

MINUTES	MEETING	TIME
CORPORATE BUSINESS COMMITTEE	THURSDAY, 19 SEPTEMBER 2013	10.00AM

Minutes of a meeting of the **Corporate Business Committee**, held in the Council Chambers, Ground Floor, 175 Rimu Road, Paraparaumu on **Thursday, 19 September 2013**, commencing at 10.00am.

PRESENT:	Cr	R	Church	Chair
	Mayor	J	Rowan	
	Cr	D	Ammundsen	
	Cr	R	Booth	
	Cr	M	Cardiff	
	Cr	P	Ellis	
	Cr	P	Gaylor	
	Cr	K	Gurunathan	
	Cr	T	Lester	
	Cr	H	Wooding	
	Mr	R	Spratt	Māori Representative
ATTENDING:	Mr	J	Cootes	Chair, Ōtaki Community Board
	Mr	T	Daniell	Member, Paraparaumu/Raumati Community Board
	Ms	T	Evans	Acting Chief Executive
	Mr	S	Mallon	Group Manager Infrastructure Services
	Mr	S	McArthur	Group Manager Strategy & Partnerships
	Mr	W	Read	Group Manager Finance
	Ms	C	McAloon-Balfour	Manager, Corporate Planning & Reporting
	Ms	J	Gunn	Expressway Project Manager
	Mr	S	Hester	Property Asset Planner
	Mr	M	McGlinchey	Accounting & Financial Services Manager
	Ms	A	Kenna	Media Relations Manager
	Ms	D	Geerling	Democratic Services Advisor
	Mrs	J	Nock	Executive Secretary, Finance
LEAVE OF ABSENCE:	Cr	T	Lloyd	

CBC 13/09/184

#### **WELCOME**

The Chair welcomed everyone to the meeting, acknowledged members of the public and media and declared the meeting open.

The Chair read the Council Blessing.

CBC 13/09/185

#### **APOLOGIES**

##### **MOVED (Ammundsen/Ellis)**

**That apologies be accepted from Louella Jensen, Chair Paraparaumu/Raumati Community Board and Janet Holborow, Chair Paekākāriki Community Board.**

##### **CARRIED**

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CBC 13/09/186

### **30 MINUTES PUBLIC SPEAKING TIME**

#### Gavin Welsh

Gavin Welsh asked Councillors if they knew the understanding of derivative trading, the associated risks and what Council's policy around derivative trading was.

Warwick Read, Group Manager Finance explained that Council's interest rate swaps were covered in the Treasury Management Policy in the Long Term Plan and were an alternative to fixed rate loans.

Independent Treasury Management advice was provided to the Council on its management of interest rate swaps. Interest rate swap transactions were audited as part of the audit process and were subject to an independent valuation at the end of each year. There were tight controls in place for the management of Council's interest rate swaps as set out in Council's Treasury Management Policy. The Treasury Management Policy sets out these controls and interest rates swaps could not be used for speculative purposes. The interest rates swaps were in place to prudently manage Council's interest rate risks on its debt.

#### Mike Alexander

Mike Alexander wished everyone all the best for the Elections, commented on revaluing of land under roads and costs around harvesting of trees.

CBC 13/09/187

### **MEMBERS' BUSINESS**

#### (a) Public Speaking Time Responses.

Group Manager Community Services advised that a meeting would be held with Mike Alexander to discuss his concerns.

Group Manager Finance explained that in regard to the derivative financial instruments or interest rates swaps, under the Financial Reporting Standards, Council was required to obtain an independent market valuation of interest rate swaps at the end of each financial year. This was then compared to the market value of the swaps at the beginning of the year and the difference resulted in an unrealised loss or unrealised gain which was recorded in the statement of financial performance. Mr Read stressed that these unrealised gains or losses, which were recorded in the financial statements, would never be realised as it was just recording a book transaction at the 30 June each year.

The purpose of having interest rate swaps was to prudently manage the interest rate risk on Council's debt and protect Council's long term interest rates against increases. Interest rate swaps were not used for trading and the process was audited.

Members asked what savings had been made since 2002 by using interest rate swaps and these figures needed to be put on the Kāpiti Coast District Council website. Mr Read advised he would report back.

Members all agreed that they trusted the legal and financial advice they were given by Officers.

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- (b) Leave of Absence.  
There was no leave of absence.
- (c) Matters of an Urgent Nature.  
There were no matters of an urgent nature.
- (d) Declarations of Interest Relating to Items on the Agenda.  
There were no Declarations of Interest Relating to Items on the Agenda.

CBC 13/09/188

**MINUTES**

- (a) Confirmation of Minutes – 15 August 2013

**MOVED (Ellis/Ammundsen)**

**That the minutes of the Corporate Business Committee meeting held on 15 August 2013 be adopted as a true and correct record.**

**CARRIED**

*James Cootes arrived 10.34am*

- (b) Matters Arising  
There were no matters arising.
- (c) Matters Under Action

Group Manager Infrastructure Services detailed the process of the River Recharge following the 35 year resource consent being granted.

It was clarified that one of the 'general conditions' of the resource consent "*Council shall implement its proposed water conservation measures...*" included water meters and if changes were made to the use of water meters Council would need to discuss those changes with the Greater Wellington Regional Council, as these changes could potentially breach a resource consent condition.

Members suggested that a summary with key points on the resource consent be put on the Kāpiti Coast District Council website and requested a bold and factual statement be put in the public arena around the River Recharge process. Group Manager Community Services confirmed a media release was in place for when the appeals process was completed.

CBC 13/09/189

**DRAFT ANNUAL REPORT TO 30 JUNE 2013 (SP-13-972)**

Warwick Read, Group Manager Finance introduced Grant Taylor and Carolyn Dimond of Council's Auditors Ernst & Young.

Clare McAloon-Balfour, Manager, Corporate Planning & Reporting explained the performance aspect of the report and Mr Read commented on the financials.

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Mr Taylor advised that the Auditors had received good cooperation from Council staff and commented that Council was not trading in derivatives and the way Mr Read articulated the activity was consistent with their observations and confirmed the valuations with counter-parties. Ernst & Young had reviewed the valuation models that Council's independent treasury advisors had provided including financial statements and all valuations were appropriate. As Council had chosen to use interest rate swaps to fix Council's interest costs they confirmed this was a prudent risk management policy adopted by Council.

**MOVED (Church/Lester)**

**That the Corporate Business Committee considers the 2012/13 draft Annual Report (SP-13-972 Appendix 1 refers) and recommends, subject to any final changes from audit, the Report be adopted by Council on 3 October 2013.**

**CARRIED**

CBC 13/09/190

**RESIDENTS OPINION SURVEY 2013 – OVERVIEW ANALYSIS (SP-13-988)**

Stephen McArthur, Group Manager Strategy & Partnerships spoke to this report.

Members suggested a workshop be held in the new triennium regarding the direction in which they prioritise and the areas they feel Council should focus on going forward as part of their operational process. The Group Manager Community Services advised that the setting of priorities would be included in the induction process with Elected Members.

**MOVED (Ellis/Gurunathan)**

**The Council note:**

- **The attached report and commentary provided on the survey results in Appendix 1.**
- **That the mechanism for addressing any issues arising from these results is the Long Term Plan process.**
- **That these surveys provide both a snapshot of residents' perception at the time of the survey, and a comparative tool to establish trends over time. They therefore provide a means of monitoring the opportunities, issues and risks in the delivery of Council services, which can then be included in its corporate planning programme.**
- **That the areas of dissatisfaction expressed by survey participants may reflect general dissatisfaction due to influences outside Council's control, rather than specific dissatisfaction with the services provided by Council.**

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CBC 13/09/191

**WATER SUPPLY PROJECT – PROFESSIONAL SERVICES CONTRACT (IS-13-948)**

Sean Mallon, Group Manager Infrastructure Services spoke to the report

**MOVED (Mayor/Ammundsen)**

That Corporate Business Committee authorise the Chief Executive to alter the Water Supply Capacity Review and Options for Supplementary Supply contract with CH2M Beca to cover fees up to the receipt of resource consent for the Water Supply Project, up to the maximum value of \$3,645,000 (excluding GST).

**CARRIED**

CBC 13/09/193

**GRANTING OF A NEW LICENCE WITH VODAFONE NEW ZEALAND LTD FOR AN EXISTING TELECOMMUNICATIONS FACILITY AT RIWAI RESERVOIR (CS-13-959)**

Sean Hester, Property Asset Planner spoke to the report

*The Mayor left the meeting at 11.31am and returned at 11.34am*

*Cr Wooding left the meeting 11.34am and returned at 11.36am*

**MOVED (Ellis/Ammundsen)**

That the Corporate Business Committee authorises the Chief Executive Officer to negotiate and sign a licence agreement with Vodafone New Zealand Ltd for the existing telecommunications facility at the Kapiti Coast District Council-owned Riwai reservoir site as shown in Appendix 1 to report CS-13-0959, for a term of six years from 24 October 2014, plus two rights of renewal of six years each at a market rental agreed by both parties.

**CARRIED**

CBC 13/09/194

**CONTRACTS UNDER DELEGATED AUTHORITY (FIN-13-990)**

Warwick Read spoke to the report.

**MOVED (Mayor/Gurunathan)**

That the Corporate Business Committee notes that there were no contracts accepted under delegated authority over \$250,000 for the period 31 July to 30 August 2013.

**CARRIED**

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CBC 13/09/192

**PEKA PEKA TO NORTH OTAKI EXPRESSWAY: STATE HIGHWAY 1  
REVOCATION AGREEMENT (SP-13-984)**

Jane Gunn, Expressway Project Manager spoke to the report.

**MOVED (Gaylor/Booth)**

**That the Corporate Business Committee note the Agreement as to a process for the Revocation of State Highway 1 between Peka Peka and North Ōtaki (Appendix 1, SP-13-984)**

**That the Corporate Business Committee recommends that the Council give final approval to Agreement as to a process for the Revocation of State Highway 1 between Peka Peka and North Ōtaki (Appendix 1, SP-13-984)**

**CARRIED**

Mayor Jenny Rowan acknowledged the work carried out by staff involved in this report

The Chair thanked everyone for their time and effort over this triennium.

The meeting closed at 11.41am

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Chairperson

9. 10. 13.  
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Date

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Chief Executive

10/10/13  
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Date