

MACKENZIE DISTRICT COUNCIL

MINUTES OF AN EXTRAORDINARY MEETING OF THE FAIRLIE COMMUNITY BOARD HELD IN THE COUNCIL CHAMBERS, FAIRLIE, ON WEDNESDAY 27 JUNE 2012 AT 6.00 PM

PRESENT:

Owen Hunter (Chairman)
Julia Bremner
Ron Joll
Graeme Page
Ashley Shore

IN ATTENDANCE:

Claire Barlow (Mayor)
Paul Morris (Manager – Finance and Administration)
Rosemary Moran (Committee Clerk)

FAIRLIE COMMUNITY – BUDGET UPDATE:

The Manager – Finance and Administration explained the process which had culminated in the Council's rating decisions for the Long Term Plan 2012 – 2022 (LTP).

He said that in the draft LTP the Council had proposed changes to rating by:

- amalgamating the townships' water rates into one urban water rate,
- amalgamating the sewer and stormwater rates,
- instituting a District-wide roading rate,
- funding directly for overhead charges,
- budgeting for repayment of internal debt overspend (in particular for Plan Change 13 which had incurred nearly \$1m of costs to date), and
- funding a percentage of depreciation on public toilets, swimming pools and community halls.

He said 530 submissions had been received, most of them commenting on the proposed amalgamation of rates. The objections had come from Twizel people who perceived that they had the most to lose by the amalgamation of rates proposals. Staff had developed an alternative following consideration of the submissions; however elected members had no appetite for that alternative at that time.

The Manager – Finance and Administration explained that Fairlie had, as part of the draft LTP process, agreed to rate an extra \$100,000 a year to put towards paying off debt and the community would have had discretionary funds on a par with Twizel and Tekapo.

He explained that the unbundling of the water, sewer and stormwater amalgamation proposals had resulted in other changes including the removal of the extra \$100,000 Fairlie had proposed to rate, the \$80,000 grant to support Twizel in Year 1 and the Twizel Improvement Rate had been reinstated in Years 1 and 2.

The Council had agreed to funding roading by way of a District-wide rate. Protocols around how that fund would be used would need to be developed and the Mayor had suggested including representation from the community boards and the rural area in the decision making process.

He said all overheads were to be funded from the General Rate. He explained the effect of the changes on the level of rates paid by generators and larger properties.

The Manager – Finance and Administration then distributed information on the impacts of the rating system adopted by the Council, on a section in Fairlie and on a low value, mid value and high value house. He noted that the Council, in producing its financial strategy, had to address debt levels, rate levels and percentage increases in rates. He said Council had settled on an average increase in rates of 4% per annum over the period of the LTP. He said that the ratepayers who would have a greater than 4% increase were marked with a red cross – there were no ratepayers in Year 10 who had a less than 4% increase.

He said that in considering affordability of rates, the Council had applied the informal rule of keeping rates increases at less than \$100 a year, or \$2.00 a week. Council had decided that anything more was too expensive and therefore unacceptable.

The Manager – Finance and Administration also noted the increased charge for the wheellie bin service and the sewerage rate for properties in the Eversley Reserve.

He said that to complete the LTP process, the Community Board had the choice of adopting the budgets as presented in the information he had circulated, which gave everyone a reasonably low increase, or amend them.

The Manager – Finance and Administration said both Tekapo and Twizel Community Boards had done the exercise and both communities, facing rate rises of between \$150 to \$200+ a year, had made some adjustments to make the rates levels more palatable.

He noted that the Council had resolved that the individual roading reserve funds would remain separate and could be used only for roading purposes; however interest earned on the reserve funds would be credited to township accounts.

The Chairman considered that the Council's decision not to proceed with the amalgamation of the water, sewer and stormwater rates could 'kill' Fairlie; it was his opinion that the Council now had an issue regarding affordability of rates in one of its townships, and in the rural area, because of the Twizel orchestrated campaign against the concept.

Ron Joll said it was a pity that the wider District couldn't see the way forward on the amalgamation of rates. With its small population, it would be difficult in the long term. The opportunity had been there to make things more efficient; it was disappointing that the whole District hadn't picked it up.

The Mayor said the Council had run public meetings and the Twizel Community Board had convened a further one of its own. She considered the Council had not allowed enough time to inform people. She said a lot of the submissions were based on misinformation; however Council felt it could not ignore the volume. She said that in her opinion the amalgamation option would return to the table.

Mr Joll said it was important for the long term survival of the District that it did.

In response to a question from Julia Bremner, the Chairman said the amalgamation proposal was no longer an option for the 2012-2013. He pointed out that Fairlie did not have the massive growth that Tekapo and Twizel enjoyed. As the oldest township in the District it was subject to major costs which were proving to be unaffordable.

Mr Joll commented that Fairlie was caught between a rock and a hard place - if rates were set at the level they should be they would not be affordable; there was no way the Township could survive.

The Community Board discussed their options.

Cr Page suggested there were a lot of 'maybes' in the LTP and his view was that some of the capital expenditure budget figures would prove to be too high when the work came to be done. He suggested the Community Board could reduce the water upgrade budget from \$2.2m to \$1.2m. The Manager – Finance and Administration noted that the \$2.2m budget was not all for the upgrade; it included \$1m for a reservoir.

The use of an alternative water source was discussed. The Chairman referred to a spring on the Waters' property which some people thought would not be subject to turbidity as was the existing Fairlie water supply source.

Cr Page said the major cost of treatment was filtration to address turbidity issues and avoiding the use of filtration would be a better option.

In referring to other costs for the water supply, the Manager – Finance and Administration said that in the first two years it was planned to spend \$558,000 on pipe replacements.

Cr Page suggested that if the Community could not fund the projected capital spend, it could go to the market to borrow the money.

Ashley Shore referred to the Council's mandate to look after the whole Mackenzie District. He suggested that even given the number of submissions, it would have been to the benefit of the whole District to adopt the draft LTP rating amalgamation proposals.

Cr Page said there were many generic submissions against amalgamation which had supported a \$1m grant to Fairlie to help with its debt.

Mr Shore said the issue was the total District and asked why a decision had not been made on that basis.

Cr Page said that if the Council had gone against 450 submitters it would have major difficulties. He said Fairlie would always have dearer rates than Twizel. He considered that part of the problem was that, even though the Council had been considering the draft LTP for months it became public knowledge only in the last month.

He considered the comment made at two meetings by a manager that Fairlie 'would have money to spend' had not helped the situation.

The Chairman said one of biggest problems from not amalgamating the rates over the three townships was that the District had left itself exposed to the prospect of amalgamation with other Districts because there was no way in the long term that it could survive.

Mr Shore agreed, noting that without a long term view the Council was not doing its job properly. He said restructuring would inevitably see the Mackenzie District gone.

Cr Page said that Timaru ratepayers did not all pay the same rates for their services. The Chairman considered the city of Timaru could not be compared with three small rural townships.

In response to a question from Mr Shore, the Manager – Finance and Administration explained that because rating policy had to be applied across all ratepayers, there was no opportunity to address the inevitable individual highs and lows that arose.

Ashley Shore left the meeting at 7.10 pm.

The Manager – Finance and Administration suggested that the Board review all projects from Year 2 onwards. He noted that the major rates burden would be felt in the longer ten-year period and suggested that if the Community Board was passionate about convincing the Council to make rates more affordable, it could begin by educating ratepayers and promoting the concept in the community.

The Mayor reiterated that there had been insufficient time during LTP consultation process; however it was intended to put out fact sheets providing correct information about the strategy, why it had been put forward and the potential consequences of not pursuing it.

Julia Bremner suggested that the Board let the figures speak for themselves in alerting Fairlie people to the potential rate increases.

Alternative Water Source

Resolved that information about the potential alternative source for the Fairlie Water Supply on the Waters' property, along with photographs and GPS details (to avoid any confusion about the location of the source) be made available for the next Fairlie Community Board meeting on 25 July 2012.

Julia Bremner/Owen Hunter

Rates for 2012/2013

Resolved that the rates for the Fairlie Community as presented, with the following amendments:

- decrease township budgets from \$100,000 to \$50,000
- remove \$100,000 for each year from Year 2
- increase UAGC to 15%,

to achieve an increase of 5.05% for the 2012/2013 year, be adopted.

Julia Bremner/Ron Joll

Fairlie Western Catchments Project

The Chairman referred to the Council land on Nixons Road which had been purchased for the now abandoned Western Catchments flood protection project and suggested it be sold to enable the Community Board to be reimbursed for the costs of the subdivision.

The Manager – Finance and Administration explained that for land not included in the schedule of Council-owned land which was surplus to requirements to be sold, it was necessary to undertake a special consultative procedure.

It was agreed that information about the Western Catchments project be published in the Accessible with the view to holding a public consultation meeting about the issue, at which time a special consultative procedure to dispose of the land could be launched if appropriate.

**THERE BEING NO FURTHER BUSINESS
THE CHAIRMAN DECLARED THE MEETING CLOSED AT 7.45 PM**

CHAIRMAN: _____

DATE: _____