

# STAFF REPORT

**TO:** Mayor and Councillors  
**FROM:** David Ward  
**DATE:** 13 September 2006  
**SUBJECT:** Corporate Services Manager's Report – September 2006

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## **1 Financial Matters**

### **1.1 Funds Rollover**

The following recommendation is required to acknowledge a funds roll over that has taken place on, for a three month period. The interest rate for this rollover facility was 7.67%.

#### **Recommendation:**

**That a loan of \$3,464,747.46 be raised for the purpose of repaying at maturity the Tasman District Council General Renewal Loan No 49, 2006 and that such loan be known as the Tasman District Council General Renewal Loan No 50, 2006.**

### **1.2 Funding Requirements**

The following loans have been included in Council's 2006/2007 LTCCP. Works have commenced, or about to commence, on the listed projects below, thus the requirement to pass the appropriate resolution to allow staff to raise the approved loans.

#### **THAT:**

<b>i)</b>		<b>The Council shall borrow the sum of Two hundred and ninety thousand dollars (\$6,406,400) from (Bank).</b>
<b>ii)</b>		<b>The loan documentation shall comprise the following:</b>
	<b>a)</b>	<b>Existing deed of charge entered into between Tasman District Council, Bank of New Zealand, National Bank of New Zealand, Westpac and ASB Bank Ltd.</b>
	<b>b)</b>	<b>A letter of offer from Westpac.</b>
<b>iii)</b>		<b>The Mayor and the Chief Executive are authorised to sign the loan documentation on behalf of the Council.</b>

iv)		The Chief Executive is authorised to sign a certificate, pursuant to s122ZG(3) of the Local Government Act 1974.	
v)		The loan advance of dollars shall be used to finance the following projects identified in Council's Annual Plans:	
			\$
		Saxton Field Development 2006/2007	1,307,000
		Waimea Water Wells and Pumps 2005/2006	450,000
		Stormwater Richmond 2005/2006	271,000
		Sewerage Tapawera 2005/2006	100,000
		Tasman Tennis 2006/2007	190,000
		Water Brightwater 2006/2007	957,400
		Stormwater Brightwater 2006/2007	360,000
		Stormwater Mapua 2006/2007	74,640
		Stormwater Motueka 2006/2007	105,200
		Sewerage Infiltration Richmond 2006/2007	151,000
		Sewerage Infiltration Takaka 2006/2007	527,660
		Sewerage Tapawera 2006/2007	135,500
		Water Dovedale 2006/2007	164,100
		Water Motueka 2006/2007	93,700
		Water Redwood 2006/2007	561,800
		Water Urban 2006/2007	<u>957,400</u>
			<b>6,406,400</b>
vi)		The Council shall charge rates revenue as security for the loan and the performance of its obligations pursuant to the loan documentation.	
vii)		The Council acknowledges that by charging rates revenue, the Council is deemed to have made a special rate of such amount each year, on the rateable value of every rateable property in the district, as is sufficient to provide in that year for the payment of its commitments in respect of the loan or loan documentation during that year plus 10% thereof until the loan is repaid or the obligations incurred under the loan documentation are fully performed.	
viii)		The Council has considered the risks and benefits to the Council of the loan and loan documentation and of the security to be given in relation to the loan and loan documentation.	
ix)		The Council is satisfied that the general terms and conditions of the loan and loan documentation and of the security to be given in relation to the loan and loan documentation are in accordance with the borrowing management policy adopted by the Council and, in particular, the limits and guidelines set out in that borrowing management policy.	

x)		<b>The Council delegates to the Chief Executive and the Corporate Services Manager the authority to further determine the precise terms and conditions of the loan, loan documentation and security, to be negotiated at the best current terms and conditions, such terms and conditions to be advised to the Council following the raising of the loan.</b>
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## **2 Rates Rebate Scheme**

At the time of writing this report, Council had received just over 1,100 applications for rebates under the new Rate Rebate Scheme.

Staff are working very long hours processing these applications – to date 675 applications have been processed, with an average rebate value of around \$330. A full report on final application numbers and rate value will be available by the end of September 2006 when processing is complete.

Staff are retaining a note of the additional hours that they are working on processing applications and other related matters.

## **3 Elected Members – Taxation**

Attached to this agenda is a copy of an updated tax brochure specifically prepared for elected members. At today's meeting I will take the opportunity to work through the contents of this brochure. If there are any specific issues that anybody wishes me to focus on, would you please let me know prior to today's meeting.

## **4 Rate Remission Requests**

At its meeting of 3 August 2006, this Committee considered a number of applications for rate remission from sporting, recreational or community organisations. At the conclusion of that discussion, staff were requested to provide further information on the following applicants:

### **a) Nelson Speedway Association**

As noted in a staff report dated 3 August 2006, revenue for this organisation is generated chiefly from gate proceeds, charitable grants and subscriptions. The general rate applicable to Nelson Speedway Association is \$1,641.00 for the 2006/2007 financial year.

For many years Nelson Speedway Association was the recipient of a rate remission from Council, this remission however ceased around 1998, along with a number of other organisations.

Staff have reviewed the request from Nelson Speedway Association and believe a case may be able to be made to align a grant with that part of the policy specific to games and sports which states – "Clubs operating from Council reserves generally

pay a lease to Council but receive no separate rating charge. In an attempt to equalise the position of sports clubs within the district it has been past practice to provide those clubs who either own their own property or who under the terms of their independent leases are responsible for rates, a 25 per cent remission.”

This clause is utilised by Council in relation to a wide range of sporting clubs throughout the District that operate from their own premises and who receive a 50% remission – reduced to 25% where there is a licensed bar on the property. Nelson Speedway Association runs such a bar on its premises.

