

## **SOUTHLAND DISTRICT COUNCIL**

### **EXTRAORDINARY COUNCIL MEETING**

**8 APRIL 2010**

MINUTES of an EXTRAORDINARY MEETING of the SOUTHLAND DISTRICT COUNCIL held in the Council Chambers, 15 Forth Street, Invercargill on THURSDAY, 8 APRIL 2010 at 1.00 PM.

**PRESENT:** Mayor F Cardno, (Chairperson) Crs R A Dobson, 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, B Halligan, C McIntosh and Mrs J O'Shannessy.

Messrs M Voss and I Evans, Ms McCrory and Ms N Taylor, Miss A Robson and Mrs Y Paterson.

Two representatives from Audit New Zealand were also in attendance.

**Members of the Public**

Mr D Fraser,  
Mr D Rose,  
Mr A Wilson,

#### 1.0 **APOLOGIES**

Apologies were received from Crs Bailey and Copland.

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

#### 2.0 **URGENT BUSINESS**

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

- \* ADOPTION OF DRAFT ANNUAL PLAN 2010/2011 - WATER SUPPLY AND WASTEWATER SERVICES - OPERATIONS AND MAINTENANCE CONTRACT - COST ALLOCATIONS.

It was agreed that the item should be considered in conjunction with the main report in order that any action required could be effected prior to the next meeting.

## 2.0 **PUBLIC FORUM**

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

### 2.1 Federated Farmers - Messrs D Fraser and D Rose

Mr Rose explained that he and Mr Fraser had come back to Council to make further comment on the following two matters:

Venture Southland  
Roading Sector Cost Shares.

Mr Rose referred to the 2006 review of Venture Southland where one of the essential components was to provide accountability for Levels of Service. It was not clear in the Draft Annual Plan what was being contracted for. It appeared a lot of money was being spent on Promotions and Tourism. If the beneficiaries and services were identified, it would then be possible to make submissions on those aspects of funding.

Mr Fraser referred to the Roading Sector Cost Shares and said he acknowledged the changes that had been made since the meeting on 24 March 2010. He also noted that the Commercial sector had decreased from 3.5% in 2009/10 to 3% in 2010/2011.

Changes in capital value after the revaluation had meant a big shift to dairy farmers, and Tourism costs were being covered by the farming sector, Mr Fraser suggested.

Council Offices and District Support - farmers were paying more than town dwellers and he believed it should be a UTR.

UTR - Council was only collecting 22% and he believed there was room to increase that amount.

In its present form - Federated Farmers believed the Plan was unsustainable.

Cr Jack referred to Venture Southland and the separation of costs. Mr Rose said he believed that the \$1.6m paid to Venture Southland should have its usage and beneficiaries identified and this was not the case at present. SDC contributed more per ratepayer to Venture Southland than either the Invercargill City Council or Gore District Council.

Mayor Cardno reminded Mr Rose that Venture Southland put their plan out for submission.

Mr Rose replied that Federated Farmers wanted to judge what the Council contribution of \$1.6m was spent on and then identify the beneficiaries.

Mr Fraser concluded by suggesting Council use the Uniform Targetted Rate system for other sections of the plan - one of which was District Support.

Moved Cr Dillon, seconded Cr Douglas and RESOLVED THAT STANDING ORDERS BE REINSTATED.

### 3.1 ANNUAL DRAFT ANNUAL PLAN 2010/2011

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r/10/3/3455 [yp]

Report by Mrs Y Paterson and Miss A Robson dated 26 March 2010.

The report recommended that Council approve the Draft Annual Plan 2010/2011 for consultation. The report reviewed the main components of the Plan including key issues and projects, financial considerations, and the consultation process.

Six additional pages were tabled for insertion between the Funding Impact Statement Variations and the Fees and Charges Variations. The six pages related to Capital Project Funding Plan for Edendale/Wyndham Sewerage Scheme (Wyndham component) and Edendale/Wyndham Water Supply Scheme.

The projected District rate increase in the Draft Annual Plan was 6.45%, compared to the estimated 6.50% projected for this year in the LTCCP for 2010/2011.

A copy of the Draft Annual Plan and associated summary had been circulated under separate cover. Some of the key issues which were addressed in the Draft Plan included:

- Retention of the LTCCP roading programme for 2010/2011.
- Changes to each sectors share of costs for the roading rate.
- Options for regional kerbside wheelie bin collection, including proposed two bin system.
- Overview of the September 2009 revaluation of properties within the District.

In addition, the Plan included a new rating boundary for the Winton swimming pool and an amendment to the Te Anau's Sandy Brown Road - Utility Rating Boundary. To formalise these boundaries the Council was also asked to confirm its intention to establish the areas with separate resolutions as part of this report.

The report also proposed that Council formalise its internal interest rate with a separate resolution.

Moved Cr Jack, seconded Cr Macpherson  
and RESOLVED THAT THE REPORT ON THE DRAFT ANNUAL PLAN AND SUMMARY DOCUMENT FOR 2010/2011 BE RECEIVED.

Ms Taylor reminded the meeting this was Year 2 of the 10 year Long Term Council Community Plan.

The Draft Plan set out Council's:

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

Key issues and projects which Council had discussed as part of the process (and were highlighted in the Plan) included:

- Retention of the LTCCP roading programme for 2010/2011 (and 2011/2012).
- Adjustments to various sectors' share of costs for roading rate following on from the update to the roading rate model tonnage and other input data.
- No additional changes to the proposed UTR calculation.
- The impact of property revaluations on rates.
- Options for kerbside wheelie bin collection service, including Council's preference for a two bin system.
- Proposal to incorporate the cost of the new District-wide water and wastewater contract into next year's Draft Annual Plan (2011/2012) once contract negotiations had not been completed.
- Proposal to amend some fees and charges for building control, cemeteries, SIESA, dogs, headwork and financial contributions, transfer stations, and road reserve and services.
- Move to delivering the Civil Defence Emergency Management activity through a regional agency with the organisation currently in the process of being established.
- Continuation of the District Plan review.
- Adjustment to the expected returns from the Forestry activity for the 2010/2011 and 2011/2012.
- Decision to delay a number of community water projects until the Ministry of Health had reviewed its criteria for water subsidies to determine whether these projects would still be viable.
- Changes proposed to rating areas including a new Winton swimming pool rate to assist with the maintenance costs of the pool and a change to the Sandy Brown Road Utility rating boundary in Te Anau to include further subdivisions in the area who are connected or able to be connected to water and sewerage.

Federated Farmers speaking in the Public Forum had referred to advice received from the Audit Office that uniform targeted rates that were not charged to all ratepayers could be excluded from the 30% cap. Targeted rates applicable to wards could be excluded from the calculation, including the Airport rate or Pool rates where there was a differing level of charge in each ward.

Ms Taylor said Council had received a legal opinion from Simpson Grierson regarding which rates should be included in the calculation of the 30% cap.

Council would speak to the Audit Office about the advice they had given to Federated Farmers and compare that with the Simpson Grierson opinion.

Mr Adamson then showed a powerpoint presentation that had been prepared by Morrison Low in January 2008. It was titled "Review of Funding of Roads" and had originally been shown at an Extraordinary meeting of Council on 12 March 2008. He advised the reason for the presentation was to remind Council of the original brief to Morrison Low and show their conclusions.

The meeting was then reminded that re-valuation figures were beyond the control of Council.

Mr Adamson concluded that Council were looking for verifiable data that could be updated each year.

The meeting then referred to the Supplementary Report to Council - WATER SUPPLY AND WASTEWATER SERVICES - OPERATIONS AND MAINTENANCE CONTRACT - COST ALLOCATIONS.

It was explained that Council's operations and maintenance water supply and wastewater services Contract 04/01 would expire on 30 June 2010. Four tenders had been received which, following evaluation and negotiation stages, an indicative cost had been identified. The cost of the contract was originally anticipated to be significantly higher than the current cost, however, the actual overall increase was calculated at 16.04%.

No allowance had been made in annual estimates for increases, however all Community Boards, Community Development Area Subcommittees and Water Supply Committees had been made aware of the likely increase at local estimates meetings in February. Once the contract price had been finalised, it would be included in the 2011/2012 Annual Plan.

The contract price had been calculated on a cost per connection basis and had resulted in a number of rating increases and decreases by as much as 10%.

Mr Adamson asked if Council wanted to include the contract in the new financial year or alternatively run in deficit for 12 months and rate to "catch up" in the following financial year.

Cr Drummond reminded the meeting that the local communities were aware the Operations and Maintenance Contract was being retendered and an increase in costs were expected, however, they believed it would not come into effect until July 2011.

Mr Adamson said he believed the tender prices were very price competitive.

Page 5 of the report was a table of estimated costs that included the Current Position, Cost by Connection and Cost by an Even % Increase and included all the Water Schemes administered by Council. Refer Appendix I.

The meeting discussed the following two options.

- (a) The contract would be funded via local rates on a cost per connection basis.
- (b) The contract would be funded via local rates through an alternative allocation.

The meeting agreed they would prefer to consult with the communities and ask their opinion.

Mr Adamson advised that if the Water Operations Contract was to be included in the 2010/2011 Draft Annual Plan, it would be included in the submission process in mid June.

Moved Cr Jack, seconded Cr Drummond  
and RESOLVED THAT COUNCIL REFER THE REPORT ON THE WATER SUPPLY  
AND WASTEWATER SERVICES - OPERATIONS AND MAINTENANCE  
CONTRACT - COST ALLOCATIONS TO COMMUNITY BOARDS, COMMUNITY  
DEVELOPMENT AREA SUBCOMMITTEES AND WATER SUPPLY COMMITTEES  
FOR COMMENT.

The discussion on this matter concluded with the members agreeing that the communities that would have a decrease in the "By Connection" option would be sure to prefer that option whereas the communities that were to have an increase in the same option would probably prefer a % increase.

Miss Robson then referred to pages 4, 5 and 6 of the report on the Annual Plan and referred to the following:

- \* Summary of Proposed District Rates,
- \* Operating Surplus and
- \* Financial Position and changes in equity.

It was pointed out that the wheelie bin rate percentage increase had been excluded from the District rate percentage as it was deemed a user fee as only the properties receiving the service would be required to pay the wheelie bin rate.

Cr Drummond said he still believed Civil Defence should be a Uniform Targeted Rate and that Civil Defence and the SRFA may need to be split.

Ms Taylor replied that this would require an amendment to the LTCCP because the Revenue and Finance Policy would have to be altered.

Mr Culling advised the Otautau town boundary was still being worked through.

Moved Cr Ridley, seconded Cr Duffy  
and RESOLVED THAT:

- (a) THAT COUNCIL CONFIRM ITS INTENTION TO ESTABLISH AND ALTER THE FOLLOWING RATING AREAS (SHOWN IN THE FUNDING IMPACT STATEMENT OF THE DRAFT ANNUAL PLAN):
  - (i) WINTON POOL RATING BOUNDARY - TO ESTABLISH A RATE AND RATING AREA TO ASSIST WITH THE MAINTENANCE COSTS OF THE WINTON SWIMMING POOL.
  - (ii) SANDY BROWN ROAD - UTILITY RATING BOUNDARY - TO ALTER THE RATING BOUNDARY TO INCLUDE FURTHER SUBDIVISIONS IN THE SANDY BROWN ROAD AREA CONNECTED OR ABLE TO BE CONNECTED TO THE WATER AND SEWERAGE NETWORK.
- (b) THAT IN ACCORDANCE WITH COUNCIL'S ESTABLISHED PROCEDURES FOR SETTING THE INTERNAL INTEREST RATE, AN INTEREST RATE OF 6.76% BE APPLIED TO ALL INTERNAL LOANS FROM 1 JULY 2010.
- (c) THAT COUNCIL APPROVE THE DRAFT STATEMENT OF PROPOSAL (INCORPORATING THE DRAFT ANNUAL PLAN 2010/2011) AND SUMMARY DOCUMENT FOR PUBLIC CONSULTATION.

There being no further business, the meeting was declared closed at 2.57 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: