Finance Committee
OPEN MINUTES

Minutes of a meeting of the Finance Committee held in Council Chamber, 401 Grey Street, Hamilton East on 11 September 2018 at 9.30am.

Chairperson
Cr J Hennebry

Deputy Chairperson
Cr H Vercoe

Present
Cr D Minogue
Cr S Kneebone
Cr B Quayle

Ex-officio
Cr A Livingston

In Attendance
Cr K White
Cr F Lichtwark

Staff
M Garrett – Chief Financial Officer
J Becker – Finance Manager
J Cox – Democracy Advisor
**Apologies**  
(Agenda Item 1)

Apologies were received from Cr Livingston for lateness.

Cr Vercoe moved/Cr Minogue seconded

**FC18/64**

**RESOLVED**
THAT the apologies of Cr Livingston for lateness be accepted.

The motion was put and carried (FC18/64)

**Confirmation of Agenda**  
(Agenda Item 2)

Cr Quayle moved/Cr Minogue seconded

**FC18/65**

**RESOLVED**
THAT the agenda of the Finance Committee of 11 September 2018 be confirmed as the business for the meeting.

The motion was put and carried (FC18/65)

**Disclosures of Interest**  
(Agenda Item 3)

There were no disclosures of interest.

**SECTION A: (UNDER DELEGATION FOR THE INFORMATION OF COUNCIL)**

**Issues/Actions following 9 August 2018 Finance Committee meeting**  
(Agenda Item 4) (Doc # 11620281)

Chief Financial Officer (M Garrett) presented the report that reviewed the actions and issues raised from the previous Finance Committee meetings.

During questions, answers and related discussion Committee members raised or noted the following matters:
- A member requested further explanation for a statement on page 9 of the agenda “costs associated with the development of the Coastal and Regional Plans”. Members were advised that the statement referred to the fact that the projects were to be reported on through the standard reports, and they had not been reported before. Members had not seen reports as the projects had not commenced.
- A member noted the number of properties recorded as being under mortgagee auction. Members were advised that the properties under auction had only been reported in terms of dollar value and the provision of the number of properties had been by way of response to a members request for the information.
Cr Quayle moved/Cr Minogue seconded

RESOLVED
THAT the report ‘Issues and actions from the Finance Committee meetings’ (Doc #11620281 dated 29 August 2018) be received.

The motion was put and carried (FC18/66)

SECTION B: (FOR RECOMMENDATION TO COUNCIL)

Annual Report for the year ended 30 June 2018
(Agenda Item 5) (Doc #12913865, 13021093, 13020311)

Chief Financial Officer (M Garrett) presented the report that provided the committee with an update on the audit of the Waikato Regional Council Annual Report for the year ended 30 June 2018, and presented the attached 2017/18 Annual Report and Annual Report Summary for approval and recommendation to the council for adoption.

Members noted that the full annual report and annual report summary was subject to final formatting and minor editorial changes, and that some design elements of the annual report summary were still to be completed, including the financial section of the annual report summary.

During questions, answers and related discussion Committee members raised or noted the following matters:

- A member questioned whether the word “stable” in explaining Outcome measure trend data was an appropriate word or whether it could be misinterpreted. It was noted for members that the word “stable” had been used in the past where there was no trend or significant shift in the data. Members sought clarity to reflect the definition of the word “stable”. Staff proposed “there hasn’t been a significant shift in trend to reflect an increase or decrease”.
- A member sought clarity on the definition of swimable as it was reflected on page 20 of the report (page 39 of the agenda). The definition would need to clarify that it was “Swimmable as deemed by...” and reflect the standard that has been used.
- A member noted that the references to responses from territorial authorities seemed inaccurate or meaningless in the territorial authority stakeholder performance. It was noted that it was a performance measure and the questions had been asked of 11 authorities with responses from only five. Of those five responses two were positive. Staff undertook to provide clarity on the measure and the fact it was not achieved.
- The annual report will be promoted in summary form as that is an easier to digest version. The community will also be referred to the full report online if that what they were after.
- The audit opinion applied to the Annual Report document and the Summary document.
- A member noted interest in the comparison of staff and the wage bill in the Summary document. Members noted that it was not a requirement to disclose the information under the Local Government Act, but that Council were able to add information. The member sought incorporation of a graph to represent the staff numbers and wage bill, with emphasis on those earning over $100,000.
Cr Hennebry moved/Cr Vercoe seconded
THAT a graphic be included in the summary document to reflect staff numbers and the total wage bill.

Discussion ensued for and against the proposed motion.

Members speaking for the motion noted that the information was provided within the Annual Report but did not believe it to be suitably accessible for the community to see.

Members noted that it was important to show a balance of views and that if a graphic was to be used that one should show the full wage bill across all of the pay bands and not just the over $100,000. Noting recent discussion with respect to Auckland Council on the radio the matter was clearly of public interest. It would be equally appropriate to reflect the fees paid to consultants and contractors.

Members speaking against the proposed motion noted that they did not feel the graphic was particularly of benefit if other authorities were not reporting the same information in the same way. It was not appropriate for a regional council to be compared to a territorial authority when given the difference in the nature of their business and staff employed.

Cr Minogue moved/Cr Livingston seconded

**FC18/67**

**RESOLVED**
1. That the report “Annual Report for the year ended 30 June 2018” (Doc # 12913865 dated 31 August 2018) be received, and

The motion was put and carried (FC18/67)

Cr Hennebry moved/Cr Vercoe seconded

That a graph of note 12 that represents the permanent full time staff, and the total remuneration by band be included in the Annual Report Summary document.

The motion was put and lost.

On putting the motion a division was called and the voting recorded as
For: Crs Hennebry and Vercoe
Against: Crs Kneebone, Livingston, Minogue and Quayle.

Discussion returned to the remainder of the report and recommendations.
- Members sought clarity for the difference in the numbers of staff as reported in the Annual report. For clarity they were advised the difference was one recorded the number of full time equivalent employees and the other figure recorded the full head count of staff and included part time employees. The figures provided a measure of employees on the payroll as at 30 June 2018.
- A member sought further clarity to the statement within the chair’s foreword that reflected “seeing us work together over Taupo Waters”. The member sought either removal or explanation of Taupo waters, noting there were a number of community concerns over those ongoing discussions. It was agreed to delete “over Taupo waters.”
• A member noted the variations in the benchmark on the graph represented on page 17 of the agenda. By way of explanation it was explained that the representation was of the actual cash flow from operating activities and the difference in returns from investment. It was noted that the Annual Plan treated the cash flow one way and the Annual Report treated it differently.
• A member questioned the approach to the reporting measure and it was noted that the measure recorded within prudence regulations and as such governed by regulation. Council’s classification had been corrected through the Long Term Plan.
• Members sought a clarification explanation to be included with the graph.
• Audit New Zealand noted that the audit was on track and that the audit of the report was ongoing with working continuing through the final testing of the performance measures. There were no matters to be bought to the attention of Council.
• Members noted there would be further minor editorial changes to be made to the do

Cr Hennebry moved/Cr Livingston seconded

RESOLVED
2. That the committee approve the 2017/18 Annual Report (Doc # 13021093) and Annual Report Summary (Doc #13020311) as presented, and

RECOMMENDED
3. That the committee recommends the adoption of the 2017/18 Annual Report and Annual Report Summary to the council, and

RECOMMENDED
4. That the committee recommends the allocation of $37,000 of the 2017/18 operating surplus for the assurance activities to be undertaken in relation to Project Reboot to the council.

The motion was put and carried (FC18/68)

SECTION A: (UNDER DELEGATION FOR THE INFORMATION OF COUNCIL)

Regional Software Holdings Limited Audited Annual Report to 30 June 2018
(Agenda Item 6) (Doc #13018831)

Chief Financial Officer (M Garrett) presented the Regional Software Holdings Limited (RSHL) Audited Annual Report to 30 June 2018 to the Finance Committee.

Cr Livingston out of the meeting at 10.42am.

During questions, answers and related discussion Committee members raised or noted the following matters:
• A member noted that one director per shareholder seemed out of sync with the business sector where those with larger share holdings had additional directors. In response it was noted that the organisation was formed by way of collaboration
with all of the member organisations and the shareholding percentage reflected the size of the councils share in to the cost of development.

- The Chair of the organisation was Mike Neild from Taranaki and the deputy chair was Councils Chief Financial Officer (CFO). When the CFO retires later in 2018 the Director Community and Services would be the alternative until the position of CFO is filled.

Cr Livingston in the meeting at 10.48am.

- Members directly thanked the CFO for his work representing Council over the last many years.
- Members noted that the group worked in collaborative way.

Cr Quayle moved/Cr Minogue seconded

**FC18/69**

RESOLVED

That the report Regional Software Holdings Limited Audited Annual Report to 30 June 2018 (Doc #13018831 dated 3 September 2018) be received.

The motion was put and carried (FC18/69)

**Minutes (open session) of the Contracts Subcommittee meeting held on 7 August 2018**

(Agenda Item 5) (Doc # 12849670)

Cr Vercoe presented the minutes of the 7 August 2018 meeting of the Contracts Subcommittee.

Cr Vercoe moved/Cr Quayle seconded

**FC18/70**

RESOLVED

THAT the Minutes (open session) of the Contracts Subcommittee meeting held on 7 August 2018 be received.

THAT the decisions made in Section A of the report be noted.

The motion was put and carried (FC18/70)

The meeting adjourned at 10.52 and reconvened at 11.13am.

With consent of the meeting Item 9 Proposed Fare Capping Levels for the RITS Smart Card System in the Waikato Region was considered at this time.

