



REPORT OF THE ORDINARY MONTHLY MEETING OF THE FINANCE AND POLICY COMMITTEE HELD IN THE COUNCIL CHAMBERS, 29 CIVIC AVENUE, GORE ON TUESDAY 12 JUNE 2007, AT 5:15 pm.

PRESENT His Worship the Mayor (Mr Tracy Hicks JP), Cr Bolger (Chairperson) Crs Davis, Dore, Harvey, Hellier, McFadzien, McIntyre, McLennan, Ogg, Sutherland and Turnbull.

IN ATTENDANCE The Chief Executive (Mr Steve Parry), General Manager, District Assets (Mr Neil Jorgensen), General Manager, Corporate Services (Mr Russell Duthie), Parks and Recreation Manager (Mr Ian Soper), Roading Manager (Mr Murray Hasler), Asset Manager, Utilities (Mr Ross Haslemore), the HR/Administration Manager (Susan Jones) and two members of the public in the Gallery.

1. FUNDING OF RURAL HALLS (1.7.4.2)

A memo had been received from the General Manager, Corporate Services together with a summary of grant allocations made to rural halls for the years 2002-2007.

It was suggested that an indicative increase for rural halls could be put forward at the deliberative meeting of the Council when submissions to the Annual Plan on 14 June would be considered.

Cr McIntyre noted that it was not just community halls that had applied for funding in the past. She said the Waikaka Scout Group had also applied for funding.

Cr Bolger moved THAT the current grant of \$7,000 for rural halls be increased to \$12,000,

AND THAT a policy be drafted with criteria as to which groups will be entitled to apply for funding.

The recommendation was seconded by Cr Hellier.

Cr Hellier thought there needed to be a policy on what organisation was entitled to receive funding. He believed the funds should go towards community halls in the rural area.

Cr McIntyre said there was also the Rural Special Fund which may be available to other groups.

Cr McFadzien thought each hall could have an amount allocated to it.

Cr Davis thought that had merit but each hall would be in various stages of refurbishment and an allocation could be unfair.

The recommendation was put and it was carried.

2. DRAFT VEHICLE POLICY (46.37)

A memo had been received from the General Manager, District Assets following the Council's decision to review the vehicle replacement policy as well as putting a policy in place to review the purchase of vehicles for the Gore hospital on an annual basis. An internal review of the Council's Vehicle Policy had been undertaken and a draft had been circulated with the agenda.

Cr Bolger said the policy was a framework within which management could make decisions rather than a specific "nuts and bolts" financial criteria.

The General Manager said the covering report focused on the purchasing and disposal of vehicles.

Cr McLennan moved THAT the draft Vehicle Policy be adopted.

The recommendation was seconded by Cr Sutherland.

Cr McFadzien had noted some of the Regional Councils had environmentally friendly vehicles that were efficient but he was unsure how the Council could factor those in as the vehicles were quite expensive to purchase.

The General Manager said by having an environmental aspect included in the policy allowed the Council an option to consider environmentally friendly vehicles in the future. Hybrid vehicles were currently about \$5,000 more than others but as they became more popular the cost could reduce.

The recommendation was put and it was carried.

3. RAYONIER DEVELOPMENT FUND (60.5.3)

A memo had been received from the Chief Executive clarifying that the Rayonier development fund was not held in a separate bank account. An excerpt from minutes of a Council meeting held on 26 September 2000 had been circulated which dealt with a discussion on the fund.

RECOMMENDED on the motion of Cr Harvey, seconded by Cr Hellier, THAT the information be received.

Cr McIntyre referred to the comment that the Rayonier fund could be partially backed in cash in the not too distant future and asked where the cash would come from. She did not think the Council could hold surpluses in reserve from activities that had been rated for to be used for other activities.

The Chief Executive said he was referring more to activities that were not subject to a targeted rate but rather those that had been funded by a general rate. It was a question whether the Council wanted to have surpluses or deficits. The LTCCP had been predicated on the basis of having separate funding streams and keeping them distinct. It was no secret in the past that the Council had engaged in cross-subsidisation of activities.

The General Manager, Corporate Services had looked at the cash sitting in the account to see if it could be streamlined in order to improve the cash backing of the reserves areas rather than ask whether there were surpluses or deficits.

Cr Bolger thought the first thing the Council wanted to consider was if it was making a cash surplus. It was predicted to make a cash surplus of around \$300,000 in the current financial year which was not a problem and if it was carried over it would reduce the amount required to be rated.

Cr Davis said the minutes from 2000 clearly stated that the fund was propping up the overdraft and if the Rayonier fund was to be separated out and be held in cash then it should come from the general account. The funds received had gone towards off setting the massive overdraft.

Cr McIntyre disagreed and said the Council needed to know what the funds had been spent on.

Cr Davis said it went into the overdraft.

Cr McIntyre said it had been spent on various things.

Cr Dore had asked about three weeks ago about a cash surplus and if there was a surplus of say \$300,000 why was there a need for a 6.7% rate increase. The answer was it was not realistic.

Cr Bolger replied if a budget was presented that was inadequate and called on a rate that was inadequate then costs would not be covered. That was irresponsible. Since the inception of the LTCCP the basis for budgeting had changed and an inflationary factor of about 3% had to be added in. It appeared the Council had maybe overstated its costs in a conservative manner but the District was being run on less than the inflationary figure suggested. The costs of running the District were not consistent with inflation and that was indicative of an extremely efficient organisation. The long term debt was also about \$1 million less than predicted. Next year when the option to review the rate of payment of debt it could result in a reduction of rates required. He thought it would be remiss to under rate this year. The Council would certainly be in a strong position next year and may be able to reduce its debt payments as a result. He had no problem with an increase of 6.7%. The Council should not focus on that, but rather the fact that the debt total was about \$1million less which would have huge advantages in the future.

His Worship said at the time of setting the budgets there was no indication of a surplus. There had been a lot of remarks and comments made about the Rayonier fund over the years and comments made by people who should know better that it had been set aside in its own account. That had never been the case and it was good to be able to clarify that now for the Council and the general public.

Cr Dore referred to the meeting to be held with the Mataura Community Board and the Council would be able to say the fund would be available through borrowing. Was that correct.

Cr Bolger confirmed it was. The money was available.

Cr McIntyre said a loan would have to be taken out. There was no cash.

His Worship said raising a loan now was no different if the funds had been called on 4-5 years ago.

Cr McIntyre asked who would be paying for the loan. The Rayonier fund had been held for the Mataura people.

His Worship disagreed.

Cr McIntyre asked what activities the cash from the Rayonier fund had been spent on.

His Worship asked what benefits had accrued from having the Rayonier funds.

Cr McIntyre asked what was shown in the accounts was the actual cash paid in interest. What about the interest being accrued on the loans.

Cr Bolger said that had to be accrued to the account and in accordance with the auditors instructions. He thought she was trying very hard to cast some shadow of doubt over the Rayonier fund and the Council's finances. He would not have it and said it was mischievous.

The recommendation was put and it was carried.

Cr McIntyre voted against the recommendation and asked for her vote to be recorded.

4. LOCAL GOVERNMENT RATES INQUIRY PANEL (44.29)

A copy of the submission forwarded to the Local Government Rates Inquiry Panel that was discussed with the panel on 14 May had been circulated.

RECOMMENDED on the motion of Cr McLennan, seconded by Cr Ogg, THAT the submission be received and endorsed.

Cr Hellier congratulated the author of the submission and hoped the Government would take note of the concerns.

Cr McFadzien asked if there had been any discussion about the UAGC being increased to 40, 50 or 60%.

Cr Bolger confirmed some submitters had suggested an increase.

5. FINANCIAL REPORT FOR APRIL 2007 (1.1.3)

A copy of the financial report for April had been provided by the Management Accountant, together with a statement of financial performance and balance sheet as at 30 April.

A CAPEX report for April had also been circulated.

Cr McIntyre asked about the increase in expenditure for the heat extractor in the computer room.

The General Manager, District Assets said he was aware of the explanation and would provide it in due course.

Cr Harvey was pleased with the parking meter revenue.

RECOMMENDED on the motion of Cr Bolger, seconded by Cr McLennan, THAT the financial report for the ten months ended 30 April 2007 be received,

AND THAT the CAPEX report for April 2007 be received.

6. ST JAMES THEATRE TRUST – SUPPLY OF REQUESTED INFORMATION (50.17)

A memo had been received from the Chief Executive together with the requested information sought by the Council to enable it to make a final decision on the proposed grant of \$250,000 for the St James Theatre Trust.

A copy of the constitution and rules of the Trust, together with the audited financial accounts for the past three years for both the Trust and the Gore Operatic Society had been circulated. As well, a copy of a letter from the Chairperson of the Trust explaining membership details and the relationship between the Operatic Society and the Trust had also been provided.

His Worship referred to conflicts of interest about this matter and thought it would be useful have an explanation.

The Chief Executive clarified a members' conflict of interest in respect of an entity requesting funding. From the Council's perspective, Cr Davis was a Council appointment to the Trust in accordance with its constitution. On that score it would seem for Cr Davis to effectively do her job she should not be limited with a conflict of interest. The issue that was more contentious and needed to be handled more carefully was those members who had membership of the St James Theatre Trust or the Gore

Operatic Society. The Operatic Society was in effect running some aspects of the Trust and giving its proceeds to the Trust. In the interests of clarity it would be useful for members to disclose their involvement with either the Trust or the Society. He emphasised it was the membership of an entity or involvement with an entity in a private capacity that gave rise to a conflict of interest.

Cr Sutherland advised he was a financial member of the Gore Operatic Society.

Cr Dore recalled the Auditor General suggesting if there was any doubt to stay out of an issue.

Cr Bolger suggested for the purpose of the item and the recommendation that it would not cause a problem at this time.

Cr Davis said she was the Council's representative on the Trust and to date it had been quite dormant. It was only since the fly tower project had been promoted that the issue had arisen. She added she had no membership of the Society or Trust and would be happy to stand aside from the issue if the Council so decided. She saw her role on the Trust as that of a watchdog on the Council's behalf.

His Worship said there was a distinction between a personal involvement and a Council appointment.

Cr Bolger was satisfied that a Council appointee was quite different to a private involvement with an organisation.

RECOMMENDED on the motion of Cr Bolger, seconded by Cr Davis, THAT the information from the Gore and Districts St James Theatre Trust be received.

The meeting concluded at 6:00 pm