

Council Policy Development Committee Meeting

Minutes of the Policy Development Committee Meeting of the South Taranaki District Council held in the Council Chamber, on 22 June 2009, commencing at 1.00 pm.

PRESENT: Mayor R Dunlop, Councillors A Ballantyne, D Packer, M Powell, I Smith, A Beccard, K Bourke, A Hickey, P Johnson, G Lawson, S Rangiwahia and I Wards.

IN ATTENDANCE: Chief Executive (Mr Stevenson), Group Manager Community Services and Development (Mrs Martin), Group Manager Environment and Information Services (Mr Young), Group Manager Engineering Services (Mr McCann), Support Services Manager (Miss Cox), Economic Development and Tourism Manager (Ms Greenhill), Community Development Manager (Mrs Mekalick), Arts, Culture and Heritage Manager (Ms Sharpe), Communications Manager (Mr Langford), Communications Officer (Miss Murphy), Economic Development Advisor (Mr Stockwell), Support Services Officer (Miss Malin), Hawera Community Board Representative (Mr Greaves), Eltham Community Board Representative (Mrs Cave), Egmont Plains Community Board Representative (Mrs Arlidge) and two members of the media.

APOLOGIES: Councillor I Armstrong and Patea Community Board Representative (Mrs Dew-Hopkins).

RESOLUTION

(Mayor/Cr Smith)

30/09 PD **THAT the apologies from Councillor I Armstrong and Patea Community Board Representative (Mrs Dew-Hopkins) be received.**

CARRIED

1 **OPEN FORUM**

(a) **Mr Craig Stevenson, Chief Executive**

(i) Community Board members role on the Policy Development Committee

The role of Community Board members on the Policy Development Committee had been questioned at the Community Board Workshop held on 15 June 2009. Mr Stevenson clarified that the community board representatives were not members of the Policy Development Committee and were not able to vote. They had speaking rights and were invited to attend the meetings *at the pleasure of the Council*. When discussing public excluded items, the community board representatives had public status and were not entitled to remain for the discussion unless there was an item the Council considered to be of interest for the Board members and they were invited to stay.

2 **CONFIRMATION OF MINUTES**

(a) **Council Policy Development Meeting held on 11 May 2009**

RESOLUTION

(Mayor/Cr Smith)

31/09 PD **THAT the minutes of the Council Policy Development Committee meeting held on 11 May 2009 be received and confirmed as a correct record of proceedings.**

CARRIED

3 **DISCUSSION ITEMS**

(a) **Community Development Manager**

(i) District Community Development Plan

Mrs Mekalick presented the Committee with draft versions of the 2009 Community Development Plan (CDP) for discussion.

The 2009 CDP was the second version the Council had produced. The first Plan was endorsed by the Council in 2004 and had provided the basis for the 2009 version. The 2004 Plan was considered a *wordy* document, though it had provided valuable research information. The 2009 CDP was more strategic than the prior version and focused on community issues and collaborative planning. It linked Ten Year Plan objectives with Community Outcomes and was more *reader friendly*.

Key issues and opportunities were divided into four areas of wellbeing – *economic, environmental, social and cultural*. Actions of wider benefit that had been planned by communities regarding these areas were contained within the 2009 CDP. By taking note of the community actions, funding avenues could be investigated and would provide the groups involved with a sense of ownership. The actions that had been included were considered realistic for the communities to undertake.

National and regional actions had been included to encourage communities to add value to the work of Governmental and private sector activities. Relationships with Government agencies had improved since the 2004 Plan and they were now encouraging the Council to embrace the *unique qualities* of its communities.

The Community Development Unit would support the communities identified initiatives and actions and *build their capacity to act for themselves*.

An appendix to the CDP summarised the key issues within the 2004 document, and what actions had since been undertaken. It also included three surveys undertaken last year, two by the Council and the NRB survey.

The Council would be asked to endorse the CDP, as opposed to approving it, as it was seen as a document that *belonged to the community*.

Councillor Beccard questioned whether the Community Development Unit would assist communities to *mobilise volunteers* as it was essential for the Council to be seen as encouraging volunteer work. Mrs Mekalick replied that it was more beneficial to communities for them to steer volunteers, rather than have them rely on the Council and acknowledged the significant contribution volunteers made in the district.

Councillor Beccard referred to page 25 of the draft CDP and questioned how the Community Development Unit intended to achieve the social outcomes that were listed. He noted that currently some outcomes were not being achieved, particularly the outcome that reads:

All residents are able to access the health services, education and information they want.

Mrs Mekalick advised that the social outcomes were not solely the responsibility of the Council and it was part of the Community Development Unit business planning to encourage the success of the outcomes. The Council could assist by compiling collaborative submissions to the agencies responsible for the social outcomes.

Councillor Smith stated that Community Boards would be a helpful tool to communities when implementing actions in the CDP as they had a *hands on* approach.

Councillor Ballantyne congratulated the Community Development Unit for creating the CDP and noted that the Community Development Advisors were an integral part of the community.

Mrs Mekalick asked that any feedback regarding the Plan be relayed to her so that changes could be made prior to official endorsement by the Council.

(b) Group Manager Community Services and Development

(i) Active Recreation Strategy

Mrs Martin advised that the Active Recreation Strategy was part of the 2008/09 Community Services and Development Business Plan and had been endorsed through the Annual Report. The Council had invested in infrastructure for sport and recreation based on community demand in the past. The Active Recreation Strategy provided data that would inform future planning. A steering committee consisting of selected Council staff, Councillors Lawson and Rangiwahia and consultant Mr Rex Hendry oversaw the direction of the Strategy.

Mr Hendry presented an overview of the Active Recreation Strategy which promoted *more people, more active, more often* in South Taranaki.

The Active Recreation Strategy was researched over the past nine months and utilised data from a regional Sport Taranaki survey. This was analysed to identify needs within South Taranaki. Gender, age and income levels were considered.

Mr Hendry noted that individual activities were more prominent than team activities within South Taranaki. Seventy eight percent of South Taranaki residents were satisfied with the recreation services the Council provided, which was comparatively slightly less than the Stratford and New Plymouth District Councils.

The most popular activities were informal and unstructured, and male participation was low *across the board*. Higher income groups were under-represented in active recreation participation. Mr Hendry noted that there was more than adequate *open space* in South Taranaki to satisfy the needs of residents.

A survey was undertaken with 87 clubs. Key issues that were identified were a lack of club administrators, encouraging new membership and an ageing club populations. Two thirds of the clubs surveyed met SPARC active recreation standards of 2.5 hours of activity a week. Mr Hendry suggested the *pay as you play* method could be introduced within some clubs to increase interest as many clubs only allowed people to take part if they were full members.

Community consultation regarding the Strategy had taken place, however, some areas in the district had not been well represented. Despite small turn-outs to the consultation meetings, there was positive feedback from the community. Key points that were noted from the consultation included the need for leadership and support within clubs, the difficulty of recruiting coaches and administrators, dwindling youth participation and the need for Council support.

Youth participation in active recreation was *dropping off*, particularly when young people entered secondary school. District transport was identified as a key issue regarding youth participation.

The Active Recreation Strategy summary report made several recommendations under the key headings of *working together, investment, information, facilities and promotion*. These included empowering clubs to become self sufficient, building key partnerships, rationalising and making improving facilities, encouraging club amalgamation, investigating public transport, promoting local walk ways and cycle ways and actively promoting active recreation in the district.

Mr Hendry highlighted the proposed Patea ward Active Recreation Facilitator role and noted that if this model was successful, it could be duplicated in other wards. The Mayor questioned whether this role was fully funded. Mrs Martin advised that the role was to be funded by Sport Taranaki and the Council contribution was to provide office space for the Sport Taranaki employee.

Mr Hendry stated that the aim of the Active Recreation Strategy was to increase participation through investing in the right opportunities, infrastructure and promotion.

Councillor Beccard stated that it was encouraging to see transport acknowledged as an issue. He added that there was a possibility that some of the *open space* that had been identified in the Strategy was not fit for recreational use. Councillor Ballantyne stated that the *open space* model was based on information from the United Kingdom and was not as relevant in South Taranaki.

Councillor Bourke expressed concern that the Council had invested in the Hub and research had indicated a community trend away from structured sport. She suggested that scheduling would be crucial to ensure the success and patronage of the Hub.

Councillor Johnson stated that he *struggled* to identify activities such as gardening, lawn mowing and shopping as *active recreation* and that there was a vast difference between those activities and sports such as rugby and netball. Mr Hendry advised that the initial research had included a passive and active recreation survey. The activities within the Active Recreation Strategy had been defined by their expected health benefit. Councillor Rangiwahia added that the steering committee had debated what activities

should be included. The research results had indicated that unstructured activity was preferred.

Mrs Arlidge questioned whether there was a link between male health and low active recreation participation. Mr Hendry advised that this was not included within the strategy, however, SPARC had indicated that adults need to undertake at least 2.5 hours of activity a week to reap any health benefits.

Councillor Packer stated that there were three martial arts clubs within the Patea ward, however, this was not listed in the top active recreation activities. Mr Hendry advised that martial arts were recognised in the club survey as key participants.

Councillor Johnson requested that the in depth survey results and research be made available. Mrs Martin advised that extensive research and data could be provided and committed to making that available to Councillor Johnson.

Councillor Hickey advised that she had been in contact with several clubs in coastal Taranaki. She noted that there were 100 junior soccer players, 400 netball players and 20 pre-schoolers taking part in *Mainly Music*. The oldest sports coach was 88 years old and the oldest basketball player was 63 years old. She stated this was indicative of the importance of active recreation in the district.

Mrs Martin advised that the Strategy was being put to the Council for their support in principle before it was adopted at the July Council meeting. She advised that if there were any significant concerns from councillors changes could be made prior to it being adopted.

The meeting was adjourned at 2.05 pm and reconvened at 2.15 pm.

(c) Economic Development Advisor

(i) Local Purchasing Policy

Concern had been expressed by some councillors that local businesses were missing out on local government contracts and tenders were being awarded outside the district. The Economic Development Advisor, Mr Stockwell asked the Committee whether the South Taranaki District Council should provide a weighting tolerance for local businesses when considering tenders.

Mr Stockwell advised that extensive research had been undertaken to prepare the discussion report and 21 councils from around New Zealand had been surveyed regarding their policies on weighting and tolerance towards local businesses. Of those surveyed, the Stratford District Council, Hamilton City Council and Gore District Council had policies in place. Wanganui District Council had a 5% weighting policy, however this had since been removed. Hauraki District Council had considered a policy but had never formally adopted one. Most councils indicated they would support locals where possible, however, they expected them to be competitive on price, quality and timeliness.

Mr Stockwell advised that there were no definitive statistics relating the multiplier effect on the local economy if a weighting preference was shown to local businesses. It was noted that wage rates in South Taranaki were higher due to the demand for trades people, however, this could not be substantiated. External companies had the ability to slash margins and offer lower tender prices. Providing weighting to local businesses could increase

the in-district spend, however external companies could choose not to tender, resulting in an increase to capital expenditure, and ultimately rates.

Councillor Packer asked for clarification regarding what the report was addressing. She had understood that when the issue had been raised, it was in response to the current global economic situation and that a recession strategy was to be developed. She added that if the discussion was only considering a weighting preference for local businesses in a *business as usual* manner, she would have differing opinions. She considered that the current economic situation was *out of the ordinary*. Mr Stevenson replied that the discussion report was presented as a response to a request from the Council to address the issue of weighting tenders for local businesses and no recession strategy had been included within the discussion report. Councillor Rangiwahia advised that he had raised the issue as a number of locals had expressed concern that recent tenders were being awarded outside of the district.

Councillor Powell stated that the multiplier effect indicated that *new money* would be more beneficial to the district, as opposed to investment that was already in the district. Local businesses were already paying wages that were being invested in the local economy. Councillor Rangiwahia considered that contracts that had been awarded to external companies were boosting the multiplier effect in other districts, not South Taranaki.

Councillor Beccard questioned how the councils that were surveyed were selected. Mr Stockwell advised that they were selected on the basis that they were similar to the South Taranaki District Council. Councillor Packer expressed concern that other councils were used as a basis. She suggested the Council should show leadership and develop a local purchasing policy, and that a cost benefit analysis be undertaken.

Councillor Bourke stated that the Council had requested the discussion report as a direct result of the global economic situation and the concerns of councillors that locals were being disadvantaged in the economic downturn. She questioned whether the council was prepared to *sit and watch while local businesses went under*.

Councillor Wards stated that the report identified that several councils around New Zealand indicated that legal problems could arise if local businesses were shown preference in the tender process. He noted that the Council was required to act in accordance with the Local Government Act 2002 and referred to Part 2 Section 14 which reads:

- (a) *A local authority should –*
 - (i) *Conduct its business in an open, transparent and democratically accountable manner; and*
 - (ii) *Give effect to its identified priorities and desired outcomes in an efficient and effective manner.*

Councillor Wards also referred to the Commerce Act 1986 which stated that territorial authorities could not lessen the competition in the market. He was concerned that a weighting preference to local businesses could be in breach of both the Local Government Act 2002 and the Commerce Act 1986. He added that the Council was obligated to act in the best interests of the ratepayers and it was not known whether local businesses would source labour and material wholly from within the district.

The Mayor questioned whether Mr Stockwell knew of any councils within New Zealand that had been legally challenged regarding a tender preference. Mr Stockwell replied that a number of councils had expressed concern regarding tender preference, however, he was not aware if any had been legally challenged. Councillor Ballantyne stated that if the Council was to consider a preference policy they would need to seek legal advice.

Councillor Packer noted that Mr Stockwell referred to Part 2 Section 14 of the Local Government Act 2002 within his report and questioned his interpretation of the legislation. Councillor Packer added that a preference policy would stimulate the local economy and that a recession strategy needed to be considered at a local authority level. Mr Stockwell replied that it was important to assist locals, however, this needed to be in accordance with sound business practice. He added that the definition of *local* was contentious and would require investigation if a policy was to be developed.

Councillor Ballantyne stated that the Government had a policy which favoured local business over external business when considering tenders and suggested the Government was *leading by example*.

Councillor Powell noted that local sub-contractors had completed work at the Hub and the Aquatic Centre, however, the major plumbing and electrical work had been tendered outside the district. The Mayor added that external business employees could invest significant money in the district through accommodation and meal spend. This would result in wage spend by local service employers. Councillor Packer noted that often external employees were in only in the district on a short-term basis.

Mr McCann advised that there were no large tenders proposed within the next year, bar specialised water treatment plant jobs that could only be completed by specialised contractors. Councillor Powell noted that implementing a preference policy in the near future would not have any immediate effect on local business in response to the current economic situation.

Councillor Wards stated that interfering with market conditions and *designing tenders* would ultimately drive up the cost to ratepayers as the Capital Works Programme would become more expensive. He referred to a recent large construction project where the closest local business tender was one million dollars more expensive than the chosen tenderer. Councillor Lawson supported this statement.

Councillor Rangiwhia stated that discussion had indicated there were high level issues that needed to be considered. He referred to the South Waikato District Council purchasing policy on page 14 of the report which read:

South Waikato District Council will maintain a value for money approach when procuring goods or services. Value for money means the best possible outcome for the total cost of ownership. Value for money does not necessarily mean selecting the lowest price, rather the right combination of quality, quantity and price, at the right place and time. (SWDC, 2006, p2).

He stated that this policy included necessary values that should be considered, while still leaving opportunity to support local business. Councillor Beccard supported this statement and suggested that if the Council could not directly advantage local business, it could endeavour not to disadvantage them.

Councillor Johnson stated that he supported the status quo. He outlined that investment of additional ratepayer funds to support local contractors could not be justified. He stated the multiplier effect *stopped short at the contractor* as there was no guarantee they would source labour and materials within the district. He referred to the Normanby Hall redevelopment project and noted that the lowest local tenderer was significantly higher than the chosen tender. By utilising an external tenderer, the Hall was being completed to the standard the community expected within budget.

It was agreed in principle that the Council did not support a percentage weighting for local business when considering tenders, however, they considered an *environment of favour* should be considered. Mr Stevenson noted that the tender process considered a number of factors, not just cost, and the status quo was to favour locals where possible. He added that there was *flexibility* and that if the margin between external and local tenders was minimal, the local business was usually favoured given their knowledge and experience of the district.

The Mayor questioned whether large contracts were split into smaller jobs that would advantage locals. Mr Stevenson replied that this often occurred and referred to the Hub and the Aquatic Centre projects.

Mr Stevenson advised that the Council officers would develop a local purchasing policy which reflected the views of the Councillors. A workable solution that encompassed the points discussed and the current economic situation would be drafted.

4 ITEMS TO BE CONSIDERED WITH THE PUBLIC EXCLUDED

RESOLUTION

(Mayor/Cr Wards)

32/09 PD **THAT pursuant to Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the reasons in the minutes the public be excluded to enable discussion on:**

4.1 Minutes

- (a) **Council Policy Development Committee Meeting held 11 May 2009**

THAT Mr Colin Greaves be invited to remain for the public excluded discussion relating to his proposal to the Council.

CARRIED

5 RESUME IN OPEN MEETING

RESOLUTION

(Cr Beccard/Cr Smith)

34/09 PD **THAT the Council Policy Development Committee resumes in open meeting.**

CARRIED

The meeting concluded at 3.22 pm.

Dated this day of 2009.

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CHAIRPERSON