
Finance Committee

OPEN MINUTES

Minutes of a meeting of the Finance Committee held in Council Chamber, Municipal Building, Garden Place, Hamilton on Tuesday 9 April 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 G Taylor |
| | Cr L Tooman |
| | Cr R Hamilton |
| | Maangai Bella Takiari-Brame |

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|---------------|--|
| In Attendance | Richard Briggs – Chief Executive |
| | David Bryant – General Manager Corporate |
| | Jen Baird – General Manager City Growth |
| | Eeva-Liisa Wright – General Manager Operations Infrastructure |
| | Lance Vervoort – General Manager Community |
| | Chris Allen – General Manager Development |
| | Sean Murray – General Manager Tourism, Venues and Special Events |
| | Tracey Musty – Financial Controller |
| | Julie Sanderson – Group Business Manager/Acting Strategic Property Manager |
| | Christie Harger – Corporate Business Manager |
| | Natalie Young – PMO Manager |
| | Helen Paki – Business and Planning Manager |
| | Paul Gower – Programme Manager Growth and Assets |
| | Lauradanna Radesic – Team Leader Communications |
| | Jason Harrison – Transportation Unit Manager |
| | Matthew Bell – Rates and Revenue Manager |

James MacGillivray – Tomkins Wake

Governance Staff

Becca Brooke – Governance Team Leader

Rebecca Watson and Amy Viggers – Committee Advisors

1. Apologies

Resolved: (Cr Mallett/Cr Bunting)

That the apologies for early departure from Cr O’Leary and for partial absence from Deputy Mayor Gallagher and Cr Casson are accepted.

2. Confirmation of Agenda

Resolved: (Cr Mallett/Cr Casson)

That the agenda is confirmed noting the following:

- the order will need to be flexible to accommodate external presenters,
- the order has been changed to accommodate the LGFA representative (Mark Butcher) no longer being available.

3. Declarations of Interest

No members of the Council declared a Conflict of Interest.

4. Public Forum

There were no public forum speakers.

5. Confirmation of the Finance Committee Minutes - Open - 21 February 2019

Resolved: (Cr Mallett/Cr Casson)

That the Committee confirm the Open Minutes of the Finance Committee Meeting held on 21 February 2019 as a true and correct record.

6. Accessible Properties New Zealand Limited - Q1 and Q2 Activity Report

The Acting Unit Manager Strategic Property spoke to the report, highlighting that the purpose of the report was to provide information to the Elected Members and there were no decisions to be made. The loan has been repaid, and all reporting will now be made to Community, Services and Environment Committee.

Committee Members asked questions concerning maintenance undertaken on the properties and demand for social housing.

Resolved: (Cr Mallett/Cr Hamilton)

That the Finance Committee receives the report.

7. NZ Local Government Funding Agency Statement of Intent and Half Yearly Report to 31 December 2018

The General Manager Corporate introduced the report on behalf of the Local Government Funding Agency (LGFA), and explained that any questions would be collated by the Financial Controller and emailed to LGFA for their response.

Committee Members asked questions concerning risks of accessing funding via Special Purpose Vehicles and Public Private Partnerships, the Council's credit rating and risks to a possible increase of debt capacity.

Resolved: (Cr Mallett/Cr Hamilton)

That the Finance Committee:

- a) receives the report; and
- b) approves the Local Government Funding Authority Draft Statement of Intent 2019/20.

Item 11 (*Civic Financial Services Ltd Statement of Intent and Annual Report to 31 December 2018*) was taken after Item 7 (*NZ Local Government Funding Agency Statement of Intent and Half Yearly Report to 31 December 2018*) to accommodate presenter availability.

8. Civic Financial Services Ltd Statement of Intent and Annual Report to 31 December 2018

The Financial Controller took the report as read.

Committee Members asked questions concerning the sale of shares.

Resolved: (Cr Mallett/Cr Pascoe)

That the Finance Committee:

- a) receives the report; and
- b) approves the Civic Financial Services Limited's Draft Statement of Intent 2019/20.

Item 12 (*Capital Portfolio Monitoring Report for the 8 months ending 28 February 2019*) was taken after Item 11 (*Civic Financial Services Ltd Statement of Intent and Annual Report to 31 December 2018*) to accommodate presenter availability.

9. Capital Portfolio Monitoring Report for the 8 months ending 28 February 2019

The General Manager Development and PMO Manager took the report as read.

Committee Members asked questions concerning:

- budgeting and oversight of programmes,
- funding from NZTA,
- whether figures quoted were gross or nett,
- agility of renewal budgets and programmes,
- deferrals of programmes and works,
- consequences of deferrals concerning Development Contributions, and
- scope management.

Staff action: staff undertook to include a brief overview of all 8 programmes in the cover report.

Staff action: staff undertook to provide negative figures in brackets to ensure ease of understanding.

Staff action: staff undertook to change some wording in the reports to be more generic so they did not reference projects specifically.

Resolved: (Cr Mallett/Cr Casson)

That the Finance Committee receives the report.

Deputy Mayor Gallagher left the meeting (10.07am) during the above item. He was not present when the matter was voted on.

Item 8 (Waikato Innovation Growth Ltd, NZ Food Innovation (Waikato) Ltd and NZ Food Innovation (Waikato) D2 Ltd combined Draft Statement of Intent 2019/20 and Half Yearly Report 31 December 2018) was taken after Item 12 (Capital Portfolio Monitoring Report for the 8 months ending 28 February 2019) to accommodate presenter availability.

10. Waikato Innovation Growth Ltd, NZ Food Innovation (Waikato) Ltd and NZ Food Innovation (Waikato) D2 Ltd combined Draft Statement of Intent 2019/20 and Half Yearly Report 31 December 2018

The Director Special Projects and Barry Harris and Stuart Gordon from Waikato Innovation Group Ltd spoke to the report, highlighting the positive performance of the organisation, as well as development works occurring.

Committee Members asked questions concerning:

- cash deficits,
- business model of growing businesses using the facilities,
- overheads,
- growth of industry sectors such as sheep milk,
- build timing and capacity of the second spray dryer,
- treatment of D2 as a joint venture,
- policy regarding diversity on CCO Boards, and
- innovation trends.

Staff action: staff undertook to break down the overheads noted in the half yearly report.

Resolved: (Cr Mallett/Cr Casson)

That the Finance Committee:

- a) receives the report; and
- b) approves the Waikato Innovation Growth Ltd and Group of Companies Draft Statement of Intent 2019/2020.

11. Waikato Local Authority Shared Services - Half Yearly Report to 31 December 2018, Draft Statement of Intent 2019/20 and Proposed Changes to Governance Arrangements

The Director Special Projects and Kelvin French and Gavin Ion from WLASS spoke to the report, noting that the organisations performance was on track to complete the work outlined in the Statement of Intent, primarily being changes to the governance structure.

Committee Members asked questions concerning strategies moving forward, skills matrix for Board members, input from local government and ability to move to a fully independent Board, and breadth of services.

Motion: (Mayor King/Cr Mallett)

That the Finance Committee:

- a) receives the report;
- b) receives the Waikato Local Authority Shared Services Ltd (WLASS) Half Year Report to 31 December 2018;
- c) approves the Waikato Local Authority Shared Services (WLASS) Draft Statement of Intent 2019/20 which reflects the new focus of the company as a service delivery agent for shared services;
- d) approves the Waikato Local Authority Shared Services (WLASS) changes to governance arrangements as part of the changes to enable the transformation of the company as follows:
 - (i) amend the constitution of the Company (Clause 13 Appointment and Removal of Directors, Clause 15.5 Chairperson) in the manner set out in the special resolution in Attachment 4;
 - (ii) approve, by ordinary resolution in Attachment 5, that the independent Chair be paid a fee for service up to \$45,000 per annum (plus reasonable costs and GST, if any);
 - (iii) note that the constitution as amended allows the independent Chair to be appointed by unanimous agreement of the five Council Representative Directors;
 - (iv) delegate authority to the five Council Representative Directors to agree a fee for service for the independent Chair up to the amount noted in recommendation 4d)(ii);
 - (v) delegate authority to the Chief Executive Officer to sign the special and ordinary resolutions in Attachments 4 and 5 on behalf of Hamilton City Council; and
- e) notes that the Hamilton City Council appointed Council Representative Director will remain Blair Bowcott, Executive Director Special Projects, and
- f) requests the Hamilton City Council Chief Executive to recommend an Independent Director to replace the Executive Director Special Projects at a future Council meeting.

Amendment: (Cr O'Leary/Cr Southgate)

That the Finance Committee:

- a) receives the report;
- b) receives the Waikato Local Authority Shared Services Ltd (WLASS) Half Year Report to 31 December 2018;
- c) approves the Waikato Local Authority Shared Services (WLASS) Draft Statement of Intent 2019/20 which reflects the new focus of the company as a service delivery agent for shared services;

- d) approves the Waikato Local Authority Shared Services (WLASS) changes to governance arrangements as part of the changes to enable the transformation of the company as follows:
- (i) amend the constitution of the Company (Clause 13 Appointment and Removal of Directors, Clause 15.5 Chairperson) in the manner set out in the special resolution in Attachment 4;
 - (ii) approve, by ordinary resolution in Attachment 5, that the independent Chair be paid a fee for service up to \$45,000 per annum (plus reasonable costs and GST, if any);
 - (iii) note that the constitution as amended allows the independent Chair to be appointed by unanimous agreement of the five Council Representative Directors;
 - (iv) delegate authority to the five Council Representative Directors to agree a fee for service for the independent Chair up to the amount noted in recommendation 4d)(ii);
 - (v) delegate authority to the Chief Executive Officer to sign the special and ordinary resolutions in Attachments 4 and 5 on behalf of Hamilton City Council; and
- e) notes that the Hamilton City Council appointed Council Representative Director will remain Blair Bowcott, Executive Director Special Projects.

The Amendment was put.

Those for the Amendment:

Councillors Pascoe, Tooman, O'Leary, Macpherson, Bunting, Casson, Henry, Southgate and Hamilton

Those against the Amendment:

Mayor King, Councillors Mallett, Taylor and Maangai Takarai-Brame

The Amendment was declared carried.

The amendment as the substantive motion was then put and declared carried.

Resolved: (Cr O'Leary/Cr Southgate)

That the Finance Committee:

- a) receives the report;
- b) receives the Waikato Local Authority Shared Services Ltd (WLASS) Half Year Report to 31 December 2018;
- c) approves the Waikato Local Authority Shared Services (WLASS) Draft Statement of Intent 2019/20 which reflects the new focus of the company as a service delivery agent for shared services;
- d) approves the Waikato Local Authority Shared Services (WLASS) changes to governance arrangements as part of the changes to enable the transformation of the company as follows:
 - (i) amend the constitution of the Company (Clause 13 Appointment and Removal of Directors, Clause 15.5 Chairperson) in the manner set out in the special resolution in Attachment 4;
 - (ii) approve, by ordinary resolution in Attachment 5, that the independent Chair be paid a fee for service up to \$45,000 per annum (plus reasonable costs and GST, if any);
 - (iii) note that the constitution as amended allows the independent Chair to be appointed by unanimous agreement of the five Council Representative Directors;
 - (iv) delegate authority to the five Council Representative Directors to agree a fee for service for the independent Chair up to the amount noted in recommendation 4d)(ii);
 - (v) delegate authority to the Chief Executive Officer to sign the special and ordinary resolutions in Attachments 4 and 5 on behalf of Hamilton City Council; and
- e) notes that the Hamilton City Council appointed Council Representative Director will remain Blair Bowcott, Executive Director Special Projects.

Maangai Takiari-Brame dissenting.

12. Waikato Regional Airport Limited Draft Statement of Intent and Half Yearly Report to 31 December 2018

The General Manager Tourism, Venues and Major Events and Mark Morgan from WRAL spoke to the report, highlighting some of the key results from the Half Yearly Report, being a growth in passenger numbers and re-certification by CAA.

Committee Members asked questions concerning:

- air movements attributed to the air school,
- whether land sales could affect potential development and expansion,
- car parking facilities at the airport hotel,
- materiality of landing charges,
- consideration of Air NZ passenger numbers,
- new commercial ATR capacity,
- potential of domestic security changes, and
- hotel management agreement with the airport hotel.

Resolved: (Cr Macpherson/Cr Hamilton)

That the Finance Committee:

- a) receives the report;
- b) approves the Waikato Regional Airport Limited Draft Statement of Intent 2019/2020; and
- c) request that the Waikato Regional Airport Limited Board factor in their active engagement with Hamilton to Auckland Corridor Plan (H2A) and in particular the metro spatial plan including a 100 year and 30 year planning lens.

Cr O'Leary retired from the meeting (12.57pm) during the above item. She was not present when the matter was voted on.

Cr Southgate retired from the meeting (12.40pm) during the above item. She was not present when the matter was voted on.

Deputy Mayor Gallagher re-joined the meeting (12.42pm) during the above item. He was present when the matter was voted on.

The meeting adjourned from 1.12pm to 1.51pm.

13. Annual Monitoring Report to 28 February 2019

The Financial Controller introduced the report, and highlighted that the Council remains compliant with the Debt Policy.

Committee Members asked questions concerning movement in figures, deferrals and timing of some expenditure, and differentiation between work that has been completed under budget and work that has been deferred/delayed.

Resolved: (Cr Mallett/Cr Hamilton)

That the Finance Committee receives the report.

14. April 2019 Financial Strategy Monitoring Report (Recommendation to Council)

The Corporate Business Manager introduced the report, and gave an overview of some changes to the financial strategy as a result of decisions made in recent meetings. These figures would be made available at the 21 May 2019 Finance Committee meeting.

Committee Members asked questions concerning depreciation as an emerging issue, and the potential impact of a changing Official Cash Rate.

Resolved: (Cr Mallett/Casson)

1. That the Finance Committee:
 - a) receives the report.
2. That the Finance Committee recommends the Council:
 - a) approves the rephrasing and delay deferrals of an additional \$26.3M capital projects from 2018/19 to future years as listed in the 9 April 2019 Capital Portfolio Monitoring Report;
 - b) approves the significant forecast adjustments as set out in paragraphs 20 to 32 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 33 to 42 of this report.

15. Resolution to Exclude the Public

Resolved: (Cr Mallett/Casson)

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 - 21 February 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 28 February 2019 & Debt write-offs 2018/19 |) | |

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 Section 7 (2) (j)
 information for improper gain or improper
 advantage
- Item C2. to protect the privacy of natural persons Section 7 (2) (a)
 to maintain the effective conduct of public Section 7 (2) (f) (ii)
 affairs through protecting persons from
 improper pressure or harassment

The meeting went into a Public Excluded session at 2.27pm.

The meeting was declared closed at 2.42pm.