

Media Release

Thursday November 15, 2007

Council to consider ways to reduce rates

Waimakariri District Councillors will next week consider options for reducing the rate take for the coming financial year.

It is the only item on Wednesday's agenda where the Council is expected to make decisions around direction setting for the 2008/09 Annual Plan, which will include next year's budget.

The Annual Plan must be adopted by June 30.

The projected rates increases based on the Long Term Council Community Plan (LTCCP) 2006-19 are 15.3% for the next financial year and 12.7% for the year after.

Mayor Ron Keating says the Council wants to revisit the affordability of the proposed projects so that everyone around the table, as well as residents and ratepayers, understand fully the total costs and ongoing rate impact of all the options.

The drivers for these increases outlined in a report from Chief Executive Officer, Jim Palmer, to Wednesday's meeting include:

- Increased costs of goods and services generally
- Proposed new water supply for Rangiora (currently provided for at \$15.34m across three years)
- New pool at Dudley Park (currently provided for at \$8.46m across three years)
- New water source for Oxford
- Range of drainage works
- Capital works
- Depreciation (currently underfunded by \$1m annually)

The CEO acknowledges a general concern among councillors over the level of rates – a number of newly elected members campaigned on the issue – and his report outlines the five options available to reduce rates.

- Omitting new initiatives previously approved but not yet started
- Reducing "discretionary" items
- Budgeting for changes in levels of service – i.e reducing opening hours at pools and libraries
- Omitting or deferring capital projects
- Changing funding mechanisms – i.e increasing fees and charges

All the options, the report states, would have some effect on rates, either short-term or ongoing.

In the past, the Long Term Council Community Plan, which sets the direction for the district for the next ten years, has driven budget discussions around the Annual Plan.

Jim Palmer accepts the new Council may prefer a different approach, noting in his report that "In light of the recent election and preliminary discussions with elected members, the Council may wish to reconsider some of the priorities contained in the Long Term Council Community Plan (LTCCP)."

That may mean staff will be asked to prepare a preliminary budget based on the use of a "statutory minimum" approach – in effect a 'bare bones' budget that simply complies with legal requirements.

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The LTCCP currently includes some significant projects including the new pool at Dudley Park and the Rangiora, Oxford and Summerhill water source projects.

The report to Council accepts “a change in these projects could have a significant impact on future rates movements. In particular it has been estimated that the omission of the Dudley Park Pool would reduce the ‘outer year’ projected rates by up to \$1.5million per annum.”

In acknowledging the potential savings the report also reinforces the requirement for further consultation on any project included in the LTCCP the Council may now wish to defer.

Work on the \$9 million dollar three-pool Dudley pool complex has already been suspended pending a formal Council resolution on the future of the project.

Mayor Ron Keating agrees it is in the Council’s interest to further consult on some of the major items now under discussion.

“There are strong views both for and against the pool, for example, and deferring this project would provide an opportunity for the new Council to not only review all the options in the new year but to also go back to the community for confirmation, or otherwise, of its views on a new pool in Rangiora.”

Councillors, he says, will also need to consider carefully the ramifications of deferring this, and any other project, including what additional costs may be incurred in doing so.

The report suggests deferring plans for a new Rangiora, Oxford and Summerhill water supplies would allow the Council to consider how these projects would fit into a yet-to-be prepared Waimakariri water supply strategy. This would mean putting the projects on hold for up to two years.

The report also recognises elected members concerns over service provision and funding policies and recommends, if funding is provided, that these be reviewed.

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