

Wanganui District Council Meeting – 27 October 2011

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Minutes of the Meeting of the Wanganui District Council held at 1.00PM on Thursday, 27 October 2011, in the Council Chamber, Municipal Office Building, 101 Guyton Street, Wanganui

Present: Mayor Annette Main (Chair), Deputy Mayor Cr Rangi Wills (Deputy Chair), Crs Allan Anderson, Philippa Baker-Hogan, Jack Bullock, Randhir Dahya, Nicki Higgie, Hamish McDouall, Ray Stevens, Rob Vinsen and Sue Westwood.

Officers in Attendance: Mr K Ross (Chief Executive), Mr J Harkness (Deputy Chief Executive), Natalie Rodgers (Finance Manager), Simon Manville (Financial Systems Accountant), Mike Fermor (Financial Accountant), Stuart Hylton (Senior Policy Advisor), Suzanne Sherris (Communications Officer) and Secretary: Malcolm Hunt (Governance Services Manager).

Apologies: Cr Michael Laws and Cr Clive Solomon.

Council's Resolution

Proposed by Mayor Main, seconded by Cr Dahya:

THAT the apologies of Cr Michael Laws and Cr Clive Solomon be received.

CARRIED

1. Annual Report – year ended 30 June 2011

Policy on Determining Significance – In terms of the Policy the recommended decision is not significant.

Natalie Rodgers, Finance Manager, reports:

“The Council’s Annual Report for the year ended 30 June 2011 is awaiting an opinion from Audit New Zealand.

The Annual Report for the year ended 30 June 2011 will be tabled for adoption. It is intended that the Audit Report and Annual Report, when received from Audit New Zealand, will be delivered to Elected Members prior to the meeting.”

Discussion

Mayor Main welcomed the members of the Audit Team, Mr John O’Connell and Mrs Fiona Elkington, to the meeting and invited them to comment on the Annual Report and their unqualified Audit Report.

Mr O’Connell explained to Councillors that Audit NZ had no concerns about the Council’s Annual Report for the year ended 30 June 2011. There were some very minor adjustments and Audit would issue a note on minor areas of controls and authorities. He said Audit offered a big thank-you to Council’s management and particularly to Natalie Rodgers and

the Finance Team. Mr O'Connell referred Councillors to the Statement of Comprehensive Income which had increased from 2010 due to additional NZTA subsidies and an increase in Council property valuations. He said it was good to see the surplus. Mr O'Connell particularly mentioned the revaluation of the district had been substantially less than Council's estimates but this was not a concern for Audit NZ in view of recent valuation history. He noted an adjustment of \$10M due to a miscalculation by valuers when valuing property and equipment in 2008. He explained why this had happened and had not been identified, noting that the matter had been recognised during preparation of this Annual Report by the Council's Finance Team. Audit NZ had checked and ensured that the correction was correct.

Referring to Page 13 of the Annual Report, Mr O'Connell noted that the Council's debt levels were starting to rise but in discussion with Mayor Main and the Council's management, the Audit Team was pleased that the Council was looking at strategies it could put in place for the long term as a debt reduction plan.

Asked to comment on the funding of depreciation, Mr O'Connell explained that in reality funding depreciation is done through the management of working capital year to year and through the maintenance of fixed assets. He said the Council had to be careful it did not build up huge pockets of money. The process for financial planning, including a 10 Year Plan and Annual Plan, should ensure sufficient funds to maintain the needs and assets of the district. This should be properly reflected in the Council's 10 Year Plan and Audit NZ would review this when it audits the Plan this year.

To a further question, Mr O'Connell commented on the methodology of debt retirement. The auditors looked at Council's financial strategy to ensure it had an appropriate mix of current revenue and future borrowings.

Cr Anderson joined the meeting at 1.30pm.

Cr Wills asked if Council could be assured it had exercised appropriate and frugal custodianship over the past year. Mr O'Connell said the Council had worked within its plans and the Audit had not identified any overspend. Noting Cr Westwood's comment on the huge amount of work the Council had undertaken with the wastewater infrastructure over the past 10 years, Mr O'Connell agreed but said the Council should now be able to reduce its spending, noting also that a responsible Council would have a reserve so it could borrow if necessary. He said it was essential for a Council to have some funding leeway and the Auditors believed that Wanganui District Council did have some leeway now.

Cr Bullock joined the meeting at 1.37pm.

In response to a Councillor's comment on the cost of earthquake strengthening, Mr O'Connell said clearly buildings could not be 100% earthquake-proofed. He said the country had to make a choice on the level of earthquake proofing and he would be reporting to the Auditor General on discussions that Audit NZ was having about this matter.

Kevin Ross thanked Mr O'Connell, Mrs Elkington and the Audit Team together with the Council's Finance and Policy Teams, noting they had undertaken a huge amount of work for this audit.

Council's Resolution

Proposed by Mayor Main, seconded by Cr McDouall:

- 1.1 THAT the Annual Report for the year ended 30 June 2011 is adopted.
- 1.2 THAT officers report back on financial and non-financial past performance to the Council's meeting scheduled for 7 November 2011.

CARRIED

ACTION: Natalie Rodgers

2. Council Controlled Organisations' Exemption

Policy on Determining Significance – In terms of the Policy the recommended decision is not significant.

Natalie Rodgers, Finance Manager, reports:

“Section 7 of the Local Government Act 2002 (‘the Act’) allows the Council to exempt a small organisation from being in the definition of a Council Controlled Organisation (CCO). CCOs have to meet certain requirements imposed by the Act such as furnishing a Statement of Intent to their shareholder each year. Financial reporting will still take place according to generally accepted accounting practice as the organisations are still required to be included with council's activities from an accounting point of view.

The following organisations seek exemption from CCO status from 1 July 2011 for the next three years:

- Ruapehu, Wanganui, Rangitikei Regional Economic Development Trust
- Wanganui Incorporated
- Whanganui River Enhancement Charitable Trust
- Cooks Gardens Trust Board
- Manawatu Wanganui Local Authority Shared Services Limited
- Sarjeant Gallery Trust Board.”

Council's Resolution

Proposed by Mayor Main, seconded by Cr Higgie:

- 2.1 THAT the Council exempts the following organisations from Council Controlled Organisation status:
 - Ruapehu, Wanganui, Rangitikei Regional Economic Development Trust
 - Wanganui Incorporated
 - Whanganui River Enhancement Charitable Trust
 - Cooks Gardens Trust Board
 - Manawatu Wanganui Local Authority Shared Services Limited
 - Sarjeant Gallery Trust Board.

CARRIED

ACTION: Natalie Rodgers

3. Chief Executive's Financial Delegation and Policy Creation Delegation

<p>Policy on Determining Significance – In terms of the Policy the recommended decision is not significant.</p>
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Natalie Rodgers, Finance Manager, reports:

“The Chief Executive requires the Council’s delegated authority to exercise financial transactions in the requisition of materials and services for the Council’s operations. The current delegation by the Council’s resolution dated 22 May 2006 is for a maximum of \$100,000.

Due to significant cost increases since 2006, and the impact of a range of events including the financial recession and the Canterbury earthquakes on the Council’s present and future activity, the Chief Executive has reviewed the Council’s Financial Delegations Authority and determined that the Council’s delegation needs to be updated.

It is proposed that the Council increases the Chief Executive’s financial delegated authority to a maximum amount of \$200,000 for any one event.

Where the Chief Executive is operating in an emergency situation requiring his immediate decisions to ensure the ongoing operation of the Council’s services, his financial delegated authority should allow the purchase of materials and services to the limit required to meet the emergency, which may exceed \$200,000. Such expenditure to be reviewed by the Council at its first scheduled meeting following the emergency event.

There is, of course, ongoing activity for which the Council will resolve, on a project by project basis and through the Annual Plan, to give the Chief Executive delegated authority to authorise spending beyond \$200,000.”

Discussion

In response to a Councillor’s question on the number of times over the past five years the Chief Executive had been expected to exceed the delegated sum. Julian Harkness said there had been occasions over the past five to six years when the Council had been required to make payments exceeding \$100,000. These were the ‘unexpected’ items that needed to be covered. Recent computer software had allowed stronger control of funding and this was recognised in the proposed delegated authority.

Council’s Resolution

Proposed by Cr Higgle, seconded by Cr Stevens:

- 3.1 THAT the Council delegates to the Chief Executive authority to requisition materials and services, and to approve expenditure (accounts for payment) to a maximum of \$200,000 for any one event.

- 3.2 **THAT** the Council delegates to the Chief Executive, when operating in an emergency situation requiring his immediate decision to ensure the ongoing operation of the Council, authority to purchase materials and services to the limit required to meet the emergency, which may exceed \$200,000. Such expenditure is to be reviewed by the Council at its first scheduled meeting following the emergency event.

CARRIED

ACTION: Natalie Rodgers

The meeting closed at 1.47pm.

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CERTIFICATE OF CONFIRMATION OF MINUTES

The minutes of the meeting of the Wanganui District Council held on 27 October 2011 were confirmed as a true and correct record of that meeting at a meeting of the Wanganui District Council held on 14 November 2011.

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Annette Main
Mayor of Wanganui District

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Date