WHANGAREI DISTRICT COUNCIL

# Council Briefing Agenda

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| **Date:** | Tuesday, 19 September, 2017 |
| **Time:** | 9:00 am |
| **Location:** | Council Chamber<br>Forum North, Rust Avenue<br>Whangarei |
| **Elected Members:** | Her Worship the Mayor Sheryl Mai (Chairperson)<br>Cr Stu Bell<br>Cr Crichton Christie<br>Cr Vince Cocurullo<br>Cr Tricia Cutforth<br>Cr Shelley Deeming<br>Cr Sue Glen<br>Cr Phil Halse<br>Cr Cherry Hermon<br>Cr Greg Innes<br>Cr Greg Martin<br>Cr Sharon Morgan<br>Cr Anna Murphy |

For any queries regarding this meeting please contact
the Whangarei District Council on (09) 430-4200.

WHANGAREI DISTRICT COUNCIL

# 2.1 2018 – 2028 Long Term Plan Revenue and Financing Policy – Activity Funding Review

**Meeting:** Council Briefing
**Date of meeting:** 19 September 2017
**Reporting officer:** Rich Kerr (Manager – Finance)

## 1 Purpose

To brief members on the Activity Funding Review which is a key component of the Revenue and Financing Policy for the 2018 – 2028 Long Term Plan and get their feedback.

## 2 Background

Under S102(2), of the Local Government Act 2002 a local authority must, in order to provide "predictability and certainty about sources and levels of funding" adopt certain policies. The Revenue and Financing Policy is one of these. The policy is supported by analysis of the funding of each activity group and recognises that the funding policy is more than just a device for raising revenue but is also one of the instruments that can be used to promote community wellbeing.

## 3 Discussion

**Funding Needs Analysis**

The Revenue and Financing Policy must demonstrate how Council has complied with the funding policy process under section 101(3) of the Local Government Act 2002. To achieve this Council needs to review each individual activity and its funding in developing its Revenue and Financing Policy.

As part of that process, Council needs to consider the nature of the activity provided and the benefits and beneficiaries of the activity.

**Activity Group**

As a consequence of the organisational restructure and as part of the review process with department managers and the senior leadership team, Council's work has been grouped into nine key activities in which we provide a service to the community. These are:

- District strategy and governance – a new activity group compared to the 2015-2025 Long Term Plan to provide transparency regarding performance and expenditure of strategy and governance for Council;
- Transportation
- Water
- Wastewater and drainage

- Stormwater
- Flood control
- Solid waste management
- District planning and regulatory services
- Community facilities and services

The activity groups are listed in the Attachment.

**Activity**

Each activity group is made up of operating projects – 'Activities' – that the Council delivers. Any one activity may have one or more operating projects which, when combined, provides the total level of service provided by the Council. The activities, within the activity groups, are listed in the Attachment.

**STEP ONE**

When assessing the funding for each activity the following need to be considered:

- **Community outcomes**

  Which outcome the activity primarily relates to, and the rationale for doing it. The Council has five existing community outcomes from the 2015-2025 Long Term Plan:

  - Easy and safe to move around
  - A growing and resilient community
  - Clean healthy and valued environment
  - Vibrant and healthy communities
  - Well managed growth

These are being reviewed and will be brought to a subsequent Council Briefing.

- **User/beneficiary pays principle –** distribution of benefits between individuals or groups and the community as a whole i.e. private or public good principle.

- **Inter-generational principle –** the period over which the benefits are expected to accrue

- **Exacerbator pays principle –** the extent to which actions or inactions of individuals or groups contribute to the need to undertake the activity and the costs that occur as a result

- **Costs and benefits of funding the activity**, distinct from other activities. i.e. user pays or targeted rates

**STEP TWO**

Consideration then needs to be given to the **overall impact of any allocation of liability for revenue needs on the community**. This may result in an alteration of the results of the first step, with the funding option or the level of funding from any source altered to ensure that there are no barriers or disincentives, and that an inequitable burden is not placed on any particular community sector or group.

Some questions to ponder as part of this consideration are:

- how will the mix of funding impact on affordability, e.g. on the elderly or those on low incomes?
- will the policy impact on accessibility to some services?
- can we charge the amount required, or is it restricted by legislation?
- do we want to encourage or discourage a particular activity or behaviour?
- what is the effect on a particular sector of our community, community groups or rating categories?
- how will this impact based on current economic conditions?

**Funding Sources**

Section 103 of the Local Government Act (2002) requires a local authority to state the sources of funding for its operating expenses and its capital expenditure. The sources of funding for each category are set out below.

**Funding Sources for Operating Expenses**

Operating expenses are for the day to day spending on ongoing operations delivering services by council and for the maintenance of Council's assets. This includes contributions to the wear and tear on assets used (depreciation), interest charged on borrowing for capital projects and corporate overheads.

Council must consider the funding for each activity in a way that relates exclusively to that activity. Some activities may be best funded using user charges, others with targeted rates and others from general rates. Distinct funding enables ratepayers or payers of user charges to assess more readily whether or not the cost of the service provided to them either directly or indirectly represents good value. They can also more easily determine how much money is being raised for the service and spent on the service, which promotes transparency and accountability.

The different mechanisms available for funding operating expenses are:

**General rates** are used to fund those services where there is a benefit to the whole community (public benefit) or where there is no practical method for charging individual users. General rates fund a range of activities which are used by individual ratepayers to varying extents.

This Council currently uses general rates to fund a broad range of activities, rather than a number of targeted rates as it results in a simpler rating system. This makes it easier for ratepayers to understand how they are being rated and it is more cost effective to administer. Rates are regarded as a tax, as there is no direct link between the activity or service provided and the individual ratepayer.

Council is currently undertaking a rating structure review and may elect to make changes to the current rating system. The review is being discussed in today's council briefing and in briefings scheduled over the coming weeks.

General rates are currently assessed based on a property's land value and as a uniform annual general charge.

Value-based general rates are assessed on land value and are differentiated by land use. The differentials to be applied are:

- residential differential, including steps on high value properties
- rural differential
- multi-unit differential
- commercial and industrial differential.

Full details of the differentials used may be found in the Funding Impact Statement.

A uniform annual general charge (UAGC) is applied to each separately used or inhabited part of each rating unit. The UAGC is to be assessed by Council annually and set at a level considered to be reasonable. The UAGC is used to fund the same activities as the general rate and ensures every ratepayer contributes a base level of rates irrespective of property value or services used.

**Targeted rates** are used where an activity benefits an easily identifiable group of ratepayers (such as the commercial or residential sectors) and where it is appropriate that only this group be targeted to pay for some or all of a particular service. The funds collected must be used for the purpose for which they are rated. Targeted rates are only used where Council considers it is an appropriate mechanism to fund that activity or where Council wishes to make clear the purpose for which the rate is collected. The revenue collected in any one year may result in a surplus, which is used to repay debt or to fund capital expenditure in future.

**User fees and charges** are used where the beneficiaries can be identified and charged. They include consent fees, licence fees, sales of goods, hireage fees or recoveries of costs incurred. When setting fees and charges, Council will consider any indirect benefit to the community, the distribution of those benefits and ability to pay. Some fees may be limited by legislation, meaning full recovery of costs is not possible.

**Grants and subsidies** apply to some activities when income from external agencies is received to support that activity. Each year the Council receives funding from NZTA as part of the overall maintenance replacement and renewal programme for the city's roading infrastructure. Council recognises the funding as income in accordance with GAAP.

**Borrowing** is not generally used to fund operating expenses, but is used to smooth the inter-generational benefits of the capital expenditure programme. Council may use borrowing to give a capital grant to a community organisation to fund a community facility, or for addressing storm damage (see below).

**Interest from investments** is used to reduce the requirement from general revenue and is used to fund activities in the same way that rates do.

**Distributions and dividends**

- Council receives distributions from its joint venture investment in Northland Regional Landfill Limited Liability Partnership. These are directed to funding the Solid Waste Activity.
- Council currently receives dividends from LGFA which are used to reduce the requirement from general revenue and is used to fund activities in the same way that rates do. Any other dividends would be treated in the same way.

**Rental income** is generated from Council's various property types:

- from Council's pensioner housing is used to fund the expenses of operating and maintaining council's pensioner housing stock. Pensioner housing is a ringfenced activity so if pensioner rental property income is not fully spent in a given year then it can be reserved and carried forward to the next year.
- from Council's investment properties is used to ensure the overall portfolio is maintained in terms of ongoing purchasing power and any excess income is used to reduce the requirement from general revenue and is used to fund activities in the same way that rates do.
- from Council's community properties used to fund the expenses of operating and maintaining Council's community properties and any excess income is used to fund Council's community operating expenses.

**Enforcement fees** are charged where possible. They are used to promote compliance rather than to raise revenue, and may not recover the full cost depending on the level of compliance and the extent to which charges are limited by statute or the court.

**Other Sources of Operating Expense Funding**

The Council also funds operating expenditure from other sources including:

**Reserves:**

- **Other reserves and ring-fenced funds**
  Restricted funds also include other reserves, including the property reinvestment reserve. Subject to meeting any specified conditions associated with these reserves the Council may expend money, of an operating or capital nature, from these reserves.

  Funding of expenditure from restricted or special funds. Certain operating and capital expenditure may be funded from restricted or special funds. Restricted and special funds are those reserves within the Council's equity that are subject to special conditions of use, whether under statute or accepted as binding by the Council, and that may not be revised without reference to the courts or a third party.

- **Specific reserving of operational funding**
  Where expenditure has been funded in a year for a specified purpose e.g. a grant to fund an external groups project and because of timing issues the conditions of the grant are not met in that year then the grant can be reserved to provide funding for the project in a future year once the conditions are met.

- **Reserving and use of general surpluses from previous financial periods**
  Where the Council has recorded an actual surplus in one financial period it may pass this benefit on to ratepayers in a subsequent financial period.

  - A surplus arises from the actual recognition of additional income or through savings in expenditure when compared to the annual plan for a given year. A surplus would only be finalised once the Annual report for the year was adopted.

  - The Council considers that passing this benefit on to ratepayers in future financial periods improves the principle of intergenerational equity, in that any financial benefit is passed on to those ratepayers who shared the rates-funding burden in the financial period that the surplus was generated.

  - The amount of any surplus carried forward from previous financial periods will be reserved on the balance sheet and used to offset the operating deficit created by the expenditure to be funded by the surplus in the year the benefit is passed on to ratepayers.

  - Only those factors that are operating in nature and cash in nature will be available for use in determining the level of surplus to be carried forward.

  The Council will not carry forward surpluses in relation to:

  - The sale of assets. Such surpluses shall be used for repayment of borrowings or in the case of investment properties transfer to the property reinvestment reserve

  - Trust and bequest revenue. Such surpluses shall be applied in accordance with the terms on which they are provided.

  - Revenue received for capital purposes. Such surpluses shall be retained to fund the associated capital expenditure.

  - Revenue received from targeted rates such as water and sewerage

  - Depreciation

  - Development and lump sum contributions

  - Unspent budgeted operating expenditure associated with a capital project that is being carried forward.

  - Unrealised gains arising from fair value adjustments to assets and liabilities. These gains are unrealised accounting adjustments in the period in which they are recognised.

**Trusts and bequests**
The Council is the recipient/holder of several trusts and bequests. These funds can only be used for the express purposes for which they were provided to the Council. Each year, the Council may expend money, of an operating or capital nature, from its trusts and bequests in accordance with the specified conditions of those funds. For the avoidance of doubt, the Council does not fund the expenditure from its trusts and bequests from any of the sources of operating revenue.

**Overheads**
There are some activities within council that provide support to specific cost centres or to the entire council but do not provide a direct benefit to the community. The costs of these activities are treated as overheads and are reallocated against activities that do provide a direct benefit to the community.

**Storm Damage**
If infrastructure assets need repairs as a consequence of storm damage, an option for funding this so as not to impact on the capital works program for the year, is utilising debt if there is projected headroom under the debt cap for the year.

**Funding Sources of Capital Expenditure**

Capital expenditure represents expenditure on property, plant and equipment and intangible assets.

Property, plant and equipment are tangible assets that are held by the Council for use in the provision of its goods and services (for example: roads, bridges, parks, water treatment plants and libraries), for rental to others or for administrative purposes.

Intangible assets are assets such as software that council purchases or creates as part of a project with an economic benefit longer than a year.

As described in the Financial Strategy, Council has a challenge to manage growth, affordable rates increases and debt. To achieve the appropriate balance between these variables Council takes the following approach:

- Council sets the annual rate increase.
- The existing budget plus an estimate for growth determines the rates income.
- Activity operating revenue and expenditure budgets are determined, within this constraint.
- The net cash operating costs is determined.
- This leaves a cash surplus which is available for capital costs. This amount largely represents rate funded depreciation but may include operating surpluses from some activities and accounting provisions not held in reserve funds. This funding is not held by activity and is available to fund any capital costs.
- Council sets the limit on debt, which determines the debt funding available for capital costs.

Consequently, despite the potential availability of the funding sources, this process results in the following funding available for capital costs:

**Rates**
General or targeted rates, may be used to fund a portion of capital expenditure when it is considered appropriate to do so, and to repay debt. This will be balanced against affordability for current ratepayers and the current and future needs of the community.

**Borrowing**
This is an appropriate funding mechanism to enable the effect of peaks and troughs in capital expenditure to be smoothed and to ensure the costs of major developments are borne by those who ultimately benefit from the expenditure. It is not appropriate or sustainable for all capital expenditure to be funded from borrowings. In periods of low capital expenditure, borrowing will be reduced.

**Proceeds from property sales**
These will be invested in the property reinvestment reserve, and the funds may be used to purchase other commercial properties in future. Any funds in the reserve may be used to fund capital expenditure in other activities to smooth Council's overall cashflow requirements.

**Proceeds from other asset sales**
These may be used to fund capital works or to repay debt.

**Depreciation**
Depreciation is an indirect source of funding as depreciation reserves are not created. However, rates are set at a level that offsets the calculated non-cash depreciation cost. Operating surpluses (where available) are then used to fund renewal capital expenditure.

**Development contributions** are used to fund the growth component of capital expenditure. The growth in our District drives a portion of our capital work requirement to maintain Levels of Service to a larger community. As the costs of growth are driven by development, Council considers it equitable that a development should make a contribution to the costs that are being imposed. Council has a development contributions policy which sets out the level of contributions required to fund infrastructure requirements.

**Grants and subsidies** are used when they are available. NZTA provide capital subsidies (accounted for as operating revenue) to fund agreed roading capital projects.

**Financial contributions** will be used to fund capital expenditure in accordance with the Resource Management Act 1991.

**Reserves** including retained earnings from operating surpluses from previous years may be used to fund capital expenditure.

**User contributions** are typically paid in the form of a targeted rate by an identified group of direct beneficiaries. In many cases this group would have lobbied for the inclusion of the project during a consultation process.

**Storm Damage**
If infrastructure assets need renewal as a consequence of storm damage, an option for funding this so as not to impact on the capital works program for the year, is utilising debt if there is projected headroom under the debt cap for the year.

**Review of funding sources and the funding bands**

Having decided on:

- The activity groups
- Activities within the activity groups

Using the steps above the funding sources and the funding bands from each source need to be assessed for each activity to provide guidance for the 2018-2028 Long Term Plan. Suggested funding bands are set out in the Attachment.

## 4 Attachment

1. Activity Funding Analysis

| Activity Group 18-28 | Activity / dept | Account description | Primary Community Outcomes (2015-25 LTP) | Why do we do it? | Who benefits? | Period of benefit | Who's action or inactions contribute? | Assessment of overall impacts of allocation of revenue needs | Public/Private Benefit Split (Guidelines Only): Public | Private | Operational Expenditure Funding Sources: User Fees | Subsidies/ grants etc. | Other | Rental Income | Targeted Rates | General Rates |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **District Strategy & Governance** | Iwi Liaison | Maori Relationships | Vibrant and healthy communities | Form partnerships with Maori to enhance and | Whole community | Short and long term | | Long term relationships with Iwi benefit the whole | 100% | | | | | | | 100% |
| | Strategy & Governance | Strategy | A growing, resilient economy and well managed growth | Provide direction to council. | Whole community | Short and long term | Councils and the community. | | 100% | | | | | | | 100% |
| | Economic growth | Economic Development | A growing, resilient economy | Encourage economic growth and awareness of our District | Businesses; Whole community | Short to long term | Destination Northland promotions/events in neighbouring districts. Economic development activities by other District Council and the Regional Council | It is not always possible to on charge the costs to those the benefit directly, and it may not be desirable to do so. The activities undertaken may have a short term benefit, but overall, and in combination with each other should contribute to the long term economic resilience of the district. | 100% | | | | | | | 100% |
| | | Commercial Leases | Invest in assets which | Tenants; Whole | Short and long term | | Returns on properties | | | | | | | 100% | | |
| | | Marinas | Well managed growth | Asset management of a resource benefiting the community | Locals and visitors. | Long term. | Marina trusts. | Marinas fund themselves. | | | | | | 100% | | |
| | | Airport | Well managed growth | Asset management of a resource benefiting the community connecting to the rest of New Zealnd for the region.Collaboration with Central Government | Locals and visitors. | Long term. | Ministry of transport and Airport Authority. | Airport funds itself through the reserve but capital requirements may need funding from the joint venture partners. | | | | | | 100% | | |
| **Transportation** | Roading Network | Sealed Pavements | Easy and safe to move around | Allows for easy movement of people and goods which is essential to the enjoyment and economic growth of our community. This is achieved by the provision of an integrated, safe, responsive and sustainable roading network which is provided in conjunction with the NZ Transport Agency | All road users; whole community; visitors | Roads provide both short and long term benefits. | Developers provide new roads as part of subdivision process thus increasing demand on existing roads; Negative impacts from noise, air and storm water pollution; Loss of amenity value and biodiversity. Heavy vehicles impose greater impact on wear and tear | Government maintains State Highways and provides about 50%-60% funding from taxes via Subsidies for both operational maintenance and capital expenditure. This portion represents the benefit the whole Country gets from roading. The balance is payable by ratepayers. Where there is a greater impact on roads from a particular sector, they should pay for the added costs (for example - Forestry). Where a road is improved, there is a benefit to all users, whether they have paid for the improvement or not. | 40-70% | 40-70% | | 45-65% | | | 0-10% | 35-55% |
| | Car Parking | Parking | Well managed growth | Provision of Car parking supports the local business community and encourages economic growth. The provision and control of parking close to destinations provides access and mobility to the disabled and elderly. | Residents; businesses; disabled and elderly | Parking provides both short and long term benefits. | Businesses may be required to provide own parking facilities; Parking is controlled by time limits and fines | The availability of car parking enables concentration of business activities. It is relatively easy to charge users and maximises the use of resources. | 0-20% | 80-100% | 80-100% | | | | | 0-20% |

| Activity Group 18-28 | Activity / dept | Account description | Primary Community Outcomes (2015-25 LTP) | Why do we do it? | Who benefits? | Period of benefit | Who's action or inactions contribute? | Assessment of overall impacts of allocation of revenue needs | Public | Private | User Fees | Subsidies/ grants etc. | Other | Rental Income | Targeted Rates | General Rates |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Footpaths | Footpaths | Easy and safe to move around | Good footpaths improve safety and movement within our communities by providing a separation between vehicles and people. It encourages walking and provides safe and enhanced mobility for disabled and elderly | Residents; Individual property owners; disabled and elderly; youth; whole community | Footpaths provide both short and long term benefits | Developers provide new footpaths as part of subdivision process; Demand from schools for safe access to and from school | Footpaths provide safe access where provided but there is no mechanism to charge for use. The cost of new footpaths should be met by the developer (and ultimately the purchasers of the sections). The ongoing maintenance should be met by ratepayers | 100% | | | | | | Potential | 100% |
| **Water** | Water | Operations | Vibrant and healthy communities | Supports good health and living standards by providing clean and safe water delivered directly to residents and businesses in our serviced communities. Adequate water is available to meet fire fighting requirements | Users of the public water supply system | Short and long term | Developments with a large need for water; Rural properties during periods of drought; Provision provided but no connection | Water users should pay on a user pays basis via water metering. A fixed fee charged for the provision of a connection so the costs of supplying and reading meters is met whether there is any water consumption or not. Those using water without a meter should pay an average consumption rate. Facilities to collect water for delivery to unconnected properties should be provided. | 90-100% | 0-10% | 0-5% | | | | 5-100% | |
| **Waste and Drainage** | Wastewater | Wastewater Rates Revenue | Vibrant and healthy communities | The efficient collection, treatment and disposal of wastewater are essential to the health and safety of serviced communities. This is achieved by the provision of a reliable wastewater network which protects our natural environment, and enables population growth. | Users connected to wastewater system; Whole community | Short and long term | Population growth increases need. Our communities demand for improved environmental outcomes | Connected users should pay for their use of the system. However there is a wider benefit in ensuring the system is not causing negative environmental effects. Systems are required where there is intensive housing and/or the environment is sensitive to impacts of on site disposal (e.g. coastal communities) | 0-10% | 90-100% | 90-95% | | | | | 5-10% |
| | Public Toilets | Public Toilets | Clean, healthy and valued environment | Provision of facilities for residents, visitors and tourists contributes to health and safety, and encourages and enhances tourism and outdoor activities | Whole community; visitors; | Short and long term | Increased visitor numbers increases need; Our communities demand for improved environmental outcomes | The ability to recover costs via a user charge are limited. The facilities are freely available and provide a benefit to the whole community and should be funded by rates | 100% | | | | | | | 100% |

| Activity Group 18-28 | Activity / dept | Account description | Primary Community Outcomes (2015-25 LTP) | Why do we do it? | Who benefits? | Period of benefit | Who's action or inactions contribute? | Assessment of overall impacts of allocation of revenue needs | Public | Private | User Fees | Subsidies/ grants etc. | Other | Rental Income | Targeted Rates | General Rates |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Stormwater** | Stormwater | Stormwater Overheads | Well managed growth | Provides flood protection for public and private assets and enables urban population growth. Minimises the environmental impact of storm events | Whole community | Short and long term | Intensive development such as CBD. Pollution effects from runoff (traps etc)<br><br>Urban is reticulated<br><br>Rural utilises drains - Requires weed clearance | There are no easily identifiable parties from which costs can be recovered via a user charge. The control of negative impacts from storm water such as flooding benefit those in low lying areas such as the CBD. Development in the surrounding areas contributes to the impact in those areas and there is a wider community benefit in storm water control. The costs of adequate storm water control in new subdivisions is met by the developer and assets vested in Council | 80% | 20% | | | | | 0 -20% | 80-100% |
| **Flood Control** | Flood Control (Hikurangi Swam | Hikurangi Swamp -Major Scheme Ma | A growing resilient economy | Specific scheme which protects defined property from flood events and enables economic use of the land. | Properties in defined area of benefit | Short and long term | Resource consent conditions. Legislated rating structure | Properties that benefit from the scheme pay the costs. Those that have the greatest benefit should pay the most. | | 100% | | | | | 100% | |
| **Solid waste management** | Rubbish/Recycling Collection ar | Transfer Station Income<br><br>Refuse Revenue<br>Collection<br>Transfer Station Operations<br>Recycling<br>Land Fill Care Expenses | Vibrant and healthy communities | Refuse collection and disposal minimises the negative impact of people on the environment and contributes to the health and safety of our communities. | Properties serviced; Whole communities | Short and long term | Negative impacts on environment from operation of landfills, noise and heavy traffic from movement of waste | Serviced properties pay via a user charge for each rubbish bag collected.<br><br>To encourage recycling, a bin is provided at no cost as there is a wider benefit in reducing the amount of waste sent to landfills.<br><br>Use of transfer stations is chargeable to the user based on the volume of waste disposed. | 0 -20% | 80-100% | 0-10% | | 0-20% | | 70-95% | 0-20% |
| | Clean District and Waste Minim | Northland Regional Landfill Partnership | Clean, healthy and valued environment | Encouraging waste minimisation reduces the cost of collection and disposal and the negative impact of waste on our environment | Whole community; | Short and long term | Growth in population increases amount of waste; landfills have limited life. Changing Government requirements contribute to the need. | Waste minimisation levies collected from the disposal of waste are available from central government | 100% | | | | 100% | | | |
| | Litter Control | Litter Control | Clean, healthy and valued environment | Provision and collection of public rubbish bins encourages the appropriate disposal of litter protecting the natural environment. | Whole community; visitors; | Short and long term | Offenders increase costs and negative impacts on the environment. | There is no viable method of charging for litter control. The costs of this activity benefit the whole community and costs should be paid from rates. Offenders caught littering should be fined to discourage negative behaviours. | 100% | | 0-5% | | | | 95-100% | |

| Activity Group 18-28 | Activity / dept | Account description | Primary Community Outcomes (2015-25 LTP) | Why do we do it? | Who benefits? | Period of benefit | Who's action or inactions contribute? | Assessment of overall impacts of allocation of revenue needs | Public | Private | User Fees | Subsidies/ grants etc. | Other | Rental Income | Targeted Rates | General Rates |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **District Planning and Regulatory Services** | RMA Compliance | RMA Compliance | Well managed growth | Promotes and implements the objectives of the District Plan. This is achieved by processing of subdivision and land use consents, and granting of permissions in accordance with legislation and plan rules. | Applicants primarily; Whole community. Includes non-coverable RMA activity | Short and potentially long term benefit to the applicant and future owners. Long term benefit to the whole community through sustainably managing the districts resources | Individuals and groups wanting resource consents create the need for the activity. | The total cost of processing applications should be met by applicants on a users pays basis. Any appeals to decisions are not usually recoverable (at the current time). Providing advice and guidance to ratepayers and developers about land development and district plan matters is a public good and should not be charged on a user pays basis. | 35% | 65% | 50-75% | | | | | 25 - 50% |
| | Building Consents | Building Approvals & Compliance OH | Well managed growth | Ensures all buildings constructed are fit for their purpose over the long term. This is achieved by processing of building consents in accordance with legislation and plan rules and by ensuring public safety of commercial buildings. | Applicants primarily; Property purchasers (LIM); Whole community | Short and long term benefit to the applicant. Long term benefit to the whole community in the control of negative effects. | Individuals and groups wanting building consents. Negative effects controlled by the Building Act | The total costs of the applications should be met from applicants. The availability of property and building information can be charged to those who wish to access it. There is a benefit to community in ensuring buildings are built in accordance with regulations. Provision of advice as to building requirements is difficult to charge and has an educational benefit. | 10-30% | 70-90% | 70-90% | | | | | 10-30% |
| | Building and Environmental Monitoring | Building Complaints - Regulatory | Well managed growth | Providing our communities a desirable place to live by setting rules and monitoring standards which control negative impacts of activities on others | Home owners and buyers; Consent holders; neighbours; whole community | Short term | Need to ensure consent conditions complied with. Offenders increase costs. | Consents have conditions which minimise the impact on others so the costs of ensuring compliance should be met by the applicants. Offenders should meet the costs of investigation into compliance. | | 100% | 5-20% | 0-10% | | | | 70-95% |
| | Food | Food Premises | Vibrant and healthy communities | Protect, promote and ensure public health and safety by the issue and monitoring of licences of food and other premises, testing and health of bathing water and notification of infectious diseases | Licensed premises primarily; Whole community; Visitors; | Short term | No legal sanction to recover some costs (e.g. infectious diseases). | There is a benefit to those running eating establishments and the costs of licences should mostly be met by them. There is also a health benefit to whole community to know which premises meet standards, and in the prevention of illness. Bathing water monitoring ensures safety of beach goers, and notification of infectious diseases minimises the negative effects on the community. | 50% | 50% | 15-35% | | | | | 65-85% |

| Activity Group 18-28 | Activity / dept | Account description | Primary Community Outcomes (2015-25 LTP) | Why do we do it? | Who benefits? | Period of benefit | Who's action or inactions contribute? | Assessment of overall impacts of allocation of revenue needs | Public | Private | User Fees | Subsidies/ grants etc. | Other | Rental Income | Targeted Rates | General Rates |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Health | Water Quality | Vibrant and healthy communities | Protect, promote and ensure public health and safety by the issue and monitoring of licences of food and other premises, testing and health of bathing water and notification of infectious diseases | Licensed premises primarily; Whole community; Visitors; | Short term | No legal sanction to recover some costs (e.g. infectious diseases). | There is a benefit to those running eating establishments and the costs of licences should mostly be met by them. There is also a health benefit to whole community to know which premises meet standards, and in the prevention of illness. Bathing water monitoring ensures safety of beach goers, and notification of infectious diseases minimises the negative effects on the community. | | | 30-50% | | | | | 50-70% |
| | Alcohol licensing | Liquor Applications Operating | Vibrant and healthy communities | Promoting responsible consumption of alcohol and ensure public health and safety by the issue and monitoring of licences. | Licensed premises primarily; Whole community; Visitors; | Short and long term | Requirements and negative effects controlled by Sale of Liquor Act. Charges controlled by the Sale of Liquor Act. Without licenses premises cannot operate. | There is a benefit to licensed premises in ensuring controls are met. Managers need to be trained as well as premises licensed. There is also a benefit to users of those premises in knowing responsible consumption of alcohol will be promoted. There is also a wider community benefit in controlling the negative aspects of alcohol consumption. | 20% | 80% | 30-50% | | | | | 50-70% |
| | District Plan Development | District Plan | Well managed growth | Develop and maintain district planning to enhance, control and encourage activity within the district in accordance with community objectives | Whole community; Private plan change applicants, Visitors | Short and long term | Addresses community needs. Allow Council to encourage sustainable development by stimulating growth in certain areas and limiting growth in others | Planning is an essential function to ensure the district grows in a sustainable way. Negative effects of activities on others needs to be managed, best use of scarce resources encouraged, and clear guidelines set to achieve the objectives of the district. The district plan sets policies, rules and zoning. There is an opportunity to apply for changes to the plan. If this change is initiated by an individual or group and it will specifically apply to them. The benefit will accrue to the applicant therefore the costs should be met by them If the plan change benefits the whole community the whole community should pay | | | 0-20% | | | | | 80-100% |
| | Noise Management | Com Serv - Noise Control | Vibrant and healthy communities | Providing our communities enhanced wellbeing by controlling excessive noise | Whole community, Visitors; | Short term | Offenders determine need to undertake enforcement actions | Noise creates a nuisance and the costs of monitoring and investigation should be met by the offenders. There is a benefit to the community by controlling noise. | 100% | | 0-10% | | | | | 90-100% |

| Activity Group 18-28 | Activity / dept | Account description | Primary Community Outcomes (2015-25 LTP) | Why do we do it? | Who benefits? | Period of benefit | Who's action or inactions contribute? | Assessment of overall impacts of allocation of revenue needs | Public | Private | User Fees | Subsidies/ grants etc. | Other | Rental Income | Targeted Rates | General Rates |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Animal Management | Dog Control Operating | Well managed growth | Providing our communities a safe and desirable place to live by controlling the impact of animals. | Animal owners; Whole community, Visitors; | Short term | Dog owners create need and legislation requires registration. Owners of dogs not registered should be penalised | Animal owners create the need and should pay the costs. There is a benefit to the community by controlling animals and their negative impact. Improves safety by ensuring dangerous dogs are controlled. Where animals are unregistered they should be impounded, destroyed if not claimed and owners penalised where identified | 20% | 80% | 90-100% | 0-5% | | | | 0-10% |
| | Parking Enforcement | Parking Enforcement Operating | Well managed growth | Supporting business by ensuring parking resources are managed efficiently, traffic flows smoothly during peak periods and accessibility is enhanced to disadvantaged groups. | Parking users; Whole community, Visitors; | Short term | Offenders increase costs, car park overstayers prevent use by others. | Aligns with the provision of car parking activity. Users pay for parking for a limited time and to ensure adequate availability should be penalised for staying longer than allowed or paid for. Ensures bus stops, taxi stops and road access are kept clear and minimises congestion at peak times by policing clear ways. Ensures convenient short term parking for delivery of goods to businesses is used appropriately. Offenders are fined for non-compliance with bylaws, and costs may be recoverable from third parties (e.g. towing firms). | | 100% | 100% | | | | | |
| | Warrant of Fitness Enforceent | WOF/REGO Infringements | Easy and Safe to move around | Supporting police enforcement by ensuring compliance with legislative requirements for warranting and registration of vehicles. Done in conjunction with parking activity as an efficient method of inspection | Whole community, | Short term | Offenders may drive vehicles which are a safety risk to themselves or to others. Registration costs contribute to insurance and ACC activities | Aligns with the enforcement of car parking activity. Marginal costs of inspection in addition to enforcement of parking are minimal. | | 100% | 100% | | | | | |
| | Swimming Pool inspections | Swimming Pool Inspections | Vibrant and healthy communities | Providing our communities a desirable place to live by enforcing regulations that ensure the safety of the public | Pool owners; Whole community | Short term | Offenders increase costs and increase danger for children | Pool inspections to ensure compliance with regulations should be met by the owners of the facilities. Those that do not comply should be charged for non-compliance (fines) and any additional inspections | | 100% | 85-95% | | | | | 5-15% |

| Activity Group 18-28 | Activity / dept | Account description | Primary Community Outcomes (2015-25 LTP) | Why do we do it? | Who benefits? | Period of benefit | Who's action or inactions contribute? | Assessment of overall impacts of allocation of revenue needs | Public | Private | User Fees | Subsidies/ grants etc. | Other | Rental Income | Targeted Rates | General Rates |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Bylaws | Bylaws | Well managed growth | Providing our communities a desirable place to live by setting and monitoring standards which either control negative impacts of activities on others or provide benefits to disadvantaged groups. | Whole community | Short term | | Bylaws are used to control and manage a wide range of activities. They are used to provide benefits to particular sectors or to ensure equal access to all. Examples include provision of free parking for elderly to prevention of selling cars in public car parks. The option of cost recovery from user pays would negate the benefits envisaged. However there may be charges or costs for non-compliance (e.g. cars towed). The costs of bylaws should be met from general rate funding | 100% | | | | | | | 100% |
| **Community Facilities and Services** | Sport and Recreation Facilities | Sports Grounds | Vibrant and healthy communities | Provision of good quality leisure facilities enables community participation and contributes to the health and wellbeing of residents. | Users of the sports and recreation facilities gain a private benefit. There is a wider community benefit in the provision of good quality facilities which encourage a more activity lifestyle. | Users of facilities ; whole community; visitors | Facilities provide both short and long term benefits. Facilities accrue benefits to be enjoyed by future ratepayers as well | Population growth leading to increase in need. Space used for sports parks is no longer available for residential or commercial development | 80% | 20% | 0-15% | | | | | 85-100% |
| | Parks Reserves and Natural Are | Tracks & Walkways | Clean, healthy and valued environment | Helps preserve our natural and cultural heritage and provides opportunities for enjoyment of the outdoors. | Parks, Reserves and Natural areas provide open spaces which benefit all in the community. They encourage outdoor activities and protect the environment and biodiversity. | Whole community; Visitors | Facilities provide both short and long term benefits. Facilities accrue benefits to be enjoyed by future ratepayers as well | Population growth leading to increase in need | 100% | | | | | | | 100% |
| | Play areas, walking Trails, Coastal | Parks & Recreation Projects | Vibrant and healthy communities | Encourages active participation in outdoor activities and provides access to our marine environment. | All users; Whole community; Visitors | Facilities provide both short and long term benefits. Facilities accrue benefits to be enjoyed by future ratepayers as well | Population growth leading to increase in need | Users of these facilities could be charged to use them, although the costs of collection may be in excess of the revenue gained. The benefits of provision of free facilities encourage their use. Some coastal structures in high demand areas may control the use. | 100% | | | | | | | 100% |
| | Cemeteries and Crematorium | Parks Cemetery Services | Clean, healthy and valued environment | Ensuring suitable facilities for burials and cremations which allow families to celebrate life and mark death in accordance with their cultural beliefs. | Relatives and Friends of deceased; Whole community | Facilities provide both short and long term benefits. Facilities provide future generations knowledge of their heritage – a place of permanent memorialisation. | Legislation control burial/cremation requirements. Population growth leading to increase in need. | Cost of funerals should be met by the families of the deceased. Ratepayers pay for the upkeep of closed or historic facilities. There is a wider community benefit in the provision of facilities both now and in the future. | 20-40% | 60-80% | 60-80% | 1% | | | | 20-40% |

| Activity Group 18-28 | Activity / dept | Account description | Primary Community Outcomes (2015-25 LTP) | Why do we do it? | Who benefits? | Period of benefit | Who's action or inactions contribute? | Assessment of overall impacts of allocation of revenue needs | Public | Private | User Fees | Subsidies/ grants etc. | Other | Rental Income | Targeted Rates | General Rates |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Libraries | Outreach | Vibrant and healthy communities | Facilitates community access to literacy resources regardless of age, income, or ability and encourages life long learning. | There are three main activities: - Recreational, Educational, Informational. Users of the library gain a private benefit in that, with membership, they are able to access reading material. There is a wider community benefit in the provision of reading material, the availability of reference material and protection of heritage documents. | Library users; Whole community; | Facilities provide both short and long term benefits. Facilities such as library buildings accrue benefits to be enjoyed by future ratepayers as well | Books not returned mean others are disadvantaged. If lost, then replacements should be paid for. Follow recommended items per capita means population growth leads to increase in need. | 80-95% | 5-20% | 5-20% | | | | | 80-95% |
| | Pensioner Housing | Pensioner Housing | Vibrant and healthy communities | Provision of subsidised, affordable housing, supports eligible elderly people to be healthy, active and independent. | Elderly; whole community | Short and long term | An increase in eligible elderly people may increase need, or reduce availability. | Those living in the facilities should pay rent to cover costs. Government assistance may be available for improvement projects. | | 100% | 100% | | | | | |
| | Community Safety | Community Safety and Protection | Vibrant and healthy communities | Creates an environment where all community members, residents and visitors' right to feel safe and secure in their lives is maintained | Whole community | Short to long term | Community City Safe Ambassadors, Local Police, Volunteers and other agencies assist Council with being responsive to community issues as appropriate. | The safety and protection of all stakeholders is impacted by all members of society. Therefore this is a Whole of Community responsibility. | 100% | | | | | | | 100% |
| | Community Development, Community buildings & spaces and Residential Strategic property | Community Development Overheads | Vibrant and healthy communities | Support for community groups encourages a sense of place or community belonging and allows improved access to facilities and increased participation in activities. It also assists Council with developing a district that is inclusive of all residents and visitors. | Whole community | Short to long term | Community advisory groups such as the Positive Aging Advisory Group, the Disability Services Reference Group and the Whangarei Youth Network assist Council with being responsive to community issues as appropriate. | Community development funds have been set aside to provide funding for facilities on Council owned land, or for facilities to be provided on private property. Funding for this facility development is provided by way of an interest free loan should criteria be met. Liaison with advisory groups ensures Council responds to a diversity of community needs through other levels of service (costs met by other activities of Council e.g. disabled car parks are provided by roading) | 100% | | | | | | | 100% |

| Activity Group 18-28 | Activity / dept | Account description | Primary Community Outcomes (2015-25 LTP) | Why do we do it? | Who benefits? | Period of benefit | Who's action or inactions contribute? | Assessment of overall impacts of allocation of revenue needs | Public | Private | User Fees | Subsidies/ grants etc. | Other | Rental Income | Targeted Rates | General Rates |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Community Funding | Grants and Funding | Vibrant and healthy communities | Support for community groups encourages a sense of place or community belonging. It also allows for diversity and the promotion of heritage, cultural, and artistic activities and enables specific needs of community groups and their communities, across the district, to be addressed. | All users; whole community; visitors | Short to long term | Funds from this activity range from services Council may otherwise need to pay for through to 100% voluntary community events. | There is a whole community benefit to encourage community involvement. | 100% | | | | | | | 100% |
| | Venues and Events | Event Operations | A growing, resilient economy | Provide suitable facilities and attract events which contribute to the vibrancy and economic wellbeing of the District. | Attendees; Businesses; Whole community | Short to long term | District growth increases the need for facilities. Community groups have limited access to suitable facilities at an affordable cost. | The users of facilities should meet the costs on a user pays basis. Any shortfall due to the facilities not being fully utilised should be met from rates. | 20-50% | 50-80% | 20-50% | | | | | 50-80% |
| | Village Planning | Community Led Projects | Vibrant and healthy Communities living in clean, healthy and valued environments | Encourage capacity and capability within communities to foster community led development themselves on a sustainable basis | Individual district communities | Medium to Long term | WDC, external agencies and community groups themselves | Community development funds are set aside to provide funding for projects initiated by community groups as well as for the development of the community's capability itself. The aim is to support the capacity and capability of communities to become more self determining and self reliant in achieving positive outcomes they, as a community, identify and prioritise as important. | 100% | | | | | | | 100% |
| | Civil Defence | Civil Defence Operations | Building resilient communities. | To save lives and empower our communities to get through CD emergencies effectively | The whole community, councils and Nthe whole of New Zealand | Long term, decades / a lifetime | District and regional councils direct involevement under CDEM Act 2002. Council policies, employment contracts, performance agreements and rewards. Recognising and understanding legislative responsibilities. Emergency services, Lifelines utilities, welfare agencies and the community. | The contribution to CDEM should be from a regionally set rate to adequately fund the extensive CDEM professional services required across all councils and across the community. If this cannot be achieved then individual councils should be paying a set rate per head of population for professional emergency management services across its area. Population growth across the region and particularly the Whangarei district requires a much greater emergency management contribution. | 100% | | | | | | | 100% |
| | Visitor Information Services | Promotions Initiatives / Visitor Inforn | A growing, resilient economy | Encourage economic growth and awareness of our District by attracting tourists and providing facilities to enhance their experience | Tourists, Businesses; Whole community | Short to long term | Tourism New Zealand and Northland Inc marketing / events in neighbouring districts / i-SITE New Zealand network activity. | | 100% | | | | | | | 100% |

| Activity Group 18-28 | Activity / dept | Account description | Primary Community Outcomes (2015-25 LTP) | Why do we do it? | Who benefits? | Period of benefit | Who's action or inactions contribute? | Assessment of overall impacts of allocation of revenue needs | Public | Private | User Fees | Subsidies/ grants etc. | Other | Rental Income | Targeted Rates | General Rates |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Customer Services | Customer Services -Forum North | A growing, resilient economy | Support the community with advice and information to live and grow in the district. | Residents, ratepayers and visitors. | Short to long term | Building industry, professional developers and property owners doing development. Council as a whole. | | 100% | | | | | | | 100% |

WHANGAREI DISTRICT COUNCIL

# 2.2 Rates Briefing – Rating Structure Review – Reviewing Feedback and Modelling Options

| | |
|---|---|
| **Meeting:** | Council Briefing |
| **Date of meeting:** | 19 September 2017 |
| **Reporting officer:** | Alan Adcock (General Manager – Corporate/CFO) |

## 1 Background

At the Finance and Corporate Committee meeting held on 23 February 2017, the Committee agreed to proceed with a comprehensive review of the rating system.

The substantive process began with Councillor briefings provided on 5 and 11 April 2017. This was followed by public meetings held in May 2017 seeking pre-engagement feedback.

Ratepayers wishing to engage were also encouraged to email council with their views. Council agendas, briefings and the pre-engagement presentation are available for public viewing on council's website.

Council will consider the feedback and rate structure options concurrently with its review of the Revenue and Financing Policy, as funding decisions affect both areas. Following today's briefing, further options arising from discussions will be modelled and presented to Council at a subsequent Council briefing.

This briefing will focus on General Rates, with Targeted Rates to be covered in the 26 September briefing. Follow up matters, further modelling and proposed changes to the Rates remission and postponement policies will be included the briefing scheduled for 13 October 2017. At this time we should be in a position to provide an update on options for the rating of Maori land, and outline discussions with hapu on this issue.

The council workshops and modelling process are intended to enable Council to develop a preferred approach to how it structures it rates. This may include retaining the status quo. If changes are desired, a formal Statement of Proposal will need to be prepared. This document will form part of the LTP Supporting material and will be included in the LTP consultation document.

High-level discussion is also being held concurrently with the other Northland Councils about the possibility of aligning the parameters we use for our rating policies. This could potentially allow the provision of rating as a shared service, while allowing each council to have unique rating polices.

## 2 Discussion

The review of the Rating Structure includes some highly technical and legislatively complex matters. The modelling and understanding the financial consequences of considering a range of possible changes to our rating structure is also very complex. We have endeavored to set out and provide information in a clear, logical manner to enable informed and considered decision making. A presentation will be provided at the briefing to support and to encourage discussion on matters included within this agenda. The presentation forms an integral component to this briefing and should be read in conjunction with this paper. Refer to the attachment titled: *Rates Structure Review General Rate Modelling Options – Power Point presentation.*

**2.1 Pre-engagement: overview of feedback received during pre-engagement meetings**

During May 2017 Rates Structure review pre-engagement meetings were held at:

- Forum North
- Kamo Bowling Club
- Onerahi Bowling Club
- Bream Bay Recreation Centre.

Presentations were also provided to the Chamber of Commerce and Whangarei Heads Ratepayers Association.

Refer to the attachment titled: *May 2017 Rates Structure Review Public Meeting Feedback Summarised by Topic* for a detailed summary capturing the comments and feedback received from the audience from the various meetings

Common feedback and sentiments provided during the meetings is summarised by staff as follows:

- Commercial Ratepayers rating per SUIP (based on current definition) not considered fair
- Indicative preference for LV based rating to be retained (but some demand for CV rating)
- Do not over complicate the system
- Are lifestyle property/rural categories fair?
- Mix of views on UAGC – ranging from increasing and reducing it
- *Any other matters councillors wish to highlight?*

**2.2 Pre-engagement: summary of written feedback received**

Refer to the attachment titled: *Summary of Pre-Engagement written feedback and supporting submissions* for a summary of written submission and relief/outcomes sought in this feedback. The actual submissions are appended to this summary.

Key themes arising from the pre-engagement written feedback is by staff summarised as follows:

**General Rates**

| **General Rates** | **Sentiment of feedback** |
|---|---|
| Land value Versus capital value for the general rate | Mixed views |
| Uniform Annual General Charge (UAGC):<br>• retained current levels, or<br>• increase it to allowable cap *(uniform fixed charges not to exceed 30% total rates),* or | Mixed views |

| General Rates | Sentiment of feedback |
|---|---|
| • reduce to nil (UAGC considered regressive rate) | |
| Removing UAGC and setting a UAGC on Separately Used or Inhabited Parts (SUIP) or Rating Unit (RU)<br>• SUIPs have a significant rating impact on a number of commercial ratepayers | Mixed views |
| Requests for remissions or new general rate category for less formal conservation initiatives (compared with QEII), including Outstanding Landscape (District Plan environments) | Request from Discover Whangarei Heads Tourism Group |

**Targeted Rates**

| Targeted Rates | Sentiment of feedback |
|---|---|
| Request to introduce voluntary targeted rate to promote the installation of insulation retrofits and clean heating devices in Whangarei homes | Request from ECCA, NDHB and Mania Health |
| Address equity of refuse charge levied on vacant land | Raised by a number of submitters |
| Sewage Rates –set on number of Pans (current basis) for commercial properties may not reflect output/usage | Mr Harris |

### 2.3 Reflecting on what Council is trying to achieve with the rates review

Before looking at modelling various rating structure options in response to the feedback received, it is useful to reflect on what Council is trying to achieve from the rates structure review. Useful questions to consider might include:

- Does council have a view on ability to pay, compared to willingness to pay and do we adjust our rates to consider this?
- Does council think we should use rating differentials/sector splits (in what circumstances) and why?
- Is there a desire to use rates to drive a change (e.g. economic growth, other examples)?
- Does Council want to use different rating tools to fund different activities (increase targeted rates) – what is the driver or rationale?
- Is there a desire to implement targeted rates reflecting area of benefit or should Council continue to levy predominately district wide rates?
    - To date Council has tended to use district wide rates (exceptions are special roading schemes, some community sewage schemes and Pataua Boat ramp and beach restoration rate,)
    - If changed to area of benefit rates does it create issues of fairness or equity (historic services or infrastructure funded on district wide basis) and could it create an unintended precedent effect:

- Area of benefit rates can result in jam jar accounting and segmented Councillor and ratepayer focus
- Require high levels of administration
- Can make some infrastructure (or minimum standards) unaffordable for some communities.

### 2.4 Matters may be used to define categories of rateable Land (Local Government Rating Act (LGRA), Schedule 2 and 3 of the Act

The focus of this briefing is to consider proposed rating structure changes to the General Rates. However, part of this consideration might include not having a general rate at all. General rates are not compulsory. Similarly, Uniform Annual General Charges are not mandatory. Councils may elect to establish one or a number of targeted rates to collect revenue currently collected via its General rate and UAGC.

At this briefing you will also be undertaking a high-level review of the Revenue and Financing Policy. As you consider the funding of the various council activities, you may also wish to consider if any of the activities currently funded from general rates, would be more appropriately rated via targeted rates.

For this reason, it may be useful to review the matters that may be used to define categories of rateable land (schedule 2) (for both general and targeted rates) and factors that may be used in calculating liability for targeted rates (Schedule 3) of the Local Government (Rating) Act 2002. These schedules are attached titled: *Local Government (Rating) Act 2002, schedule 1 and 2.*

### 2.5 Overview of Rating Structures used by some other councils

At earlier briefings, Councillors expressed an interest in the rating structures used by other similar councils. Refer to attachment titled: *Summary of Rating Structure (Funding Impact Statements for G9 Councils).* This overview is based on the 16/17 Annual Plans. Our review also included Auckland, Christchurch, Hamilton and Wellington City councils.

You will note the diversity in rating structures applied. There is no one right structure and there is not a 'best practice' or one size fits all approach. Councils and their elected representatives have the ability to select the rating structure that is in their view the most suitable and appropriate for their respective districts and cities.

Some of the diversity in rating structures noted is summarised as:

| Observations | Council example |
|---|---|
| General Rate versus not having a General Rate | There are two councils who do not set a General Rate |
| Use of SUIPs V Rating Units | • Rotorua sets its UAGC on Rating Units |
| Levying a Uniform Annual General Charge and the level of this charge | • Tauranga set UAGC close to 30% total rates revenue<br>• Whanganui UAGC is $800 per SUIP<br>• Wellington and Hamilton do not levy a UAGC<br>• Auckland UAGC is $404 including GST |
| Small number of targeted Rates versus large number of targeted rates | • Gisborne has 30 targeted rates<br>• New Plymouth, Palmerston North, |

| Observations | Council example |
|---|---|
| | Wellington, Christchurch, Hamilton – reasonably small number of targeted rates |
| Small number of sector splits or differentials versus high number of differentials | • Tauranga does not differentiate its General Rate<br>• Wellington, Rotorua, Napier, Christchurch have a small number of differentials |
| District or City wide funding approach versus high number of targeted rates (funding on use or area of benefit) | Wellington tends to be more city wide. |

### 2.6 Productivity Commission report – Land or Capital Value?

As notified in the April 2017 briefing to Council, in late March 2017, The Zealand Productivity Commission released a report titled *Better urban planning*. This report concluded a rating system based on the unimproved, or land value, of a property is more efficient than one based on capital value and also considered there to be a stronger link between land values and ability to pay. This is because the report considers land value based rating does not discourage owners from putting their land to its highest-value use. The report was supported by a separate report written by Olivershaw Limited, titled: *Productivity Commission Inquiry into Better Urban Planning – Revenue and Funding Options.* A link to these reports was provided to Councillors in April.

The findings and recommendations in the Productivity Commission's report contrasts with the 2007 Rates Inquiry known as the Shand Report. The Shand Report strongly favoured a capital value based rating system. The Shand report considered this better reflected the residents ability to pay.

A key focus of the Productivity Commission's report is on the how the Commission believes infrastructure should be funded in a future system (rather than focusing on rates). The report notes increase in land values can be generated by public action such as rezoning or investments in infrastructure directly benefiting private land owners. There is extensive discussion on how "value capture" tools would enable councils to generate funding for infrastructure projects that would be otherwise difficult to initiate and would enable the financial burden to be more fairly allocated towards those who enjoy a direct benefit. An example provided was the upgrade of Auckland's passenger rail network over the 2000s. It was found house prices adjacent to the rail upgrade line rose in price following the announcement of the upgrades (taking all variables into account). Currently councils can use targeted rates to indirectly capture this benefit but the report considers a more effective way of capturing the windfall gains would be to tax landowners directly through a tax on the uplift in land values. Current legislation does not allow this.

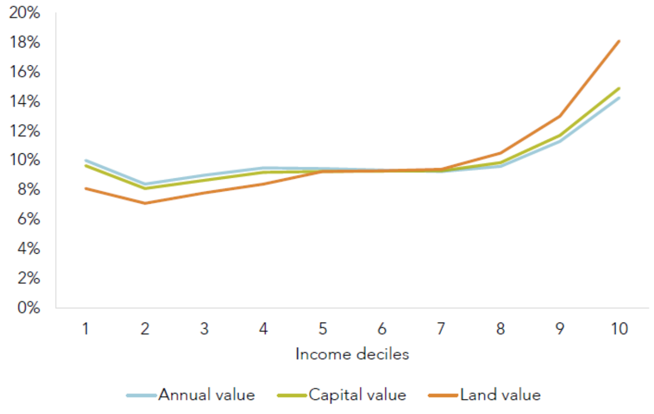
Having read and considered the report, staff consider the funding of infrastructure by "value capture" is perhaps more relevant to large cities, such as Auckland than it is to the Whangarei District.

One of the strongest arguments supporting the Productivity Commission's view on land value based rating is their *interpretation* of a graph used in the Shand report to support Capital value based on the basis it provides a better link to ability to pay.

In short, the Shand report concluded that people who own high value (capital) properties also have a higher ability to pay than people who own lower valued (capital) properties.

For the 2007 Shand report, economists, Covec, compared the land value and the capital value of properties in mesh blocks against income deciles.  This graph is provided below.

**Figure 4.2 Distribution of property values across income deciles**




*Source:* Covec, 2007.

The Productivity Commission Report concludes the graph (above) shows lower deciles account for higher shares of the Capital value (and Annual Value) than they do for Land Value. Meaning the lowest income mesh blocks would bear a larger share of the rating burden under a capital value system than a land value system.  Therefore the report writers conclude, ignoring any differentials, land value is more progressive than capital value.

The Productivity Commission notes, the Shand report drew the opposite conclusion by focusing on the “quality of the fit, rather than the strength of the relationship between the variables”.

The Productivity Commission further acknowledges that Hamilton City Council provided evidence of the relationship between assessed land value, capital value, and data on mesh block taken from the 2013 census.  It found a better relationship between capital value and income than land value and income in Hamilton. This was used to support the move from a land value to capital value based system in 2014.

Should Councillors wish to explore capital valued based rating in the Whangarei District, staff can commission this report to be generated for this District to understand the relationship.

## 2.7 Proposed Modelling

The modelling is presented and discussed in the attached presentation: *Rates structure Review General Rate Modelling Options.*

The prepared modelling assumes Council is collecting the exact level of revenue collected from the 17/18 (1 July 2017) rate strike.  This is important because this review is focused on determining a fair and equitable rating approach. It is not about debating the level of rates. Variances noted at a macro and at a property level are against the actual 2017/18 Rate strike levied on each property.

Following earlier Councillor briefings and the review of pre-engagement feedback, it became clear staff would need to model a range of rating structure changes to enable Council to assess and understand the impact of changing the various rating mechanisms identified for review. Each change has been modelled in isolation of any other change (where possible) to enable the effect of each individual change and the consequential impact on ratepayers to be well understood.

It is recognised that Council may wish to change or adjust the current sector splits or at least consider the impact of potential changes. However, at this stage, to ensure the impact of modelled changes is able to be isolated and understood, the current sector splits have been retained. This means the total share of general rates (including UAGC) levied on each sector remains unchanged.

In 2017/18 the general rate was set on Land Value and the UAGC of $440.50 (including GST) was applied per SUIP. The sector splits (level of general rate revenue sought from each sector) were set at:

- 62% for Residential, miscellaneous and multi-unit properties,
- 28.5% for Commercial and Industrial properties, and
- 9.5% for Rural properties.

The modelling prepared includes:

- General rates set on land value, with UAGC set at $220.25 and NIL applied per SUIP
- General rates set on land value, with UAGC set at level to continue collecting same amount of revenue from UAGC and set at $440.50 and $220.25 applied per RU (rather than SUIP)
- General rates set on Capital Value, no change to UAGC or sector splits.
- General rates set on Capital Value, with UAGC set on Rating Units (no change in level of UAGC revenue) and no change to sector splits.
- General rates set on Capital Value, no change to UAGC but including levying a rate on the Utilities sector and reducing Commercial and Industrial by the same.
- General Rates set on Land Value, UAGC to be set on RU and introducing a new Targeted Transport Rate to be set on Capital Value.

Further modelling arising from discussions at the briefing can be prepared for the briefing scheduled for the following week.

It is important to note the modelling looks at the macro level. When council has determined its desired rating structure approach a review of the outliers (including the most affected ratepayers, and hotels, motels and other non-typical properties) will be undertaken.

Remissions can also be used to soften the impact of rating changes made after a review. They may be used to limit any unintended impact of a change or bring in that change over time. However, remissions will not be considered until an overall approach is selected i.e. at the end of the process.

### 2.8 Understanding the proposed approach to modelling and interpreting the impact on the ratepayers

The actual modelling is set out in the attachment titled *Rates Structure Review General Rate Modelling Options – Power Point.*

To assist in understanding the impact of any modelling on individual ratepayers we will provide an overview of the General rates and the dynamics of each of the sectors.

For modelling purposes, we have identified the average value, the max value, the 25$^{th}$, 50$^{th}$, 75$^{th}$ and 90$^{th}$ percentiles for the land value of each sector. We have also provided some examples of properties that meet these criteria. Further to this we have identified the number and percentage of properties that fall within the land or capital value rates of the specified percentiles and other reasonable ranges outside of these percentiles. This enables us to under 'how many' ratepayers are affected as well as by how much.

**General Rates and the UAGC by Sector (based on 17/18 Rate Strike)**

| Category | Residential, miscellaneous and multi unit | Commercial and Industrial | Rural | Total (including GST) |
|---|---|---|---|---|
| Value based Rates (LV) | 22,939,444 | 16,781,762, | 4,853,236 | 44,574,442 |
| UAGC | 16,634,064 | 1,196,839 | 984,958 | 18,851,861 |
| **Total** | **39,573,508** | **17,978,601** | **5,838,194** | **63,390,303** |

## <u>Residential, miscellaneous and multi-unit Sector</u>

37,245 property count, total LV: 7,070,127,560, CV: 14,555,479,819

**Residential Sector: Details of average value, 25th, 50th, 75th and 90th percentiles and samples of properties that fit these ranges:**

| Residential | Average value | Max Land value | 25 Percentile | 50 Percentile/ Median | 75 Percentile | 90 Percentile |
|---|---|---|---|---|---|---|
| **Land Value** | $189,828 | $4.8M | $104,000 | $142,000 | $210,000 | $337,000 |
| **Capital Value** | $390,804 | $24.3M | $240,000 | $330,000 | $462,000 | $650,000 |
| **17/18 total rates levied (average)** | $1,685 | $137,865 | $1,388 | $1,635 | $1,782 | $2,100 |
| **Sample properties (LV)** | 8 Elsie Way, Kamo<br>25 Ewing Road<br>14 Mains Avenue<br>10 Grey Street | Allis Bloy Place | 54 Ridgeway Drive<br>43 Station Road | 44 Three Mile Bush Road<br>34 Beach Road<br>64 Graham Road<br>75 Crawford Cres | 8 Mountfield Road,<br>453 Matarau Road<br>16 Clapham Road | 896 Taiharuru<br>271 Puhupuhi |
| **Sample properties (CV)** | 179 Old Parua Bay Road<br>3 Highland Way | 97 Western Hills Drive (Kensington Park) | 67 Hilltop ave<br>23 Old Onerhai Road | 8 High Street<br>439 Maunu Road<br>10 Beverley Cres | 4 Cambridge Street<br>37 Carr Street | 126 Mangan-ese Point Road<br>15 Ewen Street |

**Residential Sector: Details how many properties fall within each land value range**

| Land Value Range (Start) | Land Value Range (end) | Relevance of range selection | No of Properties | Cumulative % of Properties |
|---|---|---|---|---|
| $-0.01 | $104,000 | *25th Percentile* | 9,323 | 25% |
| $104,001 | $142,000 | *Medan* | 9,320 | 50% |
| $142001 | $175,000 | | 5,533 | 65% |
| $17,5001 | $189,828 | *Average* | 1,327 | 68% |
| $189,829 | $210,000 | *75th Percentile* | 2,501 | 75% |
| $210,001 | $337,000 | *90th Percentile* | 5,518 | 90% |
| $337,001 | $650,000 | | 2,936 | 98% |
| $650,001 | $900,000 | | 421 | 99% |
| $900,001 | $1,200,000 | | 185 | 100% |
| $1,200,001 | $2,000,000 | | 139 | 100% |
| $2,000,001 | $3,000,000 | | 36 | 100% |
| $3,000,001 | $4,800,000 | | 6 | 100% |
| | | | **37,245** | **100%** |

## Rural Sector

1,886 property count, total LV: 1,674,088,370 CV: 2,325,938,720

**Rural Sector: Details of average value, 25th, 50th75th and 90th percentiles and samples of properties that fit these ranges:**

| Rural | Average value | Max Land value | 25 Percentile | 50 Percentile/ Median | 75 Percentile | 90 Percentile |
|---|---|---|---|---|---|---|
| **Land Value** | $ 887,640 | $13,700,000 | $310,000 | $540,000 | $1,040,000 | $2,030,000 |
| **Capital Value** | $1,233,265 | $40,450,000 | $486,750 | $810,000 | $1,460,000 | $2,680,000 |
| **17/18 total rates levied (average)** | $3,892 | $156,226 | $1,538 | $2,261 | $4,069 | $7,849 |
| **Sample properties (LV)** | Pipiwai Road<br>North Camp Road<br>Hewlett Road | 453 Mimiwhangata Road (DOC)<br>Next two highest land values are $13.2M and $9.35M | 372 Apotu Road<br>562 Taraunui Road<br>Coxhead Road | 67 Snagg Road<br>597 Mine Road<br>17 Mcleod Road | 1301 Kokopu Road<br>712 Mangakahia Road | 1050 Cove Road<br>321 Ngunguru Road<br>237 Waikiekie North Road |
| **Sample properties (CV)** | 316 Clements Road<br>1022 Maungakaramea Road<br>88 Peter Snell Road | 1948 Russell Road | 338 Brewer Road<br>Coxhead Road | 46 Main Road<br>116 Newton Road<br>144 Attwood Road | 59 Totara Park Lane<br>465 Knight Road<br>48 Bedlington Street | South Road, Waipu<br>901 Whatitiri Road |

**Rural Sector: Details how many properties fall within each land value range**

| Land Value Range (Start) | Land Value Range (end) | Relevance of range selection | No of Properties | Cumulative % of Properties |
|---|---|---|---|---|
| -0.01 | 310,000 | *25th Percentile* | 478 | 25% |
| 310,001 | 540,000 | *Median/50th Percentile* | 477 | 51% |
| 540,001 | 887,640 | *Average* | 343 | 69% |
| 887,641 | 1,040,000 | *75th Percentile* | 118 | 75% |
| 1,040,001 | 2,030,000 | *90th Percentile* | 283 | 90% |
| 2,030,001 | 3,000,000 | | 122 | 97% |
| 3,000,001 | 4,500,000 | | 39 | 99% |
| 4,500,001 | 6,000,000 | | 12 | 99% |
| 6,000,001 | 8,500,000 | | 9 | 100% |
| 8,500,001 | 10,00,0000 | | 3 | 100% |
| 10,000,001 | 12,000,000 | | 0 | 100% |
| 12,000,001 | 13,700,000 | | 2 | 100% |
| | | | **1,886** | **100%** |

## Commercial and Industrial

1,942 property count, total LV: 789,251,400, CV: 1,993,069,225

**Commercial/industrial: Details of average value, 25th, 50th75th and 90th percentiles and samples of properties that fit these ranges:**

| Commercial and industrial | Average value | Max Land value | 25 Percentile | 50 Percentile/ Median | 75 Percentile | 90 Percentile |
|---|---|---|---|---|---|---|
| **Land Value** | $406,412 | $44.9M | $107,000 | $175,000 | $375,000 | $740,000 |
| **Capital Value** | $1,026,297 | $249 M | $195,000 | $399,000 | $810,000 | $1,720,000 |
| **17/18 total rates levied (average)** | $10,667 | $1,001,926 | $3,398 | $5,336 | $10,342 | $19,934 |
| **Sample properties (LV)** | 57 Walton Street<br>54 Port Road<br>37 Marsden Bay Drive | NZ Refining Company<br>Next highest LV are Marsden Maritime Holdings and Fonterra | 124 Onerahi Road<br>Tangihua Road<br>7 Norfolk Street | Popkapu Road<br>Waiwarawara Drive<br>108 Dent Street | 6 Cameron Street<br>1 Rust Ave<br>10 Woods Road | 558 Marsden Point Road<br>2 Mill Road<br>50 Cam-eron Street |
| **Sample properties (CV)** | 35 Commerce Street<br>9 Fertilizer Road<br>66 Cameron Street | NZ Refining Company<br>Next highest CV values are Fonterra and Fletcher Concrete | 71 Cameron Street | 35 Commerce Street<br>17 Hannah Street<br>47 Herekino Street | 48 Water Street<br>55 South End Ave<br>23 Te Waiiti Place | 2 Springs Flat Road |

**Commercial and Industrial: Details how many properties fall within each land value range**

| Land Value Range (Start) | Land Value Range (end) | Relevance of range selection | No of Properties | Cumulative % of Props |
|---|---|---|---|---|
| $(0) | $107,000 | *25th Percentile* | 488 | 25% |
| $107,001 | $175,000 | *Medium/50th Percentile* | 485 | 50% |
| $175,001 | $375,000 | *75th Percentile* | 485 | 75% |
| $375,001 | $406,412 | *Average* | 34 | 77% |
| $406,413 | $740,000 | *90th Percentile* | 259 | 90% |
| $740,001 | $1,000,000 | | 63 | 93% |
| $1,000,001 | $2,500,000 | | 94 | 98% |
| $2,500,001 | $5,000,000 | | 24 | 99% |
| $5,000,001 | $10,000,000 | | 7 | 100% |
| $10,000,001 | $15,000,000 | | 1 | 100% |
| $15,000,001 | $20,000,000 | | 0 | 100% |
| $20,000,001 | $44,900,000 | | 2 | 100% |
| | | | **1942** | |

## 3 Attachments

1. May 2017 Rates Structure Review Public Meeting Feedback Summarised by Topic Summary of Pre-Engagement written feedback and supporting submissions.
2. Summary of Pre-Engagement written feedback and supporting submissions.
3. Local Government (Rating) Act 2002, schedule 2 and 3.
4. Summary of Rating Structures (Funding Impact Statements for G9 and other councils).
5. Rates Structure Review General Rate Modelling Options – Power Point presentation.

**Appendix One**

**Rates Structure Review May 2017**

The information below provides a summary of Public Feedback from each meeting. The ratepayer feedback and views at each of the meetings was diverse and in some instances reflected the demographic of the attendees. In broad terms the ratepayer attendees at year meeting can be summarized as follows:

- *Meeting held at Forum North tended to be dominated by Commercial ratepayers.*
- *Meeting held at Kamo Bowling Club and included representatives from Federated Farmers.*
- *Meeting held at Onerahi tended to be retired ratepayers who themselves observed they had worked hard and had above average valued homes.*
- *Meeting held at Ruakaka included a number of commercial ratepayers who were not able to attend the meeting held at Forum North.*
- *Meeting held with the Chamber of Commerce board was to represent business owner interests*

*The following notes captures the comments and thoughts from the audience.*

| Capital Value | Rating Categories | UAGC & One UAGC per RU or more? | Targeted Rates | Other areas for Rating Relief? |
|---|---|---|---|---|
| *Summary of Forum North meeting views:*<br>– Disincentive to development<br>– Positive if SUIP's were then removed?<br>– What does CV do for attracting business growth?<br>– Penalizes aged society on fixed income and high value homes<br>– Is CV more socialist and a move away from user pays?<br>*Summary of Kamo Bowling Club meeting views:* | *Summary of Forum North meeting views:*<br>– Suggest undeveloped land be rated at lower differential until it was developed?<br>– Retirement villages – should this be a separate category?<br>– Should high value commercial/industrial be a separate category?<br>– Is the impact of rezoning considered when determining sector splits? | *Summary of Forum North meeting views:*<br>– Multi tenanted properties impacted by SUIPs on small businesses and retailers<br>– User pays is fairer<br>o Same people<br>o Same service<br>o => same rates<br>– CBD Commercial buildings (could be tidied up) to attract tenants, but reluctant to make the investment when they are vacant<br>– Reduce Council operating costs | *Summary of Forum North meeting views:*<br>– More targeted Rates to reduce general rates<br>– Why is wastewater not changed as a % of water in?<br>o Not legislatively possible.<br>*Summary of Kamo Bowling Club meeting views:*<br>- Federated farmers advocate using more targeted rates | *Summary of Forum North meeting views:*<br>– Vacant premises in CBD<br>– New Industry (incentivize)<br>– Relief should be different for properties rented versus owner occupied<br>– If only 30 properties significantly affected by SUIPS – relief should be provided for these outliers. |

| Capital Value | Rating Categories | UAGC & One UAGC per RU or more? | Targeted Rates | Other areas for Rating Relief? |
|---|---|---|---|---|
| – LV – mostly supported in the meeting<br>– Making improvements to properties – disincentive to development<br>– Tax on Land<br>– Base on LV seems fairer<br>– Should be based on the number of people living on property<br>– QV – no inspections, out of touch, poor values with only roadside inspection – going to CV would not help.<br>– CV advantage for farmers<br>– CV – linked to income<br>*Summary of Onerahi meeting views:*<br>– CV would target people who have worked and put money into their property<br>– CV Same services as someone who has not improved their property over years<br>– CV Disincentive to development | – Should rating be on use (e.g. farming) or zoning (commercial industrial)?<br>– $258K property $10K rates – excessive and inequitable<br>*Summary of Kamo Bowling Club meeting views:*<br>– Funding model currently used is good to set categories<br>– Grey areas in setting categories should be inspected<br>– Lifestyle properties owners not happy with rural activities next door.<br>– Split commercial sector by area? Maybe a negative move.<br>– Coastal properties have visitors that are using their local facilities<br>– Make sure don't lose simplicity by adding more categories.<br>*Summary of Onerahi meeting views:*<br>– Clarifying that lifestyle properties are in residential not rural | – Downside of SUIPS, e.g.<br>o Commercial building with 5 tenants – SUIPS not fair<br>o Residential house with two residential units – SUIPS are fair<br>– Remove the word 'capable of" from SUIP definition<br>– Look for equity<br>*Summary of Kamo Bowling Club meeting views:*<br>– Push issue to one side<br>– Commercial categories rate higher than residential – no SUIPs<br>– Apartments should pay more – maybe not SUIP but some mechanism need to be in place<br>– Square floor area base<br>– Extra burden – number of people using services needs to be considered<br>– User pays – Look up "Rates no More"<br>– Higher UAGC – same use for each house | - Consider cost of collecting targeted rates<br>- Road sealing projects – views from no choice to more than 50% 51% 66% 75% 100% or 2/3 of affected ratepayers<br>- Government funding for roading projects 53%<br>- Hikurangi Swamp rates – been paying for years<br>*Summary of Onerahi meeting views:*<br>- Two different opinions in meeting – user pays if you use a sports field, everyone uses at some point – so all should pay<br>- Administration costs will be too high if large number of small value targeted rates<br>- It's more about community – not user pays (consensus) | *Summary of Kamo Bowling Club meeting views:*<br>– No remission on vacant shop<br>– Central government should provide for discounts or rebates<br>– One person in favour of council rebate on retirement villages<br>– Farmer is a business but also a family home – no support on financial hardship<br>– 29 famers in hardship right now<br>– All businesses struggle at some point<br>– Big basket to open – heating subsidies – central government problems<br>– Review current remission situation, cost, benefits<br>– Is remissions council core responsibility – |

| Capital Value | Rating Categories | UAGC & One UAGC per RU or more? | Targeted Rates | Other areas for Rating Relief? |
|---|---|---|---|---|
| – CV run areas down, disadvantage to the elderly<br>– Support for CV would allow council to rate utilities – untapped funds as can't collect from these using LV<br>– During valuation objection period – QV staff told ratepayer, council would not change to CV from LV basis<br>– 75% council currently use CV, a few years ago this percentage was only 20%<br>– Council who have changed to CV must have made decision after considering reason carefully<br>– To put an accurate figure on LV is harder in a developed area than CV, due to very few vacant sections selling in some areas<br>– Can council rate CV for commercial and LV for rest of the categories. – | – Unfair push from rural to lifestyle by QV (during 2015 revaluation<br>– High values on coastal properties<br>*Summary of Ruakaka meeting views:*<br>– Sound base – leave alone<br>– New category should be created – undeveloped commercial land<br>*Summary of Chamber of Commerce meeting views:*<br>– Move to Capital Value and remove SUIPS | – Lower UAGC – Lower income district, can't afford to pay now. Grow district by making affordable. Do more.<br>– Older population – living on benefits – ¼ of income spend on rates<br>– Central government should help people that can't pay rates<br>– Affordability – leave as is – help struggling families<br>*Summary of Onerahi meeting views:*<br>– Move UAGC higher to maximum – pay fair share<br>– Land Tax is a burden<br>– Move UAGC higher to even out costs to all<br>– Not using council services not reason not to pay your share of costs<br>– Covenant land can't generate income and more people are making this move.<br>– Value verse services – can't be simple to be accurate<br>– Younger people have lower value properties | - Use better technology to collect rates not more staff<br>- Discounts for properties with no sewerage, water, footpaths, lighting based on services provided in area<br>- More location based rating<br>- But all use our roads<br>- Consider new targeted rates as these may add to council income – Kaipara is adding some new ones this year – roading<br>*Summary of Ruakaka meeting views:*<br>- Improvements in area – all should pay, the district benefits at some time it will be your turn for improvements<br>- Depends on needs – reallocation of the pot only | perhaps they should go to others to fund rates<br>– No handouts to clubs, questionable non-profit organizations<br>– Central government should fund non-profit organizations<br>– Where do you draw lines?<br>– Not open cheque book<br>– More stress on staff to administer remissions<br>– Charitable organizations don't pay income tax<br>– Let these organizations fundraise<br>*Summary of Onerahi meeting views:*<br>– CV would rate people out, if this issue addressed or solved, then they would support move |

| Capital Value | Rating Categories | UAGC & One UAGC per RU or more? | Targeted Rates | Other areas for Rating Relief? |
|---|---|---|---|---|
| Answer no, not allowed in legislation<br>– If change to CV – can council, consider lead in period if the change is large for some ratepayers<br>– Council has the figures – if based on LV and CV, it's just a method – some up, some down.<br>– Less people own more properties – CV is fairer with small pool of people with higher UAGC<br>*Summary of Ruakaka meeting views:*<br>– Use CV Banding<br>– CV fairer (income tax is based on income)<br>– LV not fair for vacant, not using services<br>– Improved properties use council services<br>– It is your choice to live on property or leave vacant<br>– LV is a common factor and should be used<br>– CV Disincentive to development/or improvements | | – Commercial properties should only pay one SUIP as their customers already pay one on residential<br>– Same number of farmers as in 1974<br>– Vacant land gets UAGC when subdivision completed – didn't seem fair<br>– Facility is there to rent so should charge UAGC even if not used.<br>– There is income tax relief for vacant shops<br>– Vacant buildings should pay UAGC, dairy farmers have had losses too.<br>*Summary of Ruakaka meeting views:*<br>– UAGC should cover fixed costs rest based on CV<br>– Council is not a social agency – WINZ (Central Government issue)<br>– Increase UAGC to 30%<br>– A few supported lower UAGC's<br>– Set UAGC higher – leave LV base | - If community want a service or new facility – targeted rate can be used<br>- 80% acceptance good level of support for rate to be created<br>- | to CV as base for general rate<br>– 3% early payment discount not enough it's not worth paying rates in full<br>– Senior citizens should get a discount – no firm view on council or government issue<br>– Farmers should get from central government – not council issue<br>– Residential ratepayers should apply for rebate<br>– If remission given to retirement village residents – must go to the people not the village – some support in meeting<br>– Heating subsidy would improve our housing – healthy homes in district – some support if costs to administer no high – people |

| Capital Value | Rating Categories | UAGC & One UAGC per RU or more? | Targeted Rates | Other areas for Rating Relief? |
|---|---|---|---|---|
| – Support for LV due to cost of building<br>– Pro CV – less rates charged for older homes<br>– Pro CV – farmers<br>– LV disadvantages larger farming operations<br>– If higher CV more likely to be able to pay more rates – fairer LV less fair<br>*Summary of Chamber of Commerce meeting views:*<br>– Move to Capital Value and remove SUIPS<br>– | | – Higher UAGC to build more facilities<br>– SUIPS unfair 5 shops (with 5 people) same rates as Pak-n-Save<br>– SUIPS are closing businesses<br>– More businesses being run from home – no additional charges as council can't tell<br>– Empty buildings pay SUIPs with no tenants<br>– Advising people not to come to Whangarei to start a business – rates too high with SUIPS<br>– SUIP policy driving business out of town<br>– QV don't do inspections, records not right<br>– CV without SUIPs<br>– Shopping malls create huge demand on services – Pro SUIPs<br>– Know of others not paying on their SUIPs<br>– Council doesn't know where the SUIPs are | | using should cover costs<br>– Historical building remission (due to higher cost to maintain building) limited for say 10 years, current owners only as new owners should know cost of maintenance<br>– Stepped rates should be based on income, others didn't agree should be based on value only. Not council business to know income.<br>– Generally stepped rates considered or seemed fair<br>– Remission for ratepayers living on unmaintained roads or long driveways – reflected in value? – charges should be based on services at property |

| Capital Value | Rating Categories | UAGC & One UAGC per RU or more? | Targeted Rates | Other areas for Rating Relief? |
|---|---|---|---|---|
| | | | | *Summary of Ruakaka meeting views:*<br>– Council should not be providing a social service<br>– New business to the area get a remission? Lowering rates in CBD will not create a demand. Which CBD area, there are many in our district and all the businesses have different needs.<br>– Compare our rates to other similar councils to set the level of rates and methods |

**General Comments**

*Summary of Kamo Bowling Club meeting views:*

- Bins should be changed to wheel bins
- Councils should stick to core business not extras
- Move to user pays/target rates
- No public submissions on 2017/2018 AP
- Ratepayers older, living longer, keep having to work longer, keep rates lower
- Refuse charge – what it pays for explained

  - New businesses bring jobs – commercial shouldn't fund 100% business development – Whangarei benefits.
- *Summary of Onerahi meeting views:*
  - Don't turn anymore carparks into parks – especially down at town basin area. Where will these cars park in town? Can't get a parking space now.
  - Traffic has increased – like living in Auckland
  - Car Rally – caused traffic problems for 1.5 hours, think about timing and closing bridge. Bridge should have been open between 5 – 7 on Friday evening due to heavy traffic.
- *Summary of Ruakaka meeting views:*
  - All the feedback should be available and outcomes of these meetings to be provided to the public.

