

**REPORT OF THE ORDINARY MONTHLY MEETING OF THE
FINANCE AND POLICY COMMITTEE HELD IN THE COUNCIL
CHAMBERS, 29 CIVIC AVENUE, GORE ON TUESDAY 13 MAY
2008, AT 6:05 pm.**

PRESENT His Worship the Mayor (Mr Tracy Hicks JP),
Cr Bolger (Chairperson), Crs Davis, Dixey,
Dixon, Grant, Harvey, Heller, Highsted,
McLennan and Sharp.

IN ATTENDANCE The Chief Executive (Mr Steve Parry),
General Manager, Corporate Services (Mr
Russell Duthie), Parks and Recreation
Manager (Mr Ian Soper), Roding Manager
(Mr Murray Hasler), Asset Manager,
Utilities (Mr Ross Haslemore), Corporate
Support Officer (Mrs Jo Waddell) and one
member of the public in the Gallery.

APOLOGY Cr Gardyne apologised for absence.

**1. POLICY ON MONITORING PERFORMANCE OF COMMUNITY
ORGANISATIONS (46.37)**

A memo had been received from the Chief Executive, together with a copy of the Council's policy on monitoring performance of community organisations. The policy had been overlooked since the LTCCP had been adopted in July 2006 and was yet to be implemented.

Cr Bolger said the question was to what extent the organisations should be monitored.

RECOMMENDED on the motion of Cr Harvey, seconded by Cr McLennan, THAT the Council note that the present policy on monitoring performance of community organisations has yet to be implemented but would be done so prior to the end of the current financial year,

AND THAT the Council exclude those organisations in which the Council is not a shareholder and no financial assistance on an ongoing basis, is given.

2. PROPERTY MAINTENANCE COST INCREASES (37.21)

A memo from the Parks and Recreation Manager had been received about the cost increases for services the Council utilised.

RECOMMENDED on the motion of Cr Highsted, seconded by Cr Grant, THAT the information be received.

3. FINANCIAL REPORT FOR MARCH 2008 (1.1.4)

A financial report for the nine months ended 31 March 2008 had been circulated from the Management Accountant.

The General Manager, Corporate Services advised the increase in surplus compared with budget was due to timing of projects not yet completed.

Cr Bolger asked how exposed the Council was to the increase in interest rates and what impact it could have.

The General Manager replied that one of the loan swaps expired on 5 June 2008 and the other was not due until 2013. There would be minimal impact costing around \$3-4,000 across all the Council loans. It would need to be addressed in the long term and he would be evaluating the best options to take, however, after having discussions with a banking advisor, the Council might be better to hold off for a few months given the indications that the interest rate could drop again.

In response to Cr Highsted, the General Manager advised the swap in 2013 was valued at \$5.4 million.

Cr Heller asked where the budgeted amount of \$12,000 for a new Council table was sitting.

The General Manager advised the funds were in a special reserves account at present.

Cr Bolger said it was unfortunate the Council table had generated as much public interest as it had. He said the table could not be dismantled easily and subsequently the Chambers had not been used to its full potential. He was pleased with the current configuration of the tables being flexible and he was not aware of any particular desire by the Council to buy a new table.

Cr Davis noted the whole situation had grown legs and she had been quite surprised to read the various articles in the media. The table had originally come from the Invercargill City Council

who had not required it any more and there had been a number of hearings and other things that had been held in the James Cumming Wing instead of the Chambers because of the size of the table. However, it was important not to lose sight of the history of the table.

Cr Highsted felt it was silly for the Council to be discussing furniture and would be happy to turn up to a meeting and see His Worship having taken the initiative in procuring a new table.

His Worship agreed he had learnt a lot about the history of the table and at the time of purchase, it had been considered a bargain, however, it was unsuitable for the room. The Heritage Department were interested in it. The Chambers were not used frequently enough and this would change with the table gone.

RECOMMENDED on the motion of Cr Harvey, seconded by Cr Heller, THAT the financial report for the nine months ended 31 March 2008 be received.

4. RURAL SPECIAL FUND: REVIEW OF MEMBERSHIP AND TERMS OF REFERENCE (1.8.1)

A memo had been received from the Chief Executive asking for membership of the Rural Special Fund Committee to be finalised based on the criteria set out in the reviewed Terms of Reference. A copy of the Terms of Reference had been circulated.

Cr McLennan recommended THAT the Rural Special Fund Terms of Reference be reviewed,

AND THAT elected members residing in the rural area of the Gore District be appointed to the Rural Special Fund Committee based on the criteria set out in the reviewed Terms of Reference.

His Worship said the number of the Committee would depend on the make up of the Council.

Cr Harvey thought it should be the two rural ward Councillors as well as two Councillors elected from at large.

Cr Bolger said the Committee should be represented by rural people.

Cr Davis was happy with Cr McLennan's recommendation and if the make up of the Council changed, it could be reviewed.

The recommendation was seconded by Cr Davis.

In response to Cr Heller, the Chief Executive advised the balance of the fund was approximately \$260,000. It had originated in the 1990's from the Southland County Council, being the representation of cash for the Gore District and had initially been worth \$900,000. It was possibly time to think about increasing its capital.

The recommendation was put and it was carried.

5. CHIEF EXECUTIVE'S APPRAISAL COMMITTEE – DELEGATION
(46.12.9)

A memo had been received from the Chief Executive following concerns raised about the wording in the Chief Executive's Appraisal Committee delegation. A revised delegation had been circulated to remove any ambiguity about the respective roles of the Committee, Council and the Chief Executive.

RECOMMENDED on the motion of Cr Dixey, seconded by Cr Heller, THAT the revised delegation for the Chief Executive's Appraisal Committee be approved.

Cr Harvey was concerned about putting too much pressure on the Chief Executive, if the Committee chose to meet on an ongoing basis to review his employment performance.

Cr Bolger said it would be more of a feedback type of review rather than comprehensive and possibly held three times during a year.

Cr Harvey suggested Councillors take notes of issues needing discussion with the Chief Executive, otherwise it could be missed at appraisal time.

His Worship said ongoing discussions could be healthy and he thought the Chief Executive would welcome it.

Cr Harvey agreed if it was less structured, he would be happy with it.

Cr Bolger envisaged it would give the advantage of more support and would be informal.

Cr Dixey said although issues with stress needed to be dealt with by the Executive Committee at the annual appraisal, it was important for the Council to keep a check on it too.

Cr Highsted said the Council needed to cater for future Chief Executive's as well.

6. FEES AND CHARGES 2008/09 (17.3)

The annually reviewed fees and charges schedule for 2008/09 had been circulated. The General Manager Corporate Services advised there had been a few additions in some areas, such as building, which reflected new areas of activity that had come on stream since the previous review.

Cr Bolger noted that some charges at the Mataura skip bin had increased with others being reduced.

Cr Heller asked why there had been so many new fees incorporated into the building department. He was concerned about the charge for advisory services by the Council at \$150 per hour when MWH, who had trained consultants, charged out at \$170. How could that be justified?

The General Manager said the jobs had always been carried out but absorbed into other fees, however, jobs were not being itemised correctly compared to time recovery.

In response to His Worship, the Chief Executive advised that a building consent was required for replacement of windows as stated in the Buildings Act 2004.

Cr Dixey asked why the fee for Gore's Touch 7s rugby had such a high reduction from the previous year.

The Parks and Recreation Manager believed it was due to some clubs having leases and the fee had been changed to align with the lease rather than a fluctuation from 2007/08.

Cr Grant asked if the charge for kitchen/bathroom upgrades reflected the work involved.

The Chief Executive advised it did, although he personally felt the fee was modest. He referred to the advisory fee and noted that the inspectors were discouraged from providing advice and if people wanted to seek advice, a fee was payable.

Cr Heller thought \$150 per hour was a bit on the high side.

The Chief Executive said that the \$150 advisory fee could be left out at this stage until such a report had been prepared, but he advised that the building department's determination was user pays.

