuneration paid, and the actual expense reimbursements paid for the 2017-18 financial year.
4. Requests that staff provide advice about the financial treatment and future management of the Tangoio Soil Conservation Estate.

Reports Received

5. Notes that the following reports were provided to the Finance Audit & Risk Sub-committee.
 - 5.1. Verbal update on the process to appoint an Independent Member of the Sub-Committee
 - 5.2. Internal Audit update (*resolved: Agrees to defer the "Data Analytics Internal Audit" report to the first meeting in the 2019 calendar year*)
 - 5.3. Treasury Reporting
 - 5.4. Resource Management Information System Implementation update
 - 5.5. September 2018 update on the Sub-Committee Work Programme

7. Tāngata Whenua Representation on Council and its Committees

Withdrawn in accordance with HBRC Standing Order 9.9.

8. Kahutia – Ngati Kahungunu Iwi Incorporated Carbon Credit Proposal

Mr Michael Paku declared an interest in the item as an owner of Kahutia Limited and therefore did not participate in the discussions, nor debate the item and abstained from voting.

James Palmer introduced the item, which seeks the Committee's agreement to undertake negotiations on a lease agreement for final decision at the 24 October Council meeting. Discussions traversed:

- Kahutia Limited expressed interest in leasing the safe carbon portion of the Council's NZU portfolio for a period of 10 years
- Under the proposal, Council will effectively be earning (by way of interest) some income on its carbon credit units which will enable Kahutia Limited to proceed with afforestation on erosion prone land by way of a fully repayable and secured loan from Council
- Benefit of lease arrangement is that Council is guaranteed to get the units back at the end of the lease period
- Council will consider the best commercial forestry investment models and consult on the best way forward in 2019
- Council's afforestation grants Policy is currently under review with the default position that the landowner retains the carbon for the first 10 years
- Central Government is also considering their Policy, exploring whether the Crown should retain the carbon credits
- Staff will report back to this committee to advise whether Council arrangements will mirror the Crown's Policy particularly when the Council leverages its funding alongside Crown funding
- Council looking at all potential options and funding mechanisms for afforestation for erosion control and water quality (sedimentation) interventions
- written confirmation will be provided by a consultant, that this investment poses no or low risk to Council, and independent financial and legal advice will be provided to Council prior to entering into any final arrangement

C&S21/18 Resolutions

1. That the Corporate and Strategic Committee:
 - 1.1. receives and notes the "Kahutia - Ngati Kahungunu Iwi Incorporated Carbon Credit Proposal " staff report
 - 1.2. endorses the Chief Executive negotiating a lease of New Zealand Units to Kahutia Limited consistent with the proposal as detailed
 - 1.3. requests that the Chief Executive provides a draft contract and appropriate legal and financial advice to Council on 24 October 2018 to enable consideration of a decision, as being recommended following, to approve a lease agreement with Kahutia Limited.
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 and persons likely to be affected by or to have an interest in the decision.

- 2.2. Approves a lease of up to 100,000 New Zealand Units of the Council's safe carbon portfolio to Kahutia Limited.

Graham/Bailey

For: Barker, Bailey, Waaka, Belford, Graham, Kirton

Against: Hewitt, Wilson

Abstained: Dick, Paku

CARRIED

9. Proposed Schedule of 2019 Council and Committee Meetings

The item was taken as read, with inclusion of the following into the Schedule prior to Council adoption on 24 October.

- reschedule Regional Planning Committee outside of Waitangi Day week
- reserve days to provide opportunities for field trips and workshops

C&S22/18 Resolution

The Corporate and Strategic Committee recommends that Council adopts the 2019 Schedule of Meetings as amended as agreed.

Wilson/Bailey

CARRIED

The meeting adjourned at 12.30pm and reconvened at 1.00pm

10. Ethical Investments Policy

Manton Collings introduced the item, outlining the ethical practices and approaches with discussions traversing:

- The fund managers selected by Council have requested more definitive parameters in order to build an appropriate portfolio
- Support for suggested workshop on ethical/ socially responsible investment policy development and further discussions
- Suggestion that Gambling is added to the list of exempt industries
- Alternative views to fossil fuels, alcohol, armaments
- Political policies versus Ethical policies to guide the investment of the public's money
- Was proposed through the LTP process to take alcohol off of the list of exempt industries

C&S23/18 Resolutions

1. That the Corporate and Strategic Committee receives and notes the "Ethical Investments Policy" 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 and persons likely to be affected by or to have an interest in the decision.
 - 2.2. Uses the amended treasury policy and the Statement of Investment Policy and Objectives as initial guidance for the fund managers.
 - 2.3. Undertakes a full ethical investment workshop and policy development process for interested councillors over the next six months.

Bailey/Barker

Cr Tom Belford moved an amendment, seconded by Cr Rick Barker, being to replace recommendation 2.2 with:

- 2.2 Notes and reaffirms the current Ethical Investments Policy.

**Belford/Barker
CARRIED**

The amendment was CARRIED and therefor became part of the substantive motion.

1. That the Corporate and Strategic Committee receives and notes the “Ethical Investments Policy” 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 and persons likely to be affected by or to have an interest in the decision.
 - 2.2. Notes and reaffirms the current Ethical Investments Policy as initial guidance to be provided to Council’s Investment Fund managers.
 - 2.3 Undertakes a full ethical investment workshop and policy development process for interested councillors over the next six months.

**Bailey/Barker
CARRIED**

16. Notification Decision for application to transfer Water Take Resource Consent

Malcolm Miller introduced the item advising that delaying this decision potentially impacts on RMA timeframes which could result in Council needing to discount the application processing fees. Discussions traversed:

- Description of the application to transfer to an undeveloped site across the road (SH1) from the current location
- the procedural steps are required for determining whether a specific application is notified or not as required by the RMA, outlined by staff in accordance with legal advice provided by Council’s legal counsel
- the drawdown effects on other nearby wells and risk of saltwater intrusion for the new bore are being reviewed by Technical Advisors

C&S24/18 Resolutions

That the Corporate and Strategic Committee:

1. Receives and notes the “Notification Decision for Application to Transfer Water Take Resource Consent” staff report.
2. Agrees that the decisions to be made are not significant under the criteria contained in Council’s adopted Significance and Engagement Policy, and that 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.

**Hewitt/Dick
CARRIED**

3. Having considered the material provided and pursuant to RMA s.95A decides that the application WP180323T from Sleeping Giant Holdings Limited to transfer resource consent WT138207T to take and use water from well no. 15391 (200 mm diameter) for the purpose of water bottling is to be processed on a **non-**

notified basis.

Hewitt/Dick

For: Hewitt, Dick, Wilson

**Against: Barker, Bailey, Waaka, Belford, Graham, Paku, Kirton
LOST**

4. Having considered the material provided and pursuant to RMA s.95A decides that the application WP180323T from Sleeping Giant Holdings Limited to transfer resource consent WT138207T to take and use water from well no. 15391 (200 mm diameter) for the purpose of water bottling is to be processed on a **publicly notified** basis.

Barker/Waaka

For: Barker, Bailey, Waaka, Belford, Graham, Paku, Kirton

Against: Hewitt, Dick, Wilson

CARRIED

5. The Corporate and Strategic Committee recommends that Council, having considered the material provided and pursuant to RMA s.95A decides that the application WP180323T from Sleeping Giant Holdings Limited to transfer resource consent WT138207T to take and use water from well no. 15391 (200 mm diameter) for the purpose of water bottling is to be processed on a **publicly notified** basis.

Hewitt/Dick

CARRIED

11. 2017-18 Annual Report update

Manton Collings introduced the item, adding that the final Audited Report will be tabled for adoption at the 24 October Council meeting.

- The two major changes noted are HBRIC Ltd decision to revalue Napier Port and the inclusion of draft consolidated group financials for HBRIC Ltd and Napier Port.

C&S25/18 Resolution

That the Corporate and Strategic Committee receives and notes the **“2017-18 Annual Report Update”**.

Wilson/Graham

CARRIED

12. HB Tourism update

Tom Skerman introduced the item on behalf of the General Manager, Annie Dundas as she is currently overseas. Discussions traversed:

- This report aligns activities to reduced HBRC funding and incorporates a number of HBRC-mandated actions into the work programme in a new format
- HB Tourism was awarded the national “Industry Alignment Award”, which recognises organisations that have aligned or partnered to successfully maximise their tourism industry impact and results, with www.hawkesbaynz.com – a one-stop-shop visitor website to promote Hawke's Bay
- A formal funding agreement will be provided to the 12 December C&S meeting for recommendation to Council
- Cr Belford provided an update on behalf of the HB Tourism Board highlighting statistics will be included in future reports, investigations into other region's funding models, introduction of a signature program that reflects their commitment to Environment issues and advising the process for appointing a Māori Director to the Board is underway
- figures of actual visitor stays in the region not including MSD families living in motels

- appointment of a Māori Director to the HB Tourism Board
- request for future reports to include initiatives promoting the Living Wage

C&S26/18 Resolution

That the Corporate and Strategic Committee receives and notes the “**HB Tourism Quarterly Update**” report.

**Wilson/Paku
CARRIED**

13. Establishment of a Project Management Office

James Palmer introduced the item, providing an overview of the key elements to improve organisational performance. Desiree Cull, Strategy and Projects Leader, responded to queries including:

- The 19 pilot projects will be reported through the Corporate and Strategic Committee, with the first status report to the December meeting
- Mohaka Plan Change is awaiting staff appointments and due to start within the next month with initial design phase using the learnings from the TANK process
- Over the next 6 months the teams will be testing the process, templates and information exchange through the pilot projects
- A project register will be provided annually to Councillors, including reporting timeframes
- Suggestion that Lake Hatuma be included on the Pilot project list, however this is already a project well under way through the hotspots environmental initiatives programme while the pilot projects list is for staff to test the project management framework

C&S27/18 Resolution

That the Corporate and Strategic Committee receives and notes the “**Establishment of a Project Management Office**” staff report.

**Wilson/Barker
CARRIED**

14. Discussion of items not on the Agenda

There were no items raised.

15. Confirmation of the Public Excluded Minutes of the Corporate and Strategic Committee Meeting held on 13 June 2018

C&S28/18 Resolution

That the Council excludes the public from this section of the meeting being Confirmation of Public Excluded Minutes Agenda Item 15 with the general subject of the item to be considered while the public is excluded; the reasons for passing the resolution and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution being:

**GENERAL SUBJECT OF THE
ITEM TO BE CONSIDERED**

Confirmation of Public Excluded Minutes of the Corporate & Strategic Committee Meeting held 14 March 2018

Consideration of Debt Facility - HBRC to HBRIC Ltd

**REASON FOR PASSING THIS
RESOLUTION**

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

7(2)(i) That the public conduct of this agenda item would be likely to result in the disclosure of information where the

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

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

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|-------------------------------------|--|--|
| Napier Port Capital Raising Options | <p>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> <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. |
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**Wilson/Bailey
CARRIED**

15. Confirmation of Public Excluded Minutes of the Corporate and Strategic Committee held on 13 June 2018

C&S29/18 Minutes of the Public Excluded Corporate and Strategic Committee meeting held on Wednesday, 13 June 2018, a copy having been circulated prior to the meeting, were taken as read and confirmed as a true and correct record.

**Wilson/Bailey
CARRIED**

Resolution

C&S30/18 That the meeting moves out of Public Excluded session.

**Bailey/Belford
CARRIED**

The meeting went into public excluded session at 2.15pm and out of public excluded session at 2.16pm.

Closure:

There being no further business the Chairman declared the meeting closed at 2.16pm on Wednesday, 3 October 2018.

Signed as a true and correct record.

DATE:

CHAIRMAN: