

Minutes for the meeting of the Strategy & Finance Committee of the Waikato District Council held via Audio Visual Conference on **MONDAY, 29 NOVEMBER 2021** commencing at **9:31 am**

Present:

Cr JM Gibb (Chairperson)
His Worship the Mayor, Mr AM Sanson
Cr AD Bech
Cr JA Church
Cr CA Eyre
Cr SL Henderson
Cr SD Lynch
Cr FM McNally
Ms M Moana-Tuwhangai
Cr RC McGuire
Cr EM Patterson
Cr JD Sedgwick
Cr NMD Smith
Cr LR Thomson
Cr CT Woolerton

Attending:

Mr G Ion (Chief Executive)
Mr T Whittaker (Chief Operating Officer)
Ms A Diaz (Chief Financial Officer)
Mr R MacCulloch (General Manager Service Delivery)
Mrs S O’Gorman (General Manager Customer Support)
Mr C Morgan (General Manager Community Growth)
Mr V Ramduny (Strategic Projects Manager)
Mr J Ebenhoh (Planning & Policy Manager)
Mr V Ramduny (Strategic Projects Manager)
Mr C Bailey (Finance Manager)
Ms M Russo (Corporate Planning Team Leader)
Ms L Hood (Corporate Planner)
Ms E Symes (Reserves Planner)
Ms R Law (Reserves Planner)
Ms J de Abreu (Financial Accountant)
Ms S Wilson (Communications Advisor)
Mr M Horsfield (Democracy Advisor)

APOLOGIES AND LEAVE OF ABSENCE

All members were present.

CONFIRMATION OF STATUS OF AGENDA ITEMS

Resolved: (Crs McInally/Cr Eyre)

THAT the agenda for a meeting of the Strategy & Finance Committee held on Monday, 29 November 2021 be confirmed and all items therein be considered in open meeting with the exception of those items detailed at agenda item 8 which shall be considered with the public excluded;

AND THAT all reports be received.

CARRIED

S&F2111/01

DISCLOSURES OF INTEREST

There were no disclosures of interest.

CONFIRMATION OF MINUTES

Resolved: (Crs Thomson/Woolerton)

THAT the minutes for the meeting of the Strategy & Finance Committee held on Monday, 18 October 2021 be confirmed as a true and correct record.

CARRIED

S&F2111/02

REPORTS

Action Register – November 2021
Agenda Item 5

The report was received [*S&F2111/02 refers*] and no discussion was held.

Blueprint Implementation Reporting and New Local Area for Gordonton and Port Waikato
Agenda Item 6.1

The report was received [*S&F2111/02 refers*] and the following discussion was held:

- Port Waikato and Gordonton currently do not have local area blueprints. Council was about to launch into the blueprint programme next year. There will be a soft launch, with posters and online information, with timing, surveying and an explanation of what is a blueprint.

- Council had been working on learnings from the initial rounds of blueprints. It was important that councillors received progress briefings.
- Noted that it was an exciting opportunity for the Port Waikato and Gordonton communities.
- Communities with existing blueprints will be engaged to ensure they are fit for purpose before proceeding with the planning of the next Long Term Plan.
- Community-Led Development & Funding Review – Funding for the blueprint and community aspirations budget was approved in October 2021. Staff were working on the structure for funding initiatives.
- Structured reporting will be provided regarding the progress of blueprints.
- Important not to imply that everything in the blueprint initiative will be council led and funded. Future blueprint report will have a section for Council led project versus Community led projects.

2021/22 First Quarter Non-Financial Performance Results

Agenda Item 7.1

The report was received [*S&F2111/02 refers*] and the following discussion was held:

- Environmental Health Key Performance Indicators (KPI) – The KPI “*The percentage of medium or higher risk category licensed premises inspected annually*” was not achieved. This was due to the KPI only being measured in the fourth quarter.
- Blueprint initiatives do not follow a specific KPI. Blueprints will have their own separate reporting. Important that blueprints KPI’s were presented formally. The integrated way that blueprint are developed and implemented make it difficult to capture within non-financial performance reporting.
- Staff had taken learnings on how to achieve KPI’s under COVID.
- Discussion held regarding remote inspections for food operations. Council was also reviewing how to remotely undertake building inspections.

ACTION: Staff to check whether the KPI “*The percentage of food operations that are required to be verified annually that are verified*” that were undertaken remotely related to the number of businesses or the quality of the businesses.

- Perception of high value rates – The KPI’s were presented against the residents surveys. The data from the survey was summarised in the report. There will be a new residents survey conducted by a new contractor. There will be more in depth analysis from the survey to notice trends and issues.
- Service requests – Progress had been made regarding the breakdown in the system and it is reflected in the KPI’s.

- Food premises – Question raised if inspections were taking place if the premises were open under the alert level system.

ACTION: General Manager Customer Support to check if inspections were being undertaken if food premises were open under alert level restrictions.

Financial Performance Summary for the Period Ending 31 October 2021

Agenda Item 7.2

The report was received [*S&F2111/02 refers*] and the following discussion was held:

- Financial position was as forecasted, other than revenue, due to the delay in vesting assets from Waka Kotahi, notably sections of SH1. It was anticipated to be vested on the 30th June 2021 but had not occurred.
- GST error – The sum equalled \$29,000. The error was highlighted in finance expenses. Unfortunately due to staff changes, a formula had been overwritten in Microsoft Excel and the figure stayed the same. The error was noticed later on and Council self-declared the issue to IRD and paid the penalty. The system will now be thoroughly peer-reviewed. Staff were confident that the issue will not reoccur. Questions raised why Council was still using Excel spreadsheets and not commercial systems. Staff noted that the process was being reviewed, including the option of using commercial systems. Many large businesses use Excel spreadsheets.
- Fringe Benefit Tax – The processing system will be reviewed by Price Waterhouse Cooper in February 2021.
- There will be further assets that are expected to be vested in the next financial year.
- Watercare – Watercare activity levels were below expectations. This was due to the inability to get into areas where work needed to be done, particularly for maintenance caused by alert level restrictions and lockdowns. Watercare were looking to catch up outstanding work before the end of the year. Further information will be provided at the Infrastructure Committee meeting on Wednesday 1st December 2021.
- Personnel costs were higher than previous years due to wage inflation and an increased number of staff. There had been a number of vacancies filled and budgeted new roles. There were 26 new roles budgeted in the Long Term Plan (LTP) for the current year.
- Rates income above forecasts levels – Capital values had increased more than initially thought when the LTP was set. This impacts general rates and funds the operating costs at council. There will likely be a small surplus this year but staff cannot say how this will impact services that are not general rate funded. Council still waiting for the final recommendations for the rate process. Council was still waiting for the outcomes of the valuations objections process.

Once the outcomes had been received there may be an adjustment to the rates on the dollar. Council had made an assumption of how many properties were built but Council did not accurately assume the capital value estimates.

- Penalties Revenue – Penalties revenue had tripled with 20% higher write offs. Collections had been good but they are taking longer to receive. There had been a higher number of remissions for individuals with a good history of payment, and the remissions system was automatic for those individuals.

Treasury Risk Management Policy – Compliance Report on 31 October 2021

Agenda Item 7.3

The report was received [*S&F2111/02 refers*] and the following discussion was held:

- There were two areas of non-compliance costs. Firstly, the year to date borrowing costs which were slightly above budget due to the unbudgeted interest payment due to the GST return error. Secondly, external debt which was outside the fixed/floating interest rate limits.
- In November 2021, Council entered into new borrowing, with \$5 million in new borrowing and \$5 million reinvested in a new term deposit.
- Council will be participating in the December tender for a further \$10 million for further borrowing.
- 90 day bill rate – When the budgets were set Council expected the rate to remain steady and did not expect the recent changes in the rate. Council receives thorough data from Price Waterhouse Cooper regarding interest rates, which Council can use for modelling and assessing what the interest rate will look like moving forward.
- Staff were in the process of reviewing the Treasury Risk Management Policy with the assistance from Price Waterhouse Cooper and which will be presented to the committee when completed. The current reporting charts will not be removed from further reporting. New policy was meant to be in place in December 2021 but there will be another workshop in the new year before being presented to the committee.
- Council had a number of interest rate swaps in place, however the swaps were in place based on a capital expenditure programme that has changed significantly due to COVID.
- Accountability for the GST issue – No more borrowing had been taken to resolve the issue. There had been an interest charge but its not from borrowing.
- Forward Planning Cover – Question raised regarding interest rate swap cover for forward planning. There was forward momentum for project management. Cash flows were genuine for what costs were expected however COVID has caused disruption. The interest rate swaps rolled for 18 months. Council will take advice from Price Waterhouse Cooper for advice on how to manage disruptions from COVID.
- Staff were working on how the three waters reform will work regarding interest rate swaps.

Ruawaro Tennis Court Funding Solution

Agenda Item 7.4

The report was received [*S&F2111/02 refers*] and discussion was held.

- The standard of the tennis court has deteriorated. When Council took over the courts, the astroturfs were already aged. Volunteer organisations had taken care of the courts and they had lasted longer than expected.
- The courts were well supported by Ruawaro Tennis Club. The courts were well patronized. The courts were used in a inter-club circuit. The facilities are locked and only available to members, but also available to the Ruawaro School next door.

ACTION: The reserve planner to check that goals are not to be placed on the tennis court.

- Question raised regarding how many tennis courts in the district were open to the public. Noted that the courts were locked due to theft and damage. The astroturf courts need to be protected. There are also courts available nearby in Huntly for public access.
- Question raised what will be the impact on other LTP projects by bringing the project budgeting forward. The Open Spaces team will bring together smaller projects and no other projects will be disadvantaged with the addition of bringing forward this project.
- Noted that Council needs to look at documenting for who is responsible for paying for equipment and maintenance of club facilities such as court surfaces and nets.

ACTION: Staff to look at developing a policy or guidelines for what clubs can expect in regard to maintenance assistance.

Resolved: (Cr Smith/His Worship the Mayor)

THAT \$200,000 of the District Wide Parks and Reserves budget IRG-10000-C0-0000-0424 from year 3 (2023-24) of the 2021-31 Long-term Plan, be made available to undertake the capital improvements at Ruawaro Tennis Courts in the current financial year (2021-22).

CARRIED

S&F2111/03

Recovery of Pokeno and Tuakau Water and Wastewater Service Connection and Authorisation Fees
Agenda Item 7.5

The report was received [S&F2111/02 refers] and the following discussion was held:

- Wastewater infrastructure growth charges from Watercare were pre-purchased to support 2,000 new homes in Pokeno and Tuakau in 2017. This was taken as a capital cost. Council has now exhausted the 2,000 infrastructure growth charges and Council cannot capitalise on the costs any longer. Staff were now looking to amend the fees and charges to include the infrastructure growth charges.
- Question raised regarding the certainty whether the additional costs that will go into fees and charges will remain stable with Watercare or the costs will continue to increase for connection costs. Noted in 2021-22, the costs will be fixed but Watercare reviews the connections costs annually.
- The timings for the charge will be changed.
- Noted that the Water Governance Board needs to have a conversation with Watercare, as Council now has to find mechanisms to recover connection fees due to Watercare being unwilling to honour the arrangement that was in place. The Chief Executive noted that Council took the initiative to pre-buy capacity and that the situation has changed as growth has accelerated. Watercare has pressures due to Auckland's growth aspirations.

ACTION: Chief Executive to discuss the issue with the Water Governance Board.

- Concern that Council was a minor customer to Watercare's main shareholder (Auckland Council) and whether Waikato District Council had priority to deliver the services for water in the northern area of the Waikato District.
- Watercare did not anticipate more than one wet industry in Pokeno, and Watercare has been a good partner for delivering wastewater in the district.
- Developers will pay the fees and charges that will incorporate the service connections.

Resolved: (His Worship the Mayor/Cr Bech)

THAT the Strategy & Finance Committee recommend that Council approve the inclusion of the Pokeno and Tuakau water and wastewater service connection and authorisations fees as follows:

Pokeno and Tuakau Service Connection and Authorisation Fees

The purpose of the service connection and authorisation fees is to recover the costs of connections to the water and wastewater treatment infrastructure from those persons undertaking development that the costs relate to.

Description	Charge 2021/2022 (\$ (incl. GST)	Charge 2022/2023 (\$ (incl. GST)	Charge 2023/2024 (\$ (incl. GST)
Pokeno and Tuakau service connection and authorisation fee - Water	\$2,666.72	\$2,880.00	\$3,110.00
Pokeno and Tuakau service connection and authorisation fee -	\$4,016.00	\$4,337.00	\$4,684.00

CARRIED

S&F2111/04

Library Agreement with Hamilton City Council

Agenda Item 7.6

The report was received [S&F2111/02 refers] and the following discussion was held:

- Increased uptake was 23%. There was a cost increase for membership that had been locked in for the remainder of the 2021-2031 LTP. The increased cost was budgeted within the current LTP.
- The debate for regional libraries had been re-energised and staff will start discussing this with the Hamilton City Council.
- There had been better reporting from Hamilton City Council for attendance by Waikato District Council ratepayers. The relationship between the Hamilton City Council and Waikato District Council libraries teams had been strengthened.

ACTION: An outline be provided to Cr Eyre regarding who was eligible to access Hamilton City Council libraries and the zoning within Waikato District Council for who is eligible.

Annual Plan 2022/23 Assumptions
Agenda Item 7.7

The report was received [S&F2111/02 refers] and the following discussion was held:

- Staff were not anticipating any of the content in the report would result in consultation.
- Key assumptions include funding changes from Waka Kotahi, costs for the Hamilton-Metro Wastewater Business Case and water backflow devices. Waka Kotahi had in the past confirmed funding for the LTP, but they had bulk funded and work needs to be undertaken to confirm where the funding is allocated. Council does not have local share of aspects of what Waka Kotahi had proposed and staff were working through those issues.
- Concern noted regarding supply issues, and how this will impact the budget going forward and how it will impact the LTP.
- Delivering of Capital Works – Council needs to communicate optimistically and honestly regarding expectations for delivering capital works.

EXCLUSION OF THE PUBLIC

Agenda Item 8

The report was received [S&F2111/02 refers] and no discussion was held.

Resolved: (Ms Moana-Tuwhangai/Cr Patterson)

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:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Item number 1 – Confirmation of Public Excluded Minutes	Good reason to withhold exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)

