

**Report and Minutes of a Meeting of the
COMMUNITY AND FINANCE COMMITTEE
held in the Council Chambers, 15 Seymour Street, Blenheim
on TUESDAY, 10 JUNE 2014 commencing at 9.00 am**

Present

Cirs J C Leggett (Chairman), J A Arbuckle, J L Andrews, J P Bagge, G S Barsanti, C J Brooks, B G Dawson, D D Oddie, L M Shenfield, T M Sloan and Mayor A T Sowman.

In Attendance

Messrs M F Fletcher (Manager, Corporate Finance Department), D G Heiford (Manager, Support Services), M J South (Financial Services Manager), A R Besley (Chief Executive), and M J Porter (Democratic Support Manager).

Also Present

Cirs G I T Evans, T E Hook, P J S Jerram.

A.13/14.418 Wantwood Room Site

PN157235-01

The Manager, Support Services reported that the Wantwood Community Room Preservation Society wish to relocate the Wantwood Room (the former Wantwood School which replaced the Wairau Valley School whilst it was being rebuilt following a fire). The building would be relocated from that site to the Wairau Valley Sports Association site. This has been agreed to by the Wairau Valley Sports Association subject to certain provisos which can be met through consenting and lease provisions. The Wantwood Room has been in the Wairau Valley for almost 100 years. It is in good condition and will be relocated by the Ministry of Education.

Council can agree as landowner in principle to a lease over this area for the proposed relocation of the Wantwood Room subject to resource consent and building consent applications by the Wantwood Community Room Preservation Society being successful. Leasing issues can be clarified with the District Solicitor when the project is completed.

It was noted that the moving of this building qualifies for assistance from Council's Waiving of Fees Policies.

Cirs Brooks/Andrews:

- 1. That Council as landowner agree in principle to the relocation of the Wantwood Room onto the Wairau Valley Sports Association site.**
- 2. That agreement in principle is subject to resource consent and building consent applications being successful.**
- 3. That a lease of the area to be occupied will be negotiated between Council and the Wantwood Community Room Preservation Society on completion of the project.**

Carried

A.13/14.419 Youth Initiatives Plan 2014

C225-04

The Manager, Support Services, presented the Youth Initiatives Plan for 2014 as put forward by the Marlborough Youth Council.

The Plan forms the basis of decision making on requests for youth funding (\$60,000 per annum) as well as provide the basis for some youth led initiatives.

The areas of focus for the Youth Council in 2014 are to maintain and promote My Voice youth website, support for the activities of Students Against Driving Drunk regional group, and Peer Support programme in Colleges.

Following wide ranging discussion, members noted that they agree in principle with the existing geographic rating allocations with some changes to be promoted in the Picton and Picton Vicinity Geographic Rating Areas.

Cllrs Arbuckle/Bagge:

That Council agrees in principle to the current Geographic Rating Areas and current Roading Cost Allocations in the Draft 2015-25 Long Term Plan Review with a report to be provided on a possible change to Picton and Picton Vicinity Geographic Rating Areas.

Carried

A.13/14.425 Rates and Debt CAPS

S300-000-01

The Manager, Corporate Finance, Martin Fletcher reported that the purpose of the report was to obtain preliminary views on what are appropriate Rates and Debt Caps, so as to provide a key input into how Managers should approach the development of their Levels of Service Briefings.

The Local Government Act 2002 requires Councils to develop a Financial Strategy. Two of the key components of that Strategy are the determination of Rates and Debt Caps (the Act uses the term “quantified limits”) for the period of the Long Term Plan (LTP), i.e. 1 July 2015 to 30 June 2025. These “Caps” are not absolute limits, but it is expected that if a Council went outside them, then it would have sound reasoning to support that decision.

Members noted that the current Rates Cap is the BERL calculated total Local Government Index plus 2% (however this does not mean that Council will set rates at the maximum permitted level each year). Members discussed the merits or otherwise of lowering or increasing the 2% cap. Whilst a number of members supporting lowering the cap, the majority agreed that leaving the cap at 2% allowed for more responsible planning.

Cllrs Barsanti/Arbuckle:

That Council agree to retain the Rates Cap at the total Local Government Cost Index + 2% for planning purposes.

Carried

NB: Cllrs Bagge, Dawson and Shenfield requested that their vote against the above motion be recorded.

Cllrs Sloan/Barsanti:

That Council agree to retain the Debt Cap at \$100M.

Carried

A.13/14.426 Investments

F045-00

The Corporate Finance Manager, Martin Fletcher, presented a report which examined whether or not Council should realise its investments and repay debt.

Mr Fletcher advised that as at 31 March 2013 Council had \$10.7M of investments in the form of either term deposits or bonds. To date Council has continued to maintain investments at this level, however a number of those bonds have recently matured and funds are being reinvested in term deposits because New Zealand is currently in a rising interest rate environment and taking comparatively short-term deposits means that Council can take advantage of interest rate increases as they occur. Long term bond yields have not been attractive. This strategy is endorsed by Bancorp, Council’s investment advisor.

The need for a review has been prompted because on face value the interest rates earned on short-term deposits are lower than the cost of debt.

The analysis undertaken supported the retention of Council’s investment portfolio.

Members noted that it was important that facility contracts typically have a cancellation clause that can be exercised at the Bank’s discretion if circumstances change.

Cirs Arbuckle/Dawson:

- 1. That Council agree to maintain its investment portfolio.**
- 2. That the Chief Executive be requested to review this strategy annually.**

Carried

ATTENDANCE: Ms K McIlveney, Council's Solicitor, was present for the following item.

A.13/14.427 Development Contributions Reconsideration and Objections Processes L225-01

Kaye McIlveney advised that the purpose of the report was to recommend that the Development Contributions Reconsideration process be adopted as part of Council's Development Contributions Policy; and the decision on a reconsideration request be made by the Chief Executive, Manager Assets and Services or Manager Corporate Finance.

The Local Government Act 2002 Amendment Bill No.3 requires Council to develop a reconsideration process for development contributions and amend Council's Development Contributions Policy to include the process. These actions must be undertaken by 1 July 2014. The adoption of the process and consequent amendment to the Policy do not have to go through the special consultative procedure or any other form of consultation. Developers and other interested parties will have the opportunity to present their views on the process in 2015 when Council is required to consult on a reviewed development contributions policy. The Bill requires Council to review the policy by 1 December 2014 to ensure it is consistent with the amendments made to the development contributions policy by the Amendment Bill. The consultation then must take place in early 2015 and adoption of the reviewed policy must occur by 1 July 2015. In the meantime, Council is obliged to adopt the reconsideration process and amend the existing policy, without consultation, to do so.

The Bill also establishes a formal objection process. The objection process must be administered by Council but the decision is made by an independent commissioner. Council must, for each objection, select a Commissioner from a panel appointed by the Minister of Internal Affairs. A report to Councillors on the new objection process will be made in the near future.

The Amendments to the Local Government Act 2002 by the Local Government Act 2002 Amendment 2014 require Council to establish a reconsideration process and to set that process out in Council's Development Contributions Policy. It is proposed that the process attached be adopted by Council.

Cirs Barsanti/Brooks:

- 1. That the Development Contributions Reconsideration process be adopted as part of Council's Development Contributions Policy; and**
- 2. That the decision on a reconsideration request be made by either the Chief Executive, Manager Assets and Services or Manager Corporate Finance; and**
- 3. That Council note it must implement the reconsideration process and administrative support for the objection process by 1 July 2014.**

Carried

A.13/14.428 Financial Report for Council – Period Ended 30 April 2014 F045-06

The Manager, Corporate Finance presented Council's financial report for the period ended 30 April 2014.

The Income and Expenditure Statement reported a surplus of \$4.07M for the year to date. This was a \$4.73M improvement on the \$0.66M budgeted deficit.

Total Income and Rates for the April year to date was ahead of budget by \$3.38M (5%). The major contributors to that result were forestry, rates and sewerage. Comments were provided in the report on variances greater than \$100,000.

Overall expenditure was slower than budgeted by \$1.35M (2%). Variances greater than \$100,000 were commented on.

Budgeted capital expenditure for the year was \$45.19M including \$19.1M of carryovers from the 2012/13 financial year.

Actual expenditure of \$21.16M to the end of April was \$1.21M ahead of the same period last year (\$19.95M) and \$11.06M less than budgeted for the year to date.

Early Indications are that there is likely to be deferrals and carryovers to 2014/15 of approximately \$11.63M relating to Commercial Property; Community Facilities; Flood Protection & Control Works; Roads; Sewerage; and Storm water. There is also expected to be capital savings of approximately \$4.49M relating to Sewerage; and Water.

In response to a question on what was the current level of debt (including Port Marlborough NZ), Mr Fletcher made a commitment to email that information out later in the day.

Clrs Arbuckle/Oddie:

That the financial report for the period ended 30 April 2014 be received.

Carried

A.13/14.429 Debtors Overdue Report as at 30 April 2014 F220-002-020-13-14

The Debtors report as at 30 April 2014 was presented to the Committee for information.

The Property Leases and Licences Debtors' report as at 30 April 2014 was also presented to the Committee for information. Current and total balances fluctuate monthly depending on individual leases and invoicing periods e.g. monthly, quarterly, six monthly or annual.

Clrs Barsanti/Bagge:

That the information be received.

Carried

A.13/14.430 Rates Reports as at 30 April 2014 F270-28-13

The Rate Levies Status report, Rate Arrears Aged Balance report and Water Billing Debtors report as at 30 April 2014 were presented for councillors' information.

It was reported that Council has collected 73.92% of the overall rates levied for 2013-2014 (inclusive of arrears) compared with 73.70% at this time last year.

During April there were 257 (358 last year) follow up letters sent to those ratepayers who either did not clear the outstanding balance or who did not make an arrangement to do so.

It was reported that by the end of April 1,779 (1,793 last year) rates rebates had been granted. Although Council advertising and promotion of the scheme has continued the number is down slightly on last year.

The 30-90 days balance increase in the Water Billing Debtors report as at 30 April 2014 included outstanding March billings and was consistent with previous months following the quarterly billing. The 90 days balance was in credit due to a number of accounts being prepaid; and accounts which have received credits for leaks subsequent to previous monthly reporting.

Clrs Bagge/Brooks:

That the report be received.

Carried

A.13/14.431 Decision to Conduct Business with the Public Excluded -

Clrs Arbuckle/Barsanti:

That the public be excluded from the following parts of the proceedings of this meeting, namely:

- Debtors' Overdue Report
- Marlborough Community Centre Trust – Trustee Appointment

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

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
Debtors' Overdue Report Marlborough Community Centre Trust – Trustee Appointment	In order to protect the privacy of natural persons, as provided for under Section 7(2)(a).	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under Section 7 of the Local Government Official Information and Meetings Act 1987.

Carried

The meeting closed at 11.55 am.

Record No: 14139766