



# HAWKE'S BAY REGIONAL COUNCIL

TE KAUNIHERA Ā-ROHE O TE MATAU-A-MĀUI

## Minutes of a meeting of the Corporate and Strategic Committee

**Date:** Wednesday 24 August 2022  
**Time:** 1.00pm  
**Venue:** Council Chamber  
Hawke's Bay Regional Council  
159 Dalton Street  
NAPIER

**Present:** Cr N Kirton – Chair  
Cr R Barker  
Cr W Foley  
Cr C Foss – Deputy Chair  
Cr C Lambert  
Cr H Ormsby  
K Ropiha (*RPC Representative*)  
Cr J Taylor  
Cr J van Beek  
Cr M Williams

**In Attendance:** J Palmer – Chief Executive  
K Brunton – Group Manager Policy & Regulation  
C Dolley – Group Manager Asset Management  
P Munro – Te Pou Whakarae Māori Partnerships  
S Young – Group Manager Corporate Services  
C Comber – Chief Financial Officer  
H Saxton – HB Tourism  
G Hickton – HB Tourism  
T Chaplin – Senior Group Accountant  
T Skerman – HBRIC Commercial Manager  
A Siddles – Chief Information Officer  
S Bell – Team Leader Strategy and Performance  
A Roets – Governance Advisor

## 1. Welcome/Karakia /Apologies/Notices

The Chair welcomed everyone to the meeting and Cr Martin Williams opened the meeting with a karakia.

The Chair sought the Committee's agreement to bring Agenda item 12 Hawke's Bay Tourism forward.

### Resolution

CS32/22 That the apologies for absence from Mike Paku and Peter Eden and the apology for early departure at 2.30pm from councillor Jacqueline Taylor be accepted.

**Foss/ Van Beek  
CARRIED**

## 2. Conflict of Interest Declarations

There were no conflicts of interest declared.

## 3. Confirmation of Minutes of the Corporate and Strategic Committee meeting held on 1 June 2022

### CS33/22 Resolution

Minutes of the Corporate and Strategic Committee meeting held on Wednesday, 1 June 2022, a copy having been circulated prior to the meeting, were taken as read and confirmed as a true and correct record.

**Ormsby/Lambert  
CARRIED**

## 4. Follow-ups from previous meetings

The item was taken as read.

### CS34/22 Resolution

That the Corporate and Strategic Committee receives and notes the *Follow-up items from previous meetings*.

**Barker/Lambert  
CARRIED**

## 5. Call for Minor Items not on the Agenda

No items raised

## 12. Hawke's Bay Tourism six-monthly update

Hamish Saxton and George Hickton gave an update on achievements and key performance over the past six month period highlighting:

- Particularly challenging year due to further Covid-19 lockdowns, travel restrictions and border closures with major events postponed to later in 2022 or early 2023
- HB still managed to maintain its market share.
- Hospitality sector's biggest challenge is having adequate staff
- HB visitor strategy being developed based on MBIE's Destination Management Plan and will set out a future state for the visitor economy and the work programme required to achieve it
- Key strategic actions for HB include cementing the Food and Wine Country brand, presenting landscape stories for the HB Tourism industry to use and an Apple Festival feasibility study

- Key performance indicator results noted that visitor spend has decreased, but hope the tourist industry will regain growth.

CS35/22

#### **Resolution**

That the Corporate and Strategic Committee receives and notes the *HB Tourism Six-Monthly update* report.

**Van Beek/Foss  
CARRIED**

### **6. Hawke's Bay Regional Council shareholding in the Regional Sector Shared Services Organisation (RSSSO)**

Susie Young introduced the item and discussion highlighted:

- Class A shareholding allows Council to have a position on the RSSSO Board
- RSSSO is structured as a not-for-profit Council Controlled Organisation
- Council expenditure will be approx. \$185,000 p.a. per council - \$3.6m to deliver a wide range of initiatives in the HB region
- Any significant collective activities will be considered in Annual Plan and Long Term Plan processes.

CS36/22

#### **Resolutions**

That the Corporate and Strategic Committee:

1. Receives and considers the *Hawke's Bay Regional Council shareholding in the Regional Sector Shared Services Organisation (RSSSO)* 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 or persons likely to have an interest in the decision.
3. Recommends that Hawke's Bay Regional Council:
  - 3.1 Notes the approach to shareholding and appointments of directors related to establishing the Regional Sector Shared Services Organisation, and as incorporated into the Shareholders' Agreement and Constitution.
  - 3.2 Delegates authority to the Chief Executive to sign the Shareholder's Agreement - Deed of Accession on behalf of the Council.

**Barker/Van Beek  
CARRIED**

### **7. 2021-2022 Carry Forwards**

Susie Young and Chris Comber introduced the item noting that the practice of carrying forward expenditure is common and allows unspent funding to be moved to enable projects to be completed. Discussions traversed:

- Carry forwards affecting budgets beyond 2022-23 will be incorporated into the 2023-24 Annual Plan process for confirmation
- The Erosion Control Scheme (ECS) grants workstream was underspent by \$2.2m and \$324k of this underspend is sought to cover ECS contracts.
- Total carry forwards requested are \$4.032m for opex and \$9.319m for capex.

CS37/22

#### **Resolutions**

1. That the Corporate and Strategic Committee receives and notes the *2021-2022 Carry Forwards* staff report.

2. The Corporate and Strategic Committee recommends that Hawke' Bay Regional Council:
  - 2.1. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that Council can exercise its discretion and make decisions on this issue without conferring directly with the community or persons likely to have an interest in the decision.
  - 2.2. Approves the carry forward of all expenditure requests from the 2021-2022 to the 2022-2023 budget, being:

#### Operating expenditure carry forward requests

Activity / Project		Amount Requested	Source of funds			
			General	Reserve	External	Debt
<b>Integrated Catchment Management (ICM)</b>						
1	Biodiversity	\$712,566			\$512,566	\$200,000
2	Erosion Control Scheme grants	\$324,000				\$324,000
3	Predator Free Hawkes Bay	\$82,000	\$18,224	\$42,522	\$21,255	
4	Environmental Enhancement Programme	\$293,000	\$113,543		\$179,457	
5	Air quality science	\$10,000	\$10,000			
<b>Asset Management</b>						
6	Makara Dam	\$100,000	\$14,099	\$85,901		
<b>Governance &amp; Partnerships</b>						
7	Climate change engagement	\$80,000		\$80,000		
8	Tangata Whenua Partnerships	\$300,000	\$300,000			
9	Corporate sustainability	\$33,000	\$33,000			
<b>Policy &amp; Regulation</b>						
10	Kotahi (policy & planning)	\$1,000,000	\$1,000,000			
11	Enforcement proceeds	\$244,000	\$244,000			
<b>Transport</b>						
12	On Demand/My way	\$124,388		\$124,388		
<b>Other</b>						
13	Staff remuneration	\$729,000	\$729,000			
<b>Total</b>		<b>\$4,031,954</b>	<b>\$2,461,866</b>	<b>\$332,811</b>	<b>\$713,278</b>	<b>\$524,000</b>

#### Capital expenditure carry forward requests

Activity / Project		Amount Requested	Type of funding	
			Reserve	Debt
<b>Integrated Catchment Management (ICM)</b>				
1	3D Aquifer mapping	\$294,931		\$294,931
2	Hydrodynamic modelling	\$25,000		\$25,000
3	SOE Ground water monitoring drilling	\$176,903		\$176,903
4	Right Tree Right Place (RTRP)	\$507,000	\$507,000	
5	Ruataniwha ground water model	\$325,877		\$325,877
6	LiDAR Mapping	\$187,956		\$187,956
7	Enviro info technical equipment	\$105,000	\$105,000	
<b>Asset Management</b>				
8	Clive river dredging	\$100,000	\$100,000	
9	Flood warning system (Mt Misery)	\$50,000		\$50,000

10	Forestry (Tangoio)	\$30,388	\$30,388	
11	Hawkes Bay Trails/cycleways	\$100,000		\$100,000
12	Heretaunga Plains flood control scheme (HPFCS)	\$698,687	\$546,437	\$152,250
13	IRG HPFCS	\$1,583,578	\$1,583,578	
14	Regional Parks	\$247,854		\$247,854
15	Water Security	\$1,745,825	\$1,745,825	
<b>Corporate Services</b>				
16	Office renovations	\$1,375,025	\$70,944	\$1,304,081
17	Fleet	\$55,448	\$55,448	
18	Radio network	\$203,686	\$203,686	
19	ICT network & equipment	\$306,340	\$34,670	\$271,670
20	ICT projects	\$1,200,000		\$1,200,000
<b>Total</b>		<b>\$9,319,498</b>	<b>\$4,982,976</b>	<b>\$4,336,522</b>

**Foss/Barker  
CARRIED**

## 8. 1 April - 30 June 2022 Financial Report

Chris Comber introduced the item, which was taken as read. Discussions covered:

- Covid-19 continued impacts, with larger projects being more affected
- Preliminary financial results show an adverse variance of \$15.3m
- The 10 August 2022 FARS meeting suggested that the Council reconsiders its investment strategy and SIPO at the start of the new triennium.

*Cr Taylor left the meeting at 2.31pm.*

### CS38/22 Resolution

That the Corporate and Strategic Committee receives and notes the *1 April – 30 June 2022 Financial Report*.

**Foley/Taylor  
CARRIED**

## 9. HBRIC Quarterly update

Tom Skerman introduced the item and noted that Dan Druzianic, HBRIC Chair, was unable to attend today. The item was taken as read and discussions highlighted:

- The operating expenses figure in para 15.2 of the report should read \$670,000
- Napier Port financials released this morning show growth in revenue, operating activities and net profit after tax, and expected return from operating activities for the year ending 30 September 2022 at between \$38m - \$42m. Forecasting negative cashflow of \$1.85m for the year, absorbed within existing cash reserves.
- HBRIC net assets have increased from \$177m to \$369m over the past 10 years
- Managed funds remain challenging with their value reducing 10.88% year to date
- FoodEast is progressing well.

