
Council Controlled Organisations Subcommittee

OPEN MINUTES

Minutes of a Meeting of the Council Controlled Organisations Subcommittee held in Committee Room 1, Municipal Building, Garden Place, Hamilton on Wednesday 6 April 2016 at 9:30am.

PRESENT

Chairperson	Cr G Mallett
Members	Her Worship the Mayor J Hardaker Cr A King Cr R Pascoe Cr P Yeung
In Attendance	Richard Briggs – Chief Executive Sean Murray – Executive Director H3 and Events Kelvyn Eglinton – General Manager City Growth Tracey Musty – Financial Controller Gavin Iron – Local Government Shared Services Earl Rattray – Innovation Waikato Ltd Stuart Gordon – Innovation Waikato Ltd Thomas Gibbons – Vibrant Hamilton Trust Mark Morgan – Waikato Regional Airport Ltd John Spencer - Waikato Regional Airport Ltd Carlos da Silva - Waikato Regional Airport Ltd James Yearley - Waikato Regional Airport Ltd
Committee Advisor	Ian Loiterton – Committee Advisor

1. Apologies

Resolved: (Crs Mallett/Yeung)

That the Subcommittee accept an apology from Her Worship the Mayor for lateness.

2. Confirmation of Agenda

Resolved: (Crs Mallett/Yeung)

The Committee to confirm the agenda

Her Worship the Mayor Hardaker arrived during the above Item (9.33am) and was present when the matter was voted on.

3. Declarations of Interest

Her Worship the Mayor Hardaker declared an interest in relation to Items 11, 12 and 13 of the Open Agenda and Item C3 of the Public Excluded Agenda. She explained she was a Trustee of the Vibrant Hamilton Trust.

4. Public Forum

Not required.

5. Council Controlled Organisations (CCO) Subcommittee Minutes - Open - 9 March 2016

Resolved: (Crs Mallett/Pascoe)

That the Subcommittee confirm and adopt as a true and correct record the Open Minutes of the Council Controlled Organisations (CCO) Subcommittee Meeting held on 9 March 2016.

6. Council Controlled Organisations (CCO) Subcommittee - Action List (Open) - 6 April 2016

Resolved: (Crs Mallett/Pascoe)

That the Report be received.

7. Local Authority Shared Services - Draft Statement of Intent 2016/17 and Six Monthly Report to 31 December 2015

Mr Gavin Iron, Chair of the Local Authority Shared Services (LASS) and the Chief Executive Hamilton City Council, who was also a Director of the LASS, took the report as read and responded to questions including:

- **Future Direction:** LASS had evolved from its original purpose of offering a couple of shared data services and was now in a better position to move forward after trimming its administration costs and having employed a part-time Chief Executive. It was noted that LASS was heavily reliant on the good will of councils. Some councils chose not to formally be within LASS due to their involvement in other collaborative initiatives; nonetheless, LASS still actively engaged with those councils;
- **New Services:** As of 1 July 2016, LASS planned to offer two new services; namely, building cluster and Rata services;
- **Annual Survey:** LASS's 2016 annual shareholder survey was in the process of being conducted; it was at the discretion of each Chief Executive as to who responded to the survey within that particular Council. The HCC Chief Executive noted that it was his intention that Elected Members would be included in the survey for the purpose of Hamilton City Council's response;
- **Reported Savings:** Savings that were generated by LASS were documented in its publication, *Waikato LASS: Collaboration in Action* (included from page 66 onwards in the Agenda). How individual councils reported any LASS generated savings within their financial accounting processes was at their own discretion;
- **Identification of future initiatives:** LASS used a number of mechanisms to identify future saving initiatives, including its annual shareholder survey and a strategy workshop. Previous examples of a LASS generated savings included insurance and energy arrangements. The best saving opportunity that had been identified for future investigation was in relation to Information Services, though it was acknowledged that any integration in this area would be expected to take at least five years, due to the complexity of different operating systems and Council planning cycles;
- **Appointment of Directors:** Each Council had a Director position on the LASS Board. In the role of Director, each Council nominated Board Member was obliged to act as a representative of LASS, not as a representative of their own Council;
- **Appointment of the Chair:** The current Chair had been in the position for six years and there were no time limits as to how long a Chair could retain the role; and
- **Strategic Plan:** The strategic plan for LASS was tested in part by the inclusion of 'Proposed New Activities' in the Statement of Intent, as submitted to shareholders – refer page 18 of the Agenda.

Resolved: (Crs Mallett/Pascoe)

- a) That the report be received; and
- b) That Council provides a written response to Local Authority Shared Services advising that the CCO Subcommittee approves the Draft Statement of Intent with no amendments.

To accommodate guests from Waikato Innovation Ltd, Item 10 was taken prior to Item 8.

10. Innovation Waikato Ltd and Group Companies - Draft Statement of Intent, Half Yearly Report to 31 December 2015, Annual Tenants Survey

Mr Earl Rattray and Mr Stuart Gordon from Waikato Innovation Ltd took the report as read, gave an overview of key aspects of the report and responded to questions including:

- **Governance:** It was stated that Innovation Waikato Ltd and Group Companies had a strong intent to add value, as illustrated by the planned opening of the Tetra Pak facility on 7 April 2016;
- **Financial results:** The financial results of Innovation Waikato Ltd and Group Companies were said to be positive and generating surpluses;
- **Master Plan:** A Master Plan had been developed that included planning consent approval for future expansion, contingent on investment and shareholder approval; and
- **Privately funded dryer:** Plans were in place to investigate an option to add an additional, privately funded dryer as part of the New Zealand Food Innovation Waikato Ltd Company.

Resolved: (Crs Mallett/Pascoe)

- a) That the report be received; and
- b) That Council notes the Draft Statement of Intent and key assumptions and advises Innovation Waikato Ltd Group that it will be able to provide a written response after 2 June 2016, once the review of its investment in the IWL Group is completed.

8. Civic Assurance - Draft Statement of Intent 2016

The Chief Executive and Executive Director H3 and Events took the report as read and clarified:

- **Portfolio:** Civic Assurance dealt predominately in Kiwi Saver Fund and other insurance portfolios;
- **Shares:** Shares were based on 'asset backing' principles and were not able to be realised financially; and
- **Hamilton City Council:** Did not insure with Civic Assurance, but did benchmark its insurance policies against market rates.

Resolved: (Crs Mallett/Pascoe)

- a) That the report be received; and
- b) That Council provides a written response to Civic Assurance advising that the CCO Subcommittee approves the Draft Statement of Intent with no amendments.

9. Local Government Funding Agency (LGFA) - Draft Statement of Intent 2016/17 and Half Yearly Report to 31 December 2015

The Chief Executive took the report as read and responded to questions including:

- **Hamilton City Representation:** The Chief Executive had been a LGFA Director until recently, but that the General Manager Corporate - David Bryant was now in that role;
- **Council Briefing:** The Chair of the LGFA was scheduled to make a presentation to Councilors as part of a briefing session in May 2016; and
- **Financial Regulations:** The LGFA was required to adhere to strict Government funding regulations, which in turn ensured the LGFA maintained a good credit rating.

Resolved: (Crs Mallett/Pascoe)

- a) That the report be received; and
- b) That Council provides a written response to the Local Government Funding Agency advising that the CCO Subcommittee approves the Draft Statement of Intent 2016/17 with no amendments.

To accommodate attendee availability, Item 14 was taken before Item 11.

14. Hamilton Properties Ltd - Exemption from CCO requirements of Local Government Act

Resolved: (Crs Pascoe/Mallett)

- a) That the report be received; and
- b) That the subcommittee recommend to Council that Hamilton Properties Ltd will continue to be exempt from CCO annual reporting requirements while it is a non-trading company until the period ending 10 May 2019.

11. Vibrant Hamilton Trust - Chairperson's Six Month Report to 31 December 2015

Mr Thomas Gibbons, Chairperson of the Vibrant Hamilton Trust (VHT) took the report as read and responded to questions, including clarification that the Trust received monthly reports that detailed the performance of its investment portfolio.

Resolved: (Crs Mallett/Pascoe)

That the report be received.

12. Vibrant Hamilton Trust - Draft Statement of Intent 2016/17 and Half Year Report to 31 December 2015

Resolved: (Crs Mallett/Pascoe)

That:

- a) the report be received; and
- b) Council provides a written response to the Vibrant Hamilton Trust advising that the CCO Subcommittee approves the Draft Statement of Intent 2016/17 with no amendments.

13. Vibrant Hamilton Trust - Trustee Vacancy and Deed review update

The Chairperson of VHT took the report as read and highlighted proposed changes to the Deed including:

- **Appointments:** Hamilton City Council would be able to delegate appointments to Trustee positions as it saw fit; Trustees would also have the ability to appoint fellow Trustees where a vacancy existed, in order to ensure compliance to the Deed at all times;
- **Number of Trustees:** The minimum number of Trustees be reduced from five to three. The maximum number of Trustees would be five; and
- **Projects:** That Trustees would be able to recommend projects for funding, in addition to the existing process by which projects were recommended via Council's External Funding Subcommittee.

Mr Gibbons responded to questions including:

- **Non-compliance:** A negative audit report could, in theory, trigger an Auditor General investigation; irrespective of that, the need to maintain compliance at all times was seen to be a critical objective;
- **Filling of Vacancies:** VHT had had a vacancy for a significant period of time. No action had been taken to fill the vacancy based on previous advice from the Council Controlled Organisations Subcommittee; namely, to hold off recruiting another Trustee until the review of the Deed had been completed; and
- **Meeting frequency:** VHT met approximately four times a year and was functioning effectively with the current number of Trustees (four).

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

That a consolidated Trust Deed be presented to Council, inclusive of amendments to the proposed Variation of the Trust Deed as follows:

- "5.1 The Trust Board will consist of at least ~~three (3)~~ five (5) but no more than ~~five (5)~~ seven (7) Trustees who will comprise the following..."
- "5.4 In the event of the Trust Board having less than ~~three (3)~~ five (5) Trustees at any time:
 - a. Hamilton City Council (or its delegate) will appoint such persons as Trustees as are required to fulfill the minimum number in accordance with clause 5.1;
 - b. If Hamilton City Council does not take such appointment action in clause 5.4(a) within ~~ten working days~~ 60 days of the number of Trustees falling below ~~three (3)~~ five (5)..." ; and
 - c. Trustees must notify the Chief Executive (or the CE's delegate) if the number of Trustees falls below five (5) within five (5) working days."

15. Waikato Regional Airport Ltd Half Yearly Report to 31 December 2015 and Draft Statement of Intent 2016/17

Mr Mark Morgan (CEO), Mr John Spencer (Chair) and Mr Carlos da Silva (Director) from Waikato Regional Airport Ltd spoke to the report and responded to questions including:

- **Financial performance:** Improved financial performance included improved cash flow and plans for ongoing reduction in debt;
- **International freight hub:** Plans to develop Waikato Regional Airport as an international freight hub were still being considered; however, it was expected that the volume of freight business to sustain such a venture would not be in place for a minimum of 10 to 15 years. It was noted that the majority of the international air freight leaving Auckland did so in the hull of passenger flights, which compounded the current lack of demand; and
- **Jetstar:** While regular discussions were held with Jetstar, it was unknown if it would include Hamilton in its flight routes in the near future; and
- **Air New Zealand:** Monthly meetings were held with Air New Zealand regarding its services into Hamilton.

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

- a) That the report be received; and
- b) That Council provides a written response to Waikato Regional Airport Limited advising that the CCO Subcommittee approves the Draft Statement of Intent with no amendments.

16. Resolution to Exclude the Public

Resolved: (Crs Pascoe/Mallett)

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, excepting the following Waikato Regional Airport Ltd representatives in relation to Item C3 only; Mr Mark Morgan, Mr John Spencer, Mr Carlos da Silva and Mr James Yearley.

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. Council Organisations Subcommittee - Minutes - Public Excluded - 9 March 2016	Controlled) Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
C2. Council Organisations Subcommittee - Action List (Public Excluded) - 6 April 2016	Controlled)	
C3. Waikato Regional Airport Ltd - Dissolution of Titanium Park Joint Venture		

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:

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|----------|--|-------------------|
| 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 enable Council to carry out commercial activities without disadvantage | Section 7 (2) (h) |

The Meeting moved into a Public Excluded session (11.50am to 11.59am).

The Meeting was declared closed at 11.59am.