**SECTION B: (FOR RECOMMENDATION TO COUNCIL)**
Proposed Fare Capping Levels for the RITS Smart Card System in the Waikato Region

(Agenda Item 9) (Doc # 12945078)

The Manager Public Transport Operations (A Wilson) presented the report that set out the further work that has been undertaken in relation to fare capping for the Waikato Region Smart Card system and seeks endorsement from the Finance Committee to implement the fare capping scheme at the capping levels recommended.

During questions, answers and related discussion Committee members raised or noted the following matters:

- Members noted that the proposed levels were a good option. The buses were running anyway and with a good incentive it would encourage more people to start taking the bus.
- A member asked whether there was any potential to integrate the bus solution with a proposed rail solution. It was noted for member that there was no knowledge yet as to what the final rail solutions would be, or whether fare capping would be appropriate or able to be connected to the system. A member noted that the proposed solution was for Waikato and that there would be issues integrating with the Auckland system if rail were to be considered.
- The proposed new ticketing system was an interim solution and would support Waikato while work was ongoing with the National Integrated ticketing system. There was a proposal that Greater Wellington would go to the market with the purpose finding a system that was fit for purpose for an integrated national system.
- Members noted that once the decision was further discussed and agreed by the Hamilton Public Transport Joint Committee, it would be a good news story to be shared with the region. It was noted for members that the benefits would be highlighted as part of a wider communications plan for the region, closer to the time of the release of the system.

Cr Vercoe moved/Cr Livingston seconded

FC18/71

RESOLVED
1. That the report Proposed Fare Capping Levels for the RITS Smart Card System in the Waikato Region (Doc #12945078 dated 3 September 2018) be received, and

RECOMMENDED
2. That the committee endorse the following recommendations which have been made with respect to the level of fare cap which should be set:
   - Daily cap: 3 x standard fare
   - Weekly cap: 10 x standard fare

RECOMMENDED
3. That this recommendation be submitted to the Hamilton PT Joint Committee for their endorsement.

The motion was put and carried (FC18/71)

With consent of the Committee the meeting returned to Item 8 Treasury Management and Monitoring Report to 31 August 2018.
SECTION A: (UNDER DELEGATION FOR THE INFORMATION OF COUNCIL)

Treasury Management and Monitoring Report to 31 August 2018
(Agenda Item 8) (Doc # 12987056)

Finance Manager (J Becker) presented the report to provide the Finance Committee with an update on the performance of the council’s investment fund and cash management for the period ended 31 July 2018 and the status of the external borrowing programme at 31 August 2018.

During questions, answers and related discussion Committee members raised or noted the following matters:

- Members noted that the cost of external borrowing had been budgeted at 3.7%. As Council had entered into those swaps from internal borrowing moving to external debt just after the Reserve Bank announcement of changes, Council had benefited from the timing and achieved an average rate of 2.49%.
- A member asked whether the Local Government Funding Agency made any provision in finances going forward for climate change risk perspective. In response it was provided this risk sat with individual councils as most councils provided a cross guarantee as a requirement of their membership.
- Pricewaterhouse Coopers had previously provided advice to Council that the guarantee could be considered as low risk.

Cr Vercoe moved/Cr Livingston seconded

FC18/72 RESOLVED
THAT the report “Treasury Management and Monitoring Report to 31 July 2018” (doc #12987056 dated 31 August 2018) be received.

The motion was put and carried (FC18/72)

FC18/73

Resolutions to Exclude the Public

Cr Quayle moved/Cr Kneebone seconded

RESOLVED
That the public be excluded from the following part/s of the meeting:

The general subject 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(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

<table>
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<th>General subject of each matter to be considered</th>
<th>Reason for passing this resolution in relation to each matter</th>
<th>Ground(s) under section 48(1) for the passing of this resolution</th>
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Doc # 13021832
This resolution is made in reliance on sections 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 7 of that Act, which would be prejudiced by the holding of the relevant part of the proceedings of the meeting in public are as follows:

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<th>Item No</th>
<th>Interest</th>
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<tr>
<td>11, 12</td>
<td>Protect information where the making available of the information</td>
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<td>(i) would disclose a trade secret; or</td>
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<td>(ii) would be likely unreasonably to prejudice the commercial position</td>
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<td>of the person who supplied or who is the subject of the information</td>
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<td>(Schedule 7(2)(b))</td>
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<td>12</td>
<td>Enable any local authority holding the information to carry on, without</td>
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<td>prejudice or disadvantage, negotiations (including commercial and</td>
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<td>industrial negotiations) (Schedule 7(2)(i))</td>
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**THAT** Russell Garrett and Brian Kearney of Mercer be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of Item 11 Annual Manager Monitoring Report. This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter because Russell Garrett is an author to the report.

*The motion was put and carried (FC18/73)*

Return to Open Meeting at 12.35pm

Meeting closed at 12.35pm