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## Finance Committee

### OPEN MINUTES

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**Minutes of a meeting of the Finance Committee held in Council Chamber, Municipal Building, Garden Place, Hamilton on Tuesday 10 September 2019 at 9.30am.**

#### **PRESENT**

Chairperson	Cr G Mallett
Deputy Chairperson	Cr R Pascoe
Members	Mayor A King
	Deputy Mayor M Gallagher
	Cr M Bunting
	Cr J R Casson
	Cr S Henry
	Cr D Macpherson
	Cr A O'Leary
	Cr P Southgate
	Cr L Tooman
	Cr R Hamilton
	Maangai Bella Takiari-Brame

In Attendance	David Bryant – General Manager Corporate
	Lance Vervoort – General Manager Community
	Sean Hickey – General Manager Strategy and Communications
	Jen Baird – General Manager City Growth
	Chris Allen – General Manager Development
	Tracey Musty – Financial Controller
	Christie Harger – Corporate Business Manager
	Natalie Palmer - Unit Manager Communications & Marketing
	Jayne Perry – Chief of Staff
	Chris Barton – Capital Projects Manager
	Iain Anderson – Capital Financial Lead
	Rebecca Whitehead – Business and Planning Manager
	Chad Hooker – Director of Operations, H3
	Irene James – Finance and Commercial Director, H3
	Paul Gower - Programme Manager - Assets Strategy
	Emily Botje – Facilities Unit Manager
	Maire Porter – City Waters Manager
	Adam Donaldson – Water Operations Manager
	Stafford Hodgson - Programme Manager - Economics and Policy
	Greg Carstens - Growth, Funding and Analytics Unit Manager
	Matthew Bell – Rates and Revenue Manager

Governance Staff	Rebecca Watson and Claire Guthrie – Committee Advisors
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**1. Apologies**

**Resolved:** (Cr Mallett/Cr Casson)

That the apologies for absence from Cr Taylor are accepted.

**2. Confirmation of Agenda**

**Resolved:** (Cr Mallett/Cr Bunting)

That the agenda is confirmed, noting that Item 7 (*Deferral of Report – Update on Stadia Facilities*) will be moved to the Public Excluded session – section 7 (2) (b) (ii) – to avoid the unreasonably, likely prejudice to the commercial position of a person who supplied or is the subject of the information.

**3. Declarations of Interest**

No members of the Committee declared a Conflict of Interest.

**4. Public Forum**

**Mr Roger Stratford** spoke to Item 6 (Chairs Report). He noted his concerns regarding increasing operational costs within the Council.

**5. Confirmation of the Finance Committee Minutes - Open - 1 August 2019**

**Resolved:** (Cr Mallett/Cr Hamilton)

That the Committee confirm the Open Minutes of the Finance Committee Meeting held on 1 August 2019 as a true and correct record.

**6. Chair's Report - 10 September 2019**

The Chair spoke to his report.

**Resolved:** (Cr Mallett/Cr Macpherson)

That the Finance Committee receives the report.

**Crs Hamilton and Pascoe Dissenting.**

**7. Deferral of Reports - WLASS Year Result, Civic Financial Services Half Year Result, WRAL Full Year Result.**

The report was taken as read.

**Staff Action:** *Staff undertook to circulate a link to audited accounts for the above CCOs as soon as they became available.*

**Resolved:** (Cr Macpherson/Cr Mallett)

That the Finance Committee:

- a) receives the report; and

- b) approves that the reports from the following Council Controlled Organisations are deferred to a future meeting of Council or appropriate Committee, no later than February 2020:
- i. Waikato Local Authority Shared Services – Full Year Results,
  - ii. Civic Financial services – Half Year Results,
  - iii. Waikato Regional Airport Limited – Full Year Results.

**8. WIGL Draft Letter of Expectation**

The Financial Controller spoke to the report, noting the process undertaken concerning Letters of Expectation.

Committee Members asked questions concerning wording of the letter, process to get this updated and likely quantum of any sale.

**Resolved:** (Cr Mallett/Cr Southgate)

That the Finance Committee approves the Draft Letter of Expectation.

**9. Waikato Innovation Growth Ltd, NZ Food Innovation (Waikato) Ltd and NZ Food Innovation (Waikato) D2 Ltd combined Statement of Intent 2019/20 and Full Year Report 30 June 2019**

Stuart Gordon from Waikato Innovation Growth Ltd spoke to the report, noting some of the positive financial results over the last year, and gave an overview of expected performance and activities in the year ahead.

Committee Members asked questions concerning:

- size and make up of users of the facilities,
- how performance is measured,
- future developments and possible expansion,
- measurements of innovation,
- origins of products, and
- comparison of ovine and bovine products.

**Resolved:** (Cr Pascoe/Cr Mallett)

That the Finance Committee:

- a) receives the report;
- b) approves the Waikato Innovation Growth Ltd and Group of Companies Statement of Intent 2019/2020; and
- c) requests that the audited and signed Financial Statements are presented to the Council or appropriate Committee once these are available.

**10. New Zealand Local Government Funding Agency Limited - Annual Report 2019**

The report was taken as read.

**Resolved:** (Cr Pascoe/Cr Macpherson)

That the Finance Committee receives the NZ Local Government Funding Agency Ltd Annual Report.

***The meeting adjourned from 10.56am to 11.14am.***

## 11. Capital Portfolio Monitoring Report

The Capital Projects Manager and the Capital Financial Lead spoke to the report, noting that the Council was in a strong position to be able to deliver on the capital programme.

Committee Members asked questions concerning:

- costs of the Seddon Park lights,
- costs and timeframes concerning Arthur Porter Drive,
- future footpath renewal programme,
- NZTA funding,
- potential cost savings via operational savings vs capital savings,
- costs for water delivery,
- greenfields vs infill development timeframes,
- Rukaura Spine Road, and
- innovative funding options.

**Motion:** (Cr Macpherson/Mayor King)

That the Finance Committee:

- a) receives the report; and
- b) approves an increase to the Approved Contract Sum of Contract 17460 for the replacement and upgrade of the Seddon Park Lights from \$4,000,000 to \$4,200,000, subject to the \$200,000 increase being funded from operational savings achieved from the lighting upgrade.

**Amendment:** (Cr Pascoe/Cr O'Leary)

That the Finance Committee:

- a) receives the report; and
- b) approves an increase to the Approved Contract Sum of Contract 17460 for the replacement and upgrade of the Seddon Park Lights from \$4,000,000 to \$4,200,000.

**The amendment was put.**

**Those for the Amendment:** Crs Pascoe, O'Leary, Bunting, Casson, Southgate, Hamilton and Maangai Takiare-Brame.

**Those against the Amendment:** Mayor King, Deputy Mayor Gallagher, Crs Mallett, Tooman, Macpherson and Henry.

**The Amendment was declared CARRIED.**

**The Amendment was put as the substantive motion and declared CARRIED.**

**Those for the Substantive Motion:** Crs Pascoe, O'Leary, Bunting, Casson, Henry, Southgate, Hamilton and Maangai Takiare-Brame.

**Those against the Substantive Motion:** Mayor King, Deputy Mayor Gallagher, Crs Mallett, Tooman and Macpherson.

**Resolved:** (Cr Pascoe/Cr O’Leary)

That the Finance Committee:

- a) receives the report; and
- b) approves an increase to the Approved Contract Sum of Contract 17460 for the replacement and upgrade of the Seddon Park Lights from \$4,000,000 to \$4,200,000.

**12. Annual Monitoring Report to 31 July 2019**

The Financial Controller spoke to the report, and noted that there was an incidence of a timing issue with cash flow that had breached Council policy and had been rectified within 24 hours.

Committee Members asked questions concerning fluctuations in budget figures.

**Resolved:** (Cr Mallett/Cr Macpherson)

That the Finance Committee receives the report.

**13. Financial Strategy Monitoring Report**

The Corporate Business Manager took the report as read.

Committee Members asked questions concerning movements in financial strategy.

**Resolved:** (Mayor King/Cr Mallett)

That the Finance Committee receives the report.

That the Finance Committee recommends the Council:

- a) approves the capital savings of \$8M in 2018/19 financial year, re-phasing and delay deferrals of an additional \$12.6M capital projects from 2018/19 to future years as identified in the 10 September 2019 Capital Portfolio Monitoring Report;
- b) approves the significant forecast adjustments as set out in paragraphs 22 to 25 of this report; and
- c) approves the revised forecast Financial Strategy graphs for Debt to Revenue, Net Debt and Balancing the Books as set out in paragraphs 26 to 34 of this report.

**14. Cost Savings Report**

The General Manager Strategy and Communications took the report as read.

Committee Members asked questions concerning the permanence of some of the cost savings and vacancy management.

**Resolved:** (Cr Mallett/Cr Casson)

That the Finance Committee receives the report.

***The meeting adjourned from 1.35pm to 2.20pm.***

Following the above adjournment, the Chair raised with Committee Members re-taking the vote for Item 12 (*Capital Portfolio Monitoring Report*), as an Elected Member identified they had voted incorrectly as the vote was being called out. As per Standing Order 19.4, the Chair may re-put a vote under these

circumstances at the agreement of Committee Members, following this discussion the Chair determined not to put the vote again.

**15. Contract 17281 - Playgrounds Renewal and Development Programme - Approved Contract Sum**

The Business and Planning Manager, and the Senior project Leader spoke to the report, and noted the process undertaken concerning contracts.

Committee Members asked questions concerning the expression of interest process, impact on budget and the playgrounds programme.

**Resolved:** (Cr Bunting/Cr Southgate)

That the Finance Committee now approves the full amount of the Approved Contract Sum of Contract 17281 for \$6.1 million for the delivery of the Playground Renewal and Development Programme.

**16. Contract 13299A - Chemical Procurement for Water Treatment - Increase to Approved Contract Sum**

The Waters Operations Manager and the City Waters Manager took report as read.

Committee Members asked questions concerning fluoridation of water.

**Resolved:** (Cr Mallett/Cr Casson)

That the Finance Committee approves an increase to the Approved Contract Sum for Contract 13299A Chemical Procurement for Water Treatment with Ixom Operations Pty Ltd, by a total value of \$3,256,783 to a revised value of \$6,551,783, funded through the 2018-28 10 Year Plan.

**17. Draft Submission to the Productivity Commission Report on Local Government Funding and Financing**

The General Manager Strategy and Communications took the report as read.

Committee Members asked questions concerning:

- unfunded mandates,
- time frames for response,
- growth and non-growth councils,
- rates rebates and postponement,
- Special Purpose Vehicles, and
- regional fuel taxes.

**Resolved:** (Cr Hamilton/Mayor King)

That the Finance Committee:

- a) receives the report;
- b) approves Hamilton City Council's **Draft 2** submission to the New Zealand Productivity Commission's Draft Report on Local Government Funding and Financing;
- c) notes that the approved submission will be sent to the New Zealand Productivity Commission following the Committee's approval.

**Crs Mallett and O'Leary dissenting.**

*Cr Macpherson retired from the meeting (3.22pm) during the above item. He was not present when the matter was voted on.*

# **18. Resolution to Exclude the Public**

**Motion:** (Cr Mallett/Cr Henry)

## **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. Confirmation of Finance Committee Meeting Minutes - Public Excluded - 1 August 2019	) Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
C2. Report on overdue debtors as at 31 July 2019 & Debt write-offs 2019/20	)	
C3. Deferral of Reports - Update on Stadia Facilities	)	

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 protect the privacy of natural persons to maintain the effective conduct of public affairs through protecting persons from improper pressure or harassment	Section 7 (2) (a) Section 7 (2) (f) (ii)
Item C3.	to avoid the unreasonable, likely prejudice to the commercial position of a person who supplied or is the subject of the information.	Section 7 (2) (b) (ii)

**The meeting moved into a Public Excluded Session at 3.26pm.**

**The meeting was declared closed at 3.50pm.**