

SOUTHLAND DISTRICT COUNCIL

EXTRAORDINARY COUNCIL MEETING

31 OCTOBER 2007

MINUTES of an EXTRAORDINARY COUNCIL MEETING of the SOUTHLAND DISTRICT COUNCIL held at the Council Chambers, 15 Forth Street, Invercargill on WEDNESDAY, 31 OCTOBER 2007 at 3.00 pm.

PRESENT: Mayor F Cardno, Crs L A Bailey, J D Copland, R A Dobson, J Douglas, B J Dillon, B W Drummond, B Ford, G Harpur and A D Ridley.

IN ATTENDANCE: D Adamson, P Culling, C McIntosh, L McKenzie, O'Shannessy, A Robson, C Tan, N Taylor and Y Waymouth.

Messrs J Tan and S Vuli - Audit New Zealand.

1.0 **APOLOGIES**

Apologies were received from Crs Elect Duffy, Jack and Macpherson

Moved Cr Dillon, seconded Cr Douglas
and RESOLVED THAT THE APOLOGIES BE ACCEPTED.

2.0 **REPORT**

2.1 **ADOPTION OF ANNUAL REPORT 2006/2007**

140/25/1/2

Report by Miss N Taylor, Miss A Robson and Mr P Culling dated 23 October 2007.

Presentation of the Annual Report for 2006/2007 which reported against the first year of the Council's Long Term Council Community Plan 2006/2016.

The full draft of the Annual Report had been enclosed as a separate document with the Annual Report Summary included in the agenda.

Moved Cr Ridley, seconded Cr Copland
and RESOLVED THAT THE REPORT ON THE ADOPTION OF THE ANNUAL REPORT FOR 2006/07 BE RECEIVED.

Mayor Cardno welcomed Messrs Julian Tan and Sefton Vuli to the meeting.

Mr Adamson said he was proud to present the Annual Report to Council and thanked Mr Culling, Misses Taylor, Robson and Waymouth for their work in putting the document together.

A number of significant achievements were recorded for the year ended 30 June 2007 and these are outlined in the "Message from the Mayor" and "Chief Executive's Report". These include:

- Satisfaction level of 88.3% (target 85%) with Council decision making and leadership. 91.9% (target 85%) that Council represents the interests, values and desires of people living in the District.
- Near completion of the Wallacetown sewerage scheme. The final scheme cost will be around \$3.1 million with Ministry of Health Subsidy of \$1.6 million going towards the final cost of the scheme. Work commenced on the Tuatapere sewerage scheme.
- The formation of the Southland District Youth Council. The Youth Council, which is made up of 11 young people representing the six high schools in the District, provides a voice for young people on issues in Southland.
- Following completion of extensive resource consent conditions the Meridian Wind Farm at White Hill near Mossburn was opened. This ground breaking project for the District, saw the construction of 29 wind turbine generators of up to 120 metres in height. Meridian gifted the Council \$265,000 and an open day gala event was held in February where District residents had the opportunity to see the wind turbines up-close.
- The construction and opening of the Riverton Focal Point near the redeveloped Riverton Heritage Centre.
- Near completion of the Oban township (Stewart Island) main street upgrade with new footpaths, paved crossings, landscaping and seating.
- Establishment of the Milford Community Trust. The Trust was formed in conjunction with the Department of Conservation, Environment Southland, and the Milford Sound community to provide governance and leadership in Milford Sound.
- In December 2006 the Office of the Valuer General approved the revaluation of the District which saw a significant increase from the previous 2003 revaluation. The District land value increased from \$6.1 billion to \$9.1 billion and capital value increased from \$9.3 billion to \$13.1 billion.
- Delivery of a \$19.8 million subsidised roading programme, which included \$6.7 million for 156 km of reseals, area wide pavement treatment and seal widening. Council also entered into an Alliance contract with Fulton Hogan for the road maintenance of the south-eastern part of the District's roading network.
- Continuing high levels of satisfaction for the District's library services.

The major areas where performance targets had not been met included:

- Targets for building and resource consent processing timeframes were not met. 60% of resource consents and 81% of building consents were processed within statutory timeframes (versus a target of 100%). Council was unable to meet the 100% target due to the number and complexity of consent applications received and the staff resources available.
- SIESA recorded a pre-tax deficit of \$105,000 (versus a target of \$7,000) which was caused by higher than expected fuel costs and increased costs for a new management contract which was introduced during the year.
- Lower resident satisfaction (75.5%) with the quality of urban water supplies (target 90%). 80% (662 of 829) of complaints received about water were responded to within the required timeframes. In addition, 42% (27 of 64) of complaints about wastewater were responded to within required timeframes. 208 of 243 (86%) wastewater consent related tests complied with relevant resource consent requirements against a target of 100%.
- A number of stormwater, water, wastewater and footpath projects were not completed during the year. 3 of 35 water projects were completed with another 21 still in progress. 1 of 34 wastewater projects were completed with another 18 projects still in progress. 1 of 14 stormwater projects were completed. 3 of 14 footpath projects were completed with another 4 still in progress.
- 219 or 58% of the 375 tracked requests to fix roading surface faults were responded to within the timeframes specified in related contracts against a target of 100%.

Council made a surplus of \$5,768,862 after tax against a budget of \$31,384,892. This was due mainly to fewer consented developments than expected and the deferral of a number of water and waste water projects. This resulted in:

- * a decrease of \$11.4 million in assets vested in Council.
- * development and financial contributions \$2.2 million lower than expected, and
- * Ministry of Health funding \$4.8 million lower than expected.

In addition, as a result of a higher than expected roading revaluation, depreciation increased by an additional \$1.7 million compared to budget and a change in the delivery of Council's roading programme moved \$3.4 million of capital expenditure to operational expenditure.

Council's total assets increased by \$50.2 million to \$1.14 billion compared to the prior year due mainly to increases in the value of Council's roads and water, and wastewater systems. This was also the main cause of Council's equity increasing by \$49 million to over \$1.1 billion.

Net cash flow increased compared with budget by \$1.3 million to end the year at \$5.2 million after accounting for lower net cash flow from operating activities and a lower than expected cash outflow for the purchase of property, plant and equipment (principally infrastructure assets). Both of these cash

flows were significantly influenced by a lower than expected level of Project activity and completion.

Council's cash reserves of \$23.8 million were higher than the budgeted amount of \$20 million largely due to the carry forward of funds that were collected for projects that had either not started or were incomplete at balance date.

Mr Culling explained the cash reserves were not all held in one account as there were different calls at different times. It was the intention of Council to look at the Investment Policy in the 07/08 year.

Miss Taylor advised there would be some minor changes made to the document as suggested by Audit New Zealand. She concluded by thanking Audit NZ for their help and support and particularly Ronald Beare who had audited Councils accounts for several years now.

Mayor Cardno then invited Mr Tan to speak to the meeting.

Mr Tan referred to the transition to the NZ International Financial Reporting Standards and the changes in classification. The difference this year was that both the 05/06 and 06/07 years had been reported using the International Financial Reporting Standards.

He was working on the Interim report to Council and said he hoped it would be released within the next two weeks.

He concluded by advising Council had once again received an unqualified audit opinion.

Moved Cr Copland, seconded Cr Ridley
and RESOLVED:

- (a) THAT THE SOUTHLAND DISTRICT COUNCIL ANNUAL REPORT FOR 2006/2007 BE ADOPTED.
- (b) THAT THE SOUTHLAND DISTRICT COUNCIL ANNUAL REPORT SUMMARY FOR 2006/2007 BE ADOPTED.

Cr Copland suggested Council may have been a bit ambitious with the number of projects listed in the LTCCP. The Chief Executive replied that it may "bottleneck" during the 2007/08 year but it would be looked at again at the time of the 2009/19 review.

Ms Robson explained the "rate smoothing" that had taken place with the Community Boards and sub committees of Council and its long term effects.

There being no further business, the meeting was declared closed at 3.43 pm.

C O N F I R M E D:

C H A I R P E R S O N:

D A T E D: