

## **SOUTHLAND DISTRICT COUNCIL**

### **EXTRAORDINARY COUNCIL MEETING**

**16 APRIL 2009**

MINUTES of an EXTRAORDINARY MEETING OF THE SOUTHLAND DISTRICT COUNCIL held at the Council Chambers, 15 Forth Street, Invercargill on WEDNESDAY, 16 APRIL 2009 at 1.05 PM.

**PRESENT:** Mayor F Cardno, (Chairperson) Crs J D Copland, R A Dobson, J Douglas, B J Dillon, P Duffy, B Ford, G Harpur, W Jack and A D Ridley.

**IN ATTENDANCE:** Messrs D P Adamson, L McKenzie and Mrs J O'Shannessy.  
  
Messrs R Hawkes, W Heerdegen, Ms A Robson, Ms N Taylor and Mrs Y Paterson.

#### 1.0 **APOLOGIES**

Crs L Bailey, B Drummond and G Macpherson

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

#### 2.0 **PUBLIC FORUM**

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

##### **Federated Farmers**

Mr D Rose - Southland Provincial President,  
Mr R Pemberton - Chairman Dairy Section,  
Mr P van der Bijl - Western Southland Representative,  
Mr D Cooper - Policy Advisor.

Mr Rose referred to the peer review of the Morrison Low Roading Rate Model prepared by Allan Kennaird Consulting and distributed by them to Councillors at the Council meeting held 25 March 2009. He was concerned Council was going to ignore the report and asked the members to separate Rating from Politics.

Mr Rose commented on a number of points relating to the Morrison Low model including the assumptions that it made about damage or use of rural roads and its treatment of aggregates, which they believed was unfairly placed on the rural sector.

Figures obtained from Environment Southland about aggregate related consents were discussed and it was suggested that Councils' own consents would show a trend towards on farm gravel extraction.

Federated Farmers believed the PWC/MWH model (as amended by GHD) should be used, and this was confirmed by the Kennaird Consulting review.

Mayor Cardno referred to the cost of the review and asked Federated Farmers to provide information on the cost of the document. It was suggested Council make a written request to Federated Farmers for the information.

Cr Duffy commented that a large amount of gravel in his area was being carted by the road rather than across the farms.

Mr Rose was concerned that once the draft plan was adopted, he was unsure whether council would make changes to the final document.

Mr Cooper commented that Federated Farmers believed that a "user pays" model should be used as a national example. The GHD model was more of a user pays model.

General discussion followed regarding the extent to which Federated Farmers put pressure on central government to increase the funding assistance rate for local roads.

The effect of the various models on each sectors roading rate was discussed.

Mr Adamson agreed to provide comparison tables to Federated Farmers and commented that under the proposed council model, 75% would be paid by rural related properties and 25% be urban.

The Mayor concluded that she believed the Morrison Low model was a fair reflection of user pays and thanked Federated Farmers for their attendance.

Federated Farmers representatives left the meeting at 1.50 pm.

### 3.0 **REPORT**

#### 3.1 **DRAFT LONG TERM COUNCIL COMMUNITY PLAN (LTCCP) / TEN YEAR PLAN 2009-2019**

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r/09/3/4547 [nt

Report by Miss Anne Robson, Miss Nicole Taylor and Miss Cheryl Tan dated 6 April 2009.

The report recommended that Council adopt the Draft Ten Year Plan (Long Term Council Community Plan) 2009-2019 for consultation. It also reviewed the main components of the plan, key issues and projects, consultation process, audit process, and financial considerations.

The projected rate increases in the draft plan for 2009/2010 were shown in the table below. It was explained the District Rate was the change in all district-wide rates excluding wheelie bins. Local Rates were a total of all the local rates set at each individual community level which had been approved separately by each Community Board, Community Development Area Subcommittee or Water Supply Subcommittee at their meetings earlier in the year.

Main Rate Type	2009/2010 Rates Increase Draft LTCCP 2009-2019
District Rate <sup>1</sup>	6.93%
Roading Rate	8.22%
Local Rate	10.38%

<sup>1</sup>District Rate included Roading rates and other District level rates but excluded wheelie bins and Local rates.

A copy of the draft plan and associated summary had been circulated under separate cover.

The following replacement pages were tabled:

- \* Pages 5, 6, 16 and 17 of the Draft Long Term Council Community Plan/Ten Year Plan 2009-2019 report.
- \* Pages 13, 14, 15, 67, 111, 175, 176, 177, 178, 179, 180, 181, 211 and 244 of the main Draft Ten Year Plan document.

The following additional pages were also tabled:

- \* Draft LTCCP 2009-2019 Rates Summary.
- \* Letter regarding grant application for Men's Hockey World Cup qualifying Tournament November 2009.

Key issues addressed in the draft plan were:

- Increase in scope and cost of the ten year roading programme.
- Proposal to change the funding for water and wastewater supplies - from separate rates for each scheme to a combined rate, one for water and one for wastewater.
- Move towards upgrading water supplies to meet drinking water standards.
- Inclusion of funding for a three bin regional kerbside collection service from 2010/2011.

In addition, the plan included a number of changes to rating boundaries and new boundaries for service established during the 2009/2010 year. To formalise the boundaries, Council was also asked to confirm those with separate resolutions as part of the report.

Moved Cr Dillon, seconded Cr Jack  
and RESOLVED:

- (a) THAT THE REPORT ON THE DRAFT TEN YEAR PLAN (LONG TERM COUNCIL COMMUNITY PLAN) 2009-2019 BE RECEIVED.
- (b) THAT COUNCIL NOTES AND RECEIVES THE FOLLOWING BACKGROUND PAPERS:
  - \* UAC CALCULATION
  - \* DISTRICT RATES ANALYSIS
  - \* RESERVES, INVESTMENTS AND LOAN FUNDING
  - \* NEW RATES AND BOUNDARY CHANGES
  - \* KERBSIDE RECYCLING UPDATE
  - \* CONSULTATION PLAN

The Draft Ten Year Plan (Long Term Council Community Plan) 2009-2019 was the third ten year plan produced by Council and was the second fully-compliant/audited plan. In particular, the draft plan set out:

- \* Community outcomes and measures for assessing their achievement from the Our Way Southland project.
- \* Activities that Council planned to deliver over the next ten years, to contribute to the achievement of community outcomes.
- \* Forecast costs of the services and activities.
- \* Forecast revenue for Council activities by sources of funds (for example, through rates, user charges or other sources).
- \* Forecast financial statements.
- \* Levels of service and performance targets for the Council's services and activities.
- \* Funding and financial policies.
- \* How the Council intended to develop Maori capacity to contribute to decision-making processes.

Several Activity Management Plans had been updated during late 2008/early 2009. The plans detailed how each Council service would be delivered over the next ten years. The work was summarised into the draft Plan with many of the projects and budgets coming from those plans also being discussed fully with local Community Boards, Community Development Area Subcommittees and Water Supply Subcommittees at their estimates meetings held in December 2007 and early in 2009.

Individual Council departments budgets had been reviewed by the Management Team and meetings held with Council's finance team to review the estimates and underlying supporting financial information and documentation. Substantial cost savings were detailed in the Background Paper on page 13.

Council faced challenges including managing its infrastructure to continue to provide the level of service that the community expected, whilst ensuring the services provided were affordable as well as adapting to changes in legislation and standards.

The key aspects of the plan relating to the management of infrastructure and levels of services are:

- Increase in the scope and cost of the ten year roading programme to ensure that roads are being maintained at a level needed now and in the long term.
- Proposal to change the funding for water and wastewater supplies - from separate rates for each scheme to a combined rate, one for water and one for wastewater to assist with making water and sewerage more affordable across the District.
- Move towards upgrading water supplies to meet drinking water standards.
- Works to improve wastewater discharges and monitoring stormwater discharges as a result of increased consent requirements.
- Inclusion of funding for a three bin regional kerbside collection service from 2010/2011.
- Level of UAC and the impact on the community.

The issues in the Ten Year Plan had also been summarised into a document titled *Towards the Future*. It was intended to circulate the summary document as part of the consultation process. In addition - a series of local inserts had been drafted which detailed more about local projects or priorities in each area.

The Roothing and Transport Activity Statement in the Draft Plan included a series of maps which showed the proposed three-year roading programme. The maps were indicative only as the programme was still in the process of being finalised.

Ms Taylor referred to the applications for funding from Hockey Southland and also the Warmer Homes Trust and suggested the request should be redirected to the Allocations Committee. The Hockey application to be subject to other funders providing financial assistance.

The meeting then discussed the level of Uniform Annual Charge (UAC) background paper which advised that under Section 21 of the Local Government Rating Act 2002 - Council may not collect more than 30% of its total rates revenue by way of uniform annual general charges and any targeted rate was set on a uniform basis.

In previous years Council staff had sought guidance on the rates that comprised the 30% maximum calculation. This had cumulated over the last eight months as finance staff had further reviewed the rating activities of Council, resulting in a decision to seek a complete independent review on what rates should be included.

The resulting discussions and correspondence from Simpson Grierson indicated that the following rates needed to be included or excluded. In forming their decision they referred to the following key sections of the Local Government Act.

- \* Only uniform rates set per rating unit or per SUIP (separately used or inhabited part) of a rating unit were subject to the 30% cap as set out in section 21 of the LGRA 2002.
- \* Rates set solely for Water Supply or sewerage disposal were excluded.
- \* Targeted rates for a fixed amount set on a differential basis were excluded.

Council was currently collecting 25.89% of its total rates by way of a UAC or a targeted rate set on a uniform basis.

Ms Robson advised Council could either consult the community as part of the Draft Ten Year Plan regarding the level of UAC or instructions could be given at the meeting to alter the level. Council was concerned about the effects of an increase in the total UAC as moving rates onto UAC shifted the rates distribution from higher to lower valued properties.

Ms Taylor then explained the LTCCP had been sent to Audit New Zealand in Wellington for review with the following opinion being issued -

**“Overall Opinion -**

**In our opinion the Statement of Proposal for adoption of an LTCCP of the District Council dated 16 April 2009 provided a reasonable basis for long-term integrated decision-making by the District Council and for participation in decision-making by the public and subsequent accountability to the community about the activities of the District Council.**

**In forming our overall opinion, we considered the specific matters outlined in section 84(4) of the Act which we report on as follows:**

**Opinion on Specific Matters Required by the Act**

**In our view:**

- \* **the District Council has complied with the requirements of the Act in all material respects demonstrating good practice for a council of its size and scale within the context of its environment;**
- \* **the underlying information and assumptions used to prepare the Statement of Proposal provide a reasonable and supportable basis for the preparation of the forecast information; and**
- \* **the extent to which the forecast information and proposed performance measures within the Statement of Proposal provide an appropriate framework for the meaningful assessment of the actual levels of service provision reflects good practice for a council of its size and scale within the context of its environment.”**

Moved Cr Dobson, seconded Cr Harpur  
and RESOLVED:

- (a) THAT COUNCIL CONSIDER AND APPROVE THE AMENDED RATING BOUNDARIES (INCLUDED IN THE FUNDING IMPACT STATEMENT OF THE DRAFT TEN YEAR PLAN) AS FOLLOWS:
- (i) CLIFDEN AND ORAWIA HALL RATING BOUNDARIES (MAP A) - TO AMALGAMATE THE RATING AREAS AND SET ONE RATE FOR BOTH HALLS.
  - (ii) RIVERTON POOL RATE AND BOUNDARY (MAP B) - TO ESTABLISH A RATE AND RATING AREA TO FUND THE ONGOING OPERATION OF THE RIVERTON SWIMMING POOL.
  - (iii) FIORDLAND POOL RATE AND BOUNDARY (MAP C) - TO ESTABLISH A RATE AND RATING AREA TO FUND THE ONGOING OPERATION OF THE FIORDLAND SWIMMING POOL.
  - (iv) WYNDHAM SEWERAGE/WATER BOUNDARY (MAP D) - TO EXTEND THE RATING AREA FOR SEWERAGE AND ESTABLISH A WATER RATE WHICH ENCOMPASSES THE AREA OF WYNDHAM SERVICED BY THE NEW WATER/SEWERAGE SCHEME (COMBINED WITH EDENDALE).
  - (v) EDENDALE SEWERAGE/WATER BOUNDARY (MAP E) - TO ESTABLISH A SEWERAGE AND WATER RATE WHICH ENCOMPASSES THE AREA OF EDENDALE SERVICED BY THE NEW WATER/SEWERAGE SCHEME (COMBINED WITH WYNDHAM).

Moved Cr Ridley, seconded Cr Douglas  
and RESOLVED 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 DRAFT 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.

Moved Cr Copland, seconded Cr Dillon  
and RESOLVED:

- (a) THAT COUNCIL APPROVE THE STATEMENT OF PROPOSAL (INCORPORATING THE DRAFT TEN YEAR PLAN 2009-2019) AND SUMMARY DOCUMENT "TOWARDS THE FUTURE".
- (b) THAT COUNCIL RECEIVE THE REPORT FROM AUDIT NEW ZEALAND (TABLED AT THE MEETING) REGARDING THE AUDIT OF THE TEN YEAR PLAN 2009-2019.
- (c) THAT COUNCIL ADOPTS THE TEN YEAR PLAN 2009-2019 AND SUMMARY DOCUMENT "TOWARDS THE FUTURE" FOR PUBLIC CONSULTATION.

Cr Copland congratulated the staff for their efforts in reducing expenditure.

There being no further business, the meeting was declared closed at 3.05

C O N F I R M E D :

CHAIRMAN:

DATE: