MARLBOROUGH DISTRICT COUNCIL

Report and Minutes of a Meeting of the
COMMUNITY & FINANCE COMMITTEE
held in the Council Chambers, District Administration Building, Seymour Street, Blenheim on TUESDAY 26 AUGUST 2014 commencing at 9.00 am

Present:

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

Also Present:

Clrs T E Hook, P J S Jerram.

In Attendance:

Messrs M F Fletcher (Manager, Corporate Finance), D G Heiford (Manager, Support Services), M J South (Financial Services Manager), Mr N P Henry (Manager Strategic Planning & Economic Development) and Ms J R North (Support Services Administrator).

Apologies

Clrs Leggett/Barsanti:
That apologies for absence from Clr J P Bagge be received and sustained and the apology for non-attendance from Clr G I T Evans be noted.

Carried

A.14/15.53 Local Government Act 2002 Amendment Act 2014 L225-01

Council Solicitor, Kaye McIlveney, presented a report along with the Chief Financial Officer on the recent amendment to the Local Government Act 2002 which made significant changes to Councils' responsibilities.

The report contained a summary of the major changes, what the Marlborough District Council must do to implement the changes and the timeframes within which they must be done.

The major changes include – A new Infrastructure Strategy; Service Delivery and Function Reviews; Development Contribution Policy review; Consultation for the Long Term Plan (LTP) and Annual Plan; Decision-making and consultation generally; A new Significance and Engagement Policy.

Ms McIlveney advised that many changes have already come into force.

Councillors sought clarification on a number of issues.

Clrs Barsanti/Arbuckle:
That the report be received.

Carried

A.14/15.54 Insurance Renewal and Risk Financing Update C500-009-002-001-14

Greg Townsend, Risk Manager, presented a report outlining Council's insurance arrangements and their cost, following the annual insurance renewal process; and provided information and options for funding infrastructural asset damage repairs following a significant disaster event.

Mr Townsend advised that Council's annual insurance renewal has taken place in a "softening" commercial market.

Local Government New Zealand has announced two industry reviews relevant to how councils manage disaster damage and consequential repair costs.

The total cost of insurance measures for 2014/15 has increased by a relatively small amount compared to the previous renewals, despite increases in asset values.

Council uses various arrangements to transfer or fund significant levels of risk, balancing the premium or fund contribution costs against the risks associated with various levels of self-insurance.

Continuing and escalating demands on the dedicated assets disaster repair reserves has meant that these are no longer adequate at their present levels. Therefore it was recommended that the difference between Council's internal and external borrowing costs which is projected to be $2.2M this year is credited to Council's Emergency Reserves and is used to fund flood damage and earthquake strengthening work.

A number of questions/comments were posed at the meeting. In response to a query on what *replenished* meant and how long it was expected to take to get to that point, Mr Townsend responded that it meant Council has sufficient funds in reserves to meet Council's own obligations for funding infrastructural asset damage and whilst it is estimated at this point the replenishment could take 5 years, given regular damaging events this could take much longer. Mention was made of the inadvisability of not having due regard to the real effects of climate change and the ensuing consequential damage to Council infrastructure assets. A question was raised on Maximum Probable Loss - how often this was reviewed, and why there was such a big jump in MPL loss as compared to the last report.

Clrs Oddie/Arbuckle:
That Council:

1. **continue to cover risks to its assets through a combination of mutual funding, commercial insurance and self-insurance arrangements;**

2. **agree to transfer Council's annual General Revenues surplus to the Infrastructure Asset Damage Reserves as compared to Accumulated Funds until such time as these Reserves are replenished.**

Carried

NOTE: Clr Dawson requested his vote against the above motion be recorded.

ATTENDANCE: The Mayor attended the meeting at 9.40 am.

A.14/15.55 Resident Satisfaction Survey 2014 S300-R13-002-02

Dr Virgil Troy of SIL Research, Hawkes Bay, undertook the 2014 Resident Satisfaction Survey on Council's behalf and gave a presentation of the results.

