

SOUTHLAND DISTRICT COUNCIL

EXTRAORDINARY COUNCIL MEETING

30 JUNE 2009

MINUTES of an EXTRAORDINARY COUNCIL MEETING of the SOUTHLAND DISTRICT COUNCIL held in the Council Chambers, 15 Forth Street, Invercargill on TUESDAY, 30 JUNE 2009 at 10.05 AM.

PRESENT: Mayor F Cardno, (Chairperson) Crs L A Bailey, J Douglas, B J Dillon, B W Drummond, P Duffy, B Ford, G Harpur, W Jack, G MacPherson and A D Ridley.

IN ATTENDANCE: Messrs D P Adamson, P Culling, C McIntosh, L McKenzie, R Hawkes, Ms A Robson, C Tan, N Taylor, Mesdames Y Paterson and Mrs J O'Shannessy.

Mr J Tan from Audit New Zealand was in attendance to report on the Southland District Council Long-Term Council Community Plan.

1.0 **APOLOGIES**

Cr Dobson
Cr Duffy for lateness.

Moved Cr Ridley, seconded Cr Macpherson
and RESOLVED THAT THE APOLOGIES BE ACCEPTED.

2.0 **PUBLIC FORUM**

There were no requests to speak at a public forum.

3.0 **NOTIFICATION OF URGENT BUSINESS**

Moved Cr Dillon, seconded Cr Jack
and RESOLVED THAT SUBJECT TO 46A OF THE LOCAL GOVERNMENT OFFICIAL INFORMATION AND MEETINGS ACT 1987 THE FOLLOWING SUPPLEMENTARY ITEM BE CONSIDERED AS A MATTER OF URGENT BUSINESS:

REPLACEMENT PAGES 237 AND 244 RELATING TO THE FEES AND CHARGES SECTION OF THE LTCCP 2009-2019

AUDIT OPINION FROM AUDIT NEW ZEALAND - to be tabled by Mr Julian Tan.

It was agreed that the items should be included in the agenda to provide a full and complete document.

4.0 **REPORTS**

4.1 **ADOPTION OF TEN YEAR PLAN 2009-2019** **LONG TERM COUNCIL COMMUNITY PLAN (LTCCP)**

140/15/4/3

r/09/6/8037

Report by Miss N Taylor, Miss C Tan and Miss A Robson dated 16 June 2009.

Moved Cr Copland, seconded Cr Harpur
and RESOLVED THAT COUNCIL RECEIVE THE REPORT ON THE ADOPTION OF
THE TEN YEAR PLAN 2009-2019.

The Draft Ten Year Plan had been adopted at an Extraordinary meeting of Council on 16 April 2009 and released for public consultation. 202 submissions were received and 46 submitters spoke to their submissions at the hearings on 9 and 10 June 2009. Issues raised in the submissions were considered at the Council meeting on 11 June 2009. At that meeting, Council had indicated that some amendments should be made to the Ten Year Plan as a direct result of those submissions, and these had been included for confirmation and adoption in the report. A number of corrections made to the Ten Year Plan were also detailed.

As a result of the changes made by Council through its deliberations, the following changes had been made to rates for 2009/2010:

	Draft Ten Year Plan	Final Ten Year Plan
District Rate Increase	6.93%	6.89%

A separate report had been prepared to set the rates for 2009/2010.

A copy of the amended (final) Ten Year Plan had been circulated separately with changes to the Plan from the draft shown in blue text.

Council's Audit Director Mr Julian Tan, was present at the meeting to speak to the unqualified audit opinion on the final Plan.

Ms Taylor referred to amendments made to the Annual Plan as a result of the submissions received:

Cemeteries

Council resolved to standardise the cost of interments across the District, set at \$1,175 including GST (effective from 1 July 2009).

Consultation

Council resolved to include additional funding of \$20,000 per annum for additional printing and postage costs for the Draft Ten Year Plan and Annual Plan summary documents.

Combined Funding Water and Sewerage

Council resolved to delay the introduction of combined funding of water and sewerage for at least 12 months. In doing so the Council commented that while combined funding had a number of merits, given the current uncertainty surrounding requirements for sewerage and water in particular (with changes likely in government policy surrounding water access/use/management, metering, regulation and subsidies) more time was needed to better understand the wider picture surrounding water and sewerage before changing the way the schemes were funded. In addition, the Council also indicated that it wanted to take into account the impact of the new maintenance contract due to be re-tendered shortly as well as looking further at maintenance costs and possible efficiencies in running the schemes.

