

# **REPORT OF THE FINANCE & POLICY MEETING HELD AT 10.39AM ON WEDNESDAY 18 DECEMBER 2013 AT MEMORIAL HALL SUPPER ROOM, ESPLANADE, KAIKOURA.**

**PRESENT:** Councillor J Howden (Chair) Mayor W Gray, Councillors T Blunt, J Diver, G Harmon, C Mackle, D Millton, D Morgan.

**IN ATTENDANCE:** S Grant (Chief Executive Officer), S Syme (Committee Secretary), A Limbdiwala (Assistant Accountant).

## **1. FINANCE REPORTS**

The Assistant Accountant advised trades and other receivables were particularly high, as shown in the Statement of Financial Position, due to an invoice for \$575,000 being raised for the sewer subsidy grant from the Ministry of Business and Innovation. It was noted the properties at 25 Beach Road, 20 Beach Road and the Pynes Building were now classified as assets held for sale.

The 5 months to 30 November showed an operational surplus of almost \$1.2million. One of the key reasons for the surplus was development contributions held for community facilities had been transferred from current liabilities to revenue due to construction of the civic building now underway. Development contributions would be used for the museum and library sections of the project.

Councillor Blunt advised he understood development contributions were to be used for community projects. The Chief Executive Officer advised that the majority of development contributions had been collected prior to development contributions policies being included in the Local Government Act which required projects to be identified. He further explained development contributions contained a number of components including water, sewer, roading, refuse, footpath, community facilities and parks and reserves. The location of the development had an effect on the quantum of components which made up the contribution required. Council was required to have a policy to collect development contributions which had to identify projects funds would be used for. Councillor Blunt requested a list of identified projects. The Chief Executive Officer further advised changes to the legislation had restricted what projects money could be spent on and Council's Development Contributions Policy would have to be reviewed.

A breakdown of other expenses included in the Statement of Comprehensive Income had been included in the agenda. Councillor Millton enquired why insurance costs were not identified separately. It was felt the breakdown of other expenses should be further refined and it was suggested office expenses be renamed corporate expenses.

In terms of capital expenditure the sewer capital works showed a reasonable amount of savings. This meant less borrowings were required. The Assistant Accountant would recheck that all expenditure had been accounted for.

***Moved by Mayor Gray, seconded by Councillor Morgan and resolved that the Finance Report, Statement of Financial Performance, Corporate Services Budget Report and Library Report be received.***

## **2. QUARTERLY REPORTS**

### **Investment Report**

The Airport was not considered to be a property investment. The Chief Executive Officer advised airports in smaller communities were not seen as commercial investments. The Airport was not currently self funding and the general rate was used to subsidise any shortfall. The Chief Executive Officer advised when Sounds Air had been operating from the Airport it had been self funding but landing fees had dropped substantially since they had ceased operating from the site.

### **Liability Management Report**

The only section of the Policy that Council was not fully compliant with was the security section due to a suspensory loan with the Housing New Zealand Corporation which was secured by the pensioner flats at 95 Torquay Street. Council had a policy of not pledging specific assets for specific projects.

Councillor Millton enquired whether money from the sale of properties was used to reduce rates. The Chief Executive Officer advised when assets were sold the funds raised went back to the specific area, in the case of property sales the money went into the property account. However, Council could resolve to spend the money in another way or reduce rates for a year.

Councillor Millton advised he understood the reason for Council becoming involved in forestry investments was to reduce rates and enquired if the policy had changed. The Chief Executive Officer advised the budgets provided each year for some money from forestry to offset rates.

### **Development Contributions Report**

Councillor Blunt noted nearly \$1million had been received from parks and reserves contributions and there was only \$77,000 left and he enquired what the money had been spent on. The Chief Executive Officer advised money had been spent on items from the Coastal Management Strategy. A schedule of where parks and reserve contributions had been spent in the last seven years was requested.

### **Housing for the Elderly Report**

It was noted the current waiting list consisted of 9 people with 5 people having little or no association with Kaikoura. It was suggested people may want to come to Kaikoura because of the low rental. It was generally felt it would be beneficial to know what other Councils charged. Councillor Morgan suggested

the Policy be amended to state a rent review would be undertaken every three years. When considering rentals it was noted Council also needed to consider the reason for having the housing.

***Moved by Councillor Diver, seconded by Councillor Harmon and resolved that the Quarterly Reports be received.***

***There being no further business the meeting closed at 11.56am.***