



HAWKE'S BAY REGIONAL COUNCIL

TE KAUNIHERA Ā-ROHE O TE MATAU-A-MĀUI

Unconfirmed

Minutes of a meeting of the Corporate and Strategic Committee

Date: 21 May 2025

Time: 9.30am

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

Present: Cr X Harding – Chair
Cr J Mackintosh – Deputy Chair
P Eden – Māori Committee representative
Cr W Foley
Cr N Kirton
Cr C Lambert
Cr H Ormsby
Cr D Roadley
L Kele – RPC representative
Cr S Siers
Cr J van Beek
Cr M Williams

In Attendance: N Peet – Chief Executive
S Young – Group Manager Corporate Services
K Brunton – Group Manager Policy & Regulation
T Munro – Te Pou Whakarae
C Dolley – Group Manager Asset Management
R Wakelin – Acting Group Manager Integrated Catchment Management
C Comber – Chief Financial Officer
L Hooper – Team Leader Governance
D Cull – Strategy & Governance Manager
A Wright – Harbourmaster
P Bicknell – Senior Group Accountant
M Mackenzie – Senior Business Partner
T Skerman – HBRIC CE
D Druzianic – HBRIC Chair
T O'Shaughnessy – Treasury & Investments Accountant

1. Welcome/Karakia /Apologies

The Chair welcomed everyone and Peter Eden led the group in offering a karakia to open the meeting.

Resolution

CS7/25 That the apologies for absence from Councillor Thompson Hokianga be accepted.

van Beek/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 19 February 2025

CS8/25 Resolution

Minutes of the Corporate and Strategic Committee meeting held on Wednesday, 19 February 2025, a copy having been circulated prior to the meeting, were taken as read and confirmed as a true and correct record.

Harding/Williams
CARRIED

4. Maritime assets acquisition

Katrina Brunton introduced the item, and Adrian Wright (Harbourmaster) and James Park (Management Accountant), noting this item has arisen from the risk identified by both the Port and Harbour Marine Safety Code audit and from Maritime New Zealand Oil-Spill Response reviews and that staff are proposing to fund the acquisition from fees and charges and enforcement revenue. Discussions covered:

- On-water vessels are required so that HBRC can enforce maritime safety bylaws and respond to oil spill and other pollution events effectively.
- Revenue from Fees & Charges and Enforcement Revenue will be used to fund the purchases.
- Statistically, the deterrent of having vessels on the water will result in higher rates of compliance with the rules and, over time, a subsequent drop in enforcement revenue being collected.
- The vessels will be a shared resource available to be used by the other HB councils as well as other sections of Council.
- Depreciation is used to build up the funds to replace the asset which is not considered necessary being that the funding streams used to fund the acquisition and replacement will build up over time and provide the funds to pay for the replacement.

CS9/25 Resolutions

That the Corporate and Strategic Committee:

1. Receives and considers the *Maritime assets acquisition* 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.
 - 2.2 Approves the acquisition of on-water assets (a vessel and personal watercraft) in order to increase Hawke's Bay Regional Council's Maritime Safety capability and on-water response to and prevention of pollution and enforcement activities.

- 2.3 Approves the acquisition of on-water assets (a vessel and personal watercraft) being funded by Enforcement Revenue to the value of \$326,000.

Kele/Roadley
CARRIED unanimously

4. Financial Report for FY24-25 to 31 March 2025

Chris Comber, Pam Bicknell and Megan Mackenzie spoke to the item, which was taken as read. Discussions noted:

- Operating revenue is over budget by 6%, driven mostly by timing of subsidies and grants related to the Silt Taskforce and NIWE projects. Revenue budgets are also affected by higher dividends, lower interest rates, realisation of gains when the change of managed funds provider happened and insurance claim payouts.
- Napier Port share price increased to \$2.84 and the Port has declared a one-off special dividend of 2.5 cents per share which will be an additional \$2.75 M dividend for HBRC.
- Indicative requested carry forwards of \$59.8M made up of Asset Management (\$8M – IRG, Water Security, Open Spaces, Coastal Hazards), NIWE (\$51M), Corporate (\$1M – mostly ICT renewals) and ICM (\$79k Marine Protection & Enhancement).
- Rates penalties are in line with previous years, noting that remissions have not been as high as the \$2.1M budgeted.
- Aged debt continues to decrease, mostly due to the efforts of HBRC debtors team which resulted in \$30k savings that would have previously been paid to debt collection agencies.
- Drew down \$10M with LGFA to ensure liquidity and external debt now at \$113.8M.
- All NIWE project delivery plans have now been approved and the programme spend sits at \$19M to date, which is being carried by HBRC while awaiting reimbursement by Central Government.
- Cyclone Gabrielle recovery \$66.8M spent to date and received \$32.4M from insurance and NEMA claims to date. Forecasting another \$13.8M to be paid from NEMA and insurance which would leave a hole of \$20.7M, of which \$13.6M has been covered by rates & reserves and will leave \$7M internal load. Note that \$14.1M infrastructure work and \$1.3M for coroner's enquiry have not been included.
- Silt Taskforce money must be spent by 30 June, the funding sits within the Policy and Regulation Group of Activities, and will net to \$0.
- It was reiterated that the financials contained in the Organisational Performance Report are by group of activity while the financial report is reported differently due to the different accounting requirements for the Annual Report, for Audit.
- The NIWE costs will start to align more with when the work is being done now that the initial set-up costs have mostly been attributed.
- In relation to Cyclone Gabrielle recovery costs, it was noted that the NEMA policy is that internal council staff time will not be reimbursed.

CS10/25 Resolution

That the Corporate and Strategic Committee receives and notes the *Financial Report for FY24-25 to 31 March 2025* staff report.

Williams/Roadley
CARRIED

The meeting adjourned at 10.53am and reconvened at 10.59am

6. HBRIC May 2025 quarterly update

Tom Skerman (HBRIC CE), Dan Druzianic (HBRIC Chair) and Tracey O'Shaughnessy (Treasury & Investments Accountant) spoke to the item and highlighted:

- Napier Port ½ yearly results were made public this morning; a strong 6 months include 13.9% increased container volumes and revenue (10.6%), a fully imputed dividend of 4 cents per

- share (\$7.1M) and an additional one-off fully imputed special dividend of 2.5 cents per share.
- The HBRIC non-cash dividend to HBRC on 30 June, for \$16.663M, which Council will use to immediately repay the internal loan from HBRIC, will have a significant impact on Council's balance sheet in terms of liability, interest and debt capacity.
- To date investment revenue received was \$11.6M and now forecast to be net \$17.94M at 30 June. This will meet Council's dividend expectation of \$15.05M and potentially provide \$2.89M for the Income Resilience Fund subject to returns achieved by the Managed Funds portfolio (with was \$2.1m below capital protection water mark at 31 March 2025. Notionally targeting \$2M build-up per year in the Capital Protected Amount.
- FoodEast is proactively pursuing multiple commercial options for tenancies in the face of very challenging economic conditions for niche tenancies, and its Board has reduced as the result of a recent review, which will see Christie Campbell stepping down at the end of June.

CS11/25

Resolution

That the Corporate and Strategic Committee receives and notes the *HBRIC May 2025 quarterly update*.

**Kirton/Mackintosh
CARRIED**

5. Organisational Performance Report for the period 1 January - 31 March 2025

Desiree Cull and Chris Comber spoke to the item, which was taken as read. Discussions covered:

- It was reiterated that this report provides the situation-specific context of operational projects.
- In relation to LGOIMA requests, it was requested that monthly reports be given to councillors listing the LGOIMA requests received and whether the staff time spent replying to requests could be tracked. Further it was suggested that staff consider different ways of making information available to the public to avoid the need for the public to make LGOIMA requests.
- In relation to staffing, it is not a planned priority to fill roles that have been put on hold however once the efficiency and effectiveness review is completed staffing, in particular in rural areas, will be re-examined.
- Fleet replacement is based on 'fit for purpose' vehicles and EV/Hybrid vehicles are used when appropriate.
- Seeing more verbal aggression being directed at staff.
- A near-miss Health and Safety incident has resulted in a review of the use of In Reach for staff working remotely, and the associated technology, policies and processes.
- In relation to Emergency Management reporting, it was advised that the team is actively working on developing a dashboard for this and it will report against the levels of service and the milestones for implementation of the transformation strategy.
- In relation to staff exit interviews, it was noted that this is a voluntary process which some choose not to participate in.
- The under spend in Environmental Science was a point in time (1 January-31 March) and related nature-based solutions research and staff vacancies which are now filled.
- It was noted that the new management regime for the Wairoa Bar is going to cost significantly more than what has been budgeted and a future decision for Council will be how that is paid for, e.g. rates apportionment.
- Need to be up front to communities about funding short-falls to keep rates down and there was a request for cost estimates to bring funding up sufficiently to address drainage issues, including associated rates.
- It was noted that the cycleways maintenance budgets have been reduced however there is no plan to close any of the trails and the under spend was noted as being due to delays with MBIE funding.
- In relation to drains maintenance it was noted that some work has been delayed in Wairoa,

specifically the Paeroa scheme, and the maintenance has not always been carried out in line with *works in waterways* protocols and potentially caused damage to the drains themselves and their ecology.

CS12/25

Resolution

That the Corporate and Strategic Committee receives and notes the *Organisational Performance Report for the period 1 January - 31 March 2025*.

Williams/van Beek
CARRIED

Peter Eden led the group in offering a closing karakia.

Closure:

There being no further business the Chair declared the meeting closed at 12.00pm on Wednesday, 21 May 2025.

Signed as a true and correct record.

Date:

Chair:

Add (4 slides)

Attachment 1 – HBRIC Quarterly update presentation