
Finance Committee

OPEN MINUTES

Minutes of a meeting of the Finance Committee held in Council Chamber, Municipal Building, Garden Place, Hamilton on Tuesday 7 November 2017 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 S Henry
	Cr D Macpherson
	Cr A O'Leary
	Cr P Southgate
	Cr G Taylor
	Cr L Tooman

In Attendance:

Richard Briggs – Chief Executive
David Bryant – General Manager Corporate
Kelvyn Eglinton - General Manager Growth
Sean Murray – General Manager Venues and Tourism and Major Events
Chris Allen – General Manager Infrastructure
Blair Bowcott – Executive Director Special Projects
Sean Hickey - General Manager Communications and Strategy
Helen Paki – Business and Planning Manager
Maire Porter – City Waters Manager
Russell Hynd – Finance Manager
Stephen Halliwell – Accounting Manager
Natasha Curbis – Programme Manager
Nicolas Wells – Strategic Property Manager
Matthew Bell – Rates and Revenue Manager
Irene James – Finance and Commercial Director H3
Chad Hooker – Director of Operations H3
Tim Chapman – Treasury/Financial Accountant
Nigel Ward – Communications Team Leader
Jolie Humphreys – Strategic Policy Analyst

Earl Rattray and Stuart Gordon – Representatives of Innovation Waikato Limited

Mark Butcher and John Avery - Representatives of Local Government Funding Agency

Carlos da Silva and Mark Morgan - representatives of Waikato Regional Airport Limited

Governance Staff:

Lee-Ann Jordan - Governance Manager
Amy Viggers and Rebecca Watson – Committee Advisors

1. Apologies

Resolved: (Crs Mallett/Henry)

That the apologies from Cr Casson, and Cr Macpherson (for lateness), are accepted.

2. Confirmation of Agenda

Resolved: (Crs Mallett/Tooman)

That the agenda is confirmed, noting that the order of items will flexible to accommodate external presenters and staff availability.

3. Declarations of Interest

No members of the Council declared a Conflict of Interest.

4. Public Forum

There were no public forum speakers

5. Finance Committee Minutes - Open - 26 September 2017

Resolved: (Crs Mallett/Bunting)

That the Committee confirms the Open Minutes of the Finance Committee Meeting held on 26 September 2017, as a true and correct record, noting the following change to Item 11 (Resolution to Exclude the Public) to show that Cr O'Leary Dissented.

6. Chair's Report - 7 November 2017

The Chair took the report as read. He responded to questions from the Elected Members concerning desired outcomes from the 10-Year Plan process.

Resolved: (Crs Mallett/Bunting)

That the Finance Committee receives the report.

Crs O'Leary and Pascoe dissenting.

Cr Macpherson joined the meeting at 9.35am during discussion of the above item . He was present when the matter was voted on.

7. New Zealand Local Government Funding Agency Limited - Annual Report 2017

Representatives of Local Government Funding Agency (LGFA) spoke to the Annual Report. They responded to questions from Elected Members concerning direct lending from NZLGFA Ltd to Council Controlled Organisations, as well as the impact of any potential HIF loans and the treatment of such borrowings.

Resolved: (Mayor King/Cr Mallett)

That the Finance Committee receives the report.

8. Waikato Regional Airport Limited - Annual Report 2017

Representatives from Waikato Regional Airport Limited (WRAL) presented the Annual Report to the Finance Committee. They responded to questions from Elected Members concerning the

current number of aircraft routes to and from Hamilton, the potential for an increase in these, and how any potential loss of routes could impact on passenger numbers.

Resolved: (Crs Mallett/Southgate)

That the Finance Committee receives the report.

The meeting adjourned 11.20am to 11.35am.

Item 12 (Accessible Properties New Zealand Limited – Financial Statement and Activity Report) was taken after Item 8 (Waikato Regional Airport Limited – Annual Report 2017) to accommodate external presenters.

12. Accessible Properties New Zealand Limited - Financial Statements and Activity Report

The Strategic Property Manager took the report as read. Staff and representatives from Accessible Properties NZ Ltd responded to questions from Elected Member concerning the maintenance work that has been completed since the purchasing of Hamilton City Council's Pensioner Housing Portfolio to bring properties up to standard and the relationship with other social housing providers.

Staff undertook to provide a separate report with an update on social housing in Waikato and the needs for social housing in the city.

Resolved: (Crs Mallett/Macpherson)

That the Finance Committee receives the report.

9. 10-Year Plan Monitoring Report - For the three months 30 September 2017

The Accounting Manager spoke to the report. Staff responded to questions from Elected Members concerning the depreciation of, and budgeted maintenance of vested assets.

Staff undertook to provide a report back to a future Growth and Infrastructure Committee meeting on the impact of the 2 hours free parking in the CBD on revenue from activities.

Staff also undertook to provide a breakdown regarding the change in revenue from activities in regards to H3.

It was agreed that staff would include in future 10-Year Plan Monitoring Reports the LGFA debt to income ratio as a measure.

Resolved: (Cr Mallett/Mayor King)

That the Finance Committee receives the report.

10. 2015-25 10-Year Plan Service Performance Report - Year 3, Quarter 1

The Strategic Policy Analyst introduced the report, noting that this was the final year that the current measurement indicators would be used, with new measurements being used from July 2018. Staff responded to questions from Elected Members concerning the management of water loss, and maintenance of footpaths. Elected members discussed the need for KPI Measures to be updated to be more meaningful.

Resolved: (Crs Mallett/Pascoe)

That the Finance Committee receives the report.

The meeting adjourned 1.20pm to 2.00pm.

11. Key Projects Monitoring Report - September 2017

The General Manager Corporate took the report as read, noting that there had been a change to page 28 of the Agenda regarding the Rototuna town centre, which was now due to be completed end of February 2018. Staff responded to questions from Elected Members concerning the Western Rail Trail and the original budget and timeline for this project.

It was noted that the Victoria on the River project's level of risk had increased due to the complaints received from owners of apartments near the site.

Resolved: (Crs Pascoe/Bunting)

That the Finance Committee:

- a) receives the report; and
- b) notes that the original Council budget and timeline for the Western Rail Trail was not met.

The meeting adjourned 1.20pm to 2.01pm.

13. Civic Financial Services Limited - Annual Report 2017

The report was taken as read.

Resolved: (Mayor King/Cr Pascoe)

That the Finance Committee receives the report.

Item 15 (Waikato Local Authority Shared Services Limited – Annual Report 2017) was taken after Item 13 (Civic Financial Services Limited – Annual Report 2017) to accommodate staff availability.

15. Waikato Local Authority Shared Services Limited - Annual Report 2017

The Executive Director of Special Projects introduced the report, noting that a strategic review process of Waikato Local Authority Shared Services Limited was currently underway.

He responded to questions from Elected Members concerning the current governance structure of Waikato Local Authority Shared Services and whether this was being considered as part of the strategic review.

Resolved: (Crs Mallett/Pascoe)

That the Finance Committee receives the report.

Item 16 (Innovation Waikato Limited and Group – Annual Report 2017) was taken after Item 15 (Waikato Local Authority Shared Services Limited – Annual Report 2017) to accommodate staff availability.

16. Innovation Waikato Limited and Group - Annual Report 2017

Representatives from Innovation Waikato Limited spoke to the report, noting that revenue and profitability had both increased over the previous 12 months, but also noting that the business would have to increase capacity to remain responsive to needs.

They responded to questions from Elected Members concerning the growth in the industry of exportation of sheep milk.

Resolved: (Crs Mallett/Henry)

That the Finance Committee receives the report.

17. NZ Food Innovation (Waikato) Ltd Spray Dryer Two

Representatives from NZ Food Innovation (Waikato) Limited spoke to the report, noting that that the sheep milk industry was growing fast and that a second dryer was required to meet future demands.

They responded to questions from Elected Members concerning commitments by other organisations, who also form NZ Food Innovation (Waikato) Ltd, to purchasing a second dryer facility.

Cr Bunting retired from the meeting at 2.36pm during the discussion of the above item. He was not present when the matter was voted on.

Cr Macpherson retired from the meeting at 2.36pm during the discussion of the above item. He was not present when the matter was voted on.

Cr Southgate retired from the meeting at 2.43pm during the discussion of the above item. She was not present when the matter was voted on.

Item 17 (NZ Food Innovation (Waikato) Ltd Spray Dryer Two) was suspended after the presentation to allow for further discussion to occur during the Public Excluded section 2(NZ Food Innovation (Waikato) Ltd Spray Dryer Two) before the matter was voted on.

14. H3 Group Reports

The Director of Operations H3 introduced the report. Staff responded to questions from Elected Members concerning depreciation, and what influenced the fluctuations in revenue shown in the financial statements.

Resolved: (Crs Mallett/Pascoe)

That the Finance Committee receives the report.

Cr Taylor left the meeting at 3.10 pm during the discussion of the above item. He was not present when the matter was voted on.

18. Resolution to Exclude the Public

Resolved: (Cr Mallett/Mayor King)

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 Minutes Excluded - Public - 26 September 2017) Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
C2. NZ Food Innovation (Waikato) Ltd Spray Dryer Two)	
C3. Report on overdue debtors as at 30 September 2017 & Debt write-offs 2017/18		

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)
Item C2.	to enable Council to carry out negotiations	Section 7 (2) (i)
Item C3.	to protect the privacy of natural persons	Section 7 (2) (a)
	to maintain the effective conduct of public affairs through protecting persons from improper pressure or harassment	Section 7 (2) (f) (ii)

The meeting went into a public excluded session at 3.19pm.

The meeting moved back to an open session at 4.32pm.

17. NZ Food Innovation (Waikato) Ltd Spray Dryer Two

Resolved: (Crs Mallett/Taylor)

That the Finance Committee recommends that Council:

- a) approves the Spray Dryer Two proposal by NZ Food Innovation (Waikato) Ltd, on the basis that the shareholding arrangements in the new subsidiary does not inhibit Councils ability to sell its shareholding in NZ Food Innovation (Waikato) Ltd in the future;
- b) notes that no Council direct investment is required in this proposal;

- c) notes the NZ Food Innovation (Waikato) Ltd will invest \$1.4m from existing cashflows in a new company to be established to build and operate a Spray Dryer and receive a 10% shareholding in the company;
- d) notes the development of Spray Dryer Two aligns with the approved Innovation Waikato Ltd and Group of companies 2017-2018 Statement of Intent; and
- e) that the CE investigate and report to council an exit strategy for NZ Food Innovation (Waikato) Ltd noting that this strategy is unable to be executed until 2020 at the earliest due the legal contractual considerations.

The meeting was declared closed at 4.37pm.