
Finance, Audit & Risk Subcommittee

OPEN MINUTES

Minutes of a meeting of the Finance, Audit & Risk Subcommittee held in the Council Chambers, Horowhenua District Council, Levin on Wednesday 22 May 2019 at 4.00 pm.

PRESENT

Chairperson Mr P Jones
Members Deputy Mayor W E R Bishop
Cr R J Brannigan
Cr R H Campbell
Mayor M Feyen
Cr N G Gimblett
Cr B F Judd
Cr V M Kaye-Simmons
Cr J F G Mason
Cr C B Mitchell
Cr P Tukapua
Cr B P Wanden

IN ATTENDANCE

Reporting Officer Mr D Law (Chief Financial Officer)
Mr D M Clapperton (Chief Executive)
Mr D McCorkindale (Group Manager – Strategy & Development)
Mr I McLachlan (Group Manager – Customer & Regulatory Services)
Mrs N Brady (Group Manager – H2040 & Partnership Development)
Mr R Green (Acting Group Manager – Infrastructure Services)
Mr J Paulin (Finance Manager)
Mr D Haigh (Growth Response Manager)
Ms S Hori Te Pa (Governance & Executive Team Leader)
Ms A Parker (Executive Assistance to the Mayor)
Mrs K J Corkill (Meeting Secretary)

PUBLIC IN ATTENDANCE

There were seven members of the public in attendance at the commencement of the meeting.

1 Apologies

An apology was recorded for Cr Brannigan.

MOVED by Cr Feyen, seconded Cr Wanden:

THAT the apology from Councillor Brannigan be accepted.

CARRIED

A request received from Mr Ten Have to record the meeting was discussed and, as per amended Standing Orders, a resolution was put to the meeting.

MOVED by Cr Feyen, seconded Cr Campbell:

THAT the request from Mr Te Have to record the meeting be approved.

A division was called for, voting on which was as follows:

For:

Councillors: Ross Campbell
Michael Feyen

Against:

Councillors: Wayne Bishop
Neville Gimblett
Philip Jones
Barry Judd
Victoria Kaye-Simmons
Joanna Mason
Christine Mitchell
Piri-Hira Tukapua
Bernard Wanden

The division was declared LOST by 2 votes to 9.

2 Public Participation

7.1 Projects Update Vivienne Bold
Charles Rudd
Christina Paton

The Chair clarified for those who had requested to speak to the Projects Update and for Elected Members that it was not the role of the FAR Subcommittee to debate the merits of a project; the Subcommittee's role was to do with monitoring the outcome in terms of risk, achievement of the objectives of the project and financials. If speakers were questioning the merits of a project, that was not within the purview of this Subcommittee, the avenue to do that would be through full Council.

The Chief Executive added that alternatively it could be done through the RMA process should a person or an individual Councillor want to make a submission to a consent application.

Having heard the Chair's comments, Mrs Vivienne Bold requested clarification as to what she was able to speak on, with the Chief Executive saying it depended on what she wanted to raise. If it was about the RMA process, that was not for the Subcommittee; however she could comment on the progress of a project.

Mrs Bold raised a number of issues particularly in relation to Levin Stormwater including:

- Buller Road and the elbow culvert and whether or not it was effective, commenting on various meetings that had been held;
- dead fish in the streams feeding the Lake that had been reported by the Hokio Progressive Association;
- water takes and what records were held by Council in that regard;
- why Council was putting so much money into Gladstone Green;

- why there were no development fees; and
- why was land being taken away from farmers.

Mr Clapperton said he would be happy to discuss with Mrs Bold directly the things she had raised.

Mr Charles Rudd raised issues in relation to Māori involvement in the various projects, including the differing descriptors (such as mana whenua, iwi, hapu) used when it came to talking about engagement with Māori and said there were questions that needed to be asked in relation to the financials which he had brought up with the previous and current Mayors. He suggested there was a misunderstanding when it came to the Treaty of Waitangi and Councillors needed upskilling in that regard. In relation to Levin Stormwater, Mr Rudd said this was something that should already have been tackled by the Horowhenua District and Horizons Regional Councils by 2001, tabling a letter he had received in 1995 from the Regional Council.

Mrs Christina Paton said that in her view there was one item missing in the Project Update Report and that was the Levin Landfill Agreement and she queried if it had been removed from the list because Council thought it was completed. She also noted that the original document was inaccurately titled and suggested it threw out the entire agreement.

A point of order, which was declared valid by the Chair, was raised in that what Mrs Paton was referring to was something that was not on the Agenda.

On the basis of the question raised by Mrs Paton, Mr Clapperton said he would be happy to bring back an updated report on the Levin Landfill Project to the next FARS meeting.

3 Late Items

There were no late items.

4 Declarations of Interest

There were no declarations of interest.

5 Confirmation of Minutes

With the removal of the word “no” from the last sentence of the second paragraph of 7.4 Standard and Poors Credit Rating report, it was:

MOVED by Mayor Feyen, seconded Cr Judd:

THAT the minutes of the meeting of the Finance, Audit & Risk Subcommittee held on Wednesday, 24 April 2019, be confirmed as a true and correct record.

CARRIED

6 Announcements

There were no announcements.

7 Reports

7.1 Projects Update

Purpose

To provide the Finance, Audit and Risk Subcommittee with an update of the projects being undertaken by the Infrastructure Projects Team.

The Report was worked through project by project, with Messrs Clapperton and Green providing further information and responding to queries from Elected Members.

MOVED by Cr Wanden, seconded Cr Judd:

THAT Report 19/165 Projects Update be received.

THAT this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

CARRIED

7.2 Ten Month Report 1 July 2018 - 30 April 2019

Purpose

To present to the Finance, Audit & Risk Subcommittee the financial report for the ten months to 30 April 2019.

Speaking to the report, Mr Law drew attention to the enhancements on page 55 in relation to the number of consents issued. In terms of the financials, Mr Law said the trends were the same as for the past few months and he believed that Council was on track with the prediction that the next two months of income and expenditure would cancel each other out. Also, although the deficit was showing as \$1.438m, he did not believe it was an issue at this stage.

MOVED by Cr Judd, seconded Mayor Feyen:

THAT Report 19/151 Ten Month Report 1 July 2018 - 30 April 2019 be received.

THAT this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

CARRIED

7.3 Liability Management Policy Changes

Purpose

- To recommend changes to the Liability Management Policy relating to the management of Interest Rate Risk, (paragraph 4.3) specifically in relation to Fixed Rate Hedging Percentages, and
- To recommend some minor wording change to paragraph 4.6 Management of Funding Risk.

Speaking to the report, Mr Law clarified that it was not a policy that Council was required to consult on but it did need a Council resolution.

Mr Jones expressed a concern that what was being recommended did not allow Council to have a hedge greater than 8 years, which was occasionally required. He recommended that a further box be added to the "Fixed Rate Hedging Percentages" table to allow for: 8 years plus with a maximum amount of 20%.

With concerns expressed in terms of the change in Accountabilities and also having delegations in a Policy it was agreed that this would be brought to a Council briefing (5 June 2019) for more in-depth discussion, with the amended Policy to be brought to a June Council meeting for consideration and adoption.

MOVED by Mr Jones, seconded Mayor Feyen:

THAT Report 19/170 Liability Management Policy Changes be received.

THAT this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

THAT following a briefing on the proposed amendments including the delegations, the Liability Management Policy be brought back to full Council for consideration and adoption.

CARRIED

7.4 Internal Audit Programme

Purpose

To introduce a proposed three (3) year Internal Audit programme for Council to review.

Mr Law spoke to the rationale behind the suggested involvement in the programme, with Mr Clapperton adding that if the recommendation was adopted a budget would need to be set aside for it in the Annual Plan process.

Mr Jones gave an explanation of how the Auditors who delivered the service were selected, with the engagement being directly with the firm and not through MWLASS, and he also outlined the benefits that would accrue.

MOVED by Deputy Mayor Bishop, seconded Cr Judd:

THAT Report 19/171 Internal Audit Programme be received.

THAT this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

THAT the Finance, Audit & Risk Subcommittee commits to an internal audit focussing on Procurement subject to budget approval in the 2019/2020 Annual Plan.

CARRIED

8 Procedural motion to exclude the public

MOVED by Cr Judd, seconded Cr Campbell:

THAT the public be excluded from the following part(s) of the proceedings of this meeting.

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 follows.

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

C1 Risk Update

| <i>Reason for passing this resolution in relation to each matter</i> | <i>Particular interest(s) protected (where applicable)</i> | <i>Ground(s) under section 48(1) for the passing of this resolution</i> |
|--|--|---|
| <i>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists</i> | <i>s7(2)(b)(i) - The withholding of the information is necessary to protect information where the making available of the information would disclose a</i> | <i>s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason</i> |

| | | |
|------------------|--|---|
| under section 7. | <p>trade secret.</p> <p>s7(2)(c)(ii) - The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to damage the public interest.</p> <p>s7(2)(j) - The withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.</p> | for withholding exists under section 7. |
|------------------|--|---|

C2 Purchase of Land - Gladstone Road

| Reason for passing this resolution in relation to each matter | Particular interest(s) protected (where applicable) | Ground(s) under section 48(1) for the passing of this resolution |
|--|---|---|
| The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7. | s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). | s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7. |

The text of these resolutions is made available to the public who are present at the meeting and form part of the minutes of the meeting.

CARRIED

6.11 pm The public were excluded.

Resolutions in relation to the confidential items are recorded in the confidential section of these minutes and are not publicly available.

6.50 pm There being no further business, the Chairperson declared the meeting closed.

CONFIRMED AS A TRUE AND CORRECT RECORD
AT A MEETING OF THE FINANCE, AUDIT & RISK
SUBCOMMITTEE HELD ON

DATE:.....

CHAIRPERSON:.....