Cr Harvey asked how the fees compared to Gore's neighbouring Districts.

The Chief Executive said the neighbouring District's fees were lower because, for example, Southland District Council had a 20% ratepayer input into its building control activity. As such, it was difficult to compare.

Cr Dixey admitted he had a conflict of interest, but wondered if the regular user discount could be changed to a minimum of 10 bookings rather than 11.

His Worship said that was a reasonable point and would support it.

RECOMMENDED on the motion of Cr McLennan, seconded by Cr Davis, THAT the revised fees and charges schedule complete with any Ombudsman amendments, additions or deletions agreed to by the Council be adopted and come into effect on 1 July 2008.

His Worship asked for clarification of the itinerary building fee in the i-SITE section.

The Chief Executive advised it was for planning travel itineraries.

In response to Cr Dixon, the Chief Executive believed the fee for alfresco dining tables was per premise.

Cr Sharp asked where the surplus from the building department would go.

The Chief Executive said although the income had increased, the expenses had increased as well. It was somewhat premature to talk about a surplus at this stage.

7. AUDIT COMMITTEE MEETING (1.2.6)

A memo had been received from the Chief Executive, together with notes of a meeting of the Audit Committee, a letter from the Council's auditor and accompanying commentary on the significant issues identified. The Audit Committee had met to consider issues raised by the Council auditors as part of its annual audit.

Cr Dixon asked about the infrastructural assets and wondered if water reticulation included the reservoir.

The General Manager, Corporate Services said it was just the physical revaluation of those classes of assets. It was not the total value. The total value of the Council's infrastructure was about \$300 million. At the end of 2006, the value was \$250 million and the Council had to go through an exercise with its consultants to look at depreciated replacement value which reflected the contract price for replacement of assets to get the figures to be more current than the original amounts.

Cr Dixon asked for a copy of the historical versus current cost.

The Chief Executive referred to the balance sheet which provided the historical costs of infrastructural assets at March 2007 and showed the total assets increase.

Cr Heller asked about overdue rates payable and did not think the Council had a policy in place. Was one being formalised.

The Manager replied that it was being looked at. Rates arrears were dealt with by the Office Manager and she spoke to the people concerned and used her discretion when charging penalties. However, he was looking at formulating a formal policy.

Cr Heller noted it appeared the Office Manager was reluctant to take legal action.

The General Manager advised there was not a lot she could do until it went into arrears. The Council could not take any legal action prior to that, which was very frustrating.

Cr Highsted asked if a debt collector had been approached.

The General Manager advised that debt collection agencies were not as effective as in the past. The Council's ability to recover debts was getting harder and it was frustrating.

Cr Dixon suggested if the water was cut off, that would make them pay.

The Chief Executive said it was unlawful to do so.

Cr Bolger felt there needed to be some course of action on rates arrears and agreed it was a difficult job.

RECOMMENDED on the motion of Cr McLennan, seconded by Cr Heller, THAT the notes of the Audit Committee meeting together with the letter from Deloitte commenting on the 2007 Council audit and significant issues identified, be received.

In response to Cr Harvey, the General Manager advised there was \$263,000 in rates arrears currently outstanding.

8. LTCCP AUDIT PROCESS – SELF ASSESSMENT (46.35.3)

A memo from the Chief Executive had been received, together with a letter and questionnaire from the Council's auditors about a self-assessment to ascertain the Council's readiness for developing a reviewed LTCCP. The completed questionnaire would be presented to the Council for endorsement prior to being sent to the auditors.

The Chief Executive said he had fears about the process being more convoluted than necessary and felt this was a peep into the future of the LTCCP process. He had completed around 70% of the questionnaire so far, with the help of the General Manager, Corporate Services. He had concerns about financial personnel predominantly making decisions on non financial issues.

RECOMMENDED on the motion of Cr Bolger, seconded by Cr Davis, THAT the letter from the Council auditors and accompanying LTCCP self-assessment be received.

The meeting concluded at 6:56 pm.