

**NOTICE IS HEREBY GIVEN THAT THE MONTHLY MEETING OF THE FINANCE AND POLICY COMMITTEE, WILL BE HELD IN THE COUNCIL CHAMBERS, 29 CIVIC AVENUE, GORE, ON TUESDAY 13 MAY 2008, FOLLOWING THE CONCLUSION OF THE OPERATIONS COMMITTEE MEETING**

**Stephen Parry  
CHIEF EXECUTIVE**

**7 May 2008**

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## FINANCE AND POLICY COMMITTEE AGENDA

MAY 2008

### 1. POLICY ON MONITORING PERFORMANCE OF COMMUNITY ORGANISATIONS

(Memo from Chief Executive - 07.04.08)

In the 2006-16 LTCCP the Council has a policy on monitoring performance of community organisations. A copy of this policy is attached. The policy is a requirement of Section 65 (1) of the Local Government Act 2002. That said this particular policy goes a bit further than the minimum required by Section 65. Section 65 (1) states:

*A local authority that is a shareholder in a Council organisation must regularly undertake performance monitoring of that organisation to evaluate its contribution to the achievement of –*

- a. the local authorities objectives for the organisation;*
- b. (if applicable) the desired results, as set in the organisation's Statement of Intent;*
- c. the overall aims and outcomes of the local authority.*

A Council organisation is one in which the Council has a representative on the board or committee of governance. Therefore all those organisations which are listed as having Council representation (see the attached schedule) are potentially captured in this policy. Implementation of the monitoring as required by this policy has been overlooked due in the main to changes to general management staff in the corporate services/financial area. High workloads and distraction with political issues since the LTCCP was adopted in July 2006, have also been factors.

However before implementing the monitoring of this policy it is perhaps opportune to pose the question as to whether there is any merit in modifying it so that smaller organisations which the Council does not have a shareholding in are not bound by its provisions. It needs to be borne in mind that the Council under the Local Government Act 2002, only has to monitor the performance of organisations in which it has a shareholding. Therefore if the Council does not wish to submit organisations which it neither makes an annual grant towards or has a shareholding in, to the stipulations of the current policy, it could amend its approach by only capturing Council

organisations in which the Council has a shareholding interest or is the recipient of an annual grant.

From this vantage point subjecting the provisions of the current policy on Council organisations that are not the recipient of any Council monies with the only interest of the Council being an elected member sitting on the organisation's governance, board or committee, does seem a little onerous.

#### **RECOMMENDATION**

**THAT the Council note that the present policy on monitoring performance of community organisations has yet to be implemented but will be done so prior to the end of the current financial year**

**AND THAT the Council either:**

- a. Endorse the current policy on monitoring performance of community organisations, or**
- b. To exclude Council organisations in which the Council is not a shareholder and no financial assistance on an ongoing basis, is given.**



## **POLICY ON MONITORING PERFORMANCE OF COMMUNITY ORGANISATIONS**

### ***Introduction***

Section 65(1) of the Local Government Act (2002) requires that a local authority undertakes regular performance monitoring of its Council Organisations (CO), Council Controlled Organisations (CCO) and Council Controlled Trading Organisations (CCTO).

The Gore District Council has delegated the responsibility of regular performance monitoring of council organisations to the Finance and Policy Committee.

The Finance and Policy committee is charged with ensuring that all CO's provide

- Council with a copy of their audited annual accounts
- An annual report on their performance against their objectives for the year
- A list of their objectives for the coming year

The Finance and Policy Committee will collate this information and prepare a report to Council annually on the performance of each CO during the past year.

## 2. PROPERTY MAINTENANCE COST INCREASES

(Memo from Parks and Recreation Manager – 02.05.08)

Over the past few months the Council has received a number of notices of intent to increase fees charged for services the Council utilises. Appended to this report are three such examples of increases relating to the property accounts of the Council. The appended letters reflect cost increases of 4.5, 10 and 11.8%.

