



FINANCE COMMITTEE

Open Minutes

Meeting Date: Wednesday 6 December 2017

Time: 3pm – 4.01pm
4.29pm – 4.30pm

Venue Large Exhibition Hall
Napier Conference Centre
Marine Parade
Napier

Present: The Mayor, Councillor Wise (In the Chair), Councillor Boag, Brosnan, Dallimore, Hague, Jeffery, McGrath, Price [from 3.03pm], Tapine, Taylor, White [from 3.03pm], Wise, and Wright

In Attendance: Chief Executive, Director Corporate Services, Director City Infrastructure, Director City Strategy, Director Community Services, Manager Business Transformation and Excellence, Revenue and Treasury Manager, Manager Community Strategies, Manager Visitor Experiences, Libraries Manager, Manager Communications and Marketing, Senior Advisor Policy, Corporate Accountant

Gail Smits and Philippa Pearse – Quotable Value [Item 1]

Administration: Governance Team

Apologies

APOLOGIES

Councillors Brosnan / Wright

That the apologies from Deputy Mayor Faye White and Cr Keith Price be accepted.

Carried

Meeting note: DM White and Cr Price then arrived at 3.03pm as their conflicting meeting finished early.

Conflicts of interest

Nil

Public forum

Nil

Announcements by the Mayor

Nil

Announcements by the Chairperson

Nil

Announcements by the management

The results of the Havelock North water enquiry are now available online. A briefing will be provided to councillors on any actions required from the report's recommendations.

Confirmation of minutes

Councillor McGrath / Hague

That the Minutes of the meeting held on 25 October 2017 were taken as a true and accurate record of the meeting.

Carried

Notification and justification of matters of extraordinary business

(Strictly for information and/or referral purposes only).

AGENDA ITEMS

1. REVALUATION OF NAPIER CITY 2017

Type of Report: Procedural

Legal Reference: Local Government (Rating) Act 2002

Document ID: 415248

Reporting Officer/s & Unit: Ian Condon, Revenue and Treasury Manager

1.1 Purpose of Report

Quotable Value NZ (QV), Council's contractor for rating valuation services, will make a presentation to Council on the triennial revaluation of Napier City recently undertaken.

At the Meeting

Gail Smits and Philippa Pearse of QV spoke to their presentation, making the following points:

- The rating revaluation is done every three years, and is based on what is happening in the market place at the time.
 - A stringent independent audit is undertaken of the modelling and reviewed rating valuations.
 - Owners are notified by post of the new valuation and have until 19 January 2018 to lodge any objections in writing. This is best done online to ensure that all relevant information is collected.
 - The Napier market is performing well across all sectors but particular for residential sales.
 - The lower end of the market has seen the greatest percentage growth within the residential sector.
 - At least 80% of properties are inspected from the road as part of the valuations process; as the interiors are not viewed, this is typically where objections are raised i.e. a new kitchen may have been added and so on.
 - Seaward properties Whakarire Avenue, Westshore had been quite significantly discounted in previous valuations with the coastal erosion zone related restrictions but people have demonstrated a willingness to buy regardless, which has driven the valuations up this round.
 - Where there are very few properties in a sector (e.g. the rural sector), comparative sales from neighbouring districts and comparative other areas have been factored in as a form of benchmarking.
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Committee's recommendation

Councillors Hague / Brosnan

That Council

- a. Receive the presentation.

Carried

The representatives from QV left the meeting.

2. SETTING GENERAL RATES - OVERVIEW

Type of Report: Legal

Legal Reference: Local Government (Rating) Act 2002

Document ID: 412497

Reporting Officer/s & Unit: Ian Condon, Revenue and Treasury Manager

2.1 Purpose of Report

To provide background information on the underlying basis and process for applying general rate differentials. The information will enable a better understanding of the purpose of other rating related items on the agenda, and how each relates to the rate setting process.

At the Meeting

The Revenue and Treasury Manager provided an overview of the paper, noting:

- This report sets out the general rates differentials and forms a background to the ensuing rates reports. Once the rates percentages are set, these are then modelled against the new valuations from QV.
- Rates are set annually and cannot be changed once adopted. The following year's process for setting rates will allow for any new services or upgrades that may have been undertaken during the year.
- The UAGC calculation is set at about 20% of the overall rate take – the maximum percentage under statute is 30%. The level can be reset but only by Council resolution.

Committee's recommendation

Councillors Wright / Price

That Council

- a. Receive the report titled *Setting General Rates – Overview*.

Carried

3. RATING - 2017 REVALUATION OF NAPIER CITY

Type of Report: Procedural

Legal Reference: Local Government (Rating) Act 2002

Document ID: 412911

Reporting Officer/s & Unit: Ian Condon, Revenue and Treasury Manager

3.1 Purpose of Report

To summarise the changes in rateable value resulting from the triennial revaluation of Napier City in 2017, and to outline the rating effect of the revaluation on broad property categories, and on a range of selected residential, commercial and industrial properties.

At the Meeting

The Revenue and Treasury Manager provided an overview of the paper, noting:

- The report provides a summary of rating valuations received last week.
- The rating effect shown only incorporates the rating valuations at this stage and other factors will be added into the final rates later during the LTP process.

Committee's recommendation

Councillors Wright / White

That Council

- a. Receive the report titled *Rating – 2017 Revaluation of Napier City*.

Carried

4. ALLOCATION OF GENERAL RATE-FUNDED COSTS

Type of Report: Procedural

Legal Reference: Local Government (Rating) Act 2002

Document ID: 412969

Reporting Officer/s & Unit: Ian Condon, Revenue and Treasury Manager

4.1 Purpose of Report

To review the allocation of general rate-funded costs between residential and non residential properties as part of the process of establishing the differential to apply to general rates following the 2017 revaluation of Napier City.

At the Meeting

The Revenue and Treasury Manager provided an overview of the paper, noting:

- There has been gradual movement upwards in the residential/commercial split, from 67%/33% to 70%/30% over the course of 5 years. A principled approach is taken to ensure that the final split is a defensible result across the activities.

Committee's recommendation

Councillors White / Taylor

That Council

- a. Approve the allocation of general rate funded costs on the basis of 70% residential / 30% non-residential, to apply from 1 July 2018.

Carried

5. COST OF COUNCIL SERVICES SUPPLIED TO BAYVIEW

<i>Type of Report:</i>	Procedural
<i>Legal Reference:</i>	Local Government (Rating) Act 2002
<i>Document ID:</i>	414420
<i>Reporting Officer/s & Unit:</i>	Ian Condon, Revenue and Treasury Manager

5.1 Purpose of Report

To review the assessed cost of general rates funded services provided to Bay View as part of the process of establishing the differential to apply to general rates following the 2017 revaluation of Napier City.

At the Meeting

There was no discussion on this item.

Committee's recommendation

Councillors Brosnan / Tapine

That Council

- a. Approve that the differential applying to the Bay View Rating Area be adjusted for 2018/19 to enable the assessed cost of supplying general rate funded services to Bay View properties be fully recovered collectively from these properties.

Carried

6. COST OF COUNCIL SERVICES SUPPLIED TO RURAL PROPERTIES

<i>Type of Report:</i>	Procedural
<i>Legal Reference:</i>	Local Government (Rating) Act 2002
<i>Document ID:</i>	414427
<i>Reporting Officer/s & Unit:</i>	Ian Condon, Revenue and Treasury Manager

6.1 Purpose of Report

To review the assessed cost of general rates funded services provided to rural properties as part of the process of establishing the differential to apply to general rates following the 2017 revaluation of Napier City.

At the Meeting

There was no discussion on this item.

Committee's recommendation

Councillors Wright / White

That Council

- a. Approve that the differentials applying to rural properties be adjusted for 2018/19 to enable the assessed costs of supplying general rate funded services to rural property to be recovered collectively from these properties.

Carried

7. REPRESENTATION REVIEW: ENGAGEMENT UPDATE

Type of Report: Information

Legal Reference: Local Government Act 2002

Document ID: 406865

Reporting Officer/s & Unit: Jane McLoughlin, Team Leader Governance

7.1 Purpose of Report

To provide an update on the Representation Review project, data-gathering and pre-consultation phase.

At the Meeting

Officers were congratulated on the comprehensive pre-consultation undertaken. It was noted that it was particularly pleasing that a wide variety of people were engaged by a variety of new methods, and the final number of respondents was well above that required for a statistical relevant result.

It was noted that consultation processes should continue to utilise a wide range of outreach methods with a particular focus on youth.

Committee's recommendation

Councillors Boag / Hague

That Council:

- a. Receive the report titled 'Napier City Council Representation Review Survey' prepared by SIL Research.
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- b. Note the summary report from Officers on the engagement undertaken during the pre-consultation phase of the Representation Review project.
 - c. Note that Officers will next report to Council early next year once modelling options have been prepared for consideration.

Carried

8. QUARTERLY REPORT FOR SEPTEMBER 2017

<i>Type of Report:</i>	Procedural
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	423027
<i>Reporting Officer/s & Unit:</i>	Caroline Thomson, Chief Financial Officer

8.1 Purpose of Report

To consider the Quarterly Report on performance by Activity Group for the period 1 July 2017 to 30 September 2017.

At the Meeting

Thanks were extended to the team that produce the Quarterly report, noting that each time it is refined to ensure a more user friendly format.

In response to a question from councillors it was advised that the delays in the street lighting contract were due to the availability of a subcontractor, and generally indicative of how stretched businesses in the construction industry are currently.

DECISION OF COUNCIL

Councillors Wise / Boag

That the Committee

- a. Receive the Quarterly Report for the period 1 July 2017 to 30 September 2017.

Carried

9. SIGNIFICANCE AND ENGAGEMENT POLICY

<i>Type of Report:</i>	Legal
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	426034
<i>Reporting Officer/s & Unit:</i>	Adele Henderson, Director Corporate Services Natasha Carswell, Manager Community Strategies

9.1 Purpose of Report

1.1. The Local Government Act 2002, Section 76AA requires every local authority to adopt a policy setting out how the local authorities determine significance of proposals and decisions in relation to issues, assets and other matters. The policy determines how the criteria or procedure are applied and how the community engagement and/or consultation will be carried out.

At the Meeting

In response to questions from councillors it was clarified that:

- Decisions on engaging with mana whenua or tangata whenua are based on legislative stipulations (of the Local Government Act 2002) and the advice of the Pou Ārahi/ Strategic Māori Advisor where the law may not be clear.
- The Policy is intended to present how, when and on what we will engage, rather than how reputational risk will be managed. Risk is one factor that is considered during the planning phase of any project, including how any risks identified will be managed.
- Each time the Policy is triggered the proposed consultation will be brought to Council for approval, as part of the paper to Council.

DECISION OF COUNCIL

Councillors Brosnan / Wright

That Council:

- a. approve and adopt the Significance and Engagement Policy as attached.

Carried

Councillor Tapine against

The meeting was adjourned at 4.01pm to allow the open agenda of the Community Services committee to proceed.

The meeting reconvened at 4.29pm

PUBLIC EXCLUDED ITEMS

Councillors Boag / Price

That the public be excluded from the following parts of the proceedings of this meeting, namely:

1. Re-appointment of independent members to the Audit and Risk Committee

Carried

The general subject of each matter to be considered while the public was excluded, the reasons 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 were 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) to the passing of this resolution.
1. Re-appointment of independent members to the Audit and Risk Committee	7(2)(g) Maintain legal professional privilege	48(1)A 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 for which good reason for withholding would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.

The meeting moved into committee at 4.30pm

Approved and adopted as a true and accurate record of the meeting.

Chairperson

Date of approval