

REPORT OF THE FINANCE & POLICY COMMITTEE MEETING HELD AT 10.21AM ON WEDNESDAY 18 FEBRUARY 2015 AT THE 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), S Poulsen (Finance Manager).

1. FINANCE REPORTS

The seven months to the end of January had produced a cash surplus of \$155,000. Most revenue types were above budget. Development contribution revenue remained very low. Capital distribution from the Marlborough Regional Forestry totalled \$270,000 for the year to date. Less money had been spent on roading maintenance and more on renewals. It was noted renewal work showed in the balance sheet. There had been some savings in the Civic Centre cost centre in terms of rates and insurance because the building was not yet up and running.

A new report of key indicators had been included which allowed Council to see key information at a glance. It was noted long term debt at 3.92% was not very high when compared with other Council which were around 7% to 8%.

The Finance Manager advised the "Other Expenses" graph took approximately a day and a half to maintain which was a large amount of time. It was agreed this report would be provided quarterly.

2. QUARTERLY REPORTS

Investment Quarterly Report

The current average interest rate for cash investments was 3.8%. The balance of the on call account was approximately \$250,000.

The Airport was not currently self funding and it was suggested it should no longer be included in the Investment Quarterly report and would be disclosed under community facilities. It was noted some parts of the Airport received commercial leases whilst other areas were for recreational use. It was suggested the terminal building and the hangar could be reported separately from the remainder of the facility. A discussion was held regarding airport revenue and possible reporting options. It was generally felt a separate Airport report would be provided quarterly with the framework of the report to be worked on.

Moved by Councillor Howden, seconded by Councillor Harmon and resolved that the Airport report be removed from the Investment Quarterly Report. A separate report to be provided on a quarterly basis.

Liability Management Policy Compliance Report

Interest rate exposure was currently not compliant. This could not be corrected until loans had matured and were redrawn. Council had on the other had benefited from very good interest rates. It was anticipated most loans would be redrawn by the end of the June with all new loans raised to ensure compliance with the Policy.

Development Contributions Report

Revenue was almost zero for the current financial year however some revenue was expected, approximately \$68,000, in the next quarter from completion of subdivisions.

Approximately 10 people had provided feedback on the first draft of the Development Contributions Policy. A meeting would need to be scheduled to discuss some of the issues.

Special Reserves

Some funds showed a negative balance but this would only be for a short time, it was a timing issue whilst making the best use of the cash Council had on hand. The Finance Manager would consider if there was a better way of tracking the effects of the revolving credit facility in the future.

A discussion was held regarding the costs of a rural fire and who paid.

Depreciation vs. Capital Expenditure

Depreciation versus capital expenditure was displayed over a 10 year period in the report. For roading the benchmark had only been met in 2008. It was noted it would be very difficult for the benchmark to be met as it would require approximately \$720,000 to be spent per year which was double that which was currently being spent.

There had been a number of substantial upgrades on the water and sewer systems in the last ten years and as a result very little renewal expenditure was required. In terms of Council properties upgrades were undertaken and then nothing was done for a while. It was requested that an average be included in the graphs.

Housing for the Elderly

As a result of rent increases the housing for the elderly account had begun accumulating funds. This meant major maintenance could be considered.

Moved by Councillor Howden, seconded by Councillor Milton and resolved that the Finance Reports be received.

3. FINANCE & POLICY PUBLIC EXCLUDED SESSION

Moved by Mayor Gray seconded by Councillor Harmon and resolved that the public be excluded from the following parts of the proceedings of this meeting namely;

a) Confirmation of Minutes 17/12/2014

There being no further business the meeting closed at 11.21am.