Finance Committee
OPEN MINUTES

Minutes of a meeting of the Finance Committee held in Council Chamber, 401 Grey Street, Hamilton East on Tuesday 8 August 2017 at 1.20pm.

Chairperson       Cr J Hennebry
Present           Cr D Minogue
                 Cr B Quayle
Ex-officio        Cr A Livingston
                 Cr T Mahuta
Staff             V Payne – Chief Executive
                 M Garrett – Chief Financial Officer
                 J Becker – Finance Manager
                 D Thurlow – Democracy Advisor
Apologies
(Agenda Item 1)

The apologies from Councillor Vercoe and Councillor Kneebone 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 Hennebry moved/Cr Livingston seconded

FC17/39

RESOLVED
THAT the agenda of the Finance Committee of 8 August 2017 be confirmed as the business for the meeting.

The motion was put and carried (FC17/39)

Disclosures of Interest
(Agenda Item 3)

There were no disclosures of interest.

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

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

Maungatautari Ecological Island Trust Quarterly Report
File: 03 04 03 (Agenda Item 11) (Doc # 10828645)

General Manager of Maungatautari Ecological Island Trust (J Simmons), Trustee Tim Densen and Accountant, Graham Scott presented an update on operational and financial activity for the period April to June 2017 (Doc # 10903792).

Graham Scott tabled a graph outlining MEIT’s monthly liquidity (Doc # 10929752).

In speaking to the report, the following points were noted:
- Increases in visitor numbers to Sanctuary Mountain will result in higher levels of independence from the respective councils who provide funding.
- Maungatautari have reduced the number of Trustees who sit on the Board from fifteen to eleven initially with the intention to reduce the number to nine.
- The Trust have agreed to carry out a governance review, which will be conducted by Bev Gatenby. Upon completion, the review will be presented to the key stakeholders, namely the Waikato Regional Council, Waipa District Council and DV Bryant Trust.
During questions, answers and related discussion Committee members raised or noted the following matters:

- Whilst the Trust is reliant on donations, it provided assurance to the Committee that it is in a sound financial position based on the financial forecasts.
- The format of the financial information to be presented will continue to be revised to ensure it meets the information needs of stakeholders. It was suggested that the quarterly reporting include comparisons with previous years in respect to education numbers to ascertain the number of school children visiting the Mountain.
- In respect to the variance that relates to contractors/salaries/wages, the Committee was advised that the year to date budget was $983,136, however the year to date actual was $840,063, resulting in an underspend.
- Education is a primary focus for the Trust. The Trust receives $30,000 funding from the Ministry of Education annually, as well as $10 per child, which enables it to accommodate school groups on a cost neutral basis.
- If the target of 50,000 visitors annually was met, this would reduce the level of dependence that the Trust has on its key stakeholders.
- The reduction in volunteer hours has been due to a change in the monitoring regime.
- The Committee was advised that the Trust has commenced the process for recruiting for a new General Manager as John Simmons has indicated that he will be standing down at the end of the year.
- The Chair of Council advised that he, and representatives of the three major funders of the Trust, had met with a former Trustee to discuss concerns raised by the Trustee. As a result of the discussions, the Trust has committed to a review of its management, operations and governance structures to address the issues raised by the former Trustee.

Councillor Mahuta left the meeting at 1.56pm.

Cr Minogue moved/Cr Livingston seconded

**RESOLVED**
THAT the report ‘Maungatautari Ecological Island Trust Quarterly Report’ (Doc # 10828645 dated 26 July 2017) be received for information.

The motion was put and carried (FC17/40)

**Issues and Actions arising from Previous Meeting Minutes**

File: 03 04 03 (Agenda Item 4) (Doc #1058924)

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 the funding for the bus service between Morrinsville and Hamilton the Chief Financial Officer advised that the cost sharing arrangement would not create a precedent issue. Members were advised that discussions are underway with Hauraki District Council, Matamata Piako District Council and Waikato Regional Council to determine how costs and revenue are being apportioned for the bus services between Morrinsville and Hamilton.
- The Chief Financial Officer advised that any increase in the levels of service for passenger transport requires a business case, which then requires approval by the New Zealand Transport Agency.

Cr Livingston moved/Cr Hennebry seconded

**FC17/41**

**RESOLVED**

THAT the report ‘Issues and actions from the Finance Committee meetings’ (Doc # 10589284 dated 31 July 2017) be received.

The motion was put and carried (FC17/41)

**Rates Information as at 30 June 2017**

File: 08 15 08 (Agenda Item 5) (Doc #10791110)

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

Finance Manager (J Becker) provided a breakdown of remissions and statute barred debt on Maori Freehold Land across the region.

During questions, answers and related discussion Committee members raised or noted the following matters:
- A member questioned the justification for rates remission when the state of the property would be reflected in the value of the land.
- Council’s Policy provides for rates remission on multiple owned Maori freehold land that is defined as uneconomic.
- It was suggested that staff provide Councillors with the Maori Freehold Land presentation when it reviews its Remission Policies as part of the Long Term Plan.
- In respect to rates recovery, the Chief Financial Officer advised that Waikato Regional Council have an arrangement with Hamilton City Council for mortgagee collection action; however, it does not have arrangements with any other councils in the region.

Cr Minogue moved/Cr Quayle seconded

**FC17/42**

**RESOLVED**

THAT the report ‘Rates Information for the financial rating year 2016/17 as at 30 June 2017’ (Doc # 10791110 dated 24 July 2017) be received for information.

The motion was put and carried (FC17/42)

With consent of the meeting, Item 7 was considered at this time.

**SECTION B: (FOR RECOMMENDATION TO COUNCIL)**

**Financial Performance to 30 June 2017 and Requests for Budget Carry Overs**

File: 08 15 50 (Agenda Item 7) (Doc # 10837350)

Finance Manager (J Becker) presented the Council’s draft financial performance result to the Finance Committee, along with requests to carry budget forward from 2016/17 to 2017/18 to allow planned works to be completed.
During questions, answers and related discussion Committee members raised or noted the following matters:

- In terms of carry overs relating to operational expenditure, where work programmes have not been completed within the respective financial year, the funds are then transferred to the next financial year to enable to work to be completed.
- It was noted that delays in the infrastructure capital work programmes could result in an escalation of costs in future years. The Finance Manager advised that a contingency is built into the Annual Plan to accommodate these increased costs.
- In respect to the carry over for the Lower Waikato barge replacement, the Finance Manager advised that work is underway to look at options for its replacement, including whether Council purchases a new purpose built barge, or potential lease options.

Cr Quayle moved/Cr Livingston seconded

FC17/43

RESOLVED

1. That the report “Financial performance at 30 June 2017 and requests for budget carry over” (Doc #10837350 dated 31 July 2017) be received for information.

RECOMMENDED

2. That the Finance Committee approves budget carry over and adjustment requests of:
   a. $2.301 million carry over of operating expenditure.
   b. $881,300 of budget adjustments for reserve-funded activities.
   c. $6.275 million of operating capital expenditure carryovers.
   d. $5.615 million of infrastructure capital expenditure carryovers.

The motion was put and carried (FC17/43)

With consent of the meeting, Item 8 was considered at this time.

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

2016/17 End of Year Non-financial Performance Results
File: 01 14 16Q (Agenda Item 8) (Doc # 10800635)

Chief Financial Officer (M Garrett) presented the 2016/17 end of year non-financial performance results.

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

- The target to improve fare box recovery is reliant on passenger growth, which has seen a decline not just in the Waikato but also across the country. The Chief Financial Officer advised that this is an area that will be reviewed as part of the Regional Public Transport Plan.
- A member questioned the validity of the measure relating to the percentage of Iwi partners satisfied with our collaborative relationships, joint decision-making processes and co-governance arrangements when only three responses were received. Staff undertook to provide further commentary for this measure in order to provide some context.
In respect to the measure, monitor compliance of consented resource users on a prioritised basis, it was questioned how the number of monitoring sites has increased by 700 in two years. The Chief Financial Officer undertook to follow up on this question.

Cr Minogue moved/Cr Livingston seconded

**FC17/44 RESOLVED**

THAT the report ‘2016/17 End of Year Non-financial performance results’ (Doc # 10800635 dated 26 July 2017) be received for information.

The motion was put and carried (FC17/44)

With the consent of the meeting, Item 9 was considered at this time.

**Investment Fund Performance and Cash Management Report to 30 June 2017**

Finance Manager (J Becker) provided an update on the performance of the Council’s investment fund and cash management for the period ended 30 June 2017.

During questions, answers and related discussion Committee members raised or noted the following matters:
- In regard to rating for economic development, members were advised that Council uses a capital value model whereby commercial and business are not differentiated. Council will have the opportunity to discuss the option of business differentials as part of the Revenue and Financing Policy review, noting Council would need strong rationale to support the analysis of beneficiaries/exacerbators in order to meet the Local Government Act requirements to determine funding.

Cr Quayle moved/Cr Minogue seconded

**FC17/45 RESOLVED**

THAT the report ‘Investment Fund Performance and Cash Management Report to 30 June 2017’ (Doc # 10834200 dated 27 July 2017) be received for information.

The motion was put and carried (FC17/45)

The meeting adjourned at 2.55pm and reconvened at 3.02pm when, with the consent of the meeting, Item 12 was considered.

**Draft Funding Deed for Pirongia Te Aroaro o Kahu Restoration Society Inc – Reintroduction of North Island Kokako to Pirongia Forest Park**

The draft funding deed for the Natural Heritage Fund grant made to the Pirongia Restoration Society in May 2017 for the reintroduction of North Island Kokako to the Pirongia Forest Park (FC17/26) was taken as read.
RESOLVED
1. THAT the report ‘Draft Funding Deed for Pirongia Te Aroaro o Kahu Restoration Society Inc – Reintroduction of North Island Kokaho to Pirongia Forest Park’ (Doc # 10803593 dated 18 July 2017) be received for information.

RESOLVED
2. THAT the funding deed for the Pirongia Restoration Society be approved.

The motion was put and carried (FC17/46)

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

**Tenders Board Contracts for the period 1 April to 30 June 2017**
File: 08 00 30 (Agenda Item 13) (Doc # 10769666)

The report detailing contracts awarded by the Tenders Board for the period 1 April to 30 June 2017 was taken as read.

RESOLVED
THAT the report ‘Tenders Board Contracts for the period 1 April to 30 June 2017’ (Doc # 10769666 dated 20 July 2017) be received for information.

The motion was put and carried (FC17/47)

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

**Mercer Investment Monitoring Report to 30 June 2017**
File: 08 11 55M (Agenda Item 10) (Doc # 10811904 & 10822092)

Mercer representatives, Simon Cox and Russell Garrett provided an update on the quarterly investment monitoring report to 30 June 2017.

RESOLVED
THAT the report ‘Mercer Investment Monitoring Report to 30 June 2017’ (Doc # 10366271 dated 5 May 2017) be received for information.

The motion was put and carried (FC17/48)
SECTION A: (UNDER DELEGATION FOR THE INFORMATION OF COUNCIL)

FC17/49

Resolutions to Exclude the Public

Cr Hennebry moved/Cr Livingston 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 10</td>
<td>Mercer Investment Monitoring Report to 30 June 2017</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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<tr>
<td>Pt 10</td>
<td>Prejudice commercial position</td>
<td>S7 (b) (ii)</td>
</tr>
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</table>

THAT in accordance with the provisions of Standing Orders NZS9202:2003, (Incorporating Amendment No 1) Clause 2.16.4 and the Local Government Official Information Act 1987, Section 48(5) and (6) that with respect to Item 10 that Simon Cox and Russell Garrett from Mercer remain in the public excluded session to provide advice to Council.

The motion was put and carried (FC17/49)

Return to Open Meeting at 3.43pm.

With the consent of the meeting, Item 14 was considered at this time.

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

Councillors Expenses for Quarter Ended 30 June 2017
File: 02 10 02 (Agenda Item 14) (Doc # 10799403)

Chief Financial Officer (M Garrett) provided a summary of Councillors expenses for the quarter ended 30 June 2017.
Cr Hennebry moved/Cr Minogue seconded

**RESOLVED**

FC17/50

THAT the report ‘Councillor expenses for the quarter ended 30 June 2017’ (Doc # 10799403 dated 18 July 2017) be received for information.

The motion was put and carried (FC17/50)

With the consent of the meeting, Item 15 was considered at this time.

**SECTION B: (FOR RECOMMENDATION TO COUNCIL)**

**Civic Financial Services Informal Notice of Meeting for Potential Sale of Civic Assurance House**

File: 04 05 21 (Agenda Item 15) (Doc # 10814588 & 10730405)

Chief Financial Officer (M Garrett) presented the Informal Notice of Meeting for Potential Sale of Civic Assurance House from Civic Financial Services for the Committee’s consideration.

During questions, answers and related discussion Committee members raised or noted the following matters:
- The Committee supported the proposed sale of the Civic Assurance House and authorised the Chief Executive to complete the voting papers accordingly.

Cr Quayle moved/Cr Livingston seconded

**RESOLVED**

FC17/51

1. THAT the report ‘Civic Financial Services Information Notice of Meeting for Potential Sale of Civic Assurance House’ (Doc # 10814588 dated 24 July 2017) be received for information.

RECOMMENDED

2. THAT the Finance Committee support the proposed sale of Civic Assurance House.

RECOMMENDED

3. THAT the Chief Executive be authorised to complete the voting papers in accordance with recommendation 2.

The motion was put and carried (FC17/51)

**SECTION B: (FOR RECOMMENDATION TO COUNCIL)**

**Remission Request**

File: 08 15 08 (Agenda Item 6) (Doc #10865566 & 10837462)

Chief Financial Officer (M Garrett) provided the application for remission of rates to farmers affected by the flooding over recent months in the Waihou/Piako river catchment area.
During questions, answers and related discussion Committee members raised or noted the following matters:

- Discussion ensued on the application for remission of rates to farmers affected by the flooding over recent months in the Waihou/Piako river catchment area. A member felt that Council already spends a significant amount of money when floods occur and therefore was of the view that approval could create a precedent issue. However, a contrary view was that farmers pay a targeted rate and therefore the money in reserves is actually funded by farmers. Members questioned whether there was an expectation for the request to be funded through the general rate as opposed to targeted rates. It was also acknowledged that there is a high likelihood that there will be more flood events in the future, therefore the approval of the request may create a precedent issue. Whilst the Committee had delegated authority to approve or decline the request, given the nature of the application, it was felt that this matter should be recommended to Council for consideration. On this basis, the Committee recommended to Council that the application be declined and that individual affected ratepayers be encouraged to contact the Rates Team to discuss payment options for the current year, and those ratepayers in extreme hardship be encouraged to liaise with the Rural Support Trust in making an application to the Chair’s relief fund for assistance.

Cr Livingston moved/Cr Quayle seconded

**FC17/52**

**RESOLVED**

1. THAT the report ‘Review request for rates remission for farmers in the Waihou/Piako catchment’ (Doc # 10865566 dated 2 August) be received for information.

**RECOMMENDED**

2. THAT the Finance Committee recommend to Council that in respect to the request for rates remission for farmers in the Waihou/Piako catchment that those severely affected individual ratepayers be encouraged to contact the rates team to discuss options for a payment programme for the current year, and for those ratepayers in extreme hardship be encouraged to liaise with the Rural Support Trust in making an application to the Chair’s relief fund for assistance.

The motion was put and carried (FC17/52)

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

**FC17/53**

**Resolutions to Exclude the Public**

Cr Hennebry moved/Cr Livingston 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>Non-rates Debtors Update</td>
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<td>Prejudice commercial position</td>
<td>S7 (b) (ii)</td>
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<tr>
<td>17</td>
<td>Protection of privacy of natural persons</td>
<td>S7 (a)</td>
</tr>
</tbody>
</table>

The motion was put and carried (FC17/53)

Return to Open Meeting at 4.12pm.

Meeting closed at 4.12pm