

AGENDA

RĀRANGI TAKE

NOTICE OF AN EXTRAORDINARY MEETING OF

COUNCIL

to be held on **Wednesday 7 June 2023** commencing at 9.00 am in the Council Chambers,
36 Weld Street, Hokitika and via Zoom

Her Worship the Mayor	Mayor Helen Lash
Deputy Mayor	Cr Cassin
Northern Ward Members:	Cr Neale, Cr Burden, Cr Phelps
Hokitika Ward Members:	Cr Baird, Cr Davidson, Cr Gillett
Southern Ward Members:	Cr Cassin, Cr Manera
Iwi Representatives:	Kw Madgwick, Kw Tumahai



In accordance with clause 25B of Schedule 7 of the Local Government Act 2002, members may attend the meeting by audio or audio-visual link

Council Vision

We work with the people of Westland to grow and protect our communities, our economy, and our unique natural environment.

Purpose

The Council is required to give effect to the purpose of local government as prescribed by section 10 of the Local Government Act 2002. That purpose is:

- (a) To enable democratic local decision-making and action by, and on behalf of, communities; and
- (b) To promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

1. NGĀ WHAKAPAAHA APOLOGIES

2. WHAKAPUAKITANGA WHAIPĀNGA DECLARATIONS OF INTEREST

Members need to stand aside from decision-making when a conflict arises between their role as a Member of the Council and any private or other external interest they might have. This note is provided as a reminder to Members to review the matters on the agenda and assess and identify where they may have a pecuniary or other conflict of interest, or where there may be a perception of a conflict of interest.

If a member feels they do have a conflict of interest, they should publicly declare that at the start of the meeting or of the relevant item of business and refrain from participating in the discussion or voting on that item. If a member thinks they may have a conflict of interest, they can seek advice from the Chief Executive or the Group Manager: Corporate Services and Risk Assurance (preferably before the meeting). It is noted that while members can seek advice the final decision as to whether a conflict exists rests with the member.

3. PŪRONGO KAIMAHI STAFF REPORTS

- **Hearing, Deliberation and Decisions on Submissions to the Draft Annual Plan 2023/2024**

A report from the Strategy and Communications Advisor and the Finance Manager is attached under separate cover. The appendices to the report are provided separately. (Pages 3-9)

The meeting may continue on Thursday 8 June 2023 if required.

**DATE OF NEXT ORDINARY COUNCIL MEETING – 22 JUNE 2023
COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA AND VIA ZOOM**

Report to Council



DATE: 7 June 2023

TO: Mayor and Councillors

FROM: Strategy and Communications Advisor & Finance Manager

Hearing, deliberation and decisions on submissions to the Draft Annual Plan 2023/2024

1. Summary

- 1.1. The purpose of this report is to receive and hear feedback from the community on the proposals in the Draft Annual Plan 2023/2024 (Draft Annual Plan), deliberate on the feedback and make decisions for the final Annual Plan 2023/2024.
- 1.2. This issue arises from the requirements of s 82 of the Local Government Act 2002 (LGA). Council resolved to provide the public with an opportunity to provide feedback on the draft Annual Plan and to present their views to the local authority.
- 1.3. Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in June 2021, which are set out in the Long Term Plan 2021 - 2031. Refer page 2 of the agenda.
- 1.4. This report concludes by recommending that Council receive and hear the submissions on the Draft Annual Plan, consider the written and verbal submissions, make decisions on any changes to the Draft Annual Plan and direct the CE to make those changes for the final Annual Plan.

2. Background

- 2.1. Council agreed to conduct public consultation under s95(2) LGA on the Draft Annual Plan at the Extraordinary meeting on 26 April 2023.
- 2.2. The consultation document proposed:
 - 2.2.1. Amendments to the rates model. For the 2023/2024 year depreciation on three waters would not be funded. Council's preferred rates model was to increase the UAGC to 20% with the Rural differential reduced from 1 to 0.95, and Rural Residential differential reduced from 0.75 to 0.7.
 - 2.2.1.1. The proposed model would spread the rates more fairly as the proposal to un-fund 3 waters depreciation favoured residential ratepayers.
 - 2.2.2. Retaining the temporary Otira Toilets and funding the ongoing caretaking, cleaning and maintenance. This replaced the capital project to build permanent public toilets at Otira.
 - 2.2.3. Various amendments to fees and charges across the Council's activities.

2.3. Public consultation commenced on the 27 April 2023 and closed on 26 May 2023.

3. Current Situation

3.1. Council received 50 submissions (see *appendix 6*). Seventeen of the submitters requested to speak to the Hearing (*appendix 4*). Two separate submissions were received from one submitter on different topics. Twenty-eight submissions were received as a group submission from individuals from the Gloriavale community.

