

REPORT OF THE FINANCE AND POLICY COMMITTEE MEETING HELD AT 10.10AM ON WEDNESDAY 19 NOVEMBER 2014 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 (Executive Officer), S Poulsen (Finance Manager).

1. FINANCE REPORTS

The Finance Manager advised that previously she had reported there had been substantial cash balances on hand due to the receipt of the first rates instalment and also the drawing of loans for the civic centre. The outgoing payments for the Civic Centre had been less than projected and the cash on hand had to been used to pay floating loans which had lead to a savings in interest expense of approximately \$8,000.

The accounts currently showed a surplus of \$402,000. Cash had reduced by \$1.2 million. Distributions from Marlborough Regional Forestry joint venture were ongoing. All expenditure types were currently operating within budget. Very little capital expenditure had occurred during the month. The cycle track on Mill Road was near completion and the work had been able to attract a 45% subsidy from New Zealand Transport Agency. This was because it was considered a minor safety project because the track was taking cyclists off Beach Road.

An enquiry was made regarding the safety and wellbeing income being up on budget. The Finance Manager explained money was received annually for the programmes which were to be completed within the year. It was noted the Ministry of Social Development had different forms of contracts throughout the country. The Ministry of Social Development was always keen for Council to manage funds on their behalf therefore Council had very short form contracts with it.

Councillor Morgan enquired if Council needed to change its policy given it now had a revolving credit facility in place. She noted according to Council Policy to pay of the loans a Council resolution was required. She noted because there was no Civic Building report included in the agenda it was difficult to see why very little expenditure was required during the month. The Chief Executive Officer advised it had been reported for some time that Council was looking at a different method of paying off loans and funding specific projects and it had also been reported there was too much debt in the zero to twelve month range. If there was too much cash the current facility allowed for funds to go against the revolving credit portion of the loans. He noted Council was not actually paying off the loan. When the funds were needed for the purpose for which they were raised they would be used for that. He further advised when Council received a rates instalment it could either put the funds in a term deposit or put against the revolving credit facility to reduce interest charges. It was noted this would

need to be reflected in the Policy which would be reviewed as part of the Long Term Plan process. Councillor Morgan felt as a ratepayer if Council was saving money then perhaps property owners did not need to pay as much rates. The Chief Executive Officer advised the interest savings would be reflected in the amount of loan interest which Council felt it would be paying in future.

In terms of Civic Building expenditure it was noted the outside cladding was being installed which had already been paid for. The foyer area was also being constructed and the material for that had also previously been paid for. Currently invoices were for labour, scaffolding hire and crane hire.

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

2. MINUTES ACTION LIST UPDATE

All actions on the list would be addressed in the quarterly reports.

There being no further business the meeting closed at 10.32am.