There has been recent debate relating to the various mechanisms for measuring increases in costs, for example the Official Inflation Rate and the Consumer Price Index. The amount of these increases is indicative of what the Council is facing in the marketplace where they are far in excess of the values that some measuring mechanisms are reporting. Cost increases of this nature are not uncommon in the construction industry but as you see from the appended information it is not just building and construction that is experiencing increases into double figures.

Another recent quote for a pre-fabricated toilet unit, the cost has increased 25.2% since October 2006.

### **RECOMMENDATION**

**THAT the information be received.**

### 3. FINANCIAL REPORT FOR MARCH 2008

(Memo from Management Accountant - 08/05/2008)

#### **Operating Results**

For the nine months ended 31 March 2008, the Gore District Council recorded a surplus of \$1,130k. This is favourable by \$884k on the budget result for the same period.

Our performance for the period is summarised in the table below. The full results can be found in the statements throughout this report.

#### **Operating Results**

<b>March</b>						
<b>Actual</b>	<b>Budget</b>	<b>Variance</b>		<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
<b>\$000</b>	<b>\$000</b>	<b>\$000</b>		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Revenue</b>						
776	786	(10)	Rates	7,033	7,051	(18)
12	11	1	Petroleum Tax	96	95	2
528	317	211	LTNZ Subsidy	1,542	1,534	8
209	196	13	Licenses Fees & Other Revenue	2,072	1,844	227
0	0	0	External Funding for Smiths City Building	471	0	471
0	0	0	Wind Farm Revenue	37	0	37
0	4	(4)	Interest and Dividends	16	32	(15)
245	245	(0)	Administration Recoveries	2,205	2,205	(0)
<b>1,770</b>	<b>1,558</b>	<b>212</b>		<b>13,472</b>	<b>12,759</b>	<b>712</b>
<b>Expenses</b>						
69	51	(18)	Democracy	566	621	55
782	899	117	Assets	7,728	8,162	434
479	412	(67)	Corporate Services	4,047	3,730	(317)
<b>1,330</b>	<b>1,362</b>	<b>32</b>		<b>12,341</b>	<b>12,513</b>	<b>172</b>
<b>440</b>	<b>196</b>	<b>244</b>	<b>Surplus (Deficit)</b>	<b>1,130</b>	<b>246</b>	<b>884</b>

#### **Variance Explanation**

##### **Income**

Overall income is favourable by \$712k and is tracking well with almost all departments up on budget.

Included in revenue is:

- \$471k of external funding for the Smith's City building (shown separately)

- \$37k of fees relating to the Trustpower wind farm project (shown separately)

#### *Roading*

- The LTNZ subsidy is on track, this variance is due to the timing of the budget spread figures.

#### *Regulatory*

- In the Building Control Department, consent fees are up \$42k on budget due to increased demand.
- Parking meter fees are up by \$15k over the budgeted amount.
- More consent fees are expected before the end of the year as some larger consents are to be signed off in the coming months.

#### *Rates*

Rates are spread evenly over the full financial year.

### **Expenditure**

Overall expenditure is favourable by \$172k.

There are a range of under spent variances primarily due to timing of operations. These are expected to come in line with budgets as the year progresses.

#### *Democracy*

- Part of the Venture Southland grant and the entire Rural Fire grant are yet to be paid out. These will be paid out in the coming months.

#### *Property*

- Depreciation is less than budgeted due to the revaluation as at 30 June 2007.
- Interest expense for the new public conveniences hasn't eventuated due to the project still being in the design phase. (ie we have not needed to raise the loan yet)

#### *Regulatory*

- Some of the expenditure for the Kaiwera Downs wind farm has also been incurred and this will be recovered from Trustpower. This has been shown separately to give a better picture.
- The Building Control Department continues to be busy. An increase in staff costs and agency fees paid is offset by the increase in fee paying revenue and the agency fees collected.
- Consultancy fees are higher than budgeted but are to be offset by consent fees that are expected to be received before year end.

#### *Heritage Precinct*

- Wage costs at the i-Site are up by about \$15k due to increased staffing requirements. This has been offset by an increase in the collection of agency fees.
- Depreciation on the new Smith's City building has meant that these costs are over budget by approx \$10k.
- Interest expense is up \$7k on budget due to the new borrowing and the general trend in interest rates.

#### *Aquatic Centres*

- Wage costs are higher by \$41k overall, this is due to more swimming classes and staffing requirements, note that the increase in revenue is due to swimming classes.

### **RECOMMENDATION**

**THAT the financial report for the nine months ended 31 March 2008 be received.**

**Gore District Council  
Statement of Financial Performance  
1 July - 31 March 2008**

<b>March</b>						
<b>Actual</b>	<b>Budget</b>	<b>Variance</b>		<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
<b>\$000</b>	<b>\$000</b>	<b>\$000</b>		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Revenue</b>						
68	69	(1)	Democracy	625	616	9
309	330	(21)	Essential services	2,941	2,973	(33)
695	487	208	Roads	3,062	3,060	2
198	192	6	Reserves & Sport Facilities	1,755	1,726	30
79	67	12	Property	623	607	16
94	69	25	Regulatory	804	706	99
0	0	0	Wind Farm Revenue Received	37	0	37
80	84	(4)	Aquatic Centres	815	807	8
100	105	(5)	Heritage Precinct	962	948	14
0	0	0	External Funding for Smiths City Building	471	0	471
147	155	(8)	Administration	1,375	1,316	60
<b>1,770</b>	<b>1,558</b>	<b>212</b>		<b>13,472</b>	<b>12,759</b>	<b>712</b>
<b>Expenses</b>						
69	51	(18)	Democracy	566	621	55
318	340	22	Essential services	2,916	3,131	215
219	294	75	Roads	2,567	2,644	77
167	191	24	Reserves & Sport Facilities	1,659	1,727	68
57	73	16	Property	586	661	74
112	70	(42)	Regulatory	804	633	(171)
21	0	(21)	Wind Farm Expenses Incurred	88	0	(88)
110	93	(17)	Aquatic Centres	936	904	(31)
116	105	(11)	Heritage Precinct	1,013	951	(62)
141	144	3	Administration	1,206	1,241	36
<b>1,330</b>	<b>1,362</b>	<b>32</b>		<b>12,341</b>	<b>12,513</b>	<b>172</b>
<b>440</b>	<b>196</b>	<b>244</b>	<b>Surplus (Deficit)</b>	<b>1,130</b>	<b>246</b>	<b>884</b>

Below are the Statements of Cost of Service for the Essential Services, Roading and Parks and Reserves departments. These show some more detail of these larger departments and also factor in the capital expenditure to give a fuller picture of the department.

**Statement of Cost of Service**  
**Essential Services**  
**for the period ending 31 March 2008**

<b>2006/07</b>		<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
	<i>Revenue</i>			
1,634,324	Rates	1,699,562	1,699,562	-
760,895	Other Revenue	1,240,965	1,273,597	(32,632)
<b>2,395,219</b>	<b>Total Revenue</b>	<b>2,940,527</b>	<b>2,973,159</b>	<b>(32,632)</b>
<b>2,159,732</b>	<b>Total Expenses</b>	<b>2,916,202</b>	<b>3,130,733</b>	<b>(214,531)</b>
<b>235,487</b>	<b>Gross Operating Margin</b>	<b>24,325</b>	<b>(157,574)</b>	<b>181,899</b>
257,414	Capital Expenditure	617,339	739,723	(122,384)
<b><u>(21,926)</u></b>	<b>Total Surplus/(Deficit)</b>	<b><u>(593,015)</u></b>	<b><u>(897,297)</u></b>	<b><u>304,282</u></b>

*Essential Services*

Capital expenditure continues to come in line as projects are now underway. All projects are tracking as planned.

The other revenue variance is due to less waste coming through the landfill than anticipated, this also translates to a proportionate decrease in the regional landfill gate fee expense and Haulage costs as less waste has to be transferred.

Variances in the expenditure accounts are due to timing of maintenance work. A lot of this work will be carried out from this point forward in the financial year so one can expect these to come back in line with the budget.

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**Statement of Cost of Service**  
**Roading**  
**for the period ending 31 March 2008**

<b>2006/07</b>		<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
	<i>Revenue</i>			
1,320,461	Rates	1,376,404	1,376,404	-
1,303,629	Sales & Services	1,685,534	1,683,689	1,845
<b>2,624,091</b>	<b>Total Revenue</b>	<b>3,061,938</b>	<b>3,060,093</b>	<b>1,845</b>
<b>2,411,986</b>	<b>Total Expenses</b>	<b>2,566,884</b>	<b>2,644,234</b>	<b>(77,350)</b>
<b>212,104</b>	<b>Gross Operating Margin</b>	<b>495,054</b>	<b>415,859</b>	<b>79,195</b>
556,662	Capital Expenditure	1,085,871	1,571,757	(485,886)
<b><u>(344,557)</u></b>	<b>Total Surplus/(Deficit)</b>	<b><u>(590,816)</u></b>	<b><u>(1,155,898)</u></b>	<b><u>565,082</u></b>

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*Roading*

The other revenue variance is due to the spread of the budget over the year.

The variance in the capital expenditure is due to the seasonal nature of this work and therefore due to timing, roading work is now well underway the variance is due to the spread of the budget over the year.

The above is split out into the major Roding departments on the following two pages.

**Statement of Cost of Service**  
**Roading Administration**  
**for the period ending 31 March 2008**

2006/07		Actual	Budget	Variance
	<i>Revenue</i>			
-	Rates	-	-	-
212,731	Sales & Services	261,406	239,481	21,925
<b>212,731</b>	<b>Total Revenue</b>	<b>261,406</b>	<b>239,481</b>	<b>21,925</b>
<b>99,679</b>	<b>Total Expenses</b>	<b>231,230</b>	<b>239,587</b>	<b>(8,357)</b>
<b>113,052</b>	<b>Gross Operating Margin</b>	<b>30,177</b>	<b>(106)</b>	<b>30,283</b>
31,330	Capital Expenditure	20,471	14,868	5,603
<b>81,722</b>	<b>Total Surplus/(Deficit)</b>	<b>9,705</b>	<b>(14,974)</b>	<b>24,679</b>

**Statement of Cost of Service**  
**Urban Roding**  
**for the period ending 31 March 2008**

2006/07		Actual	Budget	Variance
	<i>Revenue</i>			
468,410	Rates	459,400	459,400	-
485,739	Sales & Services	353,177	452,039	(98,861)
<b>954,149</b>	<b>Total Revenue</b>	<b>812,578</b>	<b>911,439</b>	<b>(98,861)</b>
<b>873,577</b>	<b>Total Expenses</b>	<b>780,713</b>	<b>887,715</b>	<b>(107,002)</b>
<b>80,572</b>	<b>Gross Operating Margin</b>	<b>31,865</b>	<b>23,724</b>	<b>8,141</b>
242,643	Capital Expenditure	159,139	251,692	(92,553)
<b>(162,071)</b>	<b>Total Surplus/(Deficit)</b>	<b>(127,274)</b>	<b>(227,968)</b>	<b>100,694</b>

**Statement of Cost of Service**  
**Rural Roding**  
for the period ending 31 March 2008

2006/07		Actual	Budget	Variance
	<i>Revenue</i>			
782,569	Rates	804,054	804,054	-
605,199	Sales & Services	1,050,999	992,637	(113,158)
<b>1,387,768</b>	<b>Total Revenue</b>	<b>1,855,052</b>	<b>1,796,691</b>	<b>58,361</b>
<b>1,403,523</b>	<b>Total Expenses</b>	<b>1,487,993</b>	<b>1,445,823</b>	<b>42,170</b>
<b>(15,755)</b>	<b>Gross Operating Margin</b>	<b>367,060</b>	<b>350,868</b>	<b>16,192</b>
228,261	Capital Expenditure	785,032	1,187,000	(401,968)
<b>(244,016)</b>	<b>Total Surplus/(Deficit)</b>	<b>(417,973)</b>	<b>(836,132)</b>	<b>418,159</b>

**Statement of Cost of Service**  
**Other Roding**  
for the period ending 31 March 2008

2006/07		Actual	Budget	Variance
	<i>Revenue</i>			
69,482	Rates	112,950	112,950	-
(40)	Sales & Services	19,952	(468)	(113,158)
<b>69,442</b>	<b>Total Revenue</b>	<b>132,902</b>	<b>112,482</b>	<b>20,420</b>
<b>35,207</b>	<b>Total Expenses</b>	<b>66,949</b>	<b>71,109</b>	<b>(4,160)</b>
<b>34,235</b>	<b>Gross Operating Margin</b>	<b>65,953</b>	<b>41,373</b>	<b>24,580</b>
54,427	Capital Expenditure	121,229	118,197	<b>3,032</b>
<b>(20,192)</b>	<b>Total Surplus/(Deficit)</b>	<b>(55,275)</b>	<b>(76,824)</b>	<b>21,549</b>

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**Statement of Cost of Service**  
**Parks & Reserves**  
**for the period ending 31 March 2008**

<b>2006/07</b>		<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
	<i>Revenue</i>			
1,033,891	Rates	1,148,184	1,148,184	-
102,977	Other Revenue	607,154	577,476	29,678
<b>1,136,868</b>	<b>Total Revenue</b>	<b>1,755,338</b>	<b>1,725,660</b>	<b>29,678</b>
<b>990,327</b>	<b>Total Expenses</b>	<b>1,658,562</b>	<b>1,726,540</b>	<b>(67,978)</b>
<b>146,541</b>	<b>Gross Operating Margin</b>	<b>96,776</b>	<b>(880)</b>	<b>97,656</b>
193,581	Capital Expenditure	114,183	107,655	6,528
<b><u>(47,039)</u></b>	<b>Total Surplus/(Deficit)</b>	<b><u>(17,407)</u></b>	<b><u>(108,535)</u></b>	<b><u>91,128</u></b>

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*Parks & Reserves*

The Parks and Reserves Department is tracking well with other income tracking a little above the expected amount.

The apparent under spend is a timing difference and should come in line.

The P & R department has completed its budgeted big ticket item Capex for the year and this variance will become more favourable as the months wear on.

## Balance Sheet

On the left hand column the relevant prior year month to date actual figures are shown instead of the position at 30 June 2007. These figures are useful when looking at debtors balances which usually have an annual trend.

The major changes in the balance sheet are:

### Assets

- Debtors are down on 31 March 07 due to the way Rates are now accrued.
- Fixed Assets have increased over the forecasted amount from the LTCCP due to the revaluation as at 30 June 07.
- Investments are up on the same time last year due to the special funds that were set aside last financial year.
- Loans to community groups have fallen due to the repayment of the Ice Sports Southland Loan.

### Liabilities

- Term Debt has increased due to the planned borrowing for the Smiths City Building purchase.
- In Terms of analysing the expected loan balance in relation to the 30 June 2008 LTCCP figure of \$11,013,000, detailed below is the respective breakdown of loans funding for capital and grants expenditure for the year:

	Actual to Date	LTCCP
St. James Theatre (Grant)	-	250,000
Smiths City Building	500,000	500,000
Multisport Complex Carpark	-	50,000
Drainage (Actiflo Plant)	-	1,800,000
	<b>500,000</b>	<b>2,600,000</b>

### Capital Expenditure

As at 31 March 2008 \$3.047m (\$2.673m in February) of the \$5.6m of capital expenditure had been spent. A large portion of this is the Smith's City Building. Just under \$1m was put up by the Council however, about half of this has been recovered from various community organisations to bring the Council's financial contribution down to the budgeted \$500,000. A loan of \$500k was raised to finance this as budgeted.

