Finance Committee
OPEN MINUTES

Minutes of a meeting of the Finance Committee held in Council Chamber, 401 Grey Street, Hamilton East on Wednesday 17 May 2017 at 10.02am.

Chairperson
Cr J Hennebry

Deputy Chairperson
Cr H Vercoe

Present
Cr D Minogue
Cr S Kneebone

In Attendance
Cr B Quayle
Cr S Husband

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

The apologies from Councillors Livingston and Simcock were received.

Confirmation of Agenda  
(Agenda Item 2)

The Chief Financial Officer advised that due to a number of items on the agenda involving outside presenters some of the items were likely to be considered out of the order listed in the agenda.

Cr Vercoe moved/Cr Minogue seconded

FC17/17

RESOLVED  
THAT the agenda of the Finance Committee of 17 May 2017 be confirmed as the business for the meeting.

The motion was put and carried (FC17/17)

Disclosures of Interest  
(Agenda Item 3)

There were no disclosures of interest.

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

Issues/Actions from the Finance Committee Meetings  
File: 03 04 03 (Agenda Item 4) (Doc # 1023339)

Chief Financial Officer (M Garrett) outlined the actions and issues raised from previous Finance Committee meetings.

During questions, answers and related discussion Committee members raised or noted the following matters:
- In respect to Harbormaster insurance, the Audit and Risk Committee received an update from Aon on the options for replacing Riskpool at its meeting held on 4 May 2017 where it was decided that Aon would go out to the market to look at commercial options available for Council. The outcomes will be presented to Council at its June 2017 meeting.
- In relation to the number of people that the -7.1% decrease in patronage on Saturdays equates to, the Chief Financial Officer advised that for the 12 months ended April 2017 there were just under 212,000 passengers on Saturdays compared to 228,000 for the year ended April 2016. On Sundays, there were 118,000 passengers for the year ended April 2017 compared to 120,000 for the year ended April 2016. The Chief Financial Officer advised members that there was a small increase in patronage in March 2017.
- In respect to the new passenger transport proposal from Thames to Paeroa and then onto Rotorua, the Chief Financial Officer advised members he understood that the Hauraki District Council and the Thames Coromandel District Council will fund the Contract. The Waikato Regional Council’s involvement in the contract is due to the fact that it acts as a conduit for the New Zealand Transport Agency in terms of the funding.
RESOLVED

FC17/18

THAT the report ‘Issues/Actions from the Finance Committee meetings’ (Doc # 10191052) dated 5 May 2017 be received.

The motion was put and carried (FC17/18)

Rates Information as at 1 March 2017

File: 08 15 08 (Agenda Item 5) (Doc # 10233399)

Chief Financial Officer (M Garrett) provided a summary on rates activity for the 2016/17 financial year.

During questions, answers and related discussion Committee members raised or noted the following matters:
- The Rating Act determines how penalties are applied to outstanding rates.
- Discussion ensued on the issues around the collection of rates, specifically rate collection on uneconomic Maori Freehold Land. The Chief Financial Officer undertook to provide members with a breakdown of statute barred debt write-offs for Maori Freehold Land.
- The Committee felt it would be useful for Team Leader: Rates to attend the next meeting and outline the process involved and leading up to rating sales.

RESOLVED

FC17/19

1. THAT the report ‘Rates information for rates year 2016/17 as at 31 March 2017’ (Doc # 10233399 dated 16 April 2017) be received for information.

The motion was put and carried (FC17/19)

SECTION B: (FOR RECOMMENDATION TO COUNCIL)

Financial Performance and Forecast to 31 March 2017

File: 08 01 50 (Agenda Item 6) (Doc # 10379503)

Finance Manager (J Becker) provided an overview of the financial performance results for the period 31 March 2017 and summarised the outcome of the forecast of financial performance for the year that has been undertaken based on these results (Doc # 10479172).

During questions, answers and related discussion Committee members raised or noted the following matters:
- Significant discussion ensued on the costs associated with the Healthy Rivers Wai Ora project (Plan Change 1) and the need for Elected Members to have a clear understanding of the cumulative costs. The Chief Financial Officer advised that staff are aware of the issue and have commenced reporting key multi-year projects separately. In response to a question around implementation costs, members were advised that the report in the agenda only speaks to the preparation of the Plan Change; it does not discuss the implementation of the Plan Change. The Chief Financial Officer advised the Committee that the costs of implementation were presented to Council in December 2016 at a workshop and February 2017 at the
Budget meeting. In presenting the projected costs, Council was made aware that these were based on a number of estimates and assumptions given the uncertainties that exist within the project. The Committee was given an assurance that any changes to these projections will be reported to Council. In response to a question about whether there was sufficient budget for the implementation of Plan Change 1 to manage over runs, the Finance Manager advised that an additional funding had been requested through the 2017/18 Annual Plan for implementation of Plan Change 1.

- In respect to the hearings associated with Plan Change 1, staff advised that a provision of $480,000 had been budgeted in the 2017/18 financial year. The Committee noted that consideration will need to be given through the Long Term Plan to any legal challenges that may result following the hearings.

- In respect to the operating capital for vehicles, the Chief Financial Officer advised that the net spend for 2016/17 was $793,000, which will be within budget ($800,000).

- The Chief Financial Officer advised that the Investment fund returns to date are sufficient to fund Waikato Means Business Implementation, and the planned contribution to the Regional Development Fund.

- The Committee supported the budget adjustments set out in the report.

Cr Vercoe moved/Cr Kneebone seconded

FC17/20

RECOMMENDED

1. THAT the report ‘Financial performance monitoring report to 31 March 2017’ (Doc # 10379503 dated 3 May 2017) be received.

2. THAT the Finance Committee approve forecast budget adjustments as set out in the report, being:
   a) A net increase in operating revenue of $172,000 and a net reduction in operating expenditure of $2,652,000 giving an increase in the net operating surplus of $2,824,000. Of this amount, $1,520,000 is to be set aside to carry over to the 2017/18 financial year to allow planned works to be completed. Operating reserves will increase $1,304,000 and retained earnings will increase $306,000.
   b) A net reduction in operational capital expenditure of $4,230,000, with $4,202,000 to be carried over to the 2017/18 financial year.
   c) A net increase in infrastructure capital expenditure of $689,000.

The motion was put and carried (FC17/20)

The meeting adjourned at 11.17am and reconvened at 11.25am when, with the consent of the meeting, Item 9 – Mercer Investment Monitoring Report to 31 March 2017 was considered.

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

Mercer Investment Monitoring Report to 31 March 2017
File: 08 11 55M (Agenda Item 9) (Doc # 10366271)

Russell Garrett and Simon Cox from Mercer (via video conferencing) provided an update on the quarterly investment monitoring report to 31 March 2017. In order for Mercer to provide an update on the Council’s Investment Fund Managers, the Committee resolved to go into Public Excluded Session.
FC17/21

Resolutions to Exclude the Public

Cr Kneebone moved/Cr Hennebry seconded

RESOLVED

THAT in accordance with the provisions of Standing Orders NZS 9202:2003 Incorporating Amendment No 1, Appendix A&B (p40/42) and Section 48 of the Local Government Official Information and Meetings Act 1987, 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>
<thead>
<tr>
<th>Item No.</th>
<th>Item Name and 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>
</tr>
</thead>
<tbody>
<tr>
<td>Pt Item 9</td>
<td>Update on Investment Fund Managers</td>
<td>Good reason(s) to withhold exist(s) under Section 7</td>
<td>Section 48(1)(a)</td>
</tr>
</tbody>
</table>

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public are as follows:

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<th>Section/s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pt Item 9</td>
<td>Prejudice commercial position</td>
<td>S7 (b) (ii)</td>
</tr>
</tbody>
</table>

The motion was put and carried (FC17/21)

Return to Open Meeting at 11.55am

Cr Vercoe moved/Cr Minogue seconded

FC17/23

RESOLVED

THAT the report ‘Mercer Investment Monitoring Report to 31 March 2017’ (Doc # 10366271 dated 5 May 2017) be received for information.

The motion was put and carried (FC17/23)

With consent of the meeting, Item 10 was considered at this time.

Maungatautari Ecological Island Trust Quarterly Report

File: 03 04 03 (Agenda Item 10) (Doc # 10402610)

General Manager of Maungatautari Ecological Island Trust (J Simmons) and Trustee Tim Densem presented an update on operational and financial activity for the period January to March 2017 (Doc # 10489085).

The General Manager tabled a replacement balance sheet (Doc # 10490485).
During questions, answers and related discussion Committee members raised or noted the following matters:
- General operations were able to be maintained despite the recent decrease in volunteer hours.
- The Committee was advised that there was a great level of support for a recent fundraiser that the Trust organised at Madam Woo’s.
- Members were advised that the revenue from the Visitor Centre was greater than what was forecast, as was donations and grants.
- The Trust undertook to provide the Committee with an updated profit and loss statement.

Cr Minogue moved/Cr Kneebone seconded

FC17/23

**RESOLVED**

THAT the report ‘Maungatautari Ecological Island Trust Quarterly Report’ (Doc # 10402610 dated 9 May 2017) be received.

The motion was put and carried (FC17/23)

With the consent of the meeting, Item 11 was considered at this time.

**Amendment to Resolution Approving Natural Heritage Fund Grant to Tui 2000 for the Waiwhakareke Natural Heritage Park**

File: 22 04 29 (Agenda Item 11) (Doc # 10379791)

The report requesting that the Committee amend the resolution passed at its February meeting by changing the total amount of the grant and the yearly instalments to correctly reflect the funding application made by Tui 2000 for the Waiwhakareke Natural Heritage Park project was taken as read.

Cr Kneebone moved/Cr Hennebry seconded

FC17/24

**RESOLVED**

1. **THAT** the report “Amendment to Resolution Approving Natural Heritage Fund grant to Tui 2000 for the Waiwhakareke Natural Heritage Park Draft Funding Deed for Tui 2000 – Waiwhakareke Natural Heritage Park” (Doc #10379791 dated 1 May 2017) be received.

**RESOLVED**

2. That the following resolution (FC17/7) approved at the 21 February 2017 Finance Committee meeting:

“That the Finance Committee approve, in principle, a Natural Heritage Fund grant of $319,500 over four years to Tui 2000 for planting at Waiwhakareke Natural Heritage Park in Hamilton, be subject to the following conditions:

(i) the preparation of a funding deed approved by Council; and

(ii) the grant will be paid in four instalments (Year 1: $83,000; Year 2: $77,000; Year 3: $77,000; Year 4: $82,500).”

be amended to read as follows:
“That the Finance Committee approve, in principle, a Natural Heritage Fund grant of $314,378 over four years to Tui 2000 for planting at Waiwhakareke Natural Heritage Park in Hamilton, be subject to the following conditions:

(i) the preparation of a funding deed approved by Council; and  
(ii) the grant will be paid in four instalments (Year 1: $77,895; Year 2: $77,126; Year 3: $82,182; Year 4: $77,175).”

The motion was put and carried (FC17/24)

With consent of the meeting, Item 12 was considered at this time.

Draft Funding Deed for Tui 2000 – Waiwhakareke Natural Heritage Park

File: 22 04 29 (Agenda Item 12) (Doc # 10365132 & 10254342)

Project Manager, Biodiversity and Funding (J van Rossem) presented the draft funding deed for the Natural Heritage Fund grant made to Tui 2000 in February 2017 for planting at the Waiwhakareke Natural Heritage Park (Resolution No. FC17/7).

Cr Kneebone moved/Cr Minogue seconded

**FC17/25**

**RESOLVED**

1. THAT the report ‘Draft Funding Deed for Tui 2000 – Waiwhakareke Natural Heritage Park’ (Doc # 10365132 dated 1 May 2017) be received for information.

**RESOLVED**

2. THAT the funding deed (Doc # 10254342) for Tui 2000 be approved.

The motion was put and carried (FC17/25)

With consent of the meeting, Item 13 was considered at this time.

Natural Heritage Fund Proposal – Pirongia Restoration Society

File: 22 04 38 (Agenda Item 13) (Doc # 10369704)

Project Manager, Biodiversity and Funding (J van Rossem) presented a proposal for a Natural Heritage Fund grant for consideration from the Pirongia Te Aroaro O Kahu Restoration Society Incorporated for the reintroduction of North Island kokako to Pirongia Forest Park.

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

- Staff confirmed that the applicant will need to access funds from a number of other agencies for this project. It was noted that if the applicant is granted funding from the Waikato Regional Council that this will put them in good stead for other funding opportunities.

- Of the $110,748 sought, the bulk of the funding will cover the use of a specialist contractor/expert in bird translocations, bait costs in the existing bait station 1,000ha network and a mobile phone application for the public to record kokako sightings once they have been released.

- It was acknowledged that staff will need to work with the Department of Conservation to determine its long term goals with respect to Pirongia.
- Staff advised that the applicant was not present at the meeting to answer questions about their proposal due to a miscommunication of the dates of the meeting.
- The Committee were of the view that for all Natural Heritage Fund applications that the applicants should be invited to the meeting to answer questions of their proposals.
- As a matter of good practice, the Finance Committee sought assurance that for future funding applications the Incorporated Society’s Deed had gone through appropriate review.
- The Committee acknowledged that this is a multi-year project, despite the fact that the applicant has only applied for one year, therefore Council needs to be mindful that additional funding may be required in the future. As such, the Committee requested that a progress report be provided in 12-months time which identifies any future funding requirements for extending their current pest control area.

Cr Kneebone moved/Cr Minogue seconded

**RESOLVED**

1. THAT the report ‘Natural Heritage Fund Proposal – Pirongia Restoration Society’ (Doc # 10369704 dated 1 May 2017) be received.

**RESOLVED**

2. THAT the Finance Committee approve in principle a Natural Heritage Fund grant of $110,748 to the Pirongia Te Aroaro O Kahu Restoration Society subject to the preparation of a funding deed approved by Council.

The motion was put and carried (FC17/26)

The meeting adjourned for lunch at 12.37pm and reconvened at 1.06pm when Item 7 was considered.

**2016/17 Third Quarter Non-Financial Performance Results**

File: 01 14 16Q (Agenda Item 7) (Doc # 10277652 & 10278439)

Chief Financial Officer (M Garrett) outlined the 2016/17 third quarter non-financial performance results.

During questions, answers and related discussion Committee members raised or noted the following matters:
- The BUSIT website enables visitors to the Waikato the ability to go online and see the bus timetables.

Cr Vercoe moved/Cr Kneebone seconded

**RESOLVED**

THAT the report ‘2016/17 third quarter non-financial performance results’ (Doc # 10277652 dated 26 April 2017) be received for information.

The motion was put and carried (FC17/27)
Investment Fund Performance and Cash Management Report to 31 March 2017
File: 08 11 51 (Agenda Item 8) (Doc # 10376341)

Chief Financial Officer (M Garrett) provided an update on the performance of Council’s investment fund and cash management for the period ended 31 March 2017.

Cr Minogue moved/Cr Vercoe seconded

**RESOLVED**

The motion was put and carried (FC17/28)

Tenders Board Contracts for the period 1 January to 31 March 2017
File: 08 00 30 (Agenda Item 14) (Doc # 10315681)

Chief Financial Officer (M Garrett) presented the contracts awarded by the Tenders Board for the period 1 January 2017 to 31 March 2017.

During questions, answers and related discussion Committee members raised or noted the following matters:
- In relation to the Waikato Local Authority Shared Services Contract for Fleet Management Services, costs are paid by fleet management provider and on charged without mark-up to the Council.

Cr Vercoe moved/Cr Minogue seconded

**RESOLVED**
THAT the report ‘Tenders Board Contracts for the period 1 January to 31 March 2017’ (Doc # 10315681 dated 27 April 2017) be received for information.

The motion was put and carried (FC17/29)

SECTION B: (FOR RECOMMENDATION TO COUNCIL)

Establishment of Preferred Supplier Panels
File: 03 04 03 (Agenda Item 15) (Doc # 10375115)

Chief Financial Officer (M Garrett) outlined the intention of the Integrated Catchment Management Directorate to establish preferred supplier panels for civil earthworks construction and for structures and seeks approval to establish panels and have appropriate changes made to the Financial Delegations Manual to support the use of panels.
During questions, answers and related discussion Committee members raised or noted the following matters:
- The term of the panel will be for three years, however anyone will be able to put in an application to join the panel during the three-year term, assessment of new applications would be using the same attribute and scoring process as all other members on the panel.
- The intention is not to limit with number of people on the panel, it is about establishing a level of competency around the suppliers.
- The Waikato Local Authority Shared Services has established a pre-qualification process for contractors, through an external company, for health and safety. A requirement of being on the panel will be that contractors are pre-approved before any contract is issued to ensure the person is appropriately qualified to undertake the work that is being tasked.

Cr Kneebone moved/Cr Minogue seconded

**FC17/30**

**RESOLVED**
1. THAT the report ‘Establishment of Preferred Supplier Panels’ (Doc # 10375115 dated 2 May 2017) be received for information.

**RECOMMENDED**
2. THAT the Finance Committee approves the establishment of a preferred supplier panel for Civil Earthworks and a panel for Structures.

**RECOMMENDED**
3. THAT the changes to the Financial Delegations Manual, as outlined in the report (Doc # 10375115) be approved.

The motion was put and carried (FC17/30)

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

**Councillor Expenses for Quarter Ended 31 March 2017**
File: 02 10 02 (Agenda Item 16) (Doc # 10374912)

The summary of Councillors expenses for the quarter ended 31 March 2017 was taken as read.

Cr Vercoe moved/Cr Kneebone seconded

**FC17/31**

**RESOLVED**
THAT the report ‘Councillor Expenses for the quarter ended 31 March 2017’ (Doc # 10374912 dated 17 May 2017) be received for information.

The motion was put and carried (FC17/31)

**Civic Financial Services Statement of Intent for the year ended 31 December 2016**
File: 04 05 21 (Agenda Item 17) (Doc # 10387926 & 10389686)

Chief Financial Officer (M Garrett) presented the Civic Financial Services Statement of Intent for the year ended 31 December 2016 for information.
During questions, answers and related discussion Committee members raised or noted the following matters:
- The Finance Committee decided not to put in a proxy vote to the Annual General Meeting given Council’s shareholding is low and that there aren’t any contentious issues.
- A member questioned whether there is a need to hold shares in Civic Financial Services given that there are no returns.

Cr Vercoe moved/Cr Minogue seconded

FC17/32

RESOLVED
THAT the report ‘Civic Financial Services Statement of Intent for the year ended 31 December 2016’ (Doc # 10387926 dated 5 May 2017) be received for information.

The motion was put and carried (FC17/32)

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

FC17/33

Resolutions to Exclude the Public

Cr Vercoe moved/Cr Hennebry seconded

RESOLVED
THAT in accordance with the provisions of Standing Orders NZS 9202:2003 Incorporating Amendment No 1, Appendix A&B (p40/42) and Section 48 of the Local Government Official Information and Meetings Act 1987, the public be excluded from the following part/s of the meeting:

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<td>19</td>
<td>Non-rates debtors</td>
<td>Good reason(s) to withhold exist(s) under Section 7</td>
<td>Section 48 (1) (a)</td>
</tr>
<tr>
<td>20</td>
<td>Overdue rates</td>
<td>Good reason(s) to withhold exist(s) under Section 7</td>
<td>Section 48 (1) (a)</td>
</tr>
<tr>
<td>21</td>
<td>1877 Agreement Update</td>
<td>Good reason(s) to withhold exist(s) under Section 7</td>
<td>Section 48 (1) (a)</td>
</tr>
<tr>
<td>22</td>
<td>Accommodation request for expressions of interest evaluation criteria</td>
<td>Good reason(s) to withhold exist(s) under Section 7</td>
<td>Section 48 (1) (a)</td>
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<tr>
<td>19,20, 22</td>
<td>Prejudice commercial position</td>
<td>S7 (b) (ii)</td>
</tr>
<tr>
<td>19, 20</td>
<td>Protection of privacy of natural persons</td>
<td>S7 (a)</td>
</tr>
<tr>
<td>21</td>
<td>Enable the local authority holding the information to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</td>
<td>S7 (i)</td>
</tr>
<tr>
<td>21</td>
<td>Maintain legal professional privilege</td>
<td>S7 (g)</td>
</tr>
</tbody>
</table>

The motion was put and carried (FC17/33)

Return to Open Meeting at 2.15pm.

Meeting closed at 2.15pm.