



Rangitikei District Council

Finance/Performance Committee Meeting

Minutes – Thursday 25 June 2015 – 9:30 a.m.

Contents

1	Welcome	3
2	Council prayer	3
3	Apologies/leave of absence	3
4	Confirmation of order of business	3
5	Confirmation of minutes	3
6	Chair's report	3
7	Financial Highlights and Commentary to 31 May 2015	4
8	Queries from Previous Meeting	4
9	Application forms for the Community initiatives Fund and Event Sponsorship scheme 2015/16	4
10	Local Government Funding Agency (LGFA)	5
11	Review of Investment Policy	6
12	Late items	6
13	Future items for the agenda	6
14	Next meeting	6
15	Meeting closed	6

Present: Cr Nigel Belsham (Deputy Chair¹)
His Worship the Mayor, Andy Watson
Cr Cath Ash
Cr Ruth Rainey
Cr Dean McManaway
Cr Lynne Sheridan

In attendance: Mr Ross McNeil, Chief Executive
Mr George McIrvine, Finance & Business Support Group Manager
Mrs Priscilla Jeffrey, Governance Administrator

¹ Before the meeting His Worship the Mayor, anticipating that he would be away for some, if not all of the meeting to address issues from the recent flood event, asked the Deputy Chair to chair the meeting throughout.

1 Welcome

The Chair welcomed everyone to the meeting.

2 Council prayer

Councillor Rainey read the Council prayer.

3 Apologies/leave of absence

That the apology from Cr Peke-Mason for absence be received

Cr Belsham / Cr Sheridan. Carried

4 Confirmation of order of business

That, taking into account the explanation provided why the item is not on the meeting agenda and why the discussion of the item cannot be delayed until a subsequent meeting, be dealt with as a late item at this meeting.

5 Confirmation of minutes

Resolved minute number **15/FPE/027** **File Ref**

That the Minutes of the Finance/Performance Committee meeting held on 28 May 2015 be taken as read and verified as an accurate and correct record of the meeting.

Cr Sheridan / Cr Rainey. Carried

6 Chair's report

The Deputy Chair gave a brief verbal report on the recent flooding event and advised that this would have a significant financial impact on the Council. However, there needed to be a full budget of costings and claims brought to Council for discussion to enable that impact to be fully assessed.

Resolved minute number **15/FPE/028** **File Ref**

That the Deputy Chair's verbal report be received.

Cr Belsham / Cr Sheridan. Carried

7 Financial Highlights and Commentary to 31 May 2015

His Worship the Mayor left the meeting at 9.54am/10.00am

Mr McIrvine spoke to the report, giving a brief overview of the commentary to the report and the budget variances.

Resolved minute number **15/FPE/029** **File Ref** **5-FR-4-1**

That the report 'Financial Highlights and Commentary to 31 May 2015' be received.

Cr Sheridan / Cr McManaway. Carried

8 Queries from Previous Meeting

Mr McIrvine advised that the requested breakdown of the roading budgets – i.e. analysis of subsidised and unsubsidised programmes would be reported back to the next scheduled meeting of the Committee.

His Worship the Mayor left at 10.18am/10.25am

The meeting adjourned at 10.18am

The meeting resumed at 10.21am

9 Application forms for the Community initiatives Fund and Event Sponsorship scheme 2015/16

Consideration was given to the advice note on the Order Paper and the proposed application forms for the two funding schemes. It was suggested that the Community Initiatives Fund and the Events Sponsorship Scheme were managed in parallel and that a second funding opportunity be available for both funding schemes, as follows:

Name of fund	Round 1 open:	Decision made:	Round 2 open:	Decision made:
Community Initiatives Fund	29 June 2015 – 24 July 2015	27 August 2015	28 September 2015 – 30 October 2015	26 November 2015
Events Sponsorship Scheme	29 June 2015 – 24 July 2015	27 August 2015	28 September 2015 – 30 October 2015	26 November 2015

Council also considered the allocation of funds between the two rounds. It was suggested that up to two-thirds of the available funding may be distributed in round 1 with the balance being distributed in round 2. This means the Committee may allocate up to \$20,000 from the CIF and up to \$18,000 from the Events Sponsorship Scheme in round 1.

Resolved minute number **15/FPE/030** **File Ref**

That the draft application form for the Community Initiatives Fund be adopted without amendment for 2015/16.

Cr Rainey / Cr Sheridan. Carried

Resolved minute number **15/FPE/031** **File Ref**

That the allocations for the Community Initiatives Fund and the Events Sponsorship Scheme are distributed over two funding rounds with decisions made by the Finance/Performance Committee at its meetings in August and November 2015.

Cr Sheridan / Cr McManaway. Carried

The meeting adjourned at 10.25am

The meeting resumed again at 10.38am

10 Local Government Funding Agency (LGFA)

Mr Andrew Michl, LGFA's Manager, Credit & Client Relations, gave a presentation about credit management. In his presentation he gave an update on the objective of the Agency; its borrowing programme; recent developments and upcoming initiatives.

The primary objective of LGFA is to optimise the debt funding terms and conditions for participating local authorities including savings in interest costs, availability of longer term borrowing and enhanced certainty of access to debt markets.

Recent developments in LGFA included two new members – Porirua and Opotiki; issuance of 2027 maturity – a twelve year bond and the longest debt instrument in \$NZ after the Transpower 2028 bond. There was flexibility around bespoke lending to councils with maturity date of borrowing and time of loan drawdown. Tender dates were being published one year in advance and offshore investors now hold at least 2% of our debt. The Fitch credit rating agency watch had placed LGFA as positive. LGFA had a close working relationship with the Office of the Auditor-General, the Department of Internal Affairs, and Local Government New Zealand. It had 65% market share in 2014.

Mr Michl advised that the reason for bespoke lending was for a more flexible borrowing option for councils and not being restricted to borrowing to LGFA. Bond maturity dates of 2015, 2017, 2019, 2021, 2023. Bespoke pricing fundamentals

included base margin from tender levels or prevailing secondary market levels; standard margins (interpolated if required) on-lending margin and any additional credit margin; and two basis point intra tender margin if not priced at time of a LGFA tender.

Cr McManaway left 10.55am/10.58am

Currently 22 councils had credit ratings from either Standard & Poor's (S&P), Fitch or Moody's. Ratings ranged over three notches between AA and A+. Western Bay of Plenty District Council and Taupo District Council had been upgraded. LGFA ratings had been affirmed by S&P and Fitch at AA+, the same as the New Zealand Government. Debt levels were below forecast while the revenue was in line with forecast over 2014.

Mr Michl advised that Japan was the biggest investor. Its retail sector had a lot of money to buy our bonds. They were buying and holding for long term. There was no currency risk and if there was the risk would be theirs.

11 Review of Investment Policy

Mr McIrvine advised that once an investment policy was adopted, there was no prescribed time for a review. Council may amend the policy at any time by resolution. It was intended to undertake a review once decisions had been taken about future borrowing (including using the Local Government Funding Agency).

Cr McNeil entered the meeting at 11.25am

12 Late items

Nil

13 Future items for the agenda

- Financial requirements for Roothing
- Flood funding requirements

14 Next meeting

Thursday 30 July 2015, 9.30 am

15 Meeting closed - 11.32am

Confirmed/Chair: _____

Date: