

HUTT CITY COUNCILFINANCE AND AUDIT COMMITTEE

Report of a meeting held in the Wainuiomata Chambers, Wainuiomata Library,
Queen Street, Wainuiomata on
Wednesday 23 September 2015 commencing at 5.30pm

PRESENT:

Cr M Shierlaw (Chair)	Cr C Milne
Cr C Barry (from 5.55pm)	Deputy Mayor D Bassett
Cr L Bridson	Cr M Cousins
Cr M Lulich	Mayor WR Wallace (from 5.46pm)

APOLOGIES: Apologies for lateness from Mayor WR Wallace and Cr Barry.

IN ATTENDANCE:

Mr T Stallinger, Chief Executive
Mr B Sherlock, General Manager, City Infrastructure (part meeting)
Mrs J Raffills, General Manager, Governance and Regulatory
Mr M Reid, General Manager, Community Services
Mr P Blacker, Chief Financial Officer
Mrs A Doornebosch, Committee Advisor

PUBLIC BUSINESS1. APOLOGIES

RESOLVED: **Minute No. FandA 15401**

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

MAJOR ITEM NOT ON THE AGENDA

RESOLVED: **Minute No. FandA 15402**

"That, in terms of Standing Order 25.10, the Committee:

- (i) notes that the matter of the Silverstream Landfill - Capital Programme was not included on the agenda for the meeting, for the reason that the information was not available until after the agenda had been distributed; and*
- (ii) agrees that the recommendation be considered at this meeting for the reason that the matter is urgent and cannot be dealt with at the next meeting of the Finance and Audit Committee scheduled for 25 November 2015."*

2. PUBLIC COMMENT

There was no public comment

3. CONFLICT OF INTEREST DECLARATIONS

There were no conflict of interest declarations.

4. **2014/15 PROVISIONAL YEAR END POSITION** (15/1143)

Report No. FandA2015/4/231 by the Chief Financial Officer

The Chief Financial Officer noted that officers intended to report on Council's draft Annual Report to the Finance and Audit Committee and Council meetings on 14 October 2015. He considered Council's year end position was a good result given the complexity of Council's budgets, and reinforced Council's recent AA Credit rating from Standard and Poors. He thanked officers for their efficient management of budgets.

In response to questions from members, the Chief Financial Officer advised when budgets were forecast, a contingency of 10% was incorporated, and any current carry overs had been approved at the Council meeting held in June 2015.

Mayor Wallace arrived 5.46pm.

RESOLVED:

Minute No. FandA 15403

"That the Committee note the report."

5. **AUDIT NEW ZEALAND INTERIM MANAGEMENT REPORT FOR THE YEAR ENDED 30 JUNE 2015** (15/1179)

Report No. FandA2015/4/233 by the Chief Financial Officer

The Chief Financial Officer elaborated on the report.

Mr Andy Burns, Director, Audit New Zealand noted the focus of this report was on financial systems and internal controls. He highlighted suggested improvements as contained in the report.

In response to questions from members, Mr Burns advised verifying sensitive expenditure focussed on checking acceptable levels of expenditure. The Chief Financial Officer noted since the publication of the report, Council's Sensitive Expenditure Policy had been reviewed.

In response to questions from members, Mr Burns advised the focus on the Fixed Assets Register was to enhance and strengthen controls. The Chief Financial Officer noted a revaluation exercise had been conducted for the Fixed Asset Register and improved systems were now in place to ensure collaboration with Council's Asset Managers.

Cr Barry arrived at the meeting at 5.55pm.

RESOLVED:

Minute No. FandA 15404

"That the Committee note this report."

6. **COUNCIL FUNDING FOR FRASER PARK PROJECT** (15/1142)

Report No. FandA2015/4/230 by the Chief Financial Officer

The Chief Financial Officer noted the request to bring forward Council's contribution of \$12M, to use within Phases I and II of this project. He advised this was within current budgets and was subject to the Community Facilities Trust fundraising its portion of funding.

RESOLVED:

Minute No. FandA 15405

"That the Committee:

- (i) *agrees that the full Council budget allocation of \$12M is used to fund Phase I and II of the Fraser Park project; and*
- (ii) *notes that the full cost of Stage 3 will need to be funded by Fraser Park Sportsville and through Hutt City Community Facilities Trust fundraising."*

7. **INSURANCE UPDATE** (15/1146)

Report No. FandA2015/4/232 by the Chief Financial Officer

The Chief Financial Officer elaborated on the report.

In response to questions from members, the Chief Financial Officer noted his travel and presentation to AON in the United Kingdom provided Council greater exposure to the insurance market and Council's insurance terms had now been extended from 12 to 15 months. He highlighted the annual renewal date had slipped out three months from the end of the financial year, so more companies were able to bid for our insurance business.

In response to questions from members, the Chief Financial Officer advised Council was fully insured except for roads and bridges. He noted seismic surveys had been conducted on bridges around the city, and insurance for other Council assets had recently increased by 30%. The General Manager, City Infrastructure noted that roading was 60% insured through central government, and officers considered this was sufficient cover.

The Chief Financial Officer highlighted that a briefing for Councillors on insurance had been arranged for 30 November 2015. He advised representatives from AON Insurance would attend, and representatives from consultants Tonkin and Taylor would also be present to answer any geotechnical questions. Members requested an outline of insured assets be provided at this briefing.

RESOLVED:

Minute No. FandA 15406

"That the Committee note the report."

8. **STANDARD AND POOR'S CREDIT RATING** (15/1284)

Report No. FandA2015/4/181 by the Chief Financial Officer

The Chief Financial Officer noted the report from Standard and Poors had been received at the end of August 2015, which provided Council with an AA long term credit rating, with an outlook of long term stability.

In response to questions from members, the Chief Financial Officer noted no other New Zealand local authority would have a higher rating, as they would be limited by the sovereign rating. He further noted Council's credit rating was now equal to the Local Government Funding Agency, and was higher than some banks.

RESOLVED:

Minute No. FandA 15407

"That the report be noted and received."

9. **STREETLIGHTING ISSUES AND CONSEQUENT RISKS TO COUNCIL** (15/1102)

Memorandum dated 16 July 2015 by the Traffic Assets Manager

The General Manager, City Infrastructure elaborated on the report. He advised that officers considered Council was at no risk of litigation from the current streetlight issues because of the structure of the contract framework. He noted officers were working with Wellington Electricity (WE) to improve the situation.

In response to questions from members, the General Manager, City Infrastructure advised officers encouraged residents to contact WE when faced with streetlighting issues, but often the advice they received from WE was to telephone their local council. He considered that Council should first consult with WE to improve the situation before requesting assistance from central government. He noted most issues were maintenance requirements and that WE was responding in reasonable time to faults, but often faults were recurring or on the same circuit so residents thought they had not been fixed.

Members expressed concern with the operation of WE and Council's responsibility to the wellbeing and safety of residents within the city. They noted the limitations of the contractual framework, and the aging lighting infrastructure. Members requested a representative from WE attend a briefing to address these concerns. Members also requested that officers provide a report on the contractual framework of the electricity supply to Hutt City at this briefing.

RESOLVED:

Minute No. FandA 15408

"That the Committee:

- (i) *notes the information included in this memorandum;*
- (ii) *asks the General Manager, City Infrastructure to draft a letter to the Chief Executive of Wellington Electricity to highlight members concerns regarding street-lighting in Hutt City;*
- (iii) *asks a representative of Wellington Electricity to attend a Council Briefing to respond to these concerns; and*
- (iv) *requests a brief report on the contractual framework of the electricity supply to Hutt City."*

10. INFORMATION ITEM**2015-2016 Finance and Audit Committee Work Programme** (15/1139)

Report No. FandA2015/4/182 by the Committee Advisor

The Committee Advisor elaborated on the report.

RESOLVED:**Minute No. FandA 15409**

"That the report be noted."

11. ADDITIONAL MEETING OF THE FINANCE AND AUDIT COMMITTEE**CHAIR'S RECOMMENDATION:****RESOLVED:****Minute No. FandA 15410**

"That an ordinary meeting of the Finance and Audit Committee be held in the Wainuiomata Chambers, Wainuiomata Library, Queen Street, Wainuiomata on Wednesday 14 October 2015 commencing at 5.30pm for the purpose of considering Council's Annual Report."

12. QUESTIONS

There were no questions.

13. EXCLUSION OF THE PUBLIC

RESOLVED:

Minute No. FandA 15411

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

14. *Honorarium - Hutt City Community Facilities Trust Chair (15/1180); and*
15. *Silverstream Landfill – Capital Programme*

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>Honorarium - Hutt City Community Facilities Trust Chair</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>
<i>Silverstream Landfill – Capital Programme</i>	<i>The withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities. (s7(2)(h)).</i>	<i>The report and discussion will include information that will likely prejudice or disadvantage the ability of Council to carry out commercial activities.</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 public portion of the meeting closed at 6.44 pm.

Cr M Shierlaw
CHAIR

CONFIRMED as a true and correct record
Dated this 20th day of October 2015