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# Activities Performance Audit Committee

## OPEN MINUTES

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Minutes of a meeting of Activities Performance Audit Committee held in the Council Chambers, 15 Forth Street, Invercargill on Wednesday, 27 April 2016 at 10.30am.

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### PRESENT

<b>Chairperson</b>	Lyall Bailey
<b>Councillors</b>	Stuart Baird
	Brian Dillon
	Rodney Dobson
	John Douglas
	Bruce Ford
	George Harpur
	Julie Keast
	Ebel Kremer
	Gavin Macpherson
	Neil Paterson

### IN ATTENDANCE

Services and Assets Ian Marshall, Group Manager Policy and Community Rex Capil, Group Manager Environment and Community, Bruce Halligan, Chief Financial Officer Anne Robson, Management Accountant Susan McNamara, Manager Communications Louise Pagan, Team Leader, Governance Chris Dolan and Committee Advisor Alyson Hamilton.

## 1 Apologies

Apologies have been received from Mayor Tong and Cr Duffy.

Moved Cr Harpur, seconded Cr Keast and **resolved:**

**That the apologies from Mayor Tong and Cr Duffy be accepted.**

## 2 Leave of absence

There were no requests for leave of absence received.

## 3 Conflict of Interest

There were no conflicts of interest declared.

## 4 Public Forum

Moved Cr Dobson, seconded Cr Dillon and **resolved:**

**That the Activities Performance Audit Committee go into public forum to allow members of the public speaking rights..**

### Southland Warm Homes Trust (SWHT)

Messrs Greg Buzzard and Neil Boniface updated the meeting on the Southland Warm Homes Trust.

Mr Boniface advised the meeting that the Trust was established in 2008 with the Council being an original funder.

Mr Boniface outlined the objectives of the Trust and the criteria required to obtain 100% funding toward home insulation.

Mr Boniface advised the Trustees include Neil Boniface (Chair), Jim Hargest, Carl Findlater (Southland Electric Power Supply Consumer Trust) and Anne Gover (Gore District Council).

Mr Boniface explained a project team was formed to monitor the activities of the Trust which included Messrs Ian Marshall and Rex Capil as representatives from Southland District Council.

Mr Buzzard informed of the various funding groups contributing toward the Trust and advised the service provider is Awarua Synergy.

The meeting was informed of the number of homes insulated to date and confirmed that due to the changes to Residential Tenancies Act a requirement is that insulation and smoke alarms are compulsory in all dwellings.

Mr Buzzard reported that in regards to continual Government funding to the Trust currently sits at the Cabinet table with a pre-budget announcement being made shortly to advise of on-going support. In the event of this support being discontinued Mr Buzzard was concerned that other funders may discontinue their support as well.

Mr Buzzard confirmed that residents in the Southland District area are receiving their share of the allocated funding.

Members pointed out that the Council contribution toward this project is \$35,000 for a three year period which ends in 2015/2016 year.

It was noted no submission has been received from the Trust for further funding for the 2016/2017 financial year.

At the conclusion of the presentation the Chairman expressed appreciation to Messrs Boniface and Buzzard for their attendance at the meeting.

Moved Cr Dobson, seconded Cr Dillon and **resolved:**

**That the Activities Performance Audit Committee moves out of public forum and returns to the formal meeting.**

## 5 Extraordinary/Urgent Items

There were no Extraordinary/Urgent items.

## 6 Confirmation of Minutes

### Resolution

Moved Cr Dobson, seconded Cr Ford **and resolved:**

**Confirms the minutes of Activities Performance Audit Committee, held on 6 April 2016.**

## Reports

### 7.1 Library Services - Service Delivery Review

**Record No: R/16/3/4146**

Report by Bruce Halligan, Group Manager Environmental Services, regarding the Library Services – Service Delivery Review, was tabled.

**Mr Halligan, Group Manager, Environmental Services, Lynda Hodge, Manager, District Library, Roslyn Gray, Libraries Team Leader, Trudie Hurst, Group Manager, Customer Support were in attendance for this item.**

Mr Halligan introduced Nicki Moen, Principal of Nicki Moen and Associates, an external libraries consultant based in Christchurch who has had extensive input into the preparation of this report.

Mr Halligan advised the service delivery review has been undertaken for the Southland District Council library services in accordance with section 17A of the Local Government Act 2002.

Mr Halligan informed Section 17A of the Local Government Act 2002 requires all councils to review the delivery of services by mid-2017.

Mr Halligan explained having regard to this, Southland District Council has undertaken a review of the delivery of its library services.

Mr Halligan added this being the first formal structured review of library services since the creation of the Southland District Council in 1989 (although incremental changes and improvements to the service have been made during this time).

Mrs Moen advised in regards to the report content it offers five options for the governance and delivery of library services and recommends a preferred option that is to retain operations with partial outsourcing.

Mrs Moen explained this option is a development of the status quo and seeks to maximise efficiency of the operations through outsourcing certain functions to get economics of scale and to enable reinvestment of any savings into developing new or improving existing services.

Mrs Hodge advised the twenty four recommendations outlined in the report covered a range of strategic, policy, operational and suggestions for changes from which an action plan in relation to each of the recommendations will be developed.

Mrs Hodge explained no specific comment is provided at this stage on the extent to which each of these recommendations may or may not be implemented, however these recommendations will provide a useful focus for future service delivery improvements.

Members questioned staff on a number of topics including;

- training processes for senior citizens on digitisation; the response was this is currently being undertaken in the libraries.
- are the younger generation using libraries as opposed to e-books; the response was the statistics of children reading books has not decreased due to digitisation.
- operating expenditure is currently at 45.1% per capita should this be increased; the response was Southland is operating relatively efficiently given the higher number of libraries and its geographic spread.

### **Resolution**

Moved Cr Paterson, seconded Cr Dillon **and resolved:**

**That the Activities Performance Audit Committee:**

- a) **Receives the report titled “Library Services - Service Delivery Review ” dated 8 April 2016.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Notes that officers will report back with the actions proposed to be taken in response to each of the recommendations outlined in the review.**

## 7.2 Financial Report for the period ended 29 February 2016

**Record No: R/16/4/5458**

Report by Federico Alurralde, Management Accountant, regarding the financial report for the period ended 29 February 2016, was tabled.

**Ms McNamara, and Federico Alurralde, Management Accountants were in attendance for this item.**

Ms Robson, Chief Financial Officer, introduced Mr Alurralde to the meeting.

It was pointed out to the Committee 67% of the financial year is complete and that no significant issues have been identified that raise any concerns for Council.

Ms McNamara then spoke on matters relating to the income, operating expenditure, capital expenditure, forestry revenue, roading and transport, chief executive's account and the balance sheet.

Ms McNamara commented that the Curio Bay sewerage project is still in progress and quotes are being received on the costs to construct and initial contact has been made with DOC and the Trust seeking a contribution to the operating costs.

Ms McNamara informed Council has 5m invested in four term deposits ranging from four to six months maturities. The next term deposit will mature in mid-April.

In regard to the term deposits Cr Bailey queried the interest rate received.

Ms McNamara confirmed the interest rate received is 2.00%.

### **Resolution**

Moved Cr Keast, seconded Cr Harpur **and resolved:**

**That the Activities Performance Audit Committee:**

- a) **Receives the report titled "Financial Report for the period ended 29 February 2016" dated 20 April 2016.**

## 7.3 Audit Arrangements Letter for the Year Ended 30 June 2016

**Record No: R/16/1/1108**

Report by Mrs Sheree Marrah, Finance Manager, providing an overall summary of the audit arrangements letter for the Annual Report for the year ended 30 June 2016.

**Mrs Marrah, Finance Manager, spoke to this item.**

Mrs Marrah advised Audit New Zealand requires Council to confirm the audit arrangements for the 2015/2016 Annual Report of Council. As usual, this is done by way of an audit arrangements letter.

Mrs Marrah explained once Council has confirmed its acceptance of the proposed arrangements, the letter is required to be signed by the Mayor and returned to Audit New Zealand.

Mrs Marrah informed her report provides a summary of the letter for the Committee's information.

**Resolution**

Moved Cr Kremer, seconded Cr Dillon **and resolved:**

**That the Activities Performance Audit Committee:**

- a) **Receives the report titled "Audit Arrangements Letter for the Year Ended 30 June 2016" dated 8 April 2016.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Accepts the audit arrangements as set out in the letter presented to the Committee.**
- e) **Authorises the Mayor to sign the audit arrangements letter for the year ended 30 June 2016 on Council's behalf.**

The meeting concluded at 11.25am.

CONFIRMED AS A TRUE AND CORRECT  
RECORD AT A MEETING OF THE ACTIVITIES  
PERFORMANCE AUDIT COMMITTEE HELD  
ON 27 APRIL 2016.

**DATE:**.....

**CHAIRPERSON:**.....