

# STAFF REPORT

**TO:** Councillors  
**FROM:** Chief Executive  
**REFERENCE:**  
**DATE:** 16 January 2006  
**SUBJECT:** Local Authority Funding Project

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## BACKGROUND

This is the first official report to Councils from the Local Authority Funding Project Team, of which I am a member.

## COMMENTS

- 1 This report back at the end of Phase One of this exercise has been received by Cabinet and by the Local Government Forum.
- 2 These parties have accepted the basic proposition that local authorities do not have a systematic (ie across the board) funding problem.

However that a minority of Councils may face significant funding difficulties.

- 3 Phase Two of this project is to examine the pros and cons of funding supplements that may assist these Councils, and to recommend to Government what action should be taken.
- 4 The Funding Indicators Table compares all 86 Councils (74 TLAs and 12 Regionals) in New Zealand and this will give Councillors a very good idea of Tasman District's rates burden compared to other Councils.

*Note: For a Unitary Council like Tasman there is no separate additional Regional Council rate. Therefore the 2004/2005 average rates per household for TDC of \$1,866 compares very favourably to the NZ Mean of \$(1,921 + 240) = \$2,161.*

However the problem for Tasman District is that the projected budgets for 2012/2013 lead to a high rates per household figure of \$3,007 compared to a NZ Mean of \$(2,213 + 302) = \$2,515.

Also, debt servicing costs as a percentage of rates income increase for TDC from 19.1% in 2004/2005 to 26% in 2012/2013 (NZ Mean 8.7% in 2004/2005 to 11.2% in 2012/2013).

*Note:*

- 1 *These figures are all based on our Mark I LTCCP which we adopted in June 2004.*
- 2 *None of the above figures are adjusted for inflation which will be a requirement of the Mark II LTCCPs.*

## **RECOMMENDATION**

That this report be received.

R G Dickinson  
Chief Executive

<http://tdctoday:82/shared documents/meetings/council/full council/reports/2006/rcn060126 report local authority fund project.doc>