
Finance Committee

OPEN MINUTES

Minutes of a meeting of the Finance Committee held in Council Chamber, Municipal Building, Garden Place, Hamilton on Thursday 20 August 2015 at 1.30pm.

PRESENT

Chairperson	Cr R Pascoe
Deputy Chairperson	Cr G Mallett
Members	Her Worship the Mayor J Hardaker Cr G Chesterman 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:	Richard Briggs – Chief Executive Paul Conder – Chief Financial Officer Chris Allen – General Manager City Infrastructure Lance Vervoort – General Manager Community Sean Murray – General Manager Events and Economic Development Mark Brougham – Programme Manager Strategic Analysis and Business Intelligence Debra Stan-Barton – Planning Guidance Manager Kelvin Powell – City Safe Unit Manager John Gibson – Revenue Manager Carol Serra – Portfolio Management Office Manager Andy Mannering – Manager Social Development Andrew Parsons – Waters Manager Mathew Bayliss – Manager Swimming and Recreation Nicola Walsh – Communication Coordinator
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Democracy Advisors	Mrs M Birch and Mr I Loiterton
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1. Apologies

Resolved: (Crs Pascoe/Chesterman)

That the apologies from Her Worship the Mayor Hardaker and Councillor Wilson (both for lateness) be received and accepted.

2. Confirmation of Agenda

Resolved: (Crs Pascoe/Chesterman)

That the Agenda be confirmed with the inclusion of one late item: Item 6a - Consideration and Approval of Hamilton City Council's (HCC's) Draft 20 August 2015 Submission to the Sale and Supply of Alcohol (Extended Licensing Hours During the Rugby World Cup) Bill.

Councillor Wilson joined the meeting (1.32pm) during the above item. He was present when the matter was voted on.

3. Declarations of Interest

No members of the Council declared a Conflict of Interest.

4. Public Forum

As per Hamilton City Council's Standing Orders, a period of up to 30 minutes was set aside for a public forum.

No members of the public requested the opportunity to speak.

5. Finance Committee - Open Minutes - 23 July 2015

Resolved: (Crs Mallett/Tooman)

That the Committee confirm and adopt as a true record the Open Minutes of the Finance Committee Meeting held on 23 July 2015.

6. Finance Committee Action List - Open - 20 August 2015

The Chief Financial Officer (CFO) highlighted the following in relation to Leave Accrual, and responded to questions from Committee Members:

- **Audit process:** The independent auditor audited a small sample of staff leave balances as part of their substantive process, and in so doing did not find any errors.
- **Staff impacts:** No staff had been disadvantaged, nor had any complaints been received as a result of any over or under reporting of leave balances.

Action: the CFO to contact Audit New Zealand to clarify their audit processes following all changes in legislation.

Resolved: (Crs Pascoe/Mallett)

That the report be received.

Her Worship the Mayor Hardaker joined the meeting (1.37pm) during the above item. She was present when the matter was voted on.

6a Late Item - Consideration and Approval of HCC's Draft 20 August 2015 Submission to the Sale and Supply of Alcohol (Extended Licensing Hours During Ruby World Cup) Bill

Item included as per confirmation of the Meeting Agenda.

The City Safe Unit Manager spoke to the report and responded to questions:

- **Draft submission:** The Draft Submission had been discussed at a Council Briefing earlier in the week, feedback from which had been incorporated into the submission.
- **Response:** Committee Members applauded the speed at which the legislation was to be passed.

Resolved: (Crs Pascoe/Mallett)

That:

- a) The report be received;
- b) HCC's draft 20 August 2015 submission to the Sale and Supply of Alcohol (Extended Licensing Hours During Rugby World Cup) Bill be approved;
- c) HCC's final submission to the Bill be sent to the Justice and Electoral Committee to meet the 20 August 2015 submission closing date;
- d) HCC's final submission to the Bill be uploaded to Council's website; and
- e) Local Members of Parliament be advised and be encouraged to support HCC's submission to the Sale and Supply of Alcohol (Extended Licensing Hours During Rugby World Cup) Bill adopted at the 20 August 2015 Finance Committee meeting.

7. Recommendations to Finance Committee - Event Sponsorship Subcommittee Meeting - 5 August 2015

Deputy Mayor Chesterman, Chair of the Event Sponsorship Subcommittee, presented recommendations from a meeting of the Event Sponsorship Subcommittee held on 5 August 2015.

The Deputy Mayor noted that the bulk of funding had been allocated to three iconic events, but that there was the potential to allocate surplus funds from the FIFA World Cup, subject to an audit and Council approval.

Questions that arose from the presentation included the governance of the Event Sponsorship Subcommittee, particularly:

- **Grant processes:** The grant process for allocation of any remaining funds.
- **Subcommittee Membership:** The process for the reappointment of Members to the Subcommittee.
- **Minutes:** How the activities of the Subcommittee were reported to all Elected Members.
- **Purpose:** The future role of the Events Sponsorship Subcommittee.

Motion: (Crs Chesterman/Wilson)

That:

- a) The Event Sponsorship Subcommittee's Terms of Reference be amended with the effect that the requirement for two externally-appointed members be reduced to one such member;
- b) Sandra Peek be re-appointed as the Subcommittee's external member until the end of the current triennium; and
- c) Subcommittee to report back to the next Financial Committee meeting on 22 October 2015

As the procedural motion was carried, the substantive motion was not voted on and the matter was deferred.

Procedural Motion: (Crs King/Green)

As more information is required, Item 7 be deferred to the next meeting of Council on 27 August 2015.

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

Resolved: (Crs Pascoe/Tooman)

That the Report be received.

9. 10-Year Plan Monitoring Report

The Chief Financial Officer (CFO) spoke to the full year monitoring report for the 2014/15 financial year and highlighted the following:

- **Report Status:** The report was still subject to audit and changes were therefore possible. To date, no significant issues had been found nor were any expected before the audit process was concluded.
- **Preliminary Reported Surplus:** Overall, Council had had a positive year, with a \$5 million balancing the books surplus for 2014/15, which was \$8 million ahead of the annual plan deficit of \$3.3 million.
- **Key Results:** Increased revenue from developer contributions, higher interest on investments, and lower financing costs had reduced debt balances.
- **Key Challenges:** The reduction in revenue from the sale of buildings; increased maintenance costs and the change in the way capital works were treated in the PBE accounting standards; and costs associated with the organisational restructure and recruitment.
- **Staff costs:** Staff costs exceeded budget as the result of needing to safeguard the quality and safety of HCC services.
- **Future targets:** While a good result had been achieved, the CFO stated that it would not make the achievement of 2015/16 targets any easier, as 2015/16 required additional cost saving measures.

The CFO then called on the General Managers (GMs) to talk about their areas, which included:

- **City Infrastructure:** The GM spoke of a positive result in Water and Waste Water activities, while the Transport budget was effectively balanced. Issues included planning of Integrated Catchment Management Plans and deferral of the Ring Road project.
- **Community:** The GM spoke to a positive outcome for capital works programmes, noting the deferral of three projects due to issues outside of HCC control, with an overall positive budget result.
- **Events and Economic Development:** The GM spoke of increased profile and revenue as a result of the FIFA Under 20 World Championships and World Cup Cricket events. Issues included theatres, which returned a budget short fall; the Strategic Property Group also experienced a small budget deficit.

The CFO then spoke to Capital Expenditure, stating that 15 projects totalling \$15.2 million were on the deferred capital list. This equated to a decreased trend in the number of deferred capital work projects over the past three years.

Questions included clarification of staffing costs, public toilet costs and gym budget shortfall.

Action: Report on Water World and gym business areas (inclusive of KPIs, with the four Water World departments disaggregated) to be provided to the next Finance Committee Meeting on 22 October 2015, by the GM Community.

Action: Report on the Claudelands Event Centre's cumulative losses for the previous three years be made to the next Financial Committee Meeting on 22 October 2015, by the GM Events and Economic Development.

Resolved: (Crs Pascoe/Chesterman)

That:

- a) the report be received; and
- b) \$21m of capital expenditure be deferred into the 2015-16 financial year.

Those for the Resolution: Her Worship the Mayor, and Crs Chesterman, Pascoe, Forsyth, Yeung, Tooman, O’Leary and Mallett

Those against the Resolution: Crs Wilson, Macpherson, King, Green and Gallagher

10. Key Projects Report - July 2015

The Chief Financial Officer (CFO) took the report as read and noted the three amber projects, namely:

- Financial System IT Implementation.
- Hamilton Ring Road Upgrade and Extension.
- Rototuna Reservoir and Bulk Watermains Development.

The CFO confirmed the delays in the budget module would not have any cost implications.

Resolved: (Crs Pascoe/Chesterman)

That the report be received.

The Meeting was adjourned (3.10pm – 3.25pm) at the conclusion of Item 10.

Her Worship the Mayor Hardaker and Councillor Wilson left the Meeting during the adjournment.

11. Resolution Drive Extension Multi Party Funding Agreement and Business Case

GM City Infrastructure took the report as read.

Discussions on potential risks included:

- **Kay Road and Resolution Drive:** The risk if HCC was required to build the connection between the two.
- **Osborne Road over bridge and Horsham Downs link:** Though these constituted a more substantive risk, they were both the responsibility of NZTA; there had been no indication within the planning process that these would become the responsibility of HCC.
- **Resolution Drive (number of lanes):** The project was reliant on NZTA funding and was discussed at a Meeting of the Strategy and Policy Committee on 11 August 2015; it was expected the current plan for two lanes would cater for population growth over the next 20 years.

Councillor Wilson (3.27pm) and Her Worship the Mayor Hardaker (3.38pm) rejoined the Meeting during the above item. Both were present when this matter was voted on.

Resolved: (Crs Forsyth/Wilson)

That:

- a) The report be received;
- b) The Resolution Drive and Borman Road Extensions project business case is approved and Council agrees to proceed with the projects recommended in the business case;
- c) Council delegates approval to the CE to enter into a Multi Party Funding Agreement with NZTA for an agreed sum of \$9,829,000 to construct the Resolution Drive Extension and associated works as part of the Waikato Expressway Hamilton Section construction contract; and
- d) The Approved Contract Sum for the Multi Party Funding Agreement be set at \$10,329,000 excluding GST comprising \$9,829,000 the agreed sum and \$500,000 for contingency.

12. Wastewater Treatment Plant – Electricity Supply and Conveyance Contracts

GM City Infrastructure and the Waters Manager took the report as read and highlighted the high electricity demands of HCC's Waste Water Treatment Plant at around 10 GigaWatts per year, and that management were seeking:

- **Meridian Energy:** A one year contract extension with Meridian Energy, to bring the contract into alignment with the whole of organization energy contract cycle; plus
- **WEL Energy:** A ten year contract with WEL Energy as the owner of the site's electricity infrastructure.

Issues of note included:

- **Forward Planning:** Ten year contract with WEL Energy included provision to manage costs, in that HCC only paid for WEL Energy's infrastructure depending on the level of its usage.
- **Infrastructure Maintenance:** The significant safety issue of maintaining high voltage power infrastructure made it advantageous to partner with WEL Energy, rather than HCC having to become a specialist in that area.

