

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 WEDNESDAY 14 OCTOBER 2009, FOLLOWING THE CONCLUSION OF THE REGULATORY AND PLANNING COMMITTEE MEETING

**Stephen Parry
CHIEF EXECUTIVE**

7 October 2009

A G E N D A

1. Proposed Water-Based Hockey Turf – Wayland Park
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2. Financial Report for August 2009
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FINANCE AND POLICY COMMITTEE AGENDA

OCTOBER 2009

1. PROPOSED WATER-BASED HOCKEY TURF AT WAYLAND PARK: REQUEST FOR ASSISTANCE FROM EASTERN SOUTHLAND HOCKEY ASSOCIATION

(Memo from Chief Executive – 02.10.09)

As Councillors will no doubt recall, in June this year the following resolution was passed in regard to a proposed water-based turf at Wayland Park, Gore:

THAT the Council approve in principal the allocation of suitable ground at Wayland Park to enable the Eastern Southland Hockey Association to proceed with its planning to establish a water-based turf on this area,

AND THAT the Council note that should a resource consent for a new water-based turf be granted, a ground lease between the Council and the Eastern Southland Hockey Association will be negotiated.

A resource consent for the establishment of the water-based turf has subsequently been granted by the Council.

- ↳ As a consequence the attached letter has now been received from the Eastern Southland Turf Redevelopment Committee seeking specific assistance from the Council to enable this project to proceed. This letter also encloses a budget for both the capital development of the new turf and its annual operation.

Commenting on the three specific requests put forward by the Committee:

1. Financial Assistance to Construct 29 New Car Parks

The estimate of \$65,000 to construct 29 car parks has been provided by the Council's Roading Manager.

It will be recalled that in August 2006 the Council approved a request from the Trustees of the Indoor Events Centre (otherwise known as Stage 3) for an interest free loan of \$50,000 for a period of 10 years to facilitate construction of a car park associated with the new Indoor Events Centre. Therefore on the basis of precedent

and consistency it would appear that the Council should agree to providing an interest free loan for the amount requested by the Eastern Southland Hockey Association.

Allowing for inflation and under the auspices of being absolutely consistent, the Council could limit its exposure to \$55,000. However, it is suggested that the sum sort of \$65,000 is in the same ball park as what was granted to the Indoor Events Centre and should be viewed in that light.

2. Loan Security

As the Eastern Southland Hockey Association does not own the land on which the new turf will be situated, its banker, Southland Building Society is seeking the Council to act as guarantor for the proposed loan of \$200,000. Again, under the consideration of consistency there appears to be a direct parallel with the guarantor role that the Council provided for Ice Sports Southland when developing its ice rink, which of course is known as Stage 1 of the Multisports Complex.

Like Ice Sports Southland, the Eastern Southland Hockey Association has a strong track record in running its affairs in a prudent and responsible manner. This has been borne out by the success which it enjoyed in regard to the development of the sand-based turf in Matura and the way in which that facility has operated for the past 17 years.

Further, the enclosed budget of the Turf Redevelopment Committee highlights that a surplus is achievable, which will be utilised to retire the debt of Southland Building Society.

Additionally, the rapid momentum that has built around this project since the vexing question of siting of the new turf was resolved perhaps provides a good indication on how resilient and focussed the proponents of the new turf will be in ensuring that the operation is a financial success.

3. Continuation of Council Assistance in Providing Turf Bookings and Financial Services

Eastern Southland Hockey Association has requested that the Council continue to support it in regard to providing a turf booking service and managing its finances. Viewed under the lens of consistency, this particularly request is problematic.

The Council has administered a booking service from the Mataura Service Centre for the Eastern Southland Hockey Association since the sand-based turf was established in 1992. This service is provided free of charge.

In addition, the Council staff provide financial statements for the Mataura Hockey Turf Charitable Trust. This service has been provided free of charge and has been in place for well over a decade. I understand the service came about as a result of the turf moving from the Council's control and into the care of a specific Trust.

However, the time has probably come to assess the service provided to hockey, as opposed to that given to other sports. On the basis of consistency there is considerable difficulty in generating an argument that supports the Council continuing to provide the service free of charge.

Councillors will no doubt be aware that the Gore District Council provides front of house services for Ice Sports Southland and will also be performing this service for the new Indoor Events Centre. In both instances a service level agreement which contains a prescribed fee for the Council providing a specified range of services, is in place. Logic and consistency suggests that a similar approach be undertaken for the new water-based turf at Wayland Park.

Conclusion

Coming hard on the heels of the trials and tribulations associated with Stage 3 of the Multisports Complex, the assistance sought by Eastern Southland Hockey Association could be viewed as somewhat awkward. However given the organisation's track record, the advanced state of its fundraising and a resource consent for the project being granted, the Council should resist the urge to shy away from offering support. However the support given needs to be consistent with that provided to other recreational projects located at Wayland Park.

RECOMMENDATION

THAT the Council approve an interest free loan of \$65,000 for a period of 10 years in favour of the Eastern Southland Hockey Association, to enable 29 car parks to be constructed at Wayland Park in association with the new water-based hockey turf,

THAT the Council agree to act as guarantor for a loan of \$200,000 to be advanced by Southland Building Society in favour of the Eastern Southland Hockey Association.

THAT should the Council be required to provide a booking service for the new water-based turf at Wayland Park, this service be provided for a fee to be negotiated between the Council and Eastern Southland Hockey Association and contained in a formal service level agreement,

AND THAT the Council discontinue providing financial services to the Matura Hockey Turf Charitable Trust, with this discontinuation taking effect from when the new water-based turf is completed and operational.

2. FINANCIAL REPORT FOR AUGUST 2009

(Memo from Management Accountant – 07.10.09)

Operating Results

For the two months ended 31 August 2009, the Gore District Council recorded a deficit of \$71k. This is favourable by \$97k 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

		August						
Actual	Budget	Variance		Actual	Budget	Variance	U/F	
1								
\$000	\$000	\$000		\$000	\$000	\$000		
Revenue								
880	873	8	Rates	1,723	1,746	(23)	U	
9	11	(2)	Petroleum Tax	20	22	(2)	U	
155	100	55	LTNZ Subsidy	155	200	(45)	U	
277	218	59	Licenses Fees & Other Revenue	544	566	(22)	U	
0	0	0	Wind Farm Revenue	0	0	0	F	
0	4	(3)	Interest and Dividends	1	7	(6)	U	
273	273	(0)	Administration Recoveries	546	546	(0)	U	
1,595	1,479	117		2,989	3,087	(98)	U	
Expenses								
44	58	14	Democracy	175	205	31	F	
966	1,046	80	Assets	1,978	2,092	114	F	
483	478	(5)	Corporate Services	907	958	50	F	
1,493	1,582	89		3,059	3,255	195	F	
102	(103)	205	Surplus (Deficit)	(71)	(168)	97	F	

Variance Explanation

Income

Overall income is unfavourable by \$98k.

NZTA Subsidy

This is tracking lower due to timing of works. Our subsidy levels are still to be confirmed following the NZTA funding cuts; therefore a conservative accrual has been made this month.

Rates

Rates are spread evenly over the full financial year.

License Fees & Other Revenue

This is down on budget by \$22k for the period. This is a mixture of small decreases in revenues across many departments. None are permanent variances.

Expenditure

Overall expenditure is favourable by \$195k.

Several departments have overspends, due to timing, it is early days in this financial year. The underspends are of the same nature at this point in time.

RECOMMENDATION

THAT the financial report for the two months ended 31 August 2009 be received.

Gore District Council
Statement of Financial Performance
1 July - 31 August 2009

Actual	August			Actual	Budget	Variance	U/F
	Budget	Variance					
\$000	\$000	\$000		\$000	\$000	\$000	
Revenue							
85	84	1	Democracy	165	159	5	F
451	375	76	Essential services	744	751	(7)	U
334	279	55	Roads	505	559	(54)	U
221	217	4	Reserves & Sport Facilities	432	434	(2)	U
91	73	18	Property	153	146	7	F
64	86	(22)	Regulatory	237	264	(27)	U
92	80	12	Aquatic Centres	180	173	7	F
105	118	(13)	Heritage Precinct	226	235	(9)	U
152	167	(15)	Administration	346	366	(20)	U
1,595	1,479	116		2,989	3,087	(98)	U
Expenses							
45	58	13	Democracy	175	205	31	F
384	394	10	Essential services	802	788	(14)	U
296	337	41	Roads	620	673	53	F
193	222	29	Reserves & Sport Facilities	389	445	56	F
87	93	6	Property	167	186	19	F
84	89	5	Regulatory	176	179	2	F
93	106	13	Aquatic Centres	211	197	(14)	U
105	119	14	Heritage Precinct	220	257	37	F
206	162	(44)	Administration	300	325	25	F
1,493	1,582	89		3,059	3,255	195	F
102	(103)	205	Surplus (Deficit)	(71)	(168)	97	F

Visitor Services

Below is a Cost of Service Statement for the Visitor services department. This covers the i-Site in the Heritage precinct. In addition to the cost of service statement is a table that shows more detail for each of the main revenue streams of the Visitor Centre.

Statement of Cost of Service – Visitor Services					
for the period ending 31 August 2009					
2007/08		Actual	Budget	Variance	
	Revenue				
47,776	Rates	51,412	51,412	-	F
1,281	Other Revenue	2,188	6,792	(4,604)	U
49,056	Total Revenue	53,600	58,204	(4,604)	U
22,004	Staff Expenses	22,934	23,940	(1,006)	F
1,021	Occupancy Expenses	587	1,654	(1,067)	F
27,162	Division Expenses	24,870	27,196	(2,326)	F
(143)	Plant Expenses	23	310	(287)	F
50,045	Total Expenses	48,414	53,100	(4,686)	F
(988)	Gross Operating Margin	5,187	5,104	83	F
-	Capital Expenditure	-	832	(832)	F
(988)	Total Surplus/(Deficit)	5,187	4,272	915	F

i-Site Revenue detail					
	2010	to	August		
	Actual	Budget	Variance	F/U	
Agency fees Collected	(22,994)	(36,318)	(13,324)	U	
Agency fees Paid	21,700	32,686	10,986	F	
Commission Received	(1,294)	(3,632)	(2,338)	U	
Brochure Display Charges	-	(726)	(726)	U	
Sales & Services	(894)	(1,780)	(886)	U	
Cost of Goods Sold	266	530	264	F	
Profit on Goods sold	(628)	(1,250)	(622)	U	
Total Gross Profit to date	(1,922)	(5,608)	(3,686)	U	

Infrastructural Divisions

Essential Services

Statement of Cost of Service					
Essential Services					
for the period ending 31 August 2009					
2007/08		Actual	Budget	Variance	
	<i>Revenue</i>				
362,405	Rates	445,906	445,906	-	F
(1,490,540)	Other Revenue	297,804	304,712	(6,908)	U
(1,128,135)	Total Revenue	743,710	750,618	(6,908)	U
698,882	Total Expenses	802,041	787,682	14,359	U
(1,827,017)	Gross Operating Margin	(58,331)	(37,064)	(21,267)	U
702,459	Capital Expenditure	86,858	194,173	(107,315)	F
(2,529,475)	Total Surplus/(Deficit)	(145,189)	(231,237)	86,048	F

Included in this area are water, wastewater and solid waste.

This Division is on track with most accounts tracking close to budget, capital expenditure being the main exception. This is due to timing of the start of projects.

Parks & Reserves

Statement of Cost of Service					
Parks & Reserves					
for the period ending 31 August 2009					
2007/08		Actual	Budget	Variance	
	<i>Revenue</i>				
229,754	Rates	270,473	270,473	-	F
(967,183)	Other Revenue	161,819	163,649	(1,829)	U
(737,429)	Total Revenue	432,293	434,122	(1,829)	U
425,423	Total Expenses	388,913	444,794	(55,881)	F
(1,162,853)	Gross Operating Margin	43,379	(10,672)	54,051	F
83,066	Capital Expenditure	76,433	94,531	(18,098)	F
(1,245,919)	Total Surplus/(Deficit)	(33,053)	(105,203)	72,150	F

Included in this area are the various parks and reserves around the District including Dolamore Park and all cemeteries.

These divisions too are close on target, some apparent underspends are due to the timing of the actual expenses and the evenly spread budgets.

Roading

Statement of Cost of Service					
Roading					
for the period ending 31 August 2009					
2007/08		Actual	Budget	Variance	
	<i>Revenue</i>				
293,436	Rates	336,062	336,062	-	F
(1,296,996)	Other Revenue	168,979	222,493	(53,513)	U
(1,003,560)	Total Revenue	505,042	558,555	(53,513)	U
556,192	Total Expenses	619,586	673,002	(53,416)	F
(1,559,752)	Gross Operating Margin	(114,545)	(114,447)	(98)	U
117,542	Capital Expenditure	153,830	495,558	(341,728)	F
(1,677,293)	Total Surplus/(Deficit)	(268,374)	(610,005)	341,631	F

Further breakdowns have been provided for some of the activities that make up the roading division.

Overall, roading is going well; capital expenditure is below budget at this stage due to timing and the seasonal nature of roading capital work.

The other revenue category is down due to the fact we are still awaiting confirmation of the new funding levels from NZTA, a conservative accrual based on actual work undertaken has been made.

Statement of Cost of Service
Roading Administration
for the period ending 31 August 2009

2007/08		Actual	Budget	Variance	
	<i>Revenue</i>				
-	Rates	-	-	-	F
54,292	Other Revenue	14,127	15,910	(1,783)	U
54,292	Total Revenue	14,127	15,910	(1,783)	U
58,538	Total Expenses	54,683	72,304	(17,621)	F
(4,246)	Gross Operating Margin	(40,556)	(56,394)	15,838	F
-	Capital Expenditure	23,822	24,000	(178)	F
(4,246)	Total Surplus/(Deficit)	(64,378)	(80,394)	16,016	F

Statement of Cost of Service
Urban Roding
for the period ending 31 August 2009

2007/08		Actual	Budget	Variance	
	<i>Revenue</i>				
104,091	Rates	106,526	106,526	-	F
(480,303)	Other Revenue	46,000	61,565	(15,565)	U
(376,212)	Total Revenue	152,526	168,091	(15,565)	U
175,409	Total Expenses	194,666	198,290	(3,624)	F
(551,621)	Gross Operating Margin	(42,141)	(30,199)	(11,942)	U
29,890	Capital Expenditure	44,070	113,548	(69,478)	F
(581,510)	Total Surplus/(Deficit)	(86,211)	(143,747)	57,536	F

**Statement of Cost of Service
Rural Rooding
for the period ending 31 August 2009**

2007/08		Actual	Budget	Variance	
	<i>Revenue</i>				
173,904	Rates	208,857	208,857	-	F
(795,524)	Other Revenue	100,000	139,307	(39,307)	U
(621,620)	Total Revenue	308,857	348,164	(39,307)	U
316,991	Total Expenses	361,139	378,276	(17,138)	F
(938,611)	Gross Operating Margin	(52,282)	(30,112)	(22,170)	U
58,788	Capital Expenditure	59,798	310,760	(250,962)	F
(997,399)	Total Surplus/(Deficit)	(112,080)	(340,872)	228,792	F

**Statement of Cost of Service
Other Rooding
for the period ending 31 August 2009**

2007/08		Actual	Budget	Variance	
	<i>Revenue</i>				
15,440	Rates	20,680	20,680	-	F
(75,460)	Other Revenue	8,852	5,710	3,142	F
(60,020)	Total Revenue	29,532	26,390	3,142	F
5,254	Total Expenses	9,098	24,132	(15,034)	F
(65,274)	Gross Operating Margin	20,434	2,258	18,176	F
28,864	Capital Expenditure	26,140	47,250	(21,110)	F
(94,138)	Total Surplus/(Deficit)	(5,705)	(44,992)	39,287	F

Balance Sheet

The major changes in the balance sheet from the same month in prior year:

Assets

- Debtors are above on 31 August 2008 due to timing of the rate take.
- Derivative Instruments are down on the same month last year due to the revaluation of the interest swaps at 30 June 2009.
- Short term deposits are up due to the timing of the rate take at the end of August.

Liabilities

- Creditors are up due to the timing of payments.
- Term debt has increased due to the planned borrowing for the actiflow and wetlands projects.

Capital Expenditure

As at 31 August 2009 \$378k (\$812k budget for August) has been spent on capital works.

All other areas are tracking as expected.

**Gore District Council
Balance Sheet
As at 31 August 2009**

Actual 31 Aug 2008 \$000		Actual 31 Aug 2009 \$000	LTCCP 30 Jun 2009 \$000
	Equity		
138,451	Accumulated funds	138,521	138,311
163,503	Asset Revaluation Reserve	163,399	205,924
301,954		301,920	344,235
	Assets		
	Current Assets		
1,719	Bank	480	17
661	Debtors	976	900
1,566	Short Term Deposits	3,801	1,080
55	Inventory	58	55
329	Derivative Instruments	(362)	227
4,001		5,315	2,277
	Non current Assets		
134	Investments	134	68
50	Loans to Community Groups	60	0
310,487	Fixed Assets	311,289	354,481
311,000		311,483	354,549
315,001	Total Assets	316,799	356,826
	Liabilities		
	Current Liabilities		
2,846	Creditors	3,646	1,525
	Non Current Liabilities		
10,088	Term Loans	10,753	10,928
113	Landfill Aftercare Provision	118	138
10,201		10,870	11,066
13,047	Total Liabilities	14,516	12,591
301,954	Net Assets	302,282	344,235