
Council

OPEN MINUTES

Minutes of an extraordinary meeting of Council held in the Council Chambers, 126-148 Oxford St, Levin, on Wednesday 17 June 2020 at 4:00pm.

PRESENT

Mayor	Mr B P Wanden
Deputy Mayor	Mrs J F G Mason
Councillors	Mr D A Allan
	Mr W E R Bishop
	Mr R J Brannigan
	Mr T N Isaacs
	Mr S J R Jennings
	Mrs V M Kaye-Simmons
	Mr R R Ketu
	Mrs C B Mitchell
	Ms P Tukapua

IN ATTENDANCE

Reporting Officer	Mr D M Clapperton	(Chief Executive)
	Mr D Law	(Chief Financial Officer)
	Mr D McCorkindale	(Group Manager – Customer & Strategy)
	Mr B Maguire	(Group Manager – Infrastructure Development)
	Mrs L Slade	(Group Manager – People & Culture)
	Mr B Harvey	(Community Facilities & Events Manager)
	Mrs L Winiata	(Community Wellbeing & Engagement Management)
	Mr A Chamberlain	(Financial Accountant)
	Ms K Gray	(Strategic Planner)
	Mrs A Huria	(Projects Coordinator – Customer & Strategy)
	Ms S Hori Te Pa	(EA to Mayor and Chief Executive)
	Mrs K J Corkill	(Meeting Secretary)

ALSO IN ATTENDANCE

Mr D J Roache	(Chair, Foxton Community Board)
Ms T Whiti	(Secretary, Cr Ketu)

MEDIA IN ATTENDANCE

Mr P Williams	(“Chronicle”)
Ms R Moore	(“Manawatū Standard”)

PUBLIC IN ATTENDANCE

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

The meeting commenced with a karakia (Cr Ketu).

1 Apologies

There were no apologies.

2 Public Participation

Mr D J Roache, Chair, Foxton Community Board; Mrs C Paton; Mrs V Bold; Mr G Kane.

3 Late Items

There were no late items.

4 Declaration of Interest

None declared.

5 Announcements

Mayor Wanden acknowledged with regret the passing of a long time and very active, community minded member of Levin, Mr Allan Birrell. Mr Birrell was a Civic Honours recipient and had been involved in many local organisations such as Rotary, Mens Shed, the Adventure Park Trust and Age Concern. The meeting observed a 10 second silence in remembrance of Mr Birrell.

Public Participation

On behalf of the Foxton Community Board, Mr David Roache said he had sent an email to the CE objecting to any reduction in services at Victoria Park, which was the gateway to the town, and at other community parks and facilities.

Mayor Wanden clarified that the focus of today's meeting was not about a reduction in levels of service; that would be part of the Annual Plan debate at the Extraordinary Council meeting scheduled for 29 June 2020.

Speaking against the installation of a Splash Pad and noting the Officer Recommendation, Mrs Christina Paton queried why appropriate funding arrangements would not be explored before any money was expended. Also speaking with regard to providing funding for Al Fresco dining, she noted that it actually meant "to be in jail", with the modern connotation being to be in the fresh air, which she said did not apply to Levin's main street. For that area to be conducive for outdoor dining the traffic would need to be diverted.

Also speaking to Growth Response – Community Plans, Mrs Paton said she was not familiar with these and she queried how much consultation had been undertaken.

In relation to 13, Health & Safety Considerations, she queried why these were not applicable. Responding to queries raised by Mrs Paton, Mr Clapperton noted:

- exploration of appropriate funding for the Splash Pad would be incorporated into the feasibility study and evaluation;
- he would arrange for one of the team to share with her the Waitārere Community Plan, as a similar process would be undertaken for Foxton Beach. Mr McCorkindale added that the Foxton Beach Community Plan process was being led by the Foxton Beach Progressive Association and in terms of timing, it should be undertaken before the end of this year to inform next year's Long Term Plan;
- the Report's Considerations, such as for Health & Safety, Iwi, etc, were made relative to all the recommendations which related to the Annual Plan, rather than individual options.

Being a grandmother with a number of grandchildren and saying that families did need something that was free, Mrs Vivienne Bold said she did not think an expensive Splash Pad was the answer and this view was supported by a quarter of the population. She further raised Growth Response – Community Plans, querying why some areas would have more money than others spent on them.

Another big issue for her was the landfill. She knew it brought in money, but at what expense to the environment? It was not in the right place and was an environmental disaster waiting to happen.

Acknowledging that the district had seen growth with an additional 300 new properties added to the system, Mr Geoff Kane queried where that income went and how was it shown. Was it part of the rates increase? Commenting on the reduction in rates that had been caused by lower interest rates, he expressed a concern at the affect there could be on rates if interest rates again rose.

He then addressed the three main topics submitted on being:

- the Splash Pad, with the majority saying that could not be afforded this year, and there had also been no information on operating costs.
- the proposed rates increase, with a zero rates increase sought. It was pleasing to see staff costs built in, as the fact that the average ratepayer had had five weeks with no income needed to be factored in.
- the Long Term Plan. Funding for this should not be cut. It was going to be very important as it went back to the issue of capital, against land, against everything else, and he looked forward to getting involved in that process.

7 Strategy and Development

7.1 Annual Plan 2020/2021 - Further Deliberations

Purpose

To present Council, for its consideration and deliberation, options for the Annual Plan 2020/2021, in response to COVID-19 pandemic's potential economic and social implications and the submissions Council received during consultation on this Annual Plan.

On completion of hearing of submissions and associated deliberations on the Annual Plan 2020/21, Council requested Officers to undertake further analysis and report back on key issues raised by submitters and Council itself.

MOVED by Cr Bishop, seconded Cr Jennings:

THAT Report 20/216 Annual Plan 2020/2021 - Further Deliberations be received.

THAT these matters or decisions are recognised as not significant in terms of S76 of the Local Government Act.

CARRIED

Mayor Wanden said it was his intention that the recommendations 3.4-3.12 would be addressed individually which would lead into the discussion on recommendation 3.3.

Cr Bishop proposed moving a motion that would involve discussing Option 4b, and which would include recommendations 3.4-3.11 and the second half of 3.3, with additional inputs from a paper he would provide. Cr Tukapua offered to second such a motion.

In terms of process, the Chief Executive noted that any such resolution would need to be quite specific.

Mayor Wanden said some clarity was needed around the proposed resolution as it was somewhat confusing and he suggested that if the recommendations were addressed individually, it would be easier to decide with more clarity the scenario options as there

were a number of impacts that would affect some of that modelling.

Cr Bishop then moved that recommendations 3.4–3.11 be addressed in block, and this was seconded by Cr Tukapua.

This proposed motion was discussed, with a concern expressed around process. It was noted that a number of the recommendations were quite discrete, with each needing to be discussed individually. If the recommendations were considered in block, a Councillor who supported some of the recommendations, but not others would not be able to record their view either way on individual items. Councillors had spent considerable time trying to make the Annual Plan as palatable as possible. It was now in a public forum and Councillors owed it to the public to debate each of these recommendations in turn.

Cr Bishop, with the agreement of Cr Tukapua, withdrew the motion.

Splash Pad

MOVED by Cr Tukapua, seconded Cr Jennings:

THAT the Horowhenua District Council supports the construction of a Community Splash Pad.

THAT the Horowhenua District Council allocates \$50,000 Capex in the Annual Plan 2020/2021 to complete the following in association with the proposed Community Splash Pad at Jubilee Park:

- *Site Planning and Analysis*
- *Feasibility and Evaluation*
- *Stakeholder input*
- *Aquatic Project drawings.*

Speaking in support of the construction of the Splash Pad, Cr Tukapua tabled some further information when it came to identifying community support for the project, providing the results of on-line engagement that had occurred during lockdown in April. In the on-line engagement, three options had been provided; 1. 'remove the pool'; 2. 'remove the pool and replace it with a splash pad'; or 3. 'replace the pool with a splash pad but the community raises part of the funding'. 500 members of the public replied, with 108 comments and 33 shares. Option 2 was chosen by 375 responders; 113 chose option 3 and only 10 said they did not want a splash pad. There was a demographic component to the responses. Cr Tukapua said she had spoken with someone from LGNZ to see if this type of submission was valid and should be considered, and the response was in the affirmative.

As a Youth Representative, and noting that it was only proposed to allocate \$50,000 at this stage to cover the evaluation of various aspects of the project, Cr Tukapua, also provided information on past requests for such a facility and said that while the splash pad was for children up to the age of 12 (with 34% of the Horowhenua being under the age of 24), it would be well used and used by all.

Having regard to the information provided by Cr Tukapua, Cr Jennings supported her comments saying that it was a sensible and reasonable approach to take, with further consideration on the splash pad installation being undertaken through the Long Term Plan.

Cr Mitchell offered an opposing view saying that at this stage she could not support going forward with installing a splash pad. Whilst some people may put weight on what they saw on Facebook, it was a very narrow view as it only focused on one part of the Annual Plan. She suggested that those who submitted more formally tended to look at the overall picture rather than just one aspect. Affordability was also something that needed to be considered, with \$50,000 for a feasibility study being a large sum. Until the effects of COVID-19 were known, she could not support it.

Noting the challenge by submitters around a zero rate increase and the wants versus the needs, Cr Allan said he worried what COVID-19 would continue to do to the district. However, the core business of Council was not just about core infrastructure; Council was often the last resort when it came to community wellbeing. Looking at the figures, the operational costs for a splash pad were minimal because it was remotely controlled and Opex costs were small. The feasibility study would determine whether it stacked up and if it was affordable. When it came to investment, there was the opportunity for Council to be creative when it came to accessing funding, not only internally but also externally. Levin was also like Foxton in that it had an east side and west side of town. The East side was the loser when it came to social connectedness and it was not just about the children, Cr Allan said for him it was about the whole family and for that reason his would support the splash pad's construction.