Summary of Pre-Engagement written feedback

| **Submitter** | **Summary of Submission** | Submission Reference (pages) |
|---|---|---|
| Ted and Liz Gledhill | • Changing the rating system from land value to capital value will result in a large increase in rates payable for residential properties.<br>• Some property owners may be on fixed incomes, superannuation and income from investments has decreased with current interest rates<br>**Relief Sought**<br>To retain Land Value based rating | 1 |
| Bill Harris | • Support a change to Capital Value rating<br>  ○ Capital value more easily measured (better data from sales) and therefore more accurate<br>  ○ Majority of councils have moved to CV rating<br>  ○ Smaller movements following triennial revaluations and therefore more certainty for the ratepayer<br>  ○ Additional revenue opportunities, such as rating utilities<br>• Recommend reviewing sewage charges<br>  ○ Commercial premises being charged on number of pans does not seem fair. Council should try to have a system that is deemed to be fair to all ratepayer groups<br>• General Comments<br>  ○ The rating tools available provide an opportunity to introduce more targeted rates and charges.<br>  ○ Changes can be made progressive<br>  ○ More rates can be collected using fixed charges (fall outside the 30% cap) if they are differentiated.<br>**Relief sought**<br>• Capital value rating to be introduced<br>• A range of rating options to be explored | 2-4 |
| Phillip Dobson | • Rating based on Land Values and a Uniform Annual General charge is a fair funding system.<br>• Many retired residents have invested in a nice property and this does not imply an increased ability to pay/contribute.<br>• A lower value property may have maximum occupancy and use more services.<br>**Relief sought**<br>• Rating based on Land Values and a Uniform Annual General charge is a fair funding system. | 5 |
| Aaron Grocott | • Rates on 2013 Ngunguru Road (Astra lodge) at over $7K pa are too high.<br>• Astra lodge is 4 unit accommodation owned by Royal New Zealand Air Force Whenuapai Welfare Fund.<br>• At $30 per night, it takes233 unit nights income to pay the rates. | 6-11 |

| Submitter | Summary of Submission | Submission Reference (pages) |
|---|---|---|
| | • It is unfair for the Royal New Zealand Air Force Whenuapai Welfare Fund to be charged as if they are landlords or a profit making organisation.<br>**Relief Sought**<br>• Rating Remission for Royal New Zealand Air Force Whenuapai Welfare Fund owned properties. | |
| John Waetford (land owner and beneficiary in various whanau trusts, (Te Wairoa Trust, Pera, James Mange Whanau Trust, Te Reokaha Trust and Parangarahu Partnership) | • Whanau of multiple owned Maori lands feel grossly disadvantaged in the area of rating and something needs to be done to redress this imbalance.<br>• The valuation of Maori land is not fair due to the encumbrances placed on Maori land. The Mangatu discount does not compensate for the shortfall placed on them. Mangatu discount system needs to be overhauled and increased to bring equity and confidence back into the system.<br>• Council has an unfair billing system and the multiple owners struggle every year to coordinate rates payments for their respective shares in their blocks. Some family members fall by the wayside and do not pay rates. It is not fair when some families pay their rates and others do not and everyone gets hit with penalties.<br>• UAGC and refuse changes levied on unoccupied blocks, how can this be fair.<br>**Relief Sought**<br>• If Valuation NZ cannot bring more equitable valuation system on multiple owned Maori land then the Council must show imagination and introduce changes to the rating system to address this inequity.<br>• Council should be more imaginative in their billing and bill individual families in Whanau and Trusts. Council should bill the Parangarahu blocks in individual family lots. | 12-15 |
| Denis Hewitt | • Noted many ratepayers in the rural community and older people are struggling to survive financially.<br>• Sought clarification on the Presentation on the following matters:<br>• Valuation cannot be influenced or increased by potential developments on the property<br>• Did the overhead say that if someone owns more than one title armed as one unit that the owner can only be charged once for fees form NRC etc.<br>• Specific questions around the submitters property<br>**Relief Sought**<br>• A separate response attending to the questions raised and addressing the specific queries in relation to the submitters property was provided. | 16 |
| Vibeke Wright Marsden Maritime | • Specific enquiry was made about the submitters Landholdings<br>**Relief Sought**<br>• A separate response addressing the specific queries in relation to the submitters property was provided. | *Not included* |

| **Submitter** | **Summary of Submission** | Submission Reference (pages) |
|---|---|---|
| Business Development Manager | | |
| Philip and Jeanette King | • Current rates system appears to be working perfectly well.<br>**Relief Sought**<br>• Retain current rating system<br>• Retain sliding scale used for high value properties (stepped rates) | 17 |
| Toni Kennerley – ECCA Senior Advisor | • EECA urges the Council to include a Voluntary Targeted Rate in its review of the current rates structure, to promote the installation of insulation retrofits and clean heating devices in Whangarei homes.<br>• Suggests scheme is cost neutral to council (can charge an interest rate margin to accommodate admin costs to council)<br>• Councils set the maximum amount each individual household can obtain (Greater Wellington Regional Council has a cap of $3,900, other councils have set the cap at $5,000). Pay back period of nine to ten years<br>• Only applies to homes built prior to 2000.<br>• Eight councils nationwide have implemented the Voluntary Targeted Rate.<br>• Since 2009 some 300,000 homes nationwide have been insulated under the Warm Up New Zealand Programme (WUNZ) through the provision of grants to low income homeowners and landlords. Government funding for WUNZ is due to finish on 30 June 2018.<br><br>**Relief Sought**<br>• For Council to include a Voluntary Targeted Rate in its review of the current rates structure, to promote the installation of insulation retrofits and clean heating devices in Whangarei homes. | 18-25 |
| Mania Health PHO<br>Ngaire Rae – Health Promotion manager | • Supports submission of the Energy Efficiency and Conservation Authority<br><br>**Relief Sought**<br>• For Council to include a Voluntary Targeted Rate in its review of the current rates structure, to promote the installation of insulation retrofits and clean heating devices in Whangarei homes. | 26-29 |
| Northland District Health Board<br>Anil Shetty<br>NDHB Public Health Strategist | • Mr Shetty phoned to enquire if Council had received a submission from EECA and advised that NDHB would like to support the ECCA submission.<br>• Mr Shetty advised he would confirm the NDHB position via email.<br>**Relief Sought** | Written submission not received |

| Submitter | Summary of Submission | Submission Reference (pages) |
|---|---|---|
| | • For Council to include a Voluntary Targeted Rate in its review of the current rates structure, to promote the installation of insulation retrofits and clean heating devices in Whangarei homes. | |
| Federated Farmers | • Council officers met with Key Thomas – Federated Farmers Northland Policy Advisor on 22 May 2017. Kerry advised she would make a formal submission in writing. At 6 September 2017 a submission had not yet being received..<br>• Prefer land value to capital value general rates<br>• Agree with council's sector splits and current differentials<br>• Seek remissions for land used for walking or cycle tracks on farm land<br>• Like council QEII Remission policy extended to include less formal conservation activities such as wetlands, retired land and other forms of restoration.<br>• Like the UAGC to be as close to the 30% cap as possible.<br>• Like payment schedule to accommodate dairy farmers. Ideally like to receive early payment discount if pay full year rates by 20 October 2017.<br>• Do not like tourism or economic development rates to be funded from general rates.<br>• Council needs to stick to core business.<br>**Relief Sought**<br>• Retain general rating based on land value.<br>• Increase remissions for less formal conservation initiatives<br>• Have the UAGC set as close to 30% fixed rate cap as possible. | Written submission not received |
| Discover Whangarei Heads Tourism Group Inc | • DWH was formed in 2010 as a visitor industry related community group. Its objectives are to increase awareness of the Whangreai Heads area as a visitor destination and to advocate for a number of community initiates.<br>• Whangarei Heads peninsula has become notable for its high biodiversity values and is recognized nationally as an area of special natural and conservation features.<br>• Proposed changes to the district plan recognize the special natural and conservation features with the proposed introduction of Outstanding Coastal Landscape zoning.<br>• Areas of outstanding natural features and high conservation values are becoming increasingly sought after and are highly valued, resulting in increased land values and flow-on development. The resulting increase in rates is linked to increased development of land into smaller parcels and this will continue unless special measures are taken to preserve conservation values.<br>• The WDC in its proposed Rating Structure Review must ensure that the rates structure adopted does not result in the destruction over time of key areas with natural and conservation values within the Whangarei District.<br>**Relief Sought** | 30-32 |

| Submitter | Summary of Submission | Submission Reference (pages) |
|---|---|---|
| | • A new sector rates should be introduced that recognizes lifestyle blocks (so it is not rated at a higher rate than rural properties) that have a high natural landscape and features within the Whangarei District Plan (Rural zoned properties may have same physical attributes but presence of economically farmed animals puts it in a different and lower rating class).<br>• Rating models developed to enhance and encourage the preservation of areas with high natural values.<br>• Rating changes to work in conjunction with proposed District Plan zoning with regard to identified high natural amenity areas ensuring that the rating structures do not threaten these areas<br>• Rating system should recognize land that has high natural and conservation values but which is not covenanted. Incentive must be provided for protection of Outstanding landscape in the rate structure. | |
| Gregory Simon Barrister and Solicitor (as agent) | • Clients are owners of a right to mine for coal and fireclay in the Tait Street arear (computer freehold registers NZ844/146 and NA133C/172)<br>• LINZ will not cancel the titles as the ownership of the fee simple titles excluding the mines and minerals and the fee simple titles including the mines and minerals are in different ownership.<br>• Council declined acquiring the property for $1.<br>• Owners are deriving no benefit from the obligation to pay rates on owing it.<br>**Relief Sought**<br>• For Council to consider a rates remission for the property. | 33-36 |
| Stu Smith | • Owner of a forestry block.<br>• Does not consider it fair to pay the refuse management charge and considers this charge should only be levied where there exists a habitable building on rateable property.<br>**Relief Sought**<br>For Council not to charge the refuse management charge on unoccupied or vacant land. | 37 |
| Mr and Mrs Wooding<br>27 Waetford Road, Matapouri Bay, RD3, Whangarei | • Owners are pensioners with sole income being the pension fund.<br>• General LV based rate needs to be addressed to be more realistic and fair.<br>• Consider that given the ratepayer is not on public sewage and has own water supply and pays for refuse disposal that they are subsidizing the overall council rates.<br>**Relief Sought**<br>For Council to consider a better rate or discount due to circumstances. | 39 |
| Stuart Gray | • Ratepayer pays rates on 5 properties in Whangarei.<br>• Council should levy its residential and commercial rates on capital value to increase revenue and avoid complicated targeted. | 40 |

| Submitter | Summary of Submission | Submission Reference (pages) |
|---|---|---|
| | • Council should compare its average or median rates changed to other cities in NZ.<br>**Relief Sought**<br>For Council to levy its General Rate on capital value to increase revenue and avoid complicating targeting. | |

## Lisa Aubrey

**From:** ltkiwis@yahoo.com
**Sent:** Wednesday, May 24, 2017 11:45 AM
**To:** Mail Room
**Subject:** Rates Structure Review attn. Cllr Shelley Deeming

Dear Cllr. Deeming,

Having read the briefing re: Rates review 2017-2018 we would like to make the following points.

1. Wherever we have lived in New Zealand & the UK the rates payable have always been higher the nearer you get to the CBD which reflects the increase in value of land/properties.

2. We understand fully that council staff & councillors who live in WDC will also be affected by any decisions made.

3. The consideration of changing the rating system from land value to capital value will result in a large increase in rates payable on owned homes which hits domestic ratepayers particularly hard, especially in light of recent increases in rates, cost of living & proposed electricity charges.

4 . Property owners who have lived in the same property for many years may rely on their superannuation plus interest from savings as an income. The interest rates have dropped considerably over the years so many people have in fact experienced a large drop in income i.e potentially asset rich, cash poorer but not at a level qualifying for rates relief.

5. Those who own properties & rent them out will no doubt reflect any increase in rates payable in the rent paid by
the tenants.

6. We understand that new QV valuations are due in 2018. No doubt they will reflect the market increase in properties in WDC & consequently the rates payable on those properties.

We know that the council does not have an easy job running Whangarei and that you do try to be as fair as possible to ratepayers. We hope though that you will carefully consider the points made above during your discussions regarding the way rates are calculated & apportioned from 2018 to 2028.

Kind Regards
Ted & Liz Gledhill
( 16 Elm Place, Tikipunga, 0112 )

Sent from Mail for Windows 10

**SUBMISSION TO RATES STRUCTURE REVIEW.**

I am offering a submission to the Rates Structure Review primarily on three issues.-

a) Capital Value Rating

b) Sewerage Charges

c) Additional Revenue

**Capital Value Rating:**

I support a change to Capital Value Rating for several reasons.

The Rating Act states that the General Rates will be collected on a rate on property values – the main two being Land or Capital. In my view the only value ratepayers can really relate to with any certainty is capital value as this can be measured against the possible realization if the property were to be sold. In the 3 yearly districts property revaluation, the valuers arrive at the capital value by evidence of recorded property sales throughout the district. These will include residential, rural and commercial properties. Land value, on the other hand, must be a calculated figure. The bulk of urban Whangarei are built up areas with no vacant land to be sold. The valuers have no evidence of "land only" property sales to substantiate their calculation of the land value content of the property value. Capital value is a far more accurate indication of the true valuation of the property value when used for rating purposes. If property general rates must be based on the property value then, is there not an argument that general rates should be based on the total property value.

At the time of the Local Government amalgamations in 1989 (from memory) about 20% of Councils rated on Land Value. That figure today is (I understand) closer to 70%. The change has occurred as Councils have carried out their review of their Rating system. I note in your briefing papers a comment that, because other councils have progressively changed, that does not necessarily make it right. I do not particularly share that view and obviously the 50% of all Councils who have changed in the last couple of decades, don't share that view either. I am not aware of any council that changed from land to capital value rating over that period, changing back, or even considering changing back to a land value based rating system. The Government commissioned review into Rating Practices (known as the Shand report) resulted in about 90 separate recommendations. One of these is that "all" Councils should change to a capital value based rating system.

With capital value rating the data base is constantly being updated as properties are developed. This results in additional rating revenue on an annual basis. Again I note in your briefing papers a comment that capital value based rating "discourages improvements to property." I do not agree with that comment and would suggest that there is no evidence to support that statement. In my tenure at council the exact opposite view was documented. In a business review paper it was stated that Council property rates were an insignificant item when making a decision to buy, develop or expand a business opportunity. It is also a myth that residential rates will sky rocket if one adds a new bedroom or garage. Capital value results in a hugely increased value database on which the rates are levied so the capital outlay of (say) $20,000 has little bearing on the following year's rates. This is easily modeled with the tools you have available.

Historically, as a percentage, collective capital values increases have been much smaller than the land value increase:- e.g. at the time of the three yearly revaluation district land values may have increased by 17% but the capital value may be as low as 5%. Historically, capital value would have had the effect of smoothing out the fluctuations of general rates levied in the year following a revaluation. All the previous comparative figures are available either within council's records or through their valuers. It may be an interesting exercise to include (say) the last six revaluation comparisons as part of this review process.

**Sewerage Charges:-**

In 1992/3, at the completion of the last comprehensive rating review, Council decided to standardize the sewerage charges across the district. At that time Ngunguru (e.g) was paying substantially more than urban Whangarei. After the review every residential property paid the same charge and that has continued until the current time. I support the current system of charging residential. However, my submission is to review how Commercial premises are charged. Currently it is based purely on the number of pans. Here is a situation….. a business in town has 20 employees and has six toilet pans (or their equivalent). Currently that business attracts six pan charges. If that business decides to install two extra pans…. (just to highlight the issue) in an upstairs records room to avoid staff having to come down stairs to use the toilet, then the business will be charged for eight pans…. two extra charges. Nothing else, in terms of demand on Council services, has changed, only the number of pans. Is this a fair and reasonable way of charging? The Rating Act states that any "residential" property, irrespective of the number of pans in the household, for the purpose of rating, is deemed to have only one toilet. In addition, when the rating act changed and allowed councils to charge schools with "multi" pan charges to Government introduced legislative changes to stop that happening to the extent it was. There is now a formula for schools. The number of pans able to be charged is based on a ratio to the number of pupils and teachers at the school. From memory I think the current formula states that 20 pupils will attract a single charge, 40 pupils two charges etc. If the Government felt strongly about how schools were charged and forced councils to change their methods then my suggestion is perhaps council should review how all multi-pan premises are charged. I accept that the Government had a direct financial interest in how much schools were charged. I'm not suggesting that commercial should be charged the same as schools. I'm simply saying that commercial attracts a different method of charging to other categories and that the current system needs to be part of the review. Council should try and have a system that is deemed to be fair to all ratepayer groups.

**Additional Revenue:-**

As part of this revue council should also be looking at ways of increasing its revenue base. Capital Value, for example, as noted by council, would allow the rating of "utilities." 70% of other councils are probably now exercising this option. Other councils have introduced new targeted rates. Kaipara, for example, now has a targeted rate on forestry. I raised this at a recent public meeting but was told by council's spokesman that Whangarei district has no forestry and the logging trucks only pass through. From memory there is about 150 properties categorized as "forestry' totaling about 50,000 hectares. I accept that some of these may be DOC land and be classified as non-rateable.

**General Comment:-**
This review will (or should be) the most comprehensive review of Council's rating system for over 25 years. It is an opportunity for councilors to discuss options available to them. Decisions can only be made on the information provided. Good decisions should be able to be made if several alternative options are up for debate. Change should not necessarily cause a major disruption.... a reason given by council in past years for not making any changes. Change can be made progressively over as many years as council considers reasonable. The rating tools available provide an opportunity to introduce more targeted rates and charges. Again, these can be introduced or increased progressively. There is an opportunity to review how existing rates are charged. I'm not suggesting it be done but, as an example, council had a different amount between rural and urban properties for (say) the Refuse Management charge, then, in my view, because the charge is no longer "uniform" then it falls outside the 30% cap. What I'm saying here is that there is an opportunity to have more of the general rates collected by way of fixed targeted rates or charges. The result is less fluctuations at the 3 yearly reviews of property valuations. Some Councilors may have ideas on what activities they would like to see charged as a targeted rate as opposed to being part of the general rate. Currently it is the general rate on the property land value that determines how much the ratepayer pays for any particular activity. I'm just suggesting that a good range of possible options needs to be discussed.....the more options.....the more discussion.......perhaps a much better outcome.

Thank you for the consideration of this submission.

Bill Harris
64 Puriri Park Road.
Maunu.

Phone:- 459 7260
Email:- bharris@xtra.co.nz

## Lisa Aubrey

**From:** Philip Dobson (AT) <Philip.Dobson@at.govt.nz>
**Sent:** Wednesday, May 31, 2017 10:38 AM
**To:** Mail Room
**Cc:** philipdobson@orcon.net.nz
**Subject:** Rating Review

**Follow Up Flag:** Follow up
**Flag Status:** Flagged

My submission in regards to the Rating review is that the current system works well.

Rating based on Land Values and a Uniform Annual General charge is a fair funding system.

Some of the assumptions presented re using Capital Value for rating purposes are misleading. Capital valuation based on asset ownership does not necessarily imply 'an improved ability to pay more'.
From what I can observe in my area in Mcleods Bay many residents have retired and invested in a nice property for retirement and this doesn't imply an increased ability to pay/contribute.

Also a lower value property may have maximum occupancy – multiple residents, cars on the road and use more services. A Land Value rating and Uniform Annual charge is a fairer mechanism.

In building and constructing my new house I have had to go to considerable expense to incorporate garaging space so there is "one dwelling" – which is a better land use. The planning rules and rating mechanisms need to be consistent over time.

Thanks,

**Philip Dobson | Customer and Market Strategy and Product Manager**
**Customer and Market Group – AT Metro**
Level 17, HSBC House
1 Queen St, Auckland 1010
Private Bag 92250, Auckland 1142

**P** 09 355 3553 | **DDI** 09 448 7020| **M** 021 959 731
www.aucklandtransport.govt.nz | philip.dobson@at.govt.nz

## Lisa Aubrey

**From:** GROCOTT AARON, F/S <AARON.GROCOTT@NZDF.mil.nz>
**Sent:** Wednesday, May 24, 2017 3:01 PM
**To:** Mail Room
**Cc:** GOHAR ABDOU, MR
**Subject:** Rating review unclassified
**Attachments:** 24052017142758.pdf; Astra Lodge bookings report 2016.docx

Sorry some documents missing from last attempt, here you go.
Good Afternoon
As an addition to my normal Air Force responsibilities I manage Ad Astra Lodge.
A small four unit building owned by the RNZAF Whenuapai welfare fund. (basically a place air force people can go on holiday owned by the members of the air force)
We charge ourselves $30 per night to keep it going and the occupancy is something like 30% as per attached occupancy document.
I was shocked to see our annual rates are over $7,000 annually. This takes us 233 unit night's income, just to pay the rates bill.
After calling the council I was informed that even though the Air Force has owned all four units for the past 35 years, because they are individual titles the rates bill is correct.
No flexibility existed on ownership, usage, history or welfare. I was advised to make a submission to this address.
I wish to advise that I don't believe this to be a fair rates policy. We are being charged as if we are land lords or some sort of profit making organisation. These units are simply used for the recreation of our hard working Armed forces, paid for by a fund that is funded by contributions from the wages of our armed forces personnel. No profit or tax payer money involved.
Please reconsider our $7,077 annual rates bill, or at least consider this submission when setting rates policy.
Thanks for reading
Flight Sergeant Aaron Grocott
Manager Astra Lodge

2013 Ngunguru Road - Ngunguru

**Notice: Due to NZ Health and Safet**
**will no longer be available for use.**

Price:
Yearly flat rate from 01 July 2015
Cat 1 - $30 per night


**Flight Sergeant Aaron Grocott, Dip mgmt.**
SO OPCAP CO-ORD, (DEA(O)) HQ Auckland
**ROYAL NEW ZEALAND AIR FORCE**
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WHANGAREI DISTRICT COUNCIL

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**W:** www.wdc.govt.nz

NORTHLAND REGIONAL COUNCIL

Base Auckland Welfare Fund
C/- RNZAF Base Auckland
NPF, Base Welfare Fund
Private Bag
Auckland 1001

# Rates Assessment/ Tax Invoice/Credit Note

**Invoice Date:** 20 July 2016
**GST NO:** 52-008-506
All Rates are GST inclusive except for penalties applied
**Rating Year:** 1 July 2016 to 30 June 2017

**Property ID:** 104580
**Valuation Roll:** 0034047600A

**INSTALMENT DUE DATES**

| 1 | 2 | 3 | 4 |
|---|---|---|---|
| 22 August 2016 | 21 November 2016 | 20 February 2017 | 22 May 2017 |

## STATEMENT OF ACCOUNT

| | Regional Council (Collected on behalf) | District Council | Combined Total |
|---|---|---|---|
| Balance as at 1 July 2016 | $0.00 | $0.00 | $0.00 |
| **Annual Rates Due** (See reverse for full breakdown of your Rates) | $228.12 | $1,763.69 | **$1,991.81** |
| Payment Received (Transactions after 12 July 2016 will not appear) | $0.00 | $0.00 | $0.00 |
| Penalties (GST exempt) | $0.00 | $0.00 | $0.00 |
| Adjustments | $0.00 | $0.00 | $0.00 |
| **Balance Remaining** to 30 June 2017 | | | **$1,991.81** |
| **Less Discount** If payment received on or before 22 August 2016 | $6.84 | $52.91 | **$59.75** |
| **DISCOUNTED BALANCE To clear to 30 June 2017** | $221.28 | $1,710.78 | **$1,932.06** |
| **MINIMUM PAYMENT DUE** If paying by instalment | $57.12 | $443.69 | **$500.81** |

*The discounted balance applies if payment* ***received*** *no later than 22 August 2016. A* ***10% penalty*** *will be added to any unpaid portion of this instalment after the due date of* ***22 August 2016***

Help the environment by requesting a paperless invoice – simply email us at mailroom@wdc.govt.nz with email rates invoice and/or water invoice and your property ID in the subject line.

## PROPERTY DETAILS

| Location | Legal Description | Rateable Area | Valuation at 1 September 2015 | |
|---|---|---|---|---|
| 1 - 2013 Ngunguru Road Whangarei 0173 | FLAT 1 DP 108256 ON LOT 16 DP 36208 - HAVING 1/4SH IN LAUNDR Y 5 DP 108256 | 0.00 Hectares | Land<br>Capital | $160,000<br>$230,000 |

## PAYMENT SLIP - Please return with payment in the envelope provided.

Base Auckland Welfare Fund
C/- RNZAF Base Auckland, NPF, Base Welfare Fund, Private Bag, Auckland 1001
**Valuation Roll: 0034047600A**

## PROPERTY ID: 104580

WHANGAREI DISTRICT COUNCIL

PAYMENT DUE BY 22 August 2016

ENTERED

**DISCOUNTED BALANCE** **$1,932.06**

**MINIMUM PAYMENT DUE** **$500.81**

*You can now pay online by credit or debit card (Visa and Mastercard) - www.wdc.govt.nz/PayIt*

Please note any change of address/contact details on reverse.

⑈0210458010⑈ ⑆00001932061⑆ 0000050081

WHANGAREI DISTRICT COUNCIL

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E: mailroom@wdc.govt.nz
W: www.wdc.govt.nz

NORTHLAND REGIONAL COUNCIL

Royal New Zealand Air Force
Secretary Base Welfare Fund
Private Bag
Auckland 0662

# Rates Assessment/ Tax Invoice/Credit Note

Invoice Date: 20 July 2016
GST NO: 52-008-506
All Rates are GST inclusive except for penalties applied
Rating Year: 1 July 2016 to 30 June 2017

**Property ID: 104582**
**Valuation Roll: 0034047600B**

**INSTALMENT DUE DATES** — **1** 22 August 2016 — **2** 21 November 2016 — **3** 20 February 2017 — **4** 22 May 2017

| STATEMENT OF ACCOUNT | Regional Council Collected on behalf | District Council | Combined Total |
|---|---|---|---|
| Balance as at 1 July 2016 | $0.00 | $0.00 | **$0.00** |
| **Annual Rates Due** (See reverse for full breakdown of your Rates) | $202.63 | $1,565.80 | **$1,768.43** |
| Payment Received (Transactions after 12 July 2016 will not appear) | $0.00 | $0.00 | **$0.00** |
| Penalties (GST exempt) | $0.00 | $0.00 | **$0.00** |
| Adjustments | $0.00 | $0.00 | **$0.00** |
| **Balance Remaining** to 30 June 2017 | | | **$1,768.43** |
| **Less Discount** if payment received on or before 22 August 2016 | $6.08 | $46.97 | **$53.05** |
| **DISCOUNTED BALANCE To clear to 30 June 2017** | $196.55 | $1,518.83 | **$1,715.38** |
| **MINIMUM PAYMENT DUE** if paying by instalment | $49.63 | $392.80 | **$442.43** |

*The discounted balance applies if payment **received** no later than 22 August 2016. A **10% penalty** will be added to any unpaid portion of this instalment after the due date of **22 August 2016***

Help the environment by requesting a paperless invoice – simply email us at mailroom@wdc.govt.nz with email rates invoice and/or water invoice and your property ID in the subject line.

## PROPERTY DETAILS

| Location | Legal Description | Rateable Area | Valuation at 1 September 2015 | |
|---|---|---|---|---|
| 2 - 2013 Ngunguru Road Whangarei 0173 | FLAT 2 DP 108256 ON LOT 16 DP 36208 - HAVING 1/4SH IN LAUNDR Y 5 DP 108256 | 0.00 Hectares | Land<br>Capital | $98,000<br>$150,000 |

## PAYMENT SLIP - Please return with payment in the envelope provided.

Royal New Zealand Air Force
Secretary Base Welfare Fund, Private Bag, Auckland 0662
**Valuation Roll: 0034047600B**

**PROPERTY ID: 104582**

WHANGAREI DISTRICT COUNCIL

PAYMENT DUE BY 22 August 2016

| | |
|---|---|
| **DISCOUNTED BALANCE** | **$1,715.38** |
| **MINIMUM PAYMENT DUE** | **$442.43** |

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Please note any change of address/contact details on reverse.

⑈0210458280⑈ ⑆0000171538⑆ 0000044243

WHANGAREI DISTRICT COUNCIL

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**W:** www.wdc.govt.nz

NORTHLAND REGIONAL COUNCIL

Royal New Zealand Air Force
Secretary Base Welfare Fund
Private Bag
Auckland 0662

# Rates Assessment/ Tax Invoice/Credit Note

**Invoice Date:** 20 July 2016
**GST NO:** 52-008-506
All Rates are GST inclusive except for penalties applied
**Rating Year:** 1 July 2016 to 30 June 2017

**Property ID:** 104583
**Valuation Roll:** 0034047600C

| INSTALMENT DUE DATES | 1 | 2 | 3 | 4 |
|---|---|---|---|---|
| | 22 August 2016 | 21 November 2016 | 20 February 2017 | 22 May 2017 |

| STATEMENT OF ACCOUNT | Regional Council Collected on behalf | District Council | Combined Total |
|---|---|---|---|
| Balance as at 1 July 2016 | $0.00 | $0.00 | **$0.00** |
| **Annual Rates Due** (See reverse for full breakdown of your Rates) | $202.63 | $1,565.80 | **$1,768.43** |
| Payment Received (Transactions after 12 July 2016 will not appear) | $0.00 | $0.00 | **$0.00** |
| Penalties (GST exempt) | $0.00 | $0.00 | **$0.00** |
| Adjustments | $0.00 | $0.00 | **$0.00** |
| **Balance Remaining** to 30 June 2017 | | | **$1,768.43** |
| **Less Discount** If payment received on or before 22 August 2016 | $6.08 | $46.97 | **$53.05** |
| **DISCOUNTED BALANCE To clear to 30 June 2017** | $196.55 | $1,518.83 | **$1,715.38** |
| **MINIMUM PAYMENT DUE** If paying by instalment | $49.63 | $392.80 | **$442.43** |

*The discounted balance applies if payment **received** no later than 22 August 2016. A **10% penalty** will be added to any unpaid portion of this instalment after the due date of **22 August 2016***

Help the environment by requesting a paperless invoice – simply email us at mailroom@wdc.govt.nz with email rates invoice and/or water invoice and your property ID in the subject line.

## PROPERTY DETAILS

| Location | Legal Description | Rateable Area | Valuation at 1 September 2015 | |
|---|---|---|---|---|
| 3 - 2013 Ngunguru Road Whangarei 0173 | FLAT 3 DP 108256 ON LOT 16 DP 36208 - HAVING 1/4SH IN LAUNDR Y 5 DP 108256 | 0.00 Hectares | Land<br>Capital | $98,000<br>$150,000 |

## PAYMENT SLIP - Please return with payment in the envelope provided.

Royal New Zealand Air Force
Secretary Base Welfare Fund, Private Bag, Auckland 0662
**Valuation Roll: 0034047600C**

**PROPERTY ID: 104583**

WHANGAREI DISTRICT COUNCIL

PAYMENT DUE BY 22 August 2016

| | |
|---|---|
| **DISCOUNTED BALANCE** | **$1,715.38** |
| **MINIMUM PAYMENT DUE** | **$442.43** |

*You can now pay online by credit or debit card (Visa and Mastercard) - www.wdc.govt.nz/PayIt*

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⑈0210458 36⑈ ⑆0000171538⑆ 0000044243

WHANGAREI DISTRICT COUNCIL

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NORTHLAND REGIONAL COUNCIL

Royal New Zealand Air Force
Secretary Base Welfare Fund
Private Bag
Auckland 0662

# Rates Assessment/ Tax Invoice/Credit Note

**Invoice Date:** 20 July 2016
**GST NO:** 52-008-506
All Rates are GST inclusive except for penalties applied
**Rating Year:** 1 July 2016 to 30 June 2017

**Property ID:** 104584
**Valuation Roll:** 0034047600D

**INSTALMENT DUE DATES**
1 22 August 2016 | 2 21 November 2016 | 3 20 February 2017 | 4 22 May 2017

| STATEMENT OF ACCOUNT | Regional Council Collected on behalf | District Council | Combined Total |
|---|---|---|---|
| Balance as at 1 July 2016 | $0.00 | $0.00 | **$0.00** |
| **Annual Rates Due** (See reverse for full breakdown of your Rates) | $202.63 | $1,565.80 | **$1,768.43** |
| Payment Received (Transactions after 12 July 2016 will not appear) | $0.00 | $0.00 | **$0.00** |
| Penalties (GST exempt) | $0.00 | $0.00 | **$0.00** |
| Adjustments | $0.00 | $0.00 | **$0.00** |
| **Balance Remaining** to 30 June 2017 | | | **$1,768.43** |
| **Less Discount** If payment received on or before 22 August 2016 | $6.08 | $46.97 | **$53.05** |
| **DISCOUNTED BALANCE To clear to 30 June 2017** | $196.55 | $1,518.83 | **$1,715.38** |
| **MINIMUM PAYMENT DUE** If paying by instalment | $49.63 | $392.80 | **$442.43** |

*The discounted balance applies if payment **received** no later than 22 August 2016. A **10% penalty** will be added to any unpaid portion of this instalment after the due date of **22 August 2016***

Help the environment by requesting a paperless invoice – simply email us at mailroom@wdc.govt.nz with email rates invoice and/or water invoice and your property ID in the subject line.

## PROPERTY DETAILS

| Location | Legal Description | Rateable Area | Valuation at 1 September 2015 | |
|---|---|---|---|---|
| 4 - 2013 Ngunguru Road Whangarei 0173 | FLAT 4 DP 108256 ON LOT 16 DP 36208 - HAVING 1/4SH IN LAUNDR Y 5 DP 108256 | 0.00 Hectares | Land<br>Capital | $98,000<br>$150,000 |

## PAYMENT SLIP - Please return with payment in the envelope provided.

Royal New Zealand Air Force
Secretary Base Welfare Fund, Private Bag, Auckland 0662
**Valuation Roll: 0034047600D**

**PROPERTY ID: 104584**

WHANGAREI DISTRICT COUNCIL

PAYMENT DUE BY 22 August 2016

| | |
|---|---|
| **DISCOUNTED BALANCE** | **$1,715.38** |
| **MINIMUM PAYMENT DUE** | **$442.43** |

*You can now pay online by credit or debit card (Visa and Mastercard) - www.wdc.govt.nz/PayIt*

Please note any change of address/contact details on reverse.

⑈0210458448⑈ ⑆000017153 8⑆ 0000044243

# Astra Lodge bookings report 2016

## Figures taken 21Nov16 and don't include bookings made after that date

Days will increase as more bookings are made for 2016 however gives a close indication of usage.

**Unit nights booked per month 2016**

Jan 108, Feb 55, Mar 66, Apr 42, May 5, Jun 19, Jul 27, Aug 14, Sep 72, Oct 27, Nov 27, Dec 67

(Highlighted are bookings made as of 21 Nov 16 and will increase).

**Total nights booked for 2016 as of 21 Nov 16, 529.**

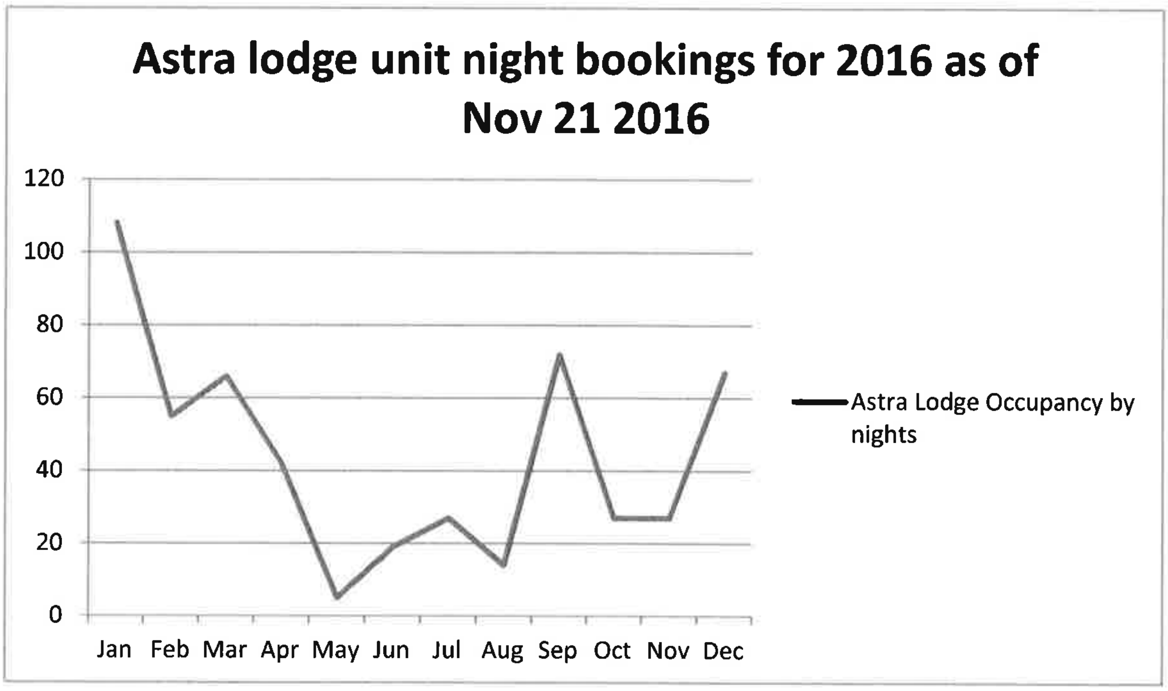
**Occupancy as of 21 Nov 16 for 2016, 27.5%.**

Both these figures will increase a little by years end.

Based on the figure of 529 nights total, using the lowest nightly rate Cat 1, $35. Not taking into account bookings made for 2016 after Nov 21st. Worst case scenario annual income is $18,515..

F/S Grocott

22 Nov 16



**Subject:** Re: Rating Structure Review - Community and Stakeholder feedback meeting
**From:** John Waetford <jwaetford@gmail.com>
**Date:** 27/04/2017 12:24 a.m.
**To:** Alan Adcock <Alan.Adcock@wdc.govt.nz>
**CC:** Ketch <pknelson@farmside.co.nz>, Cushla Smith <middleearth2257@gmail.com>, caroline waetford <cwaetford139@gmail.com>, pandcwaetford@gmail.com, Harata Waetford <haratawaetford@yahoo.com>, Maraea Yates <orakei51@gmail.com>, Marcia Waetford <waetfordm@hotmail.com>, Ayda McLeod <aydamcleod@gmail.com>

ATTN: Lisa Aubrey

**Rating Structure Review**

My name is John Waetford I am an land owner . a beneficiary in various trusts , a partner in a forestry partnership and I have authority to speak on various whanau trusts ie Te Wairoa Trust . Pera, James Mange Whanau Trust, Te Reokaha Trust and Parangarahu Partnership.

Basically all the above lands are multiple owned maori lands.Our whanau feels grossly disadvantaged in the area of rating and we feel something drastically needs to be done to redress this imbalance.

**Firstly Valuation of maori land**
There are many encumberances placed on maori land that make it inequitable to value maori land in the same manner as General land, things like:

- the inability to alienate maori land except in extraordinary circumstances eg 75%-100% approval by many many shareholders.
- one can only sell to a preferred class of alienee except in extraordinary circumstances.
- one cannot raise a mortgage against the valuation of this land, therefore owners struggle to finance the development of our lands compared to owners of general land.

I know councils classic retort will be " Our hands are tied by the rulings of the valuer general!'

The Mangatu discount in no way compensates us for the shortfall placed on us by the encumberances mentioned above. In fact we suffered another injustice when we were encouraged to consolidate our shareholdings in a trust structure,( for ease of administration so they say) whereby the Mangatu discount only recognised the numbers of trustees as owners and no recognition was given to the actual numbers of owners who contributed shares to the trust in the first instance. in our case it would have meant a 6% discount as opposed to a 3.5%discount.

This Mangatu discount system needs to be drastically overhauled and increased to bring equity and confidence back into the system.

**Custom**
Our whanau philosophy is to retain what little amount of customary land that remains and to pass this on to suceeding generations as this represents our "mana" an important concept in maori society. This philosophy is opposed to the prevailing view which is to retain and/or utilise the land to make a profit and perhaps dispose of for capital gain.We agree with this concept when dealing with general land but not our customary land. .

If Valuation NZ cannot bring about a more equitable sytem of valuation on multiple owned maori land then Council must show imagination and introduce changes to the rating system to recognise and address this inequity.

**Rates Increases on similar lands**

- I would like to know if any other ratepayers in similar type of land like the Parangarahu Blocks have suffered the 74% increases that we have on our blocks. Can you give examples? Or have we been discriminated against?
-

**Unfair Billing Systems**

In the case of multiple owned maori land we have a massive struggle every year to coordinate rates payments for our respective shares in our individual blocks as families are scattered around the world.We try as best we can to coordinate our efforts and make payments but invariably some members fall by the wayside as far as rates payments go.

We would like council to be more imaginative and try and bill individual families in our wider whanau and trusts. Raylene does a great job in setting out the respective rates liabilities between the forestry p"ship and Te Wairoa Trust. This avoids a lot of internal dispute,

It will be great if council can bill the Parangarahu blocks in individual family lots. I can help here if council goes down this path. But it is very complex and confusing when you have payments coming from all angles and some not at all, then one has to reconcile it every year.

I know for a fact that PJM Trust (K A Nelson) and Parangarahu P'ship always pay their rates on time and the correct amount. However , we do not want to be lumbered with any penalties incurred by defaulters . Again this is unfair where one family makes the effort to pay in full on time but then gets hit with penalties. How can this be fair????
Our only problem being is that we are in a multiple ownership situation that we cannot avoid.???

Council cannot just sit on the side and watch Rome burn. They have got to come up with imaginative solutions like an old rates officer at WDC Bill Flynt he was a man well before his time, I have a lot of respect for Bill.The current breed of officers seem too scared of their own shadow.

I hope this submission gives council an insite into our plight and we get a more equitable rates assessment this year.

Anyway I do hope my submissions go some way towards creating a more equitable rating system. Some things I havent touched on were UAC and refuse charges levied on unoccupied blocks. How can this be fair??

One final issue is the attachment in your email I cannot open it. Does it contain anything important or can you send in pdf?

John Waetford .

(Karanawa Nelson) am signing in support of this letter to WDC by my brother John.

On Thu, Apr 20, 2017 at 1:45 PM, Alan Adcock <Alan.Adcock@wdc.govt.nz> wrote:

WHANGAREI
DISTRICT COUNCIL

In reply please quote Rating Structure Review

Or ask for Lisa Aubrey

20 April 2017

Dear Ratepayer

**Rating Structure Review – Community and Stakeholder feedback meeting**

Council is undertaking a comprehensive review of the way we structure our rates and we would like input from our community; directly from individual ratepayers as well as stakeholders groups representing them.

You are invited to a public meeting to be held at the Forum North Council Chambers from 6pm to 8pm on Monday 1 May 2017.

It is important for Council to have a clear understanding of our community and ratepayers' views on how Council sets its rates and what changes should be considered. Your feedback will enable this valuable information to be included in assessing a range of rate structure outcomes.

We are seeking feedback on all rate related matters, including:

- General Rates (including the use of Land Value or Capital Value)
- The use and definition of Separately Used or Inhabited Parts (SUIP)
- Stepped Rates
- Sector Splits (Residential, Rural and Commercial)
- Targeted Rates
- Remission and Postponement Policies.

We will also be holding public meetings at 6pm at the Kamo Bowling Club on 2nd May, Onerahi Bowling Club on 4th May, and the Ruakaka Recreation Centre on 9th May.

Following the public feedback sessions, the various Rating Structure options will be modelled so the implications can be understood and be appropriately assessed. It is anticipated the modelling and refinement of Rating Structure options will be done by conducting a series of workshops to discuss options with Councillors.

This process will assist Council to determine its preferred Rating Structure option, which may include retaining the status quo. Any proposed changes will be set out in a formal Statement of Proposal and will be included in the 2018-28 Long Term Plan (LTP).

Formal consultation for the LTP will take place in March 2018, and any Rates Structure changes would come into effect on1 July 2018.

We hope are you able to attend and look forward to hearing your views.

Yours faithfully

Alan Adcock
**General Manager – Corporate/CFO**

## Lisa Aubrey

**From:** Katherine Voelkerling
**Sent:** Thursday, May 4, 2017 11:22 AM
**To:** Lisa Aubrey
**Subject:** FW:

Hi Lisa – Do you have a PDF of Alan's presentation? In Kete?

**Katherine Voelkerling**
**Rates Policy Advisor | Whangarei District Council**
Private Bag 9023 | Whangarei 0148 | www.wdc.govt.nz
**DDI: 09 9454334| E: katherine.voelkerling@wdc.govt.nz**

**From:** Denis Hewitt [mailto:denis.p.hewitt@gmail.com]
**Sent:** Wednesday, 3 May 2017 10:37 AM
**To:** Katherine Voelkerling
**Subject:**

Hi Katherine, Good to meet you last night. Thanks for introducing yourself.It was a good meeting with messages coming loud and clear from the floor. It is very sad to hear that many ratepayers in the rural community and the older people are struggling to survive financially. 29 farmers in real trouble! How bad can it get? I know that my executive on Federated Farmers are working hard to prevent more suicides.

Can you please confirm the information on one overhead ?

( 1) Did it say that valuation CANNOT be influenced or increased by any potential developments on the property?
I ask this as QV have advised me that the huge increase on my properties is due to the potential affect of subdividing my property into lifestyle blocks.. I have it in writing from them.

(2) Did the overhead say that if someone owns more than one title that is (in my case) farmed as one unit that the owner can only be charged once for fees from NRC etc?
My farm is in three titles that depend on each other for farming and are obviously run as one block commercially. I know that you have correctly recognised this for the titles on the north side of Three Mile Bush Rd but is this recognised that the rest of the farm on the other side of the road is also farmed in conjunction with the south side?

Thanks for your time Katherine and thanks for you continuing support.
Denis Hewitt.

## Lisa Aubrey

**From:** Jeanette King <kings@xnet.co.nz>
**Sent:** Thursday, May 25, 2017 4:32 PM
**To:** Mail Room
**Subject:** Submission on Rates Structure Review

Hello,

The current rates system appears to be working perfectly well - please do not tinker with it for the sake of changing things!
In particular we would like you to retain the sliding scale currently used for high value properties. To do otherwise is to unfairly tax property owners rather than simply charge for services.

Philip and Jeanette King

## Lisa Aubrey

| | |
|---|---|
| **From:** | Toni Kennerley <Toni.Kennerley@eeca.govt.nz> |
| **Sent:** | Wednesday, June 21, 2017 1:05 PM |
| **To:** | Mail Room |
| **Cc:** | Bill Hewitt; Robert Linterman |
| **Subject:** | Rating Review |
| **Attachments:** | 20170621_ EECA submission to Whangerei Rates Review.doc; EEC4201 Energywise VTR Brochure_FA_2.pdf |

To whom it may concern –

Please find attached feedback from the Energy Efficiency and Conservation Authority (EECA) regarding the Whangarei District Council's current Rating Review.

We look forward to hearing from you.

Regards,
Toni.

**Toni Kennerley**
Senior Advisor - Residential

**Energy Efficiency and Conservation Authority (EECA)** Te Tari Tiaki Pūngao
www.eeca.govt.nz | www.energywise.govt.nz | www.eecabusiness.govt.nz

Level 8, 44 The Terrace, Wellington 6011, PO Box 388, Wellington 6140
Phone: +64 4 470 2200 | DDI: +64 4 470 2236 | Fax: +64 4 499 5330

Energy Efficiency and Conservation Authority
Te Tari Tiaki Pūngao

# Submission on the Whangarei District Council Rates Structure Review

**To:** Whangarei District Council
**Submitter:** The Energy Efficiency and Conservation Authority (EECA)
**Postal Address:** 44 The Terrace, PO Box 388, Wellington
**Contact:** Bill Hewitt
**Phone number:** 027 420 5419
**Email:** Bill.Hewitt@eeca.govt.nz

## Submission

1. This submission relates to the Whangarei District Council Rates Structure Review.
2. The Energy Efficiency and Conservation Authority (EECA) wishes to be heard in support of its submission, should any public hearings on the Rates Structure Review be held.
3. EECA urges the Whangarei District Council to include a Voluntary Targeted Rate (VTR) in its review of the current rates structure, to promote the installation of insulation retrofits and clean heating devices in Whangarei homes.
4. The attached brochure outlines how VTR works and the benefits to councils and ratepayers.
5. EECA's reasons for making this submission are:
    a. The installation of insulation retrofits and clean heating devices in New Zealand homes has significant health and energy efficiency benefits for homeowners, mainly by reducing ill health caused by cold damp homes.
    b. Research has shown that insulation retrofits alone deliver conservative benefits of at least $4 for every $1 spent, increasing to $6.40 for every $1 spent for the elderly.[1] These benefits include reduced hospitalisation rates, avoided pharmaceutical costs, reduced absenteeism from school and work, and an overall improvement in wellbeing and productivity.
    c. VTR provides straightforward access to finance for ratepayers who may not otherwise be able to fund the cost of home insulation and heating. For example, those who may not be able to borrow against their mortgage, do not have upfront funds available, or do not have a lending relationship with a bank.

[1] Grimes A, Preval N, Young C, et al. Impacts of a large-scale retrofit insulation scheme on household energy savings. Energy Economics in press.

d. VTR is cost neutral to councils, as the scheme can include an interest rate (charged to ratepayers) to recover any council borrowing and/or administration costs.

6. Eight councils nationwide currently implement VTR, including:
   - Auckland Council
   - Clutha District Council
   - Dunedin City Council
   - Greater Wellington Regional Council
   - Hawkes Bay Regional Council
   - New Plymouth District Council
   - Marlborough District Council
   - South Taranaki District Council.
7. Since 2009, council Targeted Rate schemes have been used by ratepayers to insulate almost 30,000 homes nationwide.
8. EECA can provide the knowledge and expertise to assist in the establishment and implementation of a VTR scheme at Whangarei District Council. We can also provide contacts in other councils who are currently operate a VTR scheme, to provide advice and mentoring if required.

**Background on EECA**

9. EECA promotes energy efficiency, energy conservation and the use of energy from renewable sources. We have implemented the successful Warm Up New Zealand (WUNZ) programme since 2009, providing grants to low-income homeowners[2] and landlords to retrofit insulation in houses built before the year 2000.
10. Since 2009, some 300,000 homes nationwide have been insulated under the WUNZ programme.
11. In the first five years of WUNZ alone, the programme achieved an estimated net benefit of $0.95 billion in reduced energy costs, savings in carbon emissions, and improvements in health outcomes - prescriptions, hospitalisations and benefits of reduced mortality.
12. Government funding for WUNZ is due to finish on 30 June 2018, after which time no further grants for insulation will be provided.
13. EECA therefore seeks to continue working with councils who already have a VTR scheme in place, and to expand the offering in areas where no VTR currently exists. We estimate that around 60% of New Zealanders currently have access to VTR and we would like to see this expanded to cover the entire country, given the proven benefits of insulation and clean heating.

[2] 'Low income' is defined as anyone with a current Community Services Card

**Summary**

14. The Whangarei District Council has the opportunity through this rates review to introduce a Voluntary Targeted Rate to promote the installation of insulation retrofits and clean heating devices in Whangarei homes.

15. We urge the Whangarei District Council to implement a VTR scheme to secure the substantial, proven benefits of home insulation and heating on the health and wellbeing of its ratepayers.

**Signed:**

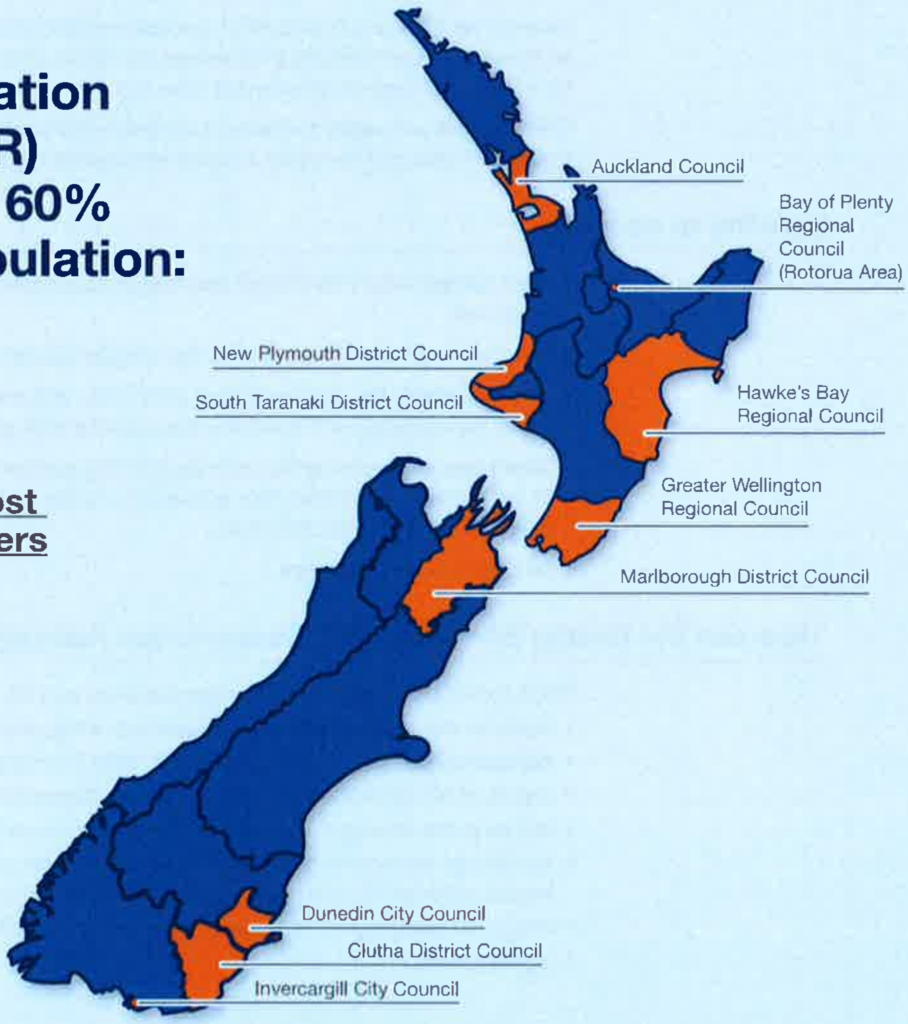
| | |
|---|---|
| Robert Linterman | Bill Hewitt |
| General Manager | Relationship Manager, Residential |
| EECA | EECA |

EECA Energy Efficiency and Conservation Authority Te Tari Tiaki Pūngao

# Helping your community have warmer, insulated homes – Voluntary Targeted Rates (VTR)

## Council insulation schemes (VTR) cover almost 60% of the NZ population:

- Cost neutral
- Low-risk
- Minimal workload
- User pays – **no cost to other rate payers**



## What are the benefits of insulation?

Many New Zealand homes are cold and unhealthy because they don't have enough insulation. A warm, dry home with well-installed insulation is healthier and easier to heat, improving the health of households and helping the elderly stay in their homes. Council insulation schemes (VTR) can also create jobs.

## Why are council insulation schemes (VTR) important?

Some people can't afford the entire upfront cost of insulation and don't have the option of adding the cost to their mortgage. Local governments across New Zealand have given ratepayers the option of adding the cost of insulation to their rates, paying the investment back over a nine year period.

The Government has also recently passed an amendment to the Residential Tenancies Act requiring landlords to insulate their rentals by mid-2019. There are Government grants to insulate rentals occupied by low-income tenants but council VTR schemes will be important to support "mum and dad" owners of rental properties not elegible for grants.

## How does VTR work?

The scheme is designed to be cost-neutral to council. VTR is provided to:

- individual ratepayers who request it, and
- who are willing to pay it back over a nine to ten year period, and
- who have a good record of rate repayment.

When properties are sold, the homeowner is required to inform the incoming owner (who may choose to require the VTR is repaid in full), and it is also registered against the Land Information Memorandum (LIM) for the property.

Councils set a maximum amount of available council funding each year and also set a cap on the amount each individual household can obtain. The VTR is mainly used by councils for insulation, though some councils have included water and clean heating products.

VTR schemes only apply to houses built before the year 2000 when the building regulations changed to require a higher standard of insulation.

## Benefits to councils

- **Cost neutral** - the VTR interest rate margin accommodates any administration costs to council.
- **Low risk** - as rates are a statutory first charge against the property.
- **Minimal workload** - the majority of work rests with insulation service providers, who install the insulation and distribute the council's VTR agreements to homeowners.
- **User pays** - the scheme has no impact on the general ratepayer as they are not part of the targeted rate unless they voluntarily choose to do so – the home owner decides to put the VTR on their own rates.
- **No cost** - to the ratepayers.

## How can the Energy Efficiency and Conservation Authority (EECA) help?

EECA works with many councils which have set up VTR. Support has included:

- audits to ensure the insulation installed is to a high standard
- operational support such as regular summary reporting of total claims for insulation
- copies of the contracts which EECA has developed with councils
- copies of the ratepayer agreements which other councils have developed
- wording for the Annual or Long-Term Plan, which councils have used for funding impact statements, as well as revenue and financing policies
- copies of marketing materials which explain the scheme in simple terms
- legal opinions.

Case Study

## Greater Wellington Regional Council (Warm Greater Wellington)

The Greater Wellington Regional Council (GWRC) started VTR in mid-2010. GWRC sets a cap of $3,900 funding per property, which is considered sufficient to cover the cost of insulating an average house (note that other councils, particularly those which also offer clean heating, have individual caps of $5000 including GST).

The scheme has been popular with ratepayers who can pay back the funding over a nine or ten year period via the targeted rate. Over 10,000 homes have been insulated under Warm Greater Wellington (May 2016).

For the council, the scheme is designed to be cost-neutral and to result in no cost to the general ratepayer. Council recovers the cost of capital, plus an administration fee.

In the GWRC's case, administration involves checking to see if the person applying for the VTR is a ratepayer in the region and that their rates are up to date, and then approving payment to the insulation service provider.

GWRC originally managed this workload within existing staff but the scheme has grown to $6 million a year and council now funds this position via the interest rate margin as a way of recouping administration expenses. GWRC charges an interest rate on the funding and this interest rate is reviewed annually. This means that the funding method is not necessarily cheaper than borrowing from a bank but many home owners do not have a borrowing relationship with a bank.

## The Greater Wellington Regional Council model

1. The homeowner contacts a service provider/s (EECA recommends at least two quotes).
2. The service provider visits and assesses the house (the service provider can also assess for clean heating options if these are funded). Homeowner provided with a written quote.
3. The service provider discusses options for payment with the homeowner. The service provider has copies of the council application form for the homeowner.
4. The homeowner or service provider sends the application form and a copy of the quote back to the council.
5. The council checks whether the ratepayer lives in the district, that they are not in rate arrears, and then informs the ratepayer if they qualify. Following this approval, the council informs the service provider that work can begin.
6. The service provider undertakes the job.
7. When work is complete, the service provider invoices council for the cost of the retrofit. Council pays the invoice from the service provider. The ratepayer pays off this funding on their rates over a nine year period.
8. EECA operates an audit regime of 5% of jobs to ensure service providers offer quality products and service.

*Note that the council acts as the contractor of the service provider to ensure the job is only charged as single GST (as otherwise, due to payment coming on the rates, the job would be charged twice for GST – once on the job itself, and again with the GST on rates. By the council acting as the contractor, it is deemed to be the principal in the supply chain, and therefore can deduct the GST).*

Energy Efficiency and Conservation Authority
Te Tari Tiaki Pūngao

Level 8 · 44 The Terrace · PO Box 388
· Wellington · New Zealand
**P:** +64 4 470 2200 · **F:** +64 4 499 5330
**www.eeca.govt.nz**

New Zealand Government

EECA energywise

EECA BUSINESS

For more information
Please contact EECA on (04) 470 2200 and ask for the Residential Team's VTR Manager.

JUNE 2016 / EEC4201

## Lisa Aubrey

**From:** Ngaire Rae <Ngaire@manaiapho.co.nz>
**Sent:** Monday, August 7, 2017 4:31 PM
**To:** Mail Room
**Subject:** submission to Rates Review
**Attachments:** signed copy of submission to rates review august 2017.tif; EEC4201 Energywise VTR Brochure_FA_2.pdf; Manaia Health PHO Submission to WDC Rates Review.docx

Kia ora
Please find attached a signed copy – apologies for quality. Also attached is the original unsigned word doc and PDF of EECA form.

Ngaire Rae
Ngaire Rae, Health Promotion Manager, Northland PHOs
28-30 Rust Avenue, Whangarei 0110 (PO Box 1878, Whangarei 0140), New Zealand
Email: ngaire@manaiapho.co.nz, Phone 09 438 1015, Fax 09 438 3210, Cell 021 773 468, Website www.manaiapho.co.nz

Manaia Primary Health Organisation
28-30 Rust Avenue, Whangarei
PO Box 1878 Whangarei 0140
Fax (09) 438 3210
Website www.manaiapho.co.nz

Manaia Health

# Submission on the Whangarei District Council Rates Structure Review

| | |
|---|---|
| **To:** | Whangarei District Council |
| **Submitter:** | Manaia Health PHO |
| **Contact:** | Ngaire Rae, Health Promotion Manager |
| **Phone number:** | 021 773468 |
| **Email:** | ngaire@manaiapho.co.nz |

**Submission**

1. This submission relates to the Whangarei District Council Rates Structure Review.
2. Manaia Health PHO supports the submission of the Energy Efficiency and Conservation Authority (EECA) and encourages the Whangarei District Council to include a Voluntary Targeted Rate (VTR) in its current review of the rates structure to promote the installation of insulation retrofits and clean heating devices in Whangarei homes.
3. We attach the EECA brochure which outlines how VTR works and the benefits to Council and Ratepayers.
4. Since 2007 Manaia Health PHO, along with other Northland PHOs and the Northland District Health Board have provided funding and support (through governance and referrals etc) to Healthy Homes Tai Tokerau.
5. Healthy Homes Tai Tokerau (HHTT) was established in 2007 with the aim of retrofitting insulation into all low income homes in Northland. We have retrofitted insulation to about 9000 houses over the last nine years. There are still about 8000 low income homes in Northland left to insulate.
6. Healthy Homes Tai Tokerau is run by Community Business and Environment Centre (CBEC), a Northland community social enterprise.
7. Funding for HHTT is largely provided by EECA and Foundation North with smaller amounts contributed by health agencies, Top Energy and Northpower. EECA funding for retrofitting insulation will cease as at 30 June 2018.
8. Currently subsidised retrofitting of insulation is only available to low income home owners (evidenced by a Community Services Card (CSC)) with high health need (referral required by health provider); landlords can receive a 50% subsidy for insulation if the tenant has a CSC and high health need.
9. The introduction of a VTR scheme will allow those who do not qualify for a retrofitting subsidy to be able to fund the cost of home insulation and heating. This includes people who may not be able to borrow against their mortgage, do not have cash available or do not have a lending relationship with a bank.

**10.** Through our support of Healthy Homes Tai Tokerau we come across lots of people with high health needs that do not meet eligibility criteria for subsidised retrofitting of insulation. A VTR scheme supported by Whangarei District Council would provide an option for these families.

**11.** World-leading research undertaken in New Zealand has found that improved health outcomes can be achieved through housing interventions such as retrofitting insulation and providing improved heat sources. These improved health outcomes have included:

- Fewer exacerbations of respiratory illness (less wheeze for those with asthma)
- Fewer general practitioner visits
- Less time off work/school
- Improved self-rated health
- A trend towards reduced hospitalizations for respiratory and coronary conditions
- Reduced energy use[1]

12. There is also evidence that this work is cost effective. An economic evaluation of the Warm Up New Zealand: Heat Smart Programme (which provides subsidies for retrofitting insulation and heating pre-2000 New Zealand homes) demonstrated a benefit-cost ratio of 3.9 for adults and 6.1 for children.[2] [3]

13. VTR is cost neutral to councils, as the scheme can include an interest rate (charged to ratepayers) to recover any council borrowing and/or administration costs.

14. Using rates to finance home insulation has proven popular across the country. EECA's original Targeted Rate Scheme (TRS) ran from September 2009 to October 2013 and assisted with the insulation of 21,063 homes. The current VTR scheme has been in operation since November 2013 and has been used to insulate almost 8,500 homes to-date.

15. EECA can provide the knowledge and expertise to assist in the establishment and implementation of a VTR scheme at Whangarei District Council. EECA can also provide contacts in other councils who are currently operate a VTR scheme, to provide advice and mentoring if required.

---

[1] *New Zealand College of Public Health Medicine. Housing Policy Statement.* August 2013. http://www.nzcphm.org.nz/media/64535/2013_08_02_housing_policy_statment.pdf Accessed Jan 2016.

[2] Ibid.

[3] Howden-Chapman, P. (2014). *Housing in New Zealand naming the rules of the game.* Op. cit.

16. By June 2019 all landlords will have to meet a basic standard of housing which includes insulation. Having a VTR scheme in place at the Whangarei District Council provides another avenue to support retrofitting of insulation in to private rental homes.

**Summary**

17. The Whangarei District Council has the opportunity through this rates review to introduce a Voluntary Targeted Rate to promote the installation of insulation retrofits and clean heating devices in Whangarei homes.

18. We urge the Whangarei District Council to implement a VTR scheme to secure the substantial, proven benefits of home insulation and heating on the health and wellbeing of its ratepayers.

Yours sincerely

Ngaire Rae
Health Promotion Manager
Manaia Health PHO

www.discoverwhangareiheads.nz

RECEIVED
23 JUN 2017
WHANGAREI DISTRICT COUNCIL

**To the Whangarei District Council**

**20 June 2017**

**To whom it may concern**

**Please find attached our submission to the WDC in regard to the proposed rates structure review.**

**Kind regards**

***Susanne Olsen***

**Chairperson**

***"Discover Whangarei Heads Tourism Group Inc."***

www.discoverwhangareiheads.nz

www.discoverwhangareiheads.nz

**SUBMISSION TO WDC FROM DISCOVER WHANGAREI HEADS TOURISM GROUP INC**

**RE PROPOSED RATES STRUCTURE REVIEW.**

**Background**

The Whangarei Heads peninsula has become notable for its high biodiversity values and is recognised nationally as an area of special natural and conservation features.( Brook 1966, Northland Conservation Strategy (DOC 1999), Biodiversity Values at Whangarei Heads ,Wildlife Consultants 2002). It contains one of only five Kiwi sanctuaries in New Zealand and the conservation programmes established by the Whangarei Heads Landcare Forum have become the benchmark for community conservation nationally. The Whangarei Heads Backyard Kiwi recovery programme is regarded as the most successful on mainland New Zealand.

The Bream Heads conservation Trust have also achieved and been recognised for a number of key conservation initiatives and have spearheaded DOC/community management initiatives. Recognising the high conservations values of the peninsula the Northern Regional Council introduced a targeted rate on 2016 supporting kiwi recovery and weed control initiatives. The coastline from Tutukaka to Whangarei Heads is recognised internationally as an outstanding coastal area (National Geographic 2010 and Lonely Planet). Proposed changes to the district plan also recognise the special natural and conservation features of the Northland coastal area with the proposed introduction of Outstanding Coastal Landscape zoning. This is to increase protection and preserve special landscapes.

**Discover Whangarei Tourism Group Inc. (DWH)**

DWH was formed in 2010 as a visitor industry related community group. Its objectives are to increase awareness of the Whangarei heads area as a visitor destination and to advocate for a number of community initiatives. The group in its 7 year history has a high record of achievement including; establishing the Whangarei Heads Arts Trail event, working with WDC to establish the Whangarei Heads Tourist Drive and from this with Northland Inc to establish one of the first By Ways for the revitalised Twin Coast discovery route. The Twin Coast Discovery being an action in the Northland Action Plan part of the Governments Regional Development Policy – The branding is 'Where Giants Gather', developing the Whangarei Heads Walks Brochure visitor map and local signage, establishing the DWH visitor information web site, supporting the establishment of the wild Kiwi event, setting up a CCTV camera network on Whangarei heads etc.

Whangarei Heads has become a key visitor destination for visitors to the Whangarei District and to Northland. It has become known as Whangarei's "jewel" with visitors attracted to the spectacular landscapes and high natural and conservation values. The area supports over 30 visitor related businesses who are members of DWH.

**The value of conservation and the rating threat**

In an increasingly crowded world areas of outstanding natural features and high conservation values are becoming increasingly sought after and are accordingly highly valued. Globally there is a strong correlation between increasing land values and rates of land development. The linking factor is rates or land tax. As the land values and the resultant rating increase, this naturally results in increased development and the subdivision of land in to smaller parcels unless special measures are taken to preserve conservation values.

The essence of this DWH submission is that WDC in its proposed Rating Structure Review must ensure that the rates structure adopted does result in the destruction over time of key areas with natural and conservation values within the Whangarei District. In particular:

1. Rating models must enhance and encourage the preservation of areas with high natural values. Any rating changes must work in conjunction with the proposed District Plan zoning with regard to identified high natural amenity areas and ensuring that rating structures do not threaten these areas.
2. The current rating model classifies Residential, Lifestyle, Rural, and Commercial classifications with Residential and Lifestyle rated at the same rate. Lifestyle properties may have high natural and conservation values and be largely undeveloped but are treated as for a residential property. Rural land may have the same physical attributes as lifestyle but the presence of economically farmed animals puts it in a different (and lower) rating class. This is a clear anomaly in the current system. E.g.. the land with the higher conservation amenity is rated higher than Rural. A new sector of rate needs to be introduced that recognises lifestyle blocks that have a high outstanding natural landscape and features within the Whangarei District plan.
3. The current rating system only recognises land subject to bush covenant as having high conservation values and is accordingly zero rated. Any proposed system must recognise land which has high natural and conservation values but which is not currently covenanted. A system of recognising such land should be introduced. The proposed district plan zonings may provide a framework for this. Incentive must be provided for protection of Outstanding landscape in the Rate Structure.

The essence of the DWH submission is that any proposed rating structure must ensure that they do not endanger areas of special significance and work to protect and enhance such areas. The Whangarei Heads peninsula is an area where the rates burden on landowners is a major threat to the outstanding character of the area and the proposed rating review should address the threat.

For the Discover Whangarei Heads Tourism Group Inc.

Shaune Olsen

S Olsen (chairperson) 20 June 2017

www.discoverwhangareiheads.nz

discoverwhangareiheads@gmail.com

## Lisa Aubrey

**From:** Kumari Johnstone
**Sent:** Tuesday, July 18, 2017 11:03 AM
**To:** Lisa Aubrey
**Subject:** FW: Tait Street, Kamo - valuation roll 0071385601
**Attachments:** [Untitled].pdf

**Follow Up Flag:** Follow up
**Flag Status:** Flagged

**Hi Lisa**

**Kathy V has asked me to forward this to you as a submission to "Rates Review".**

**Regards**

**Kumari Johnstone**
**Customer Services Representative- Contact Centre | Whangarei District Council**
Private Bag 9023 | Whangarei 0148 | www.wdc.govt.nz
**Phone: 09 430 4200 | E: kumari.johnstone@wdc.govt.nz**

WHANGAREI: LOVE IT HERE!


**From:** Gregory Simon [mailto:greg@gregorysimonlaw.com]
**Sent:** Monday, 17 July 2017 7:35 PM
**To:** Mail Room <mailroom@wdc.govt.nz>
**Cc:** Sandi Dunn (SDunn@softsource.co.nz) <SDunn@softsource.co.nz>
**Subject:** Tait Street, Kamo - valuation roll 0071385601

I have been asked by the owners of this property, which is essentially only a right to mine for coal and fireclay and is comprised in computer freehold registers NA844/146 and NA133C/172 (a copy of which is attached), to write to you to ask for a policy to be created for the property, which have little or no value, as part of the rates review currently underway so the property is remitted from paying rates.

I have looked into the possibility of having LINZ cancel the titles but they will not do this where the ownership of the fee simple titles excluding the mines and minerals and the fee simple titles including the mines and minerals are in different ownership, which they are with the subdivision which has taken place. I have also asked Council if they are interested in taking a transfer of the property for $1 but it isn't.

Could you please consider a rates remission for the property. The owners have no use for the property and are deriving no benefit from the obligation to pay the costs, including rates, of owning it

Regards.

**Gregory Simon**
Barrister & Solicitor
T +64 9 360 9485
M +64 0275 555 390
F +64 9 360 9487
www.gregorysimonlaw.com
88 Jervois Road, Herne Bay, Auckland 1011
PO Box 46-288, Herne Bay, Auckland 1147

# COMPUTER FREEHOLD REGISTER
# UNDER LAND TRANSFER ACT 1952

## Search Copy

R.W. Muir
Registrar-General
of Land

| | |
|---|---|
| **Identifier** | **NA844/146** |
| **Land Registration District** | **North Auckland** |
| **Date Issued** | 08 November 1945 |

**Prior References**
NA8/260

| | |
|---|---|
| **Estate** | Fee Simple - Coal and Fireclay |
| **Area** | 1.7980 hectares more or less |
| **Legal Description** | Lot 1-4, 6-7 Deposited Plan 32993 and Part Allotment 2 Parish of Whangarei |

**Proprietors**
Karen A'Clair Tait, Sandra Myrl Dunn and Robert Blyth Tait as Executors

**Interests**

# COMPUTER FREEHOLD REGISTER
# UNDER LAND TRANSFER ACT 1952
**Limited as to Parcels**

**Search Copy**

REGISTRAR-GENERAL OF LAND NEW ZEALAND

R.W. Muir
Registrar-General
of Land

| | |
|---|---|
| **Identifier** | **NA133C/172** |
| **Land Registration District** | **North Auckland** |
| **Date Issued** | 23 August 2000 |

**Prior References**
NA776/300

| | |
|---|---|
| **Estate** | Fee Simple - Minerals Only |
| **Area** | 1.7065 hectares more or less |
| **Legal Description** | Lot 1-9 and Lot 22-31 Deposited Plan 69096 |

**Proprietors**
Karen A'Clair Tait, Sandra Myrl Dunn and Robert Blyth Tait as Executors

**Interests**

## Lisa Aubrey

**From:** Stu Smith <stu.smith@bridgingfinance.co.nz>
**Sent:** Monday, July 24, 2017 11:13 AM
**To:** Mail Room
**Subject:** Rates Structure Review

I understand that a Rates Structure Review is in progress and that a series of public meetings have been held.

I was unable to attend any of these meetings as I do not live in the district.

I have been the owner of a forest block for the past 20 years.

My district council portion of my rates bill includes a levy based on land value, a uniform annual charge and a district wide refuse management charge. I am a willing payer of the first two charges.

In my view refuse production and management has a direct connection to people. My view is that the refuse management charge should be levied only where there exists a habitable building on rateable property.

The current council policy of charging a refuse charge on unoccupied land is inequitable.

Regards – Stu Smith

bridging finance group | stu.smith@bridgingfinance.co.nz | the norfolk mortgage trust | stu.smith@norfolktrust.co.nz | rural property finance I 021 800 228

Think before you print – good planets are hard to find

## Lisa Aubrey

| | |
|---|---|
| **From:** | Lynley Goodhue |
| **Sent:** | Tuesday, August 8, 2017 3:11 PM |
| **To:** | Lisa Aubrey |
| **Subject:** | FW: Property ID 4975 Val. Roll 0034020203-27 Waetford Rd Matapouri Bay R.D. 3 WHANGAREI |
| **Follow Up Flag:** | Follow up |
| **Flag Status:** | Flagged |

Can you please include his comments in rate review submissions

Thanks
Lynely

**From:** Lynley Goodhue
**Sent:** Tuesday, 8 August 2017 3:10 PM
**To:** 'laurie.wooding@xtra.co.nz' <laurie.wooding@xtra.co.nz>
**Subject:** RE: Property ID 4975 Val. Roll 0034020203-27 Waetford Rd Matapouri Bay R.D. 3 WHANGAREI

Good afternoon Mr Wooding

Thank you for your email regarding your property at Waetford Road. Currently council is undertaking a rating review and I have forwarded a copy of your email to be included in public submissions. I have reviewed the rates levied and can confirm that these are all in line with current council policies.

Are you aware that central government provides rating relief to low income households in the form of a rate rebate. Information on this rebate can be found on the Department of Internal Affairs website.
https://www.dia.govt.nz/Services-Rates-Rebate-Scheme-Index
If you feel that you may qualify please call our contact centre and they will arrange an appointment as council assists in completing the application form.

In regards to your footpath I have sent your concerns to the relevant department and they should be in touch shortly.

If you have any queries please do not hesitate to call

Regards
Lynley

**Lynley Goodhue**
**Rates Administrator | Whangarei District Council**
Private Bag 9023 | Whangarei 0148 | www.wdc.govt.nz
**P: 09 430 4230 ext 8754 | DDI: 09 470 3064 | E: lynley.goodhue@wdc.govt.nz**

**WHANGAREI: LOVE IT HERE!**

**From:** Laurie Wooding [mailto:laurie.wooding@xtra.co.nz]
**Sent:** Wednesday, 26 July 2017 4:24 PM
**To:** Mail Room
**Subject:** FW: Property ID 4975 Val. Roll 0034020203-27 Waetford Rd Matapouri Bay R.D. 3 WHANGAREI

Dear Sir/Madam

We are in receipt of the rates demand for the next year and challenge the value being claimed as exorbitant for what the W.D.C. do for us permanent residence on the coast and also for my wife and me being pensioners with our sole income being the pension fund, it is very hard for us to meet this cost. We pay as Northland Trustee (2010) Ltd. 50% share of the rates which equates to $ 2564.68 if we pay
By 21-08-17.

The general residential value based on the land value needs to be addressed to be more realistic to be fair. Consider the fact that we are not on the public sewerage system, have our own water supply and pay for refuse disposal. We feel like we are subsidizing the overall council rates and being highly penalized for living on the coast which to us is not acceptable.

We would be pleased if you could consider a better rate or discount due to the circumstances explained. Also we attach a photo of the public concrete footpath crossing to the reserve area next door that has been broken up for the past 20 yrs. Plus with no repairs ever being carried out since was originally laid back in 1970. I have witnessed many people tripping and falling on to the loose metal over the years with some skinning their hands as a result of broken and stepped concrete path. Perhaps this could be repaired before next summer.

Looking forward to your response.

Regards
L. & M. Wooding
RESIDENCE

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**From:** laurie.wooding [mailto:laurie.wooding@xtra.co.nz]
**Sent:** Wednesday, 26 July 2017 11:08 AM
**To:** Laurie and Michele Wooding
**Subject:**

Sent from my Samsung Galaxy smartphone.

## Hope Puriri

**From:** Mail Room
**Sent:** Tuesday, 22 August 2017 3:43 PM
**To:** Lisa Aubrey
**Subject:** FW: Rating Review

**Follow Up Flag:** Follow up
**Flag Status:** Flagged

Hi Lisa,
I've been advised by Lynley that the email below is to be forwarded to you from Mailroom.
Would this be correct?

Kind regards

**Bethnee Sirett**
**Business Records Officer** | **Whangarei District Council**
Private Bag 9023 | Whangarei 0148 | www.wdc.govt.nz
**Extn: 8717 | DDI: 09 945 4317**
**E: bethnee.sirett@wdc.govt.nz**
WHANGAREI: LOVE IT HERE!

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**From:** Stuart Gray [mailto:s.gray@xtra.co.nz]
**Sent:** Tuesday, 22 August 2017 10:00 AM
**To:** Mail Room <mailroom@wdc.govt.nz>
**Subject:** Rating Review

Hi there,
My feedback on rates

1. The council should charge residential rates based on land PLUS improved value as per current QV's.
2. This should increase overall revenue & avoid a lot of complicated targeting.
3. The same rules should apply to commercial rates – those costs will obviously be higher than a residential equivalent.
4. Have you compared the average or median rate charged against the average or median property value within Whangarei; And then compared this percentage with other cities in NZ. This exercise could also be done by suburb