

**REPORT OF THE ORDINARY MONTHLY MEETING OF THE  
FINANCE AND POLICY COMMITTEE HELD IN THE COUNCIL  
CHAMBERS, 29 CIVIC AVENUE, GORE ON TUESDAY 10 MARCH  
2009, AT 6.24 pm.**

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

**IN ATTENDANCE** The Chief Executive (Mr Steve Parry), General Manager, District Assets (Mr Paul Withers), General Manager, Corporate Services (Mr Russell Duthie), Parks and Recreation Manager (Mr Ian Soper), Roading Manager (Mr Murray Hasler), Planning Consultant, (Mr Keith Hovell), Corporate Support Officer (Mrs Tracey Millan)

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**1. ALLOCATION OF PARK AND RESERVES OVERHEADS FROM SECTION 460 (18.1.2)**

A memo had been received from the General Manager, Corporate Services and was perused by the meeting.

The General Manager, Corporate Services, noted the allocation that was in place had been generated by the previous Chief Financial Officer and the previous Parks and Reserves Manager. The only change from his analysis was the responsibility that the current Parks and Reserves Manager also now had the overview of the aquatic facilities, that the previous Parks and Reserves Manager did not have. His suggestion was to leave the allocations as they were at the moment as the differences were relatively small and changing them at this stage would require changes to the LTCCP, which could be messy for the administration staff.

Cr Gardyne questioned whether it was fair to extract so much for administration charges. fifty percent of the cost of rural parks and reserves was administration costs. He had made the point before that the cemeteries in Waikaka and Pukerau were self managed and the sports fields were maintained by local residents. He thought the administration charges in the rural section should be less.

The Manager said one could not be compared to another. Two main factors were the amount of time that the administration spent in supporting those activities and the cost of the plant to provide those activities.

**RECOMMENDED on the motion of Cr McLennan, seconded by Cr Dixey THAT the report on parks and reserves administration charges be received,**

**AND THAT the existing administration overheads charging regime be confirmed as appropriate for inclusion in the draft 2009-19 LTCCP.**

## 2. FINANCIAL REPORT FOR JANUARY 2009 (1.1.4)

A memo had been received from the Management Accountant together with a financial report for January 2009.

In response to Cr Bolger, the General Manager, Corporate Services explained the interest rate swaps had to have a value attached to them. Currently, it was paying an average of 6%, To date, the ongoing normal market rate for interest was approximately 8%. Because it was only paying 6%, the Council was required to assess a value over the remaining life of those swaps for that benefit of having a lower interest rate. Each year that amount would get smaller because there was a lesser time span to the conclusion of those swaps. That would be analysed over the next two years. It was trying to assess future benefits.

In response to Cr Highsted, the General Manager said being in overdraft would not be long term or recurring. Funds needed to be uplifted on a long term basis through the banking facility. It had been done on a short term facility in the interim until the Council borrowed the money long term.

In response to Cr Davis, the General Manager advised that the Council was still in consultation with ANZ to try and get the most favourable interest rates.

In response Cr Gardyne, the General Manager advised that the Council were not bound only to ANZ for financial information. It monitored other institutions as well.

In response to Cr Sharp, the Chief Executive advised that the Council had not employed a financial advisor since 2002. when there had been a shambles in the loan books He did not think it was necessary at employ a broker at this stage. There were so many people with opinions. He thought the Council needed to bide its time and get it right.

**RECOMMENDED on the motion of Cr Bolger, seconded by Cr Highsted THAT the report for the 7 months ended 31 January 2008 be received.**

3. EASTERN SOUTHLAND RURAL TRANSPORT – REPORT FORM NZ RED CROSS (50.40.3)

A memo from the Chief Executive along with a report from New Zealand Red Cross had been received. The report profiled usage and income and expenditure for a six month period from July 2008.

Cr Gardyne thought the set of attached accounts were not set out correctly. The \$7,500 recently paid by the Council had not been included.

The Chief Executive said the attached breakdown was very basic and did not include the Council's \$5000 that had been paid recently in good faith after sighting the figures. Locally, Red Cross was challenged in the accounting area, but the Dunedin based Regional Manager had assured him that the Council would receive a full cost centre breakdown of accounts at the financial year's end. It could well be if the service was successful the Council could benefit financially from it. It was only committed for one year but the service needed to be known so it could be utilised.

Cr Heller thought the Council had locked \$7,500 in this year and it was also included in the LTCCP for next year.

The Chief Executive said the LTCCP was a draft and had been prepared in November last year on the basis the Council may wish to continue with the funding, but it would be a Council decision when approving the LTCCP as to whether it wished to continue or not.

Cr Heller thought by next June, the activity could be trading at a healthy profit. The Council needed to look at it next year.

Cr Dixon thought it was good that a profit was likely as some people thought they would not get a cent back. Some Red Cross rural transport areas in New Zealand had even got to the stage of being self sufficient.

**RECOMMENDED on the motion of Cr McLennan, seconded by Cr Dixon, THAT the progress report be received.**

The meeting concluded at 6.48pm.