Pool Rates

Council resolved to implement swimming pool rates for Fiordland and Riverton beginning in 2009/2010.

Grants and Donations – Stadium Southland

Council resolved to provide annual funding of \$50,000 per annum for Stadium Southland to assist with its ongoing maintenance and renewal costs.

Grants and Donations – Rugby World Cup

Council resolved to provide a one-off contribution of \$29,000 in 2010/2011 for costs associated with the Rugby World Cup games being held in Invercargill.

Grants and Donations – Southland Warm Homes

Council resolved to provide funding of \$35,000 per annum to the Southland Warm Homes Charitable Trust in 2009/2010, 2010/2011, 2011/2012 and 2012/2013 to continue home insulation initiatives throughout Southland.

Key Relationships

Council agreed to change the role description of the New Zealand Transport Agency regarding Roothing and Transport and to add Te Ao Mārama as a partner for solid waste management, stormwater, wastewater and water supply activities.

Several other agencies were also included in the key relationships table (including Mayor's Taskforce for Jobs and NZ Landcare Trust/Biodiversity Southland).

Representation and Advocacy

Council resolved that it did not support the proposed change in legislation to make possible any referenda on amalgamations binding.

Resource Management

Council resolved to continue funding of \$10,000 for the Biodiversity Southland Coordinator until 2012/2013 and provide funding of \$15,000 per annum for five years to Biodiversity Southland to carry out a biodiversity inventory.

The Council also received 29 other submissions related to Resource Management issues, particularly the District Plan. With the District Plan review moving to the first stages of public consultation, it was more appropriate that the submissions be considered as part of that separate process. As such, these submitters have been sent an early reply letter advising them of the nature of discussion papers and timing/dates for joint public meetings about the District Plan and Regional Policy Statement being held throughout June/July 2009.

Additional wording has also been included in the Plan regarding biodiversity.

Roothing and Transport

Council resolved that no further action be taken on provision of a Haast-Hollyford Road.

Council resolved to remove \$200,000 from roading expenditure (taking an equal share each from sealed and unsealed maintenance) for each of the ten years (including inflation) and confirmed that no funding for seal extensions would be included in the roading programme.

Council agreed to include information about negative effects and mitigation measures in the Plan.

Road Funding

Council resolved that the current share of costs for the roading rate as detailed in the Draft Plan be used as the basis for establishing the road rate for 2009/2010.

Solid Waste Management / Kerbside Recycling

Council agreed to advise submitters that it had not yet made a decision on the proposal and what the process and timing would be for that decision. Council also noted that it would consider the submissions to the Draft Plan in addition to feedback from previous years submissions (2006, 2007, 2008) when making a decision on the service later this year.

Stormwater/Wastewater/Water

Council made no changes to the Draft Plan regarding stormwater but was proposing to carry out activities to increase public awareness about what happens to stormwater and any contaminants that it contained.

A submission by Environment Southland specifically requested Council to increase its estimates to pay for a proposed water levy which Environment Southland was indicating that it would introduce on all significant water takes.

Council decided not to alter the Plan for these proposed charges.

Te Anau Airport Manapouri

Council had not made any changes to the Plan regarding the airport but had asked that the submissions be passed on to the Te Anau Community Board.

Uniform Annual Charge

Council resolved that the collection of the Public Health Service rate be changed from the current land value basis to a uniform annual charge per dwelling.

While the Draft Ten Year Plan had been out for consultation, Council staff had also received advice from consumers of the Edendale water/sewerage schemes about the number of residents choosing to pay their connection costs through rates.

There had also been minor corrections to some of the project costs and timing included in the tables of the Plan as well as corrections to the grants table. A number of typing/grammar/formatting corrections had also been made.

Financial Considerations

Financial implications of the Draft Ten Year Plan and proposed amendments to the LTCCP were considered when the document was adopted on 16 April 2009. As a result of the submission process, Council recommended a number of amendments to the Draft Plan and the financial impacts of these are detailed below.

Roading Rate

Based on contract prices received after the Draft Plan was released, Council staff recommended a reduction in the roading programme over the 10 years. This had resulted in an annual reduction of \$100,000 plus inflation for each of the sealed and unsealed road maintenance categories, decreasing the roading rate smoothing percentage to 8.08% from 8.22%.

Development and Promotions Rate

The Development and Promotions Rate had increased from 3.06% to 3.13% as a result of the inclusion of an annual grant of \$35,000 to the Warm Homes Trust being included for four years starting in 2009/2010 and a correction to the budgeted amount to Destination Fiordland. As part of an internal review, staff found that the grant to Destination Fiordland of \$11,000 per annum had incorrectly been included twice in 2009/2010.

Strategy and Advocacy Rate

A change has been made to the Plan to reflect the funding requested by the Landcare Trust for a contribution towards the Biodiversity Southland Coordinator and undertaking a Biodiversity Inventory. It was also recommended that an additional \$20,000 per annum (plus inflation) be budgeted to allow for direct mailing of future plan summaries to households.

Those two changes had resulted in the Strategy and Advocacy rate increasing from 6.64% to 6.75%.

Local Rate Changes

The Wallace Community Board requested two adjustments be made to the Draft Plan. The first adjustment related to bringing forward two stormwater projects (approximately \$60,000 each) planned for 2013/2014 and 2014/2015 to 2009/2010 and 2010/2011 due to community requests to complete the work sooner. This has had the effect of increasing the Otautau local rate from 5.24% to 5.53%.

The Wallace Community Board had also requested that \$1,000 per annum be included for the repayment of a negative hall reserve. This was omitted in the Draft Plan and resulted in an increase in the Otautau Hall rate from \$32.30 to \$32.70.

Edendale/Wyndham Water and Sewerage Rate

As noted when the Draft Plan was released, Council was in the process of determining the number of properties electing to repay the connection to the Edendale/Wyndham water and sewerage schemes through rates. Enough information was now known to include the financial impact of these new loan rates in the financial statements and the Funding Impact Statement. The total loan repayments (principal plus interest) for 2009/2010 for the sewerage scheme would be \$209,700 and total loan repayments (principal plus interest) for 2009/2010 for the water scheme would be \$47,404.

Overall Rating Impact

The Funding Impact Statement had been updated to show the current District and Local Area Rates. The rates in the dollar and UAC amounts would be used to set rates for the 2009/2010 year. The Forecast Financial Statements had been adjusted to reflect the above changes. The overall impact on the district rate as a result of the changes noted above was a decrease from 6.93% to 6.89%.

30% Maximum Uniform Annual Charge

As a result of the changes to the total rates detailed above and Council's decision to move from land based collection of the Public Health Service Rate to a Uniform Annual Charge (UAC), the percentage now collected by Council using this method had increased to 26.23% (from 25.89% as shown in the Draft Plan).

Impact on Financial Reports

The above changes were reflected in the relevant activity Cost of Service statements. Their overall impact on the financial statements was shown on pages 178 to 184, with the major change being the financial impact of the community loan for the Edendale water and sewerage schemes. This has had the effect of increasing

Council's debt levels and equally increasing cash as a result of Council using its own funds during construction to finance the local share of the capital contribution.

The meeting then referred to water clubbing with the Chief Executive advising it was intended to present a report to Council prior to Christmas that would provide more detail on the proposal.

Mr Adamson advised that although some of the submissions did not relate directly to the LTCCP, they had not been "lost" but had been channelled to the various managers to deal with.

Moved Cr Copland, seconded Cr Dillon
and RESOLVED:

- (a) THAT THE PROPOSAL FOR COMBINED FUNDING OF WATER AND SEWERAGE SCHEMES (WATER - SEWERAGE CLUBBING) BE DEFERRED.
- (b) THAT COUNCIL RECONFIRM ITS DECISION TO REDUCE ROADING EXPENDITURE (SEALED AND UNSEALED MAINTENANCE) BY \$200,000 PLUS INFLATION FOR EACH OF THE TEN YEARS.
- (c) THAT COUNCIL RECONFIRM ITS DECISION TO ADOPT EACH SECTORS PERCENTAGE SHARE OF COSTS FOR ROADING AS DETAILED IN THE DRAFT TEN YEAR PLAN AND THAT THIS BE USED AS THE BASIS FOR ESTABLISHING THE ROADING RATE FOR 2009/2010.
- (d) THAT COUNCIL RECONFIRM ITS DECISION TO PROVIDE FUNDING IN THE PLAN FOR:
 - AN ANNUAL GRANT OF \$50,000 PER YEAR TO STADIUM SOUTHLAND FOR ONGOING MAINTENANCE AND RENEWALS COSTS.
 - A ONE-OFF CONTRIBUTION OF \$29,000 IN 2010/2011 FOR COSTS ASSOCIATED WITH THE RUGBY WORLD CUP GAMES BEING HELD IN INVERCARGILL.
 - \$35,000 PER ANNUM FOR FOUR YEARS (2009/2010, 2010/2011, 2011/2012 AND 2012/2013) FOR THE SOUTHLAND WARM HOMES TRUST TO CONTINUE REGIONAL HOME INSULATION INITIATIVES.
 - \$10,000 PER ANNUM UNTIL 2012/2013 FOR THE CONTINUED EMPLOYMENT OF THE BIODIVERSITY SOUTHLAND COORDINATOR.
 - \$15,000 PER ANNUM UNTIL 2013/2014 TO BIODIVERSITY SOUTHLAND TO UNDERTAKE A BIODIVERSITY INVENTORY WITH FUNDING TO BE PROVIDED FROM THE DISTRICT PLAN REVIEW BUDGET.
 - \$20,000 PER ANNUM FOR ADDITIONAL COSTS RELATED TO MAILING AND PRINTING THE TEN YEAR PLAN AND ANNUAL PLAN SUMMARY DOCUMENTS TO HOUSEHOLDS.
- (e) THAT COUNCIL CONFIRM THE FOLLOWING FUNDING AND FINANCIAL POLICIES AS INCLUDED IN THE FINAL PLAN:
 - REVENUE AND FINANCING POLICY (INCORPORATING STANDARDISATION OF INTERMENT FEES FOR CEMETERIES,

- FUNDING NOXIOUS PLANTS DISTRICT WIDE AS PART OF THE ROADING ACTIVITY AND COLLECTING THE PUBLIC HEALTH SERVICE RATE VIA A UNIFORM ANNUAL CHARGE PER DWELLING).
- DEVELOPMENT AND FINANCIAL CONTRIBUTIONS POLICY (INCORPORATING AN EXTENDED PERIOD FOR THE RECOVERY OF DEVELOPMENT CONTRIBUTIONS FOR TE ANAU FROM 10 YEARS TO THE LIFE OF THE PLANT (ESTIMATED 25 YEARS)).
 - INVESTMENT POLICY (INCORPORATING MINOR WORDING CHANGES).
 - LIABILITY MANAGEMENT POLICY (INCORPORATING CHANGES TO BORROWING LIMITS, PROCESS FOR CALCULATING INTEREST AND PROVIDING THE OPTION TO BORROW FROM OTHER AUTHORITIES OR ISSUE BONDS).
 - RELIEF, REMISSION AND POSTPONEMENT OF RATES POLICY (INCORPORATING CHANGES TO CLARIFY CIRCUMSTANCES FOR RELIEF TO BE GRANTED AND REASONS FOR PENALTY REMISSION).
 - REMISSION AND POSTPONEMENT OF RATES ON MAORI FREEHOLD LAND.
 - SIGNIFICANCE POLICY.
 - PARTNERSHIPS WITH THE PRIVATE SECTOR POLICY.
- (f) THAT COUNCIL CONFIRM THE FOLLOWING CHANGES TO RATING AREAS (AS DESCRIBED IN THE TEN YEAR PLAN) FROM 1 JULY 2009:
- AMALGAMATION OF THE CLIFDEN AND ORAWIA HALL RATING AREAS.
 - ESTABLISHMENT OF A RATING AREA FOR THE RIVERTON POOL.
 - ESTABLISHMENT OF A RATING AREA FOR THE FIORDLAND POOL.
 - ESTABLISHMENT OF THE LUMSDEN/BALFOUR RESIDENTIAL WATER LOAN RATING AREA.
 - EXTENSION OF THE WYNDHAM SEWERAGE RATING AREA AND ESTABLISHMENT OF THE WYNDHAM WATER RATING AREA.
 - EXTENSION OF THE EDENDALE SEWERAGE AND WATER RATING AREAS.
- (g) THAT COUNCIL CONFIRM THE FEES AND CHARGES (AS SHOWN IN THE PLAN) TO BE EFFECTIVE FROM 1 JULY 2009.
- (h) THAT COUNCIL AGREES IT IS FINANCIALLY PRUDENT TO SET PROJECTED OPERATING REVENUE AT A LEVEL INSUFFICIENT TO MEET OPERATING EXPENDITURE IN YEARS TWO, THREE AND FOUR (2010/11, 2011/2012 AND 2012/2013) IN THE TEN YEAR PLAN 2009-2019 TO FUND THE OPERATIONAL AND WORKS PROGRAMME (LARGELY RELATED TO ROADING), AND THEN TO HAVE THESE REPAID IN LATER YEARS AS PART OF THE RATES SMOOTHING PROCESS.
- (i) THAT COUNCIL APPROVE THE TEN YEAR PLAN (LTCCP) 2009-2019 INCLUSIVE OF THE CHANGES HIGHLIGHTED IN THIS REPORT.

