
Council

OPEN MINUTES

Minutes of a meeting of Council held in the Council Chambers, 15 Forth Street, Invercargill on Wednesday, 1 February 2017 at 9am.

PRESENT

Mayor
Deputy Mayor
Councillors

Mayor Gary Tong
Paul Duffy
Stuart Baird
Brian Dillon
John Douglas
Bruce Ford
Darren Frazer
George Harpur
Julie Keast
Ebel Kremer
Gavin Macpherson
Neil Paterson
Nick Perham

IN ATTENDANCE

Chief Executive Officer – Steve Ruru, Group Manager, Environmental Services – Bruce Halligan, Group Manager, Services and Assets – Ian Marshall, Group Manager, Community and Futures – Rex Capil, Chief Financial Officer – Anne Robson, Group Manager, Customer Support – Trudie Hurst, Communications Manager – Louise Pagan and Committee Advisor – Fiona Dunlop

1 Apologies

There were no apologies.

2 Leave of absence

There were no requests for leave of absence.

3 Conflict of Interest

Please see item 8.1 - Use of proceeds from any potential sale of the current Rakiura Museum property after the opening of the proposed new Rakiura Heritage Centre building for a conflict of interest declaration from Councillor Ford and C10.1 - Transfer of land at 28 Pop Andrew Drive Te Anau to the Fiordland Retirement Housing Trust for a conflict of interest declaration from Councillor Kremer.

4 Public Forum

1. Presentation of Southland District Council Youth Council Community Spirit Award to Lane McDuff of Fiordland College.

Mayor Tong presented the Southland District Council Youth Council Community Spirit Award 2016 to Lane McDuff of Fiordland College.

Mayor Tong shared the following with the meeting to outline why Lane was chosen to be the recipient of the Community Spirit Award for 2016:

- Active all-around school and community member with a strong interest in protecting Fiordland's spectacular natural environment
- Student leader for Kids Restore the Kepler – went and spoke to the New Zealand Association of Environmental Education about this project
- Selected from 300 students around the country to attend the Sir Peter Blake Youth Enviro Leaders Forum in Nelson last year
- Strong involvement with Venturers. Gained Chief Scout Award and is currently working towards the Silver Venturer Award. Works with younger kids through Cubs to help develop their own skills
- Equally impressive are his feats at school. He's taken part in the Sheila Wynn Shakespeare competition, gone to Hands On Otago, and tested his skills in the Japanese Language Proficiency Test and the International Competition for Science
- He has also put his hand up to be an open night volunteer and is a member of the Student Council
- To top it all off, Lane has also represented his school and Southland in a number of sporting pursuits including hockey, cross country, orienteering and swimming
- An excellent effort and something for others to aspire to.

2. Brian McCandless, Doug Fraser and Philip van der Bijl addressed the meeting regarding the Around the Mountain Cycle Trail.

They all expressed concern over the funding of the project and asked the Council to 'put an end' to the project in its current state and not take it any further.

John Turner also made a brief presentation to the meeting regarding the Southland District Council Roding Reserve Fund which was established in 1997 following the sale of the Council's Business Unit Southroads in 1996.

Copies of their notes are attached to the minutes.

3. Dave Wilson of The Roding Company Ltd addressed the meeting regarding roding contracts. He expressed his concern that Southland District Council is only looking at bigger contractors to undertake roding works for Council.

Adjournment of Meeting

Resolution

Moved Mayor Tong, seconded Cr Frazer **and resolved that the Council meeting adjourns until the conclusion of the Community and Policy Committee.**

The meeting adjourned at 9.53am.

The meeting reconvene at 10.19am.

Mayor Tong and Councillors Baird, Dillon, Douglas, Duffy, Ford, Frazer, Harpur, Keast, Kremer, Macpherson, Paterson and Perham were present when the meeting reconvened.

5 Extraordinary/Urgent Items

There were no Extraordinary/Urgent items.

6 Confirmation of Council Minutes

Resolution

Moved Mayor Tong, seconded Cr Frazer **and resolved:**

That Council confirms the minutes of ordinary Council meeting held on 14 December 2016 and the minutes of Extraordinary Council meeting held on 21 December 2016 as a true and correct record of those meetings.

Reports - Policy and Strategy

7.1 Southland Regional Development Strategy Action Plan

Record No: R/16/12/20900

Chief Executive Officer – Steve Ruru was in attendance for this item.

Mr Ruru advised that the purpose of the report was to seek Council endorsement of the Southland Regional Development Strategy Action Plan.

The Meeting noted that during 2014 the Mayoral Forum commissioned development of a Southland Regional Development Strategy (SoRDS). Development of the Strategy was led by a Steering Group made up of representatives from local government, business and the non-profit sector from across the Region.

The final Strategy was endorsed by the Mayoral Forum in September and then publicly released on 16 October 2015. This Council formally endorsed the phase 1 Strategy document in December 2015.

Following publication of the Strategy Document work was progressed to develop an Action Plan that detailed the work needed to give effect to the overall goals set through the Strategy document.

The final SoRDS Action Plan was publicly released on 30 November 2016. At that time central Government also confirmed the allocation of some \$2.4 million of funding to assist with the implementation phase.

Resolution

Moved Cr Douglas, seconded Cr Macpherson **and resolved:**

That the Council:

- a) **Receives the report titled “Southland Regional Development Strategy Action Plan” dated 25 January 2017.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Endorses the Southland Regional Development Strategy Action Plan.**
- e) **Agrees that the Actions which are of direct relevance to this Council should be put forward for consideration as part of the appropriate business planning process including the 2017/18 Annual Plan and 2018 Long Term Plan.**
- f) **Asks the Chief Executive to report back on options for progressing the implementation of the Southland Regional Development Strategy Action Plan and regional development in Southland.**

The meeting adjourned for morning tea at 10.29am and reconvened at 10.47am.

Mayor Tong and Councillors Baird, Dillon, Douglas, Duffy, Ford, Frazer, Harpur, Keast, Kremer, Macpherson, Paterson and Perham were present when the meeting reconvened.

Muriel Johnstone joined the meeting at this point.

7.2 2017/18 Annual Plan Consultation Document

Record No: R/17/1/1583

Resolution

Moved Cr Douglas, seconded Cr Keast **and resolved:**

That the Council:

- a) **Receives the report titled “2017/18 Annual Plan Consultation Document” dated 25 January 2017.**

7.3 Adoption of the Annual Plan consultation document and supporting documents

Record No: R/17/1/651

Project Co-ordinator Corporate Planning – Nicole Taylor was in attendance for this item.

Miss Taylor advised that the purpose of the report was to recommend that Council adopt the Consultation document and associated Supporting Information for the Annual Plan 2017/2018 for public consultation.

The Meeting noted that all Councils are required by legislation to prepare and adopt an Annual Plan for each financial year. As this is Year Three of the Council's Long Term Plan 2015-2025 (LTP or 10 Year Plan) and serves as the base for the Annual Plan 2017/2018 to which activity managers have proposed changes that are considered necessary.

Miss Taylor also advised that in developing the Annual Plan it has become apparent that it is broadly consistent with the LTP. There are no significant changes to the levels of service proposed to be provided by Council and the overall budgeted expenditure is projected to be slightly more than proposed in the LTP. There have been some changes to the timing of some scheduled LTP capital works projects, particularly water and sewerage projects and the Catlins Road seal extension.

The Meeting also noted that the total rates overall are proposed to increase by 3.64%, compared to 3.36% proposed in the LTP. 25.6% (2016: 25.63%) of rates are proposed to be collected from uniform annual charges and targeted rates set on a uniform basis.

Miss Taylor further advised that Local authorities which have significant and material changes to their Annual Plan from what was forecasted in the LTP for that year are required to develop a consultation document as well as making publicly available the information that provides the basis for the preparation of the consultation document (the supporting information). There is no longer a requirement to use the special consultation procedure to consult with the public.

The Meeting further noted that the consultation document primarily sets out any significant or material differences to Year three of the LTP. Public feedback opens on 8 February 2017 and closes at 5pm on 8 March 2017.

Resolution

Moved Cr Kremer, seconded Cr Dillon **recommendations a to c, d with a change to d(ii) (as indicated) and e to m and resolved:**

That the Council:

- a) **Receives the report titled “Adoption of the Annual Plan consultation document and supporting documents” dated 27 January 2017.**
- b) **Determines that this matter or decision be recognised as significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Confirms the key changes to the Annual Plan budgets/programme:**
 - i) **Removal of Te Anau Wastewater Disposal Project Capital Costs (\$5.6 million).**
 - ii) **Addition of operational expenditure for alternative site/option investigations related to the Te Anau Wastewater Disposal project (\$500,000) to be funded by a 5 year loan.**
 - iii) **Addition of expenditure (moved from 2016/2017) to complete the Catlins Road seal extension (\$4.15 million).**
 - iv) **Addition of a one-off grant to the Loss and Grief centre (\$10,000) and a one-year grant to Swim Safe Southland (\$20,000).**
 - v) **Addition of expenditure for the Southland District story project to be funded from the District Operations Reserve (\$150,000)**
 - vi) **Removal of expenditure related to Southern Rural Fire Authority leaving a balance of \$10,000 for transition costs (\$293,814)**
 - vii) **Recovery of additional Emissions Trading Scheme charges (\$105,000) via an increase in the wheelie bin collection rate (\$70,000) and transfer station fees and charges (\$35,000)**
 - viii) **Removal of the proposed transfer to the roading reserve (\$500,000)**
 - ix) **Setting the regional heritage rate at \$35.40 including GST**
 - x) **Updated Fees and Charges (as outlined in the supporting information attached to the officers report).**
- e) **Adopts the Draft Prospective Financial Statements as information that is relied on by the content of the consultation document in accordance with Section 95A(4) of the Local Government Act 2002.**
- f) **Adopts the Draft Funding Impact Statements (All Activities and Rates) as information that is relied on by the content of the consultation document in accordance with Section 95A(4) of the Local Government Act 2002.**
- g) **Adopts the key assumption changes as information that is relied on by the content of the consultation document in accordance with Section 95A(4) of the Local Government Act 2002.**

- h) **Adopts the Draft Rooding Rate Model as information that is relied on by the content of the consultation document in accordance with Section 95A(4) of the Local Government Act 2002.**
- i) **Adopts the Draft Schedule of Financial Reserves as information that is relied on by the content of the consultation document in accordance with Section 95A(4) of the Local Government Act 2002.**
- j) **Adopts the Draft Schedule of Projects as information that is relied on by the content of the consultation document in accordance with Section 95A(4) of the Local Government Act 2002.**
- k) **Adopts the Draft Schedule of Variations to Fees and Charges as information that is relied on by the content of the consultation document in accordance with Section 95A(4) of the Local Government Act 2002.**
- l) **Adopts the consultation document for the Annual Plan 2016-2017 to support the consultation process giving due consideration to Council's balanced budget requirements of the Local Government Act 2002.**
- m) **Delegates' authority to the Chief Executive to approve any final edits required to the consultation document in order to finalise the document for printing and distribution.**

Reports - Operational Matters

8.1 Use of proceeds from any potential sale of the current Rakiura Museum property after the opening of the proposed new Rakiura Heritage Centre building

Record No: R/16/12/21217

Strategic Manager Property - Kevin McNaught and Group Manager, Services and Assets - Ian Marshall were in attendance for this item.

Councillor Ford declared a conflict of interest, withdrew from the table and did not take part in debate or voting on the issue.

Mr McNaught advised that the purpose of the report was that The Rakiura Heritage Centre Trust have sought confirmation from Council that the sale proceeds of any land portion from any subsequent sale of the current Rakiura Museum property be allocated to the Rakiura Heritage Centre Trust as Council's contribution to the project. This is requested so that it may be included in applications to potential funders.

The Meeting noted that the current Rakiura Museum property consists of two parcels of land owned by Council, and upon one of these parcels is situated the existing museum building owned by the Rakiura Heritage Trust. This Trust which runs the museum is separate from the Rakiura Heritage Centre Trust which is developing the new facility on the Island.

Mr McNaught also advised that since the new facility was proposed, it had always been an informal position that when the new facility was opened the existing museum

property was surplus to requirements and would be sold. As the building is owned by the Heritage Trust and the land by Council each party would obtain a relative portion of any sale and make their own decisions regarding the use of the funds.

The Meeting also noted that the feasibility study for the project anticipated that the proceeds from both would be put towards the development of the new facility, however as the Rakiura Heritage Centre Trust is now applying to funders for the project the confirmation of Council's previous informal position has been sought.

Resolution

Moved Mayor Tong, seconded Cr Keast **and resolved:**

That the Council:

- a) **Receives the report titled "Use of proceeds from any potential sale of the current Rakiura Museum property after the opening of the proposed new Rakiura Heritage Centre building" dated 22 January 2017.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Resolves that should after the opening of the new Rakiura Heritage Centre the current Rakiura Museum property being Lot 1, DP 15282 and Section 1, SO 12313 be sold then the net sale proceeds from the land component of the sale be made available to the Rakiura Heritage Centre Trust as Council's contribution to the development.**

8.2 Disposal of Edendale Hall Property

Record No: R/16/12/21248

Strategic Manager Property - Kevin McNaught and Group Manager, Services and Assets - Ian Marshall were in attendance for this item.

Mr McNaught advised that the purpose of the report was to declare the Edendale Hall property surplus to requirements and to be disposed of following a recommendation from the Edendale-Wyndham Community Board that the property is surplus to requirements.

The Meeting noted that in August 2014 the Edendale-Wyndham Community Board closed the Edendale Public Hall for public use pending an outcome for a proposed new facility in the town.

Resolution

Moved Cr Perham, seconded Cr Baird **and resolved:**

That the Council:

- a) **Receives the report titled “Disposal of Edendale Hall Property” dated 22 January 2017.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Declares the Edendale Hall property being Lot 53, DP 106 and Lot 2, DP 5626 contained in CFR’s SL80/38 and SL216/59 surplus to requirements and to be disposed of.**
- e) **Delegates to the Chief Executive the authority to determine the sale method and to accept any reasonable offer for the property.**

8.3 **Contribution of Clifden Recreation Reserve funds towards a new shed situated on the reserve for the operations of the Tuatapere Golf Club**

Record No: R/16/12/21270

Strategic Manager Property - Kevin McNaught and Group Manager, Services and Assets - Ian–Marshall were in attendance for this item.

Mr McNaught advised that the purpose of the report is to consider a request from the Clifden Recreation Reserve Committee to contribute funds towards a new shed situated on the reserve as part of the operations of the Tuatapere Golf Club.

The Meeting noted that the Clifden Recreation Reserve has two parts. One is the Tuatapere Golf Course held under lease from Council and the other is an area leased out for grazing to generate funds for use on the reserve and within the community.

Mr McNaught also advised that the Clifden Recreation Reserve Committee have requested approval to contribute \$20,000 towards a new shed on the Golf Course for topsoil and tractor storage associated with maintenance of the golf course.

The Meeting also noted that as this is unbudgeted expenditure the approval of Council is required.

Resolution

Moved Cr Harpur, seconded Cr Baird **and resolved:**

That the Council:

- a) **Receives the report titled “Contribution of Clifden Recreation Reserve funds towards a new shed situated on the reserve for the operations of the Tuatapere Golf Club” dated 17 January 2017.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Agrees to a contribution of 60% but limited to \$20,000 from the funds of the Clifden Recreation Reserve towards the construction of a new shed for the storage of topsoil, tractors and mowers used in the maintenance of the Tuatapere Golf Course.**
- e) **Requires payment to be withheld until two quotes are provided for the new shed and until construction has commenced.**

8.4 Contract 16/48 - Longridge Road, Otapiri Gorge Road, South Hillend-Dipton Road Minor Improvements - Approval of Tender Evaluation Process

Record No: R/16/12/21317

Roading Asset Management Engineer - Hartley Hare, Roading Commercial Lead - Dylan Rabbidge and Group Manager, Services and Assets - Ian Marshall were in attendance for this item.

Mr Hare advised that the purpose of the report was to outline the tenders received for the Minor Improvements Project to install safety barriers at Longridge Road, Otapiri Gorge Road, South Hillend-Dipton Road and to seek Council approval to award Contract 16/48 to the recommended tenderer.

The Meeting noted that this report covered the tendering for the Longridge Road, Otapiri Gorge Road, South Hillend-Dipton Road Minor improvements Contract, the tenders received, the evaluation carried out and recommendations for letting the contract.

Resolution

Moved Cr Dillon, seconded Cr Paterson **and resolved:**

That the Council:

- a) **Receives the report titled “Contract 16/48 - Longridge Road, Otapiri Gorge Road, South Hillend-Dipton Road Minor Improvements - Approval of Tender Evaluation Process” dated 17 January 2017.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits of advantages and disadvantages prior to making a decision on this matter.**
- d) **Approves the acceptance of The Roding Company Ltd tender price of \$221,000.00 plus GST for Contract 16/48 - Longridge Road, Otapiri Gorge Road, South Hillend-Dipton Road Minor Improvements.**

8.5 Management Report

Record No: R/17/1/1437

Chief Executive Officer – Steve Ruru was in attendance for this item.

Resolution

Moved Mayor Tong, seconded Cr Kremer **and resolved:**

That the Council:

- a) **Receives the report titled “Management Report” dated 25 January 2017.**

8.6 MBIE Welcoming Communities Pilot Invitation

Record No: R/17/1/73

Group Manager, Community and Futures – Rex Capil was in attendance for this item.

Mr Capil advised that the purpose of this report was to outline the opportunity to Council and seek endorsement of the Welcoming Communities programme and support involvement in a Southland pilot programme. Council was approached in late December 2016 by the Ministry of Business, Innovation and Employment (MBIE) to seek support for Southland District Council to jointly participate in the Welcoming Communities programme. The Welcoming Communities programme is a new proposed migrant settlement programme.

The Meeting noted that MBIE is establishing up to five pilot sites across New Zealand and has identified Southland as one of these pilot areas and that support of the Invercargill City Council, Southland District Council and Gore District Council to jointly participate in the programme as one of up to five pilot sites across New Zealand is also being sought.

Mr Capil also advised that the selection of the Southland Councils is a result of the collaborative approach that the region has brought to working with Immigration NZ. Venture Southland recently developed a Memorandum of Understanding with Immigration NZ.

The Meeting also noted that the Welcoming Communities project is an immediate priority action under the Inclusion and Participation pillar of the recently released Southland Regional Development Strategy Action Plan.

Resolution

Moved Cr Keast, seconded Cr Frazer **recommendations a to f, g with an addition (as indicated) and h and i, and resolved:**

That the Council:

- a) **Receives the report titled “MBIE Welcoming Communities Pilot Invitation” dated 6 January 2017.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Endorses the Welcoming Communities Pilot Programme for Southland.**
- e) **Accepts the invitation from MBIE to jointly participate with Invercargill City Council and Gore District Council (subject to both of their respective involvement and support) in the Welcoming Communities Pilot Programme as one of up to five pilot sites across New Zealand.**
- f) **Supports the two staged approach as identified by MBIE of 1. Establishment Phase and 2. Implementation Phase to deliver the Welcoming Communities Pilot Programme.**
- g) **Agrees to nominate Rex Capil as a Southland District Council representative to participate on the working group – person to be determined once the terms of reference and people attributes are provided by MBIE.**
- h) **Acknowledges that subject to the implementation phase requirements and associated business case development there is a possibility Council may also need to consider allocating a financial contribution as one of the multiagency partners.**
- i) **Acknowledges that if there is an additional investment required by Council an amount which reflects the implementation phase business case findings (yet to be determined) will need to be considered as part of the Annual Plan 2017-2018 consultation and submission process.**

Reports - Governance

9.1 Financial Report for the month ended 30 November 2016

Record No: R/17/1/519

Management Accountant - Robert Tweedie and Chief Financial Officer – Anne Robson were in attendance for this item.