3.2. A full analysis of the submissions, including staff comments is available in *appendix 5*. The following submissions were received on the topics with practicable options outlined. Council's preferred option is highlighted in grey:

Options	Topic	Number of submissions	Overview of submitters comments
	Rates model		
Option 1:	Status Quo	11	Concern about effects of not depreciating 3 waters for 2023/2024.
Option 2:	17.5% UAGC, no 3 waters depreciation funding.	44	
Option 3:	17.5% UAGC with the Rural differential reduced from 1 to 0.95, and Rural Residential differential reduced from 0.75 to 0.7.	0	
Option 4:	20% UAGC and no funding of 3 Waters depreciation.	2	
Option 5	20% UAGC with the Rural differential reduced from 1 to 0.95, and Rural Residential differential reduced from 0.75 to 0.7	2	
	Otira Toilets	4	<ul style="list-style-type: none"> At the very least provide signage to toilets in the closest towns. Composting toilet design alternative.
Option 1:	Build a permanent public toilet block and fund ongoing caretaking, cleaning and maintenance	44	<ul style="list-style-type: none"> Happy with option 1 or 2 but there need to be toilets in Otira. Support tourism. Seek external funding to build them.
Option 2:	Retain the temporary structure and fund ongoing caretaking, cleaning and maintenance.	5	Since the existing toilets were put back again, there has been a noticeable decrease in the amount of discarded toilet paper and waste in carparks and track ends along SH 73 between Ōtira and Arthur's Pass.
Option 3:	Do not build a new public toilet block and remove the temporary structure.	3	Existing toilets in Arthur's Pass are only 15 minutes away.

3.3. Proposed changes to the Fees and charges received 17 submissions.

3.3.1. Many submitters expressed concerns about the proposal to change the charging structure for the Carnegie Gallery. A further review of the museum charges will be undertaken for the Long Term Plan at the conclusion of the Museum capital project.

3.3.2. Submitters also commented on: Council chamber hire charges, Swimming Pool fees, Resource Management fees, playing field charges and waste management charges.

3.4. Submissions were received on 24 other topics, including:

- General comments on increasing rates.
- Expenditure on major projects: Pakiwaitara building, Cass Square playground and skate park, the Museum building and digital interactive plan, West Coast Wilderness Trail, Heritage Park and tourism marketing infrastructure.
- Hokitika Racecourse project.
- Road funding
- Waste management.
- Three waters.
- Walking and cycling.
- Funding requests:
 - Sealing cement lead road – 2 submissions supported by 12 and 17 residents respectively.
 - Lions Club Hokitika – Lazar Park improvements and Puanga-Matariki Festival funding.
 - Hokitika Regent Theatre annual grant.
 - Hari Hari Civil Defence – Generator.
 - Fox Glacier Community Development funding.

3.5. Federated Farmers made a 9 page submission on topics of interest to rural ratepayers. This has been dealt with separately within the submission analysis. Their submission focusses on the effect of the proposed rate changes on rural ratepayers.

3.6. District Assets staff have made a further review of the fees and charges for the Cemetery activity, and propose the following changes from the Consultation Document:

Cemetery Charges		
	Consultation Document proposed new charge 2023/2024	Amended proposal
Hokitika		
Pre-purchase new Plot	\$2,000	Interment added at the time \$1,800
Interment on Saturday, Sunday or Public Holiday	\$350	Remove this charge
New grave in RSA area	\$2,000	\$1,000
Inter a child under 12 in the children’s section (Hokitika only)	-	\$700

Cemetery Charges		
	Consultation Document proposed new charge 2023/2024	Amended proposal
Ross and Kumara		
Pre-purchase new plot	\$2,000	Interment added at the time \$1,800
Inter Ashes (including registration)	\$700	\$700 Note: Ashes berms are not currently available in Kumara or Ross but are under development.

3.7. Finance staff have undertaken further modelling on the proposed differentials for Rural Residential and Rural properties. These models are based on no funding of 3 waters depreciation. The additional proposed models are:

Model	Proposed UAGC and differentials
1	UAGC 20%; Differentials: Rural 0.8, Rural Residential 0.65 and Commercial 2, Residential 1
2	UAGC 20%; Differentials: Rural 0.75, Rural Residential 0.65 and Commercial 2, Residential 1
3	UAGC 20%; Differentials: Rural 0.8, Rural Residential 0.7 and Commercial 2, Residential 1
4	UAGC 20%; Differentials: Rural 0.7, Rural Residential 0.7 and Commercial 2, Residential 1

Example rates based on this model are attached in *appendix 1 A*. Relevant comparative information on the original models from the Consultation Document is attached as *appendix 2*.

