

Report of a meeting of the Finance and Policy Committee, held in the Council Chambers, 29 Bowler Avenue, Gore, on Tuesday 21 November 2017, at 6.46pm

Present Cr Bolger (Chairman), Crs Beale, Davis, Dickson, Gardyne, D Grant, P Grant, Highsted, Phillips, Reid and Sharp.

In Attendance The Chief Executive (Mr Stephen Parry), Chief Financial Officer (Mr Luke Blackbeard), General Manager Regulatory and Planning (Dr Ian Davidson-Watts), General Manager Infrastructure (Mr Ramesh Sharma), Parks and Recreation Manager (Mr Ian Soper), Transport Manager (Mr Peter Standing), HR/Administration Manager (Susan Jones), 3 Waters Asset Manager (Mr Matt Bayliss), Communications/Promotions Manager (Sonia Gerken) and two members of the public in the gallery.

Apology His Worship the Mayor apologised for absence.

Cr Bolger thanked the staff and Councillors for their assistance and guidance over the past year.

1. EASTERN SOUTHLAND HOCKEY ASSOCIATION – FUTURE OF INTEREST FREE LOAN (SC1619)

- ✦ A memo had been received from the Chief Executive advising that an interest free loan had been advanced to the Eastern Southland Hockey Association for a ten year period. The Association had written to the Council seeking conversion of the loan to a grant. A copy of the letter received had been circulated with the agenda.

A new \$1.47 million water based hockey turf had been opened at Wayland Park at 17 April 2010. The new hockey surface had proved to be enormously popular and complemented the other recreational opportunities on offer at the multisports complex.

As alluded to by the Eastern Southland Hockey Association, the project was almost financed exclusively by Eastern Southland Hockey via its fundraising endeavours without recourse to the Council. The only part of the project the Association sought

Council assistance on had been the provision of carparks required as part of the resource consent issued for the new facility.

Cr Highsted said when one visited the complex site the car parks provided by hockey were utilised by everyone. He was in support of the recommendation.

Cr Beale said the Council had painted itself into a corner and really had no other option but to convert the loan to a grant.

Cr Gardyne said it was not a good policy to grant interest free loans. He estimated the initial \$62,000 had probably cost in excess of \$90,000 over the ten year period. The Hockey Association had money in the bank. While the grant may have gone to carparking, it had still cost the ratepayers.

In response to Cr Bolger, the Chief Financial Officer thought Cr Gardyne was probably referring to the opportunity cost and the interest that could have been earned had that money been invested.

Cr Bolger said there was no impact on rates.

The Chief Executive said perhaps the Council needed to be more conscious in the future when considering requests for financial assistance from community organisations.

Cr Phillips was disappointed the Association had not tried to repay some of the loan.

Cr P Grant said the political will at the time did not allow for grants to be made and an interest free loan was probably the best option. He would not be in favour of an interest free loan in the future.

Cr Gardyne thought future loans should have a repayment schedule.

RECOMMENDED on the motion of Cr Highsted, seconded by Cr Sharp, THAT in light of previous Council decisions in respect of other community organisations that were released from interest free loan obligations, together with acknowledgement that car parking at the multisports complex impacts on more than one sporting organisation, the Council agree to convert the outstanding balance of \$62,202 of an interest free loan advanced to the Eastern Southland Hockey Association in 2009, to a grant.

2. QUARTERLY DEBT REPORT (SC1903)

A memo had been received from the Chief Financial Officer together with a copy of a quarterly debt report provided by Bancorp. There had been no change to borrowing levels in the quarter, with the Council's debt remaining at \$17 million.

RECOMMENDED on the motion of Cr Highsted, seconded by Cr D Grant, THAT the report be received.

3. CIVIC FINANCIAL SERVICES SALE OF BUILDING (SC1910)

A memo had been received from the Chief Financial Officer together with a copy of a letter from Civic Financial Services (CFS) informing the Council of the result of the voting at Civic Financial Services AGM about whether or not CFS should sell its building. CFS had received votes from just under 50% of its shareholders, with 98.9% of votes in favour of selling the building.

The process was now underway and once completed, the Council could expect a share of the sale proceeds through a special dividend.

Cr Beale asked what would happen to the funds when received.

The Officer said the Council's current Financial Policy stipulated funds from the dividend would be applied to reducing debt.

RECOMMENDED on the motion of Cr Bolger, seconded by Cr Highsted, THAT the report be received.

4. LOCAL GOVERNMENT FUNDING AGENCY - ANNUAL REPORT 30 JUNE 2017 (SC1903)

A copy of the annual report from the Local Government Funding Agency for the year ended 30 June 2017 had been circulated, together with a memo from the Chief Financial Officer.

In response to Cr Sharp, the Officer said the current Long Term Plan forecast the Council's debt rising to \$25 million.

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

5. FINANCIAL REPORT FOR SEPTEMBER 2017

A financial report for September 2017 had been provided and was considered by the Council.

RECOMMENDED on the motion of Cr D Grant, seconded by Cr Reid, THAT the report be received.

The meeting concluded at 7.09pm