

MINUTES



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MEMBERSHIP: Her Worship the Mayor Rehette Stoltz (Chair), Josh Wharehinga (Deputy Chair), Colin Alder, Andy Cranston, Larry Foster, Debbie Gregory, Ani Pahuru-Huriwai, Rawinia Parata, Aubrey Ria, Tony Robinson, Rob Telfer, Teddy Thompson, Rhonda Tibble and Nick Tupara.

MINUTES of the FINANCE & PERFORMANCE/WHAKAHAERE PŪTEA ME ŌNA HUA Committee

Held in Te Ruma Kaunihera (Council Meeting Room), Awarua, Fitzherbert Street, Gisborne on Wednesday 21 February 2024 at 9:00AM.

PRESENT:

Her Worship the Mayor Rehette Stoltz, Colin Alder, Andy Cranston, Larry Foster, Debbie Gregory, Ani Pahuru-Huriwai, Rawinia Parata, Aubrey Ria, Tony Robinson, Rob Telfer, Daniel Thompson, Rhonda Tibble, Josh Wharehinga.

IN ATTENDANCE:

Chief Executive Nedine Thatcher Swann, Director Internal Partnerships & Protection James Baty, Director Engagement & Maori Partnerships Anita Reedy-Holthausen, Chief Financial Officer Pauline Foreman, Director Sustainable Futures Jo Noble, Director Community Lifelines Tim Barry, Revenue Team Leader Fiona Scragg, Democracy & Support Services Manager Heather Kohn and Committee Secretary Ariana Albert.

Secretarial note: Cr Parata, Chief Advisor- Maori Gene Takurua, De-Arne Sutherland, Michele Frey and attended the meeting via audio-visual link.

The meeting commenced with a karakia.

1. Apologies

MOVED by Cr Stoltz, seconded by Cr Wharehinga

That the apologies from Cr Tibble be sustained.

CARRIED

2. Declarations of Interest

There were no interests declared.

3. Confirmation of non-confidential Minutes

3.1. Confirmation of non-confidential Minutes 8 November 2023

MOVED by Cr Foster, seconded by Cr Thompson

That the minutes of 8 November 2023 be accepted.

CARRIED

3.1 Action Sheet

Action sheet noted.

3.2. Governance Work Plan

Governance Work Plan noted.

4. Leave of Absence

There were no leaves of absence.

5. Acknowledgements and Tributes

There were no acknowledgements or tributes.

6. Public Input and Petitions

There was no public Input or Petitions.

7. Extraordinary Business

There was no extraordinary business.

8. Notices of Motion

There were no notices of motion.

9. Adjourned Business

There was no adjourned business.

10.1. 24-17 Treasury Management for the Draft 2024-2027 Three Year Plan

Chief Financial Officer Pauline Foreman provided insight into the Liability Management and Investment Policy as part of the review of policies for the draft 2024-2027 three year plan and questions of clarification included:

- Notes that these are two umbrella policies that sit above our Treasury Policy. These umbrella policies are reflected in the statutory requirements of the Local Government Act (LGA). The Treasury policy goes more in-depth with how council is doing and is more operational. These will go out alongside the Long Term Plan (LTP) for consultation.
- Gisborne Holdings Limited (GHL) investment policy sits as a subset to Councils Investment Policy. The Investment policy provides expectations around GHL performance monitoring.
- The Financial strategy sits above both the Investment and Liability Management Policy. The Financial strategy breaks down Council borrowing forecasts for the next three years, projecting council debt. This projects that peak borrowing will be around 2028 - 2029 with the trend starting to decline around 2034.

- Between 80% and 90% of the Council's reserves are comprised of depreciation reserves. These reserves are not cash backed, where funds are raised, and applied when assets or principle payments are needed. The Revenue and Financing policy addresses the characteristics of these reserves and outlines the acceptable methods for their utilization.

MOVED by Cr Wharehinga, seconded by Cr Foster

That the Finance & Performance/Whakahaere Pūtea me Ōna Hua Committee:

1. Approves the Liability Management Policy for inclusion in the draft 2024 – 2027 Three Year Plan.
2. Approves the Investment Policy for inclusion in the draft 2024 – 2027 Three Year Plan.

CARRIED

Secretarial note: Cr Tibble joined the meeting at 9:35am.

10.2. 24-25 2024 Proposed Fees and Charges

Chief Financial Officer Pauline Foreman spoke to the report and answered questions of clarification including:

- The increase of fees and charges of 2.9% is attributed to the rate of inflation set by Business and Economic Research Limited (BERL), who establish the scale for local government.
- Water Meter Fees: a cost recovery review has not been conducted in the past three years. Costs of water production have increased and paired with the rise of inflation, increased depreciation and operational expenses.
- It should be noted, that while the Waipaoa Plant is being used, its operating costs are much higher than more cost-effective Waingake Plant. The Waipaoa Plant incurs greater expenses due to the extensive chemical treatment required for river water and the increased power demand, whereas the Waingake Plant benefits from the natural flow of gravity, making it more efficient in delivering water directly to customers.
- Notes to ensure that next year's Fees and charges, a comparison of costs from the previous year is included as a reference point to analyse cost increases.
- Commercial and industrial users are charged based by water meter. Residential (non-metered) users pay water usage fees through rates.

MOVED by Cr Wharehinga, seconded by Cr Gregory

That the Finance & Performance/Whakahaere Pūtea me Ōna Hua Committee:

1. Approves the draft 2024/25 Fees and Charges document for consultation.

CARRIED

10.3. 24-33 Revenue and Finance Policy and Rate Remission Policy

Chief Financial Officer Pauline Foreman spoke to the report and Revenue Team Leader Fiona Scragg answered questions of clarification including:

- Forestry weighted roading rates fall into the entire roading network pool and this network assesses the program of work to be conducted, the risks and damages associated with it, and from this, a calculated weighting is formed.
- As an integral component of this network, any damages resulting from industrial road usage are not directly charged to its respective sector. Instead, they are evaluated and accounted for within the broader network's risk assessment framework.
- Council conducted a review on the distribution of the roading funds three years ago, discovering that 60% of the funding was coming from city-based rate payers and the majority of the funding was being spent on the rural roading area.
- Review of forestry route damages are undertaken by Stantec, who provide Council with an impact assessment of the forestry sector to help Councils determine a weighting rate for the sector within the network. Through the Revenue and Finance Policy, Council will conduct a review of these rates annually.

MOVED by Cr Robinson, seconded by Cr Foster

That the Finance & Performance/Whakahaere Pūtea me Ōna Hua Committee:

1. Approves the Draft Revenue and Finance Policy for inclusion in the draft 2024 to 2027 Three Year Plan (3YP) for consultation.
2. Approves the Draft Rate Remission and Postponement Policy for inclusion in the draft 2024 to 2027 Three Year Plan for consultation.

CARRIED

Secretarial note: The meeting adjourned for morning tea at 10:25am and reconvened at 10:45am.

11.1. 24-21 Treasury Report - 31 December 2023

Chief Financial Officer Pauline Foreman spoke to the report and answered questions of clarification including:

- Council ideally wants how we fund projects to be Money-in, Money-out. For instance, what we spend on the roading network we try to make sure that any grants we receive are received around the same time and ensuring this doesn't go out of kilter. However, if we don't receive funds at the time where we need to pay our creditors, council is responsible for paying the interest costs that are incurred by holding the funds for this work.
- Extension of the Westpac monetary markets (short term cash flow) acts as a temporary facility to allow council to conduct business meeting our cash flow requirements.

MOVED by Cr Stoltz, seconded by Cr Ria

That the Finance & Performance/Whakahaere Pūtea me Ōna Hua Committee:

1. Notes the contents of this report.

CARRIED

11.2. 24-29 Financial Report 31 December 2023

Chief Financial Officer Pauline Foreman informed the committee on the financial report as at 31 December 2023 and answered questions of clarification including:

- During the first half of the year, Council has recorded a net surplus of \$2 million, slightly below the projections outlined in the Year-to-Date plan. This variance primarily stems from the GHL dividend, which has been signaled as unlikely to be paid.
- The work on the roading renewals program is ahead at 70% for BAU renewals to take advantage of the good weather. It is forecast to be within budget by year end.

MOVED by Cr Wharehinga, seconded by Cr Pahuru-Huriwai

That the Finance & Performance/Whakahaere Pūtea me Ōna Hua Committee:

1. Notes the contents of this report.

CARRIED

Secretarial Note: These Minutes include a public excluded section. They have been separated for receipt in Section 12 Public Excluded Business of Council.

13. Re-admittance of the public

MOVED by Cr Stoltz, seconded by Cr Wharehinga

That the Finance & Performance Committee:

1. Readmits the public

CARRIED

14. Close of Meeting

There being no further business, the meeting concluded at 12:35am.

Rehette Stoltz

MAYOR