Cr Bishop expressed his support of the project, but only if proposed expenditure did not increase rates. He had had a number of people come to him outside of the formal process (and he was sure it was the same for other Elected Members) to let him know their views as to where they thought Council should or should not land in terms of rates and the community needed to be listened to at every level.

Saying he concurred with the reasons given by Cr Allan, Cr Isaacs expressed his support for the splash pad.

Cr Kaye-Simmons said that this had been a hot topic with clients of all ages, with a lot of support expressed in the community for the splash pad, so she did support it.

Commenting not only on what the community in Shannon and Tokomaru were saying, but also on the effect that the decisions Council made had on the spiritual, psychological, and physical wellbeing of iwi and hapu/families, Cr Ketu said he would support the construction of the splash pad, especially in terms of doing the investigations. He said he had mokopuna/grandchildren who regularly came to Levin to go to the Aquatic Centre and the play park, and for sport, and he knew what such amenities meant in terms of wellbeing.

Ascertaining that no-one else wished to speak against the motion, and appreciating that there would be degree of public interest, Mayor Wanden said he would call a division for each recommendation so people would be aware of where Elected Members sat on the various issues.

A division was called for, voting on which was as follows:

For:

Mayor: Bernard Wanden
Deputy Mayor: Joanna Mason
Councillors: David Allan
Wayne Bishop
Ross Brannigan
Todd Isaacs
Samuel Jennings
Victoria Kaye-Simmons
Robert Ketu
Piri-Hira Tukapua

Against:

Councillor: Christine Mitchell

The division was declared **CARRIED** by 10 votes to 1.

With Cr Tukapua noting that exploration of additional funding options had already begun and suggesting the addition of the words "up to" to precede \$400,000 should the whole amount not be required, it was:

MOVED by Cr Tukapua, seconded Cr Kaye-Simmons:

THAT following completion of the above, the Horowhenua District Council considers allocating a Capex budget of up to \$400,000 for the construction of a Community Splash Pad as part of the preparation of the 2021/2041 Long Term Plan, and explores the appropriate funding arrangements.

A division was called for, voting on which was as follows:

For:

Mayor: Bernard Wanden

Deputy Mayor: Joanna Mason

Councillors: David Allan

Wayne Bishop

Ross Brannigan

Todd Isaacs

Samuel Jennings

Victoria Kaye-Simmons

Robert Ketu

Piri-Hira Tukapua

Bernard Wanden

Against:

Councillor: Christine Mitchell

The division was declared **CARRIED** by 10 votes to 1.

Shannon School Pool

Mayor Wanden noted that this was not part of the Opex budget and if supported it would get added to the operational spend.

As someone who used to work at Shannon School and knowing the value of the pool to the Shannon Community, Cr Ketu voiced his support for this item, with Cr Allan echoing his comments saying it was about equity, not luxury.

MOVED by Cr Brannigan, seconded Cr Isaacs:

THAT the Horowhenua District Council allocates \$30,000 for maintenance of the Shannon School Pool in the Annual Plan 2020/2021.

A division was called for, voting on which was as follows:

For:

Mayor: Bernard Wanden

Deputy Mayor: Joanna Mason

Councillors: David Allan

Wayne Bishop

Ross Brannigan

Todd Isaacs

Samuel Jennings

Victoria Kaye-Simmons

Robert Ketu

Christine Mitchell

Piri-Hira Tukapua

Against:

The division was declared **CARRIED** by 11 votes to 0.

Growth Response – Community Plans

Mayor Wanden noted that this was currently a budget item.

Cr Allan acknowledged that these plans were a work in progress that would continue; however, this was about new money and new initiatives, with Cr Brannigan adding that this was not needed this year as it could not happen without impacting on the community.

MOVED by Cr Allan, seconded Cr Brannigan:

THAT the Horowhenua District Council does not retain \$20,000 for Community Plans in the Annual Plan 2020/2021.

A division was called for, voting on which was as follows:

Mayor:	Bernard Wanden	<u>Against:</u>	Councillors: Robert Ketu
Deputy Mayor:	Joanna Mason		
Councillors:	David Allan		
	Wayne Bishop		
	Ross Brannigan		
	Todd Isaacs		
	Samuel Jennings		
	Victoria Kaye-Simmons		
	Christine Mitchell		
	Piri-Hira Tukapua		

The division was declared **CARRIED** by 10 votes to 1.

Long Term Plan Development

Mayor Wanden noted this was a current budget item.

With the Long Term Plan coming up next year, Cr Mitchell said she thought it was important that this was left in the budget as there was an expectation that Development Contributions and ways to fund growth were explored.

Citing the motion passed at the 3 June 2020: "THAT Council considers developing and consulting on funding options for growth as part of the LTP 2021-2041", Cr Jennings said he wanted to ensure that passing this resolution would not tag this to a very narrow scope of work, but would reflect the broader intent of the 3 June resolution.

MOVED by Cr Mitchell, seconded Cr Isaacs:

THAT the Horowhenua District Council retains \$32,000 for Long Term Plan development in the Annual Plan 2020/2021.

A division was called for, voting on which was as follows:

Mayor:	Bernard Wanden	<u>Against:</u>	
Deputy Mayor:	Joanna Mason		
Councillors:	David Allan		
	Wayne Bishop		
	Ross Brannigan		
	Todd Isaacs		
	Samuel Jennings		
	Victoria Kaye-Simmons		
	Robert Ketu		
	Christine Mitchell		
	Piri-Hira Tukapua		

The division was declared **CARRIED** by 11 votes to 0.

District Plan / District Plan Changes

Mr Clapperton suggested that recommendations 3.10 and 3.11 were considered together, explaining that the \$60,000 (which was loan funded) was currently in the budget, and the \$110,000 was not, which made the total figure under consideration \$170,000. He also suggested that, given in the past District Plan reviews had been debt

funded, that this should continue rather than it being in the Opex budget.

MOVED by Cr Bishop, seconded Cr Brannigan:

THAT the Horowhenua District Council retains \$60,000 for the District Plan in the Annual Plan 2020/2021.

THAT the Horowhenua District Council allocates \$110,000 for the District Plan Changes in the Annual Plan 2020/2021.

Both Cr Bishop and Deputy Mayor Mason spoke in support of this, with Cr Bishop noting that District Plan changes had been one of the issues considered by the Financial Resilience Working Party in terms of responding to any adverse effects of COVID-19 on the local economy, with Deputy Mayor Mason adding that it was really important to have some agility around the District Plan and the retention of this money would enable the use of independent commissioners.

A division was called for, voting on which was as follows:

Against:

Mayor: Bernard Wanden
Deputy Mayor: Joanna Mason
Councillors: David Allan
Wayne Bishop
Ross Brannigan
Todd Isaacs
Samuel Jennings
Victoria Kaye-Simmons
Robert Ketu
Christine Mitchell
Piri-Hira Tukapua

The division was declared **CARRIED** by 11 votes to 0.

Levin Town Centre – Al Fresco Dining Area

It was clarified that this would go into the capital programme as a placeholder, with a resolution of Council required before any money was spent.

MOVED by Cr Allan, seconded Mayor Wanden:

THAT the Horowhenua District Council retains \$110,000 (Capex) in the Annual Plan 2020/2021 for the Levin Town Centre Project and that prior to this money being spent on the Al Fresco dining areas in 2020/2021, the project be subject to further Council approval by way of a resolution of Council.

A division was called for, voting on which was as follows:

For:

Mayor: Bernard Wanden

Against:

Deputy Mayor: Joanna Mason
Councillors: David Allan
Wayne Bishop
Ross Brannigan
Todd Isaacs
Samuel Jennings
Victoria Kaye-Simmons
Robert Ketu
Christine Mitchell
Piri-Hira Tukapua

The division was declared **LOST** by 1 vote to 10.

Annual Plan 2020/2021 Adoption

With Recommendations 3.4–3.12 having been addressed, Mayor Wanden said there was now a platform to move to Recommendations 3.3, with Mr Law adding that using Option 3b as a base, the rates income would go from 1.39% to 1.42%, with minimal effect on the debt loading.

MOVED by Cr Brannigan, seconded Deputy Mayor Mason:

THAT the Horowhenua District Council resolves to adopt Scenario 3b: The Levin Landfill additional operational expenditure is retained, but is reduced to \$250,000, and lower the reduction of income assumption from \$426,000 to \$150,000.

Speaking in support of the recommendation, Cr Brannigan outlined the journey that Elected Members had undertaken to get to tonight's deliberations which had involved the in-depth consideration of a large amount of information, both financial and non-financial. He had come to the conclusion that Option 3b was a very good compromise given the extraordinary times and the unknown, at this stage, impact of COVID-19 on this community. Obviously the 6.95% rate increase proposed in the LTP was never going to be acceptable, and nor should it be. The process undertaken was what good governance was about which was exploring all the options available in terms of supporting this community through tough times. Council was also a business and it needed to be run as such. From his viewpoint, it had never been about zero percent rate rise as that could also have a cost, with anything less than what was proposed in Option 3b running the risk of a backlash some time in the future. The CFO had provided guidance including what other councils around the country were doing and commentary from Central Government and Local Government, and the dangers of slashing for the sake of slashing, which he did not see as responsible governance, Option 3b was a good compromise for the community.

Cr Bishop provided a contrary view, giving his reasons for not supporting Option 3b and with regard to a zero rate increase which had been the cry of many in the community, that had never been his motivation throughout the process. As he had stated along the way, their responsibility as a governing body was to do the very best by the community and to be able say all the available options to do better had been explored: it was not about slashing for slashing's sake and conversely he hoped it was not about spending for spending's sake. Due to COVID-19 the opportunity was available for Council to do its job better and there were still avenues to be explored for additional savings. He said he did have a greater level of comfort with the knowledge that had been gained over the past three months, commenting on some the budget adjustments that had come about through that process.

Further to that, Cr Bishop said he was keen to explore a change to the way Council did its depreciation funding and if this motion was carried, that discussion would not be able to occur. If motion 3b did not pass, he signaled he would offer a motion that did include that work because there were further savings that could be achieved by removing \$1m out of rate funding and putting that into a loan funded situation, taking advantage of current low interest rates. He provided his rationale for that stance, outlining the projects that Council had undertaken due to Central Government changing the levels of service required, but without accompanying funding.

Cr Mitchell spoke in support of 3b as it would keep Council's debt to income ratio at about 170% which was important as it provided headroom to borrow for necessities and some borrowings or debt may be required to fund any Central Government shovel ready projects that Council may be fortunate enough to obtain. Growth related expenditure may also be required bearing in mind if Development Contributions or other funding mechanisms came on the table, they would not be available until the infrastructure was

in place. She said she was also conscious of Council's Standard & Poors rating, which she did not want to go any lower as that helped in terms of interest rates. The discussion about funding for renewals should be part of the Long Term Plan, with the whole picture looked at and how that tracked down the years.

As the seconder of the motion and acknowledging Cr Ketu's karakia which had focused on "the people, the people, the people", Deputy Mayor Mason said during her time on Council that had been the focus, albeit with there being differing opinions. With regard to 3b, she said it recognised the significant amount of work that had been done looking at the Annual Plan. Whilst Cr Brannigan had used the word compromise, she said she saw it as finding efficiencies without impacting too significantly on what was delivered to the people across the district and which was still manageable in terms of Opex and Capex spend. What it did do was send a really clear message that there was a solid foundation for the Elected Members' intent for the Long Term Plan and what might be considered there. She said she would be happy to look at depreciation funding as part of the Long Term Plan, but she supported Option 3b which was responsible and delivered well for the district.

Cr Jennings said for the many reasons expressed by Cr Bishop, he would not support this motion particularly knowing there were further savings available and there were a range of other levers that could be pulled, such as the depreciation adjustment. He said he thought it was really important to reflect on the COVID-19 situation as the impact on the community for the coming year was unknown and to remember that this district's pre-COVID-19 starting position compared to many other districts was very different. Horowhenua already had high levels of unemployment and high levels of deprivation and already walked a tight-rope around rates affordability. Many in this community had not been impacted by COVID-19, but many had, so he did not support any increase in Council's rates income. He was committed to listening to the community which had asked for financial restraint and asked that a zero rates approach be taken.

Responding to prior comments, Cr Jennings added:

- with regard to Standard & Poors, there was risk around a zero rates approach or using some of those other levers, but he had not seen anything from Standard & Poors that would support or validate the concerns expressed;
- re wastewater, from his perspective new wastewater assets should be funded by new ratepayers, those who would benefit from them in the future. He did not think it was reasonable for current ratepayers to be on the one hand paying for consuming the existing asset and on the other, forward funding a future asset. The responsibility for paying for those future assets should be the people from the point at which those assets arrived.

Whilst acknowledging particularly Cr Bishop's stance and his commitment to the process and the community, Cr Allan said he thought 3b hit the right place for where things were at currently. Timing was everything and to be able to go out, after all the work that had been undertaken over the past weeks, with the current option was a very good result. A very solid journey to make this Council a lean organisation had commenced. It was unfinished business and he would welcome the opportunity to visit such issues as debt funding depreciation in the Long Term Plan scenario as that was where it should sit; however time had run out for now. Again commending the work done by his fellow Councillors, particularly Cr Bishop in terms of the energy he had invested, Cr Allan also publicly acknowledged the Chief Executive and Council Officers who had bought into the Governance's desire to really try and make this a leaner organisation.

Saying that she was glad they had gone through this Annual Plan line by line, Cr Tukapua commented that this was one of the poorest communities in New Zealand and affordability was an issue. A lot of incomes in this community did not rise at the same level as the proposed rate increase and it was getting tougher and tougher every year. She would not be supporting 3b because she did not think it was the very best option,

and would save further comments until later in the meeting.

Cr Mitchell noted Mr Kane's comment about the 300 new properties that he had not seen anywhere in the workings, making the point that once these were included, and when those rates came on stream that would assist with rates affordability.

With regard to growth, Mr Law said it would not change the income amount. The impact of growth would be to spread the increase over more ratepayers and reduce it for every ratepayer. There were about 180 urban and approximately 50 rural properties, with urban properties reducing water and sewer rates.

Commenting in support of 3b and touching on the extraordinary process that had been undertaken to get to the options that were in front of the meeting, Mayor Wanden said he concurred with a lot of the remarks made by both sides in terms of where things were sitting at the moment. He was, however, very conscious that this was not just about the next 12 months; for him it was as much about the following 5-10 years and he reflected back to the decision that was made a year ago to decrease what had been planned and he outlined some of the concerns he had had over the past few years which had in effect not seen investment in the district's future. He said the reality was that regardless of where the rates were set, there would be those who would have a rates decrease and those who would have rates increase because of the significant revaluations that had been made across the district.

Mayor Wanden said he struggled to understand after the line by line approach that had been taken, the inference that there were more spending cuts that could be made and inefficiencies that could be addressed. He said he believed an extraordinary job had been done in cutting budgets to such an extent that it would be hurting the future development of the district if more were imposed.

Also, in terms of the talking about the current ratepayers not paying for the future, Mayor Wanden said the reason for the present dilemma was because past ratepayers had not contributed to the future. Catch up was now needed. He did believe that there were more issues, as signalled by a number of Elected Members, that would be addressed during the Long Term Plan process; however, for this year, the responsible and prudent measure was to go with 3b.

Commenting that there was a huge gap in equity within the district, Cr Ketu said for his township it had been there for a long time and it was not getting any better. As a community they had tried to stem some of the impact of what was happening by providing food, health packs, trying to connect with other groups, trying to make a difference because they knew the impact was there. During that time the community, at the grass roots level, had been saying they did not want any more rate rises because they were unaffordable and, for that reason, he would not be support 3b.

In his right of reply, Cr Brannigan acknowledged everyone that had spoken. Everyone was right, but it was about timing and it was about circumstances. He had made some notes and 'risk' was one of the words that stood out; some were prepared to take more of a risk than others and that was a concern. Mr Kane had touched on it; a bold assumption had been made about interest rates and at the moment that looked as if it could be right. However, the world was a volatile place at the moment for various reasons and who knew what was going to happen so it was about risk and the level of risk Council was prepared to take. He thought Option 3b was about right. When it came to the LTP he definitely supported some of the matters raised during the debate in terms of looking at further efficiencies. However, Council was the lead organisation for the community. There were big challenges ahead, but Council had a business to run as well.

A division was called for, voting on which was as follows:

For:

Mayor: Bernard Wanden
Deputy Mayor: Joanna Mason

Against:

Councillors: Wayne Bishop
Todd Isaacs

Councillors: David Allan
Ross Brannigan
Christine Mitchell

Samuel Jennings
Victoria Kaye-Simmons
Robert Ketu
Piri-Hira Tukapua

The division was declared **LOST** by 5 votes to 6.

Offering an alternative recommendation, as had been previously signalled, it was:

MOVED by Cr Bishop, seconded Cr Tukapua:

THAT the Horowhenua District Council resolves to adopt Scenario 4b: The additional operational expenditure for the Levin Landfill of \$500,000 is not included and the reduction of income assumption of \$426,000 is lowered to \$150,000. The financial implications of this means a rate requirement below 0%, resulting at -1.83% which is 4.58% less than the 2.75% rates income increase outlined in Option 2. Council would meet its balanced budget benchmark (revenue would be 105% of its operating expenses) and its debt to income ratio would be 176% which is within its limit of 195% set in the Financial Strategy.

For clarification, Mr Clapperton said the consideration with regard to 4b. was around the depreciation component; it was not considering further cost savings as had been raised by a number of Councillors. He just wanted to ensure that Cr Bishop, and other Councillors, were aware of what it was that was being proposed by this resolution.

Cr Bishop said he was putting forward Option 4b as it was written in the Agenda (which he read out), with the first part of the meeting having dealt with other matters such as the Splash Pad, Shannon School Pool, Community Plans, LTP, District Plan, etc.

Responding to queries with regard to the effects of 4b in terms of depreciation and the rates impact on different communities due to revaluation, Mr Law said depreciation would be taken off the rates for water and sewer which would have an impact on urban ratepayers by reducing their rates, but would have no impact on those not connected to water and sewer, unless some was taken out of roading as well, spreading it over three activities instead of two.

Speaking to the motion, Cr Bishop said he had for some time felt that how future works in the district were funded should be looked at. For him, not to offer this up would simply mean that the work asked of Officers to include this option would have been in vain and not discussed at the table. He acknowledged the work that had gone on during lockdown and thereafter, by Councillors as a collective, and Officers, with the clear desire of the community to be acutely aware of the potential negative effects of COVID-19 having been heard loud and clear as was the overwhelming signal through the submission process that a large rate increase was strongly opposed.

Cr Bishop worked through, in detail, the various permutations of the options that had been considered during the process which included looking at the work programme, adjusting the amount of Capex to a more manageable figure, the savings made within the various Council budgets, with some of the matters raised having been parked for the Long Term Plan process.

Cr Bishop said he was delighted that this year it had been agreed to reduce the interest rate assumption, with the current interest rates not having been seen for generations and with all the commentary suggesting that low interest rates would be enjoyed for a while yet. He was therefore comforted that Council could continue to borrow at a rate well below the 3% and he looked forward to 17 May next year when \$15m would be shifted off Council's books which was currently costing about 5½%. He further noted that Option 4b also had an amount of \$150k to respond to a possible reduction in revenue due to COVID-19. That had been a recent entry and a good decision. That amount, albeit less than the original assumption, was included to provide assistance to areas identified that could be hit significantly by a drop in activity.

Cr Bishop said the key point of Option 4b, which used Option 2 as a starting point, was exploring the implications of Council debt funding \$100m of renewals instead of rate funding them, which had been a concern for him for the last couple of years. A key aspect of Council's Financial Strategy was to try and reach a balance between loan and rate funding; a balance for the purchasing of new assets and the maintenance of old assets. His view was that this balance was currently tilted too far towards rate funding and he outlined the reasons for that position, particularly with regard to depreciation and how that had been historically dealt with in the local context and how he thought it could be done better.

In terms of the implications of 4b, as set out in the report, Cr Bishop said this option would mean a rate requirement below zero, Council would meet its balanced budget, revenue would be 105% of its operating expenses and its debt to income ratio would sit some 20% below the head room at 176% which was within that 195% self-imposed debt limit set in Council's Financial Strategy. Cr Bishop did acknowledge that there has been some concern about creating a bow-wave into the future but offered the following observations:

- Standard & Poors had in their latest report included the rating score snapshot table and the key rating factors they identified and may score at a 4, which was the highest; budgetary performance and debt burden and he believed they would also be pleased to see an Annual Plan showing revenue at 105% of Opex and a reduction in Council's debt.
- The future forecast in Council's current LTP was about to be reworked and it was unlikely that the new LTP would be a reflection of the current one.
- Funding for future lead infrastructure had been discussed and resolved with funding for these assets had been put in the budget tonight.
- The number of new ratepayers about to enter the district was huge and there had tonight been a glimpse of the positive impact these new ratepayers would have. It was therefore important to ensure funding had been set aside to do some adjustments to the District Plan.

In summary, Cr Bishop said 4b was an option that could deliver an overall rate decrease; the interest rate assumption was reduced, there were the savings offered up by staff through budget adjustments, \$1m of rate funding of depreciation was transferred across to loan funding, all levels of service were retained, and other matters such as the AI Fresco dining area had been addressed, so he considered this a stunning result and he trusted that the reasoning behind what was proposed in 4b would be the focus of the debate rather than a headline figure.

Mayor Wanden noted that as he had given Cr Bishop leeway in terms of the length of time he had been allowed to speak, he asked members to respect the fact that Standing Orders allowed for five minutes per speaker.

As the seconder of the motion, Cr Tukapua said she supported Option 4b. because she thought it was the very best option for this community. It meant that levels of service could be retained and every avenue had been explored in terms of things that could be removed without too much impact on the community. Cr Bishop had clearly and in detail explained the workings of this option, and Cr Tukapua shared some of her own thoughts with regard to the process, which included:

- the removal of the landfill assumption of \$500k. This was because no decision had been made and further review and assessment was required. When that had been done a more accurate amount could be allocated.
- debt funding rather than rate funding \$1m of depreciation or renewals. This was what Council already did and it would be explored further in the LTP.
- the bow-wave that had been suggested may not occur as Council was going to do its due diligence again.
- it was doubtful that the Standard & Poors rating would be reduced to A as Council would balance its budget for the first time in a number of years.

Cr Tukapua reiterated her support for 4b as being the best option for the community and

the best fit for the district.

Acknowledging Cr Bishop's detailed reasoning in relation to Option 4b, Cr Kaye-Simmons commented again on the hard work that Officers and Elected Members had done recently with a lot of information having been provided and Elected Members had been able to do their own research to come to what she felt was the right decision for this community and its people. Elected Members had listened and had chosen to think outside the square, being a little creative and diverse, and she was happy to support Option 4b. She said there should not be any visible signs of change around levels of service across the district, there were savings offered up by staff through their budget adjustments, the interest rate assumption had been reduced, and she was pleased to see the Shannon Pool was in there. With regard to Standard & Poors, they should be really pleased to see an Annual Plan showing revenue at 105% Opex, an achievable works programme, and a reduction in the forecast debt. In response to Cr Brannigan's comments around risk, whilst there could be a risk with this option, it was a risk she was prepared to take.

Looking at tonight's purpose, Cr Brannigan said it was all about COVID-19 and whilst Cr Bishop's commentary would be very good leading into the LTP, this went far beyond the initial intent of what was looked at two months (or longer) ago for this Annual Plan. Cr Tukapua had talked about this being a good option for the community; it could be a good option for today, but Cr Brannigan said he sincerely hoped that it was a good option for tomorrow. He would not be supporting the recommendation.

Cr Mitchell said she would not be supporting the motion. She came from the old school when they did not just borrow for everything. She said she looked upon the district's infrastructure somewhat like a house: personally she would use income and savings to undertake maintenance, whereas some people would put it on their mortgage. If she was adding a new room or improving the house in some way, then she would be prepared to actually debt fund it. She, therefore, could not support more debt funding or saying it was okay to debt fund to replace infrastructure, like for like. Council had a Financial Strategy that supported moving towards rate funding, not debt funding, such things. She said she also could not support taking the \$500k out of the landfill budget as the future of the landfill did need to be decided in the next few months and whatever that future was, it needed to be funded and she thought it would be irresponsible not to put some money aside to fund that work.

Also acknowledging the significant amount of work that had been done around all of the options, Deputy Mayor Mason said whilst there were many aspects of scenario 4b that she was drawn to, particularly for this district and its ratepayers, because it did not include some operational expenditure for the significant amount of work that would be required in terms of the future of the landfill, she thought it was not a responsible decision. She said she did support looking at the depreciation model, but more as part of the LTP process. She further pointed out that no matter what the decision, and there might be broader support for this decision around the table, those communities that might be considered as having the highest deprivation were still going to be stung with a rates rise. However, simply based on the fact that funding for the ongoing work on the landfill, she could not support this motion in its entirety.

