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## Finance and Monitoring Committee

### *Komiti Tahua*

### OPEN MINUTES

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Minutes of a meeting of the Finance and Monitoring Committee held in the Council Chamber and via Audio Visual Link, Municipal Building, Garden Place, Hamilton on Thursday 27 April 2023 at 9.31am.

#### PRESENT

**Chairperson** Cr Maxine van Oosten  
*Heamana*

**Deputy Chairperson** Cr Moko Tauariki  
*Heamana Tuarua*

**Members**

- Mayor Paula Southgate
- Deputy Mayor Angela O’Leary
- Cr Ryan Hamilton (Exclusively via Audio Visual Link)
- Cr Melaina Huaki (Exclusively via Audio Visual Link)
- Cr Mark Donovan
- Cr Anna Casey-Cox
- Cr Ewan Wilson
- Cr Louise Hutt (Exclusively via Audio Visual Link)
- Cr Geoff Taylor (Exclusively via Audio Visual Link)
- Cr Sarah Thomson (Exclusively via Audio Visual Link)
- Cr Kesh Naidoo-Rauf

**In Attendance:**

- Lance Vervoort - Chief Executive
- Sean Murray - General Manager Venues, Tourism & Events
- David Bryant - General Manager People and Organisational Performance
- Blair Bowcott - General Manager Growth
- Chris Allen - General Manager Development
- Eeva-Liisa Wright - General Manager Infrastructure Operations
- Murray Heke - General Manager Customer, Technology Transformation
- Helen Paki - General Manager Community
- Julie Clausen – Acting General Manager Strategy and Communications
- Tracey Musty - Finance Director
- Andrew Parsons - Strategic Infrastructure Executive Director
- Irene James - Finance and Commercial Director
- Iain Anderson - Capital Financial Lead
- Mark Butcher - New Zealand Local Government Funding Agency Chief Executive

**Governance Team:**

- Amy Viggers - Governance Lead
- Chantal Jansen and Arnold Andrews - Governance Advisors

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*The meeting was opened with a Karakia.*

**1. Apologies – *Tono aroha***

**Resolved:** (Cr van Oosten/Cr Casey-Cox)

That the apologies for full absence from Cr Bydder and Cr Pike, for partial attendance from Mayor Southgate and Cr Naidoo- Rauf, and for lateness from Cr Donovan are accepted.

**2. Confirmation of Agenda – *Whakatau raarangi take***

**Resolved:** (Deputy Mayor O’Leary/Cr Casey-Cox)

That the agenda is confirmed.

**3. Declarations of Interest – *Tauaakii whaipaaanga***

No members of the Council declared a Conflict of Interest.

**4. Public Forum – *Aatea koorero***

No members of the public wished to speak.

**5. Confirmation of the Finance and Monitoring Committee Open Minutes of 28 February 2023**

The Chair took the minutes as true and correct.

**Resolved:** (Cr Moko Tauariki/Mayor Southgate)

That the Finance and Monitoring Committee confirm the Open Minutes of the Finance and Monitoring Meeting held on 28 February 2023 as a true and correct record.

**6. Chair's Report**

The Chair took the report as read, and noted that the Finance Director joined the meeting via Zoom due to her attendance at a conference held in Christchurch where she was representing Council regarding the Financial Strategy Policy. The Chair highlighted the acknowledgement Council has received from the Auditor General and thanked the Finance team for the excellent work that has gone into the building of the Strategy.

**Resolved:** (Cr van Oosten /Cr Moko Tauariki)

That the Finance Committee receives the report.

*Cr Donovan joined the meeting (9.40am) during the discussion of the above item. He was present when the item was voted on.*

**7. Capital Portfolio Monitoring report**

The Capital Financial Lead took the report as read. He spoke to the report, noting the financial performance of the capital portfolio as well as the value of deferrals for the nine months ended 31 March 2023. He further noted an uplift in revenue due to the service connection program, and that a portfolio risk continued due to the current economic conditions. Economic modelling notes this environment could potentially continue for the next 12 months. Staff would continue to actively monitor and report the impact on the capital expenditure programme. An update on the Housing Infrastructure Fund (HIF) was given, and noted 17 drawdowns with 2 currently in progress; a full drawdown of the loan is expected by the end 2023 or early 2024. Staff responded to questions from Members concerning deferrals, infrastructure constraints, project risks, project delays, contract revenue, funding opportunities, effect of weather disruptions on the KiwiRail project timing and the timeline delays to the Rototuna Village project.

**Resolved:** (Cr van Oosten/ Cr Thomson)

That the Finance and Monitoring Committee:

- a) receives the report; and
- b) approves the Chief Executive to award a contract to KiwiRail for the design and construction of level crossing upgrades at Killarney Road and Claudelands East/Brooklyn Road, with an Approved Contract Sum of up to \$5,500,00 (plus GST), noting that construction will not be confirmed to proceed until the Infrastructure and Transport Committee has approved the macro-scope of each project.

*Cr Huaki left the meeting (9.59am) during the discussion of the above item. She was present when the item was voted on.*

*Cr Naidoo-Rauf joined the meeting (10.10am) during the discussion of the above item. She was present when the item was voted on.*

## **8. Financial Performance & Strategy Report to 31 March 2023**

The Financial Director spoke to the report, noting changes to Item 6 of the Executive Summary section of the report, the variance amount is \$29.5m and paragraph 19 variation amount of \$6.4m is a positive variant and not negative as shown in the report data. An update on the financial performance and strategy for the period ended 31 March 2023 was given. She outlined Council's financial expectations, fees and charges budgeting and financial forecasting. The Chief Executive spoke to the balancing books forecast plan, regarding non-critical maintenance and deferral of non-critical contract spend as well as the revenue forecast to ensure maximisation of opportunities.

Staff responded to questions from Members concerning costing reductions, non-critical maintenance reasons and long-term impacts, recruitment and management of staff workloads.

**Resolved:** (Cr Moko Tauariki/Deputy Mayor O'Leary)

That the Finance and Monitoring Committee receives the report.

That the Finance and Monitoring Committee recommends that the Council:

- a) approves the capital movement as identified in paragraph 28 of the 31 March 2023 Capital Portfolio Monitoring Report;
- b) approves the significant forecast adjustments as set out in paragraphs 53 to 55 of the staff report; and
- c) approves the revised Financial Strategy position for Debt to Revenue, Net Debt and Balancing the Books as set out in paragraphs 57 to 59 of the staff report.

## **9. New Zealand Local Government Funding Agency (LGFA) - Annual Report 2022, Half Year Report 31 December 2022 and Statement of Intent 2023-2026**

The Finance Director and LGFA staff spoke to the report, noting the successes achieved with current Council shareholders and the support received from Hamilton City Council, with the main focus on strong Council borrowing and growth in this area. It was further noted that all of the members have now been appointed, with growth of members expected in the Council Controlled Organisation (CCO) sector. The Finance Director reported that LGFA had undertaken their first loan to a CCO and launched Green, Social and Sustainable Loan (GSS) product during the year. Financial performance targets forecast remained strong, with strong growth in assets and it was expected that profitability would improve. The carbon reduction plan remained a work in progress, along with the Three Waters Reform and possible lending Department of Internal Affairs (DIA) modelling but no decisions had been made by the Board regarding LGFA's role in this sector. He reported that LGFA's carbon footprint was low, and it continued to incentivise and lend encouragement to Councils for carbon reduction targets. It was noted that climate action loan applications were expected to increase over the next few months and that a Sustainability

Committee had been established.

A. LGFA continued to work with stakeholders, assisting Central and Local Government with the Three Waters Reform programme to ensure a smooth transition of councils' debt to the proposed new Water Services Entity in July 2024. Staff responded to questions from Members concerning Governance objectives, the Board diversity, improvement works, current policies in place, affordable housing loan opportunities, debt to revenue limits and reductions, infrastructure lending alignment to Council core functions, credit rating, interest rates, sustainability and green social lending aspects and limits on the percentages of lending and borrowing.

