



**REPORT OF THE ORDINARY MEETING OF THE FINANCE AND POLICY COMMITTEE HELD IN THE COUNCIL CHAMBERS, 29 CIVIC AVENUE, GORE ON TUESDAY 3 JUNE 2014, AT 5.33PM.**

**PRESENT** His Worship the Mayor (Mr Tracy Hicks JP), Cr Bolger (Chairperson), Crs Beale, Byars, Dixon, 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), Roding Manager (Mr Murray Hasler), 3 Waters Asset Manager (Mrs Sarah Crooks), Chief Financial Officer (Mr Luke Blackbeard), Communications Coordinator (Sonia Gerken), Senior Planner (Mr Howard Alchin), Corporate Support Officer (Mrs Tracey Millan and Mrs Kylie Weir).

**APOLOGIES** Cr P Grant and Davis apologised for absence.

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**1. PROPOSED FEES AND CHARGES FOR 2014/15 (SC0143)**

A memo had been received from the Chief Financial Officer, together with a schedule of proposed fees and charges for the year commencing 1 July 2014. Several areas had changes proposed with the majority affecting the regulatory area.

Cr Bolger advised the increases were modest for a small Council that did its best to keep the costs at a moderate level. Resource consent charges would have to move between \$50-100 to recover costs. If deposit was taken for a resource consent it triggered a GST liability and therefore the Council was liable to pay the GST on the full amount. The proposal to avoid it was for the Council to change from requesting a deposit to requesting an initial application fee.

The Chief Executive said the review was mainly about tweaking. There was an annual commitment to bring fees and charges to the Council so that if there were any changes required they could be updated.

Cr Beale agreed with the doubling of costs for the Certificate of Registration charges.

**RECOMMENDED on the motion of Cr Beale, seconded by Cr Highsted, THAT the proposed fees and charges for the year commencing 1 July 2014 be adopted.**

2. FINANCIAL REPORT FOR APRIL 2014

A financial report for the 10 months ending 30 April 2014 had been received from the Chief Financial Officer and was perused by the Committee.

Cr Bolger said it was a good report and the variances were explained well. The issues needing resolved were with the NZTA subsidy which was running behind budget. Cash probably was not as good as it was a year ago, but it was well explained through the report.

In response to Cr Bolger, the Chief Executive said the loss of sponsorship was a big blow for the community awards however, there were some promising discussions being undertaken and the Council was working hard to find a new sponsor or sponsors.

In response to Cr Sharp, the Chief Financial Officer said the method of borrowing for some Council activities was in an effort to keep rates at a moderate level. Recognition of the brand might have a life of about 15 years therefore the cost could be spread out through deficit funding.

The Officer said it was intended to fund part of the branding in the Annual Plan process next year. It was suggested to be part of the rates for next year, which was included in the original Council resolution. The Officer believed it was to be deficit funded then rated for in the 2014/15 year through the Annual Plan process. The idea was that it would be funded for by a loan. The Officer reminded the Council that it was still in the Annual Plan process and it could change.

The Chief Executive said it was a deliberate decision of the Council during the estimates workshop.

Cr Bolger said that the long term debt was a bit less than budget so it was well under control and better than expected in his opinion.

Cr Sharp thought that the Council was doing very well but the problem he had was the Council borrowed for every little thing like maintenance at the swimming pool, the branding, the dog park and he believed that the Council was either under rating or living beyond its needs.

In response, Cr Bolger said that certainly borrowing for long term essential projects that may cost \$1 million plus with a life of 25-50 years was the preferred option.

Cr Beale said the Council had to remember intergenerational debt was not practicable for the ratepayers of one generation to pay the full cost of a project that would have benefits over a long period of time.

Cr Highsted said on the opposing issue of intergenerational debt the small borrowings that Cr Sharp referred to was also a short term debt and a good funding mechanism to spread costs over a short to medium term. Projects that were carried out in this particular year could be spread over 5-10 years.

**RECOMMENDED on the motion of Cr D Grant, seconded by Cr Beale, THAT the financial report for the seven months ended 30 April 2014 be received.**

### 3. FUNDING ASSISTANCE RATES REVIEW DECISIONS (SC0788)

A memo from the Roading Manager had been received, together with a letter from Geoff Dangerfield, Chief Executive of the New Zealand Transport Agency (NZTA) regarding the Funding Assistance Review decisions.

The Manager informed the Council that NZTA had announced some interim measures it had provided the Council with a 57% overall one rate for its funding co-investment for the 2015-16 year. It had not yet made the critical decision on the actual formula that was going to be used to calculate the rates in the future. The elephant in the room was the one network road classification which was a national classification for all roads in the country and the corresponding technical levels of service that would apply to the hierarchal classifications. Overall the Council had scored well however, when the technical levels of service come in or are applied it may mean that NZTA would only fund a lower level of service than what was currently received.

The Manager added he was cautiously optimistic to fit the purpose of the network and believed that the roads were reasonably close to the fit for purpose criteria.

His Worship said the Manager was right with the “elephant in the room” being the one network classification. The Council did not know when that was going to happen or what it would look like. It would determine the future of the roads and what current investments would be. He believed that the local roads were well placed to take advantage. However, at this stage every District Council was having a slightly different quality of service for roads and the Government had determined that it was no longer acceptable. It wanted a national one network to have same standard right across it.

**RECOMMENDED on the motion of Cr Gover, seconded by Cr Sharp, THAT the information be received.**

The meeting concluded at 5.48pm.