

MACKENZIE DISTRICT COUNCIL

MINUTES OF A MEETING OF THE FINANCE COMMITTEE HELD IN THE COUNCIL CHAMBERS, FAIRLIE, ON TUESDAY, SEPTEMBER 2, 2014, AT 9.30AM

PRESENT:

Cr Graham Smith (Chairman)
Claire Barlow (Mayor)
Cr Russell Armstrong
Cr James Leslie
Cr Noel Jackson
Cr Evan Williams

IN ATTENDANCE:

Wayne Barnett (Chief Executive Officer)
Paul Morris (Finance and Administration Manager)
Arlene Goss (Committee Clerk)
Gail Smits (Quotable Value) – from 11.30am
Luke van den Broek (Quotable Value) – from 11.30am
Alex Wills (Quotable Value) – from 11.30am
Pauline Jackson (Rates Officer) – from 11.30am

APOLOGIES:

There were no apologies.

DECLARATIONS OF INTEREST:

There were no declarations of interest.

MINUTES:

The chairman asked a question regarding the resolutions related to the land sale to Meridian in the minutes. He wanted to know why this was not recorded as a unanimous decision. The Mayor said we don't usually record this. No changes were requested to the minutes.

Resolved that the minutes of the meeting of the Finance Committee held on July 24, 2014, including such parts as were taken with the public excluded, be confirmed and adopted as the correct record of the meeting.

Evan Williams/Claire Barlow

REPORTS:

FINANCIAL ACTIVITY REPORT TO JUNE, 2014:

This report is the financial report for council for the full year to June, 2014.

Resolved that the report be received.

Claire Barlow/Evan Williams

The chairman and Finance and Administration Manager Paul Morris went through the report one section at a time.

Governance – There has been a small overspend on two items. One was caused by unbudgeted employment, the other was extra meetings at Tekapo.

Cr Cox asked why the water zone committees were costing so much. Paul Morris said we are involved with two water zones, one we administer, the other we contribute to. Our contribution is 25% of the cost of each of those. Those costs involve members remuneration, food and accommodation. Ecan is paying 50% and other councils are paying 25%. Costs depend on the number of meetings, the distance people travel, and the time of day the meeting is held.

The chairman said we didn't know what it was going to cost when we started contributing. Paul Morris said there will potentially be extra costs coming through for extra water testing.

The Mayor asked how much the budget for the zone committees was increased for the coming year. \$45-\$47,000. The Mayor asked if anyone had written to the chairs asking them to reduce the costs. Cr Cox said the zone committee spends a lot of wasted time in the public forum not progressing far, so it would be better to have more workshops and take the results of those workshops to the public meetings.

The chairman said the council needs to look at ways to reduce these costs and he would like this recorded in the minutes.

The chairman said the by-elections for the Tekapo and Fairlie community boards also added to the cost of governance this financial year.

Corporate – The chairman noted that internal charges for motor vehicles were showing as a loss but the money had not been spent - it's just that people were not using the cars as often. He asked if we had over-budgeted on car use. Paul Morris said when we do the budgets we look at the mileage done in the past, likely changes in fuel costs, and maintenance costs. We were expecting more kilometres to be done and were expecting the fuel costs to be higher. Council has received a significant discount on its fuel bill with the all-of-government contract.

Consultancy expenses are a little over budget because we used Strategic Pay this year.

Water – The Albury Water Scheme has invested money previously which has now come back to council and shows as a credit.

Paul Morris said the financial contributions of \$134,000 will go into various water schemes and capital reserves.

Sewer - Notes 4 and 5 in the accounts are around the wrong way and need to be swapped.

Roading – This budget shows a loss for the year. This was because of extraordinary weather events. Paul Morris said page 37 of the agenda contains the details.

In the capital area on page 38 we have only spent \$80,000 on minor improvements from a budget of \$290,000, so the remainder can be carried over into this financial year to use on bridge replacements. This money has to be spent in the 2014/15 financial year.

The Mayor asked how much council was contributing from reserves towards emergency reinstatement work. The chief executive said it was a sliding scale depending on how much NZTA contributed. They paid 65% of minor works.

The chairman said rural reserves may need to come into play with the bridges. We will need to see how it goes.

The Mayor asked regarding the Alps2Ocean fund. The feasibility study for off-roading Haymans Road will come from this money.

Planning – This area is showing a loss of \$106,000 which is \$225,000 better than we thought it would be, however the reserve contributions have contributed to the lowering of the loss. If you take that out you are looking at a favourable variance of about \$80,000. This is mainly due to under spending in consultancy expenses because we are managing Plan Change 13 and the district plan review.

There is a \$1.236million deficit sitting in an operating reserve. No interest is being charged or any repayment made towards this. At the next council meeting when we do the wash-up of balances at year end, council will need to decide whether we should be transferring that deficit into a capital reserve and start charging interest on it. Part of the long term plan work will be how we are going to deal with this. Also need a plan to deal with solid waste deficits.

Regulatory – We are making surpluses in this area but this money is being used to fund an extra building inspector. The chairman said it's always hard to estimate building activity. If there is a downturn we could run into a deficit situation. Currently there is a \$144,000 surplus at year end in building. The Mayor asked if council could be taken to task over that surplus. Paul Morris did not think so. It was likely to disappear as soon as building activity dropped.

Solid Waste – The deficit is growing in solid waste. Now sits at \$766,000. Paul Morris said the tonnage of waste is increasing and the tonnage diverted to recycling is increasing, but as part of that there is also more being diverted to landfill. Despite the deficit we are only \$8,000 over budget. The chairman said the deficit is not going down. The issue of what to do with deficits will be discussed as part of the long term plan process.

Community Facilities – The chairman said the Twizel Events Centre is not earning the revenue it used to earn. There is still money available to spend on the new public toilets at Twizel.

Recreational Facilities – Paul Morris said the money that was stolen has been fully repaid and this has been included in these results.

Commercial – Council received \$255,000 worth of unbudgeted log sales due to trees falling down in windstorms, but the write down of the value of the forestry was more than this amount. The valuation of the forests is done at June 30 and takes into account log prices at that time, so this has impacted because log prices went down between selling the logs and valuing the forests. Pukaki Airport is showing lower costs. It is encouraging to see another building being built there. Council has spent nearly quarter of a million dollars on subdivision costs at Tekapo to date.

The meeting adjourned for morning tea at 10.25am and reconvened at 10.44am.

AORAKI DEVELOPMENT BUSINESS AND TOURISM QUARTERLY REPORT TO JUNE, FINANCIAL ACTIVITY REPORT TO JUNE, 2014:

This report is the quarterly report on activity carried out by ADBT. The chairman questioned the number of businesses using this service. The Mayor said it takes time for people to engage and this has only been going for six months. The chief executive said the feedback he has received is in line with what is expected. The chairman feels it is not being publicised. Cr Cox said the service was talked about at a promotions meeting in Tekapo and most businesses were aware of it.

Resolved that the report be received.

Claire Barlow/Evan Williams

The meeting adjourned at 10.47am to await the arrival of visitors at 11.30am.

At 11.30am the chairman reconvened the meeting and welcomed Gail Smits, Luke van den Broek and Alex Wills from Quotable Value, and rates officer Pauline Jackson.

The Finance Committee agreed to the presentation from Quotable Value being considered in public excluded due to the commercially sensitive nature of the information.

PUBLIC EXCLUDED:

Resolved that the public be excluded from the following parts of the proceedings of this meeting namely 'Presentation from Quotable Value'.

Claire Barlow/Murray Cox

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
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Presentation from Quotable Value	Commercial sensitivity	48(1)(a)(i)
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This resolution is made in reliance on Section 48(1)(a)(i) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows: *Presentation from Quotable Value under section 7(2)(b)(ii)*.

The Finance Committee continued in open meeting.

THE CHAIRMAN DECLARED THE MEETING CLOSED AT 12.03pm

CHAIRMAN: _____

DATE: _____