

**Report of the ordinary meeting of the Finance and Policy Committee held in the Council Chambers, 29 Civic Avenue, Gore on Tuesday 19 May 2015, at 5.03pm.**

**Present** His Worship the Mayor (Tracy Hicks, JP), Cr Bolger (Chairperson), Crs Beale, Byars, Davis, Gover, D Grant, Highsted, Page and Sharp.

**In Attendance** The Chief Executive (Mr Stephen Parry), General Manager District Assets (Mr Paul Withers), Parks and Recreation Manager (Mr Ian Soper), Roothing Manager (Mr Murray Hasler), 3 Waters Asset Manager (Mrs Sarah Crooks), Chief Financial Officer (Mr Luke Blackbeard), Corporate Support Officer (Mrs Kylie Weir) and one member of the public in the gallery.

**Apologies** Crs Dixon and P Grant apologised for absence.

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## 1. RURAL SPECIAL FUND - MANAGEMENT

The Committee perused a report from the Chief Executive along with supporting documentation received from Cr Sharp that had been tabled at the meeting.

Cr Sharp stated he had two problems. First, putting the money into a conservative and professional investment agency and the second was forming a trust that protected the fund for the future so it could not be spent. He believed a future Council could forget about it but if it was in an independent trust and administered accordingly for the benefit of the Council and the ratepayers to help pay for infrastructure, it would be beneficial.

Cr Bolger noted there was a suggestion that management of the Rural Special Fund could be the responsibility of the Audit and Risk Committee with the committee receiving advice from experts. He did not agree it was suitable for it to be split from the Council.

The Chief Executive advised it was a political consideration however, in the aftermath of the Auditor General investigation in 2005 there had been consideration given to forming a trust at that time but it had been felt it was not necessary.

Cr Bolger stated the Rural Special Fund had been a separate fund with certain conditions around the way the money was to be managed and spent.

In response to Cr Davis, the Chief Executive advised as soon as the fund had been received in 1993 the Council set up a committee comprising of rural Councillors and the Mayor to oversee the fund and it fell to the committee to grant money for projects seen to be of benefit to the rural sector. There was a \$50,000.00 donation towards the multisport complex as it was deemed to be of benefit to the rural community and it had also been used to offset rural rates.

The Chief Executive advised the Auditor General had carried out an investigation about whether the fund had been appropriately managed and concluded it had not been. On the basis of that information the funds was frozen for the past few years to allow it to build up.

Cr Highsted was concerned if the fund went to a private group in terms of the Council's investment policy. By putting the money into a managed fund then the capital would be at immediate risk. He felt that would not be a desirable outcome.

Cr Beale believed the rural ward members sitting around the table were democratically elected and qualified enough to administer the fund and he did not understand how the Council would regulate two farmers and an accountant from outside the Council in terms with how qualified they were.

Cr Byars supported the idea of getting a report from the Audit and Risk Committee.

His Worship agreed there was merit in having the Audit and Risk Committee look into future management of the fund. He advised the Committee there were a couple of attachments missing from the report and suggested these were provided to the Council before the report was confirmed.

In response to Cr Sharp, Cr D Grant advised the base capital had been growing over the past six years with no grants being made. He felt there was still no need to touch the fund and move it around but liked the idea of the Audit and Risk Committee looking into options.

His Worship stated there were two issues, one being the management and future direction of the fund and the distribution of the fund at a time when it is deemed appropriate.

**RECOMMENDED on the motion of His Worship, seconded by Cr D Grant THAT the future direction and management of the Rural Special Fund be referred to the Audit and Risk Committee to analyse and report back to the Council with some options.**

## 2. FINANCIAL REPORT FOR MARCH 2015

A financial report for the eight months ending 31 March 2015 had been received from the Chief Financial Officer and was perused by the Committee.

The Officer advised the under and overs were in the roading revenue and the capex behind it. As the capex expense came up, the Council could claim more of the roading subsidy and make the variance more favourable.

In response to Cr Bolger, the Officer advised he was comfortable with where the budgets were currently.

In response to Cr Davis, the Officer advised there were two unfavourable expenses in the cemeteries activity which was made up of a lack of revenue which the Council could not do too much about and the other was one off maintenance costs that had been incurred.

In response to Cr Highsted, the Officer advised the capital expenditure by 3 waters and solid waste was sitting at 19% with the Ajax pumping station project being behind schedule. He advised it would be loan funded and with the budgets for the following year, the loan funding had already been factored in with interest. He added if the funds were not uplifted there would be an underspend in the interest budget and any projects that were rates funded, the break funding would be carried forward until the project could be completed.

The Officer stated through management reporting there could be a special line if the Ajax project went ahead to show how it was tracking against budget.

**RECOMMENDED on the motion of Cr Page, seconded by Cr Grant, THAT the financial report for the eight months ended 28 February 2015 be received.**

The meeting concluded at 5.28pm.