

Wanganui District Council Meeting – 1 September 2011

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Minutes of the Meeting of the Wanganui District Council held at 1.00PM on Thursday, 1 September 2011, in the Council Chamber, Municipal Office Building, 101 Guyton Street, Wanganui

Present: Ms Annette Main – the Mayor – in the Chair, Cr RM Wills – Deputy Mayor, Crs AR Anderson, P Baker-Hogan, JT Bullock, R Dahya, NA Higgle, HCS McDouall, RV Vinsen and SM Westwood.

In Attendance: Mr A Taylor (Wanganui Rural Community Board).

Absent: Cr MB Laws and Cr C Solomon.

Officers in Attendance: Mr K Ross (Chief Executive), Mr R McGregor (Property Manager), Mr J Reweti (Infrastructure Manager), Ms C Almond (Strategy and Development Manager), Mr S McGhie (Principal Planner), Mr P Gray (Deputy Community and Cultural Manager), Mr A MacGibbon (Economic Development Manager), Natalie Rodgers (Finance Manager), Keith Smith (Sport and Recreation Advisor) and Ms S Dudman (Communications Co-ordinator). Secretary: Mr M Hunt (Governance Services Manager).

1. Apologies

Council’s Resolution

Proposed by Mayor Laws, seconded by Cr Anderson:

THAT Cr Stevens’ apology be accepted.

CARRIED

1. Report on Public Consultation – Wanganui District Council’s Revenue and Financing Policy Review

Policy on Determining Significance – In terms of the Policy the recommended decision is not significant.

Julian Harkness, Finance and Corporate Services Manager, reports:

“The Wanganui District Council’s Revenue and Financing Policy Review was placed out for consultation from 28 July to 19 August 2011.

Consultation was advertised in the Community Link and on the Council’s website. Letters were also sent to the following parties to advise them about the consultation process, and invite submissions:

- Chamber of Commerce
- Tupoho
- Tamaupoko

- Wanganui Rural Community Board
- Federated Farmers
- AFFCO
- Kaiwhaiki Marae
- Wanganui District Council Holdings Ltd

A total of six (6) submissions have been received.

Three (3) submitters have indicated that they wish to be heard.

All submitters have been thanked for their submission and advised of the Council's meeting to be held on 1 September 2011 to hear oral submissions."

2. Hearing of Oral Submissions – Wanganui District Council's Revenue and Financing Policy Review

<p>Policy on Determining Significance – In terms of the Policy the recommended decision is not significant.</p>
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Julian Harkness, Finance and Corporate Services Manager, reports:

"Three (3) out of the total six (6) submitters to the Wanganui District Council's Revenue and Financing Policy Review have indicated they wish to be heard.

A timetable for hearing submissions is tabled (**Ref A**).

A summary of submissions, including officer comments, is tabled (**Ref B**). A copy of all submissions is also tabled (**Ref C**). All submissions are numerically cross-referenced.

All oral submitters have been notified of their hearing times and advised that the Mayor and Councillors have copies of their submissions.

The purpose of this meeting is to hear from the submitters that wish to be heard and consider all submissions."

References – Agenda Attachments

- A Timetable for hearing submissions.
- B Summary of submissions including officer comments.
- C Submissions to Wanganui District Council's Revenue and Financing Policy Review.

Mayor Main noted that Mr Alan Taylor, Chairman, Wanganui Rural Community Board, was making a personal submission today. She emphasised that this was a personal submission and not a submission from the Wanganui Rural Community Board. Mayor Main said Mr Taylor had sought advice from the Council's legal officer as to whether presenting his submission to Council today would preclude him from further future discussion on the Revenue and Funding Policy as a Community Board member. The legal officer had advised that, in his opinion, Mr Taylor's submission did not suggest a predetermined view as to what the Revenue and Funding Policy should be and, therefore, he had not closed his mind to further discussion on that most essential point. Accordingly,

the legal officer said, there was nothing in Mr Taylor's submission that would lend weight to precluding him from further future discussion on the policy if that were to occur.

Cr Vinsen commented that his position as a Councillor with a retail business in the Central Business District (CBD) of Wanganui, was no different when speaking on CBD issues, to Mr Taylor's position speaking on rural issues whilst being a member of the Wanganui Rural Community Board. Mayor Main said this was the generally accepted position.

Sub N^o	Name	Submission Summary	Officer comment
4	Heather Marion-Smith, Democrats for Social Credit	Congratulate Council asking for comment from general public. Argues that Reserve Bank NZ credit lines are funding options. Average ratepayer debt 2006 was \$5,113, by 2010 was \$8,304. does not favour the Local Government Funding Agency as there is a more transparent option.	

Ms Marion-Smith spoke to and elaborated on her tabled submission. She especially stressed her concern about the 8% to 10% of New Zealand's national product that was lost overseas as interest and dividends on Central Government borrowing. She commented on the Minister of Local Government, Honourable Rodney Hyde's proposal to establish a Local Government funding agency which, the Democrats for Social Credit believed, would not be sustainable. Ms Marion-Smith referred to the Bank of North Dakota, a state-owned bank in the USA, and noted that at least seven other states wanted to set up their own banks. Ms Marion-Smith believed that it was feasible for a nil to 1% interest rate from New Zealand's Reserve Bank for borrowing on essential capital works.

Noting Ms Marion-Smith's concern about Council debt, Cr Wills asked what was the interest rate for the Wastewater Project and what was the total interest incurred in borrowing for the Wastewater Project.

ACTION: Julian Harkness

Sub N^o	Name	Submission Summary	Officer comment
5	Alan Taylor	Council should start Funding Review with debate on Wanganui Economic vision and where it expects to be at end of decade. Understanding where the economic growth is will enable Council to determine where services are needed. Should then prudently balance the revenue and funding options. Council needs to determine 'what we need' 'who should pay', and 'why'. Rate funding increases tied to economic growth increases. Move to fully recover cost on a user pays basis. One half of rates collected rurally is for roads. Should Council borrow more now that interest rates are low. Scientific policy towards debt funding.	Agree that a wider economic vision (forecast) would be a great place to start a Funding Review, especially if you thought it would be significantly different to what it currently is. User charge percentage needs to be reviewed as part of the Funding Review.

Mr Taylor spoke to his tabled submission. Mr Taylor commented on the method the Council used to set rates and queried the rationale for private good versus public good which he believed was not fairly expressed in some cases. He said the community at large should be asked what the level of service was that it expected, and whether the Council had reached or surpassed a comfortable debt ceiling. He suggested consideration be given to borrowing further to take advantage of low interest rates. Mr Taylor believed the Council needed to implement a scientific policy toward debt funding.

Cr Dahya joined the meeting at 1.55pm.

In discussion Cr McDouall asked what debt could the council sustain at different interest rates.

ACTION: Julian Harkness

Cr McDouall left the meeting at 2pm.

Sub N^o	Name	Submission Summary	Officer comment
6	Mainstreet Wanganui Inc	Council overhead charged against the Activity has gone from \$81,00 to \$143,000 in 4 years – it is too high. Formula based application of overhead is not appropriate for targeted rates. Council's costs of maintaining this activity are quite small, and the overhead charge should reflect this. Overhead charge does not reflect management of CBD is largely carried out by Mainstreet Wanganui staff. Mainstreet Wanganui staff also provide some regulatory functions e.g. skateboards. Total targeted rate should not be reduced but a significant portion of funds levied as overhead be used instead to improve level of service for CBD.	Mainstreet Wanganui makes a good point that the overhead allocation to targeted ratepayers looks too high given that Mainstreet's own staff do much of the work themselves. Overall, the overhead model needs to consider a fair charging method for the targeted rates.
6	Mainstreet Wanganui Inc	Wanganui in Bloom. When originally set up half the costs were paid from Parks budget and half from the CBD owners. Mainstreet Wanganui believe it was the Council's intention that 50% be borne by business and 50% from general rates. However, the split is now 83% CBD, 17% Community facilities rate. Mainstreet Wanganui believes the split should be 50/50 to reflect the private/public good that more people than just retailers benefit from the baskets – it is a major attraction for Wanganui. It is part of making Wanganui an attractive place to live. If the funding stays the same it will inevitably lead to a reduction in the number of baskets. Wants the community contribution increased to match the Mainstreet Wanganui contribution. Cost increase to general rates of \$65,000 to \$74,000 per year.	Council should consider the public/private benefit of Wanganui in Bloom and adjust as appropriate.

6	Mainstreet Wanganui Inc	Old Town area maintenance and development of Old Town Riverfront area – Council needs to lift standards. Suggest a CBD ‘C’ rate for the area to fund the cost of the higher maintenance.	Could be a staged process where Council to determines affected ratepayers’ support for the planned works, and decides what is paid by targeted ratepayers and what is paid by general rate.
6	Mainstreet Wanganui Inc	Under verandah lighting principally provides for security of pedestrians, limited value to the retailer who provides lights in their shop windows. Full cost of lighting borne by the CBD ‘A’ and ‘B’ ratepayers, both maintenance and operating costs. Unfair for CBD ratepayers to pay for maintenance of an asset owned by Council. Mainstreet Wanganui accepts that it does add to security and believes it would be fair to pay for energy use. Energy use and maintenance are each about 50% of the budget. Recommend 60% of CBD lighting be paid by CBD ‘A’ and ‘B’ ratepayers and 40% by Council.	Council’s traditional basis for charging the CBD ‘A’ and ‘B’ ratepayers was that Council provided basic street lighting to those Wanganui streets that it thought appropriate, and that where an additional higher level of service was provided, that those ratepayers pay the additional costs. Council should consider the percentage of private/public benefit for under verandah lighting.
6	Mainstreet Wanganui Inc	Rating of Heritage buildings based on values provided by Quotable Values. Rating assessment does not account for rentability. Heritage designations put strategic limitations and cost onto those buildings. Current approach encourages demolition of heritage buildings – Heritage buildings should have their own rating classification and pay lower rates. Any reduction in rates seen as a ‘public benefit’ to be shared by all properties. Encourage developers to develop with a rates freeze for eight years pre-development rates.	Council could introduce a rating category for Heritage buildings. Encouragement of developers would be better handled in a rate remission policy.

Ian McGowan and Ritchie Minnell represented Mainstreet Wanganui Inc and spoke to Mainstreet’s submission. Mr McGowan noted the apology of Peter Robinson, Chairman of Mainstreet Wanganui Inc, who is presently overseas.

The submitters noted the following:

Council overhead

It was generally agreed that the Council needed to look at the Mainstreet overhead for funding as a targeted rate.

ACTION: Julian Harkness

Wanganui in Bloom

The submitters noted that Wanganui in Bloom’s summer baskets were an icon event for Wanganui and featured in all generic promotional material for the District. They suggested perhaps the Economic Development activity could assist with funding. The CBD ratepayers felt that a 50/50 split of the baskets’ costs with the Council would be reasonable.

It was agreed that the Council needed to consider the public good/private good value of the Wanganui in Bloom project.

ACTION: Julian Harkness

Mr Minnell explained that the winter flowering baskets were funded by Central Business District business rather than being levied by Mainstreet. Because of this funding method, national businesses did not participate.

Old Town area maintenance

The submitters suggested Mainstreet Wanganui could support the Council's initiative to improve the Riverfront and Old Town area. Mainstreet believed that the attractiveness of the area needed to be improved through a maintenance regime for footpaths, gardens and street furniture. It was generally agreed that the Council needed to consult the community about providing higher service levels in the Taupo Quay Old Town area and identify if a targeted rate for this maintenance was appropriate.

ACTION: Julian Harkness

Cr Westwood left the meeting at 2.25pm.

Under verandah lighting

The submitters emphasised that due to technological changes businesses now provided security systems internally and were not reliant on external lighting sources. It was generally agreed that under verandah lighting in the CBD needed to be assessed on a public good/private good basis recognising the need for pedestrian security and the confidence for people to use the area. It was suggested that the Council could provide the asset and business operators provide the energy costs. Cr Bullock asked what was the cost currently of under verandah lighting and what was the charge to ratepayers. Mr Minnell said the Council paid for energy and some maintenance. Replacement of lighting was charged back to the Council. He explained that as a light came to the end of its life it was updated with the newest model available and funded through Mainstreet's budget as the Council only reimbursed Mainstreet if all lights were placed in a rebuilt or refurbished verandah. He said Mainstreet was considering LED lighting which was becoming practical with realistic pricing. It was noted there were some inconsistent practices in under verandah lighting through the CBD.

It was agreed that the Council needed to decide the public good/private good percentage values of the varied Mainstreet activity levies.

ACTION: Julian Harkness

Heritage recognition and funding

Cr Westwood rejoined the meeting at 2.33pm.

The effect of the Christchurch earthquakes on future insurance costs with premium increases of 500% suggested, was discussed. The submitters believed that Wanganui's heritage buildings set the city apart and were a major visitor attraction. Julian Harkness said the Council could look at a rates remission policy for heritage buildings. He explained that every three years Quotable Value New Zealand reviewed market sales of equivalent buildings and determined capital value.

**Oral Submission —
Heads Road Industry Group**

The Chairman noted that the Heads Road Business Group had not provided a written submission. Mr Rickie Gowan, Compliance Manager, AFFCO Imlay, representing Shaun O'Neill of AFFCO Imlay, tabled notes as follows:

'Wastewater

The Heads road Industry Group would like Council to consider a different approach to wastewater billing. Believe billing should be based on real time data collection similar to potable water metering. Companies would then be billed monthly on quality and quantity of wastewater discharged. Current system is unfair on companies who improve wastewater quality and/or reduce wastewater volume. Cost savings for companies do not take affect immediately and it can be several years before financial benefits kick in. A real time billing system would provide an incentive for businesses to become practice in improving wastewater quality.

AFFCO Imlay costs for discharge/annum – \$723,000.

Water Supply – would like Council to consider a 'commercial billing rate' for businesses consuming large quantities of potable water. This would b a competitive rate for the business sector (less than household rates). Similar to commercial agreements that are contracted for power and gas.

If Council is keen to retain large business spend for water supply then there needs to be an incentive to retain that spend. Businesses are looking at other potable water potions, e.g. RO Plants.

AFFCO Imlay potable water spend:

2010 \$466,000

2008 \$585,000.'

The members of the Heads Road Industry Group presenting at today's meeting were: Ricki Gowan, Compliance Manager, AFFCO Imlay, Rob Bartley, Managing Director, Ali Arc Industries, and Myles Fothergill, Managing Director, Q-West Boat Builders Ltd.

Mr Fothergill introduced the Heads Road Industry Group which represents 80 businesses in the Heads Road area including AFFCO Imlay Freezing Works and MARS Petcare Factory. These businesses have an annual turnover in excess of \$1B and employed 2,500 staff. Whilst the group is still in its infancy having started two years ago, it is very focussed on the specific needs and problems of the Heads Road industries. Mr Fothergill emphasised the intention of the group is to promote business but not to be a lobby group. He said there are some simple solutions to problems in the Heads Road area and these have been discussed with the Mayor and the Council's officers about three weeks ago. Issues the group is concerned about included the port, wastewater, potable water supply, and the general rating of businesses in the Heads Road area including those on land leased from the Council. The submitters gave examples of their concerns.

Mr Gowan said the present wastewater billing system was unfair. Industry had to use the Council's facility.

Mr Gowan said that over the past ten years, AFFCO Imlay had determined no issues with the potable water supply provided by the Council, other than a competitive billing rate similar to power and gas charging needed consideration. AFFCO was looking at other options to produce potable water at Imlay.

Mr Fothergill said the Council needed to consider how it charged his company for use of port facilities. He noted his company was being charged for berthage even though it provided maintenance and that the berth at Number Two wharf was being damaged by other users who were paying considerably less. Mr Fothergill said that the facilities at Number One wharf were grossly inadequate and there was real risk of a new boat berthed there sustaining hull and paint damage. Mr Fothergill said that during the Annual Plan submission hearings he had asked the Council for consultation but to date this had not occurred. In response to Mayor Main saying she understood the Council had had discussions about the port with Q-West, Mr Fothergill said there had been one meeting with the Property Manager and he was still awaiting a meeting with Wanganui District Council Holdings Ltd’s Directors. Mr Fothergill said there was an opportunity to bring boats to Wanganui for short period in-water repairs. Mr Fothergill said that the general consensus of Heads Road Industry Group members was they wanted to pay rates through a fair market value of their property’s worth.

Cr McDouall rejoined the meeting at 3.20pm.

Mayor Main asked Cr Vinsen to ensure that the Wanganui District Council Holdings Ltd Directors and port company have a meeting with Mr Fothergill. Mayor Main assured Mr Fothergill that the Council would discuss the matters raised by the Heads Road Industry Group. Julian Harkness noted that berthage charging per day required addressing. Mr Fothergill’s concerns that Number One wharf was not adequate for safe berthage; that a discount for potable water supplied to commercial operators needed review; and that the methodology for billing for wastewater discharge required review.

ACTION: Julian Harkness

Mayor Main thanked the submitters for attending today’s meeting and adjourned the meeting for afternoon tea at 3.25pm.

The meeting reconvened at 3.45pm.

Sub Nº	Name	Submission Summary	Officer comment
1	BW Cundle	No rates increases – they are already too high. Rates should be reduced as property values have reduced. GST should be removed from rates. Ratepayers should only pay for services they use. Council should reduce costs. Change the way Council uses cars to save money. Don’t need Horizons Regional Council.	Rates are a property tax that apportion the cost of providing Council service to individual properties. Property values are used to apportion costs in around half of Council rates. The other rates are based on a fixed charge per property. Changing GST on rates is a Central Government decision which Councillors have previously lobbied to remove. For many services, Council does not have an efficient method of determining use and charging for that use.
2	Bill Simmons	There is a prevalence for funding services which largely provide ‘public good’ resulting in ratepayers subsidising minorities. More emphasis on user charges. Adopt more partnerships with private sector interest	Submitter has modelled his submission around the public good private/good theory for provision of services – this is the same basic method that Council uses to

		groups. Oversupply of management stimulates demand. Need new management style. Across the board user charges for all facilities e.g. swimming pool. Many facilities have a public good and must be preserved e.g. Sarjeant, Opera House, Museum. Cost of maintaining buildings should come from rates while cost of services should come from user charges and other income (not rates). No rates contribution to Airport, economic development property, investments and cemeteries.	determine the funding of services. Full funding of service by user pays may result in low usage e.g. pool charges would have to be doubled at least. User charge percentage needs to be reviewed as part of Funding Review.
3	Donna Mummery	Opposed to funding of Council by offshore banks and investors. Wanganui debt has tripled in six years. Wanganui has the highest debt to assets ratio in the country. Funding should come from rates and fees. No borrowing except for maintaining infrastructure and repaying loans.	Council funds around half of its borrowing from banks, the rest via Local Authority Stock. Council only borrows in New Zealand dollars and around 82% of that borrowing is for Infrastructure.

The Mayor referred Councillors to written submissions from Mr BW Cundle, Mr Bill Simmons, and Ms Donna Mummery. No matters for further deliberation were identified.

Referring to Heather Marion-Smith’s submission, Cr McDouall asked if some research could be done on the North Dakota Bank and the infrastructure it may fund.

ACTION: Julian Harkness

The meeting closed at 3.55pm.

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CERTIFICATE OF CONFIRMATION OF MINUTES

The minutes of the meeting of the Wanganui District Council held on 1 September 2011 were confirmed as a true and correct record of that meeting at a meeting of the Wanganui District Council held on 3 October 2011.

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Annette Main
Mayor of Wanganui District

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Date