



AGENDA

Ordinary meeting of the

Governance Committee

**Thursday 26 July 2018
Commencing at 9.00a.m.
Council Chamber
Civic House
110 Trafalgar Street, Nelson**

Membership: Councillor Ian Barker (Chairperson), Her Worship the Mayor Rachel Reese, Councillors Mel Courtney, Bill Dahlberg (Deputy Chairperson), Gaile Noonan, Mike Rutledge, Tim Skinner and Stuart Walker

Guidelines for councillors attending the meeting, who are not members of the Committee, as set out in Standing Order 12.1:

- All councillors, whether or not they are members of the Committee, may attend Committee meetings
- At the discretion of the Chair, councillors who are not Committee members may speak, or ask questions about a matter.
- Only Committee members may vote on any matter before the Committee

It is good practice for both Committee members and non-Committee members to declare any interests in items on the agenda. They should withdraw from the room for discussion and voting on any of these items.

1. Apologies

Nil

2. Confirmation of Order of Business

3. Interests

3.1 Updates to the Interests Register

3.2 Identify any conflicts of interest in the agenda

4. Public Forum

5. Confirmation of Minutes

5.1 7 June 2018

7 - 12

Document number M3534

Recommendation

That the Governance Committee

Confirms the minutes of the meeting of the Governance Committee, held on 7 June 2018, as a true and correct record.

6. Chairperson's Report

7. Nelson Regional Development Agency - Events Contestable Fund

13 - 21

Document number R9391

Recommendation

That the Governance Committee:

Receives the report Nelson Regional Development Agency - Events Contestable Fund (R9391) and its attachment (A2002407).

Recommendation to Council

That the Council:

Approves an overdraft of the following amounts from the Events Contestable Fund by the Nelson Regional Development Agency:

2017/18 \$47,296

2018/19 \$206,838

2019/20 \$66,467

with the result that the Events Contestable Fund reserve will be overdrawn until 2020/21; and

Requires the Nelson Regional Development Agency to ensure the Events Contestable Fund is operated within the yearly allocation by 2020/21; and

Approves unbudgeted expenditure of \$20,000 for the All Blacks vs Argentina Rugby Match including provision for Park and Ride associated with the Match.

PUBLIC EXCLUDED BUSINESS

8. Exclusion of the Public

Recommendation

That the Governance Committee

Confirms, in accordance with section 48(5) of the Local Government Official Information and Meetings Act 1987, Mark Rawson, CEO Nelson Regional Development Agency and Dave Leonard, of Nelson Cricket remain after the public has been excluded, for Item 2 of the Public Excluded agenda (Council Support for One Day International Cricket Games in 2019), as they have knowledge that will assist the Council;

Notes, in accordance with section 48(6) of the Local Government Official Information and Meetings Act 1987, the knowledge that Mark Rawson and Dave Leonard possess relates to the Cricket One Day International bid.

Recommendation

That the Governance 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:

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 - 7 June 2018	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) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
2	Council Support for One Day International Cricket Games in 2019	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which	The withholding of the information is necessary: <ul style="list-style-type: none"> • Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
		good reason exists under section 7	commercial and industrial negotiations)

9. Re-admittance of the public

Recommendation

That the Governance Committee

Re-admits the public to the meeting.

Note:

- **Youth Councillors Uk Hlei Cinzah and Cassie Hagan will be in attendance at this meeting.**



Minutes of a meeting of the Governance Committee

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

On Thursday 7 June 2018, commencing at 9.02a.m.

Present: Councillor I Barker (Chairperson), Councillors M Courtney, B Dahlberg (Deputy Chairperson), G Noonan, M Rutledge, T Skinner and S Walker

In Attendance: Councillor B McGurk, Group Manager Community Services (R Ball), Group Manager Corporate Services (N Harrison), Group Manager Strategy and Communications (N McDonald) and Governance Adviser (E Stephenson)

Apology: Her Worship the Mayor R Reese

1. Apologies

Resolved GOV/2018/028

That the Governance Committee

Receives and accepts the apology from Her Worship the Mayor R Reese.

Courtney/Dahlberg

Carried

2. Confirmation of Order of Business

There was no change to the order of business.

3. Interests

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

4. Public Forum

There was no public forum.

5. Confirmation of Minutes

5.1 19 April 2018

Document number M3440, agenda pages 7 - 13 refer.

Resolved GOV/2018/029

That the Governance Committee

Confirms the minutes of the meeting of the Governance Committee, held on 19 April 2018, as a true and correct record.

Courtney/Dahlberg

Carried

6. Governance Committee Status Report - 7 June 2018

Document number R9350, agenda pages 14 - 16 refer.

Resolved GOV/2018/030

That the Governance Committee

Receives the report Governance Committee Status Report - 7 June 2018 (R9350) and its attachment (A1160658).

Walker/Rutledge

Carried

7. Chairperson's Report

Document number R9363, agenda pages 17 - 18 refer.

The Chairperson spoke to his report and in response to questions, clarified that this was an opportunity to explore options for solar gathering and that he had facilitated NextGen connecting with Nelson Airport and now it was up to those parties whether to pursue it further. He noted that NextGen was a not for profit organisation which gifted its profits to the community. The proposed workshop was an opportunity for Elected Members and staff to listen and learn and for Council to then further decide if the idea warranted additional officer investigation. It was agreed that staff would see if there were other social enterprise organisations working in solar generation that might also be involved in the workshop.

Resolved GOV/2018/031

That the Governance Committee

Receives the report Chairperson's Report (R9363); and

Agrees to accept the offer of NextGen to host a workshop involving councillors and appropriate staff with a view of investigating opportunities for the city.

Skinner/Walker

Carried

8. Rates Remission for Land Affected by the 1 February 2018 Weather Event

Document number R9352, agenda pages 19 - 36 refer.

Group Manager Corporate Services, Nikki Harrison, noted a correction to paragraph 4.11 of the agenda report to remove the sentence which stated that remissions only be made for properties which were the ratepayer's primary residence. Ms Harrison provided background to the report and applications and answered questions regarding section 124 notices, the cost and ease of provision of builders and insurance property assessment reports, communication through the residents' group, policy, the cost of remissions, timing of the rating restart and staff resources involved.

Resolved GOV/2018/032

That the Governance Committee

Receives the report Rates Remission for Land Affected by the 1 February 2018 Weather Event (R9352) and its attachment (A1551142).

Skinner/Walker

Carried

Recommendation to Council GOV/2018/033

That the Council

Approves that the 1 February 2018 weather event qualifies as a natural calamity for the purposes of applying the Rates Remission Policy for Land Affected by Natural Calamity; and

Approves the criteria for assessing rates remission for affected properties and the application process; and

Notes that a summary of approved applications and the total value of rates remitted will be provided to the Council later in 2018.

Skinner/Walker

Carried

9. Exclusion of the Public

Hemi Toia (Ngāti Koata), Jo Rainey, John Rollston and Matt Griffin, of the Nelson Cycle Lift Society, were in attendance for Item 2 of the Public Excluded agenda to answer questions and, accordingly, the following resolution was required to be passed:

Resolved GOV/2018/034

That the Governance Committee

Confirms in accordance with section 48(5) of the Local Government Official Information and Meetings Act 1987, Hemi Toia (Ngāti Koata) and Jo Rainey, John Rollston and Matt Griffin from the Nelson Cycle Lift Society, remain after the public has been excluded, for Item 2 of the Public Excluded agenda (Nelson Cycle Lift Society - Pre-commercial business case phase two funding), as they have knowledge that will assist the Council; and

Notes in accordance with section 48(6) of the Local Government Official Information and Meetings Act 1987, the knowledge that Hemi Toia, Jo Rainey, John Rollston and Matt Griffin possess relates to the Nelson Cycle Lift Society's activities.

Dahlberg/Skinner

Carried

Resolved GOV/2018/035

That the Governance 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:

Dahlberg/Skinner

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 - 19 April 2018	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 • Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities • Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
2	Nelson Cycle Lift Society - Pre-commercial business case phase two funding	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

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
			commercial position of the person who supplied or who is the subject of the information <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)

The meeting went into public excluded session at 9.34a.m. and resumed in public session at 10.31a.m.

There being no further business the meeting ended at 10.31a.m.

Confirmed as a correct record of proceedings:

_____ Chairperson _____ Date

Nelson Regional Development Agency - Events Contestable Fund

1. Purpose of Report

1.1 To obtain agreement that will:

- (a) allow the Nelson Regional Development Agency (NRDA) to draw down specified amounts for the next two years, above the annual amounts budgeted in the 2018 Long Term Plan (LTP) for the Events Contestable Fund; and
- (b) confirm that by year three (2020/21) the Events Contestable Fund will be back in funds; and
- (c) approve an additional \$20,000 unbudgeted expenditure for the 9 September 2018 All Blacks vs Argentina rugby match.

2. Recommendation

That the Governance Committee:

Receives the report Nelson Regional Development Agency - Events Contestable Fund (R9391) and its attachment (A2002407).

Recommendation to Council

That the Council:

Approves an overdraft of the following amounts from the Events Contestable Fund by the Nelson Regional Development Agency:

2017/18 \$47,296

2018/19 \$206,838

2019/20 \$66,467

with the result that the Events Contestable Fund reserve will be overdrawn until 2020/21; and

Requires the Nelson Regional Development Agency to ensure the Events Contestable Fund is operated within the yearly allocation by 2020/21; and

Approves unbudgeted expenditure of \$20,000 for the All Blacks vs Argentina Rugby Match including provision for Park and Ride associated with the Match.

3. Background

- 3.1 The Events Contestable Fund is accessed by various events that meet the events funding criteria. The Events Contestable Fund is managed by the NRDA with input from Council through the Events Management Committee.
- 3.2 The email (Attachment 1) dated 24 May 2018 from Mark Rawson, NRDA Chief Executive, sets out the reasons why the NRDA has reached the position of over-allocating the funds. Subsequent to the receipt of this email, officers have clarified the finances and these are represented in Table 1 below.
- 3.3 Mr Rawson will be in attendance at the meeting.

4. Discussion

Overdraft

- 4.1 Table 1 sets out the Fund financial position over the four year period.

Table 1

Nelson City Council Events Contestable Reserve				
	2017/18	2018/19	2019/20	2020/21
Opening balance in reserve	360,366	(47,296)	(206,838)	(66,467)
Plus LTP budget	342,698	408,211	360,762	421,297
Plus (less) interest	14,457	(5,592)	(5,891)	(1,237)
Less NRDA administration	(44,817)	(60,000)	(61,000)	(62,000)
Less Events funding required	(720,000)	(502,161)	(153,500)	(193,500)
Closing balance June	(47,296)	(206,838)	(66,467)	98,093

Item 7: Nelson Regional Development Agency - Events Contestable Fund

- 4.2 Table 1 shows that, while in the 2017/18, 2018/19 and 2019/20 years, the reserve is overspent, by year four (2020/21) the reserve will be brought back into funds.
- 4.3 Table 1 also includes an inflation adjusted amount for NRDA administration costs rising to \$62,000 by 2020/21. In years 2019/20 to 2020/21 the Fund amounts being allocated drop substantially. The administration costs associated with the Fund allocation should also drop. Mr Rawson can speak to that matter at the meeting. If there are lower administration costs, then the money can be transferred into the Events funding.
- 4.4 Even though the Nelson City Council reserve will be overdrawn, the rating requirement will not change as the LTP budget line is the amount that is rate funded (in 4.1 above).
- 4.5 This treatment is consistent with how the reserve has operated historically in that, when the budget has not been used to fund events, the undrawn funds have been built up in the reserve and interest has been paid in the credit balance in the reserve. The difference this time is that the reserve is overdrawn and will incur interest.
- 4.6 Only those events that are known and have already been committed to will be able to be funded for the first two years. In addition, in the 2019/20 and 2020/21 years there will be considerably less funds available, meaning considerably fewer events potentially being able to be funded.

Controls

- 4.7 To ensure this over-allocation of funds does not occur again the following additional controls have been put in place:
- (a) More regular reporting requirements.
 - (b) A greater NRDA management focus on administration of the Fund.
 - (c) Clearer links between NRDA invoicing and Fund expenditure.

All Blacks vs Argentina

- 4.8 The NRDA is requesting a further \$20,000 for the All Blacks vs Argentina match. A match marketing and activation budget of \$60,000 has been provided by Council. The NRDA seeks the additional funds to manage the higher than anticipated traffic management controls and additional temporary facilities costs. Due to the Events Fund being over-subscribed, it would be necessary to approve this as unbudgeted expenditure.
- 4.9 The NRDA did not anticipate the need for an additional six temporary toilets for patrons, to complement the public toilet facilities, and some additional waste management costs, both on the way to and after the game.

Item 7: Nelson Regional Development Agency - Events Contestable Fund

- 4.10 The initial estimate of \$5,000 for traffic management has increased, given the number of people involved, compliance costs, and the provision of bus transfers from the main suburbs.

5. Options

- 5.1 With regards to the additional unbudgeted expenditure, there are two options, being either to agree to the \$20,000 or not. The NRDA has indicated that without the additional funding it would potentially not be able to deliver inner city activation (e.g. entertainment, fan trail and the like) to be able to provide for the crowd and traffic management.
- 5.2 There are three options regarding the Fund as detailed below.

Option 1: Do nothing	
Advantages	<ul style="list-style-type: none">• No requirement to carry additional expenditure.
Risks and Disadvantages	<ul style="list-style-type: none">• Certain activities will not be able to be funded.
Option 2: Allow additional drawdown	
Advantages	<ul style="list-style-type: none">• Allows already programmed activities to be funded.
Risks and Disadvantages	<ul style="list-style-type: none">• More oversight required.
Option 3: Provide other funding, e.g. loan	
Advantages	<ul style="list-style-type: none">• Allows already programmed activities to be funded.
Risks and Disadvantages	<ul style="list-style-type: none">• Attracts additional financial requirements.

6. Conclusion

- 6.1 In order to ensure events continue to take place over the next four year period, it is proposed to allow the advance drawdown of the specified amounts (included in the recommendation to Council).
- 6.2 Given there has been a commitment made to the All Blacks vs. Argentina game, the additional funding would enable the best product to be delivered for city activation and traffic management associated with the match.

Item 7: Nelson Regional Development Agency - Events Contestable Fund

Clare Barton

Group Manager Environmental Management

Attachments

Attachment 1: A2002407 - Nelson Regional Development Agency (NRDA) - Events Funding 3 year projection to June 2021 - Email from Mark Rawson - 24May2018 [↓](#)

Important considerations for decision making
1. Fit with Purpose of Local Government Approving the NRDA's request provides for continued delivery of events that supports the economic prosperity of the City.
2. Consistency with Community Outcomes and Council Policy The decision aligns with the following community outcomes: <ul style="list-style-type: none">- Our communities have opportunities to celebrate and explore their heritage, identity and creativity;- Our communities have access to a range of social, educational and recreational facilities and activities;- Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement.
3. Risk If a decision is made not to allow the overdraft, contracts for scheduled events may need to be cancelled. The over-allocation of funds and management of the Fund poses a reputational risk to Council. The reputational risk will need to be managed through clear communication on how this situation arose. The NRDA advises that additional funding for city activation on 9 September will mitigate risks from higher than expected costs.
4. Financial impact The requested amounts will be funded by overdrawing the reserve. The interest cost totalling approximately \$12,700 will be borne by the NRDA as an operational expense (note: The Fund received \$14,457 in interest income in 2017/18). Additional funding for city activation for the 9 September test match would be unbudgeted expenditure.
5. Degree of significance and level of engagement Assessed against Council's Significance and Engagement Policy, the decision is of low significance to most residents and ratepayers of Nelson. The financial impact is low, the decision does not impact Council's ownership of a strategic asset, and the decision aligns with Council commitments as outlined in the Long Term Plan 2018-28. The decision is of high significance to those organisations who have received funding commitments from the NRDA to their events over the

Item 7: Nelson Regional Development Agency - Events Contestable Fund

next three years. It will also be of high significance to those organisations who are considering applying for funding but will now not be able to do so.

Officers consider that consultation with the wider community is not required but if the drawdown is not approved, consultation and discussions with those organisations who have already received a commitment from the NRDA should be held.

6. Inclusion of Māori in the decision making process

Māori were not consulted on this report.

