

Deputy Mayor Bassett declared a conflict of interest in relation to item 9 Draft Statement of Intent Overview - Wellington Water Limited and took no part in discussions or voting on this matter.

4. RECOMMENDATIONS TO COUNCIL - 24 MARCH 2015

- a) Review of Draft Statement of Intent 2015/2016 for the New Zealand Local Government Funding Agency (LGFA) (15/316)

Mr Mark Butcher, Chief Executive Officer of the Local Government Funding Agency (LGFA) advised that LGFA had been established with strong support from central government to identify issues within the local government sector. He noted four to five years ago it was identified that the sector was paying too much for borrowing and that many long dated assets had short debt set against them, which created risk in terms of refinancing assets. He advised central government owned 20% of LGFA and Council currently held approximately 0.4% in shares. He stated as a shareholder Council was a guarantor and was receiving a 17% return on shareholdings. He further advised that LGFA had built up \$4.6B in assets, and going forward would be growing at approximately \$3B per annum, expecting to peak out at \$8B.

Mr Butcher advised it was important to have the same credit rating as the New Zealand Government to provide cheaper borrowings and open opportunities to potential offshore investors. He noted that LGFA were now able to offer longer dated lending out to 2027 and more flexible lending terms.

Mr Butcher highlighted that LGFA was now providing ratepayers the opportunity to invest in LGFA bonds. At present these bonds were being offered in \$10K lots and could be accessed through any bank or sharebroker. He noted that planning was in place to list these on the New Zealand Stock Exchange, and LGFA would advise members when this occurred.

The Chief Financial Officer advised that Council approached both LGFA and banks when borrowings were required and in general LGFA offered better opportunities.

RECOMMENDED:**Minute No. FandA 15102**

"That the Committee recommends that Council:

- (i) notes that the Board of the New Zealand Local Government Funding Agency Limited has submitted a draft Statement of Intent (SOI), attached as Appendix 1 to the report to Council, in accordance with the Local Government Act 2002;*
- (ii) notes that officers have reviewed the draft SOI and provided their analysis;*
- (iii) reviews the draft SOI and considers if any modifications should be made;*
- (iv) receives the draft SOI; and*
- (v) provides comment for the board of the New Zealand Local Government Funding Agency to consider in finalising its SOI (including any modifications suggested by the Committee arising under part (iii) above)."*

b) Review of Draft Statement of Intent 2015/2017 for Seaview Marina Limited (15/320)

Mr Brian Walshe, Chair of Seaview Marina Limited (SML) noted SML had built 58 new berths over 2014-15 and anticipated that within five years full berth capacity would be reached.

Mr Alan McLellan, Chief Executive Officer of SML advised that there was continual demand from commercial boats and the building of these extra berths would create a facility for both recreational and commercial users, not available elsewhere in Wellington. He advised SML would be able to provide a floating facility for fuel and with this and the development of the commercial berths, SML was confident future tenancies would be secured.

In response to questions from members, Mr Walshe advised that the valuation of the breakwater was expected over the next week and until this was received he would not be able to confirm the refinancing amount required for this purchase. He further advised that significant profits for shareholders would be available over the long term once the commercial portion of the marina developments were completed.

In response to questions from members, Mr McLellan noted a further and final 60 berths had been recommended. If these final berths were able to be completed, SML did not see any extra operational requirements and would have a strong cashflow business. He further added with the possible purchase of the breakwater, the marina would be required to obtain a longer term Seabed Licence, and once completed this would be a valuable asset. Members noted this information would be useful if included in the Statement of Intent for the long term picture.

The Chief Financial Officer advised that many of these points would be included in the report regarding the sale of the breakwater scheduled to be reported to members on 30 April 2015. The Chair noted that he looked forward to receiving the report so that this purchase could occur in the year for which it had been budgeted.

Members noted that the breakwater sale was an issue of concern to the User Group. Deputy Mayor Bassett asked officers to keep the Group up to date of any developments.

RECOMMENDED:

Minute No. FandA 15103

“That the Committee recommends that Council:

- (i) notes that the Board of Seaview Marina Limited (SML) has submitted a draft Statement of Intent (SOI), attached as Appendix 1 to the report to Council, in accordance with the Local Government Act 2002;*
- (ii) notes that officers have reviewed the draft SOI and provided their analysis;*

- (iii) reviews the draft SOI and considers if any modifications should be made;*
- (iv) receives the draft SOI; and*
- (v) provides comment for the Board of SML to consider in finalising its SOI (including any modifications suggested by the Committee arising under part (iii) above)."*

- c) Review Draft Statement of Intent 2015/2016 for UrbanPlus Limited (15/317)

Mr Brian Walshe advised that the Statement of Intent (SOI) was very similar to last year, noting the key wording amendments in the Non-Statutory Objectives. He further noted some minor amendments to the Key Performance Indicators.

RECOMMENDED:

Minute No. FandA 15104

"That the Committee recommends that Council:

- (i) notes that the board of UrbanPlus Limited (UPL) has submitted a draft Statement of Intent (SOI), attached as Appendix 1 to the report to Council, in accordance with the Local Government Act 2002;*
- (ii) notes that officers have reviewed the draft SOI and provided their analysis;*
- (iii) reviews the draft SOI and considers if any modifications should be made;*
- (iv) receives the draft SOI; and*
- (v) provides comment for the Board of UPL to consider in finalising its SOI (including any modifications suggested by the Committee arising under paragraph (iii) above)."*

- d) Review of Draft Statement of Intent 2015/2016 - 2017/2018 for Community Facilities Trust (15/319)

Cr Shierlaw declared a conflict of interest and vacated the Chair. Deputy Mayor Bassett assumed the Chair for this item.

Mr Peter Healy, General Manager, Hutt City Community Facilities Trust (CFT) noted the SOI was similar to that presented last year. He highlighted the Prospective Summary of Capital Expenditure on page nine, and the two projects currently under construction – the Taita Centre and Fraser Park Sportsville. He further advised that the planning phase of such projects usually took a year to develop given consultation and building consent processes. He noted that if members were planning projects for 2017/2018, that some smaller funding amounts be set aside within 2016/2017.

In response to questions from members, Mr Healy advised that in order to develop the three outside greens at the Regional Bowls Centre, the petanque green would be unavailable during the interim development process. He noted that if this was not commenced early on the building would be delivered without the greens. He further noted that the Walter Mildenhall Complex was expected to receive building consent in July/August 2015 with the completion of the project expected by September 2016. He advised fundraising of \$550k had been secured over the last five months and there were indications of the same amount being able to be secured once the project had progressed past the building consent stage.

In response to questions from members, Mr Healy noted that for all CFT projects currently under construction, budget targets had been met. He advised that Fraser Park Stage Two and the Regional Bowls Centre were on course for funding targets.

In response to questions from members, Mr Healy acknowledged the Walter Mildenhall facility catered to a different demographic to Fraser Park and Taita. He advised that this would be a multi-club facility and access to different courts would be via membership. He noted lease agreements would actively promote casual play and full membership and would target a broad sector of the community.

In response to questions from members, Mr Healy noted that CFT was not at this stage expecting to request further funding from Council for current projects, but noted additional investment Council would need to consider to upgrade surrounding reserves around the new facilities.

In response to questions from members, Mr Healy advised CFT had been consistent in advising Council of budget requirements and fundraising limits. Cr Barry requested Mr Healy provide clarification on the process for setting fundraising targets.

RECOMMENDED:**Minute No. FandA 15105**

"That the Committee recommends that Council:

- (i) notes that the Board of the Hutt City Community Facilities Trust (CFT) has submitted a draft Statement of Intent (SOI), attached as Appendix 1 to the report to Council, in accordance with the Local Government Act 2002;*
- (ii) notes that officers have reviewed the draft SOI and provided their analysis;*
- (iii) reviews the draft SOI and considers if any modifications should be made;*
- (iv) receives the draft SOI; and*
- (v) provides comment for the Board of CFT to consider in finalising its SOI (including any modifications suggested by the Committee arising under paragraph (iii) above)."*

- e) Application for a Loan Guarantee (15/200)

The Chair advised he had excused the Divisional Manager Parks and Gardens from attending the meeting based on the Te Aroha Hutt Valley Sports Association's strong financial position.

The Chief Financial Officer advised that he had met with the Association, and considered the request to be financially sound.

Deputy Mayor Bassett left the meeting at 7.37pm.

RECOMMENDED:**Minute No. FandA 15106**

"That the Committee recommends that Council approves the application from Te Aroha Hutt Valley Sports Association Incorporated for a financial guarantee, subject to the amount of the loan to be guaranteed not exceeding \$78,000 and the period of the guarantee not exceeding 10 years."

5. SIX MONTHLY REPORT FROM SEAVIEW MARINA LIMITED (14/1833)

Report No. FandA2015/1/47 by the Senior Management Accountant

Mr Brian Walshe noted the highlights for the last six months including the pier refurbishment, and Key Performance Indicators being met. The noted lows included the missed budget profit and the Sea Centre vacancies.

Mr Alan McLellan provided a presentation and highlighted an increase in boat storage numbers and noted negotiations were underway with three tenants for the Sea Centre. He further advised that new catamaran berths had been developed, and occupancy on the hardstand was improving. The Sea Centre had taken on leases for two of the large workshops on a day by day basis. Capital developments included the completion of 60 new berths, strengthening of all existing piers and additional trailer parks. Short term strategies included separate commercial and recreation berths, floating fuel facilities, the renewal of the Seabed Licence, and the review of the special recreational status for Seaview Marina Limited (SML) within the District Plan.

Members noted that a Draft Plan Change to the Recreation Chapter in the District Plan would be submitted to the Policy and Regulatory Committee at its meeting to be held on 13 April 2015. The Chair suggested SML make contact with Council's Environmental Policy Division to discuss any planned changes while Council was still in the consultation phase of the review.

In response to questions from members, Mr McLellan advised that the main difficulty in retaining Sea Centre tenants was that there were not many large scale operators with a focus on the marine environment.

In response to questions from members, Mr Walshe advised that the employment costs increase of 15-16% was due to a temporary requirement to employ maintenance staff. He further advised that health and safety was always discussed at Board Meetings and this would be reflected in future reports.

In response to questions from members, Mr McLellan advised that there were 33 permanent vessels at the marina, with approximately 40-45 people living there. He further advised that tenants were charged \$83 a month in addition to their lease fee, and that these tenants were required to hold boat and life insurance.

RESOLVED:

Minute No. FandA 15107

"That the Committee receives the half year report from Seaview Marina Limited attached as Appendix 1 to the report."

6. **SIX MONTHLY REPORT FROM URBANPLUS LIMITED** (14/1834)

Report No. FandA2015/1/48 by the Senior Management Accountant

Mr Brian Walshe detailed the highlights for the last six months including the completion of four units in Seddon Street, Lower Hutt and a further four units in Moera due for completion in June 2015. He noted the intensification programme in Naenae was underway, the Shaftesbury Grove development and significant input into Council initiatives. He highlighted the missed budget, due to some timing issues and noted the Klynveld Peat Marwick Goerdeler (KPMG) Review would begin shortly. He noted that UrbanPlus Limited (UPL) would await the outcome of this review before setting its future strategic direction.

In response to questions from members, Mr Walshe advised that the Shaftesbury Grove business case had not yet been submitted to the UPL Board but they had received clear advice from shareholders to pursue and progress the project. He further noted UPL was finalising details with officers and Wellington Water Limited.

In response to questions from members, Mr Gary Nichols, Chief Executive of UPL noted the recent newspaper article relating to an undetected death in Council flats in Wellington. He advised that as a result of the good rapport between tenants and UPL's Property Manager it would be expected that any concerns regarding tenants health and wellbeing would be kept in check.

RESOLVED:

Minute No. FandA 15108

"That the Committee receives the half year report from UrbanPlus Limited attached as Appendix 1 to the report."

7. **SIX MONTHLY REPORT FROM COMMUNITY FACILITIES TRUST** (14/1832)

Report No. FandA2015/1/46 by the Senior Management Accountant

The Chair declared a conflict of interest and vacated the Chair. Deputy Mayor Bassett assumed the Chair for this item.

Mr Peter Healy provided a presentation including Taita Centre developments noting the new library space, and that the project was tracking under budget. He advised the Community Facilities Trust (CFT) was comfortable with the deadline date of mid August 2015 at which time the fitout of the library would occur, with the complex expected to be available to the community at the end of September/early October 2015.

Mr Healy advised that Fraser Park Stage One had developed turfs for rugby, soccer and softball. He noted the sports building for Fraser Park Stage Two would be located in the middle of the grounds and would include social space for cafes and viewing platforms on the upper level. He noted the quantity surveyors reporting detailed they were working close to budget.

In response to questions from members, Mr Healy stated that the roof structure of the building for Fraser Park was designed for snow and wind, and was environmentally appropriate. He further advised that CFT provided specific briefs to its architects to include environmental impact options in building specifications. He noted that CFT was considering the option of a solar roof on the top of the building at Fraser Park.

In response to questions from members, Mr Healy noted that the work the Bowling Clubs were completing on the greens would not reduce the total cost of the development. He advised that it took one to two years of consultation to identify active funders for Fraser Park. Mr Healy advised that CFT was hoping for positive effects for local communities near the new facilities.

The Chair passed on his thanks to CFT for these projects to date and encouraged all Councillors to keep up to date with developments.

RESOLVED:

Minute No. FandA 15109

"That the Committee receives the half year report from the Community Facilities Trust attached as Appendix 1 to the report."

8. FINANCE UPDATE - JANUARY 2015 (14/1835)

Report No. FandA2015/1/49 by the Chief Financial Officer

The Chief Financial Officer elaborated on the report. He advised that overall the report provided positive news with current operating surplus of \$3.8M. He further noted a year to date capital underspend of \$10.1M, the majority of which was due to timing. Debt was currently sitting at just under \$67M but expected to be on budget at \$75.9M at the end of the financial year. He noted the second recommendation in the report related to the allocation of funds from the Northern Ward community facility budget to the Taita project. These funds were always intended to be allocated to Taita to enable its completion.

Mr Andy Burns from Audit New Zealand advised that the audit of Council would commence after the approval of the Long Term Plan at the Council meeting on 19 March 2015. He further advised Audit New Zealand had conducted their review process ready to issue an opinion next week. The finance audit itself would commence after that. He noted the Management Report Letter from Audit New Zealand would be submitted to members at its meeting to be held on 30 April 2015 and Audit New Zealand would be interested in any risks identified regarding projects over future years.

In response to questions from members, the Chief Financial Officer advised that income from fines and lower than forecast internet charges for libraries were contributing factors to the negative year to date User Charge variance. He noted, that overall libraries were performing better than budget, and that Council's Finance Division regularly reviewed expenditure in each activity area and worked with officers to eliminate any negative variances.

RESOLVED:

Minute No. FandA 15110

"That the Committee:

- (i) *notes the financial performance results; and*
- (ii) *approves the allocation of the \$1M Northern Ward Community Facilities capital budget to fund the completion of the Taita Centre."*

9. **GREATER WELLINGTON REGIONAL COUNCIL TRANSPORT RATE ALLOCATION** (15/301)

Report No. FandA2015/1/61 by the Chair, Finance and Audit Committee

The Chair elaborated on the report. He noted the previous presentation from the Greater Wellington Regional Council (GWRC), indicating it was open to reviewing the transport rate allocation. GWRC had further advised that it was not averse to changing how this allocation was calculated, as long as the allocated amount did not change.

The Chair highlighted that GWRC had advised the allocation was made on the basis of a surrogate congestion charge which the Chair disagreed with. The Chair advised that reports showed that very few residents were using public transport between the Hutt Valley and Kapiti Coast. He further considered that there was a better way of calculating the allocation based on the calculation for bus boardings.

RESOLVED:

Minute No. FandA 15111

"That the Committee:

- (i) requests Greater Wellington Regional Council prepare a breakdown of cost apportionment by Territorial Authority for the rail transport cost on a use of rail transport (boardings), where 50% of the cost is allocated to the Territorial Authority of origin and 50% to the Territorial Authority of destination; and*
- (ii) authorises the Chair to liaise with Greater Wellington Regional Council on the details required and provide any further information requested."*

10. INFORMATION ITEMS

a) Draft Statement of Intent Overview - Wellington Water (15/222)

Report No. FandA2015/1/54 by the Solicitor

Deputy Mayor Bassett declared a conflict of interest and took no part in discussion or voting on the matter.

The Chief Executive advised he had been selected to coordinate work for the Wellington Water Committee at a Chief Executive level, which would occur over the next few months.

In response to questions from members, the Chief Executive advised that he would need to confirm why Hutt City's water use was the highest in the Wellington region. He further advised that matters such as timings for water restrictions and new water storage facilities may not be matters resolved from the Statement of Intent, and may be best directed to Wellington Water Limited.

RESOLVED:

Minute No. FandA 15112

"That the Committee:

- (i) notes that Wellington Water Limited (the Company) has submitted a draft Statement of Intent (SOI), attached as Appendix 1 to the report to Council, in accordance with the Local Government Act 2002;*
- (ii) notes that officers have reviewed the draft SOI;*
- (iii) reviews the draft SOI and considers if any modifications should be made;*
- (iv) receives the draft SOI; and*
- (v) provides comment to the Wellington Water Committee to take on board when making suggestions to the Company in respect of its SOI (including any modifications suggested by the Committee arising under paragraph (iii) above)."*

b) **Local Government Funding Review: Summary of LGNZ report** (15/282)

Report No. FandA2015/1/51 by the Principal Policy Advisor

The Principal Policy Advisor stated that the document was open for submission for another 10 days, noting there would be second stage report. He advised that the report highlighted issues Council could make independently to make changes to issues such as tax legislation.

Members noted the report raised important issues and agreed to develop a submission to Local Government New Zealand based on four principles:

- (i) any transfer of function from central government to local government should be fully funded;
- (ii) either Goods and Services Tax on rates be removed or it be directed to local authorities;
- (iii) that as a general principle central government should pay rates on its land and property and where there was a business operation within an organisation/church/charitable body, then rates should accrue; and
- (iv) that if a rates rebate scheme is put in place, this should be funded separately. Members agreed that there should be support for low income residents but this should be funded from central government.

RESOLVED:

Minute No. FandA 15113

"That the Committee:

- (i) *notes and receives the report; and*
- (ii) *agrees to make a submission to Local Government New Zealand. The principles of this submission will be based on the following:*
 - (a) *any transfer of function from central government to local government should be fully costed and funded to Council;*
 - (b) *that Goods and Services Tax on rates be removed, or if retained, these funds be redirected to Council from central government;*
 - (c) *that as a general principal central government should pay rates on its land and buildings, and if there was a business operation within an organisation, church or charitable body, that rates should be accrued; and*
 - (d) *that rates rebates be provided for low income residents but that this be funded from central government, not local government."*

c) **2015 Finance and Audit Committee Work Programme** (14/1836)

Report No. FandA2015/1/53 by the Committee Advisor

RESOLVED:

Minute No. FandA 15114

"That the report be noted."

11. **QUESTIONS**

There were no questions.

12. **EXCLUSION OF THE PUBLIC**

RESOLVED:

Minute No. FandA 15115

"That the public be excluded from the following parts of the proceedings of this meeting, namely:

13. *Appointment of Directors - Seaview Marina Limited and UrbanPlus Limited* (15/15)

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 are as follows:

(A)	(B)	(C)
<i>General subject of the matter to be considered.</i>	<i>Reason for passing this resolution in relation to each matter.</i>	<i>Ground under section 48(1) for the passing of this resolution.</i>
<i>Appointment of Directors - Seaview Marina Limited and Urban Plus Limited.</i>	<i>The withholding of the information is necessary to protect the privacy of natural persons. (s7(2)(a)).</i>	<i>That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exist.</i>

This resolution is made in reliance on section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as specified in Column (B) above."

There being no further business the Chair declared the meeting closed at 8.08 pm.

The non-public portion of the meeting finished at 8.10pm.

Cr M Shierlaw
CHAIR

CONFIRMED as a true and correct record
Dated this 24th day of March 2015