



HAWKES BAY
REGIONAL COUNCIL
TE KAUNIHERA Ā-ROHE O TE MATAU-A-MĀUI

Meeting of the Hawke's Bay Regional Council

Date: 30 October 2024
Time: 1.30pm
Venue: Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
NAPIER

Agenda

Item	Title	Page
1.	Welcome/Karakia/Apologies/Notices	
2.	Conflict of interest declarations	
3.	Confirmation of Minutes of the Hawke's Bay Regional Council meeting held on 25 September 2024	
4.	Public Forum	3
5.	Call for minor items not on the Agenda	5
Decision Items		
6.	2023-2024 Annual Report for adoption	7
7.	Council appointment to the Regional Planning Committee	11
Information or Performance Monitoring		
8.	Discussion of minor items not on the Agenda	

Subject: Public Forum

Reason for report

1. This item provides the means for Council to give members of the public an opportunity to address the Council on matters of interest relating to the Council's functions.

Background

2. The Hawke's Bay Regional Council's Standing Orders provide for public forums as follows:

14. Public Forums

Public forums are a defined period of time, usually at the start of a meeting, which, at the discretion of a meeting, is put aside for the purpose of public input. Public forums are designed to enable members of the public to bring matters to the attention of the local authority.

In the case of a committee or sub-committee, any issue, idea or matter raised in a public forum must also fall within the terms of reference of that meeting.

Requests must be made to the HBRC Governance Team (06 835 9200 or governanceteam@hbrc.govt.nz) at least one clear day before the meeting; however this requirement may be waived by the Chairperson.

14.1 Time limits

A period of up to 30 minutes, or such longer time as the meeting may determine, will be available for the public forum at each scheduled Regional Council, Corporate & Strategic Committee, Environment & Integrated Catchments Committee and Regional Transport Committee meeting.

Speakers can speak for up to 5 minutes. No more than two speakers can speak on behalf of an organisation during a public forum. Where the number of speakers presenting in the public forum exceeds 6 in total, the Chairperson has discretion to restrict the speaking time permitted for all presenters.

14.2 Restrictions

The Chairperson has the discretion to decline to hear a speaker or to terminate a presentation at any time where:

- ☐ a speaker is repeating views presented by an earlier speaker at the same public forum
- ☐ the speaker is criticising elected members and/or staff
- ☐ the speaker is being repetitious, disrespectful or offensive
- ☐ the speaker has previously spoken on the same issue
- ☐ the matter is subject to legal proceedings
- ☐ the matter is subject to a hearing, including the hearing of submissions, where the local authority or committee sits in a quasi-judicial capacity.

14.3 Questions at public forums

At the conclusion of the presentation, with the permission of the Chairperson, elected members may ask questions of speakers. Questions are to be confined to obtaining information or clarification on matters raised by a speaker.

14.4 No resolutions

Following the public forum no debate or decisions will be made at the meeting on issues raised during the forum unless related to items already on the agenda.

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 Hawke's Bay Regional Council receives and notes the *Public Forum speakers' verbal presentations*.

Authored by:

Leeanne Hooper
Team Leader Governance

Approved by:

Desiree Cull
Strategy & Governance Manager

Attachment/s

There are no attachments for this report.

Hawke's Bay Regional Council

30 October 2024

Subject: Call for minor items not on the Agenda

Reason for Report

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

Recommendations

That Hawke's Bay Regional Council accepts the following *minor items not on the agenda* for discussion as item 8.

Topic	Raised by

Subject: 2023-2024 Annual Report for adoption

Reason for report

1. This item presents the Hawke's Bay Regional Council Annual Report for the 2023-2024 financial year for adoption.

Staff recommendations

2. Staff recommend that the Council adopt the Annual Report for the 2023-2024 financial year, noting specific feedback from Ernst and Young and the qualified audit opinion.

Executive summary

3. Under the Local Government Act 2020 (the Act), the Annual Report and Annual Report Summary are statutory requirements and required to be audited by an independent auditor. Ernst & Young (EY) are the appointed auditors for HBRC.
4. A qualified audit opinion with an emphasis of matter will be issued. The qualification relates to the previous year's qualification regarding the non-valuation of Council's infrastructure assets having a flow on effect to the revaluation movement in the current year. The emphasis of matter is the same as last year, and relates to the inherent uncertainty associated with quantifying GHG emissions. Other councils who report on emissions have the same emphasis of matter.
5. Auditing of Hawke's Bay Regional Investment Company Ltd's (HBRIC) accounts has been completed separately and received an unmodified audit opinion.
6. An Annual Report 2023-2024 Summary publication will be produced within 30 days of adoption. The Summary will be audited by EY and will include consolidated accounts. It does not require Regional Council adoption but is instead authorised by the Chief Executive.

Background

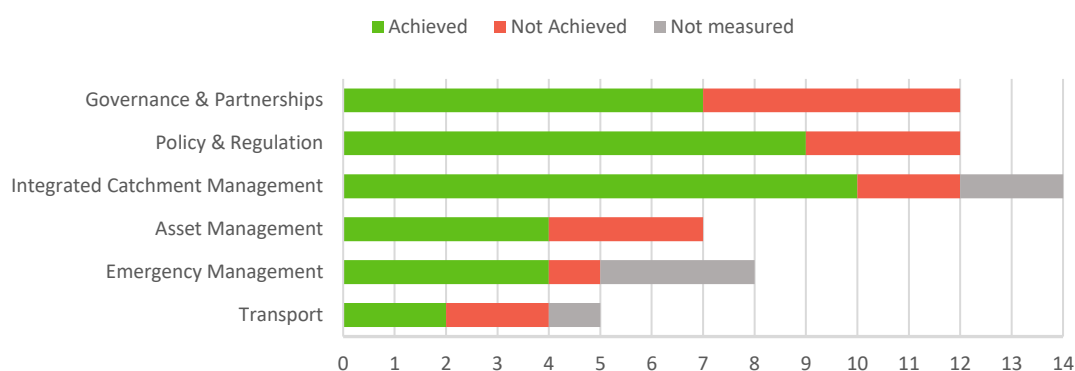
7. The purposes of the Annual Report are to:
 - 7.1. compare actual financial and service performance against intended performance as set out in the Annual Plan 2023-2024 and year 3 of the Long Term Plan 2021-2031.
 - 7.2. promote accountability to the community for the decisions made throughout the year by the Regional Council.
8. Schedule 10 of the Act prescribes what must be included in the Annual Report.
9. The summary must represent, fairly and consistently, the information regarding the major matters dealt with in the Annual Report. It must not include any new information (not included in the full document) but does offer the opportunity to engage more effectively with the community.

Discussion points

10. This is the third Annual Report undertaken with our current auditors, Ernst & Young (EY).
11. Interim levels of service measures were presented to the Corporate & Strategic Committee on 4 September 2024. Draft financial results were shared electronically on Friday 18 October 2024.

Non-financials

12. Of the 58 levels of service measures, 36 (62%) were achieved and 16 (28%) were not achieved. 6 (10%) were not measured or not due to be measured in this year of the Long-Term Plan 2021-2031.



Financials

13. The qualification of the audit report relates to the prior year lack of valuation of the Council's infrastructure assets following Cyclone Gabrielle. As HBRC did not undertake a valuation of infrastructure assets for the 2022-2023 year and did not complete a comprehensive assessment of impairment of the assets at 30 June 2023, the auditors were not able to determine if infrastructure asset values are materially accurate at 30 June 2023.
14. This has had a flow on effect into the 2023-2024 year as the in-year revaluation figure is reliant on the opening balances from the prior year. HBRC employed an external company to undertake an infrastructure valuation as at 30 June 2024 which audit are satisfied with the valuation as at balance date.
15. The emphasis of matter paragraph draws readers attention to the inherent uncertainty associated with quantifying GHC emissions which is one of our performance measures we report on. This emphasis of matter has been included for three years and is common in audit reports of councils reporting on emissions.
16. During the audit process, staff and the audit team identified some adjustments which have mostly been incorporated into the final report. The only adjustments identified which have not been included are minor (less than \$5 thousand) and relate to classification within a subsidiary.
17. The production of the Annual Report 2023-2024 financial information is a large and complex activity given the varying ownership structures in subsidiaries and the different accounting standards between the Port and HBRC. We have also this year brought inhouse the consolidation process to reduce our reliance on external consultants.
18. Council has made an operating surplus of \$3.45m compared to a budget deficit of \$20.7m. The major variances include the receipt of \$151m of subsidies and grants, against a budget of \$33.1m. A large proportion of the grants are for the Silt and Debris work (\$78m) and \$40m for cyclone recovery work, the costs of which were either capital in nature or incurred in the prior year.
19. These results do not include insurance receipts that had not been finalised at 30 June 2024. There will continue to be insurance claims in the following years as we work through the claim processes. The majority of insurance receipts related to Cyclone Gabrielle will therefore be recognised in future years as they are processed.
20. Including other comprehensive income and expense, council has had a large increase in the value of infrastructure assets. This is due to the revaluation undertaken by external valuers. The major movement is within stop banks (\$198m). The valuer compared our recent cost history for rebuilding stop banks, noting that these unit rates were in a disaster recovery setting

which may have inflated the costs. They also compared those rates against our build costs for stop banks built just before the cyclone hit and also other councils recent cost history. Last year we recognised an impairment of \$16m.

21. It is important to note that while stop banks are not depreciated and hence this large revaluation gain does not significantly impact on our depreciation that needs to be funded, it will likely have an impact on our insurance premiums going forward.
22. All of our benchmarks were met for the year to 30 June 2024.

Next steps

23. Following Council adoption, and in line with section 98 of the Local Government Act 2002, both the 2023-2024 Annual Report and the 2023-2024 Annual Report Summary will be made publicly available within one month. Both will be published on the HBRC website (**hbrc.govt.nz, search: #annualreports**), and a limited number of the Annual Report Summaries will be printed.

Decision-making considerations

24. The Regional 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 that because the Annual Report is a statutory report required to be adopted by Council under Section 98 of the Act, the other decision-making provisions do not apply.

Recommendations

That Hawke's Bay Regional Council:

1. Receives and considers the *2023-2024 Annual Report* staff report.
2. Adopts the *Hawke's Bay Regional Council 2023-2024 Annual Report* for publication.

Authored by:

Sarah Bell
Team Leader Strategy and Performance

Pam Bicknell
Senior Group Accountant

Chris Comber
Chief Financial Officer

Approved by:

Nic Peet
Chief Executive

Attachment/s

- | | | |
|---|--------------------------------------|---|
| 1 | HBRC 2023-24 Annual Report Parts 1-4 | Under Separate Cover
Available online only until after publication |
|---|--------------------------------------|---|

Subject: Council appointment to the Regional Planning Committee

Reason for Report

1. This item provides the means for Council to make the appointment of a councillor member of the Regional Planning Committee (RPC) to replace Di Roadley.

Staff recommendation

2. Staff recommend that Council appoints Sophie Siers to replace Di Roadley on the RPC.

Background

3. Hawke's Bay Regional Council is required by statute to have the Regional Planning Committee in accordance with the [Hawke's Bay Regional Planning Committee Act 2015](#) (HB RPC Act).
4. The Regional Planning Committee (RPC) was formally established¹ under the HB RPC Act for the purpose of improving tāngata whenua involvement in the development and review of the Regional Resource Management Plan and Regional Coastal Environment Plan (documents prepared in accordance with the RMA). It is a permanent committee of Council. The HB RPC Act states that *"the purpose of the RPC is to oversee the development and review of the RMA documents prepared in accordance with the Resource Management Act 1991 for the RPC [Hawke's Bay] region."*
5. Under the HB RPC Act, the RPC is to consist of an equal number of tāngata whenua members and Council members. The tāngata whenua members are respectively appointed by nine Appointers² specified in the HB RPC Act. The Council appoints an equal number of Council members (up to ten) using a method of its own choice. The method is not prescribed in the HB RPC Act.
6. A Council member is appointed to the RPC for a term commencing with the first meeting of the Council after the triennial general election of members of a local authority under the Local Electoral Act 2001 and ending with the close of the day before the next triennial general election. However, if a Council member is appointed after the date of the first meeting of the Council referred to in subclause (1)(b), the member is appointed from that date until the close of the day before the next triennial general election.

Membership of RPC

7. The overriding principle under the HB RPC Act is that RPC consists of an equal number of TWR members and Council members. There is the need to appoint a replacement so there are equal numbers of Council and PSGE representatives.

Decision-making considerations

8. 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:
 - 8.1. Council is required to (LGA sch.7 cl.19(1)) hold the meetings that are necessary for the

¹ The RPC was originally established in 2012 as an interim committee pending passing of the HB RPC Act.

² Trustees of the Heretaunga Tamatea Settlement Trust are entitled to appoint two members, whereas the other eight tāngata whenua appointers may appoint one member each. Therefore the maximum total number of tāngata whenua members that may be appointed to the RPC is ten members.

good government of its region

- 8.2. Council may appoint (LGA sch.7 cl. 30(1)(a)) the committees, subcommittees, and other subordinate decision-making bodies that it considers appropriate and is required by statute to have the Regional Planning Committee in accordance with the [Hawke's Bay Regional Planning Committee Act 2015](#) (HB RPC Act)
- 8.3. Given the provisions above, Council can exercise its discretion and make the decision without consulting directly with the community or others having an interest in the decision.

Recommendations

That Hawke's Bay Regional Council:

1. Receives and considers the *Council appointment to the Regional Planning Committee* staff report.
2. Agrees that Council can exercise its discretion and make these decisions without consulting directly with the community.
3. Appoints Councillor Sophie Siers to the Regional Planning Committee, to replace Councillor Di Roadley.

Authored by:

Leanne Hooper
Team Leader Governance

Approved by:

Desiree Cull
Strategy & Governance Manager

Attachment/s

There are no attachments for this report.