

HUTT CITY COUNCILFINANCE AND AUDIT COMMITTEE

Report of a meeting held in the Wainuiomata Chambers, Wainuiomata Library,
Queen Street, Wainuiomata on
Wednesday 14 October 2015 commencing at 5.30pm

PRESENT:

Cr C Barry	Cr D Bassett
Cr L Bridson	Cr M Cousins
Cr M Lulich	Cr C Milne
Cr M Shierlaw (Chair)	Mayor WR Wallace

APOLOGIES: There were no apologies

IN ATTENDANCE:

Cr B Branch
Cr A Finlayson
Cr T Lewis
Cr G McDonald
Mr T Stallinger, Chief Executive
Mr P Blacker, Chief Financial Officer
Ms K Stannard, Divisional Manager, Secretariat Services (part meeting)
Mr D Newth, Financial Accounting Manager
Ms J Stevens, Corporate Planner, Strategy and Planning
Ms S Moore, Assistant Corporate Planner
Mrs A Doornebosch, Committee Advisor

PUBLIC BUSINESS**1. APOLOGIES**

There were no apologies.

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 Local Government Funding Agency Limited Annual General Meeting was not included on the agenda for the meeting, for the reason that advice of the Annual General Meeting and the calculation of Directors Fees was not received from the Local Government Funding Agency until 9 October 2015;*
- (ii) *agrees that the recommendations be considered at this meeting for the reason that the Local Government Funding Agency Annual General Meeting will be held on 24 November 2015, the day before the next Finance and Audit Committee Meeting; and*

(iii) *agrees that this matter be considered at the Council meeting of 14 October 2015."*

2. PUBLIC COMMENT

There was no public comment.

3. CONFLICT OF INTEREST DECLARATIONS

Cr Milne declared a conflict of interest in relation to item 5 - Local Government Funding Agency Annual General Meeting, and took no part in discussions or voting on this matter.

4. HUTT CITY COUNCIL ANNUAL REPORT TO 30 JUNE 2015 (15/1399)

Report No. FandA2015/4/255 by the Assistant Corporate Planner

The Assistant Corporate Planner elaborated on the report. She noted the items in the report which still required confirmation between now and 30 October 2015, which were technical adjustments only.

In response to questions from members, the Assistant Corporate Planner noted a number of queries from members and undertook to amend details and follow up on issues before final publication.

In response to questions from members, the Chief Financial Officer advised he would report back as to why officers did not predict that officers' salaries would be affected by inflation

Mr A Burns, Director from Audit New Zealand noted the audit was substantially complete, and the consolidation process was now being worked through. Mr Burns highlighted the good relationship between Audit New Zealand and Council's Strategic Leadership Team, and that this was reflected in the results of the audit.

RESOLVED:

Minute No. FandA 15403

"That the Committee:

- (i) *agrees in terms of Standing Order 15.1 the public be excluded from the following parts of the proceedings, namely, Strategic Property Companies;*
- (ii) *notes the withholding of this information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities as specified in Section 7(2)(h) of the Local Government Official Information and Meetings Act 1987; and*
- (iii) *agrees that in terms of Standing Order 15.4 Mr Andy Burns of Audit New Zealand be permitted to remain after the public has been excluded as he had knowledge of the matters to be discussed that will assist Council in relation to these questions."*

The non-public portion of the meeting commenced at 5.55pm and finished at 6.10pm.

RESOLVED:**Minute No. FandA 15404**

"That the Committee recommends that Council:

- (i) approves the draft Annual Report and Summary Annual Report for the year ended 30 June 2015, both subject to satisfactory resolution of the following outstanding items:
 - (a) completion of final edit checking;*
 - (b) completion of any final audit adjustments; and*
 - (c) receipt of final audit clearance;**
- (ii) notes that the final documents will be presented to Council for formal adoption on 14 October 2015;*
- (iii) agrees to publish a public notice in the Hutt News advising of the availability of the Summary Annual Report, make copies available in the city's libraries, at the Customer Service Centre and on Council's website, post copies to rural ratepayers who may not receive the Hutt News, and send an alert to our 1,100 e-newsletter subscribers; and*
- (iv) appoints a subcommittee consisting of Mayor WR Wallace, Deputy Mayor Bassett, Cr Cousins and Cr Shierlaw to sign off the final documents on 30 October 2015."*

5. **LOCAL GOVERNMENT FUNDING AGENCY LIMITED - ANNUAL GENERAL MEETING**

The Chief Financial Officer elaborated on the report. He noted that the Local Government Funding Agency (LGFA) was a Council Controlled Organisation (CCO) with 44 member councils within New Zealand and as such, Council was a shareholder. He advised that the LGFA had been set up so Government could obtain reliable access to funding with good credit ratings, over longer terms.

The Chair noted that as a shareholder, Council was entitled to attend the LGFA Annual General Meeting and vote. He highlighted the remuneration of directors' fees which were on the agenda for the 24 November 2015 meeting. He noted that he had reported to the Finance and Audit Committee in 2014, and had been advised at that time the LGFA Directors were paid below market value.

The Chair noted a further 15% increase in LGFA directors' fees was now being proposed over two years. He highlighted the LGFA had returned a survey which made no comparisons with CCOs, only with private companies. He considered a comparison between CCOs should occur, and the results should be provided to all shareholders.

In response to questions from members, the Chief Financial Officer noted that the LGFA had been in existence for approximately four years. He advised the LGFA Shareholders Council letter to Shareholders, advising of the proposed directors' fees increase, was distributed to the Shareholders Council only.

Members noted any increase would be used as a benchmark for other CCOs.

RESOLVED:

Minute No. FandA 15405

"That the Committee recommends that Council:

- (i) notes that the Local Government Funding Agency (LGFA) will be holding its Annual General Meeting on 24 November 2015;*
- (ii) calls on the LGFA to defer its proposal to increase directors fees on the grounds that insufficient information has been provided for shareholders to make an informed decision;*
- (iii) requests a comparison of Council Controlled Organisation directors' fees be distributed to all shareholders;*
- (iv) records Council's disappointment that the Shareholders Council does not seem to working in an effective way with its constituent members; and*
- (v) requests Cr Shierlaw be Councils' representative at the LGFA Annual General Meeting to be held on 24 November 2015."*

6. QUESTIONS

There were no questions.

There being no further business the Chair declared the meeting closed at 6.41 pm.

Cr M Shierlaw
CHAIR

CONFIRMED as a true and correct record
Dated this 15th day of December 2015