

HUTT CITY COUNCILFINANCE AND AUDIT COMMITTEE

Report of a meeting held in the Council Chambers, Wainuiomata Library,
Queen Street, Wainuiomata on
Tuesday 8 March 2016 commencing at 5.30pm

These minutes are subject to confirmation at the next Finance and Audit Committee meeting to be held on the 04th of May 2016

PRESENT:

Cr C Barry	Deputy Mayor D Bassett
Cr L Bridson	Cr M Cousins
Cr A Finlayson	Cr M Lulich
Cr C Milne (from 5.33pm)	Cr M Shierlaw (Chair)

APOLOGIES: Mayor WR Wallace

IN ATTENDANCE: Mr T Stallinger, Chief Executive
Mr B Cato, Solicitor
Mrs A Doornebosch, Committee Advisor

PUBLIC BUSINESS1. **APOLOGIES**

RESOLVED: **Minute No. FandA 16101 (2)**

"That the apology received from Mayor WR Wallace be accepted and leave of absence be granted."

Cr Milne joined the meeting at 5.33pm.

2. **PUBLIC COMMENT**

There was no public comment.

3. **CONFLICT OF INTEREST DECLARATIONS**

Cr Milne declared a conflict of interest in relation to item 4b, Review of Draft Statement of Intent from Seaview Marina Limited and took no part in discussion or voting on this matter.

Deputy Mayor Bassett declared a conflict of interest in relation to items 4c and 5a, Review Draft Statements of Intent for UrbanPlus Limited and Wellington Water Limited and took no part in discussion or voting on these matters.

Cr Cousins declared a conflict of interest in relation to item 4d, Review Draft Statement of Intent for the Hutt City Community Facilities Trust and took no part in discussion or voting on this matter.

Cr Finlayson declared a conflict of interest in relation to item 4c, Review of Draft Statement of Intent for UrbanPlus Limited and took no part in discussion or voting on this matter.

4. RECOMMENDATIONS TO COUNCIL – 15 March 2016

- a) Review of Draft Statement of Intent 2016-2017 for the New Zealand Local Government Funding Agency (16/151)

Mr Mark Butcher, Chief Executive Officer of the New Zealand Local Government Funding Agency (LGFA) noted LGFA currently had 47 members and met with management of each member Council annually. He highlighted the three main objectives in the Statement of Intent (SOI) - to provide affordable funding to the local government sector, longer term funding options and better access to the market. He noted LGFA had recently appointed a new Risk and Compliance Manager.

In response to questions from members, Mr Butcher advised he would present feedback from members, regarding the net debt to total debt revenue limit measure within the SOI, at the next LGFA Annual General Meeting. He noted LGFA was satisfied with the current oversights in place to manage debt levels.

RECOMMENDED:

Minute No. FandA 16102 (2)

“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, 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 company 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 2016/2017 for Seaview Marina Limited (16/154)

Cr Milne declared a conflict of interest and took no part in discussion or voting on the matter.

Mr Brian Walshe, Chairman of Seaview Marina Limited (SML) noted the inclusion of the health and safety provisions as the most significant changes to the draft Statement of Intent (SOI) .

In response to questions from members, Mr Alan McLellan, Chief Executive of SML, advised that the company was still pursuing a seabed licence. He noted that this may be owned by Council rather than Greater Wellington Regional Council, and if this was the case then Council may be able to provide SML a 100 year lease. He said health and safety issues had been remedied, and noted that liveboard residents added an extra sense of security and were a healthy part of the structure to the Marina.

In response to questions from members, Mr Walshe advised SML were focussed on maintaining the 5% return on investment.

RECOMMENDED:

Minute No. FandA 16103 (2)

"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, 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 company to consider in finalising its SOI (including any modifications suggested by the committee arising under part (iii) above)."*

- c) Review Draft Statement of Intent 2016/2017 for UrbanPlus Limited (16/155)

Deputy Mayor Bassett and Cr Finlayson declared conflicts of interest and took no part in discussion or voting on the matter.

Mr Brian Walshe, Chairman of UrbanPlus Limited (UPL) advised there was little amendment to the key performance indicators within the draft Statement of Intent (SOI). He noted significant messaging had been inserted to support Council's Urban Growth Strategy.

In response to questions from members, Mr Walshe advised UPL's health and safety strategies were being reviewed and a framework would be developed to report to Directors. He said transparent processes were now in place for strategic property purchases. He noted UPL was looking to drive a sound income base from new developments, build equity to increase housing stock and focus on removing older housing and replacing with modern facilities.

Members noted Council's Housing Policy had been due for review in 2011, and asked officers to update this policy, and report back to the Committee.

The Solicitor noted the requirement within the legislation for UPL to have procedures in place if UPL was going to acquire shares in any other company.

RECOMMENDED:

Minute No. FandA 16104 (2)

"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, 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;*
- (v) provides comment for the board of the company to consider in finalising its SOI (including any modifications suggested by the committee arising under paragraph (iii) above); and*
- (vi) asks UPL if they intend to form another company or purchase shares, they will have in place a policy on how do to this and seek permission of Council."*

d) Review of Draft Statement of Intent 2016/2017 for the Hutt City Community Facilities Trust (16/156)

Cr Cousins declared a conflict of interest and took no part in discussion or voting on the matter.

Mr Alister Skene, Chairman of the Hutt City Community Facilities Trust (CFT) highlighted the recent CFT project developments. He advised the key performance indicators in the draft Statement of Intent (SOI) had been adjusted slightly to reflect the projects completed to date. He highlighted that CFT were now entering a new phase of facilities management.

In response to questions from members, Mr Peter Healy, the General Manager of CFT advised he considered it was important to base CFT's rental policy on day to day maintenance of CFT facilities over 20 years. He noted Council would be funding end of life building costs, and that the CFT had provided officers a list of end of life maintenance requirements, which would be included in Council's Long Term Plan.

In response to questions from members, Mr Skene acknowledged the Walter Mildenhall complex would require a transition in the way the bowling clubs would need to manage the facility. He noted CFT had offered to assist the bowling clubs in restructuring their legal requirements. He said that draft budgets indicated gaming machines would provide approximately one quarter of income. He advised the clubs would have other sources of income from food and beverages, hireage of facilities, tournaments and pay for play. He noted the combined total gaming machines from Naenae Bowling Club and Park Avenue Bowling Club was 12, which the clubs could merge under current legislation. He advised this legislation took precedence over Council's Relocation Policy for Gaming Machines. He said the requirement for patrons entering the club to sign in, would depend on the liquor licence that was obtained.

Cr Bridson expressed concern regarding the placement of gaming machines within Naenae, and that the establishment of these machines appeared to be outside of Council's control.

Members requested the 80% fundraising targets be reinstated back into the performance target measurements in the CFT's SOI. They also requested officers report back to the Finance and Audit Committee on the development of an end of life replacement budget for CFT facilities and the ratepayer contribution for these facilities over the next 20 years.

RECOMMENDED:**Minute No. FandA 16105 (2)**

"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, 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;*
- (v) provides comment for the board of the company to consider in finalising its SOI (including any modifications suggested by the committee arising under paragraph (iii) above);*
- (vi) asks that 80% of fundraising targets be added back into performance target measurements in the CFT's SOI; and*
- (vii) asks officers to report back to the committee on the development of an end of life replacement budget for CFT facilities and the ratepayer contribution for these facilities over the next 20 years."*

5. INFORMATION ITEM

Draft Statement of Intent 2016-19 Overview - Wellington Water Limited (16/246)

Report No. FandA2016/1/42 by the Solicitor

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

Mr Colin Crampton, Chief Executive of Wellington Water Limited (WWL) noted the 2018/2020 Long Term Plan focussed on providing three water services across all Councils. He advised procurement practices were being reviewed.

In response to questions from members, Mr Crampton said that the Greater Wellington Regional Council (GWRC) was responsible for bulk water levies, and WWL provided advice to GWRC. He noted WWL had set planning in place for future water supply resilience, and was prepared for the new health and safety legislation. He advised resource consent controls were in place for water drawn from the Hutt River, but there were no KPI measures.

The Solicitor noted the Statement of Intent should include a statement on how WWL was managing governance. Members asked WWL to review its Statement of Governance within its SOI.

RESOLVED:

Minute No. FandA 16106 (2)

"That the Committee recommends that the Wellington Water Committee:

- (i) notes that Wellington Water Limited (the company) has submitted a draft Statement of Intent (SOI), attached as Appendix 1 to the report, 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;*
- (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); and*
- (vi) asks the company to take note of the need in future for a clearer statement of the Board's approach to governance, risk and health and safety in its SOI."*

6. QUESTIONS

There were no questions.

There being no further business the Chair declared the meeting closed at 7.40 pm.

Cr M Shierlaw
CHAIR

CONFIRMED as a true and correct record
Dated this 4th day of May 2016