
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 21 March 2018 at 4.00 pm.

PRESENT

Chairperson Mr P Jones
Members Cr W E R Bishop
Mayor M Feyen
Cr N G Gimblett
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 G Saidy | (Group Manager – Infrastructure Services) |
| | Mrs N Brady | (Group Manager – Customer & Regulatory Services) |
| | Ms S Grant | (Group Manager – Community Services) |
| | Mr G O’Neill | (Projects Manager) |
| | Mr J Paulin | (Finance Manager) |
| | Ms J Dallinger | (Acting People & Capability Manager) |
| | Mrs L Winiata | (Communications Manager) |
| | Mr A Chamberlain | (Financial Accountant) |
| | Mr I McLachlan | (Risk Management Lead) |
| | Mr S Wood | (Legal Advisor) |
| | Mrs K J Corkill | (Meeting Secretary) |

ALSO IN ATTENDANCE

| | |
|-------------|-----------------|
| Mr P McKay | (Aon Insurance) |
| Mr S Ketley | (Aon Insurance) |

PUBLIC IN ATTENDANCE

There were three members of the public in attendance at the commencement

1 Apologies

Apologies were recorded for Crs Brannigan, Campbell, Kaye-Simmons, and Judd (for lateness).

MOVED by Cr Wanden, seconded Cr Gimblett:

THAT the apologies from Councillors Brannigan, Campbell, Kaye-Simmons, and Judd (for lateness) be accepted.

CARRIED

2 Public Participation

7.1 Council's Options for Insuring Below-ground Infrastructural Assets

Speaking to this item, Mrs Christina Paton raised some text correction that were required in the report and also raised queries with regard to current membership of LAPP on which the report had not been clear, further querying if this had been a topic at LGNZ level.

Mrs Paton then raised the fact that 100% of her rates demand was subject to GST so why should Council accept only a 60% payout from Central Government in the event of a natural disaster suggesting that if Council maintained its below-ground infrastructural assets to the extent it stood up to a natural disaster, Council should be rewarded for that. Also queried was how much Council had set aside for depreciation and did it get a GST discount from central government for 'positive housekeeping'.

Mr Jones responded that the issues raised by Mrs Paton would be part of the wider discussion.

7.6 Eight Month Report 1 July 2017 – 28 February 2018

Commenting that a report on stormwater was supposed to have been forwarded to her today, Mrs Hunt noted the comment in the report that pipes had been ordered for the Queen Street drain extension suggesting this could be premature given matters that were currently before the Courts and the possibility that Council may not receive a resource consent for the project.

Mr Clapperton advised that Mrs Hunt had that afternoon been forwarded the information mentioned. With regard to the purchase of pipes, Mr Clapperton said that was not an issue because if they were not used for this project they could be used in other locations. Also, because the flow was not being increased and all that was being done was changing the form of the existing channel from open to covered, a resource consent was not required.

3 Late Items

There were no late items.

4 Declarations of Interest

For the record, Mr Jones noted in relation to Report 18/144, while he acted for a number of Councils that were still in the LAPP he did not see that as a conflict of interest.

5 Confirmation of Open & In Committee Minutes 14 February 2018

In relation to the In Committee item, Mr Jones said he was pleased to report that he had had a very positive and constructive meeting with His Worship the Mayor and the Chief Executive earlier in the month. Unfortunately family issues had meant he was not able to

provide a report to today's meeting. Also the issue of the engagement/appointment of the Chief Executive was also part of the mix; however he should have a report available by the next Subcommittee meeting. The good news was he was encouraged by the discussion that had been held.

MOVED by Mr Jones, seconded Deputy Mayor Bishop:

THAT the Open & In Committee minutes of the meeting of the Finance, Audit & Risk Subcommittee held on Wednesday, 14 February 2018, be confirmed as a true and correct record.

CARRIED

6 Announcements

There were no announcements.

7. Reports

7.1 Council's Options for Insuring Below-ground Infrastructural Assets

Purpose

To evaluate the options for insuring Council's infrastructural assets for damage relating to a natural disaster.

Messrs McKay and Ketley from Aon Insurance were welcomed to the table to respond to any questions from Subcommittee members, with it noted that commercially sensitive information had been addressed prior to the meeting, precluding the need to open the meeting with the public excluded.

In speaking to this report, Mr Law said that following a report on the LAPP last year, it had always been intended to further consider whether or not Council should remain a LAPP member. He reiterated that Council had to indicate its intent as to whether it would remain a member by 31 May; however it would not know until June if other members had withdrawn.

Responding to Mrs Paton's comments, Mr Law acknowledged the political point made in relation to GST. With regard to depreciation funds, these were used for asset renewals, not for disasters. Council deliberately did ensure it had \$5-10m in cash available in case of an emergency, to be used prior to accessing insurance.

Also responding to Mrs Paton's remarks, Mr Clapperton said with regard to GST and whether GST on rates should be coming back to Council or whether the GST component should be distributed back at a local level, that would be a conversation at a national level. Council did have a contingency or reserve fund set aside in the case of an emergency, but that was separate to depreciation.

It was confirmed that should Council withdraw from LAPP any monies paid in would remain in the LAPP Trust. With regard to the sustainability of the LAPP should other member Councils withdraw, it was noted that the LAPP Trust Board had recognised the issue and were looking at reviewing its structure.

Because Council would not know until June how many Councils would remain LAPP members, Option 2 had been recommended to keep Council's options open.

MOVED by Mayor Feyen, seconded Cr Mitchell:

THAT Report 18/144 Council's Options for Insuring Below-ground Infrastructural Assets 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 recommends to Council to give notice of potential withdrawal from LAPP by 30 April 2018, reserving a decision until it becomes clear about what the LAPP Trustees will do regarding the future Insurance product.

THAT the Finance, Audit & Risk Subcommittee recommends that Council delegates the final decision on the withdrawal from LAPP to the Finance, Audit and Risk subcommittee at its meeting of 18 April 2018.

CARRIED

7.2 Health & Safety – Quarterly Report

Purpose

To provide an update to Elected Members on health and safety matters at Horowhenua District Council for the previous four months.

Ms Dallinger spoke to the report and responded to Members' queries on the data provided.

MOVED by Mayor Feyen, seconded Cr Mitchell:

THAT Report 18/108 Health & Safety - Quarterly Report 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 Infrastructure Projects Update

Purpose

To provide the Finance, Audit & Risk Subcommittee with an update on projects being undertaken by the Infrastructure Projects team.

Noting a date correction (2017 should read 2018) on page 25, Projects Manager, Mr O'Neill, gave his usual PowerPoint update on the various projects in train and responded to Members' queries.

The difference in Capital Expenditure actual to budget as noted in the graphs in the Eight Month financial report was raised and discussed. It was requested that more definitive information on project spending in relation to budget be brought to the May FARS meeting.

MOVED by Cr Mitchell, seconded Cr Mason:

THAT Report 18/131 Infrastructure 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

7.4 Risk Management Update

Purpose

To provide an update on progress and milestone achievements since adoption of the Horowhenua District Council Risk Policy Version 1.9.

Mrs Brady and Mr McLachlan joined the table with Mr McLachlan noting the

highlights outlined in the report.

MOVED by Mr Jones, seconded Cr Gimblett:

THAT Report 18/149 Risk Management Update be received.

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

CARRIED

Mayor Feyen recorded his ABSTENTION from voting.

7.5 Electric Vehicle Charging Stations Opportunity

Purpose

To seek Council interest and support for Council to take part in a combined funding bid to the Energy Efficiency and Conservation Authority (**EECA**) Low Emission Vehicles Contestable Fund (**LEVCF**). A successful bid will enable the installation of Electric Vehicle (**EV**) charging infrastructure in the Horowhenua district. This involves:

- partnering in this proposal with Kapiti Coast District Council and Electra; and
- a combined bid, with 70% (or more) of the cost of the charging infrastructure to be met by EECA and Electra.

Speaking to this item, Mr Wood explained that this report had fallen to him because of his previous role in energy procurement. This matter was being brought to the FAR Subcommittee because submissions were due on 11 April and the next Council meeting was not scheduled until 18 April.

Outlining the proposal, which had changed slightly since the report had been written, Mr Wood gave a PowerPoint presentation providing more detail. The new proposal would see Chargenet NZ Ltd, joining with KCDC, HDC and Electra in making a joint application with Council's proposed contribution reducing from 30% to 20%. The PowerPoint presentation covered:

- the new proposal;
- the location of charging stations throughout the North Island;
- climate change opportunities;
- opportunities for emissions reduction in transport;
- details of the Low Emissions Vehicles Contestable Fund;
- data on the current EV fleet size.

Mr Wood then responded to questions which covered more detail with regard to the proposed partnership; costs and expenses; possible income stream(s) for Council; suitability of the locations proposed (with Levin not included as New World in Levin was installing a charging station); what other Councils were doing, with KCDC having invited Council to join with it as it covered the Electra region; any economic development implications.

Mr Clapperton said he would request the Economic Development Manager to get involved and it would be something that would have political implications at a national rather than a local level and Council could have an advocacy role through LGNZ.

Following Councillors expressing their views, with the majority supporting the opportunity in principle, it was:

MOVED by Mayor Feyen, seconded Cr Gimblett:

THAT Report 18/145 Electric Vehicle Charging Stations Opportunity be received.

THAT this decision is recognised as not significant in terms of S76 of the Local Government Act.

THAT the Finance, Audit & Risk Subcommittee recommends to the Horowhenua District Council that it makes a joint application to the Energy Efficiency and Conservation Authority (EECA) for funding to install Electric Vehicle charging stations in the Horowhenua District.

THAT the car park of the Shannon Railway Station may be utilised for the installation of up to four Electric Vehicle charging stations (subject to a grant being approved by EECA).

THAT Wharf Street, Foxton, may be utilised for the installation of up to four Electric Vehicle charging stations (subject to a grant being approved by EECA).

THAT Council contributes \$40,000 towards the installation of Electric Vehicle charging stations in Foxton and Shannon.

CARRIED

Deputy Mayor Bishop recorded his vote AGAINST the motion.

7.6 Eight Month Report 1 July 2017 – 28 February 2018

Purpose

To present to the Finance, Audit & Risk Subcommittee the financial report for the eight months to 28 February 2018.

Mr Law spoke to the report highlighting some of the improvements that had been made in terms of the information provided.

For the next FARS meeting, the Chair requested a report on expected debt by project.

MOVED by Cr Wanden, seconded Mr Jones:

THAT Report 18/138 Eight Month Report 1 July 2017 - 28 February 2018 be received.

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

CARRIED

7.7 Statement of Intent - LGFA

Purpose

This report introduces the Local Government Funding Agency (LGFA) Statement of Corporate Intent (SOI).

Commenting that LGFA had been set up primarily to reduce interest rates for local government, Mr Law noted that Council had been able to take advantage of that and had reduced its interest rates quite considerably.

Mr Jones said that there was no discussion of risk in the report and he would take that up with the Chair of the Shareholders' Council next week.

MOVED by Deputy Mayor Bishop, seconded Cr Mitchell:

THAT Report 18/134 Statement of Intent - LGFA 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 receives the LGFA SOI on behalf of Horowhenua District Council.

CARRIED

7.8 LGFA Half Year Report December 2017

Purpose

The purpose of this report is to introduce the Local Government Funding Agency (LGFA) half year report and the Shareholders Council 2nd quarter monitoring report.

MOVED by Cr Mitchell, seconded Cr Mason:

THAT Report 18/141 LGFA Half Year Report December 2017 be received.

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

CARRIED

7.9 Monitoring Report – Issues Identified during the 30 June 2017 Audit

Purpose

To provide the Finance, Audit & Risk Subcommittee with an update on projects being undertaken by the Infrastructure Projects team.

The Chair requested that due dates be included in the Report.

Mr Law advised that “Segregation of Duties” (page 133) had been discussed with Civica with regard to implementing the one up approval requested by Audit.

The process of ensuring that the recommendations were progressed in a timely and appropriate fashion was raised and discussed, with the Chair saying that if things were not moving forward quickly enough a discussion would be had with the Chief Executive to see there was a need to look at resourcing.

Following a comment from Mayor Feyen that he was encouraged to see that changes to the Conflicts of Interest Policy should be completed by 30 June 2018, Mr Jones queried if that would go straight to Council or would come back to the FAR Subcommittee.

Mr Clapperton responded that it would be a timing issue but a Policy of that nature would more likely go to Council.

MOVED by Cr Tukapua, seconded Cr Wanden:

THAT Report 18/151 Monitoring Report - Issues Identified during the 30 June 2017 Audit be received.

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

CARRIED

6.10 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:.....