



Rangitikei District Council

Finance and Performance Committee Meeting

Minutes – Thursday 29 June 2017 – 9:30 AM

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The quorum for the Finance/Performance Committee is 5.

Council's Standing Orders (adopted 3 November 2016) 10.2 provide: The quorum for Council committees and sub-committees is as for Council, i.e. half the number of members if the number of members (including vacancies) is even or a majority if the number of members is odd.

Present: His Worship the Mayor, Andy Watson
Cr Nigel Belsham
Cr Cath Ash
Cr Soraya Peke-Mason
Cr Graeme Platt
Cr Ruth Rainey
Cr Lynne Sheridan
Cr David Wilson

Also present : Cr Richard Aslett
Cr Angus Gordon

In attendance: Mr Ross McNeil, Chief Executive
Mr Michael Hodder, Community & Regulatory Services Group Manager
Mr George McIrvine, Finance & Business Support Group Manager
Ms Denise Servante, Strategy & Community Planning Manager
Ms Katrina Gray, Senior Policy Analyst/Planner
Ms Nardia Gower, Governance Administrator

Tabled Documents

Item 7

Chairs Report

Item 9

Memorandum – Questions of Financial Highlights and Commentary May 2017

Item 12

Presentation on Subdivision potential in Bulls and Marton

1 Welcome

The Chair welcomed everyone to the meeting

2 Council Prayer

Cr Rainey read the Council prayer.

3 Apologies/Leave of Absence

Resolved minute number **17/FPE/120** **File Ref**

That the apology for the absence of Cr McManaway and the late arrival from Cr Peke-Mason be received

Cr Rainey / Cr Wilson. Carried

4 Members' conflict of interest

Members were reminded of their obligation to declare any conflicts of interest they might have in respect of items on this agenda.

5 Confirmation of order of business

The Chair informed the Committee that the presentation Item 11 will be held at 10.30am

Item 13 has been removed.

6 Minutes of Previous Meeting

Resolved minute number **17/FPE/121** **File Ref**

That the Minutes of the Finance/Performance Committee meeting held on 25 May 2017 be taken as read and verified as an accurate and correct record of the meeting.

Cr Platt/ Cr Sheridan. Carried

7 Chair's Report

A report was tabled at the meeting and taken as read

Resolved minute number **17/FPE/123** **File Ref** **3-CT-14-1**

That the Chair's Report to the Finance/Performance Committee meeting on 25 May 2017 be received.

Cr Belsham / Cr Rainey. Carried

8 Progress with strategic issues

The Hunterville / Tutaenui rural water pre-feasibility is progressing (for completion by end of October 2017).

A preliminary analysis has been undertaken on services delivered by information centres, with a more detailed consideration to be given by the Policy/Planning Committee at its July meeting.

MW LASS collaboration has been used to provide insurance cover for below-ground infrastructure assets from 1 July 2017.

9 Financial Highlights and Commentary – May 2017

Mr McIrvine spoke to his attached report. His highlights are as follows:

- Council is sitting above budget overall.
- Roading is catching up with subsidy claims.
- Operating surplus is tracking back close to the budgeted figure
- There is a partial reversal of the nearly \$12 million that was de-recognised in the 2015 year end as a result of the June 2015 flood damage.
- Total current assets are similar in total to April 2017 values at \$12.1 million and higher than last year at \$5.2 million
- There is a carry-forward on vehicles. A number of vehicles have been sold throughout the year and on insurance pay-out on a damaged vehicle.
- Treasury investments were \$2.9 million with no changes during the month. Mr McIrvine suggested to committee members that they consider looking for higher interest terms.

It was agreed that there is scope to short-term loan a vehicle to Rangitikei Environment Group (REG). It was suggested that REG liaise with the Chief Executive and Mayor and formally propose a long term loan or gift of a Council vehicle. It was noted the requirement of REG vehicles to have a flat deck. Further noted was the involvement by Horizons.

Mr McIrvine stated that the net value of fleet vehicles depends on the individual vehicle book value. He highlighted however that some vehicles make a loss when sold, however one recently valued at \$17,000 on the books sold for \$20,000.

Long Term Plan workshops will be used to consider the bow wave in the roading, wastewater and stormwater budget against the work required. The carry-overs will put the budget for these works in a position where the money allocated may exceed what is possible to achieve in the coming financial year.

An internal review is underway regarding the New Zealand Transport Agency roading subsidy, to accurately assess if Council has claimed all that it can and at the correct rate. Claims need to be filed by 15 July 2017.

Councillors requested that staff consider the following amendments to the report format:

- An accurate reflection of the true use of Council facilities i.e.: pools.
- Budgets to reflect supplier agreements
- Regarding the Business Units report that allocation of time is reflected and that Parks and Recreations Units to be added to the list.

Resolved minute number **17/FPE/124** **File Ref** **5-FR-4-1**

That the report 'Monthly Financial report May 2017' be received.

Cr Rainey / His Worship the Mayor. Carried

Resolved minute number **17/FPE/125** **File Ref** **5-EX-3-2**

That the memorandum on Questions of Financial Highlights and Commentary be received

His Worship the Mayor / Cr Wilson. Carried

10 Rangitikei District Council Sponsorship of high profile and high profile community events in the Rangitikei District: Analysis

Mrs Servante spoke to her report, expressing that, as a tool, this report should prove useful to Councillors for the upcoming considerations in funding of District events. The report's analysis of events tracks surplus/deficit and noted the possible merits to Council for continued sponsorship including the purpose of advertising and social contribution. Data for the analysis was collated from event organisers and Marketview, the latter in turn gathers data from Paymark and BNZ credit card transactions. Paymark has 80% of New Zealand's EFTPOS transactions and 40% of all credit card holders are with BNZ bank. Marketview scales up their data to better reflect true expenditure.

Cr Ash noted a potential conflict of interest as two of the events in the report are organised by Project Marton of which Cr Ash is the Co-ordinator.

Councillors noted that the report was well presented and gave an overall picture of each event. They agreed that, although the information source has limitations, it was a good starting point and will be able to be built on year by year.

Councillor's comments and requests are highlighted:

- It is important that social wellbeing be considered alongside financial, as a benefit from events.
- Several high profile events with stall holders will include a large quantity of cash transactions not shown by Marketview data.
- The data contained in the report is a snapshot and is a tool to use when considering event sponsorship.
- Request for the events KiwiBurn and Vinegar Hill to be included in future reports due to the amount of patron spending from both in Hunterville.
- The question was posed that, if an event offered a high level of exposure, should Rangitikei District Council be asking the event organisers if they would like sponsorship.

Resolved minute number **17/FPE/126** **File Ref** **4-ED-1-2**

That the report Rangitikei District Council Sponsorship of high profile and high profile community events in the Rangitikei District: Analysis be received.

Cr Rainey / Cr Ash. Carried

11 District Revaluation

The Chair welcomed Mr Simon Willocks of Quotable Value. Mr Willocks gave a presentation explaining the process of property valuation, the relevance of upcoming dates for the Rangitikei District and the potential effect on rates. His presentation highlighted the following:

- Effective date of valuation: 1/7/2017
- Implementation date: 28/10/17
- Date of Public Notice: 1/11/17
- Owner notices posted: 8/11/17
- Objection Close Date: 15/12/17

- Office of the Valuer General (OVG)
 - Carries out independent audits
 - Ensures integrity of data
- Amalgamations have already been undertaken for the Rangitikei District for rural properties owned by the same person(s), used as one farming operation, land parcels are contiguous and it is likely that the operation will sell as one farming operation.
- Risks that may affect values include (but are not limited to) earthquake prone assessments, methamphetamine contamination, weather tightness, myrtle rust (Manuka blocks).
- Revaluation information is sent to every property with information on how to object.
- The QV website shows comparable sales and values.
- Randomly selected rural properties are sent questionnaires asking questions pertaining to issues such as property development and irrigation.
- Land locked property is valued as if there are no restrictions or alienation. Quotable Value uses comparable sales as one tool to make judgement. Value deductions can be considered on cultural sites or dependant on the number of land owners.
- Te Puni Kokiri has put a proposal to Government regarding how to better value land locked land.
- No one sale is taken in isolation, this helps mitigate abnormal purchases.

Cr Peke-Mason arrived 10:40

Cr Gordon arrived 10:43

Cr Aslett arrived 11:09

12 Incentives for new home construction and residents

Ms Gray presented to the meeting, with a paper version being tabled. The presentation focussed on:

- High-level study of feasibility of costs and saleability on the Walton Street site, Bulls
- Investigation of what land is suitable in and around Marton for new residential development, having regard for existing services and suggesting where such development would be best targeted.

The main points raised during the discussion following the presentation were

- Potential of \$2,500 in rates return per section on the Walton Street land.

- Walton Street is located close to town and has a low flood risk.
- The land under consideration in Walton Street is Council owned.
- Subdivision of Walton Street would be a Long Term Plan consideration.
- Staff were requested to investigate the merits of subdivision in the vicinity of Hendersons Line and Bredlins Line with a focus on mid-range, affordable housing.
- An ease in Council regulations on residential and commercial zoned property has resulted in vacant lots being easily transferred.
- Council staff were requested to enquire with real estate agents as to their view on the appetite for new subdivisions in Marton and Bulls.
- Considerations may need to be made that Council could sit on subdivisions through a downturn in the property market.
- It was noted that Council has yet to discuss or agree to acting as a developer of any subdivision or the potential of being a partner in a joint venture.
- Groundwork identifying locations suitable to subdivide is a significant work that has potential for use by external developers.
- Social housing maybe more appropriate for Council development.

His Worship the Mayor left at 11:42 am

~~13 Standardising lease arrangements for sports club facilities on Council land~~

14 Late Items

15 Future Items for the Agenda

Explanation on allocations of Business units through the activity units.

16 Next Meeting

Thursday 27 July 2017, 9.30am

17 Meeting Closed

Confirmed/Chair: _____

Date: