

**Minutes of the Extraordinary Meeting of the Southland
Regional Council, held in Regional House, corner
North Road and Price Street, Invercargill, on Monday,
3 May 2021, at 10.00 am**



Te Taiao Tonga

Present: Chairman N Horrell (Chair)
Cr A Baird
Cr N Cook - from 10.29 am
Cr L Esler - from 10.31 am
Cr L Ludlow
Cr L McCallum
Cr P McDonald
Cr J McPhail
Cr B Mager
Cr D Stevens
Cr E Roy

In Attendance: Mr R Phillips (Chief Executive)
Ms W Falconer (GM, Strategy, Planning & Engagement)
Ms R Millar (Strategy & Partnerships Advisor)
Mrs T Hawkins (Finance Manager)
Mrs A Henderson (Snr Communications Co-ordinator)
Mrs J Brown (Executive Assistant)

1 Welcome (*Haere mai*)

The Chairman welcomed members to the Extraordinary meeting of Council, called to consider the adoption of the Consultation Document for the Long-term Plan 2021-2031.

2 Apologies (*Nga Pa Pouri*)

Resolved:

Moved Cr McPhail, seconded Cr Baird, that apologies for absence be accepted on behalf of Cr Guyton, and for lateness on behalf of Crs Cook and Esler, who are involved in other Council activities.

Carried

3 Declarations of Interest

There were no declarations of interest made at this time.

4 Notification of Extraordinary and Urgent Business (*He Panui Autaia hei Totoia Pahi*)

4.1 Supplementary Reports

There were no supplementary reports tabled for inclusion in the agenda.

4.2 Other

There were no other items of business raised by Councillors for inclusion in the agenda.

5 Questions (*Patai*)

There were no questions asked at the meeting.

10 Staff Report – 21/C/36

⇒ Item 1 – 2021-2031 Long-term Plan Development – Supporting Information

This item had been prepared to allow Council to consider the supporting information for the 2021-2031 Long-term Plan. Ms Falconer noted that the appendices to this item relate to material that will be made publicly available and support the Long-term Plan. All documents will remain in draft form until such time as the Long-term Plan is ultimately adopted later in the year, but had all been workshopped with Council.

With regard to the Draft Financial Strategy, Ms Falconer advised that staff were currently preparing an amendment to that document to include a paragraph on page 10, under Investment Managed Funds “Investment in Leasehold Land”, which would be submitted to the meeting shortly, for consideration. A further amendment was also proposed to page 11, and related to graph number 4 which had a small error in it.

Cr McCallum commented it had been good to see the work that Council had done throughout the workshops over the last year, come together in the documentation presented to the meeting.

Resolved:

Moved Cr McCallum, seconded Cr Mager, that Council:

- 1. pursuant to Section 93G, Local Government Act 2002, adopt the following information as the 2021-2031 Long-term Plan Consultation Document Supporting Information:**
 - (i) strategic intent/direction including community outcomes**
 - (ii) draft Infrastructure Strategy 2021-2051;**
 - (iii) draft Groups of Activities (including levels of service)**
 - (iv) proposed Revenue and Financing Policy**

- (v) **proposed Rates Remission and Postponement Policy (including rates remission and postponement for Māori Freehold Land);**
- (vi) **proposed Significance and Engagement Policy**
- (vii) **proposed Financial Contributions Policy**
- (viii) **proposed Treasury Policy**
- (ix) **Significant Forecasting Assumptions**
- (x) **Funding Impact Statement; and**
- (xi) **proposed Fees and Charges Schedule.**

Carried

⇒ Item 2 – 2021-2031 Long-term Plan Development – Adoption of Consultation Document

This item recommended that Council adopt the Consultation Document for the 2021-2031 Long-term Plan. It was noted the documentation included the draft Auditor's letter, which upon adoption would be finalised by the Auditor.

Chairman Horrell, in speaking to this item, noted it had taken some time to get to this stage, which had resulted in Council being late with its process. He had personally found this the most difficult LTP he had been involved in, given the aftermath of COVID, which had led to the loss of income from cruise ships previously relied on to fund Council's coastal activity. He noted Council had also been fortunate to receive \$118.5M funding from central Government's shovel ready programme, allowing floodbanks to be updated much quicker than anticipated, to support community resilience, but again, this impacted Council's financial situation as it required a \$4.6M local share contribution. Chairman Horrell noted these things were all happening at the same time Council was being asked to do more by Government (new legislation, additional science requirements) and all need funding. The Council was seeking a significant rate increase to do the work the region and central government was requiring, and its options were limited.

Cr Baird commented the process undertaken by Council had been very thorough. He noted this was the first LTP he had been involved in since moving from being a member of the community to working as a councillor, and he commented there was "much to do". Resilience, how the community goes forward, maintaining infrastructure, preparing for the unknown, whilst ensuring a sound balance sheet, required a large rate increase, which he noted was not easy to ask of the community. The process would allow the community an opportunity to give its views, and he asked for its support.

Cr McCallum thanked staff for their help with this process. He noted the consultation document clearly set out, from page 16 onwards, what it meant for different parts of the community, and Council had proposed an option that it believed was the best for Southland going forward, with some longer-term views. He looked forward to the consultation with the public.

Cr McPhail agreed the Consultation Document was informative and he encouraged the community to ask questions and discuss the issues with councillors. He looked forward to the input that would be received.

Cr McDonald noted the two options that were being presented – both of which required large increases – but he urged the community to read the consultation document. He was aware people want to make comparisons, but suggested that the comparison needed to be with other regional councils – which have similar expectations on them from government and public, rather than the TAs. He noted the discussion on regional leadership and that it was important that Councils worked better together, including local groups, local authorities and other councils in the South Island – this was a new direction that he was very supportive of.

Cr Roy commented the options developed by Council were not taken lightly; hundreds of hours of work had been involved, with the best advice being provided both internally and externally. He too encouraged members of the public to read the information – councillors were accountable for the decisions which would be taken in order to protect the community and allow the region to be a thriving Southland.

Chairman Horrell thanked members for their comments, noting this was a long journey – it was important to be honest and have a future focus. In the past Council had gone for the soft option, but it was important to do the job well and be honest with the community.

Cr Stevens congratulated staff for the work they had done. He felt the document presented was honest and although it was seeking a significant rate increase, the justification and the workload ahead of the region was clear. He also reminded the community to speak to councillors directly.

Resolved:

Moved Cr McPhail, seconded Cr Ludlow, that Council:

- 1. pursuant to Section s93B-93F of the Local Government Act 2002, adopt the consultation document for the 2021-2031 Long-term Plan, which includes the final Audit Opinion;**
- 2. make the consultation document and nominated supporting information publicly available on and from 4 May 2021, calls for public views and submissions on the Consultation Document, with the receipt of views and submissions to close on 4 June 2021 and to be heard by Council on 23 June 2021;**
- 3. pursuant to Section 100(2), Local Government Act 2002, resolves it is financially prudent to set projected operating revenues less than the projected operating costs resulting in net forecast deficit for the financial year ending 30 June 2024.**

In making that decision, the Council has had regard to:

- (i) the estimated expenses of achieving and maintaining the predicted levels of service provision set out in the proposed Long-term Plan, including the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life;
 - (ii) the projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life;
 - (iii) the equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life; and
 - (iv) the funding and financial policies adopted under Section 102 of the Local Government Act 2002.
- 4 agree to delegate 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.

Carried

⇒ **Item 3 – consultations running concurrently with LTP Consultation Document**

This item had been prepared to approve the consultation material for the concurrent and separate consultations on the proposed policies, which are required to support the Long-term Plan (LTP) development process.

In speaking to the documentation that was provided with this item, the Chairman noted that whilst some in the community will find rates a burden, the Council was doing what it could to soften that burden. Cr McCallum noted that these documents were also a key and important part of the puzzle that needed to be there to support the process.

Resolved:

Moved Cr McCallum, seconded Cr Stevens, that Council:

1. pursuant to Section 102, Local Government Act 2002, adopt the proposed Revenue and Financing Policy and Proposal for consultation concurrently with the LTP Consultation Document;
2. pursuant to Section 101, Local Government Act 2002, adopt the draft Funding Needs Analysis as supporting information to the proposed Revenue and Financing Policy consultation;
3. pursuant to Section 102, Local Government Act 2002, adopt the proposed Rates Remission and Postponement Policy – including for Māori Freehold Land and Proposal for consultation concurrently with the LTP Consultation Document;

4. pursuant to Sections 36-36AA, Resource Management Act 1991 and Sections 83 and 87, Local Government 2002, adopt the proposed Fees and Charges Schedule and Statement of Proposal for consultation concurrently with the LTP Consultation Document;
5. pursuant to Section 102, Local Government Act 2002, adopt the proposal for the Financial Contributions Policy for consultation concurrently with the LTP Consultation Document;
6. pursuant to Section 76AA, Local Government Act 2002, adopt the proposal for the Significance and Engagement Policy for consultation concurrently with the LTP Consultation Document.

Note: The consultation of the above policies will run concurrently with the LTP Consultation Document process and will be heard and considered at the same meetings.

Carried

[Cr Cook attended the meeting at 10.29 am]

⇒ **Item 4 – Joining the Local Government Funding Agency**

This item had been prepared to allow Council to decide whether or not to join the Local Government Funding Agency (LGFA) and its preferred method of joining (guaranteeing or non-guaranteeing).

Mrs Hawkins noted this proposal had been discussed in detail at workshops, including the benefits of being part of the organisation. Resilience for Council was a large part of the desire to join the LGFA, helping with both expected and unexpected events - having credit facilities available.

Chairman Horrell noted this had been discussed at length, and being a member provided flexibility as well as access to cheaper finance, and he advised he was supportive of the recommendation. Cr Ludlow agreed, noting the ease with which Council would be able to access funding going forward.

[Cr Esler attended the meeting at 10.31 am]

Cr McCallum noted the healthy discussion that had occurred at the workshop. The focus was on resilience - membership would provide a tool in the tool box, and would help the Council to move forward with confidence. He felt the community should be supportive of this approach.

Resolved:

Moved Cr Ludlow, seconded Cr Roy that Council:

1. **approve joining the Local Government Funding Agency as a guaranteeing participant as its preferred option;**

2. **approve the “Proposal to join the Local Government Funding Agency” and to consult on the proposal and hear submissions concurrently with the LTP Consultation Document.**

Carried

⇒ **Item 5 – Infrastructural Asset Management Plans Review**

Council was asked to adopt the 2021 review of the Draft Infrastructural Asset Management Plans for the flood protection assets within the Aparima, Invercargill City, Mataura, Oreti and Te Anau Basin rating districts.

Staff advised that these documents set out how Council’s assets are to be managed; addressing policy and procedures, the long-term maintenance programme and performance of the assets. Assets included in these plans included the flood banks, pumping stations and associated equipment in each rating district.

Resolved:

Moved Cr Stevens, seconded Cr McPhail, that Council adopt the six Draft Infrastructural Asset Management Plans for the flood protection assets within the Aparima, Invercargill City, Makarewa, Mataura, Oreti and Te Anau Basin Rating Districts, as reviewed in January 2021.

Carried

⇒ **Item 1 – 2021-2031 Long-term Plan Development – Supporting Information - resumed**

The meeting returned to this item, to allow consideration of proposed amendments to the Draft Financial Strategy that had been discussed earlier. The proposed amendments were tabled and spoken to at this time.

Mrs Hawkins noted the debt affordability graph had been showing initially that debt would be less than 15% but in reality it was 18%. This error had been identified by Audit, and the tabled graph to be included in the documentation, was now correct. The total debt itself had not changed, just its portrayal, and no changes were required to the model or financial information.

Proposed additional wording relating to leasehold land, to be inserted on page 10 prior to the last two paragraphs, was also reviewed at this time. The proposed changes were supported by the meeting. One other small change made was to provide the Maori wording for the Financial Strategy, which was noted.

Resolved:

Moved Cr Roy, seconded Cr Ludlow, that Council, pursuant to Section 93G, Local Government Act 2002, adopt the amended Draft Financial Strategy as supporting information for the 2021-2031 Long-term Plan Consultation Document.

Carried

At this time the Chairman thanked all involved in the work that had been done on getting the documentation and process of the Long-term Plan to this stage. He looked forward to the public consultation and feedback that would be received.

11 Extraordinary and Urgent Business (*Panui Autaia hei Totoia Pakihi*)

There was no extraordinary or urgent business considered by the meeting.

12 Public Excluded Business (*He hui Pakihi e haram o te iwi*)

There was no public excluded business considered by the meeting.

Termination

There being no further business, the meeting closed at 10.41 am.