



PROSPEROUS NAPIER COMMITTEE

Open Agenda

Meeting Date: Thursday 18 July 2024

Time: Following Napier People and Places Committee

Venue: Chapman Room
Level 1, Chapman Pavilion
Latham Street
Napier

Livestreamed via Council's Facebook page

Committee Members **Chair:** Councillor Crown

Members: Mayor Wise, Deputy Mayor Brosnan, Councillors Boag, Browne, Chrystal, Greig, Mawson, McGrath, Price, Simpson, Tareha and Taylor (Deputy Chair)

Ngā Mānukanuka o te Iwi representatives – Evelyn Ratima and Vacancy

Officer Responsible Deputy Chief Executive / Executive Director Corporate Services

Administration Governance Team

Next Prosperous Napier Committee Meeting
Thursday 29 August 2024

2022-2025 - TERMS OF REFERENCE - PROSPEROUS NAPIER COMMITTEE

<i>Chairperson</i>	<i>Councillor Crown</i>
<i>Deputy Chairperson</i>	<i>Councillor Taylor</i>
<i>Membership</i>	<i>Mayor and Councillors (13)</i> <i>Ngā Mānukanuka o te Iwi representatives (2)</i>
<i>Quorum</i>	<i>8</i>
<i>Meeting frequency</i>	<i>At least 6 weekly (or as required)</i>
<i>Officer Responsible</i>	<i>Deputy Chief Executive / Executive Director Corporate Services</i>

Purpose

To provide governance oversight to the corporate business of the Council, monitor the Council's financial position and financial performance against the Long Term Plan and Annual Plan, and to guide and monitor Council's interests in any Council Controlled Organisations (CCOs), Council Organisations (COs) and subsidiaries.

Delegated Powers to Act

To exercise and perform Council's functions, powers and duties within its area of responsibility, excluding those matters reserved to Council by law or by resolution of Council, specifically including the following:

1. To monitor the overall financial position of Council and its monthly performance against the Annual Plan and Long Term Plan.
2. To adopt or amend policies or strategies related to the Committee's area of responsibility, provided the new or amended policy does not conflict with an existing policy or strategy.
3. To consider all matters relating to CCOs and COs, not reserved to Council, including to monitoring the overall performance of CCO's.
4. Provide governance to Council's property operations and consider related policy.
5. Consider applications for the sale of properties within the Leasehold Land Portfolio.
6. To resolve any other matters which fall outside the area of responsibility of all Standing Committees, but where the Mayor in consultation with the Chief Executive considers it desirable that the matter is considered by a Standing Committee in the first instance.

Power to Recommend

The Committee may recommend to Council and/or any standing committee as it deems appropriate.

The Committee may recommend to Council and/or the Chief Executive any changes to the funding or rating system for the City, any variation to budgets that are outside the delegated powers of officers and the approval of Statements of Intent for CCOs and COs each year.

To bring to the attention of Council and/or the Chief Executive any matters that the Committee believes are of relevance to the consideration of the financial performance or the delivery of strategic outcomes of Council.

The Committee must make a recommendation to Council or the Chief Executive if the decision considered appropriate is not consistent with, or is contrary to any policy (including the Annual Plan or Long Term Plan) established by the Council.

ORDER OF BUSINESS

Karakia

Apologies

Councillor Price

Conflicts of interest

Public forum

Nil

Announcements by the Mayor

Announcements by the Chairperson including notification of minor matters not on the agenda

Note: re minor matters only - refer LGOIMA s46A(7A) and Standing Orders s9.13

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.

Announcements by the management

Confirmation of minutes

That the Minutes of the Prosperous Napier Committee meeting held on Thursday, 6 June 2024 be taken as a true and accurate record of the meeting.21

Agenda items

- 1 Treasury Activity and Funding Update4
- 2 Standing up a Council Controlled Trading Organisation to manage Councils investment Assets9
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- 4 Procurement and Contract Management Update 15

Minor matters not on the agenda – discussion (if any)

Recommendation to Exclude the Public.....20

AGENDA ITEMS

1. TREASURY ACTIVITY AND FUNDING UPDATE

Type of Report:	Information
Legal Reference:	N/A
Document ID:	1743051
Reporting Officer/s & Unit:	Garry Hrustinsky, Corporate Finance Manager

1.1 Purpose of Report

The purpose of this report is to update the Prosperous Napier Committee on Council's treasury activity.

Officer's Recommendation

The Prosperous Napier Committee:

- a. **Receive** the report titled Treasury Activity and Funding Update dated 18 July 2024.

1.2 Background Summary

Investments

As at 1 July 2024 Council held \$11m on term deposit at an average interest rate of 5.69%.

The following table reports the cash and cash equivalents on 01 July 2024:

	\$000
Cash on call*	\$7,619
Short term bank deposits	\$11,000
Total cash and deposits	\$18,619

*Includes \$1.4m of retained funds.

Term Deposit Issuer Summary

Provider	S&P Credit Rating	Avg. 12 Month Rate	Total Balance	Limit	Percentage	% Limit
Westpac*	AA-	N/A	\$ -	\$30m	38.67%	40%
ANZ	AA-	5.60%	\$ 5,000,000	\$30m	27.88%	40%
ASB	AA-	5.77%	\$ 6,000,000	\$30m	33.46%	40%
BNZ	AA-	N/A	\$ -	\$30m	0.00%	40%
Kiwibank	A	N/A	\$ -	\$30m	0.00%	40%
Total			\$ 11,000,000			

*Includes cash held in accounts.

ANZ and ASB have been offering the best deposit rates for terms under 60 days. Due to relatively low cash and term deposit balances currently held by NCC, small deposits can result in significant changes in percentages against limit.

Term Deposit Maturity Profile vs Guidelines

Term	Percentage	Lower Limit	Upper Limit	Within Limits
0 - 6 months	100%	30%	80%	No
6 - 12 months	0%	20%	70%	No
1 - 3 years	0%	0%	50%	Yes
3 - 5 years	0%	0%	20%	Yes

The primary consideration for placing deposits is timing the need for future expenditure, with returns a secondary consideration. Longer-dated investments beyond 60 days are not possible with the current cash balance.

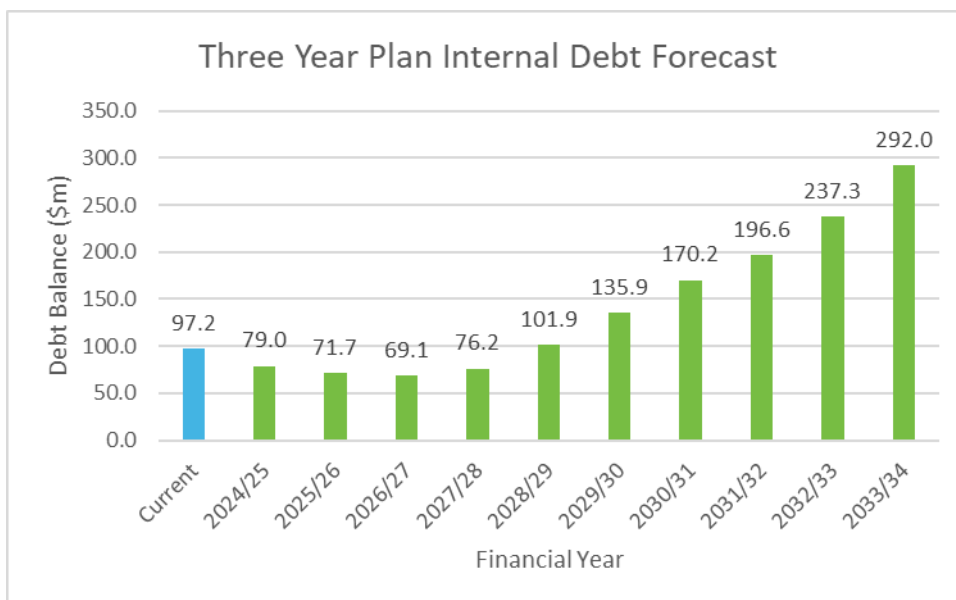
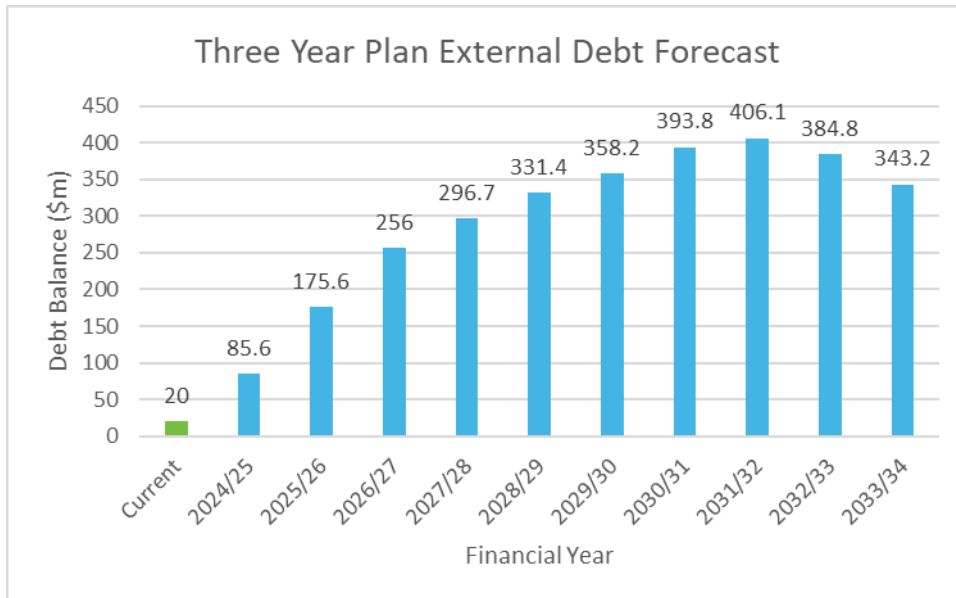
Debt

Council's current total external debt position as at 01 July 2024 is \$20m. During April 2024 \$10m was borrowed from the Local Government Funding Agency (LGFA) in two tranches at fixed interest rates. The details of Council's external debt are as follows:

Draw date	Amount	Interest rate	Maturity date
21/06/2023	\$5m	5.61%	15/04/2026
21/06/2023	\$5m	5.46%	15/05/2028
30/04/2024	\$5m	5.73%	20/04/2029
30/04/2024	\$5m	5.79%	15/05/2030

The interest rate assumptions for internal and external borrowings in the LTP are set out in the table below:

Interest rates	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
External debt	6%	6%	5.8%	5.7%	5.7%	5.7%	5.8%	5.9%	6%	6%
Internal debt	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%



Council’s current total internal debt position as at 1 July is \$97.2m. Internal debt occurs when Council uses its own cash resources (reserves) to finance capital expenditure rather than new external borrowing.

Debt projections are based on the assumption that capital projects budgets will be completed.

Council’s debt portfolio is managed within macro limits set out in the Treasury Policy. It is recognised that from time to time Council may fall out of policy due to timing issues. The Treasury Policy allows for officers to take the necessary steps to move Council’s funding profile back within policy in the event that a timing issue causes a breach in policy.

Council is currently compliant with its Treasury Management Policy.

The Reserve Bank of New Zealand’s (RBNZ) Official Cash Rate (OCR) is at 5.5% at its last review on the 22nd of May 2024. The rate has held steady for several reviews. Its next review is in the 10th of July 2024.

As part of the media briefing the RBNZ noted that “*Restrictive monetary policy has reduced capacity pressures in the New Zealand economy and lowered consumer price*

inflation. Annual consumer price inflation is expected to return to within the Committee's 1 to 3 percent target range by the end of 2024.

The welcome decline in inflation in part reflects lower inflation for goods and services imported into New Zealand. Globally, consumer price inflation has declined from 30-year highs in many advanced economies. However, services inflation is receding slowly, and expected policy interest rate cuts continue to be delayed."

As previously noted, no further rates rises are expected this financial year.

Debt to revenue ratio headroom

This is the key measure for Councils debt profile as it is the measure used by Council's major funders.

The closer Council gets to its limits the more likely it is that it will experience problems raising new debt. A Council with a credit rating would experience a decrease in cost of funds (lower credit rating and higher borrowing margins).

Borrowing Limits			
	Limit	Current	Within Limit
Liquidity to External Debt	>110%	194.5%	Yes
Net External Debt vs Income	<230%	0.9%	Yes
Net Interest vs Total Income	<10%	0.7%	Yes
Net Interest vs Rates	<15%	1.3%	Yes

Council is currently compliant with its borrowing limits.

Officers are exploring the option around taking on a credit rating. This would unlock more competitive borrowing rates through the LGFA and could increase Council's debt limit to 280% of its revenue/income (providing more headroom to borrow). There is a cost to maintain a credit rating and requires council's financials to be externally audited each year. Once Council reaches approximately \$100m of external borrowings the interest savings achieved from having a credit rating start to outweigh the audit cost.

1.3 Issues

No issues

1.4 Significance and Engagement

N/A

1.5 Implications

Financial

N/A

Social & Policy

N/A

Risk

N/A

1.6 Options

The options available to Council are as follows:

- Receive the report titled Treasury Activity and Funding Update dated 18 July 2024
- Amend the report titled Treasury Activity and Funding Update dated 18 July 2024.
- Reject the report titled Treasury Activity and Funding Update dated 18 July 2024.

1.7 Development of Preferred Option

N/A

1.8 Attachments

Nil

2. STANDING UP A COUNCIL CONTROLLED TRADING ORGANISATION TO MANAGE COUNCILS INVESTMENT ASSETS

<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	1772722
<i>Reporting Officer/s & Unit:</i>	Richard Munneke, Commercial Director

2.1 Purpose of Report

Following decisions made as part of the 3-year LTP adoption the purpose of this report is to provide elected members with a programme to stand up a Council Controlled Trading Organisation.

Officer's Recommendation

The Prosperous Napier Committee:

- a. **Endorse** the process and key milestones as described to stand up a Council Controlled Trading Organisation

2.2 Background Summary

Following on from the LTP hearings Council:

Directs officers to begin the process of creating a Council Controlled Trading Organisation (CCTO) by commencing work on the Statement of Expectations for adoption by Council.

- *Note the criteria in the development of the investment framework to include:*
- *Governance structure; and*
- *Social and ethical responsibilities*

In addition, the establishment of the CCTO should also consider interim governance arrangements and machinery considerations associated with the creation of a new entity.

This paper seeks to establish the sequence and timing of the matters that Council will need to address to stand up a fit purpose CCTO.

2.3 Issues

Decisions about the establishment of the CCTO and what expectations Council has about the assets it will potentially manage on its behalf need to be considered transparently.

A transparent process around the setting up of a CCTO is important because in the future the CCTO will be delegated powers to make commercial decisions on commercial asset retention or disposal and asset performance outside of the public arena. The CCTO will comply with Council policy on Strategic Assets and will be

established on principles identified in Council's own Statement of Expectations of the CCTO.

In that regard it is recommended that workshops discussing the function and scope and governance arrangements of a CCTO be held in public. Two initial scoping workshops have been scheduled.

Workshop 1: Principles, Purpose and Values

Workshop Purpose: To establish a defined purpose for the CCTO, including the guiding principles and values by which it will operate in achieving its purpose for Council.

Key Considerations: Clarity around how the CCTO will focus on commercial return including inter-generational return and what is required to achieve a sustainable and growing commercial asset return. This includes:

- CCTO independence to make decisions on identified investments.
- How tension is managed through clear identification values and purpose.
- How Social and other non-commercial objectives are managed.

Target Outcome: Agreement on a draft set of principles, purpose, and values to enable officers to form the basis of a Draft Statement of Expectations in accordance with the Local Government Act 2002 s.64B.

Workshop 2: Governance and Operations

Workshop Purpose: To establish a understanding of who needs to be on the Board of the CCTO to enable it to achieve the objective set by Council.

Key Considerations: The Governance arrangements (CCTO board) needs to be geared toward successfully achieving the principles purpose and values as above,

- Establish the skills board members require.
- What relationship with council is appropriate?
- Elected Member and independent board member considerations and process for EM selection remuneration etc.

Target Outcome: Agreement on a draft set of principles to enable officers to form the basis of a Draft Appointment Policy.

The presentation of the outcomes of Workshops 1 and 2 is targeted presentation back to Council around the end of August.

Parallel Workstreams

A number of Council's commercial assets (for example Leasehold Property as a collective) were identified in the consultation document as being considered for delegation and management by the CCTO to achieve the best outcome for Council.

Council officers are considering by commercial asset:

- The individual expectations that Council has for these assets. (e.g., can they be sold?)
- Scope of asset management decisions delegated to the CCTO.

- Identification of what matters the CCTO and Council will undertake for each asset respectively.
- The state and anticipated journey for those assets within the CCTO
- Performance targets /trajectory
- Reporting

Each asset class as part of its delegation to the CCTO will be reviewed against these criteria to help for part of ‘What’ the CCTO will manage.

The delegation of any asset class, and inclusion in the CCTO Statement of Expectations will be subject to Council approval.

Council officers are in the interim increasing the level of commercial management of these assets to smooth any handover of commercial assets the CCTO.

2.4 Significance and Engagement

The decision to stand up a CCTO has gone through a public process (LTP consultation). No further public consultation is required. However, the discussions and decisions that lead to placing council assets under CCTO management are considered significant but do not requiring consultation.

Any assets that are identified by Council, or the Local Government Act, as ‘Strategic Assets’ are subject to the same decision-making process whether managed by Council or the CCTO,

2.5 Implications

Financial

The Financial implications of the CCTO have been established at a high level through the Long Term Plan.

Refined (asset by asset) consideration of the financial implication will be undertaken as the CCTO is stood up.

Social & Policy

N/A

Risk

N/A

2.6 Options

A project plan has been developed which establishes the approximate sequence and timing of the main matters that Council will need to address as it stands up the CCTO.

Key Milestones from that plan are as follows:

Objective:	Target Date:	Status:
Consultation on CCTO	Q2 2024	Complete
Draft SOE and Appointment Policy	Q3 2024	In Progress
CCTO legal establishment	Q4 2024	Not started
Independent Director Appointment	Q4 2024	Not started

First CCTO Officer Resource	Q1 2025	Not started
1 st tranche Commercial Asset Delegation	Q1 2025	Not started
2 nd tranche Commercial Asset Delegation	Q2 2025	Not started

2.7 Development of Preferred Option

NA

2.8 Attachments

Nil

3. AMENDMENT TO THE 2024 MEETING SCHEDULE

Type of Report:	Procedural
Legal Reference:	Local Government Act 2002
Document ID:	1774628
Reporting Officer/s & Unit:	Anna Eady, Team Leader Governance

3.1 Purpose of Report

The purpose of this report is to consider an amendment to the 2024 meeting schedule, which was adopted on 12 October 2023.

It is proposed that the meeting schedule be amended as outlined in the recommendation of this report.

Officer's Recommendation

The Prosperous Napier Committee:

a) **Adopt** the following amendment to the 2024 meeting schedule:

- | | | |
|---|-------------|---------------------------------|
| • Hearings Committee
(District Plan) | New Date | 18 July 2024 – 2.15pm |
| • Council | New Date | 1 August 2024 – 9.30am |
| • Sustainable Napier
Committee | Time change | 1 August 2024 following Council |

3.2 Background Summary

This additional Council meeting is for Council to review the community consultation plan for the Local Government (Election Legislation and Māori Wards and Māori Constituencies) Bill once it is enacted into law.

The Local Government Act 2002, Schedule 7, Clause 19 states:

...

(4) *A local authority must hold meetings at the times and places that it appoints.*

(5) ...

(6) *If a local authority adopts a schedule of meetings -*

a) *the schedule-*

i) *may cover any future period that the local authority considers appropriate, and*

ii) *may be amended; and*

b) *notification of the schedule or of any amendment to that schedule constitutes a notification of every meeting to the schedule or amendment.*

Council must hold the ordinary meetings as scheduled but may amend the meetings schedule to enable business to be managed in an effective way.

Although staff attempt to meet Council's needs in planning the schedule, it is inevitable that Council will need to amend the schedule from time to time. If approved, the proposed amendment will be notified to elected members via the Councillor diary.

While the schedule serves to give elected members notice of the upcoming meetings, there is still a requirement under the Local Government Official Information and Meetings Act 1987 for the public to be advised on a regular basis of the meetings scheduled for the next month.

The schedule includes council meetings and the meetings of all committees, not only so that members can plan ahead, but also to ensure that meeting days are in fact available. If a scheduled meeting is not required, officers will advise members of the cancellation as early as possible.

3.3 Issues

No issues have been identified with this report.

3.4 Significance and Engagement

The amendment to the meeting schedule does not trigger the Significance and Engagement Policy or any other consultative requirements.

3.5 Implications

Financial

N/A

Social & Policy

There are no social or policy implications in relation to this report.

Risk

Changes to the meeting schedule can result in difficulty finding a suitable venue and increased costs.

3.6 Options

The options available to Council are as follows:

- a. To amend the 2024 meeting schedule as proposed.
- b. Not to amend the 2024 meeting schedule as proposed.

3.7 Development of Preferred Option

It is recommended that the amendment to the 2024 meeting schedule be adopted as proposed.

3.8 Attachments

Nil

4. PROCUREMENT AND CONTRACT MANAGEMENT UPDATE

<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1773187
<i>Reporting Officer/s & Unit:</i>	Sharon O'Toole, Procurement Manager

4.1 Purpose of Report

The purpose of this report is to outline the various improvements required to help Council develop procurement and contract management into strategic tools that will help deliver the capital programme, better manage Council assets, and address the findings and recommendations from the recent Internal Audit Report: Contract Management Report completed by Crowe April 2024.

Officer's Recommendation

The Prosperous Napier Committee:

- a. **Receive** the Procurement and Contract Management update.

4.2 Background Summary

There have been several internal and external audits which have highlighted deficiencies and improvement opportunities for Council's procurement and contract management practices. These findings are supported through internal observations and feedback.

The current approach to procurement no longer supports the scale of the organisation's capital programme and operations service delivery. There is also need for Council to deliver more and more complex projects, with complexity being driven by increased scale, technology, contracting innovations, multi-party arrangements and the prevailing political environment. The latest Long-Term Plan will be the most challenging year to date.

Delivery of the LTP requires a step change - an organisational, strategic view of procurement and contract management, with improved capability and aligned business processes across Council to ensure we meet our organisational objectives.

Making this change requires a structured project approach which segments the programme into packages of work. This improvement initiative with the indicative resource to achieve it, was approved by ELT 18th June 2024.

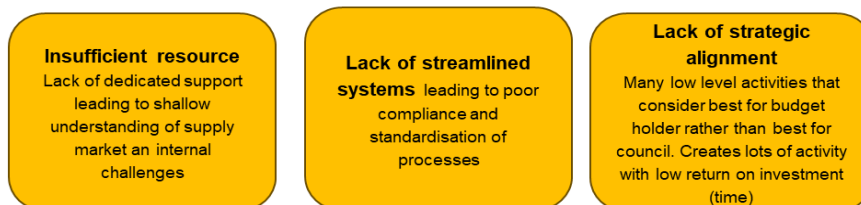
Further work is underway to ensure this work is aligned and integrated with other inter-related improvement initiatives such as the EPMO review, and the capital programme delivery pipeline.

4.3 Issues

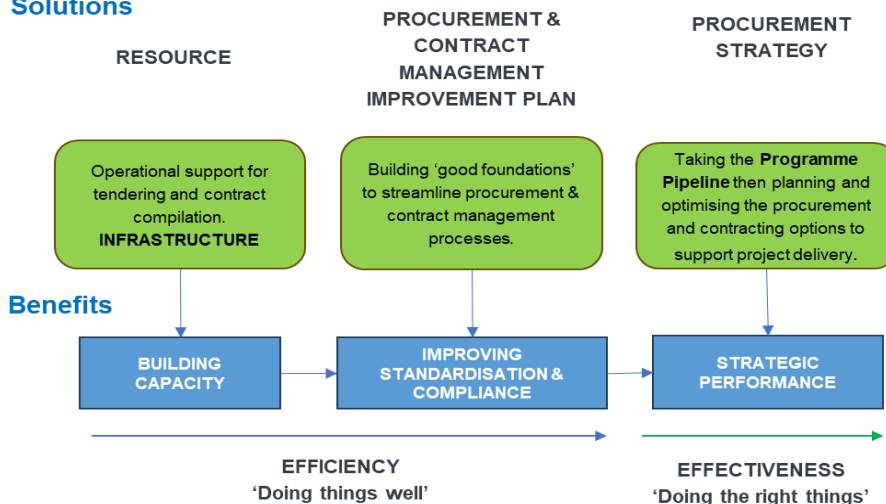
The quality of procurement and contract management across Council is inconsistent. There are excellent examples of good practice however a significant proportion falls short of this and can be summarised as follows:

- Gap between strategic planning and procurement and contract management activities.
- The activity is devolved, transactional and inconsistent.
- No forward plan of procurement activities which hinders the ability to plan effectively and secure the appropriate resources.
- Procurement is reactive. There is a lack of time to plan which leads to processes being selected for expediency rather than best outcome.
- Focus on 'my budget' rather than 'best for Council which limits innovation and collaboration across departments and across Councils.
- There is insufficient guidance, tools templates and training to support procurement and contract management and help users 'do the right thing'.
- Current processes are manual and ad hoc - limited technology to support procurement, contract management, budget tracking and performance management.
- Minimal assessment of proficiency through recruitment and no formal capability assessment of skills or organisational training programme to address knowledge gaps.
- The role of the Procurement team is unclear as are the intersection points with other business areas (Project Management, H&S, Risk, Legal, Insurance).
- Poor document management for procurement and contract documentation, e.g., siloed approach which creates multiple sources of the truth,
- Current financial delegations do not support all business activities, and do not encourage agility or empower staff to fulfil contract management activities.

Problems



Solutions



4.4 Significance and Engagement

N/A

4.5 Implications

Financial

The additional resource and improvement initiatives have an associated cost. However, this piece of work was supported by the leadership team and seen as an absolute priority given it underpins the delivery of Council's capital programme, and therefore budgets will be re-prioritised to fund it.

Social & Policy

The update of Council's procurement and contract management documents is an opportunity to prompt, encourage and support the consideration of progressive procurement or social, cultural, environmental, and economic outcomes. To automate and streamline the associated data collection and reporting will require investment in software and systems, the absence of these will hinder the initial progress.

Risk

There is a risk of multiple change initiative occurring simultaneously. Opportunities to aggregate similar change initiatives around project delivery are currently being investigated. This includes the EPMO review and the capital programme delivery pipeline.

An organisational enterprise view of all uplift / improvement programmes across is in the planning phase. This should identify any opportunities for aggregation or workflow clashes where there is misalignment or conflict between different processes, tasks, or activities that need to be delivered sequentially or in parallel.

4.6 Procurement and contract management improvement plan (preferred option)

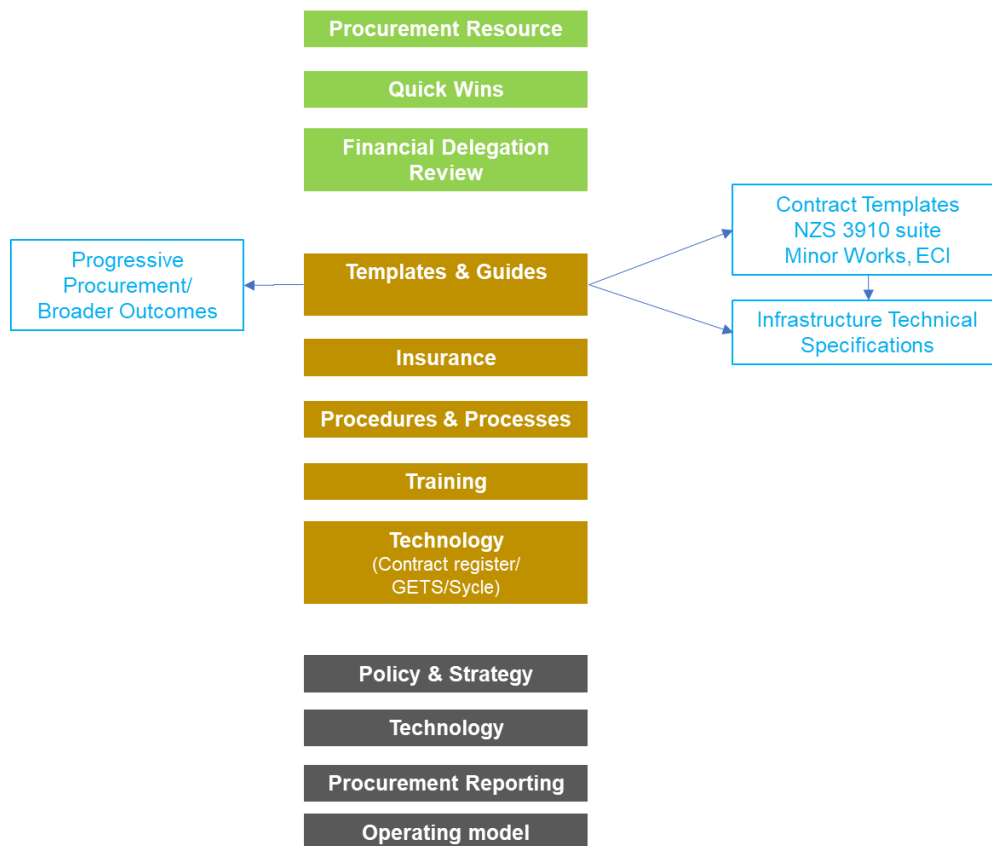
The initiatives to improve Procurement and contract management are comprised of the following:

Operational procurement support

An additional dedicated infrastructure procurement resource within the procurement team. This will increase the capacity of the procurement team to provide operational support, promote a better understanding of infrastructure projects, build links with the infrastructure project teams, the supply market and help to build internal procurement and contract management capability.

Procurement and Contract Management Improvement Plan

The focus of the Procurement and Contract Management Improvement Plan is to promote operational efficiency, achieve compliance and standardise the approach, and support a 'one Council' approach (rather than directorate or team).



The Procurement and Contract Management Improvement Plan addresses most of the risks outlined in the recent Internal Audit Report: Contract Management Report completed by Crowe April 2024 and other external review findings.

Procurement Strategy

Develop a Procurement Strategy to help deliver the Long-Term Plan.

Work is underway within the infrastructure team to create a capital programme delivery pipeline. This needs to be supported by developing a Procurement Strategy which will optimise the delivery of the pipeline and improve the effectiveness of Council’s procurement and contract management.

Creating a pipeline of projects will help to transition project and procurement planning from reactive to proactive and ensure internal and external resources are used effectively.

It will encourage early engagement with stakeholders and the supply market, support the consideration of innovative project and contracting options, provide opportunities to bundle, create panels, prequalification lists, or develop regional contracts all of which are not possible when time is a constraint.

Operating model

Introduce a ‘centre-led’ Procurement Operating Model for the Central Procurement Team. This would see:

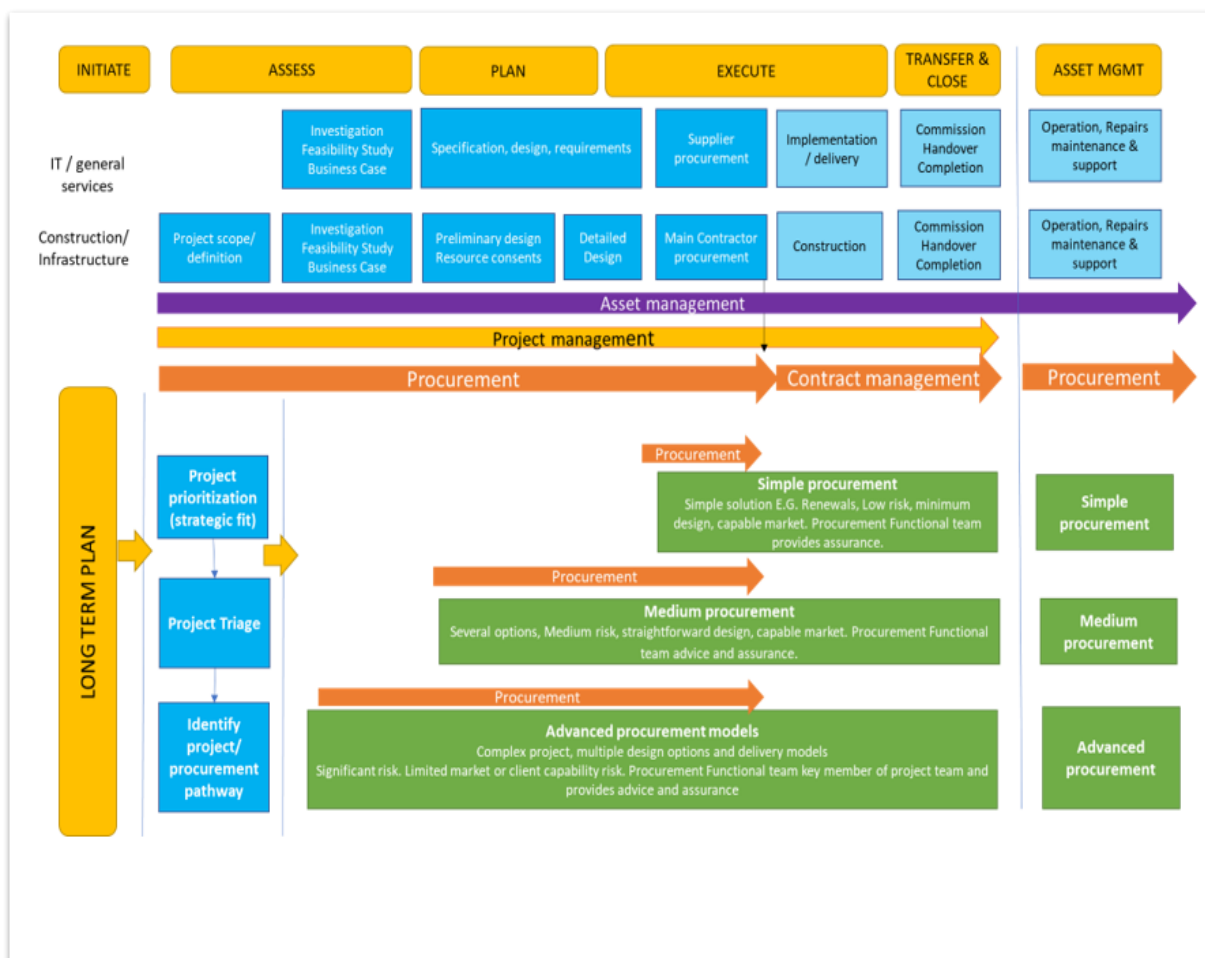
- *The CPT will ‘own’ procurement and contract management policies, resources, templates and support the development of capability across Council.
- The CPT are not resourced to manage contracts, these will be managed by Council functional units.

- Individual functional units will support their own procurement activities, this will align with the Procurement Strategy and will be supported by the CPT with scaled input depending on the value, risk, and complexity.

* The CPT will not take immediate responsibility for all templates created across Council, it will be a managed transition based the Procurement and Contract Management Improvement Plan.

For significant or complex procurement activities (high value, high risk) the CPT will be more involved. For low value, low risk contracting opportunities the CPT will offer light touch advice only.

The triage methodology has not yet been developed but is envisaged to be similar to the scaled approach shown below:



4.7 Attachments

Nil

RECOMMENDATION TO EXCLUDE THE PUBLIC

That the public be excluded from the following parts of the proceedings of this meeting, namely:

AGENDA ITEMS

1. Debt Write Off

The general subject of each matter to be considered while the public was excluded, the reasons for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution were 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(1) to the passing of this resolution.
1. Debt Write Off	7(2)(a) Protect the privacy of natural persons, including that of a deceased person	48(1)(a) That the public conduct of the whole or 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: (i) Where the local authority is named or specified in Schedule 1 of this Act, under section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.

PROSPEROUS NAPIER COMMITTEE Open Minutes

Meeting Date: Thursday 6 June 2024

Time: 9:30am - 10.32am

Venue Large Exhibition Hall
War Memorial Centre
Marine Parade
Napier

Livestreamed via Council's Facebook page

Present **Chair:** Councillor Crown
Members: Mayor Wise, Councillors Boag, Browne, Chrystal, Greig, Mawson, McGrath, Price, Simpson, Tareha and Taylor

In Attendance Deputy Chief Executive / Executive Director Corporate Services (Jessica Ellerm)
Executive Director Community Services (Thunes Cloete)
Chief Financial Officer (Caroline Thomson)
Manager Strategy and Transformation (Stephanie Murphy)
Manager Corporate Finance Manager (Garry Hrustinsky)
Community Strategies (Anne Bradbury)
Team Lead Regulatory Administration (Kathryn Hunt)
Accounting Manager (Heather Sharp)
Financial Controller (Talia Foster)
Carbon Emissions Advisor (Michelle Duncan)

Administration Governance Advisors (Jemma McDade and Carolyn Hunt)

PROSPEROUS NAPIER COMMITTEE – Open Minutes

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ORDER OF BUSINESS

Karakia

The meeting opened with the Council karakia.

Apologies

Councillors Mawson / Tareha

That the apologies for absence from Deputy Mayor Brosnan and Evelyn Ratima - Ngā Mānukanuka o te Iwi representative and the apology for lateness from Councillor Taylor be accepted.

Carried

Conflicts of interest

Nil

Public forum

Nil

Announcements by the Mayor

Mayor Wise acknowledged the recent passing of Byron 'Buck' Buchanan at 101 years old. Mr Buchanan was a well-known local, awarded the QSM. He served in Italy during World War II. Mayor Wise recalled his 35 years ownership of Stortford Lodge Hotel and then the T&G building in Napier. He was an active member of many local organisations, notably the Lions and Napier Golf club.

Announcements by the Chairperson

Nil

Announcements by the management

Nil

Confirmation of minutes

Councillors Mawson / Chrystal

That the Minutes of the Prosperous Napier Committee meeting held on 2 May 2024 were taken as a true and accurate record of the meeting.

Carried

AGENDA ITEMS

1. TREASURY ACTIVITY AND FUNDING UPDATE

Type of Report: Information

Legal Reference: N/A

Document ID: 1743050

Reporting Officer/s & Unit: Garry Hrustinsky, Corporate Finance Manager

1.1 Purpose of Report

The purpose of this report is to update the Prosperous Napier Committee on Council's treasury activity.

At the meeting

The officer presented the report, noting amendments to the report:

-
- The table reporting the cash and cash equivalents on 20 May 2024: **Total cash and deposits** amended to read \$27,389,000 (page 5)
 - Remove question mark after the statement “Council is currently compliant with its Treasury Management Policy” (page 6)

Questions were answered clarifying:

- NCC will reach the \$100 million dollar level of borrowing by the end of 2025 or 2026.
-

COMMITTEE Councillors Simpson / Mawson
RESOLUTION

The Prosperous Napier Committee:

- a. **Receive** the report titled Treasury Activity and Funding Update dated 6 June 2024 with above amendments.
-

Carried

2. NAPIER CITY COUNCIL GREENHOUSE GAS EMISSIONS - CLIMATE MITIGATION PLAN

Type of Report: Information

Legal Reference: N/A

Document ID: 1763247

Reporting Officer/s & Unit: Michelle Duncan, Carbon Emissions Advisor

2.1 Purpose of Report

The purpose of this report is to provide information on Napier City Council’s (NCC) verified greenhouse gas emissions inventory, and the next steps to develop emission reduction targets and plans to achieve these as part of NCC’s wider climate change strategy.

At the meeting

The officer presented a PowerPoint presentation and the report.

Questions were answered clarifying:

- The largest source of NCC emissions is from procurement. This covers goods and services purchased by NCC.
 - The emissions calculations are complex. Some of these emissions are counted by more than one party, but within a different emission category depending on the ownership of the infrastructure.
 - Officers will be recommending climate considerations are included in Council reports at the appropriate juncture.
 - The Procurement Policy is due for revision in 2024. Emissions are part of this discussion.
 - The measurements reported are based on actual emissions; NCC is providing this data on a voluntary basis. NCC directorates have been engaged regarding data and feedback, and are working towards the inclusion of emissions impact into the reporting
-

process. Contractors are included in the measurement process under the appropriate category.

- Mitigations such as planting and solar are better captured in the regional profile. The guidance methodology applies to forestry planting only.
- Comparative data with other similar local authorities or Government departments has mixed merits, though benchmarking data will be included in the plan.
- The impacts from the withdrawn Government funding for cycling and walking is yet to be determined. As a point of order this discussion will be deferred.
- Officers are unable to determine specifically which Council projects will be affected, though Government funding for the reduction of carbon emissions projects in general is being withdrawn.

**COMMITTEE
RESOLUTION**

Councillors Browne / Boag

The Prosperous Napier Committee:

- Receive** the report titled “Napier City Council Greenhouse Gas Emissions – Climate Mitigation Plan.
- Acknowledge** and support the planned approach to develop emission reduction plans and recommend targets as part of NCC’s wider Climate Change Strategy, complementing NCC’s Climate Adaptation Plan.

Carried

Attachments

- 1 Carbon Emissions Presentation (Doc ID 1766845)

3. QUARTERLY REPORT

<i>Type of Report:</i>	Legal and Operational
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	1759347
<i>Reporting Officer/s & Unit:</i>	Talia Foster, Financial Controller Caroline Thomson, Chief Financial Officer

3.1 Purpose of Report

To consider the Quarterly Report for the three months ended 31 March 2024.

At the meeting

The officer presented the report.

Questions were answered clarifying:

- Funds relating to a legal settlement are ringfenced.
- The consequences of not meeting the Department of Internal Affairs measure would be that the audit would look to confirm that reporting is correct. The formatting of this report is currently under review.

-
- The water supply performance summary will form part of the full Three Year Plan document.
-

COMMITTEE Councillors Greig / Price
RESOLUTION

The Prosperous Napier Committee:

- a. **Receive** the Quarterly Report (Doc Id 1762074) for the three months ended 31 March 2024.

ACTION:

- Given the high percentage of enquiries to Council that come directly into Council directorates or departments, Council requests Officers to report details regarding Customer Service training undertaken by non-Customer Service officers.
 - Report back to Council regarding specific increases relating to Transport and Fire Control.
-

Carried

4. CATEGORY 3 VOLUNTARY BUY-OUT - TIMEFRAME FOR PROGRAMME COMPLETION

Type of Report: Procedural

Legal Reference: N/A

Document ID: 1762174

Reporting Officer/s & Unit: Anne Bradbury, Manager Community Strategies
Kathryn Hunt, Recovery Programme Coordinator

4.1 Purpose of Report

- To provide an update on the progress of the Category 3 Voluntary Buy Out Programme and to seek endorsement to apply a deadline for engagement in the Programme.
 - This report discusses the timeframe for Programme Completion and the proposed closure of the Voluntary Buy Out Office in December 2024.
 - This requires property owners to engage in good faith with the Voluntary Buy Out Office before 31 August 2024 so offers can be constructed by September 2024. Property owners have three months to consider their offers and the Programme will be mostly complete by the end of the year.
 - Support will still be provided for property owners in complex situations that are willing to engage prior to 31 August if required once the Voluntary Buy Out Programme is substantively completed.
-

At the meeting

The officer presented a PowerPoint presentation and the report.

Councillor Taylor joined the meeting at 10.22am

Questions were answered clarifying:

- Officers are confident that the buyouts will be completed within the timeframe and the fund cap.
- This fund and the related consultation process is specific to Cyclone Gabrielle.

**COMMITTEE
RESOLUTION**

Councillors Price / Simpson

The Prosperous Napier Committee:

- Approve** that the Voluntary Buy Out Programme be substantively concluded effective 31 December 2024.
- Approve** that the Voluntary Buy Out Policy cease to be operative once the last owner who has engaged in good faith in the Voluntary Buy Out Programme prior to 31 August 2024 has been supported through to settlement or chooses to opt out of the process.
- Direct** the Chief Executive to make provision to support owners who have engaged in the Voluntary Buy Out Programme in good faith prior to 31 August 2024 to conclude the Voluntary Buy Out Programme after 31 December 2024, if this support is still required.
- Note** the Chief Executive will make thorough efforts to encourage owners who have not yet engaged in the Voluntary Buy Out Programme, or who have stalled for some reason, to make final decisions on whether they would like to engage or re-engage in the Voluntary Buy Out Programme by 31 August 2024.
- Note** that if property owners are unwilling to engage, or re-engage, with the Voluntary Buy Out Programme in good faith by 31 August 2024 (i.e. by accepting an initial meeting with the Voluntary Buy Out Office and agreeing to be supported through the valuation stage so offers can be constructed by 30 September 2024) the Voluntary Buy Out Programme will be closed to these owners.

Carried

Attachments

- 1 Voluntary Buyout Presentation (Doc ID 1766625)
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5. HAWKE'S BAY AIRPORT LIMITED - STATEMENT OF INTENT FEEDBACK

<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1765082
<i>Reporting Officer/s & Unit:</i>	Jessica Ellerm, Deputy Chief Executive / Executive Director Corporate Services

5.1 Purpose of Report

To update the committee with feedback provided to Hawke’s Bay Airport Limited Draft 2024/2025 Statement of Intent (Doc Id 1741570).

At the meeting

The officer presented the report with no questions. Councillors appreciated the ongoing comments in the letter as to the expectations regarding the dividend and the Solar Farm project.

COMMITTEE RESOLUTION

Councillors Crown / Taylor

The Prosperous Napier Committee:

- a. **Note** and receive the report titled “Hawke’s Bay Airport Limited – Statement of Intent Feedback” dated 6 June 2024.

Carried

Minor matters

There were no Minor Matters to discuss.

The meeting closed with a karakia at 10.32am

Approved and adopted as a true and accurate record of the meeting.

Chairperson

Date of approval