

Report No:	RCN12-03-03
File No:	
Date:	14 March 2012
<b><i>Decision required and information items</i></b>	

## REPORT SUMMARY

**Report to:** Full Council  
**Meeting Date:** 22 March 2012  
**Report Author:** Dennis Bush-King, Acting Chief Executive  
**Subject:** **Acting Chief Executive's Report**

### EXECUTIVE SUMMARY

This report provides an update on various matters regarding Council's commercial assets, Port Nelson Dividend, Rates and Debt issues, 2012 Petroleum Block Offer, the recovery project, and the amalgamation petition.

### RECOMMENDATION/S

That the report be received.

### DRAFT RESOLUTION

**THAT the Tasman District Council receives the Acting Chief Executive's Report RCN12-03-03**

Report No:	RCN12-03-03
File No:	
Report Date:	12 March 2012
<b><i>Decision required and information items</i></b>	

**Report to:** Full Council  
**Meeting Date:** 22 March 2012  
**Report Author:** Dennis Bush-King, Acting Chief Executive  
**Subject:** **Acting Chief Executive's Report**

## **1. COMMERCIAL OPPORTUNITIES - PORT TARAKOHE**

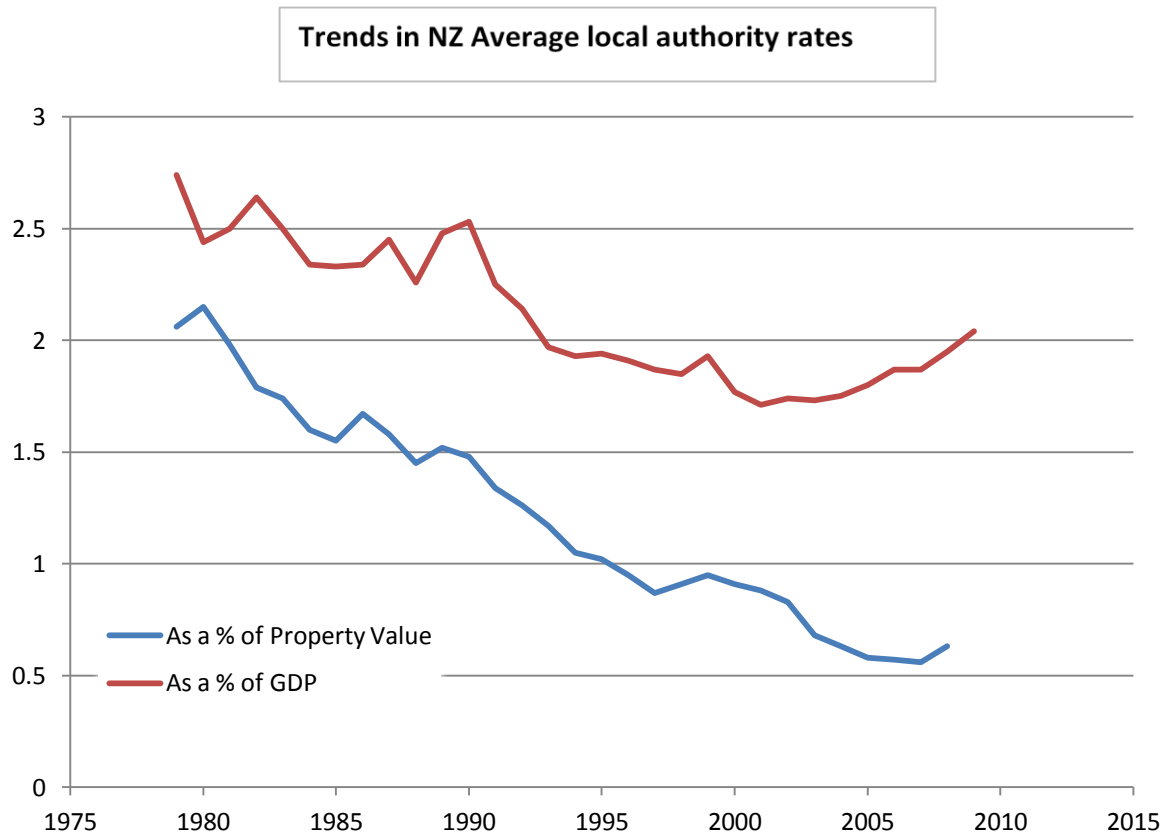
- 1.1 The Council has asked the Acting Chief Executive to bring back a paper on how best it might realise some of the commercial opportunities to the benefit of the ratepayer. I had hoped to bring that paper to this meeting but other work commitments have delayed its finalisation. I hope to have something for consideration at the next meeting. The paper is also to cover Motueka Airport (about which a meeting has been held with Community Board and User representatives) and Port Tarohe operations.
- 1.2 Following the January Council meeting a working group was specifically tasked to look at the operations of Port Tarohe and an initial meeting was held on 8 March. An agenda of issues was canvassed including: increasing non-rate income through a move to an alternative to the existing line levy, recovery of costs for water, a business plan including development opportunities (and a potential new road layout). Given current debt levels associated with the Port Tarohe account and the current level of service provided by existing facilities, there was a general view that a proposed new wharf and new marina should not proceed as planned. The Property Manager and Harbour Manager will scope out further issues for reporting back to the next meeting of the Working Group.

## **2. PORT NELSON DIVIDEND**

- 2.1 Councillors will be aware that we have received from Port Nelson a \$4 million special dividend. The Corporate Service Manager will prepare advice on options for disbursement. Debt repayment is one option but until we know the cost implications of the December rain event we may not wish to foreclose on this potential. We will need to decide before finalising the 2012-2022 Long Term Plan (LTP).

### 3. RATES AND DEBT

3.1 The Minister of Local Government has, as most would agree, drawn attention to issues around rates and local authority debt. The media has picked up on this and league tables abound. Tasman does have an above average debt per capita and our rates per capita are also above average. When comparing against local authorities these figures do not reveal the differences that exist in growth rates, infrastructure demands (including the concentration or extensiveness of networks), and access to non-rate sources of income. The analysis has tried to compare local authority rates with power, transport, and communication charges which in actual dollars often exceed the rates dollars which provide for a much greater range and variety of services. One interesting graph which was included in the 2011 OECD New Zealand Review shows the trend in average local authority rates which in 2008 as a percentage of GDP were on par with the OECD average. Rates as a percentage of property value showed a much steeper decline from 2.2% in 1980 to 0.65% in 2008.



3.2 As for those influences on the level of rates we have noted the local government cost index grows faster than the CPI because of bitumen, and other construction costs. The changes in transport funding are another driver of increases. Flying under the radar screen are insurance costs which not

only affect local authorities. Admittedly cost increases in one area can be compensated for by decreases in other areas and you have had to make choices about levels of service in order to settle on the level of rates in the LTP.

- 3.3 In relation to debt we have taken the opportunity in the LTP to show what drives this over the next ten years. Debt is not a funding source *per se*, merely a means of spreading the cost of an asset over its useful life. As a sector, and based on the Department of Internal Affairs analysis of 2009-19 LTCCPs, 73 percent of capital expenditure was on network infrastructure. Our Tasman District Council proportions in the 2012-2022 LTP are no less and probably more. What this demonstrates is that we are facing up to the infrastructural challenge – we are not deferring essential maintenance, we are replacing and extending assets at a faster rate than they are being used up. We use debt so that future beneficiaries of the assets help pay. It would be imprudent of us to hide behind a “wall of deferred maintenance” or to cash fund so that today’s ratepayers pay for tomorrow’s ratepayers consumption or use of the assets, in order to keep debt levels low. But we are left with the question of whether there are better funding tools. I note Auckland Council has released a paper identifying a range of options including a regional fuel tax, congestion and network charges, local sales taxes, etc. The Government has dismissed additional funding options at this stage. This means we are left to rely on rates, subsidies, development contributions, dividends, fees and charges, and asset sales.

<b>4. MINISTRY OF ECONOMIC DEVELOPMENT – 2012 PETROLEUM BLOCK OFFER</b>
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- 4.1 Council received an invitation to consult on a proposal to release a number of blocks for petroleum exploration. One of the blocks is in the Murchison area. Deputy Mayor King attended a briefing. Apart from ensuring land owners are also informed the prospect of mining activity will have to comply with any RMA requirements.
- 4.2 The Government is also reviewing the Crown Minerals Act. There does not seem to be any intention to change the gravel royalty regime so it is not intended to make a submission.

## **5. RECOVERY PROJECT**

- 5.1 I have included this item in case there is the need to give Councillors a verbal update on the December 2011 Recovery Project.

## **6. LAND AND WATER NEW ZEALAND**

- 6.1 Regional Councils have been collectively working on sharing a common website to present natural resource information and environmental monitoring data in a common format and to give a national picture of trends and the state of our environment. It will include a number of modules overtime. The first relates to water quality and arrangements are currently in hand to launch the website which uses information already collected by the councils. Discussions are also underway with a philanthropic trust and a science research organisation to assist in the funding and peer review of the information.
- 6.2 It is a good example of collaboration, consistent messaging, and will allow regional councils to tell a story about what is happening in the NZ environment. It is currently viewable at <http://www.landandwater.co.nz/>

## **7. SHARED SERVICES**

- 7.1 The Mayor has previously reported on the emergent South Island Strategic Alliance where South Island local authorities are exploring opportunities to reduce costs or improve service through shared services. Announcements from central government can be expected shortly. Transport is an area of likely attention given the work being done by the Road Maintenance Taskforce. At a recent meeting of the Regional Sector Group discussion around the delivery of Harbourmaster functions and shifting responsibility for “big boat” management to Maritime New Zealand was discussed. These issues will come up at the workshop after today’s meeting.

## **8. AMALGAMATION PETITION**

- 8.1 Voting documents for the poll to decide on the proposal to unite Tasman District and Nelson City to form a Nelson Tasman District Council will be posted out between 29 March and 3 April. Included in the voting pack will be information that will help voters to make an informed vote.

- 8.2 This is a postal vote, and the voting period is from 30 March closing at 12 noon on Saturday 21 April 2012. Voting documents will be processed during the voting period. Results are expected to be announced on the afternoon of Saturday 21 April 2012.

## **9. RECOMMENDATION**

- 9.1 That the report be received.

## **10. DRAFT RESOLUTION**

**THAT Tasman District Council receives the Chief Executive's Report RCN12-03-03**

Dennis Bush-King  
**Acting Chief Executive**