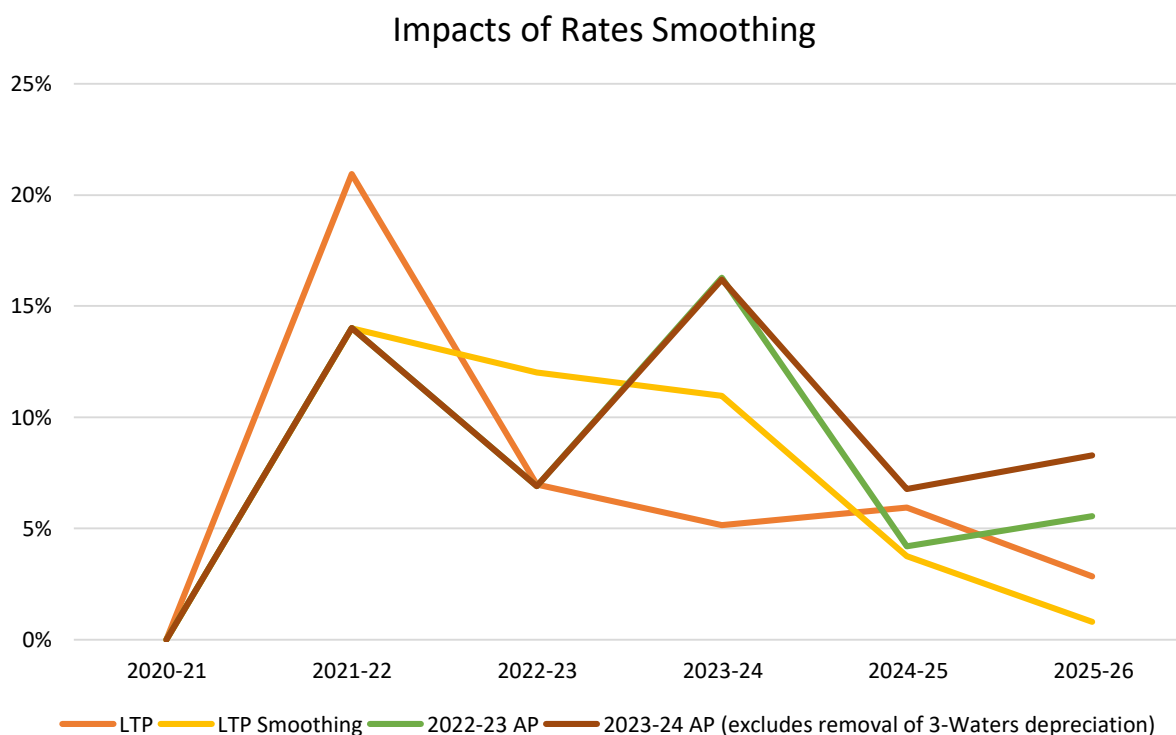
These models provide greater rates relief for Rural ratepayers, and in some samples Rural Residential ratepayers. However, providing this relief is subsidised by increased general rates for Residential and Commercial ratepayers, and in some samples Rural Residential ratepayers. See *appendix 1 B* and the charts in *appendix 3*.

As the reduction in rates due to not funding depreciation of 3-Waters assets does not benefit Rural or Rural Residential ratepayers, the Total Rates (in *appendix 1 A*) are not directly comparable and give the impression that Rural ratepayers are subsidising other ratepayers. The table in *appendix 1 B* provides information on the General Rate only and is therefore more indicative of the relative changes in rates across Residential, Commercial, Rural and Rural Residential.

3.8. While there are current inflationary pressures that were not reflected in the LTP, the graph below is still representative of the impacts of rates smoothing.

- In 2020-21 there was no increase in rates due to the perceived impact of Covid on the Community. The result would have been an increase of over 20% in the 2021-22 year had the Council not elected to smooth the rates increase by spreading this over the next few years.
- The Annual Plan 2022-23 would have seen an increase of 14.12% but again rates smoothing was applied to bring the rates increase in line with inflation at the March quarter 2022.
- As rates smoothing results in less cash to the Council than is needed to cover costs, this is not sustainable long term.

- In the 2023-24 Annual Plan there is a moderate recovery of some of the smoothing (less than \$400k) which contributes to the demonstrable spike in the general rate. Rates smoothing simply defers an inevitable increase. This is an on-going issue which the current Council now faces.



