

**MINUTES OF CENTRAL HAWKE'S BAY DISTRICT COUNCIL
RISK AND ASSURANCE COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBER, 28-32 RUATANIWHA STREET, WAIPAWA
ON THURSDAY, 20 JUNE 2024 AT 9.00AM**

UNCONFIRMED

PRESENT: Chairperson Neil Bain (Chair)
Mayor Alex Walker
Cr Tim Aitken
Cr Pip Burne
Cr Gerard Minehan

IN ATTENDANCE: Doug Tate (Chief Executive)
Nicola Bousfield (Group Manager, People and Business Enablement)
Brent Chamberlain (Chief Financial Officer)
Dennise Elers (Group Manager Community Partnerships)
Dylan Muggerridge (Group Manager Strategic Planning & Development)
Phillip Stroud (Acting Group Manager Community Infrastructure and Development)

Michelle Annand (Health & Safety Advisor)
Sarah Crysell (Communications & Engagement Manager)
Adrienne Martin (People and Capability Manager)
Stuart Mutch (Ernst Young) (*Online*)
Annelie Roets (Governance Lead)

1 WELCOME/ KARAKIA/ NOTICES

The Chair, Neil Bain welcomes everyone to the meeting and Mayor Alex Walker opened with a karakia.

2 APOLOGIES

There were no apologies received.

3 DECLARATIONS OF CONFLICTS OF INTEREST

There were no Declarations of Conflicts of Interest declared.

4 STANDING ORDERS

COMMITTEE RESOLUTION: 24.15

Moved: Cr Gerard Minehan

Seconded: Cr Pip Burne

That the following standing orders are suspended for the duration of the meeting:

- 21.2 Time limits on speakers
- 21.5 Members may speak only once
- 21.6 Limits on number of speakers

And that Option C under section 21 General procedures for speaking and moving motions be used for the meeting.

Standing orders are recommended to be suspended to enable members to engage in discussion in a free and frank manner.

CARRIED

5 CONFIRMATION OF MINUTES

COMMITTEE RESOLUTION: 24.16

Moved: Cr Gerard Minehan

Seconded: Mayor Alex Walker

That the minutes of the Risk and Assurance Committee Meeting held on 19 March 2024 as circulated, be confirmed as true and correct.

CARRIED

6 REPORT SECTION

6.1 RESOLUTION & ACTION MONITORING REPORT

PURPOSE

The purpose of this report is to present to the Committee the Risk and Assurance Committee Resolution Monitoring Report. This report seeks to ensure the Committee has visibility over work that is progressing, following resolutions made by the Committee.

COMMITTEE RESOLUTION:24.17

Moved: Cr Gerard Minehan

Seconded: Cr Pip Burne

That the report be noted.

CARRIED

The report was introduced by Doug Tate which was taken as read.

- Point 3: Insurance Renewal update and Insurance Strategy Developing. Paper before council today to discuss a wider work programme and further discussion.

6.2 AUDIT PLAN - 2023/24 FINANCIAL YEAR

PURPOSE

The matter for consideration by the Council is to receive the 2024 Annual Report Audit Planning document.

Mr Stuart Mutch from Ernst Young will be in attendance online for this meeting.

COMMITTEE RESOLUTION: 24.18

Moved: Cr Tim Aitken

Seconded: Mayor Alex Walker

1. **That this report be received.**

CARRIED

Brent Chamberlain introduced the report noting what the focus areas for 2024 will be. An Interim Audit was held earlier in May this year and the final audit due end August/ beginning of September 2024. The report was further taken as read.

- The Chair introduced Stuart Mutch (Ernst & Young) who joined the meeting online. Mr Mutch gave a summary on the Audit Plan and key areas of focus and audit approach.
- Key focus areas identified that remain broadly consistent with the prior year.

- Audit fees were set early 2023 for the period 2023-2025 and the cost of the audit will be around \$153,000, including disbursements.
- Some additional work might be incurred around matters associated with Cyclone Recovery.
- Comments noted and will be incorporated within the Audit Plan.

6.3 RISK STATUS REPORT

PURPOSE

The purpose of this paper is to report to the Risk and Assurance Committee (the Committee) on Council's risk landscape, risk management work in progress and to continue a discussion with the Committee about risk

COMMITTEE RESOLUTION: 24.19

Moved: Cr Gerard Minehan

Seconded: Cr Pip Burne

That the report be noted.

CARRIED

Nicola Bousfield spoke to the report noting that this is the regular report to the committee and reports on top risks identified and managed by Council.

- Flagged to the committee an early indication that officers are undertaking a SmartGrowth Review that assesses Council's ability to enable growth and its opportunities to improve across all areas of development.
- Early stages indicate that officers will need to revisit the risk appetite attached to SmartGrowth as one of the outcomes of this report.
- There are no significant risks listed in the Risk Register, however, Ms Bousfield highlighted a couple risks noted in the report.
- Hawke's Bay 3 Waters Regional Entity: Question posed whether this should be listed as a risk in the risk register? There will be some new risk exposure as officers work through the HB Three Waters model. The Executive Leadership Team to consider those risks appropriately and provide some advice back to the next committee in August 2024.

6.4 HEALTH AND SAFETY REPORT: 1 FEBRUARY - 30 APRIL 2024

PURPOSE

To provide the Risk and Assurance Committee with health, safety and wellbeing information and insight, and to update the committee on key health and safety initiatives for the period 1 February - 30 April 2024.

COMMITTEE RESOLUTION: 24.20

Moved: Cr Pip Burne

Seconded: Mayor Alex Walker

That the report is noted.

CARRIED

Adrienne Martin and Michelle Annand introduced the report which was taken as read, but highlighted a couple of

- Gap analysis has been completed and now recognised in the Health & Safety work programme and officers will continue to report on priorities and progress against these across the reporting cycles.
- Critical risks identified and being prioritised on those risks posing a greatest risk to council.
- Recently conducted a staff survey showed that the Health & Safety and Wellbeing of people in the council is appropriately reflected in council's systems, processes and work environments and significantly improved. 78% (2024), up 6% from 2022 survey.
- Roading Contractors – Health & Safety Partnership in Action: Work undertaken by Ms Annand were recognised in a national forum at the Taituara Future Workplaces Forum where officers shared the concept and evolution of this monthly Health & Safety contractor meeting.
- Comment and feedback received from committee to be incorporated into next report.
- That the 11 critical risks to be mapped against events and observations with commentary noted against it.
- Refine Lag indicators Council events to show organisation size to see average incidents reported.

6.5 TREASURY MANAGEMENT MONITORING REPORT

PURPOSE

The purpose of this report is to provide an update on Treasury Management and Policy Compliance.

COMMITTEE RESOLUTION: 24.21

Moved: Cr Gerard Minehan

Seconded: Mayor Alex Walker

That the report be noted.

CARRIED

Mr Brent Chamberlain presented the report and highlighted key points:

- Council continues to hold sufficient liquidity to meet all its liabilities.
- Officers working alongside ANZ Bank to increase its standby facility from \$1.5m to \$4m.
- External debt has grown to \$44m but more importantly the average weighted cost of these funds is increasing due to fixed debt which matured are being replaced at a higher rate loan currently set at 5.47% per annum
- Council has entered into its first interest rate swap for \$10m at 3.91%. It is a forward starting swap so isn't effective until April 2025 and runs through to April 2029.
- Officers and Bancorp continues to monitor the interest swap rates and will look to take some more fixed rate cover as opportunities arise.
- Action: Rather refer to liquidity assets than investments. More transparency around liquidity ratios.

6.6 EMISSIONS TRADING SCHEME - UPDATE

PURPOSE

The purpose of this report is to provide an overview and update on how the Council participates in the Emissions Trading Scheme (ETS), and how we protect itself from fluctuating carbon credit prices. It also outlines the next steps proposed to continue to lift Council's maturity in the management of the scheme.

COMMITTEE RESOLUTION: 24.22

Moved: Cr Gerard Minehan

Seconded: Cr Pip Burne

That the report be noted.

CARRIED

Brent Chamberlain presented the report and provided an update and background on how the Emissions trading scheme works and further taken as read.

- Important to note that the way the ETC scheme works that there is quite a long lead time when council sets its gate fee for its landfill operations as to when Council actually has to make payment on its ETC liability. Could be up to 24months.
- Over 70% of the volumes that Council have to buy carbon credits for are not municipal volumes. Significant volumes comes from Tairarua Council who uses the CHB's landfill and other commercial uses.
- A draft carbon credit policy are being developed and officers needs to seek some external advice on the draft policy which will then be adopted by this Committee.
- Add Draft Carbon Credit Policy to the work programme and seek independent advice from an external consultant experienced in this field. Come back to committee with options.
- Proposed to have regular reporting to the committee on this policy.
- Think clearly the purpose of the policy and take a risk adverse approach.

6.7 INSURANCE STRATEGY UPDATE

PURPOSE

The matter for consideration by the Council is the development of its Insurance Strategy and forward work program.

COMMITTEE RESOLUTION: 24.23

Moved: Cr Gerard Minehan

Seconded: Cr Pip Burne

1. **That the committee endorse proposed Insurance Strategy work program.**

CARRIED

The report was presented by Brent Chamberlain who gave an update on Council's Insurance programme and work programme going forward with discussions noting:

- Officers have developed a draft insurance strategy which has not been adopted yet.
- Insurance premium is calculated by rate per dollar of cover x value cover. For every \$1m of reduction in value of cover the costs of insurance reduced by approximately \$2,500 in premium.
- Nationally across New Zealand, insurance brokers and underwriters have begun limiting the

risks they are willing to insure through the use of loss limits – Officers are looking into alternative insurance cover

- Mr Chamberlain talked on the insurance work programme.
- Advice from the Chief Executive that these residual risks on insurance be covered internally by the Executive Leadership Team and not being reported through the Risk Register.
- Residual risks on insurance be reported back to the August meeting.
- Proposal on insurance cover to August meeting. Will be providing the broker indicative values in what Council wishes to insure and provide the committee with options to deviate from proposed schedule. Comparison to current cover and what has changed.

6.8 ELECTED MEMBERS PECUNIARY INTERESTS REGISTER UPDATE

PURPOSE

The purpose of this report is to provide and to receive the latest summary of interests from Council's appointed Registrar.

COMMITTEE RESOLUTION: 24.24

Moved: Mayor Alex Walker

Seconded: Cr Pip Burne

1. **That the report is noted.**
2. **That the Committee receive the February 2024 Summary of Elected Members Pecuniary Interests, noting that there are no matters of materiality identified by the Registrar.**

CARRIED

The report was taken as read.

6.9 ASSURANCE MONITORING OF THE MAYORAL FUND

PURPOSE

The purpose of this report is to transparently detail discretionary expenditure made through the Mayoral Fund for the year.

COMMITTEE RESOLUTION: 24.25

Moved: Cr Gerard Minehan

Seconded: Cr Tim Aitken

That the report be noted.

CARRIED

ABSTAINED: MAYOR ALEX WALKER

The report was presented by Brent Chamberlain which was taken as read.

6.10 ELECTED MEMBERS EXPENSES FOR 1 FEBRUARY 2024 - 30 APRIL 2024

PURPOSE

The purpose of this report is to update the Committee on the Elected Members' Expenses for the three months covering the period from 1 February 2024 to 30 April 2024.

COMMITTEE RESOLUTION: 24.26

Moved: Cr Tim Aitken

Seconded: Cr Pip Burne

That the Elected Members Expenses for 1 April 2024 to 30 April 2024 report be noted.

CARRIED

The report was introduced by Brent Chamberlain which was taken as read.

7 DATE OF NEXT MEETING

COMMITTEE RESOLUTION: 24.27

Moved: Cr Gerard Minehan

Seconded: Mayor Alex Walker

That the next meeting of the Risk & Assurance Committee be held on 8 August 2024.

CARRIED

8 PUBLIC EXCLUDED

RESOLUTION TO EXCLUDE THE PUBLIC

COMMITTEE RESOLUTION: 24.28

Moved: Mayor Alex Walker

Seconded: Cr Gerard Minehan

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
<p>8.1 - Emerging Risks and Issues - Forum Discussion</p>	<p>s7(2)(f)(i) - free and frank expression of opinions by or between or to members or officers or employees of any local authority</p> <p>s7(2)(f)(ii) - the withholding of the information is necessary to maintain the effective conduct of public affairs through the protection of Council members, officers, employees, and persons from improper pressure or harassment</p>	<p>s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>

8.2 - Central Hawke's Bay District Council Cyclone Gabrielle - Local Review Outcomes	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(f)(i) - free and frank expression of opinions by or between or to members or officers or employees of any local authority	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
8.3 - Active Legal File - Assurance Review	s7(2)(c)(ii) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest s7(2)(f)(i) - free and frank expression of opinions by or between or to members or officers or employees of any local authority s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

CARRIED

COMMITTEE RESOLUTION: 24.29

Moved: Mayor Alex Walker
 Seconded: Cr Gerard Minehan

That Council moves into Public Excluded Business at 10.44am.

CARRIED

The meeting adjourned for morning tea at 10.46am and reconvened in Public Excluded business at 11.11am.

COMMITTEE RESOLUTION: 24.30

Moved: Cr Tim Aitken
 Seconded: Mayor Alex Walker

That Council moves out of Public Excluded Business at 12.24pm.

CARRIED

9 TIME OF CLOSURE

The Meeting closed at 12.25pm.

The minutes of this meeting will be confirmed at the next Risk and Assurance Committee meeting to be held on 8 August 2024.

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CHAIRPERSON