

Minutes of the Finance and Governance Committee Meeting held in Council Meeting Room One, Environment Bay of Plenty, 5 Quay Street, Whakatane on Thursday, 8 April 2010 commencing at 9.30 a.m.

Present:

Chairman: I Noble

Deputy Chairman: J Nees

Councillors: T Eru, R Ford, J Mansell, P Sherry, A von Dadelszen

Ex Officio: Chairman J Cronin

In Attendance: Mayor Forbes (Opotiki District Council), S Marshall (Bancorp Treasury Services Limited), W Bayfield (Chief Executive), E Grogan (Group Manager Water Management), M McConway (Group Manager Technology), B Trott (Group Manager Corporate Services), A Bridge (Corporate Property Manager), B Campbell (Community Relations Manager), A Dixon (Asset Accountant), L Hastie (Management Accountant), J Warnes (Finance Manager), T Wilson (Financial Accountant), S Cubbon (Committee Administration)

1 Chairman's announcement – presentation from Opotiki Mayor Forbes

Committee Chairman, Councillor Noble, welcomed John Forbes, Mayor of Opotiki. He advised Mayor Forbes had hoped to present to full Council, however that had not been possible so he was invited to put forward his overview of the importance of Opotiki to the Bay of Plenty region to members the Finance and Governance Committee.

The PowerPoint presentation from Mayor Forbes offered an insight into planned developments underway in Opotiki that it was expected would significantly transform Opotiki district, socially and economically.

Mayor Forbes' presentation also encompassed a broad picture of the relevance of Local Government, comprising 12 regional councils and 73 local authorities made up of 1,025 elected members and approximately 44,000 employees. Members were advised that in all, local authorities contributed approximately 3.4 percent of GDP in New Zealand.

Speaking as a member of the Local Government New Zealand National Council, Mayor Forbes shared his views on the current Auckland Super City situation and that of Environment Canterbury.

Commenting that the Bay of Plenty was probably the most coherent and functional region in the country, Mayor Forbes said they were regarded nationally as a region that

worked as a team. He commended the Chief Executive and Councillors on the good job they were doing.

Adjournment

The Chairman called an adjournment for morning tea at 10.12 a.m. and the meeting reconvened at 10.30 a.m.

2 Reports

2.1 Rotorua District Council Sewerage Reticulation Funding Request

The Group Manager Water Management, Eddie Grogan told members a written request had come from Rotorua District Council for consideration to be given to part funding of a sewerage reticulation scheme for Paradise Valley and Fairy Springs (Rotorua). This particular area was not included as part of the Mfe Deed funded sewerage reticulation, although central government funding would be sought.

Mr Grogan advised the proposal appeared to satisfy the Council's criteria for financial assistance to community sewerage reticulation, and he answered questions regarding contributions.

Resolved

That the Finance and Governance Committee under its delegated authority:

- 1 Receives the report, Rotorua District Council Sewerage Reticulation Funding Request.**
- 2 Without commitment, invites Rotorua District Council to make a submission as part of the draft Annual Plan 2010/2011 process seeking funding of \$177,839 for the sewerage reticulation scheme.**

von Dadelszen/Nees
CARRIED

2.2 Group Managers' report

Group Manager Technology, Miles McConway updated the Committee on progress with the Information Management Services review, the outcomes to be reported to the Committee in the last quarter of this financial year.

Mr McConway reported on the collaboration with Tauranga City Council and the Port Company providing fibre to the Rata Street office, enabling the service to be delivered at a fifth of the original cost.

Members received an update on the Council Regional Network Platform, Mr McConway advising that the fibre network linking six of the nine BoPLASS councils was due to be lit up with interconnected capability by the end of April.

Chairman's Announcement

The Chairman noted that the information to be presented by Mr Stuart Marshall, from Bancorp Treasury Services Limited, in relation to the PPS Investment Performance

might be of benefit to the Committee in considering other items on the agenda, including Item 7 of the Group Managers' report. He ruled that the information be received in confidence.

3 **Resolution to exclude the public**

THAT the public be excluded from the following parts 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 are as follows:

3.1 **PPS Presentation, Bancorp Treasury Services Limited**

Reason

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret.

Grounds

That the public conduct of the relevant part of the proceedings of the meeting would likely result in the disclosure of information for which good reason for withholding would exist.

**Cronin/Noble
CARRIED**

The meeting resumed in Open Session at 11.40 a.m.

3.2 **Group Managers' report continued**

Members returned to discussion of the Quayside review and questioned the appointment of PricewaterhouseCooper to give expert advice in this matter, given that they were involved in creating the structure. They were assured that interviews would be conducted with all councillors who indicated a wish to be interviewed as part of the review process.

Resolved

That the Finance and Governance Committee under its delegated authority:

- 1 Receives the report, Group Managers' report.**

**Noble/Ford
CARRIED**

3.3 Financial Statements for the period ending 31 January 2010

Brian Trott (Group Manager Corporate Services) presented the Financial Statements for the period ending 31 January 2010.

Resolved

That the Finance and Governance Committee under its delegated authority:

- 1 Receives the report, Financial Statements for the period ending 31 January 2010.

Nees Noble
CARRIED

3.4 Financial Statements for the period ending 28 February 2010

The Financial Statements for the period ending 28 February 2010, were presented by the Group Manager Corporate Services, and both he and the Group Manager Water Management responded to questions raised by members.

Resolved

That the Finance and Governance Committee under its delegated authority:

- 1 Receives the report, Financial Statements for the period ending 28 February 2010.

Cronin/Nees
CARRIED

3.5 PPS Investment Fund Performance Report for the month ending 31 January 2010

The report informed the Committee of the financial performance of the PPS Investment Fund for the month ended 31 January 2010, and was supported by a report from advisors, Bancorp Treasury Services Limited.

Resolved

That the Finance and Governance Committee under its delegated authority:

- 1 Receives the report, PPS Investment Fund Performance Report for the month ending 31 January 2010.

Nees/Noble
CARRIED

3.6 PPS Investment Fund Performance Report for the month ending 28 February 2010

PPS Investment Fund Performance Report for the month ending 28 February 2010 was presented by the Group Manager, Corporate Services.

Resolved

That the Finance and Governance Committee under its delegated authority:

- 1 Receives the report, PPS Investment Fund Performance Report for the month ending 28 February 2010.

Nees/Noble
CARRIED

3.7 PPS Investment Fund Performance Report for the quarter ending 31 March 2010

The report served to inform Council of the financial performance of the PPS Investment Fund for the three months ending 31 March 2010.

Correction

Members were advised that the average yield of the portfolio quoted in the final paragraph, Page 27, as falling from 8.02% during the quarter had in fact fallen from 8.26%.

Resolved

That the Finance and Governance Committee under its delegated authority:

- 1 Receives the report, PPS Investment Fund Performance Report for the quarter ending 31 March 2010.

Cronin/Nees
CARRIED

3.8 Rating Review Update

The update for members on the decisions of the Regional Special Projects meeting on 17 March 2010 in respect of Rotorua Lakes targeted rates was provided by the Group Manager Corporate Services. He advised that the finance team were developing financial modelling for two options recommended by the Regional Special Projects Committee.

Mr Trott informed members a workshop was scheduled for 25 May 2010. Discussion would include an analysis of the current funding system and an in depth review of the two recommended options from the Regional Special Projects Committee.

Resolved

That the Finance and Governance Committee under its delegated authority:

- 1 Receives the report, Rating Review Update.

Noble/Nees
CARRIED

3.9 Organisational Procurement

The report provided background to the organisational procurement project leading to the development of a draft Procurement Policy. Brian Trott pointed out Council currently had 3,500 suppliers, and the aim was to actively manage and streamline the process, effecting cost savings. A more strategic approach would require staff resourcing to undertake ongoing supplier management, provide staff support, carry out reviews, analyse spending data and report on savings. This was not currently funded and the Group Manager Corporate Services asked the Committee to approve additional funding of \$75,000 to enable the organisation procurement project to be implemented.

Members discussed their reluctance to accept that additional staffing should be approved, and asked that any additional funding be found by senior managers from within existing staff expenditure.

Resolved

That the Finance and Governance Committee under its delegated authority:

- 1 Receives the report, Organisational Procurement.**
- 2 Confirms that the significance of the decision has been assessed as LOW, and under Section 79 of the Local Government Act 2002 (LGA) confirms that in light of the level of significance of the decision it does not require: (a) Further identification and assessment of different options under section 77 LGA; (b) Further investigation or consideration of community views under section 78 LGA; (c) Any further written record of the manner in which section 77 and section 78 matters have been addressed.**
- 3 Approve funding of \$75,000 from existing budgets to assist the organisation procurement project to be implemented.**
- 4 Agrees that an annual report on costs and savings of this initiative will be provided.**

**Cronin/Nees
CARRIED**

Councillor Ford requested that his vote **AGAINST** the resolution be recorded.

3.10 Committee work schedule

The Committee received a list of reports that will be provided to it in the coming months, additional to the routine Committee reports.

Members requested that a benchmarking report also be presented to Council by the Chief Executive.

Resolved

That the Finance and Governance Committee under its delegated authority:

- 1 Receives the report, Committee Work Schedule.**

**Nees/Cronin
CARRIED**

4 **Resolution to exclude the public**

THAT the public be excluded from the following parts 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 are as follows:

4.1 **PPS Binding Ruling Renewal - Application**

Reason

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret.

Grounds

That the public conduct of the relevant part of the proceedings of the meeting would likely result in the disclosure of information for which good reason for withholding would exist.

Cronin/Sherry
CARRIED

The meeting closed at 1.10 p.m.