A total of 800 residents (two concurrent surveys of 400) aged 18 years and above, were interviewed via a CATI (Computer Assisted Telephone Interviewing) administered telephone survey during a four week period starting the first week of June 2014; an online version of the survey was also made available.

The top three performing services in 2014 were Sewerage (7.93), Emergency Management (7.82) and Drinking Water (7.82). These rankings were based on the combination of individual and grouped aggregated totals. When individual services are ranked separately Public Libraries rates highest (8.47) followed by Parks and Reserves (8.29) and Rural Firefighting (8.10).

In 2014 the Council's overall performance rating increased over the previous year.

With regard to overall ratings, the lowest services were Environmental Policy, Democratic Process and Biosecurity.

Most forms of contact with the Council were rated as performing well with direct contact with Council via Council offices performing best. Just under 70% of all residents indicated they could recall Council related marketing in the past 12 months with the most common source of recall was local newspapers.

A number of comments were made by councillors at the meeting. A question was asked about the Environmental Policy & Monitoring questions in the survey.

Clrs Barsanti/Andrews:
That the Marlborough District Council Resident Satisfaction Survey 2014 be received.

Carried

A.14/15.56 Marlborough District Libraries Activity Report – July 2014 L300-018-001-02

The District Libraries Manager, Glenn Webster presented his report which updated Council on the operations of the Library services for July 2014.

Events and happenings at the District Library and the Picton Library were reported on.

The Libraries Manager reported that recently he visited Seddon School/Community Library and was advised by the school principal, Tania Pringle that there was now no interest in the library from the community as the few that had previously used it were now accessing e-books via their e-readers. A decision was then made to return all the loan collection items back to the District Library.

Three library staff who attended the Safeguarding Children & Young People seminar at the end of July have begun a dialogue to see how this knowledge can be incorporated into the library environment.

The Vanguard Method re Systems Thinking has given the library the framework to improve their processes. Recently the library has been reviewing their overdue processes.

The total issues generated from the District Library, Blenheim and Picton Library for July 2014 is 42,733, along with 546 checkouts for eBook and eAudio. The checkout (issue) statistics recorded in July in the District Library were 184 more than those recorded in July 2013 and 20 more in the Picton Library and Service Centre compared with 2013.

New members joining the libraries in July were 161 at the District Library and 23 at the Picton Library.

The number of internet user sessions recorded in July totalled 4,093 and Wi-Fi user/device sessions totalled 3,506.

In response to a question on the number of library users in the rural areas, Mr Webster advised he will provide the information in his next report.

Clrs Sloan/Barsanti:
That the report be received.

Carried

A.14/15.57 Picton Parking Strategy R800-002-03

A report was presented to the Committee by the Support Services Manager to consider the car parking review for the Picton Central Business District (PCBD).

Traffic Design Group (TDG) have undertaken car parking studies for the Picton CBD in 2001, 2006 and recently in 2011. No further studies were undertaken due to the uncertainty generated by the Clifford Bay investigations as a base for KiwiRail's road and rail ferry operations. Subsequently with the announcement that Clifford Bay would not be considered as a port, the future of Picton as a port is secure.

The key areas that the study focused on were – Parking duration – measures duration of occupancy and also compliance; Future parking demand – whether there is a need to increase the total number of parks available for public use to meet future demand; and Parking occupancy – i.e. the occupation of the differing types of parks available at various times of the day and week. Assesses whether there is sufficient supply of differing types of parks.

The surveys showed that visitors and shoppers predominantly occupied the public spaces on and off street and that there was little evidence of use by all-day commuters. This was an issue in 2006 and the enforcement provisions introduced at this time has resulted in significant improvements in compliance.

A number of recommendations from the Traffic Design Group, to assist with the parking issues in Picton from their 2011 parking study, were summarised in the report to the Committee.

The Committee recommended that implementation and consultation on the Traffic Design Group recommendations be developed further for Council consideration. Councillors were aware of the peak summer season approaching and were therefore supportive of any changes to the Picton Parking Strategy being implemented after Easter 2015.

Questions asked related to the consultation process and long term parking on Port Marlborough land.

Clrs Oddie/Shenfield:

1. That the Traffic Design Group recommendations for parking in the Picton CBD be noted.

2. That implementation and consultation on these recommendations be developed further for Council consideration.

Carried

ATTENDANCE: The meeting adjourned at 10.45 am and reconvened at 11.00 am.

A.14/15.58 2015-25 Long Term Plan - Community Outcomes S300-005-01

The Committee was asked to consider a proposed set of 'Smart and Connected' Community Outcomes for inclusion in the Draft 2015-25 Long Term Plan.

The Strategic Planning and Economic Development Manager, Neil Henry, advised the Committee that it is a requirement of the Local Government Act that each Council develops a set of Community Outcomes. The form that these Outcomes take has changed in recent years as a result of changes to the Act. The requirement of the Act is that Outcomes relate only to Council provided services.

Community Outcomes are statements that describe the sort of community Marlborough could be in the future, as a result of actions that get taken now and in years to come. Each Council service should relate to one or more of the Community Outcomes and be able to show how they contribute towards its achievement.

The Community and Financial Planning Committee meeting on 15 July 2014 considered a range of options before agreeing that the draft set of Community Outcomes should be based upon the Marlborough Smart and Connected Vision and Strategic Framework diagram, and that these be presented to a future committee meeting.

The Strategic Planning and Economic Development Manager in presenting for consideration a draft set of Community Outcomes advised that the opportunity was taken to align these outcomes with the emerging Marlborough Story.

In response to questioning by councillors, the Community Outcome on the 'Environment' was amended to read – "Marlborough's unique landscape, natural resources, features and wildlife are managed, embraced and valued for preservation and celebration."

Clrs Barsanti/Brooks:
That Council agree that the set of Community Outcomes as amended be adopted for consultation as part of the process that will lead to the adoption of the 2015-25 Long Term Plan.

Carried

A.14/15.59 Review Revenue and Financing Policy – Principle and Changes from Previous Policy S300-L15-001

The Manager, Corporate Finance, Martin Fletcher, presented a paper to review Council's Revenue and Financing Policy (who pays and how much) in the 2015-25 Long Term Plan.

Mr Fletcher explained that Council is required to develop a Revenue and Financing Policy that enables it to meet its Operating and Capital Expenditure requirements in a prudent manner. The Local Government Act 2002 requires Council to identify the potential funding sources for each activity and how it's taken account of the requirements of s101(3) of that Act relating to Community Outcomes, Distribution of Benefits, the timing of those benefits, how the actions or inaction of individuals or groups requires Council to provide a service and the overall impact of those funding sources on the community.

The paper identified the process undertaken in reviewing Council's current policy and identified recommended changes particularly with regard to potential changes to benefit allocations and the rational for them.

In the paper under Distribution of Benefits, Animal Control is shown as 10% Targeted Area and 90% Individuals. Clr Jamie Arbuckle, Chair of the Animal Control Sub-Committee informed the meeting that the Sub-Committee recommends that this distribution be amended to 20% Targeted Area and 80% Individuals.

It was agreed that Environmental Policy distribution of benefits be discussed prior to the next Full Council meeting. The Committee therefore recommended that the matter lie on the table until the subsequent Full Council meeting.

~~**Clrs Barsanti/Brooks:**~~
~~**That the matter lie on the table until the subsequent Full Council meeting.**~~

~~**Carried**~~

[The following decision was made at the Council meeting on 18 September 2014 in response to this recommendation]

[Clrs Barsanti/Arbuckle:
That Council adopt the following amendments to its Revenue and Financing Policy for the 2015-2025 Long Term Plan:

Activity	2012-2022 LTP	2015-2025 LTP
Environmental Science and Monitoring	80% District wide 20% Targeted area	60% District wide 20% Targeted area 20% Individual
Environmental Policy	80% District wide 20% Targeted area	60% District wide 20% Targeted area 20% Individual
Harbours	10% District wide 90% Targeted area	10% District wide 50% Targeted area 40% Individual
Animal Control	10% Targeted area 90% Individual	20% Targeted area 80% Individual

Carried]

ATTENDANCE: Clr Andrews withdrew from the meeting at 11.30 am.

A.14/15.60 Interim Financial Report for Council – Period Ended 30 June 2014 F045-06

The Corporate Finance Manager presented the interim year-end results for the 2013-14 year.

It was reported that the draft Annual Report is currently being compiled to enable Audit New Zealand to provide Council with an opinion on the financial statements. There is a legislative requirement for Councils to adopt their Annual Report by 31 October each year. The audit opinion will be provided in time for Council to adopt the final financial statements at a Special Council meeting scheduled for 30 October 2014.

Changes to the interim financial results will occur as preparation of the Annual Report is finalised.

The interim results for the year ended 30 June 2014 showed a surplus of $8.36M which is $6.34M higher than budget for the year including Council's approved 2012-13 Carry Forwards. Revenue is $5.82M more than budget, including an additional $1.74M in gain on sale of assets and $1.46M in Marlborough Regional Forestry distributions. This together with less than anticipated expenditure of $0.52M resulted in the expected surplus being well ahead of budget.

Budgeted capital expenditure for the year was $45.19M including $19.1M of carryovers from the 2012/13 financial year. Net actual expenditure of $21.32M ($29.98M last year) was less than expected for the year by $23.87M. Significant carryovers to 2014/2015 of approximately $18.45M were reported on.

Clrs Arbuckle/Oddie:
That the interim financial report for the period ended 30 June 2014 be received.

Carried

A.14/15.61 2013-14 Budget Carry-Overs F220-002-020-13-14

A number of works scheduled for completion in 2013-14 did not proceed (or were not completed) for a variety of reasons. Details of those works were recorded on the schedule presented to the Committee.

Since funding for those works was determined in the 2013-14 Annual Plan, Council approval was sought to amend the 2014-15 budgets to reflect those 'carry-overs'. Carry-overs total $7,222,344.

Clrs Arbuckle/Barsanti:
That the 2014-15 budgets be amended to incorporate the 2013-14 carry-overs.

Carried

A.14/15.62 Debtors Overdue Report as at 31 July 2014 F220-002-020-13-14

The Debtors report as at 31 July 2014 was presented to the Committee for information.

It was reported that the 30-90 days balance included $316,338.80 of 30 days debtors. Payment from four large debtors totalling $145,070.58 was received in early August.

The Property Leases and Licences Debtors' report as at 31 July 2014 was also presented to the Committee for information. It was noted that current and total balances fluctuate monthly depending on individual leases and invoicing periods e.g. monthly, quarterly, six monthly or annual.

Clrs Barsanti/Arbuckle:
That the information be received.

Carried

A.14/15.63 Rates Reports as at 31 July 2014 F270-28-13

The Rate Levies Status report, Rate Arrears Aged Balance report as at 1 August 2014 and Water Billing Debtors report as at 31 July 2014 were presented for councillors' information.

It was reported that Council has collected 2.74% of the overall rates levied for 2014-2015 (inclusive of arrears) compared with 4.57% at this time last year. The lower collection percentage reflects that this year's report was prepared two weeks earlier than last year and is only five weeks into the financial year.

Since the final day for payment of 2013-14 rate instalment four on 10 June 2014, 789 reminder letters were posted due to non-payment; 234 received a second letter and will require further follow up action.

Council commenced processing rate rebate applications on 1 August 2014 and designated staff will be available for the first six weeks to assist ratepayers to complete their applications. The Corporate Finance Manager commented that as at the day of the meeting, 1010 applications had been received which compared favourably with last year's figures.

The 90 days balance in the Water Billing Debtors report had reduced since June.

Clrs Shenfield/Brooks:
That the report be received.

Carried

A.14/15.64 Decision to Conduct Business with the Public Excluded -

Clrs Leggett/Sloan:
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 11.50 am.

Record No: 14184878