
Finance Committee

OPEN MINUTES

Minutes of a meeting of the Finance Committee held in the Council Chamber, Municipal Building, Garden Place, Hamilton on Thursday 23 July 2015 at 1.30pm.

PRESENT

Chairperson	Cr R Pascoe
Deputy Chairperson	Cr G Mallett
Members	Her Worship the Mayor J Hardaker Cr M Forsyth Cr M Gallagher Cr K Green Cr A King Cr D Macpherson Cr A O'Leary Cr L Tooman Cr E Wilson Cr P Yeung
In Attendance	Paul Conder - Chief Financial Officer Chris Allen - General Manager City Infrastructure Lance Vervoort - General Manager Community Jason Dawson - General Manager Customer Relationships Blair Bowcott – Executive Director Special Projects Deanne McManus-Emery - Community Development & Leisure Manager Andy Mannering - Manager Social Development Andrew Parsons - Waters Manager Jeff Neems - Communications Advisor
Democracy Advisors	Mrs J Pani and Mrs M Birch

1. Apologies

Resolved: (Her Worship the Mayor Hardaker/Cr Tooman)

That the apologies from Councillor Chesterman (for absence) and for Councillor Gallagher (for lateness) be received and accepted.

2. Confirmation of Agenda

Resolved: (Crs Mallett/Yeung)

That the Agenda be confirmed.

3. Declarations of Interest

No members of the Council declared a Conflict of Interest.

4. Public Forum

Gail Gilbert (CEO) and Jenny Magee (President) - Age Concern Hamilton Incorporated - Ms Magee spoke in respect of the letter from Age Concern that had been circulated to Committee Members prior to the meeting regarding the Multi-Year Community Grant Allocation. She explained Age Concern's error in failing to apply for the grant and requested Council's consideration of a late application.

5. Finance Committee - Open Minutes - 21 May 2015 and 7 July 2015

Resolved: (Crs Mallett/Tooman)

That the Committee confirm and adopt as a true and correct record:

- a) the Open Minutes of the Finance Committee Meeting held on 21 May 2015; and
- b) the Open minutes of the Extraordinary Finance Committee Meeting held on 7 July 2015, with the additional wording "*with regards to the BNZ loan, funding the construction of the Tetra Pak building*" being added to the "Liability" bullet point of Item 5 - Shareholder Approval Required – Waikato Innovation Park Funding Contract.

6. Finance Committee Action List - Open - 23 July 2015

Resolved: (Crs Pascoe/Green)

That the Report be received.

7. Recommended dates for reports to be presented to Finance Committee

Resolved: (Crs King/Mallett)

That the Report be received.

8. 10-Year Plan Monitoring Report

The Chief Financial Officer (CFO) spoke to the report. He explained that the reports included the financial results and projected financial risks and opportunities for the eleven months ended 31 May 2015. He highlighted the following, and responded to questions from Committee Members:

- Year End procedures were underway.
- There had been improved financial performance.
- **Leave Accrual** - There had been a significant change in the unfavourable annual leave accrual. This was due to the correction of a historic problem associated with a change in legislation in 2003 and staff entitlements whilst on maternity leave. Staff were asked to confirm whether Audit New Zealand had covered this issue during the audit process.
- **Legislation Updates** – Staff review formed the basis of the internal mechanisms for ensuring Council incorporated any legislative updates into their processes, with each manager being responsible for his/her own area. Additional reference materials to support staff included daily updates, via a subscription service, court cases, toolkits from Local Government New Zealand (LGNZ), newsletters received from the Inland Revenue and Government departments and on-going staff training.
- **Depreciation** – Depreciation was unfavourable and reflected the impact for the assets revaluation for building and Parks and Gardens improvements; it was noted that it was difficult to forecast three years in advance. However, in future, the figures would be received earlier, which in turn, would make forecasting more accurate.
- **Advertising and Marketing** – The favourable result was largely as a result of H3 activity. It was confirmed that the reduced expenditure was not impacting on securing the events or attendance at them.
- **Deferral** – Most deferrals were for one financial year only. Staff were asked to provide a breakdown of any capital expenditure projects which deferred across two financial years.
- **Customer Relationships Group Personnel Variance** – The unfavourable personnel variance was being managed at group level and it would not have any impact on the level of service provided.
- **Integrated Catchment Management Plans (ICMP)** - This had been identified as a deferred project as there was currently no funding. In future, it was likely to be funded by partnerships with the development community. This topic would be covered at a future briefing session.
- **Corporate Entertaining** – The costs and accounting details in respect of the Clarke Lounge (the corporate box at Waikato stadium) and tickets for shows/events were to be provided to Elected Members prior to the Strategy and Policy Committee Meeting on 11 August 2015.

Resolved: (Crs Pascoe/Mallett)

That the report and the Risk and Opportunities Schedule be received.

Councillor Gallagher joined the meeting (2.25pm) during the above Item. He was present when the matter was voted on.

9. Key Projects Report - June 2015

The Executive Director Special Projects introduced the report. The CFO confirmed that the amber status for the Financial System IT Implementation reflected a delay in the implementation timings and did not impact on costs.

Resolved: (Crs Wilson/Tooman)

That the report be received.

10. Procurement Report

The report was taken as read.

Resolved: (Crs Wilson/Tooman)

That the report be received.

11. Contract 14378 - Three Waters Network Physical Works Contract Award

General Manager (GM) City Infrastructure introduced this report. He confirmed that the contract was for routine work. Having undertaken a public Request for Tender for this contract, the GM confirmed that this contract provided the best value for Council.

Resolved: (Her Worship the Mayor Hardaker/Cr Forsyth)

That:

- a) the report be received;
- b) the tender submitted by HEB Construction Ltd, in the sum of sixteen million, eight hundred and six thousand, five hundred and eighty one dollars and sixteen cents (\$16,806,581.16) excluding GST, be approved for Contract No. 14378 – Three Waters Network Physical Works; and
- c) the Approved Contract Sum be set at \$18,500,000.00, excluding GST, comprising of \$16,806,581.16, the tendered amount, and \$1,693,418.84 for contingency and provisional work (if deemed necessary) in accordance with the staff report.

**12. Contract 0663 Collection and Disposal of Biosolids
Contract 12046 Disposal of Sewage Sludge by Vermicomposting**

GM City Infrastructure introduced this report and explained that the contract had been very successful during the past three years.

Resolved: (Her Worship the Mayor Hardaker/Cr Forsyth)

That:

- a) the report be received;
- b) a 3 year extension for Contract 12046 Disposal of Sewage Sludge by Vermicomposting from 1 February 2016 to 1 February 2019 be approved;
- c) the Approved Contract Sum of \$2,025,000 for Contract 12046 Disposal of Sewerage Sludge by Vermicomposting be extended by \$2,863,000 to \$4,888,000 excluding GST for the period to 1 February 2019; and
- d) the Approved Contract Sum of \$8,769,000 for Contract 0663 Collection and Disposal of Biosolids be increased by \$2,852,000 to \$11,621,000 excluding GST for the period to 1 February 2019.

The Meeting adjourned (3.10 – 3.25pm) at the conclusion of this Item

13. Lottery Significant Project Funding - Acceptance of Grant

GM Community introduced this report. Staff and the External Funding Subcommittee Members were congratulated on the successful application.

Resolved: (Crs Forsyth/O'Leary)

That:

- a) the report be received;
- b) the Finance Committee approves and accepts funding of \$2,500,000 from the Lottery Significant Project Fund for the Hamilton Gardens Development Project, to be paid in three installments between 2015/16 and 2017/18; and
- c) delegated authority is granted to the CEO and General Manager Community to sign the online Lottery Funding agreement as acceptance of the funding and associated terms and conditions.

14. Community Assistance Funding 2014/15 - Single-Year Grant Allocations

The Community Development & Leisure Manager and the Manager Social Development introduced the Report. In response to questions from Committee Members, they confirmed the following:

- This was the final year that the Small Grant (Community), Arts and Culture Grant and Performing Arts Contestable fund would be allocated, as the new Community Assistance Policy had now come into effect.
- The Allocation Committee ensured that a particular organisation was not getting more than one grant for the same project.
- If acquittals were not received by the due date, future funding would be impacted.
- Creative Waikato had administered the Arts and Culture and Performing Arts Contestable Fund on behalf of Council. However, with effect from 2015/16, Creative Waikato will no longer administer these.

It was noted that moving forward, the Strategy and Policy Committee, through its Policy Monitoring Report, would ensure that new policies met their intended purpose.

Resolved: (Crs Wilson/Yeung)

That:

- a) the report be received;
- b) the list of successful recipients be published; and
- c) the External Allocation Committees be acknowledged for their contribution.

15. Community Assistance Funding 2015/16 - Multi-Year Community Grant Allocation

The Community Development & Leisure Manager and the Manager Social Development introduced the Report. In response to questions from Committee Members, they confirmed that community engagement had been ongoing since 2012. The team had engaged with each organisation to alleviate their concerns and keep them updated on the policy review, the timelines involved, the details of the opening and closing application deadlines, the changes in the process and the use of the on-line tool.

Motion: (Crs Wilson/Yeung)

That:

- a) the report be received;
- b) the list of successful applicants is published;
- c) the External Allocation Committee be acknowledged for their contribution; and
- d) the CE report back on a way forward regarding the letter from Age Concern which requests that a late application for a multi-year grant be accepted by Council.

Amendment: (Cr Forsyth/Her Worship the Mayor Hardaker)

That:

- a) the report be received;
- b) the list of successful applicants is published;
- c) the External Allocation Committee be acknowledged for their contribution; and
- d) the unallocated amount of \$32,000 be moved to the Single-Year Community Grant for the funding years 2015/16, 2016/17 and 2017/18, increasing the Single-Year Community Grant availability to a total of \$292,000 per annum.

The Amendment was then put.

Those for the Amendment: Her Worship the Mayor Hardaker,
Councillors Mallett, Forsyth and Tooman

Those against the Amendment: Councillors King, Gallagher, Green,
Wilson, Macpherson, Pascoe,
Chesterman, O'Leary and Yeung

The Amendment was declared lost.

The Motion was then put.

Resolved: (Crs Wilson/Yeung)

That:

- a) the report be received;
- b) the list of successful applicants is published;
- c) the External Allocation Committee be acknowledged for their contribution; and
- d) the CE report back on a way forward regarding the letter from Age Concern which requests that a late application for a multi-year grant be accepted by Council.

The Meeting adjourned (4.30pm to 4.45pm) during consideration of this Item.

16. Hamilton Gardens Nursery Review

GM Community introduced this report. He confirmed the following:

- Shared Service Agreement - the consultant had given consideration to a shared service agreement with other authorities; whilst other authorities were keen to buy the plants, there was no interest in becoming involved with the running of the nursery.
- A business plan would look at the implementation of the option chosen.
- Options - the Options were not mutually exclusive. For example, Option 4, once established, could be enhanced at a later stage to expand and incorporate Option 5.

Motion: (Cr O'Leary/Her Worship the Mayor Hardaker)

That:

- a) the report be received;
- b) staff implement Option 5 as outlined in the report;
- c) a business plan (including a plan for external funding) is developed and staff make a recommendation to the 2016/17 Annual Plan on any required adjustments to revenue, expenditure and capital budgets; and
- d) the business plan considers opportunities for tourism, visitor and education opportunities that align with the strategic direction of the Hamilton Gardens Development Plan.

Amendment: (Crs Forsyth/Wilson)

That:

- a) the report be received;
- b) staff implement Option 4 – enhance the existing model through improved operational systems and processes, irrigation and greenhouse infrastructure; and
- c) a business plan (including a plan for external funding) is developed and staff make a recommendation to the 2016/17 Annual Plan on any required adjustments to revenue, expenditure and capital budgets.

The Amendment was then put.

Those for the Amendment: Councillors King, Gallagher, Wilson, Forsyth, Macpherson, Pascoe, Tooman and Yeung

Those against the Amendment: Her Worship the Mayor Hardaker, Councillors Chesterman and O'Leary

The Amendment was declared carried and became the substantive motion.

Resolved: (Crs Forsyth/Wilson

That:

- a) the report be received;
- b) staff implement Option 4 – enhance the existing model through improved operational systems and processes, irrigation and greenhouse infrastructure; and
- c) a business plan (including a plan for external funding) is developed and staff make a recommendation to the 2016/17 Annual Plan on any required adjustments to revenue, expenditure and capital budgets.

Councillors Mallett and Green retired from the meeting at the start of the above Item. They were not present when the matter was voted on.

17. Resolution to Exclude the Public

Resolved: (Crs Forsyth/Yeung)

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

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 follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Finance Committee - Public Excluded Minutes - 21 May 2015) Good reason to withhold information exists under Section 7 Local Government	Section 48(1)(a)
C2. Finance Committee Action List - Public Excluded - 23 July 2015) Official Information and Meetings Act 1987	
C3. Report on overdue debtors as at 30 June 2015 & Bad Debts Writeoffs 2014/15		
C4. Development Contributions Report		
C5. Community Assistance Funding - Declined Applications		
C6. New Zealand Community Trust resolution to Apply for		

Funding for Hamilton
Gardens Development
Project

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, as follows:

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C3.	to protect the privacy of natural persons	Section 7 (2) (a)
Item C4.	to protect the privacy of natural persons	Section 7 (2) (a)
Item C5.	to protect the privacy of natural persons	Section 7 (2) (a)
Item C6.	to enable Council to carry out negotiations	Section 7 (2) (i)