

MINUTES OF THE ORDINARY MEETING OF THE HOROWHENUA DISTRICT COUNCIL HELD IN THE COUNCIL CHAMBERS, 126-148 OXFORD STREET, LEVIN, ON THURSDAY, 11 JUNE 2009 COMMENCING AT 4.15 PM

PRESENT

His Worship the Mayor, Mr B J Duffy (Chair)
Cr D A Allan
Cr D J Colling
Cr G G Good
Cr L E McMeeken
Cr A M Hunt
Cr B F Judd
Cr P K Keenan
Cr N D H Murray
Cr A D Rush
Cr R N Shaw

IN ATTENDANCE

Mr D G Ward (Chief Executive Officer)
Mr D Law (Finance Manager)
Mr T Thomas (Environmental & Regulatory Services Manager)
Mr B H Austin (Manager - Community Assets)
Mr W D Crockett (Operations Manager)
Mr D J Tate (Parks Assets Officer)
Mr M R Tregonning (Property Officer)
Mrs K J Corkill (Meeting Secretary)
Ms C Carlyle (Support Officer)

MEDIA IN ATTENDANCE

Ms S Gillies ("Horowhenua Mail")
Ms B Torrie ("Manawatu Standard")

PUBLIC IN ATTENDANCE

There were 4 members of the public in attendance at the commencement of the meeting.

APOLOGIES

There were no formal apologies recorded.
Council officers would be in attendance for all or part of the meeting, as required.

His Worship the Mayor declared the meeting open. He advised that the meeting would work through the List of Submissions received commencing on page 69, picking up those that had not been addressed so far.

Submission 1 - Mayor's Taskforce for Jobs (Requesting that the youth goal of the Taskforce be included in the LTCCP)

Resolved

(McMeeken / Colling)

"THAT the Community Outcomes specific to Education be amended to include "That all young people under the age of 25 should be engaged in appropriate education, training, work or other options, which will lead to long term economic independence and well being."

Submission 2 - Horowhenua Events Centre (Request to include in the LTCCP help with ground maintenance, help with marketing & promotion, extension of 5 years on the interest free period on loan)

Mr Ward extended Mr Clapperton's apologies for his absence from the meeting. Mr Ward noted there were three aspects to the recommendations:

1. Maintenance grant of \$15,000 was already included in Year 1 budget projections; but was not yet included in Years 2 and 3. This was for more than just mowing and included the picking up of rubbish, regular spraying, pruning, etc. The previous evening's discussion had centred on what was an appropriate value and whether it would be appropriate to provide funds or resources;
2. Marketing and Promotions Assistance of \$20,000 - This was a non cash item. The CEO had offered to utilise existing resources, such as Council's updated website, to enhance community marketing and promotion. This could be well accommodated within the Council's current staffing levels and would not be an imposition on Council. It would not be for one off events.
3. Extension of 5 years on the interest free period on loan - The request was to simply extend the interest free period on Council's loan to the Events Centre. It was noted that the Events Centre was making its regular payments to Council on time. This would not be a funding requirement for Year 1, but would impact on Years 2 and 3. The Finance Manager was requested to provide further information to clarify the impact of the recommendation.

The following was raised in discussion with regard to the first recommendation:

- levels of service to Council's Parks and Reserves had been cut;
- If there was a spare \$15,000 in the budget, it should be used to restore the levels of service to Parks and Reserves throughout the community;
- Solway Park was mentioned as a deserving case to have its maintenance restored because of its value in a low income area;
- the recommendation was not to spend \$15,000 on existing parks and this was not 'spare' funding, but was an additional amount introduced into the budget which had not been part of previous discussions;
- this was not about a sum of money suddenly discovered, but an organisation that was used for a number of high profile events throughout the year and was well used by the community approaching Council for financial assistance;
- the service provided to the community by the Events Centre was considerable, but people accessing that facility paid for the privilege - Council's parks and reserves, on the other hand, were able to be accessed by the community free of charge.

Resolved

(Rush / McMeeken)

"THAT the following budgets be retained in the LTCCP Community Support - Grants:

- *Marketing and Promotions Assistances - Events Centre \$20,000 Year 1;*
- *Loss of Interest CI loan \$10,000 Year 1-5"*

Resolved

(Allan / Judd)

"THAT the sum of \$15,000.00 is retained in the 2009/10 LTCCP for reserves maintenance

AND FURTHER

THAT a report be brought to Council identifying options as to how that \$15,000 is to be expended, including maintenance for the Events Centre."

Resolved

(Rush / McMeeken)

"THAT the interest free period of the loan to the Horowhenua Events Centre be extended by five (5) years."

Submissions 6, 16, 18, 19, 21, 27, 33, 41, 57, 67, 74, 76, 78, 79, 81, 84, 86, 87, 88, 90, 91, 94, 98, 99, 104, 111, 113, 130, 131, 132, 133, 134, 139, 140, 141, 150, 152, 155, 156, 157, 158, 173, 183, 195, 201, 204, 223, 226, 236, 242, 243, 246, 247, 257, 260, 265, 266, 267, 269, 271, 274, 289, 312, 313, 315, 316, 322, 323, 324, 325, 327, 342, 344, 369, 379, 387, 413, 432, 450

The pros and cons of providing water reticulation for smaller communities were discussed, including whether or not Council may need on some occasions to make a tough decision if growth projections indicated that a water scheme was required within a community that had not supported the proposal.

Using a referendum to identify a community's preference was suggested. Also where the money would come from for a feasibility study was raised, as this was not covered by any available Government subsidy for capital works.

Mr Austin noted:

- a subsidy would be available if Council made an application;
- the subsidy would be for capital works;
- the Ministry of Health's input would also be part of the equation;
- the community's support for the application would also be taken into account;
- there was currently a group at Waitarere Beach that was showing some interest in the proposal and information had already been provided to that group.

His Worship the Mayor said that Council had gone to the community and said that here was an opportunity to partner with Council if they wished to. Even if a community wished to pick up the opportunity, it could potentially be a 10 year exercise.

Resolved

(Allan / McMeeken)

"THAT the Chief Executive Officer and the Manager - Community Assets be requested to present the results of the submissions on water reticulation to the four community groups for further discussion."

Submission 348 - Nature Coast Enterprise (Economic Development)

In response to a query, Mr Ward advised that the contract with Nature Coast would expire on 30 June 2010.

The value of being in partnership with the Kapiti Coast District Council for economic development was discussed and whether a stand alone economic development agency would be more to the district's advantage. His Worship the Mayor did note that there were discussions on economic development being undertaken at both Mayoral and CEO level.

Resolved

(Murray / Colling)

"THAT the matters raised by Submitter 356 be noted."

"THAT the Community Outcomes section of the Draft 2009/2019 LTCCP - 'Economic' be amended to include relevant documents and plans to include the Horowhenua Kapiti Labour Market Strategy and the Nature Coast Tourism Strategy."

"THAT the Economic Development grant of \$301,000 in the Draft LTCCP be retained - thus increasing the annual grant to Nature Coast Enterprise by \$11,000."

Resolved

(Allan / McMeeken)

"THAT this Council signals its intent to undertake a review of economic development with a focus on the Horowhenua."

Submission 427 - Department of Conservation (Dune Management)

Council's Parks Assets Officer, Doug Tate, in speaking to this report, said that the proposed Coastal Management Plan would give some clarity around coastal issues and coastal management. Currently there was no clear direction as to how Council would deal with dune management and the other matters that affected our coastal areas.

The Foxton Beach Coastal Reserves Management Plan was raised as an example of recent work done by Council and the significant input by consultants and associated costs was noted. Would the proposed Coastal Management Plan require a similar input or would it be something that Council could do in house?

Mr Tate said the expectation was that there would be some outsourcing and professional input and suggested that the matter be workshopped so that Councillors could have an input into identifying how our coastal areas should be managed. The amount proposed for the Coastal Management Plan was based on staff's understanding of the work involved. Any implementation of the plan, which could prove to be an expensive exercise, could be done in stages.

Resolved

(Allan / Rush)

"THAT funding in Year 2 of the LTCCP of \$45,000 is allocated for the creation of a Coastal Management Plan."

The issue of building in coastal areas adjacent to dunes was raised and the question of liability, with an officer's report requested to clarify Council's position.

Resolved

(Colling / Allan)

"THAT contingency funding in Year 1 of the LTCCP of \$22,500 is allocated for dune stabilization on Marine Parade (not including a private contribution) as an interim measure."

Resolved

(Judd / Allan)

"THAT officers report on Council's liability regarding sand dune encroachment on private properties."

In response to the query with regard to the Events Centre request for a five year extension of the interest free loan, Mr Law advised that this would make the loan interest free for eight years.

Prior to addressing the Revenue and Financing Report, the Chair proposed reviewing the HDC Management Submission, which was a procedural matter and would take the meeting to the tea break.

Item 1719: HDC Management Submission to Draft LTCCP 2009-2019

File No 3931

Resolved

(McMeeken / Allan)

"THAT Report 3931 be received and the proposed changes be adopted."

The meeting stood adjourned for a meal break from 5.58pm - 6.30 pm.

Item 1718: Revenue and Financing Report

File No 3933

Mr Ward tabled a further document which covered matters resolved at the previous day's meeting (10 June 2009) which showed 2009-2019 LTCCP Variations to Rate Funding Requirements.

Resolved

(Good / Allan)

"THAT Report 3933 and the tabled additional report on Revenue and Financing Matters dated 11 June, and 2009-2019 LTCCP Variations to Rate Funding Requirements, be received."

Mr Ward, in speaking to this report, drew Councillors attention to the significant advantages that accrued to Council by the pooling together of insurances by seven local authorities in our region as noted on the final two lines of the table. Ultimately he was sure the savings to Council would be in excess of what was showing on the table and a report would be brought to the 1 July 2009 on the matter.

His Worship the Mayor said he felt what was before Councillors for adoption was a brilliant result and he thanked Mr Ward and Mr Law for their work, particularly on the shared insurance savings to Council, which were huge. Rating issues would be looked at again next year and signing off on the proposed change to differentials was the last act in the process.

In speaking to the Solid Waste Targeted Rate, Mr Law reiterated the comments in this report that the Solid Waste rate covered the loss (net cost after income) of our solid waste activity. He also commented on the various issues raised with regard to the Swimming Pool targeted rate.

The fact that there were winners and losers with regard to distance from swimming pools was noted. The possibility of having arbitrary boundary lines was suggested, although it was noted that anything that altered what had been consulted upon would raise other issues. The anomaly of Foxtton Beach paying the targeted swimming pool rate and passing through rural areas to access the pool that did not pay the rate had raised further issues. This, together with other issues that had arisen, would need to be (and would be) considered in another forum outside of the current process.

Mr Law spoke to the definition of Rural Residential that had been raised by a number of submitters. His suggestion was that Council use the Valuer General's definitions, which were the ones used by valuers to classify properties. These were also used by other Council's. There was a review process for people who wished to challenge their property's classification, and this could be accessed by contacting the local QV office.

The following matters were raised in discussion, particularly with regard to the difference between classification as a rural lifestyle property or rural productive:

- historical concerns with QV and its valuation;
- if a property was GST registered and paid tax it was a business;
- if the current classifications were changed there would be some ratepayers whose rates would go up exponentially;
- many submitters claimed that they were not rural lifestyle, but were farmers making productive use of the land, albeit with a small income;
- QV did not visit every block;
- some of the blocks in our area were 20-30 acres on elite soils which could be economically viable if farmed intensively;
- horticultural blocks would be classified as agricultural not rural lifestyle;
- if a major review of rating was to be done over the next 12 months this matter would come up again and there would be some case studies based on appeals to QV to assist the process;
- QV was a recognised and independent body and it would be a concern if Council had to come up with its own valuation regime.

Mr Law commented that rating issues with regard to bare rural land were not a new and Council was dealing with queries on this on a daily basis. Bare Industrial and residential land was in the same situation. It was important to be consistent across all classes of land.

Resolved

(Good / Colling)

THAT Council resolves to adopt the 'use' classification contained within the Valuation Rules for Rural Residential and Rural Lifestyle properties for the rating year commencing 1 July 2009."

Mr Ward drew the meeting's attention to his supplementary Report on Revenue and Financing Matters and its attached 2010/11 and 2011/12 budgets. He noted the main drivers for the

proposed rates increase in the 2010/11 were highlighted in grey. If Council felt that the proposed 15.9% increase was unacceptable for next year the status of the main drivers would need to be revisited for next year and staff would be requested to provide a report next week as to how to achieve reductions.

It was noted that Councillors had already publically said that 15% was too high and they would not accept an increase of that magnitude for next year.

Councillors individually spoke to the level of rates proposed with concerns expressed about the increases, particularly for 2010/11, with the following raised:

- there was a challenge not to keep moving projects out to future years but to get an even spread across the 10 years;
- twelve months had been spent going through this process with every one of the projects in the budget having been reviewed and being retained for a reason;
- moving projects out did not solve the problem;
- whilst it was important to identify the main drivers, it was also important to look at other projects as well to make savings;
- Council should not be looking at what could be done without, but what the community could afford.

Mr Ward noted that the figures before Council had been known for a considerable time and it was difficult if staff were to be asked to come up with alternative solutions at this late stage. Through the Mayoral column, Council had been upfront in identifying the activities it was looking at and the levels of services being considered and concerns had been raised during the submission process with regard to the quantum of the proposed increase for 2010/11.

In response to a comment that Councillors had got it wrong and had not done a good job, His Worship the Mayor disagreed saying he felt Councillors had done a brilliant job. All issues had been highlighted and discussed, even the proposed 15% increase for next year and the concerns with regard to affordability. It was healthy to have a variety of views expressed.

With adoption of the proposed phasing out of differentials being the next item for consideration, Mr Ward briefly outlined the process for the balance of the month:

- next Wednesday evening, 17 June 2009, staff would be tabling a report on the proposed Funding impact Statement and recommending that the Funding Impact Statement for the 2009/10 LTCCP be adopted for audit purposes;
- the Audited LTCCP would be adopted the following Wednesday, 24 June 2009.

Any issues that would impact on that process needed to be addressed at tonight's meeting.

Cr Allan raised the following:

- the rates increase of 3.6% proposed for this year was modest, in line with the CPI;
- the fact that Council was being very conservative from a financial point of view had been lost with many ratepayers expressing their discontent at the impact on them personally;
- some people would have a 70% rate increase;
- the changes would be hard on coastal communities;
- the amount of rates being charged in relation to services received had been an issue for many;
- in terms of process, Council had followed a legal process;
- the Development Plan and Plan Change 20 were examples of where Council had done well in its consultation, but in the current process Council had not connected with the community;

- Councillors had attended dozens of workshops and had been superbly informed, but at no point had the public been involved;
- his view was that differentials still had a place, the status quo should be retained for a year and more detailed consultation be undertaken.

Cr McMeeken commented:

- she did not disagree with Cr Allan that the process could have been done better;
- she would, however, have serious concerns about not moving forward at this stage;
- a number of urban ratepayers would be aggrieved to find that their pro forma invoices did not stand as an expectation has been created;
- those people getting a reduction in rates were unlikely to submit; those who disliked what was happening were the ones that were heard from;
- whilst there were low income people in beach communities, there were also poor people in Levin;
- it was important that we start to operate as one district;
- there would always been inequities; even income tax was not always fair;
- it was important now to look to the future.

Cr Good acknowledged the previous comments with regard to consultation, also noting:

- with regard to the pro forma invoices that were distributed, they showed what the new rate would be but did not show what the rate would be under the old system;
- whilst there were a number of people commenting about the negative impact of removal of differentials, there had not been a lot of argument raised about targeted rates,
- he did not propose going back and starting again but suggested that further consultation could be undertaken, including talking to Grey Power, during the capital value rating review next year.

Cr Murray noted that the beach and urban communities had been spoken about and raised issues of concern for rural ratepayers:

- rural people had asked for a long time for differentials to be looked at;
- locals farmers' costs were up by one third and income was down in some cases by 50%;
- under the current proposal, no farmer in the district was going to be paying less in rates;
- when it came to services provided, there was no group more affected than local farmers;
- if urban rates decreased, it would be done on the backs of local farmers;
- for every person employed on a farm, there were a further four people as a result;
- there was considerable hurt occurring in our rural communities and a bigger bill was all that the rural sector had received from the current proposal.

Cr Rush expressed the following:

- he had found the process of listening to submissions agonising, with affluent people calling Council pirates and genuinely poor people saying they could be forced from their properties;
- the growth in the number of rateable properties had been highest in the beach communities;
- the differentials that existed 10 years ago may have been fair because of the lower level of services, but is no longer fair;
- 19% of rateable property owners in the beach communities and townships had been paying 9% of the general rate before taking into account sewerage and water, which was patently inequitable;
- if the process was revisited it would prolong the inequity;
- the majority of submitters focussed on the percentage figures, not the dollar amounts, which did not give the full picture;

- many in the beach communities and on lifestyle blocks were well aware that their rates had been too low and they had not been paying their fair share;
- that fact had been conveyed to him, but the people concerned did not want to express that in the present climate;
- Council needed to show that it had listened to the concerns raised and perhaps it would be possible to look at extending the removal of differentials over a longer period - 10 years instead of 5.

Cr Hunt endorsed Cr Murray's comments with regard to the rural sector and expressed her sympathy for their plight in the current economic climate. She also had sympathy for urban ratepayers. She said she had no problem with rates in coastal communities going up, but unfortunately it had occurred at the same time as property revaluations, which was beyond Council's control. Regrettably there was no recognition in the LTCCP that there would be any increase in services for the beach communities. She saw two scenarios arising, one which would see less people being prepared to volunteer their time for activities such as being beach wardens and the other which would see a decrease in the beach population. If holiday home owners were going to be paying considerably more in rates, why would they continue owning these properties? She did acknowledge that the rates system had not been fair and changes were needed. Consultation with the community had met all the legal criteria, but she suggested from the feedback she had been receiving, pre-consultation should also have occurred. She concluded by noting that the purpose of local government was to promote the wellbeing of communities, not just now but in for the future.

Following on from Cr Murray's comments with regard to the rural community, Cr Keenan said:

- rates for farmers were generally one of their top three costs;
- rural communities which comprised 14% of the district, were paying 24% of the rates - technically paying almost double what anybody else paid;
- the anomaly with regard to rating of the beach communities had carried on too long and previous Councils should have adjusted rates before now;
- however, rating for beach communities should reflect the lower level of services received;
- another rating review would be undertaken next year and all the issues raised could then be brought to the table;
- Council was currently looking at a proposal that would have an impact for 12 months whilst rating was being reviewed.

Cr Colling agreed with Cr Allan's comments with regard to consultation, which he felt could have been done better. However, Council thought it was doing a good job at the time. Targeted rates did not seem to be an issue for ratepayers, with limited feedback received. He did agree that a 10 year rather than 5 year time frame for the removal of differentials would be more appropriate.

A table was provided to Councillors showing the indicative rates on selected properties and the impact on the rates take should differentials phased out over 10 years rather than 5 (copy **attached**).

Cr Judd, whilst acknowledging that Council had met its statutory obligations with regard to consultation, felt the process could have been better handled with more dialogue being held with communities to gain input before any decision had been made. The proposal itself had merit and Council now had to decide where it was going to go with it. Should some minor amendments be made and move forward, or should the status quo prevail whilst more consultation was held with the community?

His Worship the Mayor responded to the various Councillor comments:

- he was surprised at how harshly Councillors were criticising themselves;

- he could not remember any occasion when anyone, apart from Cr Allan who had always held a view that the workshops should be open, had said that they were following the wrong process;
- all of the public meetings attended by Councillors had given him absolute confidence that the process was fair and reasonable;
- some hard comments had been received from submitters and Councillors were willing to listen and hear what those people had to say;
- they had heard from some sectors in the community in a strong manner in a public arena;
- many people, who would say it in private, were not prepared to publicly acknowledge they were paying modest rates;
- he acknowledged that introduction of this particular regime would impact on some people more than others and that had created some angst;
- he had no issue with rolling the 5 year phasing out of differentials to 10 years;
- that would be an acknowledgement to the number of submitters who had asked for that to be considered and it would not compromise the process that had been undertaken;
- he did not believe it would be appropriate to go back to the start;
- whilst there were some concerns raised with regard to beach communities, he did not believe the beach communities would die;
- with regard to the observation made about not connecting with our community, a considerable amount of information was disseminated - people had the choice whether to read it or not;
- Councillors needed to remember that introduction of the changes was not about delivering services to the front door, but about providing infrastructure for people to take advantage of if they wished;
- with regard to beach communities and issues of limited income, there were many within our communities on limited income, and in the beach communities 90% of the ratepayers did not live there,
- he did not see the value in holding off for 12 months;
- submitters could be accommodated by phasing out differentials over 10 rather than 5 years and he sought Councillors' support for that.

Mr Ward commented that overall he was happy with the process that had been undertaken. The 450 submissions received was a record number which suggested that Council had consulted well and the eight meetings held had been well attended. Council had decided to make some very significant changes to rating policies which had been out of touch, particularly around differentials, and the overall rate increase for this year of 3.5% had not been challenged. Per head of population, rates in the Horowhenua were actually some of the lowest in New Zealand.

Resolved

(Hunt / McMeeken)

“THAT differentials (other than rural) be phased out over the next ten years.”

Moved: Allan

Seconded: Hunt

“THAT a report be provided which explores a differential which recognises the link between rates paid and services provided.”

After further discussion, this resolution was withdrawn.

The issue of harmonisation was raised, with clarification required with regard to funds that were currently held, particularly with regard to the Shannon Water Scheme, and what would happen to those funds under harmonisation.

