Omokoroa Residents and Ratepayers Association Inc.
Annual General Meeting 5 July 2023

Chairman's Report

A lot has happened during the year with the Council that caused us to act:

Firstly - the government-directed changes including 3 Waters, replacement of the RMA and the reform of local government. Of particular concern is that LGNZ was paid to represent the government, not local government in forcing these changes on local government on behalf of the labour government.

Secondly – The preparation and adoption of the Annual Plan 2023-2024. This being particularly important as it details council's spending during the year and the increase in rates required to support this spend.

Thirdly – Council elder housing and council's planned spend on this loss-making enterprise. The strong push by the CEO to increase elder housing, combined with the lack of policy governance by councillors, has resulted in increased spending on this loss-making enterprise with a significant effect on the rates.

Council refused to follow its own legal requirements on funding elder housing.

Fourthly – The local body elections. The internet-based "generation change" programme implemented by the CEO to increase participation in the elections was particularly ineffective.

In response, ORRA ran a meet the candidates meeting in Omokoroa to address this problem.

Fifthly – In conjunction with WRRA we ran a public meeting at which David Seymour spoke about 3 Waters, RMA and local government reforms. This meeting ws attended by 200 people. Video will be posted on our web site.

1. 3 Waters, RMA and Local Government Reforms

These government-directed changes are not designed to improve local government efficiency, to improve services, or to improve the supply of housing. They will centralise decision making and embed co-governance throughout local government, planning and water supply services.

The main role of Local Government New Zealand (LGNZ) is to represent and advocate for and on behalf of local government when dealing with central government.

Throughout these government-directed changes, LGNZ has acted as an agent of the Government. It entered into a contract with the Department of Internal Affairs (DIA) to be funded to the tune of some $1.3M to essentially sell 3 waters to local government.

LGNZ has also made recommendations to DIA on the future for local government without reference to their membership.

ORRA lodged a written submission with the Finance and Expenditure Committee opposing the Water Services Entities Bill (**Attachment 1**).

We also instigated a community email programme to councillors (**Attachment 2**) recommending that council withdraw from LGNZ in protest at the way that LGNZ had strayed from its constitutional objects in receiving money to represent the government rather than representing its membership on the matter of 3 waters.

Councillor Murray-Benge's motion for WBOPDC to terminate its membership with LGNZ was heard at the August Council meeting and was unsuccessful.

2. Annual Plan 2023-2024

A written submission (**Attachment 3**) was lodged on the annual plan and an oral submission made at the annual plan committee meeting.

The key points of this submission are:

1. Council is not prudently managing its revenues, expenses, assets, liabilities and general financial dealings.
2. The proposed increase in rates of 7.41%, is excessive and inflationary.
3. The proposed increase in fees and charges (average increase of 10%), is considerably in excess of the current rate of inflation (6.7%), the target band for annual inflation being 1-3%.

4. A lack of transparency and obfuscation by the CEO and Mayor during Council decision making is being made worse by the proposed charging for responding to LGOIMA requests for information.
5. Using the long term plan process to provide backdoor approvals for the proposed capital spending on Elder Housing, thereby avoiding policy scrutiny relating to elder housing, is unacceptable.
6. A rates increase of close to zero could have been achieved through the use of the better-off-funding ($5.34M) for essential services and a reduction in spending on frivolous and nice-to-have things that could be funded when we are not in a cost-of-living crisis.

The Local Government Rating Act 2022 requires that the revenue and financing policy and the funding impact statement in the LTP and the rates resolution in the annual plan are consistent. This is not the case. This is something we are referring to the Auditor General.

3. Local body elections

We organised a well-attended meet-the-candidates meeting at the sports and recreational centre. Candidates for the Omokoroa Community Board, District Council Kaimai ward and the local Regional Council candidates all spoke.

Candidates were provided with set questions prepared by ORRA and designed to establish candidates' positions on key issues including co-governance and 3-waters.

4. Elder Housing

The Revenue and Financing Policy adopted in the Long Term Plan 2021–2031 states that for "H*ousing for Older People* (Council Elder Housing), *100% of the funding for capital, operations and maintenance is provided from rental income".*

Despite this policy, Elder Housing continues to be a cost to ratepayers and capital expenditure on elder housing is a significant contributor to the rates increase of 7.04% set in 2023-24 annual plan.

During the year we lodged 8 Official Information (LGOIMA) requests with council, made one complaint to the Ombudsman and lodged a complaint with the Auditor General in an attempt to gain information on Council Elder Housing finances and determine whether council was adhering to policy when making decisions.

