

Grovetown Residents' Association  
Submission to the Marlborough District Council  
2021-2031 Long Term Plan

Reading through the Marlborough District Council long term plan I really wondered how this could possibly be the same Council that persuaded the residents of Grovetown to install a sewerage scheme in our township and then went back on the commitments they had made. We were told that a combined sewerage scheme with Spring Creek would be FAIR, AFFORDABLE and help improve the environment. We were also told a sewerage scheme would enable property owners in Grovetown to sub-divide their larger sections.

The 2021-2031 long term plan uses words, slogans, and sentences like:

- *"keen to hear your views on any of Council's activities"*
- *"Council encourages a strong community that's passionate about - Participating ..."*
- *"Council welcomes and values comments about our programme of work and approach to funding community facilities and activities"*
- *"A key priority is to keep rates as fair and affordable as possible"*
- *"Borrowing is affordable right now and it spreads the costs fairly across the generations ... intergeneration equity ... This means today's ratepayers do not bear all the costs of tomorrows infrastructure"*

All nice sounding slogans and words, but this is not how the Grovetown Residents' Association has been received and treated since we started putting our views on the Spring Creek/Grovetown combined sewerage scheme to Council. We have always been *"passionate about participation"* just like you say you want us to be.

We were told by Councillors and staff all those years ago that writing submissions was the way to have our voices heard. However, over the years Councillors and staff have asked us to stop submitting individually (one year you received over 500 submissions to apply a different funding approach to the sewerage scheme) and we have even been told to stop making submissions all

together. We have been stopped from speaking at hearings, have had personal comments made about the presenter and have even been questioned on whether the submissions were the views of the community. These are actions which can clearly be defined as a bullying attitude towards the messenger and a complete sense of superiority (*arrogance*) and disregard for the concerns being raising by the members of the Grovetown community.

These actions just don't match the slogans like: *"welcome and value comments about our ... approach to funding community facilities and activities"*.

There has been no attempt over the years to honour or correct the differences between what the community was told would happen regarding the sewerage scheme costs and future developments (verbally at community meetings and in writing by Council staff and The Mayor) compared to what has actually transpired.

We have previously supplied to Council at annual plan time, copies of written correspondence which clearly shows that what was advised to the community by Council, is not what has happened. Council's own papers state that from the very beginning, before the project even started, there was huge community concern about funding and aspects of this project.

After all this time you should all be aware of the Grovetown community's concerns about the funding calculations applied to the combined sewerage scheme, the overcharged targeted interest loan rate, the invented volume calculations, and the lack of progress for subdividing our larger sections. However, there still seems to be those of you that follow the Council staff line and Council's media comment of *"nothing to see here"*.

So just to remind you how the combined Spring Creek/Grovetown Sewerage Scheme has been an example of how not to implement infrastructure in a community, here are some of the things that have caused such a divide between the Grovetown ratepayer and Council and what we are still looking for redress on.

- We were told the scheme would be fair and affordable.
- We were advised (in writing from the Mayor) that any interest charged would be at Council's '*cost of borrowing*'. It has clearly not been. Council has collected over a million dollars in interest payments from the 120+ Grovetown targeted sewerage rate payers. This is far more than any costs incurred by Council.

- We were always told funding was structured this way, because Grovetown should not expect other ratepayers to subsidise the Council owned sewerage infrastructure being installed in Grovetown. Yet our small community has for years now been subsidising other Council activities and projects, via the exorbitant internal interest rate being charged on our targeted loan.  
We were never advised (and would never have agreed to this project funding if we had been told) that the targeted rate for Grovetown's sewerage loan, would also be funding other Council Revenue Accounts and unrelated Council projects. And that other communities like Seddon and their new water supply would be treated so differently to Grovetown.

- There is now clear evidence that this profiteering on the interest rates charged on Council internal loans has been happening.

In this year's long term plan (page 37), Council advises all ratepayers that by reducing the interest rate assumption to 4% it "***has reduced the largest source of funds to the General Revenues Accounts, the surplus from which is used to fund the Emergency Events Reserve***".

Whatever happened to the assurance given of no cross subsidisation between ratepayers and projects? Why are targeted rates not solely being used for the targeted rate purpose?