### CS39/22 Resolution

That the Corporate and Strategic Committee receives and notes the *HBRIC Quarterly update* staff report.

**Barker/Foss  
CARRIED**

**10. Organisational Performance Report for the period 31 March – 30 June 2022**

Sarah Bell introduced this item which was taken as read. Highlights included:

- Better/more positive customer services outcomes
- Customer services area is experiencing a high of enquiries following rates invoices being sent out
- Downward trend in website visits, social media views, media enquiries and engagement
- High staff turnover and the level of current vacancies is of concern
- Challenges recruiting in key areas of ICT, Science and Engineering. With NZ borders now open, HBRC hopes to attract more international applicants for critical roles.

CS40/22 **Resolution**

That the Corporate and Strategic Committee receives and notes the *Organisational Performance Report for the period 31 March – 30 June 2022* staff report.

**Barker/Williams  
CARRIED**

**11. 2021-2022 Annual Report – Interim non-financial results**

Sarah Bell introduced the item which was taken as read.

CS41/22 **Resolution**

That the Corporate and Strategic Committee receives and notes the *2021-2022 Annual Report – Interim non-financial results* staff report.

**Ormsby/Barker  
CARRIED**

**13. Report from the Finance Audit and Risk Sub-committee meeting 10 August 2022**

The report was taken as read.

CS42/22 **Resolution**

1. That the Corporate and Strategic Committee receives and notes the *Report from the Finance, Audit and Risk Sub-committee meeting 10 August 2022*, including the following resolutions:

**Quarterly Treasury Report for the period 1 April - 30 June 2022**

- 1.1 Receives and notes the *Quarterly Treasury Report for the period 1 April – 30 June 2022*.
- 1.2 Confirms that the performance of Council's investment portfolio has been reported to the sub-committee's satisfaction.

**Asset Management Group review**

- 2.1 That the Finance, Audit and Risk Sub-committee receives and notes the *Asset Management Group review* staff report.

**2022-2023 Enterprise Internal Audit plan**

- 3.1 Receives and considers the *2022-23 Enterprise Internal Audit Plan* staff report
- 3.2 Confirms the internal audit plan for the 2022-2023 financial year, will include:
  - 3.2.1 Data analytics (*as resolved 4 May 2022*)
  - 3.2.2 Organisational change consolidation and prioritisation (*as resolved 4 May 2022*)
  - 3.2.3 Health & Safety management framework

- 3.3 Receives a regular Asset Management service delivery improvements report to maintain visibility of the various Asset Management improvement actions.

#### **Data Analytics Audit report**

- 4.1 That the Finance, Audit and Risk Sub-committee receives and considers the *Data Analytics audit report* staff report.

#### **2021-2022 Enterprise Internal Audit Plan status update**

- 5.1 Receives and considers the *2021-22 enterprise Internal Audit plan status update* staff report.
- 5.2 Reports to the Corporate and Strategic Committee, the Sub-committee's satisfaction that the *2021-22 Enterprise Internal Audit plan* has been completed.

#### **Audit Plan for the 2021-2022 Annual Report**

- 6.1 That the Finance, Audit and Risk Sub-committee receives and considers the *Audit Plan for the 2021-2022 Annual Report*.

#### **Internal Assurance corrective actions update**

- 7.1 Receives and notes the *Internal Assurance corrective actions update* staff report.
- 7.2 Confirms that the *Internal Assurance Corrective actions update* report has provided adequate information on the status of the Internal Assurance Corrective actions.
- 7.3 Reports to the Corporate and Strategic Committee, that the *Internal Assurance Corrective actions update* report provides adequate evidence that the actions to respond to findings and recommendations from the internal audits are being undertaken to the satisfaction of the Sub-committee.

#### **Six-Monthly Enterprise Risk report**

- 8.1 Receives and considers the *Six-Monthly Enterprise Risk* staff report.
- 8.2 Reports to the Corporate and Strategic Committee that the Sub-committee is satisfied that the *Six-Monthly Enterprise Risk Report* provides adequate evidence of the robustness of Council's risk management policy and framework.

**Foss/Kirton  
CARRIED**

#### **14. Discussion of minor items not on the Agenda**

There were no minor items raised.

#### **15. Section 36 Charges for Water Holdings HB**

CS43/22

##### **Resolution**

That the Corporate and Strategic Committee excludes the public from this section of the meeting, being Agenda Item 15, with the general subject of the item to be considered while the public is excluded under the specific grounds that:

General subject of the item to be considered	Reason for passing this resolution	Grounds under section 48(1) for the passing of the resolution
Section 36 charges for Water Holdings HB	7(2)(f)(ii) The withholding of the information is necessary to maintain the effective conduct of public affairs through the protection of such	The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.

members, officers, employees, and persons from improper pressure or harassment.

**Kirton/Ropiha  
CARRIED**

***The meeting went into public excluded session at 3.04pm and out of public excluded session at 4.32pm.***

**Closure:**

There being no further business the Chairman declared the meeting closed at 4.35pm on Wednesday, 24 August 2022.

Signed as a true and correct record.

**Date:** 14 October 2022

**Chairman:** Neil Kirton

**Chief Executive:** James Palmer