

Report No:	RFN11-07-01
File No:	C780
Date:	28 June 2011
Information Only – no decision required	

REPORT SUMMARY

Report to: Corporate Services Committee
Meeting Date: 7 July 2011
Report Author: Tim King
Subject: **Chair's Report – RFN11-07-01**

EXECUTIVE SUMMARY

This is the Chair's regular meeting report.

RECOMMENDATION/S

That the report be received.

DRAFT RESOLUTION

THAT the Corporate Services Committee receives the Chair's Report – RFN11-07-01.

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1. Annual Plan 2011/2012

- 1.1 With the imminent sign-off of the Annual Plan, it is worth reflecting on the efforts of both Councillors and staff in reducing the final rate increase.
- 1.2 While with the additional money to replenish the disaster funds it is still higher than ideal, it is still, in my view, a good outcome for the community.
- 1.3 The process highlights the challenges of trying to balance community expectations of service delivery with concerns over ability to pay and the importance of prioritising a range of competing activities, however difficult this is.

2. Insurance

- 2.1 Over the last few months the impacts of the Christchurch earthquakes have had a very real affect on not only councils, but all residents, in terms of insurance.
- 2.2 While the impact on individuals is largely through premium increases, the impact on councils may well include difficulty gaining insurance for our current assets at current values.
- 2.3 This, combined with the general financial uncertainty may mean that in the review of the LTP we need to look very closely at the ratios that govern our debt levels, with a view to perhaps tightening and providing some level of head room to take account of unforeseen events.

3. Amalgamation

- 3.1 While there are a wide-range of issues relating to the current proposal, I will just briefly mention two that specifically impact on Corporate Services.

- a) In the report, reductions in staff have been highlighted as one of the key areas of benefit and cost saving. It is interesting to note however that the combined staff total between the two councils is similar to significantly less than the three comparative councils used, despite the fact they are only territorial authorities, without the additional regional council functions we currently carry out. This may mean these are particularly optimistic assumptions of the medium term staff requirements for a combined council.

- b) The other identified area of benefit is the increased capacity of \$177 million worth of expenditure which simply means the theoretical ability to borrow more money. If utilised, this would take the combined debt of the new council to about \$500 million. While this may seem attractive to some, the key limiting factor in the utilisation of theoretically-available debt is both the willingness and ability of the ratepayers to pay. Unlike a business, whose debt is used to purchase assets that generate a return, Council's assets by and large, come with an operational cost that is paid for by the same ratepayers that service the debt. As mentioned in an earlier section, tightening the ratios around the use of debt maybe a more prudent course of action in the foreseeable future, rather than encouraging the greater use of debt.

3.2 Whatever the outcome of the current proposal, the sooner it is decided, the better for everybody concerned, as a long period of uncertainty is in no-one's best interests and I believe we should push hard for the final decision by the Commission to be made at the earliest possible opportunity. If that decision is to continue to a public referendum then that be held as soon as possible.

5. RECOMMENDATION/S

That the report be received.

6. DRAFT RESOLUTION

THAT the Corporate Services Committee receives the Chair's Report – RFN11-07-01.