

**REPORT OF THE FINANCE AND POLICY
COMMITTEE MEETING HELD AT 11.16AM ON
WEDNESDAY 15 MARCH 2006 IN MEMORIAL HALL
SUPPER ROOM, ESPLANADE, KAIKOURA.**

PRESENT: Councillor J Macphail (Chair), Mayor K Heays, Councillors M Pablecheque, B Seddon, B Woods, S Thomas.

IN ATTENDANCE: S Grant (Chief Executive Officer), L Copping (Executive Officer), S Poulsen (Finance Officer).

APOLOGIES: Councillors M McChesney, J Diver

Moved by Councillor Woods, seconded by Councillor Pablecheque and resolved that apologies be accepted.

1. MATTERS ARISING FROM REPORT OF 15/02/2006

Water Meters – Report to Budget Workshop

The Chief Executive Officer advised until the operating costs of the new systems were known it was inappropriate to know what would be installed and what the charge would be. He advised a report undertaken in 2000 had highlighted the cost of installing meters and would be available at the next budget workshop.

2. FINANCE REPORTS

The Chief Executive Officer presented the finance reports advising it was pleasing to note Council was still working within the budget set for the year.

The Chief Executive Officer advised in terms of Council's Liability Policy, Council was trying to get 20-27% of the loan maturing yearly.

Moved by Councillor Pablecheque, seconded by Councillor Seddon and resolved that the Finance Report, Statement of Financial Position, Statement of Financial Performance and Corporate Services Budget Report be received.

3. QUARTERLY REPORTS

The quarterly reports were presented by the Chief Executive Officer. Councillor Woods asked the Chief Executive Officer of his philosophy, as a Manager, in terms of debt. The Chief Executive Officer advised he saw debt as a financial tool that in general was not used well in local government. It was an extremely good tool when used on long term projects and noted other Council's had experienced problems by trying to fund long term projects by using today's cash.

The Chief Executive Officer advised he had no qualms or issues with using debt for capital debt, however he would have concerned if Council needed to use debt for operational activities. The big issue was what Council could afford and what level of debt it could continue to finance.

The Chief Executive Officer advised if Council was looking at funding any new major facility by way of a reasonable amount of debt it may well fall outside of the policy limits and Council would need to go out to the public for consultation.

Traffic Control Report

The Chief Executive Officer advised revenue from Pay & Display parking was extremely low due to the Pay & Display unit in the West End still not being repaired and believed the contractor was still sourcing a part.

Website

The Finance Officer advised Council's website, launched 28 June 2005, had received nearly 8,000 visits. She advised good feedback had also been received from Council's Long Term Council Community survey which was on the website.

Moved by Councillor Pablecheque, seconded by Councillor Woods and resolved that the Investment Quarterly Report, Liability Management Policy, Special Funds Quarterly Report, Traffic Quarterly Report and Website Report be received.

4. BOAT LANDING STRUCTURE – SOUTH BAY

Included in the agenda was a report from the Chief Executive Officer. He advised in the budget of 2004/05 Council had agreed to spend \$35,000 for a new boat landing structure at South Bay. The boat structure was to be similar to the Boat Club structure and discussions were held at that time with harbour users in terms of location. It was initially felt the structure should be located to the north of the existing jetty, then to the south and eventually it was decided the new structure be placed to the south of the existing slipway. Resource consent was applied for and approved mid 2005 however since that time Council's consultants OCEL had been seeking prices for fabrication and installation.

OCEL had now obtained prices for fabrication and installation with the overall cost being some \$150,000, leaving a substantial shortfall.

The Chief Executive Officer advised there was no question that the existing jetty was rather difficult for non-expert boaties to use, however the question was, did Council wish to spend \$150,000 on a proposed jetty which would help the users of the harbour substantially.

The Chief Executive Officer advised the harbour account for the 2005/06 year was expected to run at a surplus in excess of \$40,000 which with the

\$35,000 previously agreed upon would provide \$75,000 of the funds required. He advised it was possible the harbour account may run at a surplus in excess of that estimated by the end of the financial year and if so then those additional funds could also be used toward the structure.

Mayor Heays asked if the current \$40,000 surplus in the harbour account would normally be tagged for anything else. The Chief Executive Officer advised quite a few years ago there had been a substantial deficit in the harbour account, however in the past couple of years the surplus had funded the deficit. He advised there was currently a rate component of approximately \$90,000 for harbour facilities so an additional \$8,000 would need to be found to cover the loans.

Councillor Seddon advised he had no problem with the project and believed it was necessary provided the users of the area paid for it and sought assurance that it could be funded as the only thing he would be against was if it ever came back to the ratepayers.

The Chief Executive Officer advised the fabricator was ready to commence construction of the structure and was waiting for approval from Council.

Mayor Heays requested OCEL be requested to include as part of the contract that it be installed by summer 2006.

Moved by Councillor Seddon, seconded by Councillor Pablecheque and resolved that Council agree to proceed with the installation of the boat landing structure at South Bay and that it agree to raise a loan of up to \$110,000 (\$35,000 previously being provided for) and that any surplus in the Harbour account at the end of the financial year be used towards the construction of the facility and that the fees and charges of the recreational users of the facility and the users of the slipway and boat parking area be adjusted to cover the additional costs of financing the additional loan repayments.

There being no further business the meeting closed at 12.00.