

SOUTHLAND DISTRICT COUNCIL

EXTRAORDINARY COUNCIL MEETING

11 APRIL 2007

MINUTES of an EXTRAORDINARY MEETING of the SOUTHLAND DISTRICT COUNCIL held at the Southland District Council Office, 15 Forth Street, Invercargill on WEDNESDAY, 11 APRIL 2007 at 10.30 am.

PRESENT: Mayor F Cardno (Chairman), Crs S Anderson, L Bailey, J Copland, R Dobson, B Dillon, P Duffy, J Frew, P Goomes, G Harpur and D Ridley.

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

Public Forum

Messrs D Rose and D Fraser representing Federated Farmers.

1.0 APOLOGIES

Crs Drummond and McCallum

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

2.0 PUBLIC FORUM

Moved Cr Copland, seconded Cr Anderson
and RESOLVED THAT STANDING ORDERS BE SUSPENDED TO ALLOW A PUBLIC FORUM TO BE HELD.

2.1 FEDERATED FARMERS

Mr Rose advised Federated Farmers were still concerned about the funding of Venture Southland and road rating. He made the following points -

- * Federated Farmers had expected Council to use targeted rating to fund Venture Southland instead of a Uniform Annual Charge.
- * Beneficiaries of Venture Southland services should be identified so they contributed to the costs.
- * Referred to the key performance indicators and financial management of Venture Southland.
- * The \$1.8m given to Venture Southland was totally unacceptable.
- * Wanted "real" figures printed in the Draft Annual Plan.
- * The Price Waterhouse and GHD reports should not be ignored.

Mr Fraser then addressed the following issues -

- * There had been four consultation meetings regarding road rating and no consultation meetings on funding of Venture Southland.
- * Reference to the GHD recommendations with regard to targeted rating.
- * Changing the Venture Southland funding to UAC's had not helped because there had been no shift in the rating burden.

Messrs Rose and Fraser left the meeting at 10.55 am.

Moved Cr Ridley, seconded Cr Goomes
and RESOLVED THAT STANDING ORDERS BE REINSTATED.

3.0 **REPORTS**

3.1 DRAFT ANNUAL PLAN 2007/2008

140/15/4/1

Report by Mr P Culling, Miss N Taylor and Miss A Robson dated 2 April 2007 recommending that Council adopt the 2007/2008 Draft Annual Plan and proceed to the consultation phase of the Annual Plan process. The report reviewed the main components of the draft plan, activities and performance measures, key issues and projects, financial considerations and the consultation process.

Moved Cr Bailey, seconded Cr Dillon
and RESOLVED:

- (a) THAT THE REPORT ON THE DRAFT ANNUAL PLAN FOR 2007/2008 BE RECEIVED.
- (b) THAT COUNCIL NOTES AND RECEIVES THE BACKGROUND PAPERS ON THE FOLLOWING TOPICS:
 - * UAC CALCULATION
 - * FINANCIAL RESERVES
 - * MERIDIAN WIND FARM RATING
 - * ROADING FINANCIAL ASSISTANCE LEVELS
 - * REVALUATION SUMMARY
 - * CONSULTATION PLAN
 - * VENTURE REVIEW TIMETABLE
 - * CHANGES TO THE ROADING RATE DIFFERENTIAL FOR INDUSTRIAL LAND

Mr Culling explained that Council was now in year 2 of the 15 year Long Term Council Community Plan. In particular, the draft plan set out Council's:

- * Annual budget,
- * Funding Impact Statement, and
- * Variations from the funding and financial information in the LTCCP.

UAC change for roading and development and promotions rate

Currently, Council collected 18% of its total Roading rate by way of a uniform annual charge (UAC) per each qualifying property. It was now proposed to reduce the amount received to 10% in line with Council's policy to fund 10% of its roading programme by this rating method.

In the past, Council had indicated it intended to maintain the overall collection of rates from UAC at 29%. As a result of reducing the UAC for roading, Council proposed to increase the proportion of Development and Promotions funding collected by way of UAC and as a result maintain the 29% level.

