

MACKENZIE DISTRICT COUNCIL

MINUTES OF A MEETING OF THE FINANCE COMMITTEE HELD IN THE COUNCIL CHAMBERS, FAIRLIE, ON TUESDAY 16 SEPTEMBER 2008 AT 9.05 AM

PRESENT

Simon McDermott (Chairman)
John O'Neill (Mayor)
Graeme Page
Dave Pullen
Evan Williams

IN ATTENDANCE:

Glen Innes (Chief Executive Officer)
Paul Morris (Manager of Finance and Administration)
Garth Nixon (Community Facilities Manager) for part of the meeting
Rosemary Moran (Committee Clerk)

I APOLOGY:

Resolved that an apology be received from Cr Smith

The Mayor/Graeme Page

II MINUTES:

Resolved that the Minutes of the meeting of the Finance Committee held on 12 August 2008, including such parts as were taken with the Public Excluded, be confirmed and adopted as the correct record of the meeting.

Graeme Page /Dave Pullen

MATTERS UNDER ACTION:

4 Landswap with the Department of Conservation:

It was requested that the meeting with Rob Young of the Twizel Department of Conservation office be arranged as soon as possible.

8 Mackenzie Country Tyres – Landscaping:

It was advised that the landscape plantings on the site had been undertaken in accordance with the conditions of the resource consent..

9. Mayoral Relief Fund Policy:

The Chief Executive Officer noted that a draft policy had been circulated to the Councillors. He requested that they provide any feedback to his secretary. It was noted that the issue would be included on the Agenda for the next Council meeting.

III REPORTS:

1. FINANCIAL REPORT ó JUNE 2008:

This report from the Manager ó Finance and Administration was accompanied by the Financial Report for July 2008.

Resolved that the report be received.

Graeme Page/Dave Pullen

Concern was expressed that Council expenditure had not been reduced in line with comments made at an earlier meeting.

The Chief Executive Officer asked if there were any specific areas of the budget which Councillors wanted to review with the aim of decreasing spending.

Cr McDermott said that in the light of the current economic situation, more prudence and restraint should be exercised. He considered that how that might be achieved was a management responsibility.

2 GENERAL RATES RESERVE REPORT:

This report from the Manager ó Finance and Administration provided an update on the position of the various General Rates Reserves at 30 June 2008.

Resolved that the report be received.

Dave Pullen/The Mayor

VI VISITORS:

SOUTH CANTERBURY RURAL OFFICER ROB HANDS:

The Chairman welcomed South Canterbury Rural Fire Officer Rob Hands and Department of Conservation Fire Officer Tony Teeling to the meeting.

He invited them to address the Council on the issues of liability with respect to fighting rural fires.

Mr Hands gave a brief resume of the circumstances surrounding the fire at Mt Cook Station which started on 16 January 2008 and which was brought under control five days later. He said that the cost of the exercise was \$865,000 and as the parent body in the area, the Council had been responsible for supplying the finance initially to pay for it. He noted that the costs associated with the process had been recouped from the culpable party within three months of the fire; however the Council had been burdened with a loss of income on the money which had been paid upfront.

Mr Hand explained the options available regarding the payment of costs associated with rural fires, including the requirement for the parent body to pay the first 5% if a claim had to be made to the National Rural Fire Authority in the event that the culpable party could not be identified. He was not confident that insurance was available to cover that excess.

In response to a concern that although it was effectively the -bankerø for the Mt Cook fire, Council had no elected member representation on the SCRF Committee, Tony Teeling explained

how the South Canterbury Rural Fire District Committee was structured. He said the Council was represented by a corporate board member, Alistair Munro, (who was also the Chairman of the organisation), the Timaru District Council was represented by a staff member, the Waimate District had always been represented by a Councillor, he was the Department of Conservation representative and there was another member representing Blakely Pacific.

Mr Hand said Council's Planning and Regulations Manager was always invited to attend the meetings and Council could request another representative on the Committee. He noted that processes in the fire plan developed by the SCRFD Committee had been followed for the event.

Cr McDermott said the Council's major concerns were its liability, adequate insurance cover and the potential for a large burden on the relatively small ratepayer base. He referred to the approaching fire season and the need to address the matter with some haste.

Mr Hand said that the National Rural Fire Authority was working with the insurance industry towards achieving a collective policy although it was impossible to predict how many districts would use it.

He said that at the recent Annual General Meeting of the SCRFA it had been resolved to work with the TLAs with the view to arranging appropriate cover for the South Canterbury local authorities.

Mr Hands noted that the only time he saw the Council was at budget time which frustrated him because there was no mechanism for him to update the Councillors or communicate with them on current issues. He offered to meet with Councillors six weekly or however often they required. He reiterated the need for the Council to provide direction to its representative regarding its expectations for reporting back.

The Chairman thanked Mr Hands and Mr Teeling for attending. They left the meeting at 11.45 am.

MILES O'CONNOR, BANCORP:

The Chairman welcomed Miles O'Connor who attended to discuss Council's investment portfolio which was managed by Bancorp.

Mr O'Connor noted that it was an interesting day in terms of the turmoil in international credit markets; however he noted that Council's Merrill Lynch bonds which had been purchased in 2006 currently retained an AA rating. He reassured the Council that he did not consider there were any reasons to change the investment parameters in its Treasury Policy.

Mr O'Connor distributed a graph of the average spread on A to AAA rated bonds and information regarding End of Month Revaluations dated 29 August 2008.

He referred to the change in the Local Government Act which had allowed local authorities to issue bonds without a full prospectus and suggested it could prove to be an attractive option for councils to take up.

Mr O'Connor said that Bancorp intended to present future reports to the Council in a new format which would bring them more into line with institutional reports. He offered to attend and explain the first new report if required.

The meeting was adjourned at 12.35 pm for lunch and was reconvened at 1.15 pm.

III **REPORTS (Continued):**

2 **LAKE TEKAPO REGIONAL PARK ó FUNDING:**

This report from the Community Facilities Manager was provided to assist the Committee consider a financial contribution to the development of the Lake Tekapo Regional Park.

Resolved that the report be received.

Graeme Page /Dave Pullen

Motion:

1. That Council, subject to community endorsement, approves a \$60,000 contribution to the establishment of the Lake Tekapo Regional Park as a one-off capital contribution to the construction of the public toilet facility at the Lake Tekapo Regional Park and that the \$60,000 be Council's only contribution to Park.
2. That the \$60,000 contribution be included in the Long Term Council Community Plan for consultation.

Dave Pullen /Leon O'Sullivan

Amendment

1. *That Council, subject to community endorsement, approves a \$60,000 contribution to the establishment of the Lake Tekapo Regional Park as a one-off capital contribution to the construction of the public toilet facility at the Lake Tekapo Regional Park.*
2. *That the \$60,000 contribution be included in the Long Term Council Community Plan for consultation.*
3. *That the Council declines to contribute to the ongoing maintenance of the Lake Tekapo Regional Park.*

Graeme Page/Evan Williams

The amendment was put and carried, became the substantive motion, which when put to the vote, was carried.

Cr O'Sullivan stated that the funding voted by Council would probably not be called upon until the 2009/2010 year by which time the leases for the Lake Alexandrina huts would be in place. He suggested that \$30,000 from that source be added to the Land Subdivision Reserve to fund the \$60,000 for the Regional Park toilets, given that the Reserves Act 1977 provided the ability for Council to apply funds from such a source to reserves under its control.

3. **FUNDING OF PLAN CHANGE 13**

This report from the Manager ó Finance and Administration referred to possible funding sources for the costs associated with Plan Change 13.

Resolved that the report be received.

The Mayor/Evan Williams

Resolved:

1. *That Council fund the additional expenditure arising from Plan Change 13 through the creation of a Capital Reserve Account and that the amount be repaid over a period of ten years using the current internal interest rate methodology.*
2. *That Council either funds these repayments through an increase in the level of General Rates or ensures that expenditure is reduced sufficiently to cover the cost of interest and principal repayments.*

Leon O’Sullivan/Dave Pullen

IV PUBLIC EXCLUDED:

Resolved that the public be excluded from the following part of the proceedings of this meeting namely:

1. Whitestone Gravel Pit
2. Property Update

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
1 Whitestone Gravel Pit	Commercial Sensitivity	48(1)(a)(i)
2. Property Update	Commercial Sensitivity	48(1)(a)(i)

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: *Whitestone Gravel Pit* and *Property Update*, To protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied it, section 7(2)(b)(ii).

The Mayor /Dave Pullen

LATE ITEM:

Resolved that pursuant to the Local Government Official Information and Meetings Act 1987 the Pukaki Airport Board Draft Statement of Intent be considered.

Graeme Page/Dave Pullen

The report was not included on the Agenda because it was not available in time. Consideration of the report at this meeting is required to enable the Council to respond in a timely manner to the draft Statement of Intent submitted by the Pukaki Airport Board.

PUKAKI AIRPORT BOARD DRAFT STATEMENT OF INTENT:

The Chief Executive Officer referred to a letter he proposed sending to the Chairman of the Pukaki Airport Board in response to the draft Statement of Intent. In that letter, he had suggested some amendments that the Board might like to make to give a clearer picture of its future intentions. He sought Council's endorsement of his response before it was sent.

Cr McDermott suggested it was inevitable that questions would remain given the Board's planning extended out over several years.

He suggested some rewording of the reference to the connection to the sewer system at Pukaki to Council's sewer network and also to the last paragraph which referred to the level of the funds required to produce sufficient income for a viable airport and a timeframe for commencement of airport operations.

The Chief Executive Officer advised that it was hoped Board members would be available to meet with Councillors at the next Council meeting on 30 September 2008.

**THERE BEING NO FURTHER BUSINESS THE
MAYOR DECLARED THE MEETING CLOSED
AT 2.30 PM**

CHAIRMAN: _____

DATE: _____