7. Delegations

The Governance Committee can recommend to Council under the delegations set out below:

Areas of Responsibility:

Business, economic development and tourism in Nelson

Powers to Recommend:

Any matters within the areas of responsibility noted above

Item 7: Nelson Regional Development Agency - Events Contestable Fund: Attachment 1

From: Mark Rawson <mark.rawson@nelsontasman.nz>
Sent: Thursday, 24 May 2018 11:33 a.m.
To: Clare Barton; Nicky McDonald; Andrew Bishop
Cc: Toni Power
Subject: FW: Events Funding 3 year projection to June 2021
Attachments: Event Funding 3 year Projection to June 2021.xlsx

Clare, Nicky and Andrew

Thanks for clarifying things yesterday, Toni and I have now finalised the attached information with Andrew and Nicky's input.

We have completed a review of the committed events, potential events that the fund have previously funded over prior years and council have confirmed the funds available for distribution over the next 3 years as allocated in their Long Term Plan.

In Summary:

- Due to cashflow commitments particularly in relation to major event funding in 2018 peak exposure as at the 30th June 2019 is projected to be (\$187,638). Cashflow payment timing may reduce this but this is the conservative and worst-case view.
- Year two balance is looking at a deficit of (\$46,138)
- Year three projected surplus balance available for investment in new events is projected at \$108,362
- The Community Event fund three year projected surplus available for distribution \$112.685
- To manage this situation, we would like to propose consideration of the following solution:
 - Council provides NRDA with an interest bearing borrowing facility (at a council borrowing interest rate.)
 - The facility has a sinking-lid of \$190K (2018/19) and \$50K (2019-20) and zero in 2010-21.
- This will have the following outcomes:
 - Ensure we can meet all current and projected future obligations over the three-years of the LTP;
 - Provide for limited capacity to consider new events in year 3.
 - Reflect the need for the fund to be flexible enough to cater for the longer-term nature of the events we are dealing with. i.e. majority of the events discussions we are currently engaged in and the commitments customers are looking for are around the 2019-21 period. This is one of the main reasons for the funding pressure in 2018/19.
 - Be cost neutral to the rate payer over the term of the LTP, through NRDA funding the costs of cashflow management.

How we got here:

- After more analysis, we can confirm how we got to this situation:
 - When NRDA commenced with the administration of the events fund, the understanding was there was an unencumbered amount of \$420K in unallocated funds from previous years, to be utilised in accordance with the events policy.
 - Based on the information available at the time, this was a key consideration in the events management committee advice provided to Council when making the decision to invest in the All Blacks event bid in early 2017. It was also a consideration in the Netball NZ Super Club event bid around the same time.
 - The advice at the time was:
 - i. "Impact on the NEMDP should this event be funded:

Item 7: Nelson Regional Development Agency - Events Contestable Fund: Attachment 1

1. The event fund has some reserve funds not allocated in previous years. If this allocation was to be made the fund would still be able to meet the known forecast event applications for the coming two years." (through to 2019)

- However, due to the cashflow timing of some of the prior event commitments, in real cash terms the unallocated amount should have been around \$320K.
- Then in addition to this \$100K shortfall, there was also the impact of the reduction of \$50K to the fund from the Light Nelson commitments, which we were unaware of, totalling an impact of \$150K.
- In addition we also have a lot of cyclical major events falling in the 2018/19 year, such as Masters games and the Adam Chamber Music festival which has affected the cashflow of the event fund.
- The \$40K difference between the impact of all of this (\$150K) and the facility request of (\$190K) is a reflection of the timing of events and the need to manage within a multi-year environment.

Process Change:

- In addition to the immediate changes we made around financial process and personnel involved outlined in the earlier email
- We have improved additional processes to provide transparency to Nelson City Council.
- Going forward drawdown invoices to council will have a direct correlation to actual events that are being funded.
- Change to contract payment terms to specify further details as to when payments are expected to be made to enable added detailed cashflow tracking.

Kind Regards

Mark and Toni

Toni Power
Finance Lead

Nelson Regional Development Agency

+64 3 545 6856 +64 21 838 151

toni.power@nelsontasman.nz

Level 1, Millers Acre Centre, 39 Halifax Street, Nelson - Taha o te Awa | PO Box 788, Nelson 7040

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