



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

Unconfirmed

Minutes of a meeting of the Corporate and Strategic Committee

Date: 15 May 2024

Time: 9.00am

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

Present: r X Harding – Chair
Cr J Mackintosh – Deputy Chair
P Eden – Māori Committee representative
Cr W Foley
Cr T Hokianga
L Kele – RPC representative
Cr N Kirton
Cr C Lambert
Cr H Ormsby
Cr J van Beek
Cr M Williams (*online*)

In Attendance: N Peet –Chief Executive
T Munro – Te Pou Whakarae
S Young – Group Manager Corporate Services
K Brunton – Group Manager Policy & Regulation (*online*)
C Dolley – Group Manager Asset Management
I Maxwell – Group Manager Integrated Catchment Management (*online*)
C Comber – Chief Financial Officer
L Hooper – Team Leader Governance
J Bennett – Programme Finance & Controls Manager
J Kingsford – Manager Regional Projects
D Nalder – Acting Risk Manager
P Bicknell – Senior Group Accountant
T Skerman – HBRIC Commercial Manager
D Druzianic – HBRIC Chairman

1. Welcome/Karakia /Apologies

The Chair welcomed everyone and Laura Kele opened the meeting with a karakia and mihi.

Resolution

CS9/24 That the apologies for absence from councillors Sophie Siers and Di Roadley, and for lateness from councillors Thompson Hokianga and Charles Lambert be accepted.

**Ormsby/Mackintosh
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 21 February 2024

CS10/24 Resolution

Minutes of the Corporate and Strategic Committee meeting held on Wednesday, 21 February 2024, a copy having been circulated prior to the meeting, were taken as read and confirmed as a true and correct record.

**van Beek/Mackintosh
CARRIED**

4. Public Forum

There were no speakers.

5. Future of Severely Affected Land (FOSAL) delivery

The Chair opened by asking for clarity about how the Infrastructure Programme Management Office (IPMO) will deliver the flood resilience projects.

Susie Young explained that the purpose of the item, as per the Committee's terms of reference and role in relation to resourcing and financial implications of significant initiatives, is to provide an outline of how the Infrastructure Programme Management Office (IPMO) is going to work to deliver the projects agreed by the \$250M contract with central government, how reporting and decision-making is structured and projects are managed. The item also seeks two decisions on increased delegations for the Chief Executive to enable signing off contracts and payments within short timeframes to avoid delays.

Chris Dolley explained that the \$250M contract with central government requires significant increased resourcing to deliver, which has been added to the Regional Projects team, which has been re-named the IPMO, and retained as a section within the organisation.

Councillor Thompson Hokianga arrived at 9.22am

- Financials for the programme will be in the Asset Management Group of Activities (GOA), in the Funding Impact Statement and quarterly reports. Levels of Service will also be there.
- We anticipate receiving monthly reimbursements from Crown Investment Partners (CIP) for HBRC contributions towards the \$250M to minimise HBRC's costs for administering the cashflows.
- Any delays in project execution risk increased costs and therefore the increased delegation to the CE is being sought proactively now, as a mitigation to manage costs and minimise delays.
- Retaining current reporting lines, financial and GOA Levels of Service reporting will be to the Corporate & Strategic Committee as part of the quarterly financial reports, infrastructure delivery progress reports will go to the Environment & Integrated Catchments Committee and risk and assurance matters will be reported to the Risk and Audit Committee – with any

decisions escalated by those committees to Council by recommendations.

- Projects were agreed in August 2023 as part of the contract with Central Government.

Councillor Charles Lambert arrived at 9.27am

- The business cases submitted to government included detailed proposed project scope, milestones and budgets, timing and scheduling, and some cost-benefit analysis however the feedback from government was that there was too much detail so asked that they be pulled back a bit to be at a higher, less detailed level.
- HBRC is in talks with HDC about the Havelock North streams project –agreed with government as part of the \$250M programme of work. HBRC needs to provide the local funding share (\$2.5M) as the party that signed the agreement, however who rates for it is currently undecided and a paper will come to a future Council meeting for a decision on whether HBRC or HDC rates for the local share.
- The NIWE Programme Board (PB) will provide direction and the decision-making required within the NIWE framework. The Programme Assurance Group (PAG) will provide oversight and monitoring of the programme, PB and the Assurance Management Plan, including through the use of health checks, phase gate reviews, technical assurance and risk reviews.
- Asking for approval of \$15M delegation to CE within the boundaries of what Council has already agreed (in the LTP). If anything goes over what has been agreed arises then that will go to Council for decision-making.
- The *by exception* will be used within the NIWE programme only, and only if there are time constraints that mean decisions can't go to a Council meeting. This is to remediate risks of delays.
- There is a dedicated Comms & Engagement team to ensure that direct communications with communities is happening once work starts.
- The need for speed is firstly to address the needs of the communities that are at risk because they don't have protection in place for future events, and also to avoid cost increases that elevate over time.
- Because of the scale, size and risks associated with the programme, the mechanism the CE requested be set up to ensure that the right processes are in place and the right work is being undertaken is the Programme Assurance Group.
- The procurement strategy will be approved by the PAG as having the appropriate processes and risk mitigations included and that those are being properly managed.
- The procurement strategy will include measures relating to using local contractors. Contracts will be awarded through an open tender process, which will provide opportunities for local contractors.
- A further workshop on the IPMO and the NIWE work programme was requested.
- Where appropriate, key pieces of information underlying decisions are being peer reviewed – particularly where there's complexity or significant risks involved.
- The levels of risk on the attached risk dashboard, provided for reference only, reflect the uncertainty in the early stage of development of this programme because projects haven't started. The risk levels will come down once mitigations are built and operating, e.g. \$5M NIWE-funded upgrade of the existing telemetry system. IPMO does all the assurance and decision-making as it is included in the IPMO work programme, however the Integrated Catchment Management Group will deliver components of the project.
- The \$30M is specifically for the rapid repair work and required upgrades aligned with the long term objectives of the relevant scheme. The findings of the independent review of HBRC's flood schemes and the NIWA work will feed into the repair work programme. A dozen of these repair projects in CHB have either been completed or are almost ready for construction.

CS11/24

Resolutions

That the Corporate and Strategic Committee:

1. Receives and considers the *Future of Severely Affected Land (FOSAL) delivery* staff report.

2. Recommends that Hawke's Bay Regional Council:
 - 2.1. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that Council can exercise its discretion and make decisions on this issue without conferring directly with the community or persons likely to have an interest in the decision.
 - 2.2. Increases the financial delegations to the Chief Executive to \$15m as they pertain to the North Island Weather Events Resilience Programme (NIWE) only, to enable contract execution and loading of purchase orders and payments.
 - 2.3. Agrees that approval by exception is delegated to the Chief Executive for contracts beyond \$15m, solely within the North Island Weather Events (NIWE) Resilience Programme and pertaining to the Future of Severely Affected Land agreement of \$250m and documented in the Hawke's Bay Regional Council's Three Year Plan 2024-2027, to enable contract execution and loading of purchase orders and payments.

**Kirton/Ormsby
CARRIED**

6. Report on the independent review of the HB CDEM Group's response to Cyclone Gabrielle

Nic Peet introduced the item, which is the same as items that have gone to the 4 other HB councils, and advised that Iain Maxwell and Chris Dolley will speak to components of HBRC's actions in response to the report's recommendations, before providing an overview of HBRC's specific responsibilities and functions in emergency management. Highlights and discussions included:

- HB CDEM Group Joint Committee is recruiting for an independent member of the Joint Committee with expertise in emergency management and HB CDEM CEG is recruiting for a person to lead the work programme to implement the changes recommended by the Bush report.
- A lot of work that the region can do however alone won't be able to deal with everything and there's a lot that needs to be done nationally and so the region is connected into NEMA.
- Community resilience hubs will be driven at the local level by the city/district councils as those are linked into their communities.
- Chris Dolley advised that levels of service and maintenance schedules are agreed through LTP processes and currently most protection is at a 1 in 100 year level, none of which could withstand the impacts of Cyclone Gabrielle.
- New flood forecasting models are now in place, running automatically and the regional sector is working on a standard interface that will be more useful for communities.
- Not simply patching up flood schemes, also investigating options for increased flood resilience – some enhancements and some new schemes, different designs. Resilience is more than protecting – it also includes community hubs, how communities plan their response, e.g. evacuation routes and Go-bags,
- Before the Deluge is the sector's work with Government on a business case for co-investment.
- All of HBRC's schemes will have been reviewed by 2026, and operational management plans are part of the next stage, once the more urgent work is at least under way. These bring together best practice information on how the scheme operates and response actions at certain levels.
- Flood plain management plans are being developed and will provide a more useful interface for the public to be able to use the information about the rivers near them, e.g. warning trigger levels, to better prepare themselves to respond to future flood events.
- Need to think about how we can prepare for an even bigger event and how could we minimised harm with improved flood resilience.

- Iain Maxwell provided an update on the improvements being made to the telemetry systems that collect the data that is then used by staff for modelling, science, water allocation, etc.
- Upgrades of the Telemetry systems include updated contracts and service level agreements with VITAL (Kahuranaki repeater), FENZ (climate sites that we operate) and Communicate (DMR system), site upgrades and system upgrades.
- Engagement with the community will be further considered and potentially built into the flood warning and notifications system and approach.
- In relation to the IRG projects under way prior to Cyclone Gabrielle, Kanoa has agreed to the variation with HBRC to redistribute funding to other projects to continue design work at several locations and undertaking detailed geo-cataloguing across the network as well as recommissioning the Maraenui Golf course stopbank and continue gravel extraction in Tukituki. \$30M is earmarked for going back to the rapid rebuild locations to see if further work to increase resilience is required.
- In response to the Bush review, HBRC needs to focus on what they're responsible for and will be kept up to date on work that responds to the recommendations, e.g. flood resilience and telemetry as detailed today.
- City/district councils are working with CDEM Group and iwi to map and engage with potential community hub sites, including marae, across the region.
- The CDEM Group's work, focused on improving emergency management response systems in HB, will be monitored and overseen by the Joint Committee as kept apprised by the Coordinating Executives Group.

CS12/24 **Resolution**

That Hawke's Bay Regional Council receives and notes the *Report on the independent review of the HB CDEM Group's response to Cyclone Gabrielle*.

**Ormsby/van Beek
CARRIED**

The meeting adjourned at 11.25am and reconvened at 11.33am

9. HBRIC Ltd quarterly update

Tom Skerman and Dan Druzianic spoke to the update and highlighted:

- \$110M of dividends passed through to HBRC since it was established 10 years ago.
- HBRIC now tasked, as the result of Council's investment strategy review, with managing the whole HBRC investment portfolio, and investigating how best the Napier Leasehold Land, Forestry and Carbon Credits are managed to meet Council's objectives.
- The current priority for HBRIC is executing Managed Funds RFP changes - Tax & Legal reviews.
- As well, HBRIC has initiated a comprehensive assessment of HBRC investment assets to better understand their nature, and performance in order to deliver on Council's return expectations of a \$12.5m cash return, 2.5% inflation protection and establishing future resilience fund to buffer volatility in investment returns.
- Risks around the Port investment are being discussed and any recommendations to diversify the investment portfolio will be made to the Council for decisions.

CS13/24 **Resolution**

That the Corporate and Strategic Committee receives and notes the *HBRIC Ltd quarterly update* report.

**Mackintosh/Foley
CARRIED**

7. Financial report for FY23-24 to 31 March 2024

Chris Comber introduced the item, which was taken as read, and Pam Bicknell. Queries and discussions covered:

- Borrowing balance is higher than expected due to delays receiving insurance and NEMA

- cyclone response reimbursements, however payments are expected in next few weeks.
- Green loans available through LGFA are for sustainability projects at a lower rate of interest, however there is more administration required so that needs to be balanced against the interest rate saving.
- The new managed funds manager is Harbour Asset Management which is, alongside the National Australia Bank and Jarden, now part of the newly-formed FirstCape group.
- Staff have examined the significant areas of under spend to determine whether there's a need to carry forward funding into 2024-25.
- See corrected *Statement of Financial Position* table attached – fair value reserves should be \$275M and the value of investment CCO should be \$335M.
- The credit rating will be based on past performance as well as current and discussions are continuing with Fitch in relation to some of the assumptions used to determine the credit rating.

CS14/24

Resolution

That the Corporate and Strategic Committee receives and notes the *Financial report for FY23-24 to 31 March 2024*.