Mr Tweedie advised that the purpose of the report was to outline the financial results for the five months to 30 November 2016 or 41.6% of the financial year.

The Meeting noted that the Monthly and Year to Date actual results, in the Monthly Financial Summary Report, are compared to the Full Year Budget (Projection) in the 2016/2017 Annual Plan Budget. The projection values include any carried forward items approved by Council in August 2016 and will include any changes as a result of forecasting when approved by Council. The 2016/2017 Annual Plan budget is shown in the Monthly Financial Summary Report as the Full Year Budget (Budget).

Resolution

Moved Cr Perham, seconded Cr Paterson **and resolved:**

That the Council:

- a) **Receives the report titled “Financial Report for the month ended 30 November 2016” dated 18 January 2017.**

9.2 Forecasted Financial Position for the year ending 30 June 2017

Record No: R/17/1/996

Management Accountant - Robert Tweedie and Chief Financial Officer – Anne Robson were in attendance for this item.

Mr Tweedie advised that the purpose of the report was to inform and get approval from Council of the forecasted changes to the 2016/2017 Annual Plan budget which includes unbudgeted expenditure in the forecasts.

The Meeting noted that the forecasting of the financial position for the year ended 30 June 2017 is intended to provide information at an early stage of the year of any variations from the Annual Plan and approved 2015/2016 Carried Forward items.

Mr Tweedie also advised that the forecasting enables the organisation to understand the anticipated year end position at all levels and to also assist with decisions and priorities for spending across Council.

The Meeting also noted that the approval is also sought for unbudgeted expenditure that has been identified as part of this process which has not been advised to Council previously.

Resolution

Moved Cr Kremer, seconded Cr Keast **and resolved:**

That the Council:

- a) **Receives the report titled “Forecasted Financial Position for the year ending 30 June 2017 dated 25 January 2017.**
- b) **Determines that this matter or decision be recognised as significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Approve the forecasted changes to Council’s year-end financial position.**
- e) **Approves the expenditure change below to be incurred during the 2016/2017 financial year:**

Expenditure		
Business Unit	Expense	Amount
<i>District Business Units</i>		
Finance	Furniture & Fittings - Renewal	\$40,000

9.3 Southland District Council - Local Governance Statement

Record No: R/17/1/50

Group Manager, Community and Futures – Rex Capil was in attendance for this item.

Mr Capil advised that the purpose of the report was that Section 40 of the Local Government Act 2002 requires the Council to make publicly available a Local Governance Statement providing up to date information about the governance structure and management of the Council.

The Meeting noted that the Local Governance Statement document contains information about the governance structure and management of council to assist in enabling the public and interested parties to participate in local government and governance matters.

Mr Capil also advised that the Local Governance Statement is required to be prepared and made publicly available within six months following the triennial local government election of Council and able to be updated from time to time as required by Council.

Resolution

Moved Mayor Tong, seconded Cr Keast **and resolved:**

That the Council:

- a) **Receives the report titled “Southland District Council - Local Governance Statement” dated 22 January 2017.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Receive the report on the Local Governance Statement.**
- e) **Pursuant to Section 40 of the Local Government Act 2002 adopts the Local Governance Statement as attached to this report**
- f) **Agrees to make the Local Governance Statement publicly available as required by the Local Government Act 2002.**
- g) **Delegates to the Chief Executive Officer the authority to update the Local Governance Statement as necessary and appropriate during the 2016-2019 triennium to ensure it is current and accurate.**

9.4 Elected Member Position Descriptions

Record No: R/17/1/206

Group Manager, Community and Futures – Rex Capil was in attendance for this item.

Mr Capil advised that the purpose of the report was to outline the requirement to formally establish the roles and responsibilities of elected member positions for Councillors, Deputy Mayor, Chairs of Council Committees and Community Board Chairs and members.

The Meeting noted that the Remuneration Authority requires information detailing the roles to assess and support the distribution of the total remuneration amount allocated to the Southland District Council.

Mr Capil also advised that once the recommendations outlined in the report are approved, the position descriptions for these roles will be forward to the Remuneration Authority accordingly.

The Meeting also noted that at the 14 December 2016 Council meeting approved a recommendation be made to the Remuneration Authority regarding the distribution and allocation of remuneration for additional responsibilities of elected members. This specifically related to additional responsibilities associated with the roles of Deputy Mayor, Council Committee Chairs and District Plan contribution. At the same

meeting, Council also approved changes to the Elected Members Reimbursements and Remuneration Policy subject to the approval by the Remuneration Authority of the recommended allocations for the additional responsibilities.

The updated and revised position descriptions have been developed and are attached to the minutes.

Resolution

Moved Mayor Tong, seconded Cr Perham **and resolved:**

That the Council:

- a) **Receives the report titled “Elected Member Position Descriptions” dated 25 January 2017.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Adopts the Southland District Council Elected Member Position Descriptions 2016-2019 developed for:**
 - (i) **Councillors**
 - (ii) **The Deputy Mayor**
 - (iii) **Chairs of Council Committees**
 - (iv) **Community Board Chairs and members**
- e) **Requests that staff provide the adopted Southland District Council Elected Member Position Descriptions 2016-2019 to the Remuneration Authority.**

9.5 Minutes of the Thornbury Community Development Area Subcommittee Meeting dated 14 July 2016

Record No: R/17/1/231

Resolution

Moved Cr Keast, seconded Cr Paterson **and resolved:**

That Council receives the minutes of the Thornbury Community Development Area Subcommittee meeting held 14 July 2016 as information.

9.6 Minutes of the Orepuki Community Development Area Subcommittee Meeting dated 4 August 2016

Record No: R/16/12/21338

Resolution

Moved Cr Keast, seconded Cr Paterson **and resolved:**

That Council receives the minutes of the Orepuki Community Development Area Subcommittee meeting held 4 August 2016 as information.

9.7 Minutes of the Manapouri Community Development Area Subcommittee Meeting dated 16 August 2016

Record No: R/17/1/1530

Resolution

Moved Cr Keast, seconded Cr Paterson **and resolved:**

That Council receives the minutes of the Manapouri Community Development Area Subcommittee meeting held 16 August 2016 as information.

Public Excluded

Exclusion of the Public: Local Government Official Information and Meetings Act 1987

Resolution

Moved Cr Keast, seconded Cr Paterson **and resolved:**

That the public be excluded from the following part(s) of the proceedings of this meeting.

C10.1 Transfer of land at 28 Pop Andrew Drive Te Anau to the Fiordland Retirement Housing Trust, C10.2 Rating Sale - 17 Malta Street, Wyndham and C10.3 Appointment of Chair to Milford Sound Tourism

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Transfer of land at 28 Pop Andrew Drive Te Anau to the Fiordland Retirement Housing Trust	s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.

Rating Sale - 17 Malta Street, Wyndham	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.
Appointment of Chair to Milford Sound Tourism	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.

That the Chief Executive Officer, Group Manager, Environmental Services, Group Manager, Services and Assets, Group Manager, Community and Futures, Chief Financial Officer, Chief Information Officer, Group Manager, Customer Support, Communications Manager, Committee Advisor, Strategic Property Manager and Finance Manager be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the items C10.1 Transfer of land at 28 Pop Andrew Drive Te Anau to the Fiordland Retirement Housing Trust, C10.2 Rating Sale - 17 Malta Street, Wyndham and C10.3 Appointment of Chair to Milford Sound Tourism. This knowledge, which will be of assistance in relation to the matters to be discussed, is relevant to those matters because of their knowledge on the issues discussed and meeting procedure.

Muriel Johnstone left the meeting at this point.

The public were excluded at 12.05pm.

The meeting concluded at 12.53pm.

CONFIRMED AS A TRUE AND CORRECT
RECORD AT A MEETING OF THE COUNCIL
HELD ON WEDNESDAY 1 FEBRUARY 2017.

DATE:.....

CHAIRPERSON:.....

PUBLIC FORUM

Around the mountain cycle trail Philip van der Bijl

We are pleased council has seen fit to meet with concerned people from around Southland. Our family is relatively new to Southland only having been here since 1999.

I came from Holland in 1962 as one of the "Ten Pound Emigrants".

I was fortunate to go on wages with someone who taught me how to make money work.

Ever since the day John Key announced the unemployed workplan for this cycle trail, I have been frightened for the Southland ratepayers.

For the number of ratepayers after the cycle trail would be finished without debt I estimated an extra cost from year 5 of \$400k to \$700,000 p.a.

For me the sad thing was that the people who were benefitting from the "cycle boom" pay very little rates towards it.

So far I believe the emergency fund that was created for support in natural disasters has been drained.

Extra borrowings at this stage are totally out of line as we can show no return for the money invested to our ratepayers.

I also am convinced that most tourist cycle on the roads as material used on the trail is totally unsuitable for their tyres.

It is sometimes used by locals for "fundraising" for that is also unsuitable as most bikeriders find it boring, this is shown by numbers in the Mossburn downhill dash and the Edendale

of road function^{ing} with 80 in Mossburn and 300 in Edendale which is miles from ^{Philip van der Bijl} any cycleway!

We simply can not afford it!

Our road fund is empty, tar seal roads are going to cost more with government cutting us back to spend more in bigger voter areas. People on gravel roads are lucky to see a grader twice a year, long term this will cost us more as no maintenance long term means sudden high costs.

How could we charge bikers in a "pay your own way" society, should we make roads from Mossburn to Manapouri - Te Anau - Milford sound a "bottleneck" with local people exempt? easy to do with electronics, but this would not hit bikers.

Please don't become a Kaipara council" with the government having to step in because of bad overspending, Please get back to basics, wait till we can afford to look after the infrastructure we have today.

As a last comment "long distance cyclists are not always clean as public facilities here are a long way apart and I have never seen as cyclist pulling a "portalo" ! They are the same ~~as~~ or a bigger problem than freedom camps.

Yours Philip van der Bijl

Brian McCandless

SDC SPEAKING NOTES

1 FEB 2017

I'd like to share my views with you on the cycle trail project, but before I begin, let me assure you that I do understand the challenges of project management.

Before I retired, I inherited a project in similar shape to yours, if on a slightly different scale. It was an IT project. The contract had been let 18 months before I took over. It was already the equivalent of NZ\$450M over budget and 18 months behind schedule. And the savings predicated on the project – some \$300M per year - had already been taken out of our operating budget. Suffice it to say that I was a young man when I took over this mess – and look at the state of me now. But we did get the project back under control, and much blood was spilt along the way. We had to adopt absolutely ruthless control of requirements changes, costs and schedule, and many nice-to-have aspects were dropped along the way. In short, we had to concentrate on the bare essentials, to the exclusion of all else.

Anybody who thinks that complex projects are easy to manage simply does not understand the problem. So, you do have my sympathy with the Around the Mountain Cycle Trail Project.

That said I'd like to remind you all what the bare essentials are for SDC. And here I quote from your own Pre-Election Report 2016. "Council's biggest challenge remains the widening gap between the rising cost of providing core services and the small population able to help fund it." The Local Government Act of 2002 defines core services and cycle trails to boost tourism do remotely not fall within this category.

Brian McCandless

Council has already admitted that costs have escalated from \$8 to \$14 M. That was before the costs of the Deloittes Study and Environment Court legal fees had been taken into account.

Councillors, my concern today is quite stark. By your own admission, the biggest challenge facing you is how to meet the increasing cost of providing core services. How you reconcile this with the unedifying spectacle of the Council taking another public organisation to the Environment Court – and then not accepting the verdict of that court – is quite beyond me. And then, to add insult to injury, having spent more than \$500K (Deloittes Study) on the Environment Court case, you intend to incur yet further wasted expenditure on legal fees to challenge the original court ruling! By the time this legal saga has run its course, I predict that you will have spent the thick end of \$1m on legal fees for what was supposed to be an \$8M project! And this from an organization that professes to have taken aboard the lessons from Deliotte, especially on the importance of rigorous cost control.

A disinterested spectator might be forgiven for concluding that Council, short of resources to provide core services, had taken leave of its senses. At the very least, the currently assessed project cost of \$14 million seems to be at great risk of further significant escalation.

So far, most of the public concern about the project has centred on its escalating capital cost. Little consideration has been given to operating and maintenance costs, which can increase project life cycle costs significantly. The 2009 project scoping study estimated that operating costs, including maintenance, would be about \$180k per year. At 2017 prices, these costs would probably exceed \$200K per year. It was suggested that these costs could be recovered, at least in part, by imposing a levy on all cycle rentals, accommodation

Brian McCandless

bookings and meals served along the route. Quite how this was to be achieved was never explained.

Be that as it may, the study concluded that operating costs would only break even if the trail attracted 18,000 cyclists per year. To put this figure in some sort of context, the largest number of people ever using the Central Otago Rail Trail was 15,600 per year and for most years was well below this figure. So, I think we can safely conclude that this project, much like the similarly ill-fated Te Anau Manapouri Airport, will be a continual drain on ratepayer resources in perpetuity.

Clearly costs remain out of control and continue to escalate. However, this begs the question as to whether the project can ever be cost-effective. This in turn leads to the question as to whether the economic benefits enjoyed by the ratepayers of Southland District will ever exceed the costs that Council incurs in building and maintaining the trail.

Assuming a 30 year life cycle for the trail, operating and maintenance costs are likely to exceed \$6M at 2017 prices, most of which will not be recovered. This, added to the \$14M plus capital cost, leads to a project life cycle cost well in excess of \$20M at net present value. If the balance of the project is to be funded by commercial borrowing, interest charges on the loan could well run into several million dollars more.

So, the \$20M plus question facing you all today is quite simple. Will SDC ratepayers ever enjoy over \$20M worth of benefits from the project? Or, put even more starkly, are you really willing to invest over \$20M of other peoples money to increase the revenue of a handful of cafes and B&Bs in Garston, Athol, Lumsden and Mossburn? And, if you are willing to do this, what about the even more seriously depressed areas in the district, such as Nightcaps and Ohai? Can we expect similarly generous SDC largesse there at ratepayers' expense?

Brian McCandless

The answer to all these questions I believe is clear. The easy option would be to continue to throw good money after bad in the vain hope of a positive outcome. Every textbook I have ever read on project management cautions against this, unless you have a robust business case to justify the further investment, and this you do not have. Simply stating that tourism is a good thing and the project would be good for tourism and is nowhere near good enough.

I believe that most of your ratepayers would not support continuation of the project unless you can quantify how the project benefits will outweigh its \$20M plus life cycle costs. And I do not believe for a moment that you are remotely close to being able to do this.

You should have the moral courage to cut your losses and cancel what remains of Stage 2 of the project. Cycle trails were never part of your core business. Their implementation is clearly not part of your core competence.

Brian McCandless

Here endeth the sermon on project management. I think most of us here today would agree that you're between a rock and a hard place with this project. Given what you know today, I suspect that most of you would not have given the green light for the project in the first place.

Even if cancellation of further expenditure is the only rational way ahead – and I believe with total conviction that this is the case - I think we can all also agree that admission of failure on a flagship project such as this carries great political risks, both locally and in Wellington. I suspect that Mayor Tong would not relish the prospect of facing Stephen Joyce to explain himself.

So, you are faced with a difficult decision. I understand that you will be discussing this project during your retreat in Te Anau over the next few days. To help focus these discussions, I have taken the liberty of framing a series of questions for you to consider. These questions are unashamedly difficult, but unless you can come up with positive answers to all of them, I believe that you have no alternative but to select the least worst option, which is to cancel further spend on the project.

I have provided sufficient copies of these questions for each member of Council plus the Chief Executive. With your permission I would like to read the questions now. Otherwise, I wish you well in your deliberations.

John Turner

Reserve Funds

The Southland District Council Roothing Reserve Fund was established in 1997 after the sale of the Councils Business Unit Southroads to the HWR Richardson Group in 1996. The sum of just over \$10m was set aside so that council had access to funds in any natural disaster such as serious flooding or an earthquake. This is an emergency fund too be used so that the infrastructure could be restored as soon as possible while any insurance claims or other problems were worked out.

The capital of this fund was to remain as a reserve with the interest going to offset the roading rates.

The whole of the Southland province experience severe flooding in 1978 and again in 1984 and the restoration of the roading network came at a huge cost to the ratepayers of the district. This was a reminder that nature can deliver some severe blows at any time.

This was followed by the Ebola in the East Coast of the North Island in 1998 which councils had difficulty in getting roads open due to the lack of funds and who was going to pay. Any delay is costly to all ratepayers and especially those in the dairy industry, who are dependent on the milk tanker.

Just put your minds to the recent Kaikoura earthquake and you would realize that a roading reserve fund is a great asset to have in this situation.

The Southland District Council Roothing Reserve was an asset belonging to the ratepayers for a natural emergency and should be retained at all costs.

We would like the council to publish its investment policy and any changes made to that policy since 1997—together with a list of reserve funds.

Key Questions

AMCT KEY QUESTIONS

1. Costs and Risks to Core Business.

Current spend on the AMTC is about \$10.2 million of which about \$5.8 million was covered by central government funding and grants. The remaining \$4.4 million was unbudgeted expenditure. This can only have come from either reserves, reduction in provision of core services elsewhere, commercial loans, or a combination of all three.

If funded from reserves, can Council explain why it has diverted reserve funds earmarked for other purposes to fund this non-core activity?

If funded from reduction in core service provision, can Council identify the core business areas adversely affected; can Council justify to ratepayers why core service provision was put at risk in this way?

If funded from loans, can Council explain how capital plus interest charges to project completion are to be funded?

2. Further cost escalation.

The publicly announced cost estimate to complete the project is \$14 million.

In view of the extra legal and consultancy costs since incurred, how confident is Council that the \$14 million figure will not be significantly breached?

What is the current best estimate of total project costs, including legal and consultancy fees, and interest on any loans?

Key Questions

3. Funding the balance of the project.

A conservative estimate might be that the balance of the project can be completed for a further \$5 to \$6 million. Another conservative assumption would be that no further funding is likely from either central government or grants.

Given the above, can Council justify to ratepayers the additional reduction in funding for core business and the likely impact on the provision of core services?

If core services are not to be put at risk, the capital cost of the balance of the project will have to be met by an increase in rates. How much will this be?

4. Operating & Maintenance Costs

It has been estimated that operating and maintenance costs for the trail will be about \$200,000 at 2017 prices. It seems unlikely that this will be met from levies on commercial operators along the route.

Can Council advise ratepayers how much this will add to their annual rates?

5. Accommodation & Catering at Mavora Lakes

The distance from Mossburn to Walter Peak is about 100 kilometres, too far for all but the most athletic of cyclists to complete in one day. Provision of quality accommodation and catering facilities along the way is clearly a critical success factor for the project.

Can Council assure ratepayers that a commercial operator has agreed to build and operate these facilities at no cost to the public?

Key Questions

If not, how can Council justify completion of the project without significant further public investment in such facilities?

6. Business Case

This project was initiated without a robust business case. Given life cycle costs are likely to exceed \$20 million over a 30-year life, there remains a strong case for developing a retrospective business case to justify any further expenditure, even at this late stage. Such a business case should include a comprehensive cost-benefit analysis.

Can Council assure ratepayers that it will publish a robust business case for this project, quantifying the benefits to ratepayers of this \$20 million plus investment in non-core business, highlighting the opportunity costs to be borne elsewhere and estimating the likely increase in rates?

Can Council assure ratepayers that the business case will explain why ratepayers throughout the District should subsidise a handful of small businesses in Garston, Athol, Lumsden and Mossburn?