Waikato Regional Council
Finance Committee

OPEN MINUTES

Date: Tuesday, 19 February, 2019, 10:00 am
Location: Council Chamber
Waikato Regional Council
401 Grey Street
Hamilton East

Members Present:
Cr J Hennebry (Chair)
Cr H Vercoe (Deputy Chair)
Cr D Minogue
Cr S Kneebone
Cr B Quayle
Cr A Livingston (ex officio)

In Attendance:
Cr Kathy White
Cr Fred Lichtwark in attendance from 11.39am
Cr Jennie Hayman in attendance from 12.49pm
Cr Bob Simcock in attendance from 1.44pm
Cr Stuart Husband in attendance from 1.57pm

Staff Present:
J Becker (Chief Financial Officer)
L Van Veen (Democracy Advisor)
S McLeay (Democracy Advisor)

In Attendance:
Russell Garrett (Mercer)
Brian Kearney (Mercer)
Andrew Bascand (Harbour Asset Management)
George Henderson (Harbour Asset Management)
1. **Apologies**  
(Agenda Item 1)

The apology from Councillor T Mahuta (ex officio) was received.

FC19/04

Moved by: Cr D Minogue  
Seconded by: Cr H Vercoe

**RESOLVED**

THAT the apology of Cr T Mahuta be accepted.

The motion was put and carried

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

FC19/05

Moved by: Cr Stuart Kneebone  
Seconded by: Cr Dal Minogue

**RESOLVED**

THAT the agenda of the Finance Committee of 19 February 2019 be confirmed as the business for the meeting.

The motion was put and carried

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

There were no disclosures of interest.

4. **Issues and Actions from Finance Committee Meetings**  
(Agenda Item 4)

Chief Financial Officer (J Becker) presented the report that provided an update on 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:

- J Becker noted that the peat soils monitoring programme contract was awarded to Landcare Research and will operate from 2018/19 to 2020/21. This was approved through a business plan under the Long Term Plan. The total cost is $390,000.
- Queries were raised whether monitoring data for peat soils has been compiled by external agencies already and whether we have sought this information to assist with the peat soils monitoring programme contract. Staff will provide further advice on this to the committee.
- A member queried a request from the New Zealand National Fieldays Society for sponsorship of bus services to the Fieldays. Staff to investigate this request and whether it fits within the sponsorship provision of the Regional Public Transport Plan.
FC19/06

Moved by: Cr S Kneebone
Seconded by: Cr B Quayle

RESOLVED

THAT the report "Matters arising from previous meetings minutes" (Doc# 13738590 dated 8 February 2019) be received.

The motion was put and carried

5. 2018/19 Rates information to 31 December 2018

(Agenda Item 5)

Chief Financial Officer (J Becker) presented the report to provide the committee with 2018/19 rates information as at 31 December 2018.

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

- Members discussed the Ngati Maru Rating Exemption Bill and status of rates paid to date by Ngati Maru. It was noted that the matter is yet to be resolved. This is to be worked through between the Chief Executive and representatives of Ngati Maru.
- Members queried about the consortium for postponed rates. Noted that the consortium has been dissolved, however Council still provide postponement as an option under its rates policy of which there has been minimal uptake. The trend is that rate payers prefer not to use the option of postponement due to regional rates being perceived as easier to pay compared to higher territorial rates. Another reason is that rate payers are concerned of the liability left for family members.

FC19/07

Moved by: Cr H Vercoe
Seconded by: Cr B Quayle

RESOLVED

THAT the report "2018/19 Rates information to 31 December 2018" (Doc# 13742145 dated 1 February 2019) be received.

The motion was put and carried
SECTION B: FOR RECOMMENDATION TO COUNCIL

6. **Financial performance monitoring and forecast as at 31 December 2018**  
   (Agenda Item 6)

Chief Financial Officer (J Becker) presented the report that provided the committee with an overview of the council’s financial performance for the period to 31 December 2018, together with the outcome from the second quarter financial forecast.

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

- Discussion was had regarding allocation of the prior year surplus funds ($311,000), specifically the use of these funds to deliver on the mobility strategy with specific emphasis on paper saving initiatives and workstation set up.
- Highlighted that the council is able to access All of Government contracts for the purchase of new workstation equipment which provides good value for money.
- Staff were ensuring that all new purchases would be suitable for use within the new building.
- Members requested that the prior year surplus funding allocation as set out in the report be referred to the annual plan process in March. This was to allow the council to consider this funding request against others identified through the annual plan process.
- The key drivers contributing to variances in direct cost expenditure lie with Integrated Catchment Management, Science and Strategy and Flood Protection and Control. Questions were raised about accuracy of phasing and estimated timing of anticipated spend. Staff continue to discuss the phasing of budgets with all budget managers to ensure that this information is reflective of anticipated actual expenditure. It was noted that the forecast was currently indicating that budgets would be fully spent by the end of the financial year.
- A member queried about how budget phasing of Opex and Capex is determined. It was noted that budgets were apportioned based on the anticipated spend profile for each project. Staff noted that historic trends could also be included in reporting to assist with understanding budget variations.
- Reimbursement from loss of public transport fare revenue as a result of strike action was discussed. Contractual arrangements provide for abatements to be charged. Staff are currently working through this process.
FC19/08

Moved by: Cr H Vercoe
Seconded by: Cr A Livingston

RESOLVED

1. THAT the report "Financial performance monitoring and forecast as at 31 December 2018" (Doc# 13644512 dated 7 February 2019) be received; and

RECOMMENDED

2. THAT the committee recommend to council the proposed allocation of prior year surplus funds as set out in this report (Doc# 13644512) is referred to the annual plan process; and

3. THAT the committee recommend to council the approval of the forecast budget adjustments as set out in this report (Doc# 13644512).

The motion was put and carried

7. 2018/19 second quarter non-financial performance results

Manager Corporate Planning (N Hubbard) presented the report to inform the Committee of the 2018/19 second quarter non-financial performance results.

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

- A member requested that the status of performance measure #6.6 regarding rail service implementation be monitored going forward to reflect the status of the project as a whole, with particular attention given to explain work being undertaken to reach the target date of March 2020. Progress commentary will be added to the next quarterly non-financial performance results.

- A member requested that the status of performance measure #1.4 regarding recording and reporting of stakeholder interactions be monitored going forward. Noted update commentary was needed to ensure members have visibility of how staff intend to capture and report on interactions going forward in order to achieve the end of year target.

- Members requested commentary for all measures marked with a dash or as “not applicable”. Commentary was to provide clarity of reason for marked status and also to outline progress towards reaching the target, if applicable.

- A member requested that they be provided with detail of council procurement guidelines for buying locally.

- An oversight in the performance measure text of #5.2 and #5.3 was highlighted – the text should be “less than” not “more than”.

- The implication of updating the targets for the Civil Defence and Emergency Management Performance measures to remove work that is no longer going to be undertaken by the Ministry of Civil Defence and Emergency Management and reflect work under the council’s control is currently being discussed with Audit NZ.
Moved by: Cr H Vercoe  
Seconded by: Cr B Quayle

RESOLVED

THAT the report "2018/19 second quarter non-financial performance results" (Doc# 13734783 dated 31 January 2019) be received for information.

The motion was put and carried

8. Treasury Management and Monitoring Report to 31 December 2018  
(Agenda Item 10)

Chief Financial Officer (J Becker) presented the report providing an update on the performance of the council's investment fund and cash management for the period ended 31 December 2018 and the status of the council's external borrowing programme for this same period.

Moved by: Cr H Vercoe  
Seconded by: Cr A Livingston

THAT the report "Treasury Management and Monitoring Report to 31 December 2018" (Doc# 13742889 dated 3 February 2019) be received for information.

The motion was put and carried

9. Mercer Investment Monitoring Report to 31 December 2018  
(Agenda Item 11)

Representatives from Mercer (Russell Garrett and Brian Kearney) presented a verbal update on the quarterly investment monitoring report to 31 December 2018.