All other areas are tracking as expected, most of the Essential Services projects have now been initiated and the positive variance will decrease more rapidly from now on.

**Gore District Council  
Balance Sheet  
As at 31 March 2008**

<b>Actual 31 Mar 2007 \$000</b>		<b>Actual 31 Mar 2008 \$000</b>	<b>LTCCP 30 Jun 2008 \$000</b>
	<b>Equity</b>		
140,304	Accumulated funds	139,137	138,466
106,980	Asset Revaluation Reserve	163,503	121,049
<b>247,284</b>		<b>302,640</b>	<b>259,515</b>
	<b>Assets</b>		
	<b>Current Assets</b>		
(98)	Bank	36	17
3,335	Debtors	1,407	900
2,751	Short Term Deposits	2,173	950
57	Inventory	55	0
<b>6,044</b>		<b>3,672</b>	<b>1,867</b>
	<b>Non current Assets</b>		
68	Investments	702	68
220	Loans to Community Groups	10	0
250,861	Fixed Assets	308,488	270,256
<b>251,149</b>		<b>309,200</b>	<b>270,324</b>
<b>257,193</b>	<b>Total Assets</b>	<b>312,872</b>	<b>272,191</b>
	<b>Liabilities</b>		
	<b>Current Liabilities</b>		
<b>1,331</b>	Creditors	<b>1,506</b>	<b>1,525</b>
	<b>Non Current Liabilities</b>		
8,400	Term Loans	8,594	11,013
178	Landfill Aftercare Provision	132	138
<b>8,578</b>		<b>8,726</b>	<b>11,151</b>
<b>9,909</b>	<b>Total Liabilities</b>	<b>10,232</b>	<b>12,676</b>
<b>247,284</b>	<b>Net Assets</b>	<b>302,640</b>	<b>259,515</b>

#### 4. RURAL SPECIAL FUND: REVIEW OF MEMBERSHIP AND TERMS OF REFERENCE

(Memo from Chief Executive – 05.05.08)

When considering the Local Governance Statement at last month's Council meeting, it was noted that appointments to the Rural Special Fund had yet to be made. As a result it was suggested that the membership of the Rural Special Fund be reviewed at the next Finance and Policy Committee meeting.

Review of the Terms of Reference for the Rural Special Fund is also appropriate given that the approved Terms of Reference set in place by the Council in September 2005 provided for three yearly reviews. Enclosed please find a copy of the approved Terms of Reference for the Rural Special Fund.

In terms of membership of the Fund, it is noted by Clause 4 that protection is given for rural representation should a future change in the District's electoral structure result in the abolition of designated rural wards. Since the Terms of Reference were drafted there has of course been a change to the ward structure of the Gore District, but there remains in place two designated rural wards. The Council may wish to amend the Terms of Reference to reflect either membership of the Fund Committee being the Mayor and the two rural ward Councillors or to expand to include one or two at large members.

The other mildly contentious point in terms of the operation of the Rural Special Fund is the regularity in which applications are invited for grants to be disbursed from accrued interest. Over the past three years the majority of members of the Rural Special Fund Committee has preferred to let interest build up and dispense with an annual funding round.

Given the modest amount of capital and the need to rebuild it, I believe the approach taken by the Committee over the past three years was prudent. Indeed looking over the past 15 years or so one could argue that the Gore District has exhibited an indecent amount of haste in spending reserve funds. With the Council having few sources of external income, a more conservative approach in regard to spending reserves may be appropriate.

Therefore the Council may wish to amend the wording of the Terms of Reference to make it clear whether it will be entertaining annual funding rounds now or in a specified future term.

**RECOMMENDATION**

**THAT the Rural Special Fund Terms of Reference be reviewed,**

**AND THAT membership of the Fund Committee be finalised based on the criteria set out in the reviewed Terms of Reference.**

## **Rural Special Fund Terms of Reference**

1. The proceeds of the rural special fund will be used only for projects where the majority of the beneficiaries reside in the rural area of the Gore District. The decision regarding what constitutes a 'majority' will, for each application, rest solely with the members of the rural special fund committee.
2. The fund will be controlled by the Gore District Council which will, on 30 June each year, calculate interest on the balance of the fund and ensure that this interest is added to that fund. Interest will be calculated at the average rate of interest received on all council investments for that financial year.
3. The fund will be administered by the Mayor and the rural councillors. The committee will recommend loans/grants to the Council for its approval.
4. If any future change of the District's electoral structure results in the abolition of designated rural wards, the Council will appoint elected members to the Rural Special Fund Committee giving preference, in order of priority, to:
  - (a) elected members residing in the rural area of the Gore district, and
  - (b) elected members that have previously resided in the rural area of the Gore District

The rural area of the Gore District is defined as the boundaries of the Kaiwera, Waikaka, and Waimumu wards which formed part of the electoral structure of the Gore District in the 2004 local authority elections.

5. Only a portion of the annual interest will be available to be disbursed each year. From 1 July 2005 to 30 June 2008, up to 30% of the interest will be available to be disbursed. From 1 July 2008, up to 50% of the interest will be available. This clause will be reviewed once the balance of the fund reaches \$500,000.
6. The funds will be available to make grants and loans. Notwithstanding this, no loans will be made for Council projects. Interest on loans will be charged at the 90 day Bank Bill Mid Rate on the day the loan is approved by the Council. All loans will be supported by a loan agreement specifying the interest rate and the repayment terms.
7. The committee will consider disbursements of the capital only in situations of extreme emergencies or major disasters. Such recommendations will be made to the full Council for its approval.
8. These terms of reference will be reviewed every three years, within six months of each triennial election. The first review is due by April 2008.

9. If, during this time the Gore District Council ceases to exist, the rural special fund is to be ring-fenced for the benefit of ratepayers and residents within the rural rating area that exists within the Gore District Council at the time of cessation.

5. CHIEF EXECUTIVE'S APPRAISAL COMMITTEE - DELEGATION

(Memo from Chief Executive – 05.05.08)

At the April Council meeting, delegations were reviewed and approved with the exception of the Chief Executive's Appraisal Committee. The approval of the delegation of this particular Committee was withheld pending the sighting of revised wording to remove any ambiguity about the respective roles of the Committee, the Council and the Chief Executive.

Attached is a revised delegation for the Committee which hopefully addresses the concerns of the Council. The existing delegation is also attached for comparative purposes. The changes are highlighted in italics on the revised delegation.

**RECOMMENDATION**

**THAT the revised delegation for the Chief Executive's Appraisal Committee be attached.**

# **EXISTING DELEGATION**

## ***EXECUTIVE COMMITTEE CHIEF EXECUTIVE'S APPRAISAL COMMITTEE***

<b>REPORTING TO</b>	Council
<b>CONSTITUTION</b>	Mayor Deputy Mayor <i>Committee Chairpersons</i>
<b>MEETING FREQUENCY</b>	Annually or as required

### **OBJECTIVE**

This committee will liaise with the Chief Executive Officer on the following matters;

- (a) principal accountabilities of Chief Executive Officer;
- (b) review of remuneration of Chief Executive Officer;

### **SCOPE OF ACTIVITY**

Chief Executive Officer's performance and emergency matters

### **POWER TO ACT**

1. To meet and undertake a review of the Chief Executive Officer's performance on a regular basis.
2. To provide in accordance with the Chief Executive Officer's employment agreement, new objectives for subsequent years.

### **POWER TO RECOMMEND**

1. Review of Chief Executive Officer's remuneration package.

# **REVISED DELEGATION**

## ***EXECUTIVE COMMITTEE CHIEF EXECUTIVE'S APPRAISAL COMMITTEE***

<b>REPORTING TO</b>	Council
<b>CONSTITUTION</b>	Mayor Deputy Mayor <i>Committee Chairpersons</i>
<b>MEETING FREQUENCY</b>	Annually or as required

### **OBJECTIVE**

This committee will *have dialogue* with the Chief Executive Officer on the following matters;

- (a) *review the performance of the Chief Executive Officer for the previous year, having regard to specific objectives included in that year's performance agreement;*
- (b) *set objectives for the forthcoming year, having regard for the strategic priorities of the Council;*
- (c) *in collaboration with an independent remuneration consultant, review the Chief Executive Officer's remuneration package, having regard to performance as assessed under (a) above, trends in the local government executive market.*

### **SCOPE OF ACTIVITY**

- Chief Executive Officer's performance and emergency matters
- *Review remuneration of the Chief Executive Officer.*
- *Meet to deal with any emergency matters.*

### **POWER TO ACT**

1. To meet and undertake a review of the Chief Executive Officer's *employment* performance on a regular basis.
2. To provide new objectives for subsequent years, in accordance with the Chief Executive Officer's employment agreement.
3. *To meet to deal with matters that may arise between Council meetings.*

4. *Review remuneration of the Chief Executive Officer.*

**POWER TO RECOMMEND**

*After the review of the Chief Executive Officer's employment performance, a remuneration package recommendation will be presented to the full Council.*

## 6. FEES AND CHARGES 2008/09

(Memo from General Manager, Corporate Services – 05.05.08)

As Councillors may be aware, it is customary practice for an annual review to be conducted of all Council fees and charges. This review normally takes place in March or April each year.

Enclosed with the agenda is a schedule of fees and charges for 2008/09 which has been critically reviewed by Council Managers. In the main, most of the amendments being proposed are slight tweaks to take cognisance of inflation which has been allowed for in the Council's Annual Plan.

There are however, a few additions in some areas, eg building, which reflect new areas of activity that have come on stream since the last review was conducted.

### **RECOMMENDATION**

**THAT the revised fees and charges schedule complete with any amendments, additions or deletions agreed to by the Council be adopted and come into effect on 1 July 2008.**

## 7. AUDIT COMMITTEE MEETING

(Memo from Chief Executive – 06.05.08)

As Councillors will be aware from the recent approval of delegations to Council Committees, an Audit Committee is in place to consider issues that arise out of the annual audit.

Just prior to Christmas last year, the Audit Committee met to consider issues raised by the Council auditors as part of its annual audit.

Attached are notes of the meeting of the Audit Committee held on 18 December, together with a letter from the Council's auditor, Deloitte and the accompanying commentary on significant issues identified.

### **RECOMMENDATION**

**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.**

## 8. LTCCP AUDIT PROCESS – SELF ASSESSMENT

(Memo from Chief Executive – 06.05.08)

Attached is a letter received from the Council's auditors, Deloitte, requesting that a self-assessment be prepared to ascertain the Council's readiness for developing a reviewed LTCCP. The letter attaches a comprehensive questionnaire which must be completed by 31 May 2008.

The questionnaire is very demanding and appears to place a heavy expectation that Councils will have perfect and convoluted consultation, decision-making, financial management, forecasting and performance management processes.

This process was undertaken in 2005 and requires 21 questions covering six sections to be answered. This time round, there are 62 questions covering eight sections that require a response complete with attaching relevant examples. The General Manager, Corporate Services will be completing section 6 while I will endeavour to respond to the rest of the questionnaire.

In my personal view, the questionnaire is "over the top". Fears expressed by the Chairman of the Rating Inquiry Panel that the LTCCP process was constipated appear to be well founded when viewed in the light of the self-assessment. The real danger lies in Councils becoming more bureaucratic and esoteric in the eyes of the communities they serve due to the high degree of focus afforded to process rather than what is actually achieved.

Nevertheless, the questionnaire will be completed as best as we are able and presented to the Council for endorsement prior to despatch to the auditors.

### **RECOMMENDATION**

**THAT the letter from the Council auditors and accompanying LTCCP self- assessment be received.**