

South Taranaki District Council

Minutes of the Special Meeting of the South Taranaki District Council held in the Council Chamber on Wednesday 11 March 2009 commencing at 1.00 pm.

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

IN ATTENDANCE: Group Manager Environment and Information Services (Mr Young), Group Manager Community Services and Development (Mrs Martin), Group Manager Engineering Services (Mr McCann), Communications Manager (Mr Langford), Support Services Manager (Miss Cox), Corporate Planner (Mrs Jane), Chief Financial Officer (Mr Zabel), Treasury Advisor (Mr Dudley), one member of the public and two member of the media.

APOLOGIES: Nil.

1 REPORT

(a) Chief Executive

(i) Proposed Ten Year Plan – Volume 1 and Investment Policy

Mr Stevenson welcomed everyone to the Special Council meeting and outlined that this had been a 12 month journey which had included a number of workshops. Mr Stevenson acknowledged the work of Mr Karl Dudley and Mrs Angela Jane in developing the draft Ten Year Plan to date. He acknowledged the strong commitment from the staff and elected members and the clear direction that had been provided by the elected members in preparing the draft Ten Year Plan on items such as the capital expenditure programme and the depreciation regime.

Mr Stevenson highlighted that the current overall financial picture showed that the total inflation adjusted rates would rise by 47.04% over the next ten years, which meant an average of 3.93% per year cumulative. The general rates (roading and UAGC) total inflation adjusted would rise by 53.089% over the next ten years at an average of 4.35% per year. He noted that the first three years were due to rise by 6.8% on average per year. Total inflation adjusted separate rates would rise by 21.31% over the next ten years. This was made up by water 3.80%, refuse 1.42% and wastewater with a 0% increase per year.

Mr Stevenson highlighted that in the last two years the urban properties had been most affected, however, the rural properties would be most affected in Year 1 of the Ten Year Plan.

Mr Stevenson referred to the main drivers for the increase in the general rate which included less income from general investments, no dividend from Apex Consultants Limited which had been sold, new operational costs for The Hub, increased roading maintenance costs and overstated projected income for the solid waste disposal from transfer station fees.

Mr Stevenson referred to a range of proposed operational savings which included the pay for performance system being pruned by approximately \$60,000, budget for staff training being reduced by 20 to 40% across the next two years, consultancy budgets examined and reduced, all materials and services cost codes examined and reduced where appropriate and the advertising budget for job vacancies reduced by \$68,000.

Mr Stevenson highlighted that additional operational cost savings in Year 1 had been proposed and this included deferring a number of Year 1 renewals for Council buildings, delaying the recruitment of the Iwi Liaison Officer until Year 2, ceasing the cloth nappy subsidy scheme, delaying the development of the Hawera Stormwater Management Plan, delaying \$100,000 of minor safety roading projects and reducing the library book replacement budget and the library shelving/equipment replacement budget.

Mr Stevenson highlighted that three elements within the Revenue and Financing Policy required modification relating to the Aquatic Centre, Cemeteries and Animal Services.

Councillor Bourke referred to the 0% increase for wastewater and asked if this would also be the same if the pan tax proposal proceeded. Mrs Jane replied that this would not be implemented until Year 2 and the impact on individual properties could not be calculated until the inspections had been completed.

Councillor Wards referred to the *Investment Policy* and suggested that it was unclear and needed some rewording. The word annual could be removed as follows and amended to read:

*The capital of the Long Term Investment Fund will be preserved on an ~~annual~~ **long term** basis by adjustments for changes in the notional value of the fund by the Statistics New Zealand All Groups Consumer Price Index.*

Mr Stevenson confirmed that some wording could be amended to make the Investment Policy clearer.

Councillor Ballantyne referred to the *Community Projects Reserve (CPR)* and expressed his disappointment that the fund was to be abolished. He noted that this had been developed to avoid the annual plan *lolly scramble* for funding from groups. Groups had been able to apply for the CPR for funding throughout the year after following a stringent set of criteria attached to the fund.

Councillor Ballantyne considered that it was disappointing that the CPR was being used to repay the loan for the Hub and the Aquatic Centre. He noted that over the coming years there would be not much left in the fund for other projects, however, suggested that the CPR should still remain for the future.

Mr Stevenson noted that the CPR had been used to fund a number of other projects such as the Lake Rotokare Reserve predator proof fence, not just the Hub and the Aquatic Centre. Mr Stevenson indicated that the Long Term Investment Fund projections had changed and it was not considered that there would be any surpluses in the future to fund such applications.

Councillor Hickey commented that the CPR had been a good avenue for groups to apply for funding from the Council throughout the year. She suggested that while the Fund would not be able to be utilised for some years, it could be beneficial for it to remain for the future in the instance the LTIF started performing well.

Councillor Powell and Wards supported removing the CPR due to the current economic climate and the fact that no surplus funds were proposed from the LTIF for quite some time.

On a show of hands it was agreed that the Community Projects Reserve be abolished.

Some discussion was held around the sale of Apex Consultants Limited (Apex). It was noted that the Council had been a minority shareholder and New Plymouth District Council had been determined to sell their majority shareholding. It would have been impossible for the Council to continue to run Apex on its own with only a 30% shareholding.

Councillor Ballantyne expressed some concerns with the operational costs for the Hub. Mrs Martin clarified that the Officers had consistently indicated that the Hub would cost around \$250,000 per annum in operational costs. She noted that there would also be some additional costs associated for the loan interest repayments for the Aquatic Centre upgrade.

Councillor Packer asked about the reduction of \$68,000 in the advertising budget for job vacancies. Mr Stevenson replied that previously a prediction of staff turnover had been made, however, this had been significantly reduced as it was considered that the amount that had been included originally in the Ten Year Plan was overstated.

Councillor Packer advised that she did not support delaying the position of the Iwi Liaison Officer and considered that it was an important position that was required. She referred to the consultation process with Tutunui's Garden and suggested that the Iwi Liaison Officer could have assisted in this process. Councillor Ballantyne agreed noting that he had been proud of the way the Council had involved Iwi in the discussions for the Iwi Liaison Officer position. He did not support delaying the position for one year as proposed by Officers. Councillors Rangiwahia, Bourke, Armstrong and Beccard agreed noting that there was a need for such a position.

Councillor Johnson said that he would have supported the Iwi Liaison Officer position being deferred for a number of years.

Councillor Wards requested clarification over whether the Iwi Liaison Officer was a proposal for consultation. Particular mention of the new position would be made in the Activity Pages of the Ten Year Plan and in the summary providing the opportunity for community feedback.

The councillors asked for clarification around the proposal to delay \$100,000 of minor safety roading projects until Year 2. Mr McCann indicated that it was mainly tidying up of intersections and site visibility and was not urgent and could be deferred without any major impacts. The councillors supported the delay of the \$100,000 of minor safety roading projects for one year.

Councillor Bourke asked what the \$172,000 deferral of renewal items for the Council building related to. Mrs Martin replied that it included the re-carpeting of the remainder of the upstairs administration building and some external and internal painting of other Council buildings. The councillors supported deferral of the renewal items for the Council building.

Councillor Ballantyne asked how well utilised the nappy subsidy scheme had been. Mrs Martin replied that it had been popular and over-subscribed. The councillors supported the removal of the nappy subsidy scheme.

Councillor Bourke asked if it was achievable for 30% of the Aquatic Centre income to be obtained from user fees and charges. Mrs Martin replied that the Officers did not consider this to be achievable and suggested this be modified to 20-25% user fees and charges. She noted that the cost for the pool users would increase by 50 cents in the first year and would remain comparable to New Plymouth and Wanganui.

Councillor Bourke referred to the proposed increase in cemetery fees and said she was unsure of what the increase would be for an adult plot. Mrs Jane replied that it would be around \$2,200. It was suggested that this be implemented over a two year timeframe.

Mr Young advised that two year transition was also suggested for the dog registration fees as the proposed increase for a full urban registration was proposed to move from the current \$89 to \$115 for the 2009/10 year and \$133 for the 2010/11 year. He noted that there was an option for dog owners to pay the registration fee off over the year.

Councillor Wards commented that there was some debate over how much some of the activities should be funded by the users and how much by the general ratepayers and noted that this same formula should be used for the Hub and the libraryplus facilities.

RESOLUTION

(Cr Beccard/Cr Powell)

09/09

THAT the Council confirm each of the operational deferrals recommended in Section 3.3 of the Chief Executive's report except for the deferral of the Iwi Liaison Officer position.

CARRIED

RESOLUTION**(Cr Ballantyne/Cr Johnson)**

10/09 **THAT the Council approves the inflation factors used to calculate the rate increases for the Ten Year Plan as show in Section 3.7 of the Chief Executive's report.**

CARRIED**RESOLUTION****(Cr Armstrong/Cr Rangiwahia)**

11/09 **THAT the Council approves the changes proposed to the Revenue and Financing Policy funding splits and transition periods recommended in Section 3.9 of the Chief Executive's report.**

CARRIED

Councillor Hickey suggested that the key issues section of the Plan should be reworded to ask *do you or don't you support* the various key issues.

Councillor Bourke asked for clarification that the Hunter Shaw building was the only hall having any major capital work undertaken in the next ten years. Mrs Martin confirmed this noting that although some others did require work they were only considered to be Priority 3 projects and had been deferred. She noted that any emergency work would be undertaken if required.

Councillor Hickey expressed her disappointment that the current bridge widening programme would not be continuing over the next ten years.

Councillor Rangiwahia suggested that an update regarding the Cold Creek situation should be included in the Plan. Mr Stevenson replied that there was a proposal to divest Cold Creek, however, there had been no progress on the local bill that had been put to go through Parliament. He indicated that it was necessary to continue to assume that the Council would retain ownership of the Cold Creek Water Supply until this changed. Mrs Jane added that there was a section in the Plan that talked about the Opunake/Cold Creek connection issue and the Cold Creek ownership situation.

Mr Stevenson advised that the four financial statements would be provided for the councillors' comments once they had been completed.

RESOLUTION**(Cr Beccard/Cr Packer)**

12/09 **THAT the Council approves Volume 1 with the above mentioned amendments and including all increases to rates, fees and charges as shown in the appendices and submits the document for auditing so that it may become the public consultation 'statement of proposal' for the 2009-2019 Ten Year Plan.**

CARRIED