Comparisons have been made between the Nelson Speedway Association and a number of other organisations for whom rates remission has been granted and staff believe there are a number of similarities between this applicant and those organisations.

### **Recommendation**

**That the Nelson Speedway Association receives a 25% general rate remission for the 2006/2007 financial year.**

#### **b) Te Wharerangi Trust (Golden Bay Community Gardens)**

Staff have reviewed financial statements forwarded by this organisation in support of its rating application. We note that the Trust is the recipient of external grants from a range of organisations including Tasman District Council.

The staff review of the Trust’s Statement of Financial Performance concludes that its operations are not dependent on the receipt of a rate remission. Whilst It was suggested in the staff report of 3 August 2006 that the Trust comes under the promotion of arts, recreation, health and education categories of Council’s rate remission policy, we note that that policy suggests that further consideration be given where it is perceived that there may be some financial pressure placed on the owners of facilities if rates were collected in accordance with the amount directly levied.

The general rate being levied to the Trust for the 2006/2007 year is \$740.50.

### **Recommendation**

**That the application from Te Wharerangi Trust for a remission of general rate for the 2006/2007 financial year be declined.**

#### **c) Te Whare Mahana Inc**

This first time applicant may also be considered under the promotion of arts, recreation, health and education categories of Council’s rate remission policy. Staff have viewed a Statement of Financial Position specific to this organisation and advise that in our view, we do not believe that financial pressure will be placed on the owners if general rate remission is not granted.

We note in this applicant's written statement, that funding is available (from the DHB) for operational expenses. General rate payable by this applicant is \$1,042.40.

## **Recommendation**

**That the application from Te Whare Mahana Inc for a remission of general rate for the 2006/2007 financial year be declined.**

### **5 Rating Subcommittee**

As was noted at the Corporate Services meeting of 3 August 2006, rate remission applications were previously considered by a Rating Subcommittee which was dis-established three years ago.

Staff were requested to report back to Corporate Services Committee on the feasibility of re-establishing that Subcommittee.

I am mindful that at the time this Subcommittee was dis-established, Council's philosophy was one of minimising subcommittees and attempting wherever possible to incorporate their work within those mainstream committees to which they reported to. The Rating Subcommittee was one of those affected on the basis that;

- generally it was required to meet only once per year
- a significant review had recently been completed of applicant organisations and,
- a significant review of remission criteria had just been completed.

Whilst the process of considering applications may be considered to be an arduous one by some, I am of the belief that if those criteria and policies against which remissions are considered are regularly reviewed, and not commented on detrimentally through the public consultative process, then the role of considering remissions remain with the Corporate Services Committee.

Rate remission policies are published in Council's LTCCP and any variation to these is required to be advised through the annual plan consultation process in the intervening years.

Under the existing policy (clause 9), "all remissions granted under the policy on remissions for sporting, recreation or community organisations will be confirmed by the Corporate Services Committee in an open meeting."

In my view, to reinstate the Rating Subcommittee would simply be to add a further step in the governance process which I do not believe is necessary.

## **Recommendation**

**That applications for rate remissions under the Sporting, Recreation or Community Organisations Policy for the 2007/2008 financial year be considered by the Corporate Services Committee.**

## **6 2006 Annual Report**

Audit field work for Council's 2006 Annual Report will commence on 18 September 2006 and is scheduled to last up to three weeks. The scheduled Audit sign off date is 20 October 2006 and the report will be adopted by Council at a special committee meeting on 26 October 2006.

As a result of the Audit involvement in the LTCCP process, no specific interim audit was undertaken for the 2006 Annual Report, albeit we do not anticipate any significant issues to be raised during field work or in subsequent discussions. During the middle of the year, we commissioned our triennial independent tax review, the outcome of which raised a number of minor issues only.

The major impact that Council will note in this year's financial statements will be the impact of the District revaluation on our assets.

## **7 2007/2008 Draft Annual Plan**

I propose to undertake a series of workshops during the first week of December 2006 to assist with the preparation of this draft consultative document.

I believe this exercise should be very straight forward this year on the basis that we have recently adopted our LTCCP and its supporting asset and activity management plans which establish a blue print for Council for the next three years. Our 2007/2008 draft annual plan is of course year two of the LTCCP.

The purpose of the workshops will simply be to review the assumptions that Council has incorporated in year two of the LTCCP, the financial implication of recent decisions made by Council and response to significant policies such as development contribution levies.

We are reminded that the LTCCP is the lead statutory financial and planning document for Council and that there are significant implications resulting from any variation to this document – not least of which is the special consultative process that we may be required to engage in if we choose to take a different path.

It is advisable for writers of staff reports on all matters to Council's decision making committees to give very specific reference to the LTCCP document, noting any variation from the LTCCP where that may be the case, the financial impact and balance sheet impact. On the other hand, reference to items contained within the LTCCP are considered a strength to any report to the respective committees of Council.

## **8 Disaster Fund Policy Reviews**

Following the Corporate Services Committee meeting of 3 August 2006, the Engineering Services Manager and myself have met to review and amend the wording to these policies as we believe is appropriate. The major changes that we have applied to those policies attached to today's agenda re designed to give a

clearer indication of the intention of the rivers asset protection fund in the manner in which it relates to river works within X and Y rivers only.

In regard to the general disaster fund, wording changes have been implemented to identify flood damage throughout Tasman District as a type of adverse event to which the policy may apply. This wording removes the confusion that previously existed around reference to Z rivers.

### **Recommendation**

**That the policy for General Disaster Fund for Council Assets and for Classified Rivers Asset Protection Fund be adopted.**

David Ward  
Corporate Services Manager