
Finance and Assurance Committee

OPEN MINUTES

Minutes of a meeting of Finance and Assurance Committee held in the Council Chamber, Level 2, 20 Don Street, Invercargill on 14 Feb 2024 at 9.31am. (9.31am – 10.19am, 10.37am – 12.34pm, 1.05pm – 2.02pm)

PRESENT

Chairperson	Mr Bruce Robertson (external appointee) (10.37am – 12.34pm, 1.05pm – 2.02pm)
	Mayor Rob Scott
Councillors	Jaspreet Boparai
	Don Byars (9.31am – 10.19am, 10.37am – 11.33am, 11.37am - 12.34pm, 1.06pm – 1.44pm, 1.46pm – 2.02pm)
	Derek Chamberlain
	Paul Duffy
	Darren Frazer
	Sarah Greaney (video link)
	Julie Keast
	Christine Menzies (10.17am – 10.19am, 10.37am – 12.34pm, 1.05pm – 2.02pm)
	Tom O'Brien
	Margie Ruddenklau
	Jon Spraggon
	Matt Wilson (video link) (9.31am – 10.19am, 10.37am – 12.09pm, 12.11pm - 12.34pm, 1.05pm – 2.02pm)

APOLOGIES

Chair – Mr Bruce Robertson (lateness)
Deputy mayor - Christine Menzies (lateness)

IN ATTENDANCE

Group manager finance and assurance	Anne Robson
Committee advisor	Fiona Dunlop

1 Apologies

Mayor Scott advised that he had received an apology for lateness from the Chair – Mr Bruce Robertson and also from deputy mayor Christine Menzies.

Mayor Scott would chair the meeting with the agreement of the committee until the chair, Mr Bruce Robertson arrived.

Moved Cr O'Brien, seconded Cr Keast **and resolved:**

That the Finance and Assurance Committee accept the apologies and agrees that Mayor Scott chairs the meeting until the arrival of chair – Mr Bruce Robertson.

2 Leave of absence

There were no requests for leave of absence.

3 Conflict of interest

There were no conflicts of interest declared.

4 Extraordinary/urgent items

There were no extraordinary/urgent items.

5 Confirmation of minutes

Resolution

Moved Cr Duffy, seconded Cr Frazer **and resolved:**

That the Finance and Assurance Committee confirms the minutes of the meeting held on 6 December 2023 as a true and correct record of that meeting.

6 Public participation

There was no public participation

Reports

7.1 Finance and Assurance Committee work plan to 30 June 2024

Record No: R/24/1/3826

Group manager finance and assurance – Anne Robson and chief executive – Cameron McIntosh were in attendance for this item.

Mr McIntosh updated the committee on the implications to the Long Term Plan with the 3 waters programme being stopped by the new government. This will impact on the finalising and the audit of the documents to be part of the 2024-2034 Long Term Plan

(During discussion, Councillor Menzies joined the meeting at 10.17am.)

Resolution

Moved Mayor Scott, seconded Cr Ruddenklau **and resolved:**

That the Finance and Assurance Committee:

- a) receives the report titled "Finance and Assurance Committee work plan to 30 June 2024".**
- b) notes the changes made to the Finance and Assurance Committee Work plan for the year ended 30 June 2024 since the last meeting.**

(The meeting adjourned for morning tea at 10.19am and reconvened at 10.37am.)

(Chair – Mr Bruce Robertson joined the meeting at 10.37am.)

7.2 Commercial infrastructure - forestry estate - carbon investment

Record No: R/23/9/46034

Commercial infrastructure manager – Stuart O'Neill was in attendance for this item.

The purpose of the report was to inform the Finance and Assurance Committee of the current market environment for New Zealand Emission Units (NZUs) held in the Emissions Trading Scheme (ETS).

It was noted that Council holds NZUs registered with the governments ETS within the forestry investment portfolio.

NZUs contribute a considerable sum to the overall balance sheet and in their own right are a considerable financial asset.

The Investment and Liability Management Policy determines that when Council assesses the risk of investment in the forestry portfolio, Council's primary objective must be the protection of its initial investment and generating a commercial return on strategic investments is considered a secondary objective. Therefore, the implications of any sale of NZUs for any purpose needs to thoroughly satisfy Council's strategic objectives and the financial risks of owning the investment.

Central government policy outcomes have signalled further investment in forestry conversion is unlikely to be registered into the ETS. Therefore, this position discourages any short-term future investment in forestry in Southland where the ETS and NZU's are considered as part of the investment option.

Following discussion it was agreed that Council reviews its ongoing position in relation to its existing forestry estate NZUs and forest estate and report to the committee by June 2024.

