



REPORT OF THE ORDINARY MEETING OF THE FINANCE AND POLICY COMMITTEE HELD IN THE COUNCIL CHAMBERS, 29 CIVIC AVENUE, GORE ON TUESDAY 5 JUNE 2012, AT 5.26PM.

PRESENT His Worship the Mayor (Mr Tracy Hicks JP), Cr Bolger (Chairperson), Crs Beale, Davis, Dixon, Gover, D Grant, Highsted, Redhead and Sharp.

IN ATTENDANCE The Chief Executive (Mr Stephen Parry), General Manager, Corporate Services (Mr Russell Duthie), Parks and Recreation Manager (Mr Ian Soper), General Manager, District Assets (Mr Paul Withers), Roading Manager (Mr Murray Hasler), Assets Manager, Utilities (Mr Ross Haslemore), Communications Co-ordinator (Mrs Sonia Gerken), Corporate Support Officer (Mrs Tracey Millan) and two members of the public in the gallery.

APOLOGIES Crs P Grant and Watt apologised for absence.

1. LAND TRANSPORT PROGRAMME 2012/2015 – FINANCIAL ASSISTANCE REDUCTION (4.2.9)

A memo had been received from the Roading Manager, together with a copy of a letter received from the Southern Regional Director of the New Zealand Transport Association (NZTA) about the level of the Council's financial assistance for roading.

The Manager said it was pleasing that the Council did not get less funding than what had been approved for the 2009/12 period. It had been handicapped slightly in that its performance indicators were high on a national scale. NZTA could see some ability for the District to slip back a little.

Cr Bolger said roading was quite often a controversial issue but compared nationally, roads in the Gore District were better than most.

The Manager said that was in regard to sealed roads. Some other areas had dropped slightly.

In response to Cr Highsted asking if every item had been looked at in detail, particularly thinking about bridge repairs in the future, the Manager said they had been. He commended the local NZTA and funding staff who had argued hard for the Council. The NZTA was expecting the Council to removing lower priority areas and it could look at ageing its seals.

In response to Cr Dixon asking how it would affect the maintenance contract, the Manager said it had changed some of the items, but generally would be similar to the current contract.

His Worship said it was disappointing that the Council was facing this situation and the reason was because the Government had chosen to invest a significant amount of roading infrastructure funding into the roads of significance at the detriment of regional and local roads. There was a lot of work being done behind the scenes to quantify the value that was contributed from local roads to the national economy. One would hope that once that work was completed it would show that local roads were the primary source of funding the export growth that the government was looking for, so a lot of funding needed to be spent in those areas. It could only go on for so long like that. The Council needed to make a stand and gather information as a sector quickly. It was quite frustrating.

RECOMMENDED on the motion of Cr Davis, seconded by Cr Beale, THAT the report be received.

2. HEARTLAND OTAGO/SOUTHLAND LIFE EDUCATION TRUST: ANNUAL REPORT (50.2)

A memo had been received from the Chief Executive together with the Heartland Otago/Southland Life Education Trust Inc's annual report for the year ending 31 December 2011.

Cr Beale said the cost was a small amount to pay by educating young people.

Cr Gover said the Trust ran a superb programme which really did have an impact on children's lives.

RECOMMENDED on the motion of Cr Gover, seconded by Cr Beale, THAT the annual report of the Trust for the year ended 31 December 2011, be received.

3. UPDATE FROM THE DOG CONTROL WORKING PARTY (34.9)

A memo had been received from the General Manager, Corporate Services providing a brief synopsis of the progress of the Dog Control

Working Party to date. Two issues that had dominated the attention of working party members had been a desexing programme to address the issue of wandering dogs and the provision of a dog walking park.

Cr Bolger said while desexing was an excellent idea due to the criteria it might not have a huge impact as very few operations would be allocated to the Gore District.

Cr Davis said the cheaper option had not been workable for the Council so would have to go back to the drawing board to look at other options. She said the idea of a walking park had come through as a submission to the Annual Plan, but had been unsuccessful in securing funding. The New Zealand Transport Association would not allow signage. Walking parks were proving successful around the country and helped to reduce wandering dog issues. The working party would continue to work through both projects.

In response to Cr Bolger, the General Manager said feedback from some dog owners around the suggestion of funding the desexing programme through registration costs was that it would be unfair. They were looking at other ways to make a meaningful difference.

In response to Cr D Grant, the Chief Executive said if a wandering dog was impounded and the dog owner paid the pound fees, the Council was be duty bound to release the dog. It could not have the dog desexed. However the idea held merit and could be worthy of law reform.

His Worship asked if the cost of animal control could be released to dog owners. The issue was a wider community problem.

Cr Davis said it was a community problem but would be unfair to expect good dog owners to cover the costs of irresponsible owners. The Committee was looking to submit to the Annual Plan to see if it could be funded from a different method. The issue did not go away and quite often an owner was a repeat offender with a different dog.

Cr Dixon suggested a retired vet could be contracted to carry out desexing operations.

Cr Sharp said the subject brassed him off. The problem went on and on. A child could get attacked. Something needed to be done. He thought to hit the owner in the pocket could be the best way.

RECOMMENDED on the motion of Cr Dixon, seconded by Cr Grant, that the report be received,

AND THAT the Council approve the Dog Control Working Party approaching local service groups to source funding for the provision of a dog walking park.

4. FINANCIAL REPORT FOR APRIL 2012 (1.1.4)

A financial report for the 10 months ended 30 April 2012 had been received from the Management Accountant and was perused by the meeting.

In response to Cr Bolger querying the increase in the staff costs at the Aquatic Centre, the General Manager, Corporate Services said the increase on the revenue side pretty much balanced it out.

In response to Cr Davis suggesting the pool was now open longer to fit in with the stadium hours which would increase the wages paid, the Parks and Recreation Manager agreed and said the public had asked for the pool hours to align with the stadium opening hours.

Cr Sharp said he had done some calculations and the Council was under rating and overspending.

Cr Bolger said the question had to be asked about what had been done to create that debt. The debt was budgeted debt. Some assets had a life of 50-60 years.

Discussion followed on from Cr Sharp's comments.

The Chief Executive said one needed to look at the bigger picture. In the last 10 years the Council had constructed the Aquatic Centre, developed the actiflo plant, the Mataura Wetlands, a refuse transfer station and also paid a share of the development costs of the regional landfill, and the debt in that time had not really gone up. The Council carried out benchmarking with other Councils. Its debt had been stabilised over the last 10 years.

The General Manager said affordability was the driver. He thought the Council had a good balance with affordability and manageability.

Cr Highsted said in his five years on the Council, he could not think of a time when it had made a reckless decision.

Cr Beale said he would like to see a report produced on administration costs.

The Communications Co-ordinator now left the meeting at 6.21pm.

His Worship said the Council had been borrowing money on a credit card daily 10 years ago and that had been irresponsible. Cr Sharp

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raised the issue as if the Council today was out of control in terms of affordability but it was in good shape and stacked up well against its neighbours. Borrowing for capital projects was for assets that would last for 50 to 60 years. The inference Cr Sharp continually raised was that the Council was borrowing irresponsibly and that frustrated him. Debt was one of the small areas the Productivity Commission would look at and good on it. To suggest the Council was out of control with debt, was not on. The Council needed to be careful about the message it sent to the community.

RECOMMENDED on the motion of Cr D Grant, seconded by Cr Sharp, THAT the financial report for the ten months ended 30 April 2012 be received.

5. UPDATE ON LOCAL AUTHORITY PROTECTION PLAN (LAPP) (52.4.9)

A memo had been received from the General Manager, Corporate Services together with a copy of a paper presented at a recent meeting convened by the LAPP trustees on 14 May.

The General Manager, Corporate Services advised he had received an email that day advising the trustees of LAPP had gone with the option of having self-insurance, so the suggestion would now be the policy.

The key element of the whole discussion was the Council sat in terms of wanting to ensure the 60% Government assistance would be provided should the unforeseen happen.

Cr Bolger said the question was whether the Council should stay with LAPP Insurance even though it was not as good as it was. It was securing 60% cover from central Government and would have to get some self-insurance of about \$250,000. Cr Highsted had suggested a fund could be built up. The other option was no insurance at all.

In response to Cr Beale, the Roading Manager said if the town suffered a significant emergency, the New Zealand Transport Association would come to the Council with some emergency funding.

Cr Bolger suggested a report be prepared for the Council on the LAPP trustee's decision.

The General Manager said he would provide a report with some options of how a self-insurance fund would be set up in a reasonable timeframe.

RECOMMENDED on the motion of Cr Bolger, seconded by Cr Highsted, THAT the Council confirm its ongoing participation in

LAPP as the most cost effective means of protecting its infrastructural assets from natural disaster,

AND THAT the General Manager, Corporate Services report back to the Council on the decisions of the LAPP trustees regarding the ongoing funding mechanisms to be utilised by the fund, with the report including details of cost implications for the Council resulting from those decisions.

The meeting concluded at 6.42pm.