

AGENDA AND SUPPORTING PAPERS FOR SPECIAL MEETING

31 MAY 2011

- DATE:** 31 May 2011
- TIME:** 10.30 a.m.
- VENUE:** Council Chambers
West Coast Regional Council Offices
388 Main South Road
Paroa
- AGENDA:**
1. Hear from submitters who wish to be heard in person (Submitters 1 - 4)
 2. Receive submissions from those submitters who did not wish to be heard in person (Submitters 5 - 6)
- NOTE:** Following the conclusion of the Special Meeting, there will be a workshop to discuss the submissions received.

THE WEST COAST REGIONAL COUNCIL
SPECIAL COUNCIL MEETING

Notice is hereby given of a Special Council Meeting of
THE WEST COAST REGIONAL COUNCIL
to be held in the Offices of
The West Coast Regional (Council Chambers), 388 Main South Road, Greymouth,
Monday, 31 May 2011, at 10.30 a.m.

A.R. Scarlett
CHAIRMAN

Chris Ingle
CHIEF EXECUTIVE

SUBMITTERS WISHING TO BE HEARD

| Submission Number | Page | Name of Submitter | Subject |
|--------------------------|-------------|----------------------------------|--------------------------------------------------------------|
| 1 | 1 – 5 | Federated Farmers of New Zealand | Rates revenue, AHB funding, Dairy effluent inspection charge |
| 2 | 6 | Animal Health Board | Additional funding |
| 3 | 7 | Tb Free, West Coast | Regional funding |
| 4 | 8 - 12 | Liz Ewins & others | Lower Waiho Rating District |

SUBMITTERS NOT WISHING TO BE HEARD

| | | | |
|---|---------|-----------------------------------------------------|-----------------------------------------------------|
| 5 | 13 - 15 | Active West Coast | RLT Strategy, Reefton air quality monitoring |
| 6 | 16 - 22 | EECA (Energy Efficiency and Conservation Authority) | Voluntary targeted rate for home heating insulation |

SUBMISSION



TELEPHONE 0800 327 646 | WEBSITE WWW.FEDFARM.ORG.NZ

To: West Coast Regional Council

Submission on: The Draft Annual Plan 2011/2012

From: West Coast Province of Federated Farmers of New Zealand

Date: 13 May 2011

Contact: Anna Mackenzie
Policy Advisor
Federated Farmers of New Zealand

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Federated Farmers would like to be heard in support of this submission

KEY SUBMISSIONS

- **Council continue to prioritise core services, in order to keep its overall increase in rates low.**
- **Council ensure that there is not a trend to place greater reliance on rates revenue.**
- **Council continues to fund the portion sought by the Animal Health Board to fund the vector control programme.**
- **Council strive to keep the costs of compliance as low as possible by not increasing the dairy effluent inspection charge this year.**
- **Council introduce a two yearly inspection for farmers who have passed an inspection for three consecutive years.**
- **Council continue to actively engage with Federated Farmers on key resource management issues, decisions, plans and policies involving the pastoral sector**

**SUBMISSION TO WEST COAST REGIONAL COUNCIL ON
THE DRAFT ANNUAL PLAN 2011/2012**

1. SPENDING AND REVENUE

- 1.1. The draft annual plan proposes that the total rates revenue for 2011/2012 will increase by 1.9% this year. Federated Farmers would like to congratulate council on its efforts to keep rates increases as low as possible and it's on going commitment to focus on core activities.
- 1.2. Federated Farmers notes that Council is proposing to decrease its expenditure from \$9 million last year to \$8.3 million proposed for this year, which is a decrease of 8.4%. Federated Farmers also notes that total revenue has decreased however there is a slight increase in the general rates gathered of 1.9%. While this is a small increase, it means that council is placing slight greater reliance on rates revenue. Federated Farmers would hope that this is not a trend in the future, as rates are gathered principally on the capital value of land, which places an inequitable burden on larger land holders.

Recommendations:

- 1.3. Council continue to prioritise core services, in order to keep its overall increase in rates low.**
- 1.4. Council ensure that there is not a trend to place greater reliance on rates revenue.**

2. GENERAL COMMENTS ON FUNDING POLICY

- 2.1. Federated Farmers notes Councils use of targeted rates for services such as specific river works projects, and civil defence funding. Federated Farmers would like to congratulate council of the use of these targeted rates.
- 2.2. We understand that the four Councils in the Region are developing a joint IT strategy and investigating the possibility of replacing their ageing core financial systems with a common shared solution. It is proposed that this capital expenditure will be funded from retained depreciation funds. Federated Farmers supports this strategy on several fronts: the funding mechanism, the joint approach, and the efficiencies it should create. We congratulate Council on its participation in this venture.

3. ANIMAL HEALTH BOARD FUNDING

- 3.1. Federated Farmers notes that Council contributes to the vector control programme towards meeting the targets of the National Pest Management Strategy on Bovine Tb in the Region. Although not clear from the annual plan, Federated Farmers understands that Council is proposing to provide the full amount sought by the AHB to fund the program in the West Coast Region. Our members would like to thank Council for its on going support in this area. The control of Tb vectors is important for sustaining the rural economy of the region. While the sole focus of the AHB is on

delivering a Tb Free New Zealand there are significant benefits to council, the region and its ratepayers as a result of that control work, not least to indigenous biodiversity in the region. For a small investment, matched by Central Government but funded primarily by farmers through Tb levies, Council can achieve large gains in biodiversity management and ensuring economic sustainability.

Recommendation:

- 3.2. Council continues to fund the portion sought by the Animal Health Board to fund the vector control programme.**

4. DAIRY EFFLUENT INSPECTION CHARGE

- 4.1. Last year the council decided to increase the Dairy Effluent Inspection Charge associated with rule 13 of the Discharge Plan (now rule 73 of the Land and Water Plan) from \$50 to \$150. This year council is proposing to increase the charge to \$200 and intends to increase it to \$250 next year.
- 4.2. Federated Farmers would note that there are continually increasing regulatory costs as a result of Councils obligations under both the Resource Management Act and Governments subsequent National policy statements and environmental standards. Federated Farmers would urge council to strive to keep the costs of compliance as low as possible to ensure that farmers have the best opportunity to grow and develop their businesses in a sustainable manner. To that extent Federated Farmers seeks that the dairy effluent inspection charge not be increased this year.
- 4.3. If council continues with the proposed charge Federated Farmers seeks that Council introduce an opportunity for farmers to reduce the cost to themselves as a non regulatory incentive to comply with the regional plan. This could be facilitated through farmers moving to an inspection every two years after three years where they have passed the inspection without a revisit or compliance issues.

Recommendation:

- 4.4. Council strive to keep the costs of compliance as low as possible by not increasing the dairy effluent inspection charge this year.**
- 4.5. Council introduce a two yearly inspection for farmers who have passed an inspection for three consecutive years.**

5. COMMUNICATION

- 5.1. Federated Farmers strives to keep actively engaged with Councils on all key resource management matters which may impact on the pastoral sector in order to identify and achieve shared management goals. Federated Farmers has had the benefit of a good working relationship with council which has involved open discussions about management issues and goals. A recent example of this is the proposed amendments relating to water quality in Lake Brunner and the good working relationship developed through a common goal relating to wetlands

protection within the Councils Land and Water Plan. We consider that this good working relationship is vital for plan and policy reviews including the upcoming reviews of the Regional Policy Statement, the Coastal Plan and the Air Plan. Federated Farmers considers that the most practical and meaningful engagement on such plans begins before any objectives, policies or methods are re-drafted. We would note that we are willing to engage with Council staff to identify issues with existing provisions and explore possible solutions which provide practical plan provisions that meet the requirements of the Resource Management Act and any relevant national policy statements and National Environmental Standards.

5.2. Council continue to actively engage with Federated Farmers on key resource management issues, decisions, plans and policies involving the pastoral sector

6. FEDERATED FARMERS

6.1. Federated Farmers welcomes the opportunity to submit to West Coast Regional Council on the Draft Annual Plan for 2011/2012.

6.2. Federated Farmers of New Zealand is a primary sector organisation that represents farming and other rural businesses. Federated Farmers has a long and proud history of representing the needs and interests of New Zealand farmers.

6.3. The Federation aims to add value to its members' farming business. Our key strategic outcomes include the need for New Zealand to provide an economic and social environment within which:

6.3.1. Our members may operate their business in a fair and flexible commercial environment;

6.3.2. Our members' families and their staff have access to services essential to the needs of the rural community; and

6.3.3. Our members adopt responsible management and environmental practices.

6.4. Federated Farmers supports councils that are making progress towards achieving fairness and equity in their rating policies.

10 May 2011

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Ross Scarlet
Chair
Draft Annual Plan 2011/12
West Coast Regional Council
PO Box 66
Greymouth 7840

Dear Ross

West Coast Regional Council Draft Annual Plan 2011/12

The Animal Health Board (AHB) welcomes the opportunity to submit on the West Coast Regional Council Draft Annual Plan 2011/12.

We are again grateful for council's continued financial support of the AHB's TBfree programme on the West Coast. The AHB thanks council staff and elected officials for their co-operation in ensuring we remain on target to manage and reduce the incidence of TB in the region.

The AHB has continued to reduce infected herd numbers to the point where there is a historic low in the number of infected domestic cattle herds in the region. The challenge ahead is to prevent re-infection of domestic cattle and deer herds from the main wildlife carriers – possums.

There may also be an opportunity for the AHB to enhance the programme on the West Coast with additional funding in the 2011/12 year if there are savings or insufficient regional contribution in other regions. Based on current forecasts, this may amount up to an extra \$2 million available to be spent on vector control on the West Coast. This would require an additional regional contribution of \$166,000 from the West Coast Regional Council. The AHB submits that the council make provision for this additional expenditure should the funding become available. The AHB will be able to confirm the additional funding by July 2011.

Thank you once again for your support and we look forward to continuing our effective relationship with both councillors and staff in 2011/12. We wish our submission to be heard in person during council's draft annual plan hearing process.

Yours sincerely



William J. McCook
Chief Executive



TBfree West Coast Committee
 PO Box 8674
 Christchurch 8440
 Phone 03 363 3090
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9 May 2011

Submission on Draft Annual Plan 2011/2012 Animal Health Board Funding

The West Coast TBfree Committee welcomes the opportunity to submit on the West Coast Regional Council (WCRC) Draft Annual Plan 2011/12.

The TBfree committee operates as a stakeholder representative group of the Animal Health Board (AHB). Our members represent the local dairy, beef and deer sectors as well as Federated Farmers and WCRC.

We are submitting on council's contribution of funds to bovine tuberculosis (TB) control, carried out under the national TB control programme.

Disease testing and movement restrictions for cattle and deer herds, combined with an effective possum control programme, have reduced the threat of TB being passed on to domestic herds.

The West Coast's comprehensive vector control programme has been extremely successful thanks to the continued funding, commitment and support of the WCRC.

The TBfree committee acknowledges the competing demands and fiscal pressures council faces at this time. However, our region has the highest rate of TB-infected herds in the country and it is imperative that we do not become complacent.

We must continue to work successfully together to keep possum numbers low and prevent them from passing infection to farmed livestock. This is vital to protect the value of our high-quality beef, dairy and deer exports, which contribute significantly to the \$700 million a year generated for our local economy.

The regional council's investment in the TB scheme delivers tremendous benefits to rural ratepayers and the entire community. Not only does it provide employment for West Coast residents, but it also produces significant environmental benefits for native bird life and vegetation through the reduction of predators, such as possums.

Regional funding is based on a formula where every \$1 invested by local government attracts about \$9 in funding from central government and the farming sector.

The TBfree committee urges council to take any opportunity to increase the WCRC contribution, thereby increasing AHB investment on the coast and further reducing the burden of TB on West Coast communities.

The West Coast TBfree Committee wishes to be heard in support of this submission.

A handwritten signature in black ink, appearing to read 'Katie Milne'.

Katie Milne
 Chair, TBfree West Coast Committee
 lan_katie@xtra.co.nz

TO: West Coast Regional Council
 PO Box 66
 Greymouth 7805

DATE: 12 May 2011

Submission; Draft Annual Plan 2011/12

Proposed New Lower Waiho Rating District

Submitters

| | |
|-------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
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| J Vychodil & A Bangan Physical Address Postal Address Phone Email | Lot 1 DP3130 BLKS V1 V11 87 Waiho Flats Road, Franz Josef Glacier PO Box108, Franz Josef Glacier, Westland 03 752 0689 almaslodge@yahoo.co.nz |
| James R Campbell Postal Address Phone Email | Lot 2 DP 398355 PO Box 224, Twizel H 03 435 0660 M 0275148092 campbell.jimbo@gmail.com |

Summary

We oppose the proposed reclassification of the Lower Waiho special rating district because the WCRC is proposing a situation even *more unfair* than the situation they are attempting to rectify.

The current proposal will create *a new group of disadvantaged rate payers* not represented in the existing structure; that is ~ rate payers responsible for stop banks downstream from which they receive no protection at all.

We believe the WCRC is being *inconsistent* in the principles adopted in determining a solution. The WCRC is being fair to one group of people by making sure *no* charges are made where little or no protection is received. The WCRC is also keen to see another group of people are fairly dealt with by making sure all who receive benefit are made to contribute towards it.

However, for a third group, the WCRC proposes to ignore both these principles and is prepared to unfairly charge them for protection they clearly don't receive.

We ask that WCRC proposes a solution to the problem it identified ~ and no more. We agree to being included in the costs relating to the Rubbish Dump stop bank. We cannot agree to be in any way responsible for Miltons and Others.

Omissions in Reid Report

We assume the WCRC gave Mr Reid a brief regarding the report he produced. It seems the only concern was the Rubbish dump stop bank, as no comment has been made regarding who may or may not receive protection from the Miltons and Others stop bank. Had he been required to comment, we are confident Mr Reid could not claim that we received any protection from it whatsoever.

From discussions we have had with Counsellor Chin it is clear that WCRC cannot take this fact into account because Rob Reids' report makes no reference to it. Clearly the reason he made no reference to protection provided by Miltons and Others is because he was not asked to.

Consequently, we request WCRC to ask Rob Reid to comment on the degree of protection he believes the properties affected by the proposed changes receive from Miltons and Others stop bank.

Inconsistent Principles

Principle One Eliminating Unfairness

Unless we have missed the point completely, this whole issue arose because the takeover of the Canavans stop banks by Transit allowed the WCRC to address what the Lower Waiho considered an unfair situation. That is, WCRC could now reclassify the districts to include all those who receive protection

from the Rubbish dump stop bank. We agree. That's fair. Consequently we have no objection to contributing towards it.

However, WCRC is proposing to deliver much more than that. WCRC intends to deliver a group of people forced into potentially enormous rate payments for *Miltons and Others as well*. If the existing situation is regarded as unfair.....and remember, the Lower Waiho do receive protection from the rubbish dump bank....how can WCRC possibly say the proposed changes are fair? Surely, given the distance of Miltons and Others downstream from our properties, the proposal creates even greater unfairness than existed previously! Unfair ~ albeit to a different group of people.

Is Unfairness OK?

As WCRC are seriously considering this proposal, we can assume that under certain circumstances WCRC is prepared to tolerate unfairness. In which case, the whole reclassification could be abandoned. At least the Lower Waiho guys *do get* protection from the rubbish dump bank and they are not being asked to pay for protection they do not receive.

Alternatively, the two rating districts could simply be merged ~ on the basis that if WCRC is OK with us paying for Miltons and Others, why shouldn't it be equally OK for the rest of the old Canavans Knob rating district to do the same?

Principle Two No Protection – No Charge

On the one hand, some Canavans Knob rate payers are excluded from the Lower Waiho RD on the basis of "No Protection – No Payment", but on the other hand WCRC is quite happy to see other Canavans Knob rate payers liable for potentially enormous sums in respect of the 1.3km Miltons and Others Stop Bank from which they receive ZERO protection.

The Reid report makes it clear that properties downstream of SH6 benefit from the Rubbish dump bank. See page 5.

"Properties in the Canavans Knob district, north [downstream] of SH6 benefit from the Rubbish Dump bank. Properties south [upstream] of SH6 get no benefit from the works on the Waiho downstream of Canavans Knob"

On page 6, Mr Reid proposes to exclude those close to SH6 because the benefit from the Rubbish dump stop bank is "low" and "minimal". "Low" or "minimal" benefit is not ZERO benefit. WCRC intends being especially

generous to some Canavans Knob rate payers this regard. We are confident Mr Reid could not describe *our* benefit from Miltons and Others as either low or minimal. It is ZERO.

It has been suggested [by council employees] that a potential solution could be to create a rating district solely responsible for the Rubbish dump bank and release the entire Lower Waiho Rating district from any liability. They would just be responsible for Miltons and Others.

Given that the whole impetus for the reclassification was to be fair and charge folks for the protection they received, this is an odd suggestion for a solution. The result would be a group of people receiving protection from a stop bank they did not contribute towards!. Sounds familiar? The situation would be the same as now. Unfair ~ albeit to a different group of people.

Retribution?

There have been a number of people, both local and WCRC , who agree that the proposed solution is unfair...but regard it as acceptable because some of the Canavans Knob rate payers “got away” without contributing towards the Rubbish dump bank for so long.

Surely that’s not what the proposed solution is all about? Is it reasonable that a patently unfair solution be imposed on households that did no more than pay the rates demands WCRC sent them? We did not decide our Rating District.....YOU DID! Why should we be punished for that?

Miltons and Others

There have been attempts by council members to allay fears about Miltons and Others by telling us that it has been well constructed and that it requires no money to be spent on it right now. Given the nature of the Waiho River this is not a persuasive argument. The situation could change after the very next flood. The proposed change in rating district is a long term proposition and clearly makes us liable for charges should the bank need repairs in future.

Conclusion

Lower Waiho Rating District

This district is responsible for two banks, the Rubbish Dump and Miltons and Others. They pay for both because they built both and receive protection from both. This group do not, and will not, be required to pay to maintain a stop bank from which they receive no protection.

That's fair

Canavans Knob Rating District ~ Waiho Flats Properties

A change in circumstances allow for those who benefit from the Rubbish Dump bank to start paying to maintain it.

That's fair.

Canavans Knob Rating District SH6

Those properties regarded as having minimal benefit from the rubbish dump stop bank are excluded from the responsibility of paying to maintain it. This is particularly generous when one considers that the ground at the junction of SH6 and Waiho Flats Road is LOWER than our properties!.

That's more than fair.

Our New Group~ Waiho Flats

The current proposal creates a new group. They do not benefit from the either the WCRC intention to find a fair solution [to benefit of Lower Waiho] or WCRC generosity regarding" minimal benefit = no charge" [to benefit of SH6 properties]. It is worth noting that neither Mr Reid nor Counsellor Chin met with *anyone* in this group while visiting the area, although they did discuss the situation with members of the other groups personally.

That's NOT fair.

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Kia ora

Thank you for the opportunity to respond to the West Coast Regional Council's Draft Annual Plan 2011/2012.

Active West Coast (AWC) is a network of agencies and groups committed to improving the health of West Coasters through the promotion of healthy lifestyles such as physical activity, nutrition, smokefree, youth and older person's health.

The partnership was established in 2002 with current partners including:

- Regional Sports Trusts
- West Coast DHB
- Community and Public Health
- Disability Resource Service West Coast
- Cancer Society
- Plunket Society
- Rata Te Awhina Trust
- West Coast Te Rito Families against Violence
- West Coast Road Safety
- West Coast PHO, and
- West Coast Stroke Support Group

Through its activities the WCRC has significant influence on the health and well-being of communities on the West Coast. AWC therefore would like Council to consider the following when finalizing its Annual Plan.

Overall Format

AWC acknowledges the simplicity of the Annual Plan document, in particular within the first half of the document. The description of planned activities, levels of service and performance targets is clear and easily understood which encourages and supports community engagement.

Consents and Compliance

AWC agrees that monitoring and enforcement is critical to ensuring compliance with consents issued under regional plans. We agree with the levels of service as expressed on pages 10 and 11, especially with the annual assessment of farm compliance in the Lake Brunner catchment, response time for complaints and the maintenance of readiness for hazardous spill response.

Planning Processes

Environmental & Regional Transport Planning

AWC supports Council's decision to increase the user friendliness of its regional plans beginning with the creation of one plan to administer land and freshwater environments. The high number of submissions received by Council on the Proposed Land and Water Plan indicates a wide variety of interests from individuals and groups across the region, representing conservation, recreational and business points of view.

AWC believes that in order for the Proposed Land and Water Plan to be user friendly and effective, it will need to reduce confusion and increase certainty for resource management outcomes for all interested parties, while at the same time striking a balance between the wants and needs of different users.

Regional Land Transport Strategy

AWC again acknowledges Council's role in the maintenance of the Regional Land Transport Strategy and therefore its role in implementing the West Coast Regional Walking and Cycling Strategy (WCRWCS). One of the actions of the WCRWCS is the facilitation of an Active Transport Forum to share information and support the implementation of the Strategy.

- **AWC requests that Council support the development of a Regional Active Transport Forum as a means to promote walking and cycling and the implementation of the WCRWCS.**
- **AWC offers our assistance in the development of such a forum.**

Total Mobility Programme

We support Council's commitment to the ongoing support of the Total Mobility Programme as this provides a service essential to the well-being of many transport disadvantaged West Coast residents.

Environmental Monitoring

Reefton Air Monitoring

AWC supports Council's wintertime ambient air quality monitoring in Reefton as accessibility to clean air has significant public health outcomes. According to the Health and Air Pollution in New Zealand Main Report 2007, particulates (including PN10) are associated with increased premature mortality and exacerbate a number of respiratory and cardiac problems.

The capture of accurate information is an important first step in responding to, and preventing further potentially hazardous air quality breaches. However, we note that Reefton exceeded the National Air Quality Standard 23 times last winter, up 7 days from the previous year.

Nationally, Regional and Unitary Councils are expected to eliminate breaches by 2013 (recently extended to 2020). Notwithstanding this extension, an

annual steady improvement in air quality in polluted areas is expected – this is clearly not occurring in Reefton.

The upward trend perhaps signals a need for, at the very least, discussion as to what interventions are required to prevent poor air quality and the resultant harm to public health.

- **AWC recommends that Council scope practical options for implementing clean air projects within Reefton, including promotion of the EECA Energywise Grants Programme.**

Thank you for the opportunity to respond to the 2010/2011 Draft Annual. We do not wish to speak to this submission.

Rosie McGrath

References:

Ministry for the Environment & Ministry of Transport: *Health and Air Pollution in New Zealand Main Report 2007* accessed at <http://www.hapinz.org.nz/HAPINZ%20Report%20Final%20Clean%20June%202007%20v3.pdf>



Submission

In this submission, the Energy Efficiency and Conservation Authority (EECA):

1. Seeks council support for the promotion of the Government's \$347 million Warm Up New Zealand: Heat Smart scheme for insulation and clean heating within your community.
2. Proposes that council considers establishing a voluntary targeted rate mechanism to foster uptake of insulation and clean heating. This mechanism, which aims to be cost-neutral to council, would support the uptake of the Government grants across the wider region.
3. Notes that enhanced uptake of insulation and clean heating provides significant benefits to your community in terms of job creation, improved health outcomes, enhanced air quality, potential for reduction on greenhouse gas emissions, ability for the elderly to "age in place", and promotion of regional development.
4. Asks council to include the importance of energy efficiency in policy considerations.

Submission to the West Coast Regional Council Annual Plan 2011-12

Executive Summary

The Energy Efficiency and Conservation Authority (EECA) is a Government agency charged with delivering the \$347 million Warm Up New Zealand: Heat Smart scheme, which aims to provide insulation and heating to thousands of New Zealand homes.

The Warm Up New Zealand: Heat Smart scheme provides grants of up to \$1300 for insulation, and between \$500-1200¹ for clean heating – and there is no income restriction on eligibility.

To date, the scheme (which runs until June 2013) has allowed more than 90,000 homeowners to take up Government funding to assist with their home retrofit.

In some regions throughout New Zealand, councils have become involved in supporting and promoting this retrofit scheme, which provides major benefits in terms of health outcomes, energy efficiency, air quality and local job creation.

These councils are encouraging the uptake of the \$347 million retrofit scheme in their communities by offering a **Voluntary Targeted Rate** as a method of ratepayers funding the additional costs of the retrofit. This scheme, which aims to be cost-neutral to council, provides an alternative method of ratepayers funding their insulation retrofit.

EECA would like to suggest that your council considers the adoption of this Voluntary Targeted Rate model as part of your Annual Plan deliberations as a service to your ratepayers.

EECA can provide complete working examples from other councils of the Voluntary Targeted Rate model – including draft contracts, ratepayer agreements, lists of registered service providers – and evidence that the scheme is working successfully in other regions.

Background:

What Government funding is available to your community ?

The Government has established the \$347 million Warm Up New Zealand: Heat Smart scheme, which aims to retrofit 188,500 homes. The scheme, which began in July 2009 and currently runs until June 2013, has to date helped to provide grants for insulation and clean heating to more than 90,000 homes.

¹ Depending on whether the recipient is a Community Service Card holder or not. See Table 1 for details.

The scheme pays for up to one-third (up to a maximum of \$1300) of the cost of ceiling and underfloor insulation in homes built before the year 2000.² Homes with sufficient ceiling and underfloor insulation can also get funding of up to \$500 for approved clean heating devices, such as wood burners, pellet burners, heat pumps, and flued gas heaters.

Community Service Card holders, and landlords who have Community Service Card tenants, are eligible for higher levels of funding (as set out in the table below).

Funding table

| | Insulation | Clean heating |
|---------------------------------------|-----------------------------------------------|-------------------|
| All eligible houses built before 2000 | 33% of the total cost up to \$1300 (incl GST) | \$500 (incl GST) |
| CSC holders | 60% of the total cost* | \$1200 (incl GST) |
| Landlords with CSC holding tenants | 60% of the total cost | \$500 (incl GST) |

*In some regions, the total provided to CSC holders may be higher, where third party funding from charities, lines companies or councils is provided.

How home retrofits can benefit your community

The Government's \$347 million scheme can provide multiple benefits to your community. These benefits include:

- **Job creation/economic growth**
 - This is because insulation is a labour-intensive process, and companies tend to employ and upskill local labour to meet demand.
- **Warmer, drier, healthier homes**
 - Cold damp homes mean more problems like asthma in children and adults, and so resolving the causes of this problem through insulation and improved heating creates positive health outcomes.
 - Warmer, drier homes can result in fewer hospital admissions³.
 - Warmer drier homes can also improve productivity through reduced days of work, and reduced days off school.
 - The scheme can help meet local government goals of promoting healthier communities.
- **Improved air quality**
 - Once insulation has been undertaken, the Warm Up New Zealand:Heat Smart scheme assists with grants towards clean heating devices.⁴

² Homes built after the year 2000 are considered to have adequate insulation, due to the changes to building code requirements.

³ These health-related benefits have been verified by the Wellington School of Medicine.

⁴ EECA's rules require insulation to be installed first before a clean heat device is eligible for a grant, as it is not logical to heat a house which does not have adequate insulation – as much of the warmth would escape as wasted heat.

- Insulation reduces the amount of heating that is required to warm a house, which therefore can reduce the amount of time a polluting heating device is operated for.
- Installation of a clean heating device can significantly reduce air pollution by replacing older, non-complying burners with modern heating devices such as approved wood burners, pellet fires, flued gas and electric heat pumps.
- **Insulation helps to reduce energy bills**
 - A well-insulated house requires less heating. This can reduce energy costs for the customer.
 - Reduced demand for electricity for heating can help to reduce greenhouse gas emissions by reducing reliance on fossil-fuel powered generation.
- **Increased potential for older people to “age in place”**
 - A well-insulated and heated house can allow for older people to live in their homes for longer, and with better health. This reduces hospital and rest homes costs, and also builds more resilient communities.

What your council can do to help ?

Government grants under Warm Up New Zealand:Heat Smart are open to all New Zealanders irrespective of income. As the Government grant only pays a portion of the insulation and clean heating cost, the balance must be provided by the homeowner – either through self-payment, or putting it onto their mortgage.

Throughout New Zealand, a number of regional councils have decided to set up a Voluntary Targeted Rate scheme, whereby ratepayers can choose to pay off the additional costs of their retrofit on their rates over a 10 year period.

This scheme, which aims to be cost-neutral to council as it incorporates interest and administration charges, provides an alternative method of payment for ratepayers. This type of scheme is seen as a low risk to council as rates are a statutory first charge against the property. Indeed the voluntary targeted rate scheme can be seen as similar to a small (2-3 house) sewerage reticulation scheme – except this scheme is voluntary, and targeted only at a single property.

How the Voluntary Targeted Rate scheme works in other councils

A number of councils throughout New Zealand have adopted a voluntary targeted rate system. These include Greater Wellington, Hawkes Bay Regional Council, Nelson City Council, Marlborough District Council, Tasman District Council, Chatham Islands Council, and Auckland Council. A number of other councils are now also considering adopting the mechanism.

To illustrate how the scheme works, take Greater Wellington Regional Council as an example.

- Greater Wellington commenced their scheme in mid-2010
- They set a maximum cap of \$3 million per year
 - (Note: other councils caps range from \$500K upwards)

- They also set a cap of \$2600 funding per property (which along with the EECA grant of up to \$1300 funds insulation and/or clean heat options).
 - (Note: other councils have individual caps of \$5000 inc GST)
- To date, Greater Wellington have approved almost \$2.2 million worth of funding
- This represents approximately 1150 homes taking up the scheme as a method of payment – representing a significant number of additional warmer, healthier homes in the community.
- The scheme has been popular with ratepayers, who can pay back the funding over a 9/10 year period via the targeted rate.

Greater Wellington charge an interest rate on the funding of approximately 7% for the 2010/11 year – and this interest rate is reviewed annually. This means that the funding method is not necessarily cheaper than borrowing from a bank – but it is proving popular as a simple method of repayment that stays with the property. Upon sale of the property, the homeowner is required to inform the incoming owner of the voluntary targeted rate (who may choose to require that it is repaid in full), and it is also registered against the LIM.

The voluntary targeted rate system is designed to minimise workload for the council. Thus the majority of work rests with the Service Providers (who undertake the installations), and EECA (who is responsible for auditing). In Greater Wellington's case, the administration involves checking to see if the person is a ratepayer in the region, and then approving payment to the Service Provider (once EECA has confirmed that it has approved payment of its portion). Greater Wellington have managed this workload within their existing staff – and estimate that if the role was externally filled, it would be equivalent to 0.5 FTE. This part-time role could be funded via the interest rate margin as a way of recouping administration expenses.

