

**Report and Minutes of a Meeting of the
COMMUNITY AND FINANCE COMMITTEE
held in the Council Chambers, District Administration Building, Seymour Street,
Blenheim on TUESDAY 11 MARCH 2014 commencing at 9.00 am**

Present

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

In Attendance

Messrs M F Fletcher (Manager, Corporate Finance), M J South (Financial Services Manager) and A R Besley (Chief Executive), and Ms J R North (Support Services Administrator).

Also Present

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

Apology

Clrs Bagge/Barsanti:

That the apology for absence from Clr J L Andrews be received and sustained.

Carried

**A.13/14.308 Marlborough District Libraries Activity Report –
January 2014 L270-01**

The District Libraries Manager, Glenn Webster, presented his report which updated Council on the operations of the Library services.

The total checkouts for the libraries – year to date, were 8% fewer than the same period last year, however, the libraries were closed for several days following the earthquake periods.

The visitor numbers recorded for January 2014 were down by 924 visits on January 2013. Picton Library and Service Centre recorded 748 fewer visits than the same period in 2013.

The number of unique visitors accessing the libraries' website during the month of January was 4,886 with 10,071 pages viewed.

The Systems Thinking project was reported on. Information gleaned through the project will influence the planning of future space requirements, along with identifying the key attributes needed when considering staff recruitment.

The District Libraries Manager was queried on the future location of the Blenheim library.

Clrs Sloan/Bagge:

That the report be received.

Carried

A.13/14.309 Marlborough Youth Trust – Youth Hub Feasibility Study Report C150-002-019-01

The Marlborough Youth Trust has worked in partnership with Council since 2000 to provide services for youth in Marlborough. Council has an annual budget of \$40,000 for the Trust to undertake activities.

In June 2012 the Trust ceased their lease at 2 Alfred Street where the HQ Youth Centre operated. As a result the Council agreed to hold over the \$40,000 operational grant while the Trust explored new opportunities to collaborate with other organisations on provision of youth services.

On 24 April 2013 the Trust presented a proposal to Council for funding for a feasibility study with the objective to identify current gaps for youth in Marlborough, the level of support for a Marlborough Youth Hub, potential partners and stakeholders, potential funding streams and sustainability. Approval was given by Council for the Trust to utilise \$10,000 of the 2012/2013 \$40,000 operational grant for a feasibility study and \$10,000 for interim community based youth activities and the balance of \$20,000 to be carried over to 2013/2014 for implementation of the outcome of the feasibility study.

The Feasibility Study was presented to the Committee by Trust Chair, Russell Smith, and Russell Montgomery who had been employed by the Trust to complete the study.

The report recommended that the Trust seek the commitment and support in principle of the Council and the community of Marlborough for the proposal to establish a multi-use/multi-user community youth development centre in Blenheim. Mr Smith commented that they wished to attract all sectors of youth to a new centre as opposed to 'youth at risk' which frequented their previous HQ Youth 'Drop in' Centre to the detriment of other youth. The facility would be established and operated as a co-share facility in partnership with other youth service providers and groups within the community. A Project Governance Group would be set up to further progress the project.

The report further recommended that in giving support in principle to the project, the Council approve initial funding to enable preliminary designs and capital and operational budgets to be developed by the Project Governance Group for presentation back to Council, the community and potential funding sponsors of the project.

Mr Montgomery advised the meeting that if Council supported in principle the establishment of a Youth Development Centre the Trust could proceed to the next step i.e. design of the building, and it did not commit Council in any way.

The Mayor and councillors were very supportive of the project and wished to see it go to the next step acknowledging the potential funding ramifications that could evolve. A comment was made there should be a connection with rural towns in any proposal.

Council has existing budgets of \$60,000 for the 2013/2014 financial year and \$40,000 for the 2014/2015 financial year for Marlborough Youth Trust activities.

Cirs Shenfield/Sloan:

- 1. That Council support in principle the establishment of a Youth Development Centre in Blenheim as outlined in the Marlborough Youth Trust Feasibility Study report.**
- 2. That delegated authority be given to the Chair of Community and Finance Committee, The Mayor, Councillor Shenfield and Councillor Brooks to work with Marlborough Youth Trust on the next stage of the proposal with funding assistance for the Trust from within available budget; the work to include budgeting options and a timeframe for reporting back to Council on progress.**

Carried

A.13/14.310 MDC Holdings Limited (parent accounts) - Half Yearly Report as at December 2013

S400-004-002-13

The Corporate Finance Manager presented the unaudited December 2013 six monthly financial statements for MDC Holdings Limited in response to the Local Government Act 2002 requirement that a half-yearly report be delivered to the shareholder within two months after the end of the first half of each financial year.

The report gave explanatory comments on the Income Statement and Balance Sheet. The financial results of MDC Holdings Limited are dependent on interest rates, size of borrowings and the dividend from Port Marlborough.

It was reported that MDC Holdings Ltd made a profit of \$822,000 for the period to December 2013 compared to \$217,000 for the same period last year. Removing the impact of the non-cash valuation on derivatives the profit before IFRS valuations is \$250,000 for the period to December 2013 compared to a \$98,000 profit last year.

There was an increase in borrowings of \$3,240,000 due to increased borrowings for Port Marlborough offset by reduced borrowings drawn for Marlborough Airport Limited.

Cirs Sloan/Arbuckle:
That the report be received.

Carried

A.13/14.311 2014-15 Statement of Intent – MDC Holdings Limited

S400-004-002-13

In line with the Local Government Act 2002's requirement that Council Controlled Organisations are to deliver a Draft SOI to its shareholder by 1 March each year and a final by 30 June, the Corporate Finance Manager presented for Council approval, MDC Holdings Ltd's draft 2014-15 Draft Statement of Corporate Intent (SOI).

The Draft SOI has a similar format and content to the 2013 SOI. Indicative summary forecast financial statements and details of the assumptions made were reported on.

Of note is that the long term target ratio of shareholder's funds to total assets is now to be greater than 10% as per the Board's decision of 4 July 2012.

Port Marlborough is currently in the process of reviewing the company's strategic direction due to the stability of their operations with the Government's decision not to proceed with Clifford Bay. The financial implications of the review will not be known until Port Marlborough's budget is prepared and its draft 2014-2015 SOI is finalised later in the year. If the financials are materially different the SOI will be brought back to Council. Following Audit New Zealand's recommendation, performance measures relating to subsidiaries have now been included.

Also presented was a legislative compliance schedule based on Schedule 8 Local Government Act 2002.

A number of councillors asked questions relating to the Draft SOI and its timing.

Cirs Barsanti/Arbuckle:
That Council approve the Draft 2014-15 Statement of Intent for MDC Holdings Limited.

Carried

[NB: Clr Bagge requested that her vote against the above motion be recorded.] [amended at the Council meeting on 3 April 2014]

A.13/14.312 NZ Local Government Funding Agency B045-01

The Corporate Finance Manager presented the NZ Local Government Funding Agency's (LGFA) half yearly report for the six months ended 31 December 2013 and its 2014-15 draft Statement of Intent (SOI).

Mr Fletcher reported that when Council adopted its 2012-22 Long Term Plan it agreed to become a shareholder of the NZ Local Government Funding Agency (LGFA). As the LGFA is jointly owned by Councils, by virtue of S6 Local Government Act 2012, the LGFA is a Council Controlled Trading Organisation. As such it is required to deliver to the shareholders a report on the first six months of its operation before 1 March each year, and present its draft SOI to its shareholders on or before 1 March each year.

Some of the key achievements against the LGFA's SOI targets were reported on.

Mr Fletcher advised that the LGFA's results for the six months ending 31 December 2013 exceeded expectations. Estimated savings for AA rated Councils are approximately 0.25% and unrated Councils are higher.

Following on from the successes recorded up until 30 December 2013, the LGFA has updated its 2014-15 Statement of Intent. The key changes were reported on. Mr Fletcher commented that the overall impact of these changes in target should be an even greater reduction in the cost of debt financing to Councils.

Assurances regarding the risks faced by Council as a result of it co-guaranteeing other Council loans was sought. Mr Fletcher outlined the safeguards in place and provided that assurance requested.

The Mayor/Clr Sloan:

- 1. That Council receive the LGFA's half yearly report for the six months ending 31 December 2013.**
- 2. That Council agree to support the LGFA's draft 2014-15 Statement of Intent.**

Carried

A.13/14.313 Financial Report for Council – Period Ended 31 January 2014 F045-06

The Corporate Finance Manager presented Council's financial report for the period ended 31 January 2014.

The Income and Expenditure Statement reported a surplus of \$1.6M for the year to date which was a \$2.9M improvement on the \$1.3M budgeted deficit.

Total Income and Rates for the January year to date was ahead of budget by \$2.26M (4.55%). Overall expenditure was slower than budgeted by \$0.64M (1.2%).

Budgeted capital expenditure for the year was \$45.37M including \$19.1M of carryovers from the 2012/13 financial year. Actual expenditure of \$16.22M to the end of January was \$3.51M ahead of the same period last year (\$12.71M) and \$8.3M 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 \$7.24M relating to commercial property; flood protection & control works; and roads. There is also expected to be capital savings of \$3.94M relating to roads; sewerage; and water.

It was noted that funds received from Marlborough Regional Forestry are significantly higher than originally budgeted with further contributions expected before 30 June. Members were advised that as funds generated from forestry will not be available after 2020 for 5 or 6 years, Council should take a cautious approach in allocating funds from the Forestry Asset Sales Reserve.

Clrs Barsanti/Arbuckle:

That the financial report for the period ended 31 January 2014 be received.

Carried

A.13/14.314 Debtors' Overdue Reports as at 31 January 2014 A135-04

The Debtors and Property Leases and Licences Debtors Reports as at 31 January 2014 were presented by the Corporate Finance Manager.

The Debtors Report's 90 days balance had increased primarily because of one significant development contribution for an extraordinary sewer connection.

The current and total balance of the Property Leases and Licences Debtors' report fluctuate monthly depending on individual leases and invoicing periods e.g. monthly, quarterly, six monthly or annual.

Clrs Arbuckle/Barsanti:

That the information be received.

Carried

A.13/14.315 Rates Reports as at 31 January 2014 F270-28-13

The Rate Levy Status report and Rate Arrears Aged Balance report as at 31 January 2014 were presented for councillors' information.

Council collected 49.51% of the overall rates levied for 2013-2014 (inclusive of arrears); this compared with 49.20% at this time last year.

Currently Council has five ratepayers in the rates postponement scheme which allows for the postponement of rates for ratepayers aged 65 and over; the amount postponed to 30 June 2013 totals \$22,485.

Also presented to the Committee was the Water Billing Debtors report as at 31 January 2014. The 30-90 day balance has increased following the December water billing but compared favourably to October following the September water billing. The 90 days balance has reduced since December and included water remission applications awaiting assessment.

Clrs Barsanti/Brooks:

That the report be received.

Carried

A.13/14.316 Decision to Conduct Business with the Public Excluded -

Clrs Barsanti/Shenfield:

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

- Debtors' Overdue Report

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	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 10.35 am.

Record No: 1468912