

# HURUNUI DISTRICT COUNCIL

## MINUTES



<b>Meeting</b>	Finance, Audit and Risk Committee (Extraordinary meeting)
<b>Time and Date</b>	10.45am, 27 July 2017
<b>Venue</b>	Council Chambers, 66 Carters Road, Amberley

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<b>Members Present</b>	Cr Dick Davison (Chairperson), Mayor Winton Dalley, Councillors Marie Black, Vince Daly and Geoff Shier.
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<b>In Attendance</b>	Councillors Nicky Anderson, Jason Fletcher, Fiona Harris, Julia McLean and Michael Ward.  Hamish Dobbie (Chief Executive Officer), Jason Beck (Manager Financial Services), Judith Batchelor (Manager Environmental Services), David Edge (Manager Rooding and Utilities), Dan Harris (Manager Infrastructure Services - Delivery), Audrey van der Monde (Manager Community and Corporate Services) and Graham Sutherland (Council Secretary).
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<b>Apologies</b>	Nil.
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<b>Conflict of Interest Declarations</b>	Nil.
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<b>Health and Safety</b>	The Chairperson advised of the exits and assembly point to be used in the event of an emergency.
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<b>Recording Device</b>	A recording device was used for the purpose of accuracy of the minutes.
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<b>Urgent Business</b>	Nil.
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<b>Presentation from the Chairperson of the Hanmer Springs Thermal Pools and Spa Management Committee</b>	Grant Lilly, Chairperson of the Hanmer Springs Thermal Pools and Spa Management Committee and Graeme Abbot, General Manager, were in attendance to give a presentation to the Committee.
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	Grant Lilly thanked the Committee for the opportunity to present and for the Council's ongoing support and said the presentation would provide an overview of the pools business. He said the Hanmer Springs Thermal Pools and Spa Management Committee was working effectively and he thanked the councillor members and representatives on that committee for working well as a team and dealing constructively with the challenges they face.
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The General Manager proceeded with the presentation which covered: the Financial Results for the 2016/17 Financial Year; the Budget for the 2017/18 Financial Year; project updates; the Master Plan; Risk matters; and the revised role for the General Manager.

The General Manager said that in general the financial results did not end up where management wanted to be, which was primarily due to the November 2016 earthquake. He said the business saw a shift from being well ahead in October results to being 10% down on budget, but still 4% better from the previous year. He said the final surplus figure of \$2.647M showed moderate growth for the year.

The General Manager explained that revenue dropped as a result of the earthquake but improved before Christmas and numbers had come back somewhat, but a lot of this was achieved through a super sale, which was pushed to send a message that Hanmer Springs was still open for business and to get people back into Hanmer Springs. It was also to create cashflow but it did erode margins and it combined with the significant impacts on the state highway, which had been an impediment to visitors due to many choosing not to travel the very busy road.

The General Manager presented the budget for this year, but he noted that there was still a lot of uncertainty with this budget process due to imponderables like visitor flows, when SH1 would reopen and what impact this would have. In response to a question regarding potential for improvement in the Artisan Spa, the General Manager said management was working hard on improving all business units and he said that reflecting on the original feasibility study, the Artisan Spa was ahead of forecast and will be ahead of the forecast first year trading surplus. However he said they wanted greater improvement and were working on turning it into a spa for locals in the region. He said there was a project group established to go through both Spas and drive this part of the business forward.

The General Manager discussed the capital budget, which included the methane gas conversion project, which would be in place by late November and investment in a new bore pump to be able to drop to 200m depth to ensure the necessary volume of water was reliably available to the business. The B.M.S system was a new business process to run the entire operation and was 90% through the upgrade. This would allow better understanding of the business and the ability to react more quickly to challenges. There was also a project looking at upgrading the reception area and making better use of technology. The General Manager said the offices upgrade was through stage 1 and staff were delighted with the improvement to offices that were well past their use-by date. The Fresh Water Pool was also planned for resurfacing, which would mean being closed for a month and this was part of the cycle of pool maintenance. The Changing Rooms were also being given a facelift to freshen them up.

Grant Lilly spoke about the master plan process which was about developing a plan for the physical site, content and layout and requires thinking about what the business is and what it wants to look like in 10 years. The Committee had engaged experienced consultant Alan Griffiths to look at the business and understand the metrics now and into the future. From this the Committee would develop a concept plan and decisions about what needs to be done. Grant Lilly said there would be guidance provided from the Management Committee and Pools management team regarding what should be in and what should be out, then consideration of phasing and fiscal impacts. He said this would come back to the Committee at some stage this year for more debate and fine-tuning of the plan, then come to the Council for its consideration.

The General Manager discussed the matter of risk and said the Pools operate under the Council's risk register and will present the latest risk register at the August

Management Committee meeting for discussion. A major risk was identified as the impacts on the bore from earthquakes and consultants had been engaged to put together research on options. With respect to Health and Safety, the Pools has a rigorous health and safety programme across the complex. Pools management requested an audit from ACC last year and received secondary qualification, the highest an organisation can get on its first audit. Grant Lilly commended the General Manager and staff on the work done, noting that the organisation had lifted the bar a long way in the context of the new legislation, with much better focus now and a rigorous framework, which was important to the nature of the business.

The General Manager discussed the bore and advised that the level had recently dropped to 92m, noting there was a 10m drop after the earthquake and subsequent drops. He said there was testing done and as part of this, management determined that a new bore was needed to be able to go deeper and with a more effective configuration. He said the immediate impact of the bore drop was managed well by staff, but it reinforced the need for a new bore, which should be operational in December. Grant Lilly said the key thing is that the Pools have a new pump on order, which was more sophisticated and can pump across wider spectrum and the Pools will then have good contingencies in place. The Chief Executive Officer also acknowledged the great work done by the Pools team to decrease water usage over recent years and was looking to further reduce usage. The General Manager said the new BMS will also help in this respect by providing all information quickly and effectively and allow management to keep ahead of future risks. Cr Harris congratulated the team on managing the challenges of the bore level drop and its good planning to address this in future.

Grant Lilly discussed the revised role of the General Manager Graeme Abbot. He said there was a plan to look at restructuring the General Manager role and use Graeme Abbot as a new resource in support of the Hurunui Tourism Board. This was about the development of wider district tourism to capitalise on a number of opportunities and needs in developing tourism infrastructure for the Hurunui. He said Graeme Abbot would continue to work 60% of his time on Pools business and 40% working in support of the new strategy for the Hurunui Tourism Board and developing product to grow tourism in the Hurunui. Grant Lilly said this was a significant change for the Pools and it was important to plan for succession, while still retaining Graeme Abbot's expertise as much as possible. He said the Management Committee was starting the process now of redeveloping the management structure and the team underneath, to build capacity and was looking at whether there are internal resources or perhaps the need to employ externally in the new framework. Grant Lilly said the Management Committee looked at a proposed revised structure when it last met, but this has not yet been discussed with staff. It was agreed that Grant Lilly and Graeme Abbot would work on this further and bring it back to the August meeting and seek endorsement of the Committee, then start the process of consulting staff and appointing/reappointing where necessary.

Cr Davison thanked Grant Lilly and Graeme Abbot for the presentation and said he considered the structure this Council has for the Thermal Pools works well and reporting process are appropriate and sensible.

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**Meeting Ended** The meeting ended at 11.43am.

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