
Finance Committee

OPEN MINUTES

Minutes of a meeting of the Finance Committee held in Council Chamber, Municipal Building, Garden Place, Hamilton on Tuesday 11 April 2017 at 9.30am.

PRESENT

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 G Taylor
	Cr L Tooman
	Cr P Yeung

In Attendance:

- Chief Executive – Richard Briggs
- General Manager Corporate – David Bryant
- General Manager Community - Lance Vervoort
- General Manager City Infrastructure – Chris Allen
- General Manager Venues, Tourism and Major Events – Sean Murray
- Executive Director Special Projects – Blair Bowcott
- Financial Controller – Tracey Musty
- Building Control Manager – Cory Lang
- City Waters Manager - Maire Porter
- City Development Manager – Andrew Parsons
- Rates and Revenue Manager – Matthew Bell
- Communication Advisor – Nigel Ward
- Business Analyst – Malcolm Frethey

Vibrant Hamilton Trust Chair - Thomas Gibbons
Local Government Funding Agency Chief Executive – Mark Butcher
Innovation Waikato Ltd and Group Companies Director - Earl Rattray and Chief Executive Officer - Stuart Gordon
Waikato Regional Airport Ltd Chief Executive Officer - Mark Morgan and Board Member - Carlos da Silva
Tompkins Wake Lawyers - James Gurnick

Governance Advisors: Governance Manager - Lee-Ann Jordan
Committee Advisors – Ian Loiterton, Claire Guthrie, and Amy Viggers

Cr Pascoe took up the Chair in the absence of Cr Mallet.

1. Apologies

Resolved: (Crs Tooman/Yeung)

That apologies from the following are received and accepted:

- Councillor Mallett (absence)
- Councillor Southgate (absence)
- Councillor Gallagher (lateness)
- Councillor O’Leary (to retire from 3pm onwards)
- Councillor Bunting (to retire from 4pm onwards)

The Committee Members’ condolences to Councillor Mallett on the passing of his mother were formally noted.

2. Confirmation of Agenda

Resolved: (Crs Pascoe/Bunting)

That the agenda is confirmed, noting that the order would be flexible to accommodate external visitors.

3. Declarations of Interest

No members of the Council declared a Conflict of Interest.

4. Public Forum

Christina Campbell spoke to *Item C4: Valley Terrace Stormwater Pipe Remedial Works* as the effected property owner.

Harry Bowkett spoke to *Item C4: Valley Terrace Stormwater Pipe Remedial Works* as a Chartered Engineer hired by Christina Campbell.

Tony Robertson spoke to *Item C4: Valley Terrace Stormwater Pipe Remedial Works* as a neighbour of Christina Campbell.

5. Finance Committee - Open Minutes - 28 February 2017

Resolved (Crs Pascoe/Casson)

That the Committee confirm the Open Minutes of the Finance Committee Meeting held on 28 February 2017 as a true and correct record, noting staff were to check the recording of Page 9 of the Minutes, bullet point two for correctness.

7. Vibrant Hamilton Trust - Draft Statement of Intent 2017/18 and Half Year Report to 31 December 2016

The Chair of the Vibrant Hamilton Trust (VHT), Thomas Gibbons, spoke to the report and noted:

- the purpose of the VHT was being re-considered; and
- \$300k per year return was expected on the VHT's investment portfolio, subject to market forces.

The Chair of the VHT responded to questions from Committee Members concerning:

- The VHT purpose and whether it continued to be relevant;
- Funding criteria and distribution of funding to projects;
- Current trustees and HCC's representatives on the Trust;
- The Trust's investment strategy and return on investment.

The General Manager (GM) Community noted that he would organise a Briefing for Elected Members to discuss the VHT's purpose.

Resolved: (Crs Pascoe/Tooman)

That the Finance Committee:

- a) receives the report;
- b) approves the Vibrant Hamilton Trust Draft Statement of Intent 2017/18; and
- c) staff report to Council on the 27 July 2017 on the future of the Vibrant Hamilton Trust.

11. 10-Year Plan Monitoring Report - For the eight months ended 28 February 2017

The Financial Controller spoke to the report and, together with the CE and relevant GM's, responded to questions from Committee Members concerning:

- The improved layout of the report and the need for a more reader-friendly approach to showing positive and negative variances (consistent use of brackets)
- Building renewals and capital investment – in particular treatment of capital funds allocated to projects where the outcome is still not known e.g. Founders Theatre;
- The management of major projects, including those deferred, brought forward (pipeline projects) or added; the extent to which it was be usual practice for a number of projects to be deferred each year; the relationship (if any) between deferred projects and the Housing Infrastructure Project; and optimal management of capital funding given these movements;
- Clarification of the status of emerging issues (items included in the report to flag unbudgeted issues), noting these would be reported as 'risks and opportunities' in future and were yet to be reported to the Audit and Risk Committee;
- The inclusion of the Government's measure for Balancing the Books and clarification of the reasons for the differences between the HCC and Government year to date figures for Balancing the Books (the CE confirmed the differences related to treatment of development contributions and Ring Road project financials);
- Claudelands' plant and equipment underspend; vested asset revenue; deferred projects as a percentage of total debt (\$18.6m of \$49.6m), and Stadia building renewals;
- 10 Year Plan processes and considerations including: depreciation and replacement of assets, Asset Management Planning, seismic testing, and the footpath replacement programme; and
- Crematorium structural issues which would require funding of design works, in advance of remedial works in 2017/18.

The GM City Infrastructure and Financial Controller noted they would update the risks and opportunities list to reflect allocation of \$1.3m to the Western Rail Trail.

The Financial Controller was asked to investigate means by which to present financials with/without brackets for improved legibility.

Resolved (Crs Pascoe/Casson)

That the Finance Committee receives the report.

The meeting adjourned from 11:25am to 11:40am.

10. Local Government Funding Agency - Draft Statement of Intent 2017/18 and Half Year Report to 31 December 2016

The Chief Executive of the Local Government Funding Agency (LGFA), Mark Butcher, took the report as read, and spoke to a PowerPoint presentation (tabled at the meeting). He responded to questions from Committee Members concerning:

- LGFA's financial resilience and investor portfolio, noting LGFA had a credit rating superior to most banks at AA+ which entitled them to a \$1b line of credit from the New Zealand Central Government;

- Governance of LGFA, central and local government shareholding, and LGFA's financial model;
- The implications of changes to a council's debt to revenue ratio limits and the processes that could be brought to bear on a council that adopted a greater than 250% debt to ratio limit (such as recalling loans and government appointed receivers). It was noted that LGFA's model and effectiveness is based on retaining its AA+ credit rating which would be compromised if a member council breached this limit;
- Member councils' risk exposure - HCC, as the fifth largest guarantor, would have greater risk exposure if the debt to revenue ratio of the LGFA's member councils were increased; and
- LGFA's approach to the Housing Infrastructure Fund (HIF) - LGFA would continue to advocate for the best possible outcome for local governments regarding the HIF model.

Resolved: (Crs Casson/Taylor)

That the Finance Committee:

- a) receives the report; and
- b) approves the Local Government Funding Agency (LGFA) Draft Statement of Intent 2017/18.

6. Waikato Local Authority Shared Services - Draft Statement of Intent 2017/18 and Half Year Report to 31 December 2016

The Executive Director Special Projects, in his capacity as a Director of Waikato Local Authority Shared Services (WLASS), spoke to the report and responded to questions from Committee Members concerning:

- The availability of Geographic Information Systems (GIS) data to the public and data-sharing between councils to improve standardisation of how data is managed;
- Population projections for future transport planning for Hamilton;
- Improved negotiating power and cost savings through WLASS and shared procurement processes in particular; and
- WLASS revenue trends and recovery charges for activities, noting opportunities existed for the sale of data generated through WLASS and to join other Local Authority Shared Services outside of the region for savings through greater economies in scale.

The Executive Director Special Projects was asked to circulate the WLASS 'Collaborative on Action' booklet to Elected Members.

Resolved: (Crs Pascoe/Tooman)

That the Finance Committee:

- a) receives the report; and
- b) approves the Waikato Local Authority Shared Services (WLASS) Draft Statement of Intent 2017/18.

The meeting adjourned 12:45pm-1.30pm.

13. Weathertight Buildings

The Building Control Manager took the report as read and responded to questions from Committee Members concerning:

- Comparison of the number of active claims between Hamilton and other cities; and
- Whether there were ongoing issues with leaky homes; noting there are other building defects which could contribute to weathertight issues.

Resolved: (Crs Bunting/Casson)

That the Finance Committee receives the report.

Councillor Macpherson left the meeting (12.45pm) during the above Item. He was not present at voting on the matter.

12. Key Projects Monitoring Report - February 2017

The GM Corporate took the report as read and, together with relevant GMs, responded to questions from Committee Members concerning:

- Western Rail Trail - completed within final approved budget with the additional costs approved by Council included in Risks and Opportunities;
- Rototuna Reservoir, which was on schedule for commissioning during the summer of 2017/18;
- The Ring Road and extension and whether planning for the bridge over Cobham Drive and four-laning with pedestrian and cycling facilities would be included in the project design; and
- Progress of North City Road Upgrade – currently deferred until land acquisitions were completed.

Resolved: (Crs Pascoe/Yeung)

That the Finance Committee receives the report.

Councillor Macpherson re-joined (1.37pm) the meeting during the above Item. He was present at voting on the matter.

5. Civic Assurance - Draft Statement of Intent 2017

The Financial Controller took the report as read and responded to a question from Committee Members concerning the potential sale of the Civic Assurance House building. If the building was sold, it was confirmed that the sale proceeds would be used to reduce capital and to make a return to shareholders.

Resolved: (Crs Macpherson/Henry)

That the Finance Committee:

- a) receives the report; and
- b) approves the New Zealand Local Government Insurance Corporation Limited (trading as Civic Assurance) Draft Statement of Intent 2017.

The meeting adjourned 2:00pm-2.10pm.

Cr Taylor retired from the meeting during the above adjournment.

8. Innovation Waikato Ltd and Group Companies - Draft Statement of Intent 2017/18, Half Year Report to 31 December 2016 and Annual Tenants Survey

Innovation Waikato Ltd and Group Companies (IWL) representatives, Earl Rattray (Director) and Stuart Gordon (Chief Executive Officer), and the Executive Director Special Projects spoke to the report, noting that:

- IWL's financial results demonstrated it was a very good investment;
- The sale process was progressing. If a buyer for IWL was found, the sale process was expected to be completed by 30 July 2017; and
- IWL's draft Statement of Intent (SOI) was based on the status quo which was no sale of the park. Council had completed the strategic review and determined to sell the property arm of the Park while retaining the Food Innovation subsidiary company.

The IWL Director and CEO, together with the Executive Director Special Projects, responded to questions from Committee Members concerning:

- The sale process and level of interest to date;
- Readiness of sale agreement documentation to enable a speedy sale if a suitable buyer was identified;
- Interest from international buyers (noting this was unlikely given the additional government approvals required); and
- IWL's future growth potential.

Resolved: (Crs Pascoe/Casson)

That the Finance Committee:

- a) receives the report; and
- b) notes the Draft Statement of Intent and key assumptions and advises Innovation Waikato Ltd and Group of Companies that it supports the indicative plans outlined; noting the current uncertainty in core assumptions relating to the restructure of the Group and sale of Council's shareholding in Waikato Innovation Park Ltd.

14. Waikato Regional Airport Ltd - Draft Statement of Intent 2017/18 and Half Year Report to 31 December 2016

The GM Venues, Tourism and Major Events introduced Waikato Regional Airport Ltd (WRAL) representatives and passed on an apology for the WRAL Chair, John Spencer.

Mark Morgan (Chief Executive Officer) and Carlos da Silva (Board Member) spoke to a PowerPoint presentation (tabled at the meeting), and responded to questions from Committee Members concerning:

- Domestic passenger numbers;
- WRAL Master Plan and Property Strategy (which was seen to still be fit for purpose but would be reviewed on an ongoing basis);
- Mavis & Co as the new catering operator (and who had been well received) space and resulting opportunities to help WRAL promote its conference facilities;
- Improvements to airport amenity and upgrades to the carpark and pay station facilities;
- Opportunities for air freight (which were seen to be very limited), equine flights and Sunday services for the leisure market; and
- International charter flights to cater for Auckland overflow.

Resolved: (Crs Bunting/Macpherson)

That the Finance Committee:

- a) receives the report; and
- b) approves the Draft Statement of Intent for 2017/18.

Cr O'Leary retired (3.08pm) from the meeting during the discussion of the above item. She was not present when the 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 - Public Excluded Minutes - 28 February 2017) Good reason to withhold information exists under Section 7 Local Government	Section 48(1)(a)
C2. Discussion on Waikato Regional Airport Limited) Official Information and Meetings Act 1987	
C3. Report on overdue debtors as at 28 February 2017 & Bad Debts Writeoffs 2016/17)	
C4. Valley Terrace Stormwater Pipe Remedial Works		

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 enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h)
Item C3.	to protect the privacy of natural persons	Section 7 (2) (a)
Item C4.	to maintain legal professional privilege	Section 7 (2) (g)

The Meeting moved into Public Excluded session at 3.25pm.

The Meeting was declared closed at 5.05pm.