

MACKENZIE DISTRICT COUNCIL

MINUTES OF A MEETING OF THE MACKENZIE DISTRICT COUNCIL HELD AT THE COUNCIL CHAMBERS IN FAIRLIE ON TUESDAY OCTOBER 28, 2014, AT 9.30AM

PRESENT:

Claire Barlow (Mayor)
Cr Graham Smith
Cr Murray Cox
Cr James Leslie
Cr Russell Armstrong
Cr Evan Williams
Cr Noel Jackson

IN ATTENDANCE:

Wayne Barnett (Chief Executive Officer)
Bernie Haar (Asset Manager)
Suzy Ratahi (Roading Manager)
Garth Nixon (Community Facilities Manager)
Arlene Goss (Committee Clerk)
Jack Montgomerie (Journalist, Timaru Herald)

OPENING:

The Mayor welcomed everyone to the meeting.

APOLOGIES:

There were no apologies.

DECLARATIONS OF INTEREST:

There were no declarations of interest.

BEREAVEMENTS:

The Mayor noted the following bereavements:

- Jennifer Mary Murray, died September 16, sister of Jim and Anne Murray, late of Tekapo.
- Judy Farrin, died September, mother of Michelle Berghan, late of Fairlie.
- Prapai Tawee, died September, mother of Pla Lloyd-Forrest (Fairlie), late of Thailand.
- Leslie Edward Uddstrom, died September 16, grandfather of council Planning and Regulation Manager Nathan Hole, late of Greymouth.
- Mary Patricia Collom, died October 1, late of Twizel.
- Valerie Ann Stead, died October 17, wife of Eddie, late of Fairlie.

A moment of silence was observed.

ORDER OF BUSINESS:

The Mayor noted that the item 'Annual Report' would need to be postponed because the annual report was not yet ready to adopt. At the end of the order of business the Mayor will adjourn the meeting to Friday to allow consideration of the annual report at that time.

MAYOR'S REPORT:

This was the report of Mayoral activities from September 17 to October 28, 2014.

The Mayor was asked about her meeting with the auditor. She said the auditor's feedback was that the council is under-resourced when it comes to doing everything required of staff. The auditor was not critical of staff but said it was a resourcing issue. Cr Smith asked if the delay in the annual report process would mean extra audit fees. The chief executive said there is no indication that we are picking up extra fees. He said the auditors had not raised any major concerns in the annual report process. The Mayor said the staff have done really well and worked hard. Cr Jackson asked what audit fees we pay. About \$70,000 a year for three audits.

Resolved that the report be received.

Graham Smith/Russell Armstrong

REPORTS:

CHIEF EXECUTIVE'S ACTIVITIES:

This was the report of chief executive activity from September 17 to October 28, 2014.

Cr Smith asked about the meeting the chief executive held with Jason Gaskill. Was this about joining Tekapo to the Alps2Ocean track? Yes that was included in the discussion. The chief executive said there has been activity and discussions happening regarding this initiative. The Mayor said Genesis have done a good job of signage and setting up their end at Hayman Road. She recommended that councillors take a look at this work by Genesis.

Cr Smith asked regarding the chief executive's meetings with Genesis and Meridian. The chief executive said this was around the possibility of getting water from the Tekapo basin into the Fairlie area. What they said was that if there was a group prepared to have a sensible discussion they were prepared to talk, but they need to be commercially-focused.

The councillors noted that both Lakes Tekapo and Pukaki are low at the moment and near minimum level.

Resolved that the report be received.

James Leslie/Noel Jackson

LAND SALE AT TWIZEL:

The purpose of this report was to obtain council's confirmation in relation to an exemption under Section 40(1)(a) of the Public Works Act 1981.

The chief executive said as a matter of practice with land sales the council has started consulting APL, a specialist property management group.

APL has reviewed the Twizel land sale to Meridian. The work they have done on this relates to looking at the Public Works Act. There is a definition of a public work in the act. They have come back to say the land was originally taken for a public work and, as such, there is a requirement to offer it back. However the land was for sale at the time it was required and it would be unreasonable and impractical to offer it back. The resolution before councillors today would make this official.

Cr Jackson said there will be other public land that this applies to. The chief executive said the council needs a method to deal with the wider category of land rather than each piece individually. He said the council is taking a very careful approach to this to ensure all processes are followed correctly.

Resolved:

1. That the report be received.

Graham Smith/Evan Williams

2. That it would be unreasonable, impractical or unfair to offer Lot 1, DP 445569 back to a previous owner on the basis that that land had been placed on the open market prior to the Crown purchase.

Evan Williams/Murray Cox

LAND SALE TO TEKAPO LAKE RESORT LTD:

The purpose of this report was to seek council approval in relation to vendor conditions within the Lake Tekapo Resort Ltd Sale and Purchase Agreement.

Jack Montgomerie from the Timaru Herald joined the meeting at 9.57am.

Councillors discussed whether an auction would have been a better way to sell this land and agreed that a better outcome was achieved with a negotiated sale, allowing conditions to be imposed on the buyer.

Cr Jackson asked regarding the concept design. This has not yet been received by council. The chief executive said the survey plan would be signed off by Cr Cox but the concept plan would come to full council for approval.

Resolved:

1. That the report be received.

Evan Williams/Graham Smith

2. That Council resolves to approve the terms and conditions of the Sale and Purchase Agreement per Clause 61(a).

Graham Smith/Russell Armstrong

3. That Council resolves that it has satisfied all local government and other administrative requirements necessary to prepare the property for sale per Clause 61(b).

Graham Smith/Russell Armstrong

4. That Council delegate authority to grant approval for Clause 61(c) to Councillor Cox.

Graham Smith/Russell Armstrong

Bernie Haar and Suzy Ratahi joined the meeting at 9.59am

HIGH COUNTRY MEDICAL TRUST:

The purpose of this report is to seek approval of the deeds of lease and agreement with the High Country Medical Trust and to seek direction in relation to the costs associated with the proposed site for the new Twizel Medical Centre.

The chief executive asked to note a change to his report. On page 45 under the heading 'Background', in the last paragraph he noted that the survey and legal costs were not included in the price. When survey and legal costs are added it brings the estimate to approximately \$78,600. Cr Armstrong asked what this includes. Boundary adjustment, services put in including sewerage.

Cr Jackson asked for clarification regarding the square metre figure, which varies in the report. This is 2,756sqm. Do we have a written agreement with golf club? We are finalising that now.

The Mayor asked if the document written by Gresson Dorman been checked by council's lawyers. Yes.

Cr Armstrong asked when the construction of the services would be ready. The trust want to get underway with building. They will be able to start building before the services are in.

Cr Jackson asked if a house was going on the site. No, just a medical centre.

Cr Smith said the cost of the subdivision has gone up from an initial estimate of \$50,000 and council needed to discuss how to fund this. The chief executive said the initial estimate was that it would cost from \$50,000 to \$100,000.

Garth Nixon joined the meeting at 10.06am.

Two public submissions have been received on this. Councillors have seen these submissions. Both are in favour of the proposal.

Cr Smith asked for more discussion on recommendation 5 - how we fund it. He said this is ratepayer funding and the council is taking some liability. He is concerned that council needs to be fair to the whole district. Cr Cox said medical centres are assets for the whole community. The Mayor said it is important to secure the money so it goes back to the community if the medical centre goes into private hands. She also said the money from the land sale to Meridian needs to go back into the Twizel community and this is a way to do this.

Cr Jackson asked if the new medical centre will pay rent. Only a peppercorn rental on the land.

Resolved:

1. That the report be received.

Graham Smith/Evan Williams

2. That Council instruct the CEO to execute the deeds to confirm a lease and the Agreement relating to Twizel Medical Centre premises.

Graham Smith/Evan Williams

3. That Council instruct the CEO to commission a subdivision to enable the proposed lease to the High Country Medical Trust.

Graham Smith/Evan Williams

4. That the cost of subdivision be added to the value of the 'New Medical Centre Loan' within the Agreement relating to Twizel Medical Centre premises.

Graham Smith/Evan Williams

5. That the cost of subdivision be funded from Council's Real Estate Reserve.

Graham Smith/Evan Williams

6. That Council authorise the CEO to allow the High Country Medical Trust access to the proposal site for construction purposes pending completion of the subdivision.

Graham Smith/Evan Williams

MID-SOUTH CANTERBURY ROADING COLLABORATION:

The purpose of this report is to update the council on the status of the South Canterbury Roding Collaboration initiative and seek approval to enter into an updated Memorandum of Understanding.

The chief executive said this amends the MOU to include Ashburton District Council.

Cr Leslie asked regarding the adoption of a joint strategy for maintenance services on page 88 under key dates. He asked how far down the track we are on this. The chief executive said we are mid-stream. A lot of work is being done to review the terms and conditions of the maintenance contract that all councils use. There will be a decision to be made about how we progress from that and what structure we end up with to re-tender the maintenance contracts.

The process of working through the terms and conditions of the contracts has raised questions regarding the number of contracts, whether you amalgamate them, what services to include or not. There will be reports coming back to council on this.

Cr Leslie asked regarding the current contract with Whitestone - this ends in September next year and will be re-tendered. Tendering process will occur mid-June.

Cr Leslie said he is concerned we will be the 'minnows in the pool' and the 'big boys' will end up controlling our services.

Cr Smith said there are a number of issues around the delivery of service. The chief executive said all the issues will come back to council before the decisions are made. This is a good healthy process. It's improving the interaction of staff with other councils.

Resolved:

1. That the report be received and noted.

Evan Williams/Noel Jackson

2. That the revised Memorandum of Understanding as appended, be approved for execution by the Chief Executive Officer.

Evan Williams/Russell Armstrong

Suzy Ratahi left the meeting.

VEHICLE REPLACEMENT:

The purpose of this report is to confirm the replacement programme for the council vehicles as allowed for in the budget and in line with council policy.

Bernie Haar spoke regarding the 'all of government' agreement. He said there are some significant savings for the council, but it means we have to buy new cars and buy off the list.

Cr Smith said sometimes in the past we have bought a low mileage second hand vehicle. Is the new price going to be cheaper than a one year old

depreciated vehicle? Bernie Haar said the discounts on the new vehicles are within one to two thousand dollars of the second hand price.

The Mayor said the council will look at possible changes to the policy on vehicle replacement at another meeting.

Cr Leslie asked what happens to the old cars. They go on TradeMe.

Cr Armstrong asked regarding safety features. Bernie Haar said there is a five star rating on most of the new vehicles and the safety of users is paramount.

Resolved:

1. That the report be received.

James Leslie/Claire Barlow

2. That the vehicle replacement programme for 2014/15 be confirmed.

James Leslie/Russell Armstrong

*The meeting adjourned for morning tea at 10.34am and reconvened at 10.52am.
Bernie Haar left the meeting at 10.34am.*

FUNDING SUPPORT FOR COURTYARD UPGRADE:

The purpose of this report is to request funding support from Council to undertake the upgrade of the community centre courtyard at Fairlie.

The Mayor asked Garth Nixon how much is in the land subdivision reserve and what is our policy on spending this money. This funds recreational reserves and the balance is about \$700,000.

Cr Smith thought the job is more expensive than planned. Garth Nixon said earlier options were for a different level of work. There are additional costs for planting.

The Mayor asked for a hand rail on the other side of the community steps. Garth Nixon agreed.

Resolved:

1. That the report be received.

Murray Cox/Russell Armstrong

2. That Council approves a contribution of \$15,000 from the Land Subdivision Reserve as their contribution to this project.

Graham Smith/Murray Cox

REPORT ON TWIZEL SOIL HEAP INCIDENT:

This report was presented to council to advise council of the initial investigation in to an accident at Twizel on October 18.

Garth Nixon said Worksafe have been sent this report. They have said they will leave it open and any further action will depend on outcomes. It's not a work site or a work accident.

Cr Smith said the parents have got some responsibility regarding what their children are doing. The Mayor said a 12-year-old should be able to play on his own.

Cr Leslie said this family arrived in town on Friday and the accident happened on Saturday morning, they just dug the hole that day. The size of the hole was only big enough for a small person to crawl into.

The chief executive said he has spoken to the father and it's a freak accident. 12-year-old boys should be out playing in a dirt pile and no one anticipated this accident. This is something that no one had foreseen and the chief executive did not want to put any blame either on the council or the parents. Now that we know about it we have taken action to ensure it doesn't happen again.

All parties have addressed their part and haven't been pointing fingers. The father wished to have the situation investigated which is reasonable, all parties have acted responsibly.

Cr Leslie met with the boy, Deon, yesterday and he's doing well. The Mayor sent a card on behalf of the council to Deon wishing him a speedy recovery.

The dirt pile has been pushed over and all piles will be kept lowered from now on.

Resolved that the report be received.

Murray Cox/James Leslie

TWIZEL PUBLIC TOILETS:

The purpose of this report is for council to endorse the Twizel Community Board's decision to demolish the old toilet block.

Cr Smith asked what the cost would be to demolish this. Garth Nixon said this is unknown but he has heard an estimate of about \$10,000.

Cr Armstrong said at the last community board meeting he suggested the Twizel Youth Club put a price in to demolish, and council would only need to pay the cost of dumping the material at the recycling park. He suggested that people be allowed to take materials from the building in return for a donation to the youth club. He has not had a reply from the youth club yet. He will chase this up.

The community board want to get this done before Christmas.

Garth Nixon said when council advertised for expressions of interest in demolishing the building there was nothing that came from that. But since then he has had an offer for the land, but they are reluctant to include demolition in the land purchase. This land is not on our list for disposal so it would require a special consultative process, and also need to get the title sorted before it could be sold.

Cr Armstrong said if council sells the land he is concerned the toilets will be turned into shops. Garth Nixon said the people who put in the offer have stated their intention to build shops for lease.

The Mayor said the health and safety risk of allowing people to take materials from the site was too great and councillors agreed. The site needs to be level and safe. She asked Garth Nixon to ensure a contract was in place to make it a safe demolition site.

Resolved:

1. That the report be received.

Russell Armstrong/Noel Jackson

2. That Council approves the demolishing of the old public toilet building as soon as possible.

James Leslie/Russell Armstrong

ANNUAL REPORT 2014:

This item was postponed and will be considered on Friday, October 31.

MEETING SCHEDULE FOR 2015:

The purpose of this report is to advise Council of the meeting dates for council and committees in 2015.

Resolved:

1. That the report be received.

Murray Cox/James Leslie

2. That the schedule of meetings be noted.

Murray Cox/James Leslie

COMMON SEAL AND AUTHORISED SIGNATURES:

The purpose of this report was to advise of the documents signed under the Common Seal from August 13, to October 21, 2014:

Resolved:

1. That the report be received.

Graham Smith/Evan Williams

2. That the affixing of the common seal to document 787 be endorsed.

Graham Smith/Evan Williams

COMMUNITY BOARD RECOMMENDATIONS AND MINUTES:

This report from the chief executive was accompanied by the minutes of the meetings of the Twizel and Tekapo Community Boards on October 6, and the Fairlie Community Board on October 13, 2014.

Resolved that the report be received.

Graham Smith/James Leslie

TWIZEL COMMUNITY BOARD:

Council **noted** the following resolution regarding the request for land from the Twizel Early Learning Centre:

Resolved that the Twizel Community board supports the Twizel Early Learning Centre request for council land required for the construction of a new centre.

Council **noted** the following resolution regarding the fate of the old public toilets in Market Place, Twizel:

Resolved: that the Twizel Community Board resolves the public toilet building is demolished as opposed to being relocated.

Council **noted** the following resolution regarding the installation of security cameras in Twizel:

Resolved: That the community board instructs Garth Nixon to go ahead with finalising the security camera system for the town and gym with the view to having these installed before Christmas.

Council **noted** the following resolution regarding the High Country Medical Trust:

Resolved: that the Twizel Community Board supports the Mackenzie District Council in the furthering of the High Country Medical Trust medical centre.

TEKAPO COMMUNITY BOARD:

Council **noted** the following resolution regarding Tekapo township projects:

Resolved: That the Tekapo Community Board prioritise the town projects as per the list above (see the minutes) with modifications, and pay the funding requests as suggested above.

Council **noted** the following resolution regarding the funding of water tanks in the regional park:

Resolved: That the Community Board pay \$6,000 to the regional park to pay for the tanks and the installation of the tanks.

FAIRLIE COMMUNITY BOARD:

Council **noted and considered** the following resolution regarding the upgrade of the community centre courtyard:

Resolved that the community board request that council contribute \$15,000 towards the cost of upgrading the community centre courtyard.

Council **noted** the following resolution regarding the useage of the community centre:

Resolved that the community board initiate a survey of residents regarding the possible future use and opportunities for the community centre.

COMMITTEE MINUTES:

Resolved that the minutes of the meeting of the Finance Comittee held on October 16, 2014, including such parts as were taken with the public excluded, be received.

Graham Smith/Russell Armstrong

Resolved that the minutes of the meeting of the Asset and Services Comittee held on October 16, 2014, including such parts as were taken with the public excluded, be received.

James Leslie/Russell Armstrong

Resolved that the minutes of the meeting of the Planning and Regulation Comittee held on October 16, 2014, be received.

Murray Cox/Russell Armstrong

Resolved that the minutes of the meeting of the Strategy and Policy Comittee held on October 16, 2014, be received.

Claire Barlow/Murray Cox

FORESTRY BOARD MINUTES:

Resolved that the minutes of the meeting of the Mackenzie Forestry Board held on October 16, 2014, be received.

Graham Smith/Russell Armstrong

COUNCIL MINUTES:

The Mayor noted an error on page 156, second line. This should read “rejection of concept plans”.

Resolved that the minutes of the meeting of the Mackenzie District Council held on September 16, 2014, including such parts as were taken with the public excluded, be confirmed and adopted as the correct record of the meeting with the change noted above.

Claire Barlow/Graham Smith

EXTRAORDINARY COUNCIL MINUTES:

Resolved that the minutes of the extraordinary meeting of the Mackenzie District Council held on September 24, 2014, be confirmed and adopted as the correct record of the meeting.

Claire Barlow/James Leslie

PUBLIC EXCLUDED:

Resolved that the public be excluded from the following part of the proceedings of this meeting namely:

- A) POSSIBLE LAND PURCHASE.
- B) PREVIOUS MINUTES FAIRLIE COMMUNITY BOARD, OCTOBER 13.
- C) PREVIOUS MINUTES FINANCE COMMITTEE, OCTOBER 16.
- D) PREVIOUS MINUTES ASSET AND SERVICES COMMITTEE, OCTOBER 16.
- E) PREVIOUS MINUTES COUNCIL, SEPTEMBER 16.

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
Possible Land Purchase	Enable commercial negotiations	48(1)(a)(i)
Previous minutes Fairlie Community Board October 13	Commercial sensitivity	48(1)(a)(i)
Previous minutes Finance Committee October 16	Enable commercial negotiations	48(1)(a)(i)
Previous minutes Asset and Services Committee October 16	Commercial sensitivity	48(1)(a)(i)
Previous minutes Council September 16	Maintain legal professional privilege	48(1)(a)(i)

This resolution is made in reliance on Section 48(1)(a)(i) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows: *Previous minutes Fairlie CB and previous*

minutes of Asset and Services Committee under section 7(2)(b)(ii). Previous minutes of the Finance Committee and Possible Land Purchase under section 7(2)(i). Previous minutes of Council under section 7(2)(g).

Russell Armstrong/James Leslie

Council continued in open meeting.

At 1.45pm the Mayor adjourned the meeting until 9am on Friday, October 31, to consider the Annual Report at that time. Crs Armstrong and Leslie gave their apologies in advance.

The meeting reconvened at 9.06am on Friday, October 31. Those present were the Mayor, Cr Cox, Cr Jackson, Cr Williams, Cr Smith, the chief executive, the finance and administration manager, the accountant, and the committee clerk.

ANNUAL REPORT:

The Mayor tabled the annual report and Paul Morris said the letter of representation from Audit NZ had been received that morning.

It was noted that on page 124, under council structure, Graeme Page and John Bishop were no longer on council and the committee structure was incorrect. This needs to be corrected.

Paul Morris apologised for the lateness of the report. It was a difficult audit this year due to asset revaluation. This has had an impact on the accounts. There was also a new audit team so we had to go over a lot of the stuff we expected them to already know.

He said the auditors were asking him to make late minute changes to the report this morning. The requests for changes in council's treatment of accounting items from this year to last year were staggering. It required a lot of re-work.

In the last week he has had a lot of backwards and forwards correspondence from Audit NZ regarding all the changes, including some things that previous audit teams had put in place that were reversed. The Mayor asked what our recourse was to complain. Paul Morris said the first port of call would be the audit director.

The accounts are required to be signed off by October 31, so we are at the last day.

Paul Morris noted a late change on page 107 under council employees. We have a banding for employee salaries in bands of \$10,000. Where there are five or less employees in a band, you group it up to the next band. This is so you don't identify who those five employees are. We have done this. Audit NZ have asked us to change the 2013 comparative.

Paul Morris outlined to councillors how to interpret the funding impact statements.

The Mayor had some questions regarding the performance measures. A workshop will be held next week to review these. She asked about page 29, sewerage, result not achieved. The chief executive said this was a monitoring issue. The processes set up for scheduling the monitoring were not robust. This has been fixed.

On page 33 under stormwater, what is a CSR? Customer Service Request.

On page 37 the Mayor did not understand the roading information.

The Mayor expressed concern at the solid waste result.

On page 44 under "publically notify district plan changes by 30th April 2014".

Has this happened?

On page 45 under dog control, 117 dogs unregistered at year end. This year end is before our penalty season and most dogs are picked up after this. This measure doesn't illustrate the reality of the situation.

On page 49, the target is 70% of solid waste diverted and this needs to be addressed.

On page 54, under Forestry Board we didn't achieve the adoption of the statement of intent. Need to address this.

Paul Morris said on page 62 under the statement of comprehensive income it shows we made a deficit of \$561,000. The reasons for this included roading costs being above budget. The depreciation was \$420,000 higher than budget due to the revaluations of assets. We had anticipated we would be further down the track with the Tekapo Lakefront Development and profit on real estate is down by \$900,000, due to the timing of sales. Note 31 in the annual report explains these matters.

Cr Smith asked why rates were less than budget. Paul Morris said we made a mistake in the annual plan when the budget was determined.

Paul Morris said the revaluation has added \$21.3million to the value of our assets. This means an impact on depreciation. The main reason for the increase is because of what has happened in Christchurch. Council will have to fund this depreciation going forward.

Cr Smith compared the use of roading reserves with the use of depreciation and discussion was held on this.

Paul Morris said another loss of \$389,000 related to forestry changes in value. We have sold some of the trees that were blown down, but this has led to a decrease in the value of the forestry stock. Gains included a \$145,000 increase in the value of the carbon units.

Cr Jackson asked how we stack up with other councils in terms of forestry. Waimate got out of forestry and Ashburton is also getting out of it. They are selling their forestry to dairy farmers.

Paul Morris moved to page 64 which is the balance sheet. Our asset values have increased to \$209,000 and our asset revaluation reserves went from \$83,000 to \$104,000. He explained how depreciation works.

Cr Smith would like an explanation on the deficit to be communicated to ratepayers. Paul Morris said a summary document needs to go out within the next month. The summary needs to be audited to make sure it accurately represents what's in the report. Councillors will be able to approve this. A special meeting will be held next Friday to consider this. Discussion was held on providing context in the summary.

This summary will be attached to the Twizel Update and the Fairlie Accessible.

Paul Morris thanked his team, especially Tania, for their effort on the Annual Report. He would also like to acknowledge Pauline, Julie and Catherine for their work in putting this together. The Annual Report takes a lot of time and staff worked very hard on it.

The Mayor suggested the following resolution and it was passed by council:

Resolved that the Mayor and councillors thank Paul Morris and staff for their hard work on the 2014 Annual Report.

Noel Jackson/Graham Smith

Consideration then moved to the staff recommendations in the report:

Resolved:

1. That the report be received.

Graham Smith/Noel Jackson

2. That the Annual Report 30 June, 2014, be approved.

Graham Smith/Noel Jackson

3. That the Mayor and Chief Executive Officer be given approval to sign the Letter of Representation for the Annual Report for the year ended 30 June, 2014.

Graham Smith/Noel Jackson

4. That the Annual Report for 30 June, 2014, be adopted.

Graham Smith/Noel Jackson

THE MAYOR DECLARED THE MEETING CLOSED AT 9.58AM

MAYOR: _____

DATE: _____