



**PRESS RELEASE: FOR IMMEDIATE USE**

**March 13, 2008**

## **Council looking at changing roading differential model**

The Southland District Council wants to change the way it rates for roading work to a fairer and easier to understand system.

Chief Executive David Adamson said Council has been investigating the fairest way to fund the \$25.09 million a year needed to maintain the District's 5000km of roads for several years. Council gets a \$13.85 million subsidy from Land Transport New Zealand but has to find \$8.72 million through rates.

"While we would prefer Central Government to cover 90 percent of roading costs through the Regional Fund, this is very unlikely. So we're looking for the next best option," Mr Adamson said.

Council has looked at several models in the past few years and modified them, and believes it now has one that better reflects where roading expenditure is being spent and is as fair as possible to all sectors, he said.

One of the key aspects of the model is the change to capital value for allocating rating portions within sectors.

"A change such as that proposed is always going to be difficult as it is like slicing a cake differently and therefore creating winners and losers."

The biggest winner of the change is the non-dairy farmer who, as a sector, will save about \$800,000 at the expense of the dairy, mining and forestry sectors. The move to capital funding will shift the rate burden to those properties that have a proportionate larger capital value within their sector.

"The move to capital value is a big improvement, as the District covers a large area with big differences in land values between different parts. Capital value will reflect the total investment in the property, approximates the road damage the property will generate and tends to be slightly more stable over time," Mr Adamson said.

The proposal will be included in Council's Draft Annual Plan for consultation. The plan will be released on April 17, and Council is planning to hold stakeholder meetings in Te Anau and Invercargill about the proposed change.

The model, which is based on work developed by consultants Morrison Low, separates roading costs into general and pavement/structural. All sectors then pay general costs and the sectors with heavy vehicles (commercial, dairying, farming, forestry, industrial, mining) pay the pavement/structural costs.

The idea is to target the sectors which cause damage to the road structure and allocate a higher share of the total roading costs to them. Council is proposing to use the tonnage each sector generates to calculate the portion of structural/pavement costs they should pay.

Council is also proposing to slightly modify Morrison Low figures to better reflect the pattern of expenditure occurring on the district's roads, both historically and in the future, an obvious shortcoming of previous models, Mr Adamson said.

The intention is to recalculate the share of costs every three years to take into account the effect of property revaluations, land use change and revised tonnage data.

ENDS

**For further information please contact:**

David Adamson  
Chief Executive  
Southland District Council  
Ph (0800) 732 732  
Mobile: 027 434 1861