**Foley/Mackintosh
CARRIED**

8. Organisational Performance report for the period 1 January – 31 March 2024

Sarah Bell introduced the item, which was taken as read. Queries and discussions covered:

- Social media advisor is a contract role taken on in November 2023 to monitor, respond to and gather intelligence from social media.
- The trend of decreasing passenger numbers continues, and is intended to be addressed with implementing changes through the new Public Transport Plan to deliver more efficient and effective services.
- The budgets for the vision and values and matauranga Māori work with the PSGEs for Kotahi were transferred from Māori Partnerships operational budgets were carried forward at the end of the 2022-23 financial year however the work stalled after the cyclone and has Te Wairama has recently recommenced this work.
- Customer satisfaction stats are compiled using feedback in response to email queries, including commentary. Wider surveys are going to be running again, on a six monthly basis, with the first scheduled in August.
- Staffing is currently recorded as permanent full time staff and all staff, including casual and fixed term as separate figures.
- CDEM deficit is partly comprised of some staff costs for recovery work that were carried over from 2022-23 and still need to be transferred out of the CDEM budgets.
- Health & Safety incident reporting is provided through this Organisational Performance Report whereas the Risk Management and Audit-related reporting is through the Risk and Audit Committee.
- The current levels of service will be reported for one more quarter, at the end of this financial year, before the new 2024-2027 measures come into effect with the Three Year Plan.
- HB Regional Recovery funding table contains no commentary currently and staff will add in relevant commentary in the next report.
- An elevated level of monitoring of Possum Control Areas (PCAs) is continuing and staff are communicating directly with landowners and through newspapers and social media, about the contractor model not being implemented and that they still have existing obligations. Bait subsidies are still available for landowners and where issues are bigger than the landowner can handle on their own, Council offers assistance.
- The Managed Aquifer Recharge trial was paused when the new government came in but has now been recommenced.
- Cultural Impact Assessments linked to the IRG projects are being progressed with the relevant

marae and hapū.

CS15/24

Resolution

That the Corporate and Strategic Committee receives and notes the *Organisational Performance report for the period 1 January – 31 March 2024*.

**Hokianga/van Beek
CARRIED**

Laura Kele led a karakia to close the meeting.

Closure:

There being no further business the Chair declared the meeting closed at 12.45pm on Wednesday 15 May 2024.

Signed as a true and correct record.

Date:

Chair:

Hawke's Bay Regional Council

Statement of Financial Position

	Prior Year (PY) Actual 22/23 As at 30 June \$000	Current Year (CY) Actual 23/24 As at 31 March \$000	Current Year (CY) Budget 23/24 As at 30 June \$000
ASSETS			
Non-Current Assets			
Property, plant & equipment	37,558	37,335	36,705
Infrastructure assets	198,554	215,819	244,204
Investment property	67,194	66,185	69,220
Intangible assets	9,443	11,715	16,725
Forestry assets	11,745	11,745	12,382
Prepayments	168	168	-
Total non-current assets before other financial assets	324,662	342,967	379,235
Other financial assets	129,683	140,001	149,420
Investment in Council-controlled organisations	348,197	334,754	522,451
Total other financial assets	477,881	474,756	671,871
Total Non-Current Assets	802,542	817,722	1,051,107
Current Assets			
Inventories	337	564	430
Trade & other receivables	24,623	8,802	13,104
Derivative financial instruments	2,071	2,071	-
Other financial assets	3,142	3,142	2,807
Cash and cash equivalents	94,171	84,977	3,424
Total Current Assets	124,344	99,557	19,764
TOTAL ASSETS	926,886	917,279	1,070,871
NET ASSETS / EQUITY			
Accumulated funds	267,438	264,832	273,056
Fair value reserves	285,035	274,659	486,293
Other reserves	128,150	128,828	134,330
Total Net Assets / Equity	680,623	668,319	893,679
LIABILITIES			
Non-Current Liabilities			
Derivative financial instruments	-	-	-
Borrowings	71,563	93,089	131,103
ACC Leasehold financing liabilities	29,283	29,283	26,779
Provisions for other liabilities & charges	19	19	-
Employee benefit liabilities	414	414	510
Total Non-Current Liabilities	101,280	122,806	158,392
Current Liabilities			
Derivative financial instruments	-	-	-
Borrowings	29,930	8,960	3,500
ACC Leasehold financing liabilities	1,416	1,393	1,500
Employee benefit liabilities	4,440	2,533	-
Trade & other payables	89,578	103,137	12,218
Funds held on Behalf	19,620	10,164	-
Other Current Liabilities	(0)	(32)	1,582
Total Current Liabilities	144,984	126,154	18,800
TOTAL LIABILITIES	246,264	248,960	177,192
TOTAL NET ASSETS / EQUITY & LIABILITIES	926,886	917,279	1,070,871