

Minutes of a meeting of the Governance Committee

Held in the Council Chamber, Civic House, Trafalgar Street,
Nelson

On Thursday 14 August 2014, commencing at 9.04am

Present: Councillor I Barker (Chairperson), Her Worship the Mayor R Reese, Councillors L Acland (Deputy Chairperson), E Davy, K Fulton, B McGurk, G Noonan, and P Rainey, and Mr J Peters and Mr J Murray

In Attendance: Councillor M Ward, Chief Executive (C Hadley), Group Manager Corporate Services (N Harrison), Group Manager Strategy and Environment (C Barton), Group Manager Infrastructure (A Louverdis), Group Manager Community Services (C Ward), Senior Strategic Adviser (N McDonald), and Administration Adviser (G Brown)

Apology: Councillor P Matheson

1. Apologies

Resolved

THAT an apology be received and accepted from Councillor Matheson.

Noonan/Davy

Carried

2. Confirmation of Order of Business

The Chairperson advised that the public forum presentation identified on the agenda had been postponed to the following meeting.

There was agreement that item 8 on the agenda be considered before item 7.

There was no further change to the order of business.

3. Interests

There were no updates to the Interests Register, and no conflicts of interest with agenda items were declared.

4. Public Forum

4.1 There was no public forum.

5. Confirmation of Minutes – 3 July 2014

Document number A1214808, agenda pages 7-11 refer.

Resolved

THAT the minutes of a meeting of the Nelson City Council – Governance Committee, held on 3 July 2014, be confirmed as a true and correct record.

McGurk/Noonan

Carried

6. Status Report – Governance 14 August 2014

Document number A1160658, agenda page 12 refer.

Resolved

THAT the Status Report – Governance 14 August 2014 (A1160658) be received.

Davy/Acland

Carried

7. Chairperson’s Report

The Chairperson spoke about the 100th anniversary of World War One (WW1). He said that on Saturday 16th August 2014, Her Worship the Mayor would be attending an event at the Haven Road wharf and would be reading a speech from 100 years ago.

He informed the Committee that the Nelson Provincial Museum also had a WW1 exhibition commencing on Saturday 16th August.

He discussed that at the Governance Committee meeting on 6 November 2014 he anticipated feedback in relation to the parking charge removal and its effects on commercial and retail trade in Nelson.

FINANCE

8. Bad Debt Write-Off Year Ending 30 June 2014

Document number A1209224, agenda pages 31-32 refers.

The Chairperson advised that the bad debt write-off was a procedural matter.

In response to a question, Group Manager Corporate Services, Nikki Harrison explained that the debt was not classed as a 'bad debt' until June 2014 when Everyman Records Limited went into liquidation and that until this point payments were being received.

In response to further questions, Ms Harrison said that the legal obligation for the debtor to pay the debt remained, and that Council filed a claim within the first week with the liquidator. She advised that it was prudent financial management to write the debt off, and that this was a conservative accounting approach.

Ms Harrison advised that Council were an unsecured creditor, along with other companies. She said that the initial report from the liquidator illustrating assets and liabilities indicated that there would be no assets to recover, therefore further payments were unlikely.

There was general agreement that an additional report should be brought to the Governance Committee explaining why the bad debt had occurred and what mechanism had been decided to prevent this happening in the future.

Attendance: The meeting adjourned from 9.28am to 9.30am.

Resolved

THAT the report *Bad Debt write-off year ending 30 June 2014 (A1209224)* be received;

AND THAT the balance of \$230,875 plus GST owing by Everyman Records Limited be written off as at 30 June 2014.

Acland/Murray

Carried

Councillor Davy moved the following motion, seconded by Councillor Noonan

AND THAT the Council direct the Chief Executive to make a formal complaint of theft (by person in special relationship) with the Police in relation to the non-payment of ticket sales of ticket sales by Everyman Records to the Nelson City Council;

AND THAT the Chief Executive provides to the Police any documents or information in possession or control of the Nelson City Council to support the formal complaint of theft;

AND THAT an outside Auditor is requested to consider the internal activities of the Nelson City Council in relation to the obligations and processes that were in place pertaining to the continued use of

Everyman Records after the initial failure to forward the required revenue to the Nelson City Council.

Attendance: The meeting adjourned from 9.33am to 9.44am.

The motion was discussed and Councillor Davy withdrew the motion.

Resolved

AND THAT the Chief Executive is directed to report back to this Committee on the review of Council's arrangements with Everyman Records specifically and festival contractors generally;

AND THAT the Chief Executive report on the actions taken to recover the Everyman Records debt;

AND THAT the Chief Executive report on any changes in Council's policies and procedures to avoid similar situations occurring in the future.

McGurk/Davy

Carried

9. Finance Report for the Period Ending 30 June 2014

Document number A1223627, agenda pages 13-30 refer.

Ms Harrison advised that Council's Annual Report would be an item on a future Governance Committee meeting agenda, and that Council's year end position was better than projections due to staff expenditure being \$1.7 million under budget.

She explained that the June 2014 rainfall event would be included in the July and August payment and that the contingency budget of \$155,000 would be carried forward to cover this event. She advised that the rainfall event cost \$310,000 in total, therefore the remainder would be met from operating budgets.

In response to a question, Group Manager Infrastructure, Alec Louverdis said that the difference in budgets of \$180,000 to \$310,000, as previously reported to the Committee for the June rainfall event was due to the fact that this had been the best estimate available at the time.

In response to a question, Ms Harrison advised that there was a contingency budget for unforeseen events of \$155,000 each year and that the December 2011 event was being covered through the disaster recovery fund.

She informed the committee that additional funding for the Theatre Royal was made through the Annual Plan process for 2014/15 and that loan repayments would commence in that financial year.

There was discussion regarding the savings from the marina operating expenditure of \$62,000 and Mr Louverdis explained that this was due to a reduction in electricity costs and an unspent budget for dredging which would happen in the 2014/15 financial year.

Ms Harrison clarified that the \$113,000 overspend against projections for solid waste was not in relation to over-expenditure, but in relation to waste minimisation transfers with the offset in incomes.

In response to a question, Ms Harrison advised that the festivals expenditure was greater than expected due to additional costs for next year's festival programme and offsetting revenue.

There was a discussion about the additional \$50,000 capital expenditure required for a new retaining wall in Citrus Lane. In response to a question, Mr Louverdis clarified that the retaining wall was required to protect Council's services by way of an easement which had been damaged in the June rainfall event and that the wall would be on private land. He confirmed that the \$50,000 was an estimate to complete the works and the total cost would be funded by Council.

In response to a question, Ms Harrison explained that the parking revenue did not take into account the loss in revenue from the free parking which was initiated in July.

Ms Harrison clarified that the contract completion dates in attachment 3 were correct apart from the Maitai Walkway which was still ongoing and that the next financial report would include new projects for the new financial year.

Councillors discussed the capital expenditure graph on page 24 in relation to the \$2 million gap between the actual and projected expenditure and acknowledged that Council officers were delivering the capital budget in a timely manner and predominantly on budget, and this was an improvement from previous years.

Resolved

THAT the Finance Report for the Period ending 30 June 2014 (A1223627) and its attachments (A1223338, A1226654, A1213020, A793514, and A1173746) be received and the variations noted.

McGurk/Acland

Carried

Recommendation to Council

THAT Council approves continuing work on 2013/14 capital projects within the 2013/14 approved budgets, noting a report on carry

forwards will come to the Governance Committee's meeting on 25 September 2014;

AND THAT Council note the June 2014 rain event incurred unbudgeted operating expenditure of approximately \$260,000, and that \$155,000 of unspent contingency budget in 2013/14 be carried forward to fund this, with remaining operating costs from that event being met within 2014/15 operating budgets;

AND THAT Council approve an additional \$50,000 capital expenditure for a new retaining wall in Citrus Lane relating to damage from the June 2014 rain event.

Davy/McGurk

Carried

GOVERNANCE

10. Regional Community Outcomes

Document number A1217368, agenda pages 33-40 refer.

Policy Adviser, Susan Moore-Lavo explained that Council had been approached by Tasman District Council (TDC) to ensure that Nelson's community outcomes could be aligned with TDC's. She advised that Councillors Noonan and Ward were the elected representatives from Nelson City Council.

Ms Moore-Lavo advised that attachment 1 illustrated the community outcomes from the meeting and that there was no real change to these outcomes from 2006, however the outcomes were framed differently.

In response to a question, Ms Moore-Lavo said that the bullet points had been discussed at a workshop earlier in the year.

There was a discussion that the outcomes should be aligned with the draft Long Term Plan and that the bullet points did not include relationships with Maori.

There were concerns raised at how these outcomes were to be measured and that Nelson 2060 needed to be considered as a part of the outcomes.

There was general agreement that a further workshop was required to review the bullet points however the high level outcomes were adequate.

Resolved

THAT the report Regional Community Outcomes (A1217368) and its attachments (A1218438 and A1204554) be received.

McGurk/Noonan

Carried

In response to a question, Senior Strategic Adviser, Nicky McDonald advised the Committee that TDC would have the same high level outcomes but would have different bullet point descriptors.

Recommendation to Council

THAT Council approve the high level regional community outcomes to be included in the Long Term Plan for consultation.

Noonan/Davy

Carried

11. Exclusion of the Public

Resolved

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:

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
1	Governance Committee Minutes – Public Excluded – 3 July 2014 These minutes confirm the minutes of the Governance Committee of 22 May 2014, and	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none">• Section 7(2)(i) To carry out negotiations

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Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
	contains information relating to the Ridgeways Joint Venture Statement of Intent and Half-Yearly Report 2014.		

McGurk/Peters

Carried

The meeting went into public excluded session at 10.35am and resumed in public session at 10.36am.

During the public excluded part of the meeting, the Committee confirmed the public excluded minutes of 3 July 2014.

12. Confirmation of Minutes – 3 July 2014

Document number A1214815, agenda pages 3-4 refer.

Resolved

THAT the minutes of the part of a meeting of the Nelson City Council – Governance Committee, held with the public excluded on 3 July 2014, be confirmed as a true and correct record.

McGurk/Noonan

Carried

13. Re-admittance of the Public

Resolved

THAT the public be re-admitted to the meeting.

Acland/Davy

Carried

There being no further business the meeting ended at 10.37am.

Confirmed as a correct record of proceedings:

_____ Chairperson _____ Date