**Interest on targeted loan rates, should not be the largest source of funding for General Revenue Accounts.**

- We were told that Spring Creek would pay for their share of the combined scheme on a volume basis. Then part way through the construction the funding rules and design changed. After purchasing land in Grovetown for a pumping station, Council abandoned that idea and

started pumping fresh water from Spring Creek. Then this fresh water became part of Grovetown sewerage volumes figures and costings. Unlike Grovetown, Spring Creek didn't pay any targeted loan rates to be included in the new combined sewerage scheme of sending their waste to the Blenheim Ponds.

- On top of our over inflated targeted sewerage loan rate, the Grovetown ratepayer also contributes to all other sewerage infrastructure and projects that Council are undertaking for others who use the Blenheim Sewerage Ponds. We are in the same 'sewerage club' when paying for these new sewerage infrastructure costs, but for some reason we are out on our own when it comes to the cost of the Grovetown's sewer pipework and the cost of taking Spring Creek's sewerage to the Blenheim Ponds.
- Maybe you should ask Council staff whether the rates collected from Grovetown's targeted sewerage loan rate, have reached the original \$1,489,189 of costs we were advised we would be paying during a Council presentation on 31 August 2007?

Grovetown Sewerage

## Funding

Capital Costs	120 Grovetown Properties		
	Standalone	With Spring Creek	With Spring Creek & Subsidy
Total cost	4,173,000	4,554,000	4,554,000
Spring Creek share		(1,575,629)	(1,575,629)
50% subsidy			(1,489,186)
<u>Grovetown cost</u>	4,173,000	2,978,371	1,489,189

Grovetown's share of a combined sewerage scheme: \$1,489,189

We know that Council has already collected more than this \$1,489,189 from the Grovetown Sewerage Targeted Loan Rate. Yet Council (to date) insist we continue paying the inflated Targeted Loan Rate for up to another 17 years. Not sure how this can be seen as anything other than a profit-making project for Council finances.

Council staff are sure to use the tired old line of *'there should be an interest charge component'* but remember that there was no external borrowing at the time the combined Spring Creek/ Grovetown sewerage scheme was installed. Funding for the infrastructure was paid for from the Council's BNZ's current account, earning 2.4% p.a. at the time. Our internal interest rate started at 7.5% pa.

- For your reference, the Grovetown community received a written and signed letter from the Office of the Mayor, dated 17 February 2010, which said:

*"Interest rate - 7%. - Council is borrowing at this rate **and consistently charges schemes where loans are used for funding at its borrowing rate.** Council over time enjoys more attractive borrowing rates than most private borrowers could arrange which benefits ratepayers."*

The Mayor's reply at an annual plan hearing, when questioned about why we were not being charged interest at Council's borrowing rate was – *"he can't remember ever thing he writes"*.

Councillors, you have access to cheap money from the Local Government Funding Agency and grants from Central Government. We can only ask once again that during your deliberations this year, you fix the mistakes of the past and honour what the Grovetown community was advised (in writing) about how the interest rate on our internal loan would be calculated. This past error can be corrected if the political desire is there.

### Cost of sewerage connections

A Council presentation on 8 April 2008 advised that the average cost of a sewerage connection would be **\$15,882 per property** (although after 30 years of excessive interest charges) this will end up costing closer to \$32,280 per property).

Capital Cost Estimate			
Capital Costs	120 Grovetown Properties		
	Standalone	With Spring Creek	With Spring Creek & Subsidy
Total Cost	\$4,173,000	\$4,964,000	\$4,964,000
Spring Creek share		(\$1,576,000)	(\$1,576,000)
50% subsidy			(\$1,694,000)
<u>Grovetown Cost</u>	\$4,173,000	\$3,388,000	\$1,694,000
Cost per property (incl GST)	\$39,122	\$31,762	\$15,882
Loan rate p.a. (incl GST) (\$90,000 LV property)	\$2,651	\$2,152	\$1,076

It has recently been brought to the attention of the community, that Council has reduced the sewerage connection contribution for new developers to only \$10,058 HEU and that this may change again in the long term plan. It's hard to fathom how this is fair on those original ratepayers who will end up paying over \$30,000 for their sewerage connection and will still not be in a position to subdivide their sections.

How does this fit with that Council's slogan of: *"Key priority is to keep rates as fair and affordable as possible"* and its desire to have *"intergeneration equity"*?

### **Cost of subdividing existing large sections (infill)**

Back in 2007 one of Council's big selling points to convince the Grovetown residents to install a new sewerage scheme in Grovetown, was that it would allow for subdividing of existing larger sections (infill) in the residential township; just like had happened when a sewerage scheme was installed in Renwick. Since then, Council have again gone back on their pledges and changed the rules on this too. Now Council is saying we can't subdivide or even build on our larger sections because 'stormwater must first be addressed'. We have emails showing that stormwater was discussed back in 2007, but Council didn't see this as relevant at the time.

After 12 years of submissions and trying to get some clarity on the stormwater progress, last year we asked for a specific and an actual answer to: When is Council going to build stormwater infrastructure in Grovetown, to enable those with larger sections to sub-divide?

Council's answer - 15 July 2020:

*"The building of infrastructure such as this is normally addressed when a developer proceeds with a project to develop some land, as has occurred with the DJ Price development which has recently been completed in Grovetown...."*

Therefore, the obvious question we would like an answer to this year is: **What has been addressed with the building of stormwater infrastructure in Grovetown (now that land has been developed) and when will those with large sections have stormwater infrastructure available to enable them to sub-divide?**

There has been some preliminary work done on a stormwater scheme for Grovetown and an indicative cost of \$31,625 per section has been advised.

However, we are unable to find any mention in the long term plan of budget funding being allocated for this project to be built in the next 10 years.

Also, are the new rules on drinking water going to affect Grovetown's ability to develop land?

There is residentially zoned land in Grovetown that has paid tens of thousands of dollars in sewerage rates and targeted loan repayments over the last 13 years. However, the expensive sewerage system on this land has to sit idle until Council adequately addresses the stormwater infrastructure. Even paying the excessive \$31,625 fee for stormwater will not allow any building to start.

Another ratepayer has wanted to subdivide his large section since 2007 to build a smaller home for his retirement. Council have advised him that Council fees would be more than \$90,000, but that subdivision may still not be able to happen without adequate stormwater infrastructure.

In practical terms these ratepayers cannot do anything. They just have to keep WAITING and PAYING, until such time as Council addresses stormwater infrastructure in Grovetown.

### **Requested outcome from this submission:**

#### **FIRST**

Recalculate and correct the amount of interest that should have been charged on the Council internal loan for the Grovetown Sewerage Targeted Rate (i.e. charge only what we were advised in writing we would be charged – *interest at cost of Council borrowings*).

Repay the amount that the Grovetown Sewerage Targeted Rate has being contributing to other Council activities and the Reserve Accounts at Council. Targeted loan rates should only be used for their targeted purpose. And don't forget that slogan '*borrowing is affordable right now*'.

#### **OR AN EVEN FAIRER OPTION**

Include any remaining balance from the Grovetown Targeted Sewerage Rate, in the combined sewerage charges that all users of the Blenheim Sewerage Pond pay (including Spring Creek).

**This is how Seddon's new water supply is being paid for** (*this is also how Renwick's and Havelock's new water supplies have been funded*).



All those that pay a water rate, whether they live in Seddon or Blenheim, all pay the same water rate per property.

Why not have all those that pay a sewerage rate for using the Blenheim Sewerage Ponds, pay the same rate per property? Whether they live in Grovetown or live in Blenheim (or Spring Creek).

Grovetown ratepayers have never received a reason or explanation from Council as to why the Grovetown ratepayers have been treated so differently from Seddon ratepayers, for similar Council owned infrastructure.

Councillors, Council staff and Grovetown ratepayers are all aware that if the political desire of Councillors is there, all small rural communities can be treated the same and the same funding approach can be applied.

## **SECOND**

Put some funding in the long term plan and get on with building adequate stormwater infrastructure and roading in the community of Grovetown. The community has been waiting over a decade for Council to take this request seriously.

We are forever hoping that one day Councillors (and even our ward representatives) will realise just how poorly and unfairly the small community of Grovetown has been treated, over the implementation and funding of the sewerage scheme in our community.

Yvonne Wratt  
Committee Member  
Grovetown Residents' Association

***We wish to speak to our Submission***



Grovetown's new reserve and playground