Resolved: (Crs Pascoe/Mallett)

That:

- a) The report be received;
- b) Contract 12100 for the Energy Supply to the Wastewater Treatment Plant with Meridian Energy Limited be approved with a contract term of one year with expiry on 1 July 2016 and an Approved Contract Sum of \$1,003,000 including a contingency value of \$100,000;
- c) The agreement for the Connection and Distributed Generation of Electricity for the Wastewater Treatment Plant with WEL Network Limited be approved for a term of ten years with staff delegated to make payments on a monthly basis, noting that the agreement also establishes a permanent easement over WEL Networks Limited infrastructure located at the WWTP site; and
- d) The Chief Executive be given delegated authority to finalise and execute a contract with Meridian Energy Limited and agreement with WEL Networks Limited for the supply connection and distributed generation of electricity at the Wastewater Treatment Plant site.

13. IS Programme of Work - Quarterly Update

Chief Information Officer, David Gunn took the report as read.

Resolved: (Crs Pascoe/Mallett)

That the report be received.

14. Multi-Year Grant Follow Up Report

The GM Community and Manager of Social Development took the report as read and responded to questions including:

- **Service Level Agreement (SLA):** Under Option Three, the proposed funding to Age Concern would be comprised of two components, namely: funding toward building costs; and funding toward service costs, in lieu of a grant.
- **Amount of Funding:** The proposed funding was required by Age Concern for their operating requirements.
- **Issues of Precedence:** The GM stated that Option Three was the least likely to set a precedent while ensuring ongoing delivery of the aged care service.
- **Grant Closing Dates:** Attempts to contact Age Concern prior to the closing date had been made.
- **Age Concern:** Age Concern had acknowledged responsibility for not submitting an application.
- **Due Process:** As no grant application had been received from Age Concern by the closing date, the grant panel was not able to act outside its terms of reference.
- **Premise Lease:** It was unclear if community fundraising had been invested into the building, but the SLA would incorporate flexibility for Age Concern to deliver services irrespective of its operating premises.
- **Key Performance Indicators (KPIs):** KPIs unlikely to be different to those required for grant funding.
- **Grant Promotion:** The processes by which funding schemes were advertised and promoted included print media, social media, email notifications and word of mouth promotion by Community Advisors.
- **Surf Lifesaving:** Surf Lifesaving claimed to have submitted an electronic request for funding under a different HCC scheme, but HCC had no record of this.

Action: GM Community to report back to the Finance Committee on the Community Facilities Review and how this related to Age Concern's current premises; namely, the Celebrating Age Centre.

Action: GM Community to investigate Surf Lifesaving's claims to have submitted a funding request, and to report back to the Finance Committee.

It was agreed that there was a need to act to ensure the wellbeing of Age Concern's clients.

Resolved: (Crs Chesterman/Forsyth)

That:

- a) The report be received;
- b) Council considers Option 3; Renew Age Concern's SLA for the provision of Customer Service and include a variation to the SLA for the provision of operational costs associated to the delivery of Education Programmes to the total value of \$56,000; and
- c) 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 to a total of \$292,000 per annum.

Her Worship the Mayor Hardaker left the Meeting (4.10pm) at the conclusion of this item, but was present when this matter was voted on.

15. Resolution to Exclude the Public

Resolved: (Crs Pascoe/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 Meeting - Public Excluded Minutes - 23 July 2015) Good reason to withhold information exists under Section 7 Local Government	Section 48(1)(a)
C2. Finance Committee Action List - Public Excluded - 20 August 2015) Official Information and Meetings Act 1987	
C3. Claudelands Park and Waikato Show Trust Operation		
C4. Garden Place Carpark		
C5. Report on overdue debtors as at 31 July 2015 & Bad Debts Writeoffs 2015/16		

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 protect the privacy of natural persons	Section 7 (2) (a)
	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	Section 7 (2) (a)
	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 negotiations	Section 7 (2) (i)
Item C4.	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h)
	to enable Council to carry out negotiations	Section 7 (2) (i)
Item C5.	to protect the privacy of natural persons	Section 7 (2) (a)

The Meeting moved into Public Excluded Session from 4.30pm until 5.15pm.

The Meeting was declared closed at 5.15pm.