The question we wanted answered was, *is elder housing continuing to be a financial cost to ratepayers.*

We have been able to establish that:

1. Council approved a ten year expenditure programme for Elder Housing of some $5M without a financial business case. This decision was made by Councillors without determining whether it would be cost-neutral to ratepayers and is inconsistent with the relevant Revenue and Financing Policy.
2. Elder housing continues to operate at a loss (and hence a cost to ratepayers), the accumulated loss being:
    a. June 2021 $750,000
    b. October 2021 $894,544
    c. January 2023 $917,445
    d. Estimated June 2023 $3.3M (Includes new units at Beach Road)
3. Councillors gave approval to apply for the use of $4.6M of 3 Waters Better-off-funding to part fund the planned $6.3M re-development of elder housing at Heron Crescent and Tui Place, Katikati (the balance to funded by $1.66M internal council loan).
4. A financial business case has not been provided by council that shows that the elder housing will be financially viable following the capital expenditure at Beach Road, and the planned capital expenditure at Heron Crescent and Tui Place.

We lodged a complaint with the Auditor General about the lack of policy scrutiny around the spend of better-off-funding on elder housing. The Auditor General confirmed that although Council had given approval to apply to use Better-off-funding for elder housing, Council has not given approval to spend this money on elder housing should the application be granted. He also confirmed that Council would need to follow its usual decision-making process to determine whether the expenditure should be incurred. This would include ensuring any expenditure is in line with Council policies.

The complaint made to the ombudsman in October 2021 about council not providing the elder housing financial business case in response to a LGOIMA request is still under investigation.

The opportunity cost of the proposed expenditure of Better-off-funding on elder housing in the 2023-2024 annual plan is estimated to have resulted in a rates increase of some 6 to 7% compared with the situation where better-off-funding were to be used for essential services such as water supply, wastewater or roads.

We prepared a written submission on the proposed spending of Better-off-funding on elder housing (**Attachment 4**) and presented this at the council meeting on 15 September 2022.

The key points of this submission are:

1. Council needs to ensure compliance with Policy Committee Resolution PP22-5.26 when considering whether to spend further money on elder housing.
2. A business case we prepared shows that elderly housing is not financially sustainable, now or in the future.

3. The proposed construction of new elder housing units at Heron Crescent will make elder housing less financially viable (when opportunity costs are taken into account) and expose ratepayers to additional cost.
4. That council not receive the CEO's report recommending that better-off-funding be applied for to renovate elder housing, and should not approve the expenditure of additional money on elder housing because it is not financially viable and a financial cost to ratepayers.
5. Council should consider divesting elder housing to a Community Housing Provider in order to minimise losses and cost to ratepayers.

5. Society Administration

a. Committee Membership

Ken Shirley, who was elected as a Regional Councillor, resigned from the committee upon his election to avoid any conflict of interest.

Michael Smith resigned from the committee because of work commitments.

The management committee members now being Bruce McCabe (chairman), John Palmer (Deputy Chair), Kathleen McCabe (Secretary and Treasurer) Wayne Wright, David Partington and Judy Sampson.

b. ORRA Website

The grant provided by Omokoroa Resource Centre was not sufficient to construct a web site. Web site development has stalled, and we have been asked to repay the unspent money granted for this purpose.

We are receiving assistance from an ISP in Auckland and intend to post videos of recent public meetings on a very basic web site with his help.

If anyone can or knows someone who can assist us in setting up a Google Sites web site, we are very interested in making contact with them.

c. Meetings with Council CEO

The absence of a response from the CEO to our request for quarterly meetings with the CEO was raised during an oral submission at a recent council meeting.

I was given an assurance by councillors that if we made another request for regular meetings with the CEO that this would be met with a positive response.

This will be actioned shortly.

d. Membership

The financial membership has dropped from 160 during the 2021-22 financial year to 82 for the 2022-23 financial year.

A sound financial base is required for two reasons:

Firstly to obtain information from Council using the official information process, (in the event that council charges for the provision of information as allowed for in the annual plan,

and secondly to progressively develop the web site to a standard necessary to make information available to members.

Attachment 1 ORRA submission to the Finance and Expenditure Committee opposing the Water Services Entities Bill.

Attachment 2 Community email to councillors recommending that council withdraw from LGNZ in protest to LGNZ not representing Local Government through the 3 Waters process.

Attachment 3 ORRA Submission on the annual plan.

Attachment 4 ORRA submission on the proposed spending of Better-off-funding on elder housing presented at the council meeting on 15 September 2022.