The effect of the changes would reduce the Roading rate UAC from \$110 to \$61 per rateable property and would increase the Development and Promotions rate UAC from \$101 to \$150.

Changes to the Industrial Roading Rate

After the recent revaluation, it became apparent that industrial properties in the District would be faced with a significant increase in their roading rate because their land values had increased by 190% (Industrial High) and 147% (Industrial Low), significantly more than the average District land value increase of 49%.

This, combined with differential factors of 30 and 20 applied to the properties to increase the amount they contribute towards roading, would see industrial properties contributing significantly more per property towards roading.

Council considered that the effect of the revaluation combined with the use of the existing differential factors was significant new information which required a review of the differential factors used to set the roading rate.

With only 365 industrial properties in the Southland District, any change in the total amount of rate to be paid by this sector would have a large impact on individual properties. Council decided to make minor changes to its differentials to partially offset the revaluation effects.

Summary of Proposed District Rate

Although the plan compared the costs included in the annual plan to Year 2 of the LTCCP, as a result of the rate smoothing process, 10 years of financial figures were still considered in arriving at the rates requirement for the year.

The projected rate increase for the district was now 4.40%, compared to the estimated increase of 6.57% in the LTCCP. The decrease was mainly due to the road funding remaining at 54% although the LTCCP had indicated a drop of 1% and the effect of rate smoothing on the waste management rate funding of Council 1/6th contribution to sewerage projects which resulted in additional funding this year from the waste management rate smoothing reserve.

Mr Culling explained the difference between Uniform Annual Charges and Targeted rates and suggested Council needed to think carefully if implementing targeted rates.

Miss Taylor advised that there were some additional changes to the fees and charges. The first was the Development Contribution for Te Anau Water and Sewerage.

She also highlighted that headworks and financial contributions were still to be finalised and would be circulated to Councillors following the meeting.

A suggestion was made that differentials should be related to the amount spent in various areas. In some cases the amount spent by Council was out of proportion to the amount collected.

It was also identified that in the Annual Plan for 07/08, a Capital Funding Plan for the Wallacetown Sewerage Scheme was required under legislation.

Miss Robson explained Section 117E of the Local Government (Rating) Amendment Act stipulated that the contents of the capital project funding plan must include all matters set out in Part 1 of Schedule 3A. All matters within that section were covered within Council's current sewerage policy except for Subsection (g)(ii) and (iii), which covered the requirement to include the policy, if applicable, for any recalculation of amounts due once the final cost of the project had been established.

As such, a late report would be presented to the Policy Review Committee meeting later in the day to cover this.

Mr Troon entered the meeting at 12.00 pm.

Moved Cr Copland, seconded Cr Ridley
and RESOLVED:

- (a) THAT COUNCIL ADOPT THE STATEMENT OF PROPOSAL (INCORPORATING THE DRAFT ANNUAL PLAN 2007/2008) WITH THE FOLLOWING AMENDMENTS:
 - (i) UPDATE TO SECTIONS OF THE CAPITAL PROJECT FUNDING PLAN FOR WALLACETOWN SEWERAGE SCHEME AS REQUIRED BY A LATE REPORT TO THE POLICY REVIEW COMMITTEE 11 APRIL 2007 FOLLOWING THE EXTRAORDINARY COUNCIL MEETING.
 - (ii) ADDITION OF 2007/2008 FEES FOR DEVELOPMENT, FINANCIAL AND RESERVE CONTRIBUTIONS LISTED IN THE FEES AND CHARGES SCHEDULE AS DISCUSSED.
- (b) THAT COUNCIL ADOPT THE SUMMARY DOCUMENT AS AMENDED AT THE MEETING.
- (c) THAT COUNCIL UNDERTAKES PUBLIC CONSULTATION ON THE DRAFT ANNUAL PLAN 2007/2008.

There being no further business, the meeting was declared closed at 12.10 pm.

CONFIRMED:

MAYOR:

DATE: