
Minutes of a meeting of the Governance Committee

**Held in the Council Chamber, Civic House, 110 Trafalgar Street,
Nelson**

On Thursday 9 March 2017, commencing at 10.23am

Present: Councillor I Barker (Chairperson), Her Worship the Mayor R Reese, Councillors M Courtney, B Dahlberg (Deputy Chairperson), P Matheson, G Noonan, M Rutledge, and T Skinner, Mr J Murray and Mr J Peters

In Attendance: Councillors B McGurk and S Walker, Chief Executive (C Hadley), Group Manager Infrastructure (A Louverdis), Group Manager Strategy and Environment (C Barton), Group Manager Community Services (C Ward), Group Manager Corporate Services (N Harrison), Senior Strategic Adviser (N McDonald), Manager Communications (P Shattock), Risk and Procurement Analyst (S Vaughan), Internal Audit Analyst (L Anderson), Administration Adviser (S Burgess), and Youth Councillors (L Bloomfield and L Wilkes)

Attendance: The meeting opened and adjourned from 10.23am to 10.50am.

1. Apologies

There were no apologies.

2. Confirmation of Order of Business

The Chairperson advised of one late item for the public excluded part of the meeting, and that the following resolution needed to be passed for the item to be considered:

- 2.1 Director appointment for Port Nelson Limited, Late Item Memo M2393 refers

Resolved GOV/2017/001

That the Committee

Considers the public excluded item regarding

Director appointment for Port Nelson Limited at this meeting as a major item not on the agenda, pursuant to Section 46A(7)(a) of the Local Government Official Information and Meetings Act 1987, to enable a timely decision to be made.

Noonan/Dahlberg

Carried

3. Interests

Mr Murray declared an interest in the public excluded late item, Director appointment for Port Nelson Limited.

There were no updates to the Interests Register, and no further interests with items on the agenda were declared.

4. Public Forum

4.1 Steve Cross - Nelson Residents Association

Mr Cross gave a PowerPoint presentation (A1726426) regarding asset disposal and procurement practices.

Several members of the Committee felt that a report on the matters raised would be appropriate.

Resolved GOV/2017/002

That the Committee

Requests that a report be prepared for the Governance Committee on the matters raised in the public forum presentation by Mr Steve Cross on 9 March 2017.

Dahlberg/Skinner

Carried

Attachments

1 A1726426 - Steve Cross PowerPoint

5. Confirmation of Minutes

5.1 1 December 2016

Document number M2243, agenda pages 11 - 23 refer.

Mr Murray requested the following corrections to the minutes:

1. On page 15 of the agenda, in the second paragraph, the second sentence is to be replaced with *It was noted that Audit New Zealand would undertake a review of the Liability Management Policy and the Investment Policy at a level to suit its objective*

needs, and as Council's needs were likely different, Council should undertake its own review of these policies.'

2. Additional sentence on page 16 of the agenda, in item 10, after the final paragraph: *'While the Committee acknowledged the staff position, the Committee did not endorse not meeting the deadline due to lack of resources'.*

Resolved GOV/2017/003

That the Committee

Confirms the amended minutes of the meeting of the Governance Committee, held on 1 December 2016, as a true and correct record.

Murray/Rutledge

Carried

6. Status Report - Governance Committee - 9 March 2017

Document number R7256, agenda pages 24 - 26 refer.

Officers responded to questions regarding items on the status report.

Resolved GOV/2017/004

That the Committee

Receives the Status Report Governance Committee 9 March 2017 (R7256) and its attachment (A1160658)

Dahlberg/Courtney

Carried

7. Chairperson's Report

Document number R7246, agenda pages 27 - 29 refer.

The Chairperson presented his report and summarised the Councillor Liaison role with the Nelson Tasman Business Trust (the Trust).

Councillor Rutledge was nominated for the liaison role. It was advised the Trust was aware the appointment was no longer at trustee level.

Resolved GOV/2017/005

That the Committee

Receives the report Chairperson's Report (R7246); and

Appoints Councillor Rutledge to the Councillor

Liaison role for the Nelson Tasman Business Trust for the 2016 – 2019 triennium.

Courtney/Noonan

Carried

8. Council Controlled Organisations: Local Government Act 2002 Obligations and Exemption

Document number R6609, agenda pages 30 - 34 refer.

Group Manager Community Services, Chris Ward, presented the report.

Resolved GOV/2017/006

That the Committee

Receives the report Council Controlled Organisations: Local Government Act 2002 Obligations and Exemptions (R6609).

Skinner/Courtney

Carried

Recommendation to Council GOV/2017/007

That the Council

Approves a continued exemption to the City of Nelson Civic Trust for the purposes of Section 6(4)(i) of the Local Government Act 2002, in accordance with Sections 7(3) and 7(6) of the Act and after considering the matters in Section 7(5) of the Act.

Rutledge/Dahlberg

Carried

9. Council's Key Organisational Risks 2017 First Quarterly Report

Document number R7030, agenda pages 35 - 52 refer.

Risk and Procurement Analyst, Steve Vaughan, presented the report.

The Committee agreed that John Peters and John Murray would be invited to the 11 April 2017 workshop on risk management and health and safety.

Councillor Matheson, seconded by Councillor Courtney, moved a motion:

That the Committee

Receives the report Council's Key Organisational Risks 2017 First Quarterly Report (R7030) and its attachment (A1695388); and

Notes that a workshop will be held for all Councillors and the external representatives of the Governance Committee on 11 April 2017 encompassing both core risk management concepts, and an overview of councillors' health and safety obligations.

Mr Vaughan responded to questions regarding Council's risk registers, the lack of a master risk register, how changes to risks were identified, the level of detail and transparency of controls, and the judgement process for risks. The Committee suggested it would be easier to consider the report if any changes to risk levels were made very clear.

The Committee commented on the risk of negative media exposure, how it was rated, the controls identified, and how controls could be better defined.

Attendance: Councillor Noonan left the meeting from 11.48am to 11.51am.

Resolved GOV/2017/008

That the Committee

Receives the report Council's Key Organisational Risks 2017 First Quarterly Report (R7030) and its attachment (A1695388); and

Notes that a workshop will be held for all Councillors and the external representatives of the Governance Committee on 11 April 2017 encompassing both core risk management concepts, and an overview of councillors' health and safety obligations.

Matheson/Dahlberg

Carried

10. Health and Safety: Quarterly Report

Document number R7020, agenda pages 53 - 63 refer.

Manager Organisational Assurance and Emergency Management, Roger Ball, and Health and Safety Adviser, Malcolm Hughes, presented the report.

Mr Ball and Mr Hughes responded to questions regarding hazard trends, incidents with intoxicated persons at libraries, and resources available to deal with officer safety matters. He explained the work underway to ensure internal reporting was consistent.

The Committee expressed concern regarding the use of alcohol and methamphetamine in Nelson, and the subsequent impact on Council services and officer safety.

Attendance: Her Worship the Mayor left the meeting from 12.24pm to 12.27pm.
Mr Murray left the meeting from 12.29pm to 12.30pm.

Resolved GOV/2017/009

That the Committee

Receives the report Health and Safety: Quarterly Report (R7020) and its attachment (A1710588).

Skinner/Matheson

Carried

Recommendation to Council GOV/2017/010

That the Council

Notes the report Health and Safety Quarterly Report (R7020) and its attachment (A1710588); and

Confirms the assessment of critical health and safety risks contained in the attachment (A1710588).

Skinner/Matheson

Carried

Attendance: The meeting adjourned for lunch from 12.42pm to 1.20pm.

11. Internal Audit Report to 31 December 2016

Document number R7185, agenda pages 64 - 73 refer.

Internal Audit Analyst, Lynn Anderson, presented the report and responded to questions regarding the status of various audits.

Resolved GOV/2017/011

That the Committee

Receives the report Internal Audit Report to 31 December 2016 (R7185) and its attachment (A1711559).

Peters/Murray

Carried

12. Remission Of Rates To Compensate For Business Disruption

Document number R7193, agenda pages 74 - 77 refer.

Group Manager Corporate Services, Nikki Harrison, and Group Manager Infrastructure, Alec Louverdis, presented the report.

Ms Harrison and Mr Louverdis responded to questions regarding research undertaken to inform the officer report, specific consultation undertaken regarding the civil works on Waimea Road in 2016, the duration of the works, and business interruption insurance.

Attendance: Councillor Rutledge left the meeting from 1.45pm to 1.47pm.

Councillor Matheson, seconded by Councillor Dahlberg, moved the recommendation in the officer report.

The Committee debated the motion. Those in favour suggested it was not wise to set a precedent and develop a rates remission policy for businesses affected by civil works. Those who expressed favour for exploring option two in the report, to develop a draft policy for public consultation, felt that Council should support local businesses.

Resolved GOV/2017/012

That the Committee

Receives the report Remission Of Rates To Compensate For Business Disruption (R7193).

Matheson/Dahlberg

Carried

Recommendation to Council GOV/2017/013

That the Council

Confirms not to develop a rates remission policy for businesses affected by civil works undertaken by Council.

Matheson/Dahlberg

Carried

13. Insurance renewal 2017/18 - Infrastructure Assets

Document number R7244, agenda pages 78 - 82 refer.

Group Manager Corporate Services, Nikki Harrison, presented the report.

Ms Harrison explained that the insurance estimates in the report were conservative, and she provided further detail on the timing of the renewal.

Some concern was expressed that it was a significant decision to determine the level of insurance cover, and it may be difficult for the group delegated authority to determine the correct level of cover. It was

noted that the delegated group could call on advice from the external appointees to the Governance Committee if required.

Resolved GOV/2017/014

That the Committee

Receives the report Insurance renewal 2017/18 - Infrastructure Assets (R7244); and

Notes that information is being collated to inform a decision on whether to remain with the Local Authority Protection Program (LAPP) for Council's infrastructure insurance and also to understand the appropriate level of insurance cover.

Peters/Courtney

Carried

Recommendation to Council GOV/2017/015

That the Council

Approves delegating authority to the Mayor, Chair of Governance and Chief Executive to decide whether Nelson City Council should exit from the Local Authority Protection Program for Council's infrastructure insurance and the appropriate level of insurance cover, by the end of May 2017 and take any action required to give effect to the decision.

Peters/Courtney

Carried

14. Tendering processes

Document number R7135, agenda pages 83 - 130 refer.

The Chief Executive, Clare Hadley, and Group Manager Community Services, Chris Ward, presented the report.

Mrs Hadley said it was clear the organisations tendering processes had been inadequate and offered an apology.

Mrs Hadley said it was rare for a council to organise festivals internally, with most other councils contracting this service externally. She noted the challenge of working with a small pool of providers and contractors in Nelson, and the impact of including Office of the Auditor General timeframes into the process of arranging festivals.

Mrs Hadley advised that Council's contracts with elected members had been compliant under law, as approval had been sought and gained from

the Office of the Auditor General (OAG). She explained the grounds for retrospective OAG approval.

Mrs Hadley answered questions relating to historic requests from, and responses to, external parties regarding the management of elected member contracts for festival services.

In response to a question, Mr Ward provided further information regarding the event ticketing contract referenced in the Crowe Horwath report.

Mrs Hadley and Mr Ward responded to questions regarding the 2014 gap analysis on procurement processes, the total value of elected member contracts in 2014/15 and 2015/16.

It was noted that the Chief Executive Employment Committee was concurrently considering part of this matter.

The Committee considered whether enough information had been provided on the matter, or whether further in-depth investigation was required.

Councillor Matheson, seconded by Councillor Noonan, moved a motion to request a subsequent report. It was agreed that the wording of the motion needed to be developed and therefore an adjournment was required.

Attendance: The meeting adjourned from 2.47pm to 3.07pm.

The mover and seconder put forward the following motion:

That the Committee

Receives the report Tendering processes (R7135) and its attachments (A1713610 and R6796); and

Requests the Chief Executive to commission an external provider to prepare a subsequent report to the Committee to explore the issues raised in report R7135 (and its attachments) in terms of management of the requirements under the Local Authorities (Members' Interests) Act 1968 by Council, and how these matters will be addressed in future; and

Requests that this report also clearly outlines the roles and responsibilities of all parties in complying with the Local Authorities (Members' Interests) Act 1968; and

Notes that the full scope of this report will be agreed in advance by the Chair of the Governance Committee and Mr John Peters.

Councillors in support of the motion noted that further investigation could provide additional learning on the matter, with a focus on informing officers and elected members. Councillors against the motion felt that reporting had been adequate, contracts had been compliant, and systems were now in place to improve processes, therefore no further review was required.

Resolved GOV/2017/016

That the Committee

Receives the report Tendering processes (R7135) and its attachments (A1713610 and R6796); and

Requests the Chief Executive to commission an external provider to prepare a subsequent report to the Committee to explore the issues raised in report R7135 (and its attachments) in terms of management of the requirements under the Local Authorities (Members' Interests) Act 1968 by Council, and how these matters will be addressed in future; and

Requests that this report also clearly outlines the roles and responsibilities of all parties in complying with the Local Authorities (Members' Interests) Act 1968; and

Notes that the full scope of this report will be agreed in advance by the Chair of the Governance Committee and Mr John Peters.

Matheson/Noonan

Carried

FINANCE

15. Letter to the Council from Audit New Zealand on the audit for the year ended 30 June 2016

Document number R6978, agenda pages 131 - 140 refer.

Group Manager Corporate Services, Nikki Harrison, and Director Audit New Zealand, Bede Kearney, presented the report.

Ms Harrison and Mr Kearney provided further information regarding communicating performance with the community, and annual leave balances.

Resolved GOV/2017/017

That the Committee

Receives the report Letter to the Council from Audit New Zealand on the audit for the year ended 30 June 2016 (R6978) and its attachment (A1702571).

Dahlberg/Murray

Carried

16. Corporate Report to 31 January 2017

Document number R6996, agenda pages 141 - 153 refer.

Senior Accountant, Tracey Hughes, presented the report and provided updates on various budgets.

Resolved GOV/2017/018

That the Committee

Receives the report Corporate Report to 31 January 2017 (R6996) and its attachments (A1715857 and A1717092).

Rutledge/Courtney

Carried

17. Capital Expenditure Programme 2016-17 - Requests for Change

Document number R7065, agenda pages 154 - 156 refer.

Group Manager Infrastructure, Alec Louverdis, presented the report.

Resolved GOV/2017/019

That the Committee

Receives the report Capital Expenditure Programme 2016-17 - Requests for Change (R7065).

Dahlberg/Rutledge

Carried

Recommendation to Council GOV/2017/020

That the Council

Approves, with respect to project 1199 Civic House Renewal Programme (Lift Renewal), that

\$225,816 be transferred from 2016/17 to 2017/18, to align with the scheduled installation programme.

Dahlberg/Rutledge

Carried

18. Exclusion of the Public

Councillor Courtney, seconded by Mr Peters, moved the recommendation to move into public excluded session.

It was questioned whether there was reason enough to consider the Theatre Royal Loan matter in public excluded. The Committee agreed to consider this aspect of the report in public excluded session, then move to consider the report in public if the public excluded reason was found to no longer apply.

Resolved GOV/2017/021

That the Committee

Excludes the public 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:

Courtney/Peters

Carried

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 Meeting - Public Excluded Minutes - 1 December 2016	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)(b)(ii) To protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information. Section 7(2)(i)

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
			<p>To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p> <ul style="list-style-type: none"> Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person.
2	Theatre Royal Loan	<p>Section 48(1)(a)</p> <p>The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
3	Internal Audit - Summary of New and Outstanding Control Issues - Quarter to 31 December 2016	<p>Section 48(1)(a)</p> <p>The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> Section 7(2)(j) To prevent the disclosure or use of official information for improper gain or improper advantage
4	Status Report - Governance Committee - 9 March 2017	<p>Section 48(1)(a)</p> <p>The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
5	Director appointment for Nelson Airport Limited	<p>Section 48(1)(a)</p> <p>The public conduct of this matter would be likely to result in disclosure of</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> Section 7(2)(a) To protect the privacy of natural persons,

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
		information for which good reason exists under section 7	including that of a deceased person
6	Director appointment for Port Nelson Limited	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)(a) To protect the privacy of natural persons, including that of a deceased person

The meeting went into public excluded session at 3.52pm and resumed in public session at 5.28pm.

19. Re-admittance of the Public

Resolved GOV/2017/022

That the Committee

Re-admits the public to the meeting.

Barker/Skinner

Carried

There being no further business the meeting ended at 5.28pm.

Confirmed as a correct record of proceedings:

_____ Chairperson _____ Date