In summary:

- The December quarter was challenging with the Diversified Fund delivering -2.2% against benchmark performance of -2.5%. Year to date performance saw a return of -0.2% against benchmark of -0.6%
- The Diversified Fund has continued to outperform its benchmark over the last three years, while taking less risk than many other strategies
- January was a stronger month, with the NZX 50 index rising 2.0%, ASX showing recovery of +3.9% and developed markets up 7.2% for the month
- Remain cautiously optimistic about returns over the course of 2019, although expect volatility to continue

Representatives from Harbour Asset Management (Andrew Bascand and George Henderson) presented a verbal update on the Harbour Australasian Equities Growth Fund and Short Duration Fund.

In summary:
- A difficult December quarter for markets
- Economic growth was weakened
- Recent recovery in equity prices reflecting pause in interest rate rises
- New Zealand interest rates on hold

FC19/11

Moved by: Cr S Kneebone  
Seconded by: Cr D Minogue

RESOLVED

THAT the report Mercer Quarterly Investment Monitoring Report to 31 December 2018 (Doc# 13765358 dated 7 February 2019) be received for information.

The motion was put and carried

Cr F Lichtwark joined the meeting at 11.39am

Adjourned for lunch at 12.16pm, resumed meeting at 12.49pm

Cr J Hayman joined the meeting at 12.49pm

10.  Tender Board Contracts for the period 1 October to 31 December 2018  
(Agenda Item 8)

Chief Financial Officer (J Becker) presented the report to outline the contracts awarded by the Tenders Board for the period 1 October to 31 December 2018.

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

- A member queried how contractor performance was taken into account through tender evaluation approval process.
- Members reiterated the need for the Peat Soil Subsidence Monitoring programme to take into account monitoring data already compiled by external agencies.

Cr B Simcock joined the meeting at 1.44pm  
Cr S Husband joined the meeting at 1.57pm

FC19/10

Moved by: B Quayle  
Seconded by: H Vercoe

RESOLVED

THAT the report "Tenders Board Contracts for the period 1 October to 31 December 2018" (Doc# 13713183 dated 29 January 2019) be received for information.

The motion was put and carried
11. **Councillor and Chief Executive Expenses for quarter ended 31 December 2018**
(Agenda Item 9)

Chief Financial Officer (J Becker) presented the report to provide the committee with a summary of the councillors and Chief Executive's expenses for the quarter ended 31 December 2018.

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

- Members queried the allocation of costs for training – should they be split between invitee’s vs those that attended. Also requested that interest in training be confirmed with all councillors before arranging.
- Members discussed the level of detail provided for accommodation and meals costs. Noted a report with a full break down of costs was circulated to all members prior to the committee.

FC19/11

**Moved by:** Cr D Minogue  
**Seconded by:** Cr S Kneebone

THAT the report "Councillor and Chief Executive Expenses for the quarter ended 31 December 2018" (Doc# 13765045 dated 7 February 2019) be received for information.

The motion was put and carried

12. **Public Excluded Section**

FC19/12

**Moved by:** Cr A Livingston  
**Seconded by:** Cr D Minogue

**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>
<thead>
<tr>
<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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<tr>
<td>Item No</td>
<td>Interest</td>
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<td>12.1</td>
<td>• Protect the privacy of natural persons, including that of deceased</td>
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<td>natural persons (Schedule 7(2)(a)); and</td>
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<td>• Protect information where the making available of the information:</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>12.2</td>
<td>• Protect information where the making available of the information:</td>
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<td>(i) would disclose a trade secret; or (ii) would be likely unreasonably</td>
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<td>to prejudice the commercial position of the person who supplied or</td>
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<td>who is the subject of the information (Schedule 7(2)(b)); and</td>
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<td>• Enable any local authority holding the information to carry out,</td>
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<td>without prejudice or disadvantage, commercial activities (Schedule</td>
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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:

The motion was put and carried

Return to Open Meeting at 2.15pm

Meeting closed at 2.18pm

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Chair