

**These minutes are subject to confirmation by the chair at the next meeting to be held
Wednesday 8 July 2015**

HUTT CITY COUNCIL

FINANCE AND AUDIT COMMITTEE

Report of a meeting held in the Wainuiomata Chambers, Wainuiomata Library,
Queen Street, Wainuiomata on
Thursday 30 April 2015 commencing at 5.30pm

PRESENT

Cr C Barry	Deputy Mayor D Bassett
Cr L Bridson	Cr M Cousins (from 5.34pm)
Cr M Lulich	Cr M Shierlaw (Chair)
Mayor WR Wallace (from 5.43pm)	

APOLOGIES:

An apology was received from Cr Milne and apologies for lateness were received from Mayor WR Wallace and Cr Cousins

IN ATTENDANCE:

Mr T Stallinger, Chief Executive
Mr P Blacker, Chief Financial Officer
Mr J Lamb, Visitor Market Development and International Relations Manager (part meeting)
Mr B Monaghan, Divisional Manager City Promotions (part meeting)
Ms D Nicholas, Community Engagement and Planning Manager
Ms E Davids, Risk and Assurance Manager
Mrs A Doornebosch, Committee Advisor

PUBLIC BUSINESS

1. **APOLOGIES**

RESOLVED:

Minute No. FandA 15201

"That the apology received from Cr Milne and the apologies for lateness from Mayor WR Wallace and Cr Cousins be accepted and leave of absence be granted."

2. **PUBLIC COMMENT**

Comments are recorded under the item to which they relate.

3. **CONFLICT OF INTEREST DECLARATIONS**

Cr Shierlaw declared a conflict of interest in relation to item 16 Appointment of Directors to the Hutt City Community Facilities Trust, and took no part in discussion or voting on the matter.

4. RECOMMENDATION TO COUNCIL - 12 MAY 2015

a) Council Activity Reviews (15/627)

The Chief Executive advised the changes to the Terms of Reference had been made as a result of a request from the Committee members at the meeting of 3 December 2014. He noted the amendments focussed on changes to budgets and the impact this would have on business going forward.

Cr Cousins arrived at 5.34pm.

RECOMMENDED:

Minute No. FandA 15202

"That the Committee recommends that Council:

- (i) notes the timetable for the current triennium for regular Council reviews of Council activities;*
- (ii) notes the existing terms of reference for the reviews attached as Appendix 1 to the memorandum;*
- (iii) notes the revised draft terms of reference for the reviews attached as Appendix 2 to the memorandum to reflect the decision of Council's Strategic Leadership Team to condense the requirements to those activities of greatest importance; and*
- (iv) approves the draft terms of reference for the reviews attached as Appendix 2 to the memorandum."*

5. ANNUAL MANAGEMENT REPORT FROM AUDIT NEW ZEALAND (15/503)

Report No. FandA2015/2/131 by the Chief Financial Officer

The Chief Financial Officer advised this report was for the year ended 30 June 2014, and that all recommended items were either under action or resolved. The Chief Executive advised that Klynveld Peat Marwick Goerdeler (KPMG) had completed the review of Council's contract management processes, and a draft report had been issued with no substantive concerns. A final report would be provided to the Committee in the near future.

Mr Andy Burns, Director from Audit New Zealand highlighted the main areas of focus in its report was Council's project management processes and contract management issues, and looked forward to a review of these matters being completed in the near future. Members noted that Council required consistency in management, reporting and structures for project working parties. The Chief Executive considered that with a number of bigger projects moving into construction phases in the near future, there would be a need to provide further resources to manage.

The Chair requested that in future the draft report be built into the Work Programme to allow approval when the final Management letter was to hand.

Mayor Wallace arrived 5.43pm.

RESOLVED:

Minute No. FandA 15203

"That the Committee notes the report."

6. **REPORT ON BREAKWATER SALE TO SEAVIEW MARINA LIMITED** (15/226)

Report No. FandA2015/2/138 by the Chief Financial Officer

The Chief Financial Officer elaborated on the report. He noted that the report was requested at the end of the annual planning process to enable it to link in with the overall development plan and work at the marina. He further noted the sale of the breakwater was seen as an integral part of the development of the marina, and the report had been written in that context.

Mr Alan McLellan, Chief Executive Officer of Seaview Marina Limited (SML) noted the scope of the business case had been expanded to include the completion of the in-water development by the end of February 2018 and the purchase of the breakwater by the end of June 2018. He advised that all other marinas within Wellington were at full capacity and there was a strong market for Seaview to expand both commercial and recreational facilities.

In response to questions from members, Mr McLellan agreed that professional project management assistance would be required for the governance of future marina development. He noted this had not been identified as an actual expense but there was sufficient contingency included in budget calculations. He acknowledged that Seaview's location for a marina would require the consideration of future transport connections and food outlets as the marina developed and customer demand increased. He advised that the private company managing the establishment of the floating fuel facility would be responsible for all compliance and resource consent issues.

In response to questions from members, the Chief Financial Officer advised he was happy with the robustness of the business case, and that as a shareholder Council was not at significant risk. He noted that officers met with the SML Board each month and these meetings would provide a forum to monitor and highlight any cost variances or income deficiencies.

The Chair noted that the marina was a profitable business, and highlighted that the price for the breakwater should be revisited in 2017/18. Members commended the Chief Executive Officer and Board of SML for providing and managing this recreational facility and were happy to support the final development.

RECOMMENDED:

Minute No. FandA 15204

"That the Committee recommends that Council :

- (i) notes the business case for the completion of the in-water development;*
- (ii) agrees to increase the Seaview Marina Limited (SML) borrowing limit from \$3.5m to \$6m in order to facilitate the in-water development noting that the business case envisages that all debt will be paid off by June 2025;*
- (iii) agrees that the breakwater will be transferred to SML in 2017/18 at a purchase price to be confirmed prior to the 2017/18 budget being agreed;*
- (iv) instructs SML to alter their draft Statement of Intent in light of the in-water development business case; and*
- (v) requests the Community Plan Committee / Council to build the asset sale agreed in (ii) into Council's Long Term Plan."*

7. **FINANCE UPDATE - MARCH 2015** (15/502)

Report No. FandA2015/2/142 by the Chief Financial Officer

The Chief Financial Officer elaborated on the report and noted the results reinforced Councils robust financial management systems. He advised the debt forecast was currently at \$73m, forecast to increase slightly for the next financial year at just under \$76m.

In response to questions from members, the Chief Financial Officer noted rates arrears were slightly lower than previous years and advised that Council had payment plans available and had recently improved processes for businesses falling into rates arrears. He advised the unfavourable variances for Road and Traffic were the result of the New Zealand Transport Agency funding 50% of capital programmes. If Council received a capital subsidy and then subsequently spent less on a capital project, less was then claimed back on this subsidy.

The Chair requested the General Manager, Community Services provide advice to all Councillors the reason for the Event Funding budget overspend of \$132,000 as noted on page 74 of Appendix 1 to the report.

In response to questions from members, the Chief Financial Officer noted the unfavourable variance due in part from high landfill costs as noted on page 53 of Appendix 1 to the report. Members queried if these waste methods were the cheapest or most environmentally friendly, and requested if Council had a demolition/waste policy.

RESOLVED:

Minute No. FandA 15205

"That the Committee notes the financial performance results."

8. EDUCATION DELEGATION TO MINOH, JAPAN (15/594)

Report No. FandA2015/2/134 by the Visitor Market Development and International Relations Manager

The Visitor Market Development and International Relations Manager elaborated on the report.

Mayor Wallace advised the intent for this delegation was based on three principles: to support and acknowledge the 20 year Sister City relationship between Lower Hutt and Minoh; an opportunity to strengthen and further develop the relationship; and the need for reciprocation and the formality of a Mayor led delegation.

In response to questions from members, the Visitor Market Development and International Relations Manager advised that different schools from within Lower Hutt were travelling to Minoh at different times of the year. He further advised these delegations had a clear focus on education and the programme recognised the large international student market within Japan.

RESOLVED:

Minute No. FandA 15206

"That the Committee:

- (i) *notes that 2015 marks a significant milestone in the Sister City relationship between Minoh and Hutt City being the 20th anniversary; and*
- (ii) *notes that in January 2015 Minoh sent a delegation, led by Mayor Kurata, consisting of senior officials and community representatives, in recognition of this milestone and the strong and growing relationship between the two cities; and*
- (iii) *notes that education programmes between schools, Council facilities and other opportunities exist in Minoh for Hutt City as identified in previous visits;*
- (iv) *notes that a number of schools in Hutt City have already committed to travel to Minoh either as part of the delegation or in close proximity to the timing of the delegation;*
- (v) *notes support from Sister Cities New Zealand and Education Wellington that may include travel with the delegation;*
- (vi) *approves Mayor Ray Wallace leading an education delegation to Minoh at an estimated cost of up to \$5,500;*
- (vii) *approves the Mayoress Linda Goss-Wallace to travel with the delegation to Minoh at an estimated cost of up to \$5,500, recognising the important and practical contribution made by her to the relationship with Minoh;*
- (viii) *approves the Deputy Mayor to travel with the delegation to Minoh at an estimated cost of up to \$5,500;*
- (ix) *approves the Chief Executive and one other officer travelling on the delegation to Minoh at an estimated cost of up to \$11,000, to provide executive support to the Mayor and Deputy Mayor and hold meetings to further develop education links with Hutt City;*
- (x) *notes the final decision to travel to be at the Mayor's discretion on the basis of the number of participating delegates; and*
- (xi) *notes that the costs noted above will be met from existing budgets."*

9. **HUTT CITY LIBRARIES - CLUBHOUSE COORDINATORS INDUCTION TRAVEL - AUGUST 2015** (15/583)

Report No. FandA2015/2/135 by the Content and Service Development Manager

Mayor Wallace advised he fully supported this initiative, noted the positive outcomes for the community from the Naenae Clubhouse and looked forward to the opening of the Taita Clubhouse in the near future.

RESOLVED:

Minute No. FandA 15207

"That the Committee:

- (i) notes that attendance at the Co-ordinators induction training in Boston is mandatory as per the terms of the Clubhouse licences; and*
- (ii) authorises the overseas travel to Boston in August 2015 for the Co-ordinators from Naenae and Taita Computer Clubhouse at a cost of approximately \$10,500."*

10. **RECOMMENDED ALLOCATIONS FOR THE COMMUNITY DEVELOPMENT FUND 2014/2015** (15/629)

Report No. FandA2015/2/140 by the Community Advisor Funding and Community Contracts

The Community Engagement and Planning Manager elaborated on the report.

Deputy Mayor Bassett highlighted that the Wellington City Mission application for \$4000 was specifically for Lower Hutt, and the Mission included the whole Wellington region.

In response to questions from members, the Community Engagement and Planning Manager advised that letters to the unsuccessful applicants provided explanations as to why their application was declined, and suggested other potential funding providers.

RESOLVED:

Minute No. FandA 15208

"That the Committee agrees to the recommended allocations for the Community Development Fund 2014/2015, attached as Appendix 1 to the report."

11. **RECOMMENDED ALLOCATIONS FOR THE HERITAGE FUND 2014/2015** (15/607)

Report No. FandA2015/2/137 by the Community Advisor Funding and Community Contracts

The Community Engagement and Planning Manager elaborated on the report.

Members noted an instance of a funding request being declined on the basis that the applicant was a single entity. The Community Engagement and Planning Manager advised that officers may be able to reconsider the criteria for eligibility for Heritage Fund applications and this could be included in the review of Council's Community Funding Policy which was due for renewal in late 2015.

RESOLVED:

Minute No. FandA 15209

"That the Committee agrees to the eligible applications and recommended allocations to the Heritage Fund Scheme 2014/2015 that have been endorsed by the Officer Assessment Panel, attached as Appendix 1 to the report."

12. **INSURANCE RENEWAL - PRESENTATION TO UNDERWRITERS** (15/610)

Report No. FandA2015/2/133 by the Chief Financial Officer

The Chief Financial Officer elaborated on the report. He advised Council was required to renegotiate its insurance on an annual basis and now had an insurance broker to provide advice and cost savings. He noted that earthquake and liquefaction risks had been significantly reduced and this was an opportunity to present this to the insurers. He highlighted that a representative was required to present on behalf of the four outer Wellington Councils, and that Wellington City Council had provided representation for the last two years.

RESOLVED:

Minute No. FandA 15210

"That the Committee:

- (i) authorises the attendance of the Chief Financial Officer at the insurance underwriter meetings in London in May 2015;*
- (ii) notes the total cost of the trip is expected to be \$7,500; and*
- (iii) notes the total cost will be shared between the four outer Wellington Councils split pro-rata to the value of each Council's infrastructure."*

13. INFORMATION ITEMS

a) 2015 Finance and Audit Committee Work Programme (15/576)

Report No. FandA2015/2/107 by the Committee Advisor

The Committee Advisor elaborated on the report.

RESOLVED:

Minute No. FandA 15211

"That the report be noted."

14. QUESTIONS

There were no questions.

15. EXCLUSION OF THE PUBLIC

RESOLVED:

Minute No. FandA 15212

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

16. *Appointment of Directors to Hutt City Community Facilities Trust (15/642)*

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 to Hutt City Community Facilities Trust.</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 7.18 pm. The non-public portion of the meeting finished at 7.35pm.

Cr M Shierlaw
CHAIR

CONFIRMED as a true and correct record
Dated this 12th day of May 2015