4. Options

4.1. Option 1: Do not hear and consider feedback on the Draft Annual Plan 2023/2024.

4.2. Option 2: Hearing:

4.2.1. Hear the verbal submissions and receive and review the written submissions.

4.2.2. Consider and deliberate on the written and verbal submissions in the open part of the meeting.

4.2.3. Make decisions on any changes to the draft Annual Plan and direct the CE to make those changes for the final Annual Plan.

5. Risk Analysis

5.1. Risk has been considered and the following risks have been identified;

- Reputational risk:

- Council adopted the LTP in June 2021. In the plan Council agreed to a 10.5% rate increase in year three for reasons including but not limited to:
 - The flow-on effect of the rate freeze in the 2020/2021 year, under which Council committed to higher rate increases in the future.
 - To maintain existing levels of service and complete projects required for three waters, land transport and solid waste.
- Council's LTP commitment to very low rate increases from years 4 - 10 of the plan (ranging between 1.2% – 3.5%) is at risk from continued rate smoothing with increases being pushed into subsequent years of the plan.

If elected members amend the rate increase they could be seen as not upholding their commitment to the community to follow the LTP.

- Financial risk:
 - Reducing rate increases now by smoothing rates, coupled with the compound effect of previous decisions to lower rates, guarantees higher than forecast rate increases in the future.
 - If Council further smooths rates over forthcoming years and is forced to take out short-term loans to fund operational activities, its ability to borrow long term from the Local Government Funding Agency could be put at risk due to the covenants around lending limits. As Council no longer has pensioner housing on the balance sheet it could come close to breaching liquidity limits, especially when the three waters assets are removed.
 - Council risks increasing interest payments from short-term loans (at a time when interest rates are increasing) if rate smoothing requires loans to fund operating activities.
- Fatigue – This has been reduced by scheduling regular breaks.
- Threats to staff / elected members / members of the public – Anyone considered to exhibit threatening behaviour will be asked to leave.

6. Health and Safety

6.1. Health and Safety has been considered and the following items have been identified;

- These are the same as the fatigue and threats risks identified above.
- Evacuation in an emergency – Emergency exits have been noted at the beginning of the meeting by the Chair.

7. Significance and Engagement

7.1. The level of significance has been assessed as being medium under Council’s Significance and Engagement Policy. Community interest in the outcome of an Annual Plan hearing is high as changes can be made based on the submissions received.

7.2. Public engagement was undertaken under s 82 LGA from 26 April – 26 May 2023. This was advertised on Council’s website, Facebook page, in Westland Matters, in the Hokitika Guardian and West Coast Messenger, on the radio, at the Council Customer Service desk, at the Westland District Library and community halls.

8. Assessment of Options (including Financial Considerations)

8.1. Option 1: Council has an obligation to hear and consider submissions. To do nothing would breach Council’s obligations under the LGA. Any Annual Plan that was adopted without hearing and considering the submissions could be subject to a judicial review.

8.2. There are no financial implications to not carrying out a hearing.

8.3. Option 2: Hearings are an important part of community consultation and engagement. Council needs to understand the community’s view on the proposals in the Draft Annual Plan. Elected members should listen to the community’s views and deliberate on the submissions received. Any decisions to make changes to the Draft Annual Plan should be communicated to the CE to make the changes for the final Annual Plan.

8.4. There are no financial implications to carrying out a hearing.

9. Preferred Option(s) and Reasons

9.1. The preferred option is Option 2.

9.1.1. Holding an open hearing process allows each elected member to consider the public submissions. Elected members have the opportunity to ask questions of the verbal submitters and to consider the impact of any changes proposed by the submissions.

9.1.2. Elected members provide direction to the Chief Executive for any changes to the Draft Annual Plan, which allows staff to make the changes prior to the adoption of the Annual Plan, on or before 30 June.

10. Recommendation(s)

10.1. That Council receive the report.

10.2. That Council hear and receive the written and verbal submissions.

10.3. That Council deliberates on the submissions to the Draft Annual Plan 2023/2024 in the open part of the meeting.

10.4. That the CE be instructed to make the necessary amendments to the Draft Annual Plan, including amending the Cemetery charges as outlined in cl. 3.6 and the preferred rating model.

Emma Rae
Strategy and Communications Advisor

Lynley Truman
Finance Manager

Appendix 1: Additional Rates Models
Appendix 2: Consultation Document Rates Models
Appendix 3: Rates models funding distribution
Appendix 4: Table of Submitters
Appendix 5: Submission Analysis
Appendix 6: Submissions
Appendix 7: West Coast Wilderness Trail