

**MINUTES OF CENTRAL HAWKE'S BAY DISTRICT COUNCIL
RISK AND ASSURANCE COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBER, 28-32 RUATANIWHA STREET, WAIPAWA
ON WEDNESDAY, 11 DECEMBER 2024 AT 9.00AM**

UNCONFIRMED

PRESENT: Deputy Chair Tim Aitken
Chair Andrew Gibbs (*Online*)
Mayor Alex Walker
Cr Pip Burne
Independent Member Mike Timmer

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 Muggeridge (Group Manager Strategic Planning & Development)
Mark Kinvig (Group Manager Community Infrastructure and Development)

Jane Budge (Strategic Governance Manager)
Miles O'Connor (Bancorp Treasury)
Annelie Roets (Governance Lead)

1 KARAKIA

The Deputy Chair, Councillor Tim Aitken welcomed everyone to the meeting and Mayor Alex Walker opened the meeting with a karakia.

2 APOLOGIES

There were no apologies received.

3 DECLARATIONS OF CONFLICTS OF INTEREST

There were no Declarations of Conflict of Interest received.

4 STANDING ORDERS

COMMITTEE RESOLUTION: 24.40

Moved: Mayor Alex Walker

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: 24.41

Moved: Cr Pip Burne

Seconded: Independent Member Mike Timmer

That the minutes of the Risk and Assurance Committee Meeting held on 15 October 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: 24.42

Moved: Mayor Alex Walker

Seconded: Cr Pip Burne

That the Risk & Assurance Committee notes the 'Resolution & Action Monitoring Report'.

CARRIED

Doug Tate provided an update on the two resolutions related to insurance, noting that an insurance update would be provided later in the meeting. Further discussions traversed:

- It was mentioned that there were several actions in the section, with one outstanding action related to the review of the Treasury management policy.
- Treasury Management Policy Review: Mr Tate recommended closing the review of the Treasury management policy with no further action, recognising that the funding situation has changed since December 2023.
- It was suggested passing the resolution to the Finance and Infrastructure Committee to prompt discussions about the council's forward-looking strategy.
- Investment Properties: Discussion on the potential for divesting properties and the treatment of rental properties.
- It was noted that the council does not charge market rental and does not treat them as investment activities, but this could change in the future if the council chooses to take that direction.
- Carbon Credits: A question was raised about identifying a subject matter expert for carbon credits. It was mentioned that Hastings relies on broker advice and does not have a formal policy on carbon credits.

Action Items:

- Treasury Management Policy Review: To be passed to the Finance and Infrastructure Committee for further discussion and re-scoping.

6.2 RISK STATUS REPORT

PURPOSE

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

COMMITTEE RESOLUTION: 24.43

Moved: Cr Pip Burne

Seconded: Mayor Alex Walker

That the Risk& Assurance Committee notes the Risk Status Report.

CARRIED

Nicola Bousfield presented the regular report on the risk status, noting recent work on reviewing top risks and risk appetite settings.. Changes were made based on a recent session with the Council, including updates to titles, adding new risks, and removing some

Specific Risk Updates:

- Critical Infrastructure Delivery: Added risks related to water and roading infrastructure. Further discussion on risk appetite settings was planned for the workshop.
- Prosperous District: Title updates were made, and new draft annual plan numbers were included.
- Cyber Security Updates included an accelerated implementation plan due to be completed by January, with a scheduled cyber security event audit in the first quarter.
- Drinking Water Systems: A new risk was added for drinking water systems' vulnerability to cyber security events, with actions already underway, including network segregation and an operational technology assessment.
- Critical Roading Infrastructure: Included risks of failure of critical roading infrastructure, with examples provided. Further detailed work was planned to identify specific critical assets.
- It was suggested adding a sentence to the narrative to indicate that the risk assessment would be reviewed through the asset management plan.
- Discussion on the importance of having a better plan for escalating warnings to at-risk communities during future rain events.
- Water Security: A question was raised about the security measures in place to prevent contamination of water supplies.
- Ms Bousfield and Mark Kinvig explained the measures, including system security and physical security at treatment plants.
- Risk Register and Controls: The importance of having detailed risk assessments and controls in place, particularly for critical infrastructure was noted.
- Detailed workshops and sessions were planned to address these issues.

Action Items:

- Risk Assessment Review: To be reviewed through the asset management plan to identify specific critical assets.
- Escalation Plan for Rain Events: Develop a better plan for escalating warnings to at-risk communities.

6.3 TREASURY MANAGEMENT MONITORING REPORT

PURPOSE

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

COMMITTEE RESOLUTION: 24.44

Moved: Mayor Alex Walker

Seconded: Independent Member Mike Timmer

That the Risk and Assurance Committee notes the Treasury Management Monitoring Report.