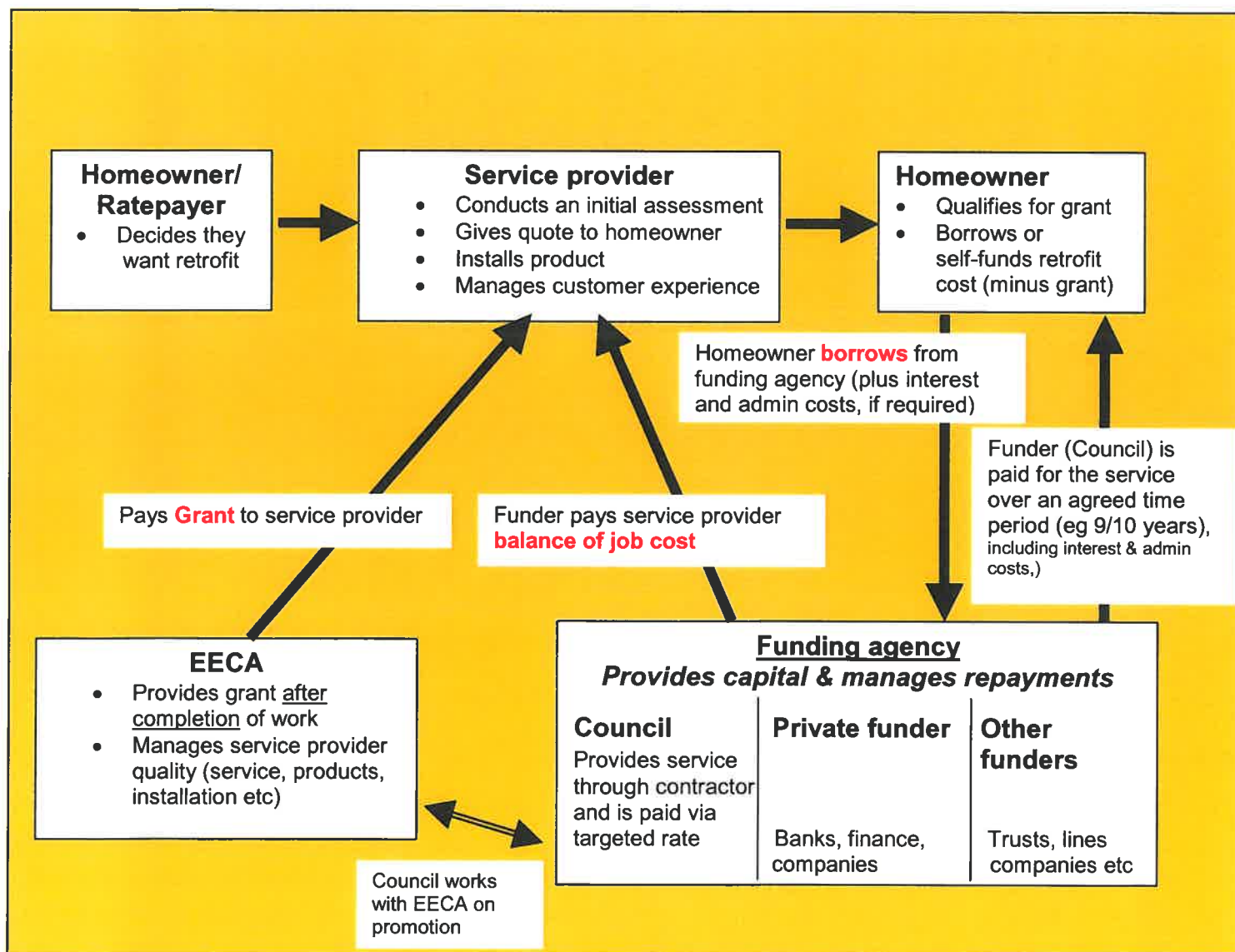
Explanation of how the scheme works in practice

Under the Greater Wellington model, the system for a ratepayer getting their home insulated is as follows:

- The homeowner contacts one (or preferably several to get a range of quotes) of the Service Providers listed on EECA's website.
- The Service Provider comes round to the house, and makes an assessment of the cost and suitability of the insulation and clean heat options. They provide the homeowner with a written quote.
- The Service Provider also discusses options for payment with the homeowner. If their region provides it, then one of the options would include the Voluntary Targeted Rate – and the Service Provider has copies of the council application form for the homeowner.
- Once the homeowner has chosen a quote, they send the application form and a copy of the quote back to the council. This is likely to be the first time that council staff are involved.
- Council checks that the ratepayer lives in the region, and that they are not in rate arrears – and then informs the ratepayer if they qualify. Once this occurs, the council indicates to the Service Provider that the work can begin.
- The Service Provider undertakes the job.
- Once the work is completed, the Service Provider invoices EECA for its grant. EECA will pay the invoice, subject to quality checks.

- The Service Provider also invoices council for the remaining cost of the retrofit (i.e: total retrofit cost minus EECA funding). Council pays the invoice from the Service Provider – after EECA has confirmed that it has approved the payment of the EECA grant, subject to quality checks.
- The ratepayer pays off the balance of the funding on their rates over a 9/10year period.
- EECA operates an audit regime to ensure Service Providers provide quality products and service.

The following is a diagram that sets out how the funding works for the scheme.



Templates available

EECA has worked with a number of other councils who have set up this Voluntary Targeted Rate. During this process, a comprehensive template has been built up, which is available to new councils.

EECA can provide your council with copies of the contracts which EECA has developed with councils, and with Service Providers. EECA can also supply copies of

the ratepayer agreements which other councils have developed. Some of the councils have undertaken independent legal advice, which they may be willing to discuss with you. EECA can also supply wording for the Annual Plan, which other councils have used for things like the Funding Impact Statement, and the Revenue and Financing Policy. And EECA can provide copies of marketing materials, which explain the scheme in simple terms. In a word, there is an existing suite of templates which can be rolled out, if your council wishes to take up the scheme.

Conclusion

In order to support the uptake of the Government's \$347 million insulation and clean heating scheme in your region, council may wish to consider adopting the Voluntary Targeted Rate mechanism. This could provide your ratepayers with another method of paying for their insulation and clean heating requirements by paying off the balance on their rates over a 9/10 year period. The promotion of the Warm Up New Zealand:Heat Smart scheme within your community can offer a multiplicity of benefits, including warmer, healthier homes, enhanced energy efficiency, as well as jobs and economic growth.

EECA also has a mandate to promote energy efficiency across a range of sectors, and we would urge the council, wherever possible, to ensure that the principle of energy efficiency is applied in its policy considerations.

Signed:



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