Cr Bailey did not record a vote as he had not been present when the submissions had been heard.

Mr Julian Tan from Audit New Zealand was introduced to the meeting. He referred to the Audit Opinion which had been tabled for member's information.

Mr Tan referred to the "long journey" of completing the LTCCP. He thanked Council Management and staff for their help. The two areas Audit NZ focused on were - to be sure the changes made after submissions had been included in the LTCCP, and that the consultation process had been complied with. The Plan was one of the best he had seen.

He had pleasure in giving an unqualified Audit Report and said the ratepayers could be assured Council had followed a robust audit process.

Mayor Cardno referred to the audit staff - Sefton and Chelsea - and commented Council were extremely grateful to have such a good audit team.

Cr Copland spoke in favour of the report and commented it was a complex programme. He referred to roading being a major asset that had to be funded but was confident Council strongly pursued any chance to obtain funding assistance.

He concluded by thanking Ms Taylor and staff for the amount of work put in to prepare the Plan.

Cr Dillon commented that he endorsed Cr Copland's remarks and that the submission process was the best he had been involved with since he had started with Council over ten years ago.

Cr Duffy said Councillors had been kept totally informed and were consulted frequently. Explanations had always been given when asked and he commended the staff on their work.

Mr Adamson concluded by thanking Councillors and staff for their efforts associated with the production of the LTCCP. There had been a lot of challenges in the production of the Plan and now it could be copied and delivered to the communities.

Moved Cr Copland, seconded Cr Dillon
and RESOLVED:

- (a) THAT COUNCIL RECEIVE THE REPORT FROM AUDIT NEW ZEALAND REGARDING THE AUDIT OF THE TEN YEAR PLAN (LTCCP) 2009-2019.
- (b) THAT COUNCIL ADOPT THE TEN YEAR PLAN (LTCCP) 2009-2019 INCLUDING THE AUDIT REPORT.

4.2 RATES RESOLUTION - SETTING RATES FOR THE FINANCIAL YEAR 1 JULY 2009 TO 30 JUNE 2010 200/20/2/1

Report by Mr D Williamson dated 23 June 2009.

The report listed the various District rates and Local Area rates that had been calculated for the financial year 1 July 2009 to 30 June 2010. The rates had been included in the Council's 2009-2010 Annual Plan.

Council was required to formally set those rates and any details of penalties in accordance with the Local Government (Rating) Act 2002.

Moved Cr Douglas, seconded Cr Harpur
and RESOLVED THAT THE COUNCIL RECEIVE THE REPORT ON SETTING
RATES FOR THE FINANCIAL YEAR 1 JULY 2009 TO 30 JUNE 2010 AND
APPENDIX A AND APPENDIX B ATTACHED.

The meeting was advised that the name of the rate formerly called a Uniform Annual
Charge (UAC) was now a Uniform Targeted Rate (UTR).

Moved Cr Ridley, seconded Cr Jack
and RESOLVED:

- (a) THAT THE COUNCIL SET THE RATES UNDER THE LOCAL
GOVERNMENT (RATING) ACT 2002, AS DETAILED IN THE FUNDING
IMPACT STATEMENT IN THE 2009-2010 LONG TERM COUNCIL
COMMUNITY PLAN, ON RATING UNITS IN THE DISTRICT FOR THE
FINANCIAL YEAR COMMENCING ON 1 JULY 2009 AND ENDING ON
30 JUNE 2010.
- (b) THAT COUNCIL AUTHORISE A PENALTY CHARGE OF
TEN (10) PERCENT BE ADDED TO THE UNPAID BALANCE OF EACH
INSTALMENT ON THE DATES DETAILED IN THE REPORT.

Prior to closing the meeting, Mayor Cardno made the following points:

- * A special thank you to Councillors for their work and commitment. She was
proud of everyone because they did their homework and brought forward
ideas from their communities.
- * She believed Council ran a democratic system with elected members and
staff all working well together.
- * A final special thanks to the Audit Team and the staff for their hard work.

The meeting closed at 10.50 am.

CONFIRMED:

CHAIRPERSON:

DATE: