

# Wanganui District Council Meeting – 18 July 2011

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**Minutes of a Meeting of the Wanganui District Council held at 1.00PM on Monday, 18 July 2011, in the Council Chamber, Municipal Office Building, 101 Guyton Street, Wanganui.**

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**Present:** Mayor Annette Main (Chair), Deputy Mayor Cr Rangi Wills, Crs Allan Anderson, Philippa Baker-Hogan, Jack Bullock, Randhir Dahya, Clive Solomon, Ray Stevens, Rob Vinsen, Sue Westwood and Wanganui Rural Community Board representative Alan Taylor.

**Apologies:** Crs Nicki Higgle, Michael Laws and Hamish McDouall.

Proposed by Mayor Main, seconded by Cr Anderson:

THAT Crs Higgle, Laws and McDouall's apologies be received.

CARRIED

**1. Striking of the Rates – 1 July 2011 to 30 June 2012**

<p><b>Policy on Determining Significance</b> – In terms of the Policy the recommended decision is not significant. The decision addresses a procedural matter. The Council will put in place a decision it has already made and consulted on during the Annual Plan 2011/12 deliberations.</p>
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Natalie Rodgers, Finance Manager, reports:

**“Background**

At its meeting held on 21 June 2011, the Council adopted its Annual Plan 2011/12. The Council has made no significant changes to its proposed rating policy as a result of submissions received during the special consultative procedure.

Instalment due dates have been extended from those published in the Annual Plan by seven days to ensure that ratepayers have 14 days to pay from the date that they received the instalment notice.”

**Discussion**

Cr Baker-Hogan said it was important to recognise the work that had been undertaken to achieve the result before the Council today. She noted there had been workshops, submissions, deliberations resulting in a 4.9% average residential rate increase which she said was very good. Cr Westwood noted her appreciation of the huge amount of material that had been provided to elected members by the Council's officers. Mayor Main said that a newsletter would be included in rate demand mail-outs as well as the media.

**Council’s Resolution**

Proposed by Cr Stevens, seconded by Cr Bullock:

THAT Wanganui District Council sets the following rates (GST inclusive) and differential categories under section 23 of the Local Government (Rating) Act 2002 on rating units in the Wanganui District for the financial year commencing on 1 July 2011 and ending on 30 June 2012:

The rates requirement figures quoted in the sections below include GST.

**Separately used and inhabited part of rating unit (SUIP)**

The following definition will be applied to a Separately Used or Inhabited Part of a Rating Unit (SUIP): any part of the rating unit separately used or inhabited by the owner or any other person who has the right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement. At a minimum, the land or premises intended to form the separately used or inhabited part of the rating unit must be capable of actual habitation, or actual use by persons for purposes of conducting a business.

**Differential categories**

Where councils propose to assess rates on a differential basis, they are limited to the list of matters specified in schedule 2 of the Local Government (Rating) Act 2002. Council is required to state which matters will be used for what purpose and the categories of any differentials. The differential categories adopted for the 2011/12 financial year are found under each type of rate.

**General rates**

**Uniform annual general charge**

The Council is not setting a uniform annual general charge.

**General rate – amount to be collected \$10,666,768**

A differential general rate set under section 13 of the Local Government (Rating) Act 2002 on the land value of each rating unit as follows:

	<b>Cents in the dollar</b>
Properties used for commercial or industrial purposes	1.2787
Properties not used for commercial or industrial purposes that are:	
less than 0.5 hectares	0.5004
greater than 0.5 hectares but less than 1 hectare	0.4474
greater than 1 hectare but less than 2 hectares	0.3943
greater than 2 hectares but less than 3 hectares	0.3412
greater than 3 hectares but less than 4 hectares	0.2881
greater than 4 hectares but less than 5 hectares	0.2350
greater than 5 hectares but less than 10 hectares	0.1819
greater than 10 hectares	0.1288

**Differentials**

Differentials based on use. The council will differentiate the general rate based on use and area. The differential categories include:

- A. Commercial or industrial properties means:
  - All land used for any commercial or industrial purposes.
  - All land used by any government department or agency or local body agency.

- All vacant land within the Wanganui district which is zoned for commercial or industrial purposes.
  - All land used for educational purposes not otherwise exempted by legislation.
- ‘Commercial or industrial purposes’ includes the sale of liquor, but excludes:
- A home occupation as defined by the operative Wanganui District Plan; and
  - Farming or horticulture.
- B. Less than .5 hectares means – Any rating unit not included in A above with a land area of less than 5,000 square metres.
- C. Greater than 5,000 square metres but less than 1 hectare means – Any rating unit not included in A above with a land area of 5,000 square metres or more but less than 10,000 square metres.
- D. Greater than 1 hectares but less than 2 hectares means – Any rating unit not included in A above with a land area of 10,000 square metres or more but less than 20,000 square metres.
- E. Greater than 2 hectares but less than 3 hectares means – Any rating unit not included in A above with a land area of 20,000 square metres or more but less than 30,000 square metres.
- F. Greater than 3 hectares but less than 4 hectares – Any rating unit not included in A above with a land area of 30,000 square metres or more but less than 40,000 square metres.
- G. Greater than 4 hectares but less than 5 hectares – Any rating unit not included in A above with a land area of 40,000 square metres or more but less than 50,000 square metres.
- H. Greater than 5 hectares but less than 10 hectares – Any rating unit not included in A above with a land area of 50,000 square metres or more but less than 100,000 square metres.
- I. Greater than 10 hectares – Any rating unit not included in A above with a land area of 100,000 square metres or more.

Rating units that have more than one use (or where there is doubt about the primary use) will be placed in the category with the highest differential factor. The council may consider rating such a property by apportioning the land value between the separate uses and rate each portion according to the appropriate category. Note that, subject to rights of objection to the rating information database set out in Section 29 of the Local Government (Rating) Act 2002, the council is the sole determiner of the categories.

**Targeted rates**

**Community facilities rate – amount to be collected \$15,088,220**

A uniform targeted rate for Community Facilities set under section 16 of the Local Government (Rating) Act 2002 of \$708.60 per separately used or inhabited part of a rating unit.

**Roads and footpaths rate – amount to be collected \$6,574,344**

A differential targeted rate for roads and footpaths set under section 16 of the Local Government (Rating) Act 2002, on the capital value of each rating unit as follows:

Residential	0.07523 cents per dollar of capital value on every rating unit in the ‘Residential’ category.
Farming	0.12889 cents per dollar of capital value on every rating unit in the ‘Farming’ category
Commercial	0.19900 cents per dollar of capital value on every rating unit in the ‘Commercial’ category.

**Differentials**

*Residential*

All rating units not included within the ‘Commercial’ category where the land area is less than 30,000 square metres.

*Farming*

All rating units not included within the ‘Commercial’ category where the land area is 30,000 square metres or greater.

*Commercial*

- All land used for any commercial or industrial purposes.
- All land used by any government department or agency or local body agency.
- All vacant land within the Wanganui district which is zoned for commercial or industrial purposes.
- All land used for educational purposes not otherwise exempted by legislation.

‘Commercial or industrial purposes’ includes the sale of liquor, but excludes:

- A home occupation as defined by the operative Wanganui District Plan; and
- Farming or horticulture.

**City water supply – amount to be collected \$6,600,892 including water by meter**

A differential targeted rate for city water supply set under section 16 and 19 of the Local Government (Rating) Act 2002 as follows:

Connected	\$257.07 per separately used or inhabited part of a rating unit that is connected to the city water system.
Serviceable	\$128.54 per separately used or inhabited part of a rating unit for which connection to the city water system is available.
Metered supply	82.93 cents per cubic metre. Subject to a minimum charge of \$257.07 which gives an allocation of 310 cubic metres of water.
Rural extraordinary	A minimum charge of \$211.09 per separately used or inhabited part of a rating unit for up to 310 cubic metres of water, plus 68.09 cents per cubic metre for supply in excess of 310 cubic metres, under section 19 of the Act.

**City water fire fighting capacity – amount to be collected \$1,200,748**

A targeted uniform rate for provision and maintenance of fire fighting on rating units within the city water supply area set under section 16 of the Local Government (Rating) Act 2002 of 0.02713 cents per dollar of capital value on each rating unit. For fire fighting, city water supply excludes the rural extraordinary and Mowhanau extraordinary differential categories.

**Putiki South and Airport water supply – amount to be collected \$14,882**

A differential targeted rate to meet the costs of the Putiki South and Airport water supply set under section 16 and 19 of the Local Government (Rating) Act 2002, on the basis of each separately used or inhabited part of a rating unit that has a normal water connection or for which connection is available, as follows:

Connected	\$211.09 per separately used or inhabited part of a rating unit that is connected to the Putiki South and Airport water system.
Serviceable	\$105.54 per separately used or inhabited part of a rating unit for which connection to the Putiki South and Airport water system is available.
Metered supply	68.09 cents per cubic metre. Subject to a minimum charge of \$211.09 which gives an allocation of 310 cubic metres.

**Maxwell water supply – amount to be collected: \$92,304 including water by meter**

A differential targeted rate to meet the costs of the Maxwell water supply set under sections 16 and 19 of the Local Government (Rating) Act 2002 on the basis set out below, as follows:

Residential	\$345.00 per separately used or inhabited part of a rating unit in the ‘residential’ category connected to the Maxwell water system.
Dairy	\$69.00 per hectare on every rating unit in the ‘dairy’ category connected to the Maxwell water system
Rural	\$15.24 per hectare on every rating unit within the ‘rural’ category connected to the Maxwell water system.

Plus 63.25 cents per cubic metre of water supplied to every rating unit connected to the water system. The minimum charge shall be \$345.00.

**Westmere water supply – amount to be collected: \$145,130 including water by meter**

A targeted rate set under section 19 of the Local Government (Rating) Act 2002, to meet the cost of the Westmere water supply, of 76.67 cents per cubic metre of water supplied to any rating unit connected to the Westmere water system. This rate will be subject to a minimum charge of \$230.00 per year.

**Fordell water supply – amount to be collected: \$48,913 including water by meter**

A differential targeted rate to meet the costs of the Fordell water supply set under sections 16 and 19 of the Local Government (Rating) Act 2002, as follows:

Residential	\$195.40 per separately used or inhabited part of a rating unit in the ‘residential’ category connected to the Fordell water system.
Rural	\$9.38 per hectare on every rating unit in the ‘rural’ category connected to the Fordell water system.
Dairy	\$35.55 per hectare on every rating unit in the ‘dairy’ category connected to the Fordell water system.
Other	78.15 cents per cubic metre supplied on every rating unit in the ‘Other’ category connected to the Fordell water system.

**Differentials**

Differentials are based on the following categories:

Connected	Any rating unit with an ordinary connection being a connection equivalent to 20mm MDPE pipe to the relevant water supply.
Serviceable	Any rating unit within 100 metres of the appropriate water reticulation system but that does not have a connection to the system.
Metered supply	Any rating unit that is not ‘rural extraordinary’ and that has a connection greater than the equivalent of 20mm MDPE pipe to the applicable water supply.
Rural extraordinary	Any rating unit in the rural ward that is connected to the city water supply.
Mowhanau extraordinary	Any rating unit that is connected to the Mowhanau water supply.
Other	In relation to the Fordell water supply means the Fordell Saleyards.
Dairy	Any rating unit primarily used as a dairy farm.
Rural	Any rating unit that is not primarily a residence or a dairy farm.

**City wastewater – amount to be collected: \$3,773,551**

A differential targeted rate for the operations, maintenance and development of the city wastewater disposal system set under section 16 of the Local Government (Rating) Act 2002, as follows:

Residential	\$198.64 per separately used or inhabited part of a rating unit that is in the ‘residential’ category and is connected to the city wastewater disposal system.
Other	\$198.64.
Other multi pan	\$99.32 per pan.

