

REPORT OF THE FINANCE & POLICY COMMITTEE MEETING HELD AT 9.49AM ON WEDNESDAY 15 JULY 2015 AT THE MEMORIAL HALL SUPPER ROOM, ESPLANADE, KAIKOURA.

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

IN ATTENDANCE: G Essenberg (Acting Chief Executive Officer), S Syme (Committee Secretary), S Poulsen (Finance Manager).

APOLOGIES: Councillors J Howden, C Mackle.
Moved by Mayor Gray, seconded by Councillor Blunt and resolved that apologies be accepted.

1. FINANCE REPORTS

June had been relatively busy in terms of financial transactions. The report was an interim for the end of the financial year as there were a number of end of year adjustments to be made over the following weeks.

The Pynes building had been sold and showed a gain on sale of \$80,000. Construction losses related to the product failure in the roof at the Civic Centre had been written off. Grant revenue was down on budget because Council had been unable to secure any grants for the Civic Centre project.

Councillor Millton noted grant revenue for the civic centre had been discussed for the last two years and enquired if there was a time when it was stated the grant was unlikely to happen. Councillor Diver advised the view had been taken that applications for grant revenue for the Civic Centre would detract from Hospital grant revenue. Councillor Millton felt it was concerning there would be no grant for the Civic Centre because it was one of the points which the building project had been sold on.

The Finance Manager advised there had been some issues with the office phone system and a new system had been installed. The Ozone computer project was progressing well. Councillor Millton noted the new computer system at \$131,000 had not been discussed with Council and felt it should not be done if not discussed with Council. The Finance Manager advised the new system would be easier to use with better functionality.

Moved by Councillor Millton, seconded by Councillor Diver and resolved that the Finance Report, Statement of Financial Position,

Statement of Financial Performance, Corporate Services Budget Report and Library Report be received.

2. QUARTERLY REPORTS

Investment Report

Bank deposits currently made up 36% of Councils investment portfolio. \$322,000 had been received from the Marlborough Regional Forestry joint venture during the year. The Rental Yield report had been adjusted to show actual rental received rather than the amount invoiced.

Liability Management Report

Interest rate exposure was currently not within Policy limits. This was because the focus had been on repaying term debt in full which was why there was a substantial portion of loans in the 0-1 year and 1-2 year ranges. This was a better use of cash but it was not compliant with the Policy. An enquiry was made as to how the cost savings could affect rates. The Finance Manager advised the effect of the savings could be reviewed as part of the Annual Plan process as to whether rate savings could be achieved. A loan schedule had been included with the report. A discussion was held regarding the date loans had been raised and when they would be paid.

A discussion was held regarding how much money would be required to finish the Civic Building. The Finance Manager advised \$500,000 had been allocated in the Long Term Plan to be paid from Forestry Reserves. Councillor Millton felt the money could not just be drawn from forestry reserves and Council needed to have a plan. An enquiry was made as to why four loans had been drawn for the Civic Centre. The Finance Manager advised this was so the interest rate risk could be spread over the terms of exposure.

Airport Quarterly Report

Landing fee revenue was up on budget and expenditure was on track.

Development Contributions

There had been no revenue received from Development Contributions in the last quarter of the financial year. This was attributed to a number of people waiting to see what form the new Development Contributions Policy would take. It was noted a local real estate agent had advised the new Policy had stimulated the economy and demand for property in the district.

Housing for the Elderly

The increased rentals had meant the fund was no longer in deficit. A tenant was due to move out of the complex and the flat they had inhabited would be renovated prior to another tenant moving in. Flats were only refurbished between tenants.

Moved by Councillor Harmon, seconded by Councillor Milton and resolved that the Investment Quarterly Report, Liability Management Report, Airport Quarterly Report, Special Reserves and Special Funds Report, Development Contributions Quarterly Report, Depreciation versus Capex Quarterly Report and Housing for the Elderly Quarterly Report be received.

There being no further business the meeting closed at 10.34am.