

Report No:	RCN12-01-04
File No:	
Date:	13 January 2012
Decision Required	

REPORT SUMMARY

Report to: Full Council
Meeting Date: 26 January 2012
Report Author: Murray Staite, Corporate Services Manager
Subject: **Community Board Targeted Rates**

EXECUTIVE SUMMARY

The report considers the justification for a general district ratepayer contribution when calculating community board rates as well as whether staff time should be charged to the board or charged instead to departmental budgets.

The report considers the various options and concludes with a staff view that the general district ratepayer contribution should be removed and in the interest of ensuring that community boards are able to access the most appropriate advice that the charge for staff time should also be removed.

RECOMMENDATIONS

That the Tasman District Council:

- a) **Receives report RCN12-01-04 Community Board Targeted Rates.**
- b) **Removes the general rate contribution from the calculation of community board targeted rates for the 2012/2013 year onwards.**
- c) **Agrees that staff time not be included in the calculation of community board targeted rates but instead be included within departmental budgets.**
- d) **Includes the following targeted rates per property to fund the operations of the respective community boards for consultation in the Draft Long Term Plan 2012-2022;**

Motueka Ward	\$10.73 (GST exclusive)
Golden Bay Ward	\$13.24 (GST exclusive)

Report No:	RCN12-01-04
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Report to: Full Council
Meeting Date: 23 December 2011
Report Author: Murray Staite, Corporate Services Manager
Subject: **Community Board Targeted Rates**

1. Purpose

- 1.1 To consider amendments to the community board targeted rates to be included in the Draft Long Term Plan 2012-2022 (LTP).

2. Background

- 2.1 In July 2008 Council introduced a targeted rate to part fund the cost of running both the Motueka and Golden Bay Community Boards. The decision was made following requests in submissions on the Annual Plan 2007/2008 that Council should fund the Boards through a targeted rate. The view was that the communities that the Boards service should pay for the cost of having them and not the parts of the District that are not represented by the Boards.
- 2.2 During the Annual Plan 2010/2011 process the Motueka Community Board asked that the method of allocating the general rate component of the funding for Community Boards and community associations/councils be amended to a per ratepayer basis.

3. Present Situation/Matters to be Considered

- 3.1 In the Motueka Community Board's submission on the Draft Annual Plan 2011/2012 a request was made for Council to raise the general district ratepayer contribution to the Motueka Community Board from \$3.31 per ratepayer to \$5.00 per ratepayer, which would reduce the amount of money that Motueka ratepayers would have to pay for the Community Board rate. Council's response at the time was that it did not agree to the change requested by the Community Board.
- 3.2 Concern has also been raised by both Boards in regard to the charging of staff time to the Board. While the charging of staff time is correct from a

financial perspective, concern was raised that charging of staff time could be an impediment to the Boards seeking staff advice on matters that affect their communities.

4. Financial/Budgetary Considerations

- 4.1 Both matters for Council consideration have budgetary considerations, depending on the decision that Council makes. These are outlined in the discussion on the options.

5. Options

General ratepayer contribution

- 5.1 The options for Council to consider are:

- a) **Retaining the status quo, which means retaining the Community Board general rate contribution.** On an annual basis Council allocates funding either directly or indirectly to support community associations/councils. The general district ratepayer contribution included within the community board targeted rate was derived to reflect this direct/indirect community association funding that would have existed regardless of whether a community board was in place within that ward.

The original contribution contained within the staff report of 6 February 2008 made an allowance of \$4,000. Prior to the setting of the 2009/2010 budget and after discussions with both Boards this contribution was modified to \$14,556 per Board.

Both the \$4,000 and the \$14,556 were relatively arbitrary.

This option does not require any adjustment to general rates or the targeted rate for both Boards.

- b) **Calculating the community board general rate contribution via another methodology.** Other methodologies for calculating the general rate contribution have been advanced from the Motueka Community Board. While these other methodologies have their merits, each methodology in turn is equally open to interpretation and debate.

It is important to note that any change to this methodology would have the impact of increasing or decreasing the general rate.

- c) **Removing the general rate contribution from the calculation of the targeted rate.** Noting the relatively arbitrary nature of this contribution and the fact that such a contribution could be calculated in so many different ways staff are of the view that this allowance should be discontinued.

Should this option be preferred the general rate for the 2012/2013 year would decrease by \$39,000 with the corresponding increase in the community board rate.

Given the points noted in options a) and b) this is the preferred option of staff.

Staff time charged to the boards

5.2 The options for Council to consider are:

- a) **Retain the status quo.** Staff time is currently charged to the Boards for the attendance at meetings and for the preparation of reports which have been produced at the request of the respective Boards. This is in line with good practice whereby costs are allocated as close as possible to where they are incurred. Total budgeted charges to both Boards for the 2011/2012 year for staff time were \$55,874.
- b) **Remove the requirement to budget for staff time.** Given the recent move by Council to work more closely with the Boards, staff are concerned that the charging of staff time to the respective Boards may in fact inhibit their smooth running. This would occur if the Boards, due to budget constraints, were reluctant to seek advice in regard to matters that particularly affect their wards.

Should this option be preferred the general rate would increase by \$55,874 with the community board targeted rates decreasing by the corresponding amount.

If Council was to prefer both options (5.1 (c) and 5.2 (b)) put forward by staff the overall impact would be a combined general rate increase of \$23,709 and a targeted rate decrease of the same amount.

6. Other matters

- 6.1 In calculating the targeted rates for Community Boards, staff have become aware that not all charges that relate directly to board members were being charged. Accordingly, direct board-related expenses of mileage and allowances are now being included in the respective targeted rates for the 2012/2013 year onwards.

As in previous years prior year surpluses have been taken into account when calculating the proposed rate and all community board costs have been adjusted by the rate of inflation.

The proposed rate after allowing for all the previously mentioned adjustments is as follows:

Excl GST	Budgeted 2011/2012	Proposed 2012/2013
Motueka Ward	\$12.57	\$10.73
Golden Bay Ward	\$14.51	\$13.24

7. Significance

- 7.1 This is not a significant decision according to the Council's Significance Policy because the Community Board Targeted Rate is just an input into the LTP process and the LTP will go through a Special Consultative Process.

8. Recommendations

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