**Differentials**

Residential	Any rating unit used as a residence for not more than one household and connected to the city wastewater disposal system.
Other	Any rating unit that is not used primarily as a residence.
Other one pan	Only one pan connected to the city wastewater system.
Other multi pans	More than one pan connected to the city wastewater system.

**Trade wastes – amount to be collected \$1,667,500**

A uniform targeted rate to meet the costs of the conveyance, treatment and disposal of large volume trade waste discharges through the city wastewater disposal system set under section 16 of the Local Government (Rating) Act 2002 on the basis of the extent of the provision of the service. The rates will be based on a combination of the total volume, the average and peak quantity of biochemical oxygen demand (BOD), and the quantity of suspended solids (SS) for properties that generate greater than 100 cubic metres on average per day.

The rates are:

- \$0.193 per cubic metre of effluent volume discharged, plus
- \$57.56 per kilogram/day annual average biochemical oxygen demand (BOD), plus

\$17.08 per kilogram/day averaged three day peak period BOD, plus  
\$25.51 per kilogram suspended solids (SS), measured on an average basis.

**Marybank wastewater – amount to be collected \$20,613**

A differential targeted rate to meet the costs of the Marybank wastewater disposal system set under section 16 of the Local Government (Rating) Act 2002, as follows:

Connected	\$378.22 per separately used or inhabited part of every rating unit in the ‘connected’ category that is connected to the Marybank wastewater disposal system.
Serviceable	\$189.11 per separately used or inhabited part of every rating unit in the ‘serviceable’ category for which connection is available to the Marybank wastewater disposal system.

**Mowhanau wastewater – amount to be collected \$27,118**

A differential targeted rate to meet the costs of the Mowhanau wastewater disposal system set under section 16 of the Local Government (Rating) Act 2002 as follows:

Connected	\$390.18 per separately used or inhabited part of every rating unit in the ‘connected’ category that is connected to the Mowhanau wastewater disposal system.
Serviceable	\$195.09 per separately used or inhabited part of every rating unit in the ‘serviceable’ category for which connection is available to the Mowhanau wastewater disposal system.

**Stormwater disposal – amount to be collected \$4,308,380**

A differential targeted rate to meet the costs of the city stormwater disposal system set under section 16 of the Local Government (Rating) Act 2002 on the basis of the capital value of each rating unit that has a connection or for which connection is available. This charge will be set on a differential basis based on the availability of the service. The categories are ‘connected’ and ‘serviceable’.

Connected	0.1274 cents in the dollar on capital value on every rating unit in the ‘connected’ category that is connected to the city stormwater disposal system.
Serviceable	0.0637 cents in the dollar on capital value on every rating unit in the ‘serviceable’ category that is not connected but is practicably able to be connected and within 30 metres of the city stormwater disposal system.

**Stormwater separation loans**

A targeted rate under Section 16 to meet the repayment of advances made to assist with the costs of separation of stormwater and wastewater set under section 16 of the Local Government (Rating) Act 2002.

Properties subject to this rate are those to which council has made a stormwater separation loan. Stormwater separation loans have been made to assist properties with the cost of separating wastewater and stormwater. Property owners can opt to have the loans over a period of two to five years with the first two years being interest free. The documentation for the advances records that the loans are secured as a rate. To formalise that process the

repayment is included in the rates setting process. The loans are on a differential basis according to the term selected by the ratepayer.

The rates are:

- Loan over 2 years – a rate of 50 cents for each dollar originally advanced by the Council.
- Loan over 3 years – a rate of 33.85 cents for each dollar originally advanced by the Council.
- Loan over 4 years – a rate of 25.99 cents for each dollar originally advanced by the Council.
- Loan over 5 years – a rate of 21.33 cents for each dollar originally advanced by the Council.

**Central Business District (CBD) services – amount to be collected: \$586,393**

A differential targeted rate to meet the costs of CBD cleaning, maintenance and the Mainstreet Wanganui promotional levy set under section 16 of the Local Government (Rating) Act 2002 on all commercial rating units in CBD A and CBD B as follows:

- CBD A 0.4096 cents per dollar of capital value on every rating unit that is in the ‘CBD A’ category.
- CBD B 0.1638 cents per dollar of capital value on every rating unit that is in the ‘CBD B’ category.

Plus \$337.00 per separately used or inhabited part of a rating unit for every rating unit that is in the ‘CBD A’ or ‘CBD B’ category.

**Differentials**

Council proposes to differentiate the CBD services rate based on use and where the land is situated:

- CBD A The commercial properties in: Victoria Avenue from Taupo Quay to Ingestre Street, Guyton Street from St Hill Street to Wicksteed Street, Maria Place from St Hill Street to Watt Street, Ridgway Street from St Hill Street to Drews Avenue.
- CBD B All commercial properties inside the area bounded by St Hill Street, Ingestre Street, Wicksteed Street, Watt Street, Drews Avenue, Taupo Quay, which are not included as CBD A. In all cases the street refers to the street centre line.

*Commercial*

- All land used for any commercial or industrial purposes.
- All land used by any government department or agency or local body agency.
- All vacant land within the Wanganui district which is zoned for commercial or industrial purposes.
- All land used for educational purposes not otherwise exempted by legislation.

‘Commercial or industrial purposes’ includes the sale of liquor, but excludes:

- A home occupation as defined by the operative Wanganui District Plan; and
- Farming or horticulture.

**Separate works rates**

Targeted rates to finance the costs of capital development of the roading network in the areas defined below, set under section 16 of the Local Government (Rating) Act 2002.

- Whangaehu Valley Road N<sup>o</sup> 1 Upper Whangaehu Road
- Whangaehu Valley Road N<sup>o</sup> 2 Mangamahu Road and Creek Road
- Whanganui River Road Junction to the boundary

The following separate works rates will be assessed on the land value of each rateable property in the appropriate area. Total revenue is quoted in each case.

- Whangaehu Valley Road N<sup>o</sup> 1 to collect \$11,837, a rate of 0.03588 cents per dollar of land value.

Whangaehu Valley Road N<sup>o</sup> 2 to collect \$9,558, a rate of 0.02555 cents per dollar of land value.  
Whanganui River Road to collect \$19,320, a rate of 0.09381 cents per dollar of land value.

**Payment by instalment**

Rates are payable in four equal instalments on the following due dates:

<b>Instalment</b>	<b>Due date</b>
Instalment 1	Wednesday, 24 August 2011
Instalment 2	Wednesday, 23 November 2011
Instalment 3	Wednesday, 22 February 2012
Instalment 4	Wednesday, 23 May 2012

**Discount**

A discount of 2.5% will be allowed on all net 2011/12 rates paid in full by the due date of the first instalment for 2011/12.

**Additional charges (penalty)**

An additional charge of 10% will be added to all instalments or part thereof remaining unpaid on the date that is seven (7) days after the due date as follows:

<b>Instalment</b>	<b>Date on which penalty will be added</b>
Instalment 1	Wednesday, 31 August 2011
Instalment 2	Wednesday, 30 November 2011
Instalment 3	Wednesday, 29 February 2012
Instalment 4	Wednesday, 30 May 2012

An additional charge of 10% will be added to all instalments of private wastewater separation loans remaining unpaid on the date that is seven (7) days after the due date.

Additional charges of 10% will be added to so much of any rates assessed (or private wastewater separation loan instalments due) in any previous financial year as remain unpaid on 26 July 2011 and 26 January 2012.

**CARRIED**

**ACTION: Julian Harkness**

**2. Borrowing Programme for the 2011/12 Financial Year**

<p><b>Policy on Determining Significance</b> – In terms of the Policy the recommended decision is not significant. The decision addresses a procedural matter. The Council will put in place a decision it has already made and consulted on during the Annual Plan 2011/12 deliberations.</p>
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Natalie Rodgers, Finance Manager, reports:

**“Background**

In preparing the Council’s 10-Year Plan 2009-2019, the Council’s long and short term expenditure and funding requirements have been considered, and the Council has adopted a Liability Management Policy with regard to borrowing to meet its funding requirements.

The Council's Annual Plan for 2011/12, being year three of the 10-Year Plan 2009-2019, requires borrowings of \$5.6M (final number to be tabled). The Council may also borrow to refinance borrowings in place of \$25M.

- The Council's total potential borrowing for the 2011/12 financial year may be \$30,600,000 ('the Borrowing').
- To assist in meeting the Council's borrowing requirements the Council entered into a Debenture Trust Deed dated 26 May 2000 (the 'Debenture Trust Deed'). The Council may borrow and issue security under the Debenture Trust Deed.

**Purpose**

The purpose of the Borrowing is the carrying out or continuing of the projects identified in the Annual Plan 2011/12 which has been adopted by the Council and to roll over and refinance existing borrowings.

**Nature of security**

It is proposed that the Borrowing will be secured by the Debenture Trust Deed.

**Risks and benefits**

The benefits of the Borrowing are that it will enable the Council to continue with the projects for the District outlined in the Council's Annual Plan, while spreading the costs for those projects over time to achieve intergenerational equity. The risk of the Borrowing is that interest rates may rise in the future. The Council may, therefore, end up paying higher finance costs than are budgeted in the planning process. The Council uses interest rate swaps to manage interest rate risk.

**Compliance with Liability management policy**

The Liability Management Policy prescribes that the Council will adhere to the following borrowing limits:

Total debt not to exceed two times total revenue less Government subsidy:

- Closing borrowings balance \$93.3M.
- Two times total revenue less Government subsidy \$110M.

*No forecasted breach of borrowing limit (1.2 times cover)*

The gross interest expense of all borrowings will not exceed 15% of total revenues less Government subsidy:

- Finance costs \$6.9M.
- 15% of total revenues less Government subsidy \$8.3M.

*No forecasted breach of borrowing limit (17%)*

Net cash flows from operating activities to exceed net interest expense by two times:

- Net cash flows from operating activities \$20.6M.
- Finance costs \$6.9M.

*No forecasted breach of borrowing limit (1.5 times cover)*

To minimise the concentration of interest rate risk in 2011/12, the maximum amount of borrowings that can be refinanced in 2011/12 is 40% of the total borrowings expected at the end of the year:

- Maximum borrowings to be rolled over / refinanced – \$30.6M.
  - Closing borrowings balance \$93.3M.
- No forecasted breach of limit (33%)*

The Council’s maximum floating interest rate exposure for 2011/12 is to be 45% of the portfolio:

- Interest rate swaps operational (not maturing) in 2011/12 \$58M.
  - Borrowings with floating interest rates held in 2011/12 \$68M.
- No forecasted breach of limit (15%).”*

**Council’s Resolution**

Proposed by Cr Vinsen, seconded by Cr Westwood:

THAT the Council authorises the Chief Executive to borrow up to \$5.6M for projects identified in the Annual Plan 2011/12, and \$25M to refinance existing debt and borrowing.

THAT the Chief Executive be delegated authority to negotiate and agree the terms, interest rate payable by the Council, frequency of interest payments, timing of draw downs, number of loans facilities or issues of stock that make up the Borrowing and all other terms and conditions of such loan, or facilities or stock as may be necessary for the obtaining of such loans facilities or stock and to execute any agreements, documents and certificates in respect of such loans, facilities or stock on behalf of the Council.

**THAT FOR:**

Delegation

THAT the Chief Executive be authorised to sub-delegate powers, duties and discretions delegated to him under the resolutions above to officers, as he considers appropriate

AND THAT the Council be advised of these changes through the Strategy and Finance Committee.

Proposed by Westwood, seconded by Baker-Hogan:

THAT the Council’s officers be thanked for the comprehensive information on the Council’s rating requirements provided to elected members.

**CARRIED**

The meeting closed at 1.15pm.

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**CERTIFICATE OF CONFIRMATION OF MINUTES**

The minutes of the meeting of the Wanganui District Council held on 18 July 2011 were confirmed as a true and correct record of that meeting at a meeting of the Wanganui District Council held on 22 August 2011.

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Annette Main  
Mayor of Wanganui District

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Date