CARRIED

Brent Chamberlain introduced the report and provided an overview of the council's debt, interest rate swaps, and compliance with treasury policies.

Action:

- Ensure ongoing compliance with treasury policies and monitor interest rate swaps.

6.4 HEALTH AND SAFETY REPORT: 1 OCTOBER - 30 NOVEMBER 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 October to 30 November 2024.

COMMITTEE RESOLUTION : 24.45

Moved: Cr Pip Burne

Seconded: Mayor Alex Walker

That the Risk & Assurance Committee notes the 'Health & Safety report dated 1 October – 30 November 2024'.

CARRIED

Nicola Bousfield and Michelle Annand presented the Health and Safety report, highlighting the ongoing work to develop critical risk standards and the importance of collaboration with contractors and any potential risks which may occur. They also discussed the upcoming external audit and the need for continuous improvement in health and safety practices.

- It was noted that an external audit is scheduled for March 2025.
- The importance of contractor collaboration and the development of a balanced scorecard for reporting
- Wellbeing and Support: The team discussed the availability of EAP services for staff and the importance of monitoring usage to identify any trends or issues. They emphasised the open-door policy and the support available for staff.

Actions:

- Conduct the external audit and continue developing and implementing health and safety standards.
- Review and update the Health and Safety and Wellbeing Governance Charter, policy

statement, action plan, and resource allocation.

6.5 INSURANCE PLACEMENT UPDATE 2024/2025

PURPOSE

The purpose of this report is to update the Risk & Assurance Committee on where the annual insurance placement landed for Council.

COMMITTEE RESOLUTION: 24.46

Moved: Cr Pip Burne

Seconded: Deputy Chair Tim Aitken

That the Risk& Assurance Committee notes the 'Insurance Placement update 2024/2025' report.

CARRIED

Brent Chamberlain provided an update on the insurance placement for 2024-2025 noting that the cover has returned to the market and pricing has softened.

- Confirmation of insurance policy renewals and the increase in loss limits from \$30 million to \$50 million.
- The committee discussed the need for updated loss modelling and the importance of having a risk financing strategy in place.

Action:

- Complete the updated loss modelling by June next year to review the \$50 million figure.
- Insurance Strategy: Add the insurance strategy and health and safety policy reviews to the work programme for the next committee meeting.

6.6 2023/2024 ANNUAL REPORT FOLLOW-UP ITEMS

PURPOSE

The purpose of this report is to provide further information and explanations on items raised as part of reviewing the Draft Annual Report at the last Committee meeting.

COMMITTEE RESOLUTION: 24.47

Moved: Cr Pip Burne

Seconded: Deputy Chair Tim Aitken

That the Risk& Assurance Committee notes the 'Annual Report – Follow-up items' report.

CARRIED

Brent Chamberlain addressed follow-up items from the Annual Report, including the level of bad debts and the funding of depreciation. He explained the rationale behind using loans for asset replacements and the impact of not fully funding depreciation.

Actions:

- Review the funding of depreciation policy, especially in light of potential changes with the local government decision on CCS
- Depreciation Funding Policy: Revisit the policy on funding depreciation, especially in light of potential changes to the management of three waters assets.

7 DATE OF NEXT MEETING

COMMITTEE RESOLUTION: 24.48

Moved: Cr Pip Burne
 Seconded: Deputy Chair Tim Aitken

That the next meeting of the Central Hawke's Bay District Council be held on 12 March 2025.

CARRIED

The meeting adjourned for morning tea at 10.34am and reconvened at 10.45am for workshop item 'Treasury Management and Treasury Strategy Development' with Miles O'Connor from Bancorp Treasury presenting.

The meeting went into Public Excluded Business at 11.41am.

8. EMERGING RISKS AND ISSUES - FORUM DISCUSSION

RESOLUTION TO EXCLUDE THE PUBLIC

COMMITTEE RESOLUTION: 24.49

Moved: Mayor Alex Walker
 Seconded: Deputy Chair Tim Aitken

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>

CARRIED

COMMITTEE RESOLUTION: 24.50

Moved: Mayor Alex Walker
 Seconded: Deputy Chair Tim Aitken

That Council moves into Public Excluded Business at 11.41am.

CARRIED

COMMITTEE RESOLUTION: 24.51

Moved: Cr Pip Burne
Seconded: Mayor Alex Walker

That the Risk & Assurance Committee moves out of Public Excluded Business at 12.18pm.

CARRIED

9 TIME OF CLOSURE

The Meeting closed at 12.18pm.

The minutes of this meeting will be confirmed at the next Risk & Assurance Committee meeting to be held on 12 March 2025.

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CHAIRPERSON