Resolution

Moved Chairperson Robertson, seconded Cr Ruddenklau **recommendations a to c and a new d (as indicated) and resolved:**

That the Finance and Assurance Committee:

- a) **Receives the report titled "Commercial infrastructure - forestry estate - carbon investment".**
- b) **Determines that this matter or decision be recognised 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.**

New d) Agrees that Southland District Council reviews its ongoing position in relation to its existing forestry estate NZUs and forest estate and report to the committee by June 2024.

~~d) — Agrees that Southland District Council does not sell the Southland District Council forestry estate NZUs and retains these NZUs in the ETS.~~

7.3 Draft revenue and financing policy for long term plan 2024-2034

Record No: R/24/2/5133

Finance development coordinator – Nicole Taylor and Transitional project lead – Shelley Dela Llana were in attendance for this item.

The purpose of the report was for the Finance and Assurance Committee to consider and provide feedback on the draft Revenue and Financing Policy and recommend to Council that it endorse the draft policy for consultation as part of the 2024-2034 Long Term Plan.

The report also outlined a number of related changes to Council's rating for certain activities that dovetail into the changes being made to the draft policy.

The Revenue and Financing Policy outlines how Council will fund the operating and capital expenses of the various activities and services it provides for the community and provides the framework for how Council will set rates as part of the Long Term Plan.

The report explains the content of the policy and details the proposed changes. Feedback obtained over the past ten months from Council and community boards during Long Term Plan workshops/meetings has been taken into account. Feedback has indicated that

Council's current funding and rating approach continue to be appropriate, with some minor adjustments as outlined in the report.

There was a request by members of the Committee to take the clauses separately.
Chair – Mr Robertson advised that he would take them separately.

Moved Councillor Menzies, seconded Councillor Duffy, recommendations a to g of the report as follows:

That the Finance and Assurance Committee:

- a) receives the report titled "Draft revenue and financing policy for long term plan 2024-2034".
- b) determines that this matter or decision be recognised as 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) endorses the draft Revenue and Financing Policy, (attached as attachment A of the officer's report), subject to amendments suggested by the committee and any updated financial information.
- e) endorses the proposed rating changes for consultation, subject to amendments suggested by the committee and any updated financial information including:
 - i) five options for general rate funding of Te Anau – Manapouri airport (as outlined in the draft policy (attached as attachment A of the officer's report) as resolved by Council at its meeting 22 November 2023.
 - ii) proposed adjustments to the model used to calculate the roading rate differential including:
 - increasing the \$ per tonne for heavy vehicle sectors by \$0.25 (excl GST) per year for three years and increasing this from \$1.10 to \$1.35 (excl GST) in year one (2024/2025)
 - increasing the fixed uniform targeted roading rate by \$10 (excl GST) per year for three years and increasing this from \$80 to \$90 (excl GST) in year one (2024/2025)
 - moving non-commercial protected/indigenous native forests from the roading rate "forestry" differential category to "other".
 - iii) removing the SIESA half charge rate and charging all properties within the Stewart Island Electricity Supply network area the SIESA full charge rate.
 - iv) reallocating the Te Anau Rural Water Supply 7.7 unit charge to the half and full charge rates.

- v) expanding the Tokanui and Waimahaka hall rating boundaries to include properties in the closed Fortrose hall rating boundary.
- vi) expanding the Wrights Bush and Waianiwa hall rating boundaries to include properties in the closed Otahuti hall rating boundary.
- f) recommends to Council that it release the draft Revenue and Financing Policy and associated rating changes for public consultation in accordance with section 82 of the Local Government Act 2002.
- g) notes that consultation will take place alongside other financial policies and the LTP 2024-2034 with dates to be confirmed.

Recommendations a to c were put and declared CARRIED.

Recommendation d was put and declared CARRIED.

Recommendation e(i) was put and declared CARRIED. (Councillors Boparai and Byars requested that their dissenting votes be recorded.)

Recommendation e(ii) was put and declared CARRIED. (Councillors Boparai and Chamberlain requested that their dissenting votes be recorded.)

Recommendation e(iii) was put and declared CARRIED.

Recommendation e(iv) was put and declared CARRIED.

Recommendation e(v) was put and declared CARRIED.

Recommendation e(vi) was put and declared CARRIED.

Recommendation f was put and declared CARRIED.

Recommendation g was put and declared CARRIED.

Resolution

That the Finance and Assurance Committee:

- a) **receives the report titled "Draft revenue and financing policy for long term plan 2024-2034".**
- b) **determines that this matter or decision be recognised as 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) **endorses the draft Revenue and Financing Policy, (attached as attachment A of the officer's report), subject to amendments suggested by the committee and any updated financial information.**
- e) **endorses the proposed rating changes for consultation, subject to amendments suggested by the committee and any updated financial information including:**
- i) **five options for general rate funding of Te Anau – Manapouri airport (as outlined in the draft policy (attached as attachment A of the officer's report) as resolved by Council at its meeting 22 November 2023.**
 - ii) **proposed adjustments to the model used to calculate the roading rate differential including:**
 - **increasing the \$ per tonne for heavy vehicle sectors by \$0.25 (excl GST) per year for three years and increasing this from \$1.10 to \$1.35 (excl GST) in year one (2024/2025)**
 - **increasing the fixed uniform targeted roading rate by \$10 (excl GST) per year for three years and increasing this from \$80 to \$90 (excl GST) in year one (2024/2025)**
 - **moving non-commercial protected/indigenous native forests from the roading rate "forestry" differential category to "other".**
 - iii) **removing the SIESA half charge rate and charging all properties within the Stewart Island Electricity Supply network area the SIESA full charge rate.**
 - iv) **reallocating the Te Anau Rural Water Supply 7.7 unit charge to the half and full charge rates.**
 - v) **expanding the Tokanui and Waimahaka hall rating boundaries to include properties in the closed Fortrose hall rating boundary.**
 - vi) **expanding the Wrights Bush and Waianiwa hall rating boundaries to include properties in the closed Otahuti hall rating boundary.**
- f) **recommends to Council that it release the draft Revenue and Financing Policy and associated rating changes for public consultation in accordance with section 82 of the Local Government Act 2002.**
- g) **notes that consultation will take place alongside other financial policies and the LTP 2024-2034 with dates to be confirmed.**

Note – Councillors Boparai and Byars requested that their dissenting votes be recorded for clause e(i).

Note – Councillor Boparai and Chamberlain requested that their dissenting votes be recorded for clause e(ii).

7.4 Supporting Documentation - Long Term Plan 2024-2034

Record No: R/23/11/53985

Corporate performance lead – Robyn Laidlaw was in attendance for this item.

The purpose of the report recommends the committee endorses the supporting documents for the Long Term Plan 2024- 2034 for release to the Auditors and to support the consultation document.

All councils are required by legislation to adopt an LTP and review it every three years. The process to develop the 2024/2034 LTP commenced in early 2023.

Local authorities are required to develop a consultation document for the purpose of consulting with the community as well as making publicly available the information that provides the basis for the preparation of the LTP.

(During discussion, Councillor Wilson left the meeting at 12.09pm and returned at 12.11pm.)

(The meeting adjourned for lunch at 12.34pm and reconvened at 1.05pm.)

(Councillor Byars returned to the meeting at 1.06pm.)

(Councillor Byars left the meeting at 1.44pm and returned to the meeting at 1.46pm.)

Following discussion on the draft performance management framework and the transport, water facilities, SIESA, community services, community facilities, community leadership, open spaces, waste services, environmental services and emergency management activity management plans, it was agreed that the draft performance management framework and Transport activity management plan would be endorsed for inclusion in the Long Term Plan consultation document.

The activity management plans for water facilities, SIESA, community services, community facilities, community leadership, open spaces, waste services, environmental services and emergency management would be considered at a further meeting of the committee.

Resolution

Moved Mayor Scott, seconded Deputy Mayor Menzies **recommendations a to c, new d, and e and f and resolved:**

That Finance and Assurance Committee:

- a) **Receives the report titled "Supporting Documentation - Long Term Plan 2024-2034" dated 9 February 2024.**
- b) **Determines that this matter or decision be recognised as 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.**

New d) (i) Endorses and recommends to Council the following draft supporting information for the Long Term Plan consultation document:

- **Draft performance management framework (attachment A of the officer's report)**
- **Transport draft activity management plan (attachments B] of the officer's report)**

(ii) Note the following draft activity management plans (attachments B and C of the officer's report) will be considered at a further meeting:

- **Water facilities**
- **SIESA**
- **Community services**
- **Community facilities**
- **Community leadership**
- **Open spaces**
- **Waste services**
- **Environmental services**
- **Emergency management**

~~d) — Endorses and recommends to Council the following draft supporting information for the Long Term Plan consultation document:~~

- ~~• — Draft performance management framework (attachment A of the officer's report)~~
- ~~• — Draft activity management plans (attachments B and C of the officer's report)~~

- e) **Notes that the supporting documents will be made publicly available during the consultation period.**

- f) **Notes that the draft supporting information may come back to the committee given the work still being carried out to finalise the forecasts as a result of this information.**

The meeting concluded at 2.02pm.

CONFIRMED AS A TRUE AND CORRECT RECORD AT A MEETING OF THE FINANCE AND ASSURANCE COMMITTEE HELD ON WEDNESDAY 14 FEBRUARY 2024.

DATE:.....

CHAIRPERSON:.....