Cr Isaacs said he agreed with the previous comments that they were all good options and he acknowledged that everyone had worked very, very, hard over the last 10-12 weeks, particularly noting what Cr Bishop had put forward. He said he was in support of Scenario 4b; it was about listening to the people; it was a chance to move forward and the \$1m talked about would only be putting a toe in the ocean. It would be during the LTP process that there would be more in depth discussions.

Saying that other Councillors who had spoken to the new motion had said most of what he wanted to say, Cr Allan added that this would bring about a significance change in the way things were done when it came to renewals and depreciation. The reason he opposed the current motion was that it needed to be part of a wider and deeper

conversation in the context of the LTP because it was not about this year but about the impact this would have in subsequent years. It was also about bringing the public into the conversation, because for the public this was a new and very different way of doing business, as Cr Mitchell had signaled. Cr Allan said for him it was about respecting the process and ensuring there was a measured conversation, which could occur in the LTP review next year. Putting this through this evening felt rushed and he felt uncomfortable about it.

Cr Jennings said he supported the approach being proposed, acknowledging that there would be more discussion and modelling through the LTP. He said he thought this option was about delivering relief and fairness; it did come with trade-offs and carried some risks, as did all of the options that had been presented. He was satisfied that the risks were not unacceptable or inconsistent with Elected Members' governance obligation to act prudently; the option was defensible, appropriate and recognised that this Annual Plan needed to shift to a 'not business as usual' plan.

Responding to comments with regard to not including provision for the landfill, Cr Jennings said he took a contrary view in that as yet there was not a decision around the landfill and so he thought it was a responsible approach for Council Officers to seek a decision in the next financial year and once that decision was known, then further decisions could be made in terms of cost and the funding mechanism for that. In terms of Cr Mitchell's comment about people funding work on their houses out of income rather than borrowings, Cr Jennings said that was something to be reflected on as many in this community lived week to week, so by delivering this rate cut think it was the appropriate response in the current circumstances.

Commenting on the challenges that he had in terms of his low vision, but his community had voted him in nonetheless seeing in him someone who was able to represent them, Cr Ketu shared a Whakatauki that he used quite often, with there being two choices a person had in their life: "You can do something, or you can do nothing. You can either be part of the problem or part of the solution". He wanted to be able to do something for his community; he wanted to do something in this space as a Councillor; he wanted to do his best and be an effective person and voice some of the concerns of his community. In that context he could be either be part of the problem or part of the solution. For him to be able to participate meaningfully and be able to be part of a group of people that cared about their communities was inspiring. He thanked everyone; Elected Members, the CE and his team, for the opportunity to be part of what was happening right now and to give his support in terms of changing things, which came back to the Whakatauki: "You can do something or do nothing; Either be part of the problem or part of the solution".

Mayor Wanden said that tonight was a reflection that democracy was alive and well in the Horowhenua. There had been a long three months of discussing these issues and it had presented some real challenges to everyone. He said he would not be supporting 4b. as he did not believe Councillors fully understood the implications of further debt funding renewals and that should be part of LTP discussion. He also did take note of the advice from the CFO that there was a considerable risk for the future by making such a decision and, being a businessman, he did have an aversion to risk at the best of times. He did believe that this was a short term gain for long term pain and he wished that the topic of debt funding could have been held off until the LTP discussion. Mayor Wanden added that he was also against this motion because it took out the landfill money and that concerned him greatly. That funding was needed to prepare for a decision on the landfill, it was not about the decision itself; and Councillors may not be in the best position to make an informed decision without that budget to receive appropriate advice.

In his right of reply, Cr Bishop responded to two points raised by those who did not support this option. In terms of the landfill funding and this option being irresponsible, he queried if would have been more responsible to have gone out with a rate increase with the \$500k having not been consulted on. It had become part of the process

because of COVID-19 and he said he believed that there would be time to deal with this in a smart way going forward. There was also the issue of loan funding, which was what Council was currently doing and it had not been an issue in the past. He concluded by saying this was a COVID-19 response and it was not about “HDC”, it was about “H”.

A division was called for, voting on which was as follows:

For:

Councillors: Wayne Bishop
Todd Isaacs
Samuel Jennings
Victoria Kaye-Simmons
Robert Ketu
Piri-Hira Tukapua

Against:

Mayor: Bernard Wanden
Deputy Mayor: Joanna Mason
Councillors: David Allan
Ross Brannigan
Christine Mitchell

The division was declared **CARRIED** by 6 votes to 5.

The meeting closed with a karakia (Cr Tukapua).

6.48 pm

There being no further business, the Chairperson declared the meeting closed.

CONFIRMED AS A TRUE AND CORRECT RECORD
AT A MEETING OF COUNCIL HELD ON

DATE:.....

CHAIRPERSON:.....