**Resolved:** (Mayor Southgate/Cr van Oosten)

That the Finance and Monitoring Committee:

- a) receives the report; and
- b) approves the New Zealand Local Government Funding Agency draft Statement of Intent 2023-2026.

*Cr Hutt joined the meeting (11.15am) during the discussion of the above item. She was present when the Item was voted on.*

## 10 Resolution to Exclude the Public

**Resolved:** (Cr van Oosten /Deputy Mayor O'Leary)

### Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

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.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Confirmation of the Finance and Monitoring Committee Public Excluded Minutes of 28 February 2023	) Good reason to withhold ) information exists under ) Section 7 Local Government ) Official Information and ) Meetings Act 1987 )	Section 48(1)(a)
C2. Capital Portfolio Monitoring Report - Peacocke Programme Financial Update		
C3. Information Services - Civica Contract Renewal		
C4. H3 Contracts for Approval		

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:

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h) Section 7 (2) (i)
Item C3.	to enable Council to carry out negotiations	Section 7 (2) (i)
Item C4.	to enable Council to carry out negotiations	Section 7 (2) (i)

**The meeting went into Public Excluded session at 11.39am.**

**The meeting was declared closed at 1.00pm.**

### Minute Note – 8/08/2023:

On 8/08/2023 the following resolutions were determined to be released to the public via these minutes and the quarterly update.

#### **C2. Capital Portfolio Monitoring Report - Peacocke Programme Financial Update**

##### **Resolved:**

That the Finance and Monitoring Committee:

a) receives the report;

##### **Bikes on Pipes**

b) approves the addition spend of \$1.85m in the 2024/25 financial year for the construction of a 4meter wide asphalt shared path between Peacockes Road and Whatukooruru Drive that connects the two funded bikes on pipes bridges;

##### **Strategic Bridge and Wastewater Pump Station Projects**

c) notes the strategic Bridge and Wastewater Pump Station projects will be operational in 2023/24 before the first significant residential developments require them despite potential delays in project completion;

##### **Reassignment of funding**

d) approves the reassignment of funding of \$37.99m budgeted for in the 2021-31 Long Term Plan for working with developers to be moved to the overall Peacocke programme budget in order to manage increasing financial pressure on existing contractually committed works;

##### **Delegation**

e) delegates authority to the Executive Director – Strategic Infrastructure to approve and execute non-financial time-only variations for current Peacocke Programme contracts, as set out in Attachment 2 of the report, where the durations are likely to exceed 5 years;

### **Approved Contract Sum**

- f) approves the increase to PSP 17482 for Waikato River Bridge and Strategic Services contract design and construction phase of \$600,000, setting a new Approved Contract Sum at \$15,100,000 and approves setting a new contractual end date of 31 March 2029, to provide for the extended period of supervision required to align with the contractor's programme plus the 5 years defect period;
- g) approves an increase to PSP 18251 for the Peacockes Road urban upgrade and the Whatukooruru Drive contract design and construction phases of \$550,000, setting a new Approved Contract Sum at \$9,125,000;
- h) approves the increase to PSP 903/2021 – Peacocke Strategic Pump Station construction management of \$650,000, setting a new Approved Contract Sum at \$2,450,000 and approves a new contractual end date of 31 December 2025, to provide for extension of critical contract supervision required to align with the contractor's programme;
- i) approves a decrease to PSP 17483 – Peacocke Strategic Wastewater design and contract management by \$650,000, setting a lower Approved Contract Sum at \$9,350,000 to offset h) above; and
- j) notes that the decision and information in relation to this matter be released at the appropriate time, to be determined by the Chief Executive.

### **C3. Information Services - Civica Contract Renewal**

#### **Resolved:**

That the Finance and Monitoring Committee:

- a) receives the report;
- b) approves the contract renewal of the Civica PTY Limited for the period of 36 months to 30 June 2027, at a value of no greater than \$1,705,000 based on negotiations to date;
- c) delegates authority to the General Manager Customer, Technology and Transformation to finalise and execute the above contracts; and
- d) notes that the decision and information in relation to this matter be released at the appropriate time, to be determined by the Chief Executive.