

HUTT CITY COUNCILFINANCE AND PERFORMANCE COMMITTEE

Minutes of a meeting held in the Council Chambers, 2nd Floor, 30 Laings Road,
Lower Hutt on

Wednesday 8 May 2019 commencing at 9.30am

PRESENT:

Cr C Milne (Chair)	Cr C Barry (from 9.40am)
Cr G Barratt	Deputy Mayor D Bassett
Cr J Briggs	Cr MJ Cousins
Cr S Edwards	Cr M Lulich
Mayor WR Wallace	

APOLOGIES: An apology was received from Cr Sutton

IN ATTENDANCE:

Mr T Stallinger, Chief Executive
 Mr L Allott, Chief Information Officer (part meeting)
 Mr B Kibblewhite, General Manager, Corporate Services
 Ms H Oram, Acting General Manager, City Transformation (part meeting)
 Mr M Reid, General Manager, City and Community Services (part meeting)
 Ms J Livschitz, Chief Financial Officer
 Mr P Benseman, Budgeting and Reporting Manager (part meeting)
 Ms W Moore, Divisional Manager, Strategy and Planning (part meeting)
 Ms C Taylor, Senior Research and Evaluation Advisor (part meeting)
 Mr J Scherzer, Manager, Sustainability and Resilience (part meeting)
 Mr R Newton, Business Transformation Manager (part meeting)
 Mr D Newth, Financial Accounting Manager (part meeting)
 Mr G Craig, Divisional Manager, City Growth (part meeting)
 Ms H Clegg, Minute Taker

PUBLIC BUSINESS1. **APOLOGIES**

RESOLVED: (Cr Milne/Cr Briggs)

Minute No. FPC 19201

"That the apology received from Cr Sutton be accepted and leave of absence be granted and the apology for lateness received from Cr Barry be accepted."

2. **PUBLIC COMMENT**

Comments are recorded under the item to which they relate.

3. CONFLICT OF INTEREST DECLARATIONS

Deputy Mayor Bassett declared a conflict of interest in item 8, Information on Potential New Performance Measures for Urban Plus Ltd and took no part in discussion or voting on the matter.

PRECEDENCE OF BUSINESS

RESOLVED: (Cr Milne/Mayor Wallace)

Minute No. FPC 19202

"That, in terms of Standing Order 10.4, precedence be accorded to item 9b) dealing with TechnologyOne SaaS Project Update."

The item is recorded in the order in which it was listed on the order paper.

4. JACKSON STREET PROGRAMME - EXTENSION OF AREA SUBJECT TO TARGETED RATE (19/533)

Report No. FPC2019/2/86 by the Divisional Manager, Strategy and Planning

Speaking under public comment, **Ms H Swales, Coordinator, Jackson Street Programme (JSP) and Mr R Schneider, Board Member, JSP** elaborated on the reasons for the proposed expansion. Ms Swales explained the JSP had an annual \$156,000 budget, with \$30,000 remaining after essential bills had been paid. She added the JSP wished to extend their services, with 27,000 visitors to their office each year, there was scope to increase the profile of Petone.

Cr Barry joined the meeting at 9.40am.

Ms Swales explained that proposed works included installing a Heritage Arts Trail with a mobile app, more liaison with Council officers, more work with the P2040 Project and the refurbishment of four buildings on Jackson Street. She added that Petone was the gateway to the city, and that JSP greatly added value to the area, encouraging more visitors who brought economic benefits to the city.

Mr Schneider added that work of the staff at the JSP had attracted in up to 30,000 visitors to Petone for the Christmas Parade, and had also resulted in successful collaboration between businesses and property owners. He stressed JSP was under-resourced for the vast amount of services they provided, and that the image of Petone was continually lifted as a result of the work of the JSP. He believed that once the cycleway was opened, the number of visitors to Petone would increase.

Ms Swales noted it was Council policy to pay at least the Living Wage to all employees, and that JSP would also like to be able to do this.

In response to a question from a member, Ms Swales confirmed the results of the survey showed support for the proposed expansion. She said it was only proposed to initially expand southwards to enable efficient management of the new area. She added in the future another application may be made to expand further northwards.

In response to a question from a member, Ms Swales explained the digital space required more resourcing and more events, the proposed Arts Trail and paying the Living Wage to all employees would initially be funded.

In response to a question from a member, Ms Swales advised it was about 10% or two hours a week that was currently spent on heritage issues. She confirmed if the JSP area was expanded, the amount could increase, as heritage remained a priority for JSP.

In response to a question from a member, Ms Swales acknowledged that 70% of existing members were not aware of the proposed expansion. She explained that many members did not have strong English language skills and others were not digitally aware. She added JSP had recently engaged WelTech to provide a paper on how to better engage with migrants. She further added that many members required face to face contact, and that it was slowly occurring as time and resources permitted.

In response to a question from a member, Ms Swales confirmed the existing membership was 220 businesses with 151 of these being paying members and the proposed expansion would add another 75-120 businesses.

The Divisional Manager, Strategy and Planning and the Senior Research and Evaluation Advisor elaborated on the report.

In response to a question from a member, the Senior Research and Evaluation Advisor acknowledged the survey went to both existing and prospective members. She added that the survey provided useful information on the state of the existing programme, and that there was overwhelming support for the proposed expansion.

In response to a question from a member, the Divisional Manager, Strategy and Planning confirmed the proposal was required to be fully publicly notified, and that JSP was proposing to notify all existing and prospective members as well. She agreed it was important the funding for the JSP was identified as coming from membership through a targeted rate and not from general Council funds.

RESOLVED: (Cr Milne/Cr Lulich)

Minute No. FPC 19203

"That the Committee:

- (i) *notes a survey of all commercial building owners in the proposed extended area covered by the Jackson Street Programme (JSP) is currently underway and that the results of that survey will be available to Council prior to it making its final decision in June 2019;*
- (ii) *notes that the survey covers the following such things as:*
 - (a) *awareness of JSP and the work they do;*
 - (b) *the added value of JSP programmes to their business;*
 - (c) *any improvements that could be made to the services provided;*
 - (d) *concerns/disadvantages and advantages/benefits of the proposed change; and*
 - (e) *whether they agree with the suggested extension of the targeted rate;*
- (iii) *notes that based on the new footprint, to collect \$230,000 (which includes GST) equates to 0.000415411 cents in the dollar;*
- (iv) *notes that 0.000415411 cents in the dollar means that a property worth \$100,000 pays*

\$41.54, one worth \$1m pays \$415.41 and a property worth \$10m pays \$4,154.11;

- (v) notes section 16 (g) of the Local Government (Rating) Act 2002 allows a targeted rate to be set if the activity/activities is identified in the Funding Impact Statement;
- (vi) notes that the Funding Impact Statement will need to be amended to allow the targeted rate to be extended so that the new rate can be applied; and
- (vii) agrees to consult on the Summary of Information and Statement of Proposal (drafts of which are set out respectively in Appendix 1 and 2 of this report subject to legal confirmation and any changes requested by the Committee) in accordance with the requirements of the Local Government Act 2002 by means of a Special Consultative Procedure."

For the reason that as a consequence of the request from JSP that the area covered by the targeted rate is extended to the area bounded by Cuba Street, Old Hutt Road, Jackson Street and The Esplanade the Local Government Act 2002 requires Council to undertake a Special Consultative Procedure.

5. FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2019 (19/412)

Report No. FPC2019/2/80 by the Budgeting and Reporting Manager

Speaking under public comment, **Mr M Young** expressed concern at the projected \$400,000 overspend on the underwriting of the Lower Hutt Events Centre (the Events Centre). He questioned whether this resulted in a total \$600,000 actual overspend when the existing \$200,000 budget was taken into account. He further enquired whether the revenue for the operator was lower than forecast, and what the budget underwrite amount was for Year 2.

The Budgeting and Reporting Manager elaborated on the report. He corrected an error within his report which related to pages 35 and 36 of the order papers: the Liquidity Ratio in the table should be "greater than"; and in paragraph 56 the year should read 2019 and figure \$204M. He confirmed these corrections would be reflected in an updated online version of the order papers on Council's website.

The General Manager, Corporate Services confirmed a total of \$600,000 had been requested for the Events Centre underwrite, and that the budgeted \$100,000 for the next year underwrite was currently under review. He further confirmed an Events Centre report would be reported to the Finance and Performance Committee meeting after the year end.

The Budgeting and Reporting Manager agreed to reformat future reports to more clearly show a separation of accounting variances and operating variances .

The Chief Executive agreed to assess the budget carryovers, to ensure Council approved projects which were achievable each year, and not all projects that were requested to be undertaken.

RESOLVED: (Cr Milne/Deputy Mayor Bassett)

Minute No. FPC 19204

"That the Committee notes Council's financial performance and position for the nine month period ended 31 March 2019."

6. REVIEW OF DRAFT 2019/20 STATEMENT OF INTENT FOR THE NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY (19/134)

Report No. FPC2019/2/81 by the General Manager Corporate Services

Mayor Wallace left the meeting at 10.32am.

The General Manager, Corporate Services elaborated on the report.

RESOLVED: (Cr Milne/Deputy Mayor Bassett)

Minute No. FPC 19205

"That the Committee:

- (i) *notes and receives the contents of the Local Government Funding Agency (LGFA) draft 2019/20 Statement of Intent attached as Appendix 1 to the report; and*
- (ii) *notes that officers have not asked the LGFA board to consider any changes to the draft LGFA 2019/20 Statement of Intent."*

7. NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY SIX MONTH REPORT TO 31 DECEMBER 2018 (19/135)

Report No. FPC2019/2/82 by the General Manager Corporate Services

The General Manager, Corporate Services elaborated on the report.

RESOLVED: (Cr Milne/Cr Barratt)

Minute No. FPC 19206

"That the Committee notes and receives the Local Government Funding Agency (LGFA) Six Month Report to 31 December 2018, attached as Appendix 1 to the report."

8. INFORMATION ON POTENTIAL NEW PERFORMANCE MEASURES FOR URBAN PLUS LTD (19/518)

Report No. FPC2019/2/83 by the Manager, Sustainability and Resilience

Deputy Mayor Bassett declared a conflict of interest in the item and took no part in discussion or voting on the matter. He left the meeting at 10.34am.

Speaking under public comment, **Ms B Jensen and Ms T Kells representing the Hutt**

City Youth Council expressed support for the majority of the officer's recommendations. They explained that the Youth Council believed sustainability measures should be incorporated in all targets, as these would improve the community and assist with the zero carbon targets within the Sustainability Strategy.

Ms Kells stated the Home Star 3 rating of Urban Plus Ltd (UPL) was unacceptable, and that it should be aiming to achieve the 6 star rating. She added it would be a long term solution to provide healthier homes, which would positively impact on poverty and the quality of living. She further stated this was an opportunity for Council to lead by example.

The Manager, Sustainability and Resilience elaborated on the report.

Mayor Wallace rejoined the meeting at 10.36am.

In response to a question from a member, the Manager, Sustainability and Resilience advised that the report had been discussed with senior officers at UPL but not yet with Board members.

In response to a question from a member, the Manager, Sustainability and Resilience explained the carbon price was a financial mechanism and there were other barriers to achieving the target, such as lack of awareness. He agreed to report back with information on a standardised way to assess the capital and operational costs and benefits in relation to the targets.

In response to a question from a member, the Manager, Sustainability and Resilience explained, using the example of water heating technology, that the equipment installed could be assumed to last for up to 15 years. He said the assumed scenario of 100 homes, typical households using that technology over 15 years, the greenhouse gas emissions associated with that combustion of the natural gas, would equate to approximately 1,500 tonnes.

In response to a further question from a member, the Manager, Sustainability and Resilience explained achievement of a HomeStar rating did not only involve carbon emissions, items such as waste minimisation, locations and the use of native tree plantings were other measures to achieve the rating.

The General Manager, Corporate Services reminded members the Draft Statement of Intent for UPL had already been reported to Council, and the officer's report had yet to be presented to the UPL Board.

Members discussed officers developing an action plan process for UPL to consider adopting Council decisions related to carbon targets, to be reported back to the next Committee meeting in July 2019.

RESOLVED: (Cr Milne/Cr Edwards)

Minute No. FPC 19207

“That the Committee:

- (i) notes that Urban Plus Ltd’s (UPL) Statement of Intent 2018/19-20/21 (SOI) already makes direct references to various desired sustainability outcomes (eg, “best practice”, “providing warmer, healthier homes”), but it currently lacks specific performance measures to objectively measure, verify and report these outcomes achieved by UPL;*
- (ii) notes that a range of tools and standards are available that could be used as potential performance measures;*
- (iii) notes that a minimum HomeStar 6 (or higher) rating requirement could be applied to homes where design has not yet been finalised, or onward from a particular point in time, and to report on this performance requirement annually;*
- (iv) notes that UPL could be required to undertake a survey of its rental properties, to establish the performance of these against the HomeFit standard, and to report on this performance standard annually;*
- (v) notes that a “no gas policy” could be applied to homes where design has not yet been finalised, or onward from a particular point in time, and to report on this performance requirement annually;*
- (vi) notes that a minimum GreenStar rating of 4 could be applied to any applicable future commercial development and asks UPL whether or not they wish to provide Council with a redrafted SOI;*
- (vii) notes that officers are currently discussing these potential performance measures with UPL staff and the UPL Board; and*
- (viii) agrees that officers will report back to the Committee in July 2019 with recommendations on the next steps.”*

For the reason that this information was requested in the context of implementing Council’s organisational Zero by 2050 carbon target, set in December 2018.

The meeting was adjourned at 10.51am.

The meeting resumed at 2.42pm.

Deputy Mayor Bassett rejoined the meeting at 2.42pm.

9. INFORMATION ITEMS

a) Tax Risk Governance Framework Update (19/492)

Report No. FPC2019/2/51 by the Financial Accounting Manager

The General Manager, Corporate Services elaborated on the report.

In response to a question from a member, the General Manager, Corporate Services agreed there were no issues of concern raised in the PricewaterhouseCoopers report. He acknowledged there may be other issues in the near future, including recommendations from the Tax Working Group which had not yet been considered.

RESOLVED: (Cr Milne/Deputy Mayor Bassett) **Minute No. FPC 19208**
"That the report be noted and received."

b) TechnologyOne SaaS Project Update (19/415)

Report No. FPC2019/2/52 by the Business Transformation Manager

The Business Transformation Manager elaborated on the report.

RESOLVED: (Cr Milne/Cr Barratt) **Minute No. FPC 19209**
"That the report be noted and received."

c) Finance & Performance Committee Work Programme 2019 (19/414)

Report No. FPC2019/2/53 by the Committee Advisor

The General Manager, Corporate Services advised that the Audit New Zealand Final Management Report was unlikely to be available for meeting cycle 4.

The General Manager, Corporate Services expressed his thanks to the Budgeting and Reporting Manager for his work as Acting Chief Financial Officer.

RESOLVED: (Cr Milne/Deputy Mayor Bassett) **Minute No. FPC 19210**
"That the work programme be noted and received."

RESOLVED: (Cr Milne/Deputy Mayor Bassett) **Minute No. FPC 19211**
"That the work of the Acting Financial Officer be noted and thanks be extended to him."

10. QUESTIONS

There were no questions.

11. EXCLUSION OF THE PUBLIC

RESOLVED: (Cr Milne/Mayor Wallace) **Minute No. FPC 19212**
"That the public be excluded from the following parts of the proceedings of this meeting, namely:

12. Strategic Property Portfolio - Six Monthly Update (19/484)

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>Strategic Property Portfolio - Six Monthly Update.</i>	<i>The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities (s7(2)(h)).</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 2.48pm and the non-public portion closed at 2.57pm.

Cr C Milne
CHAIR

**CONFIRMED as a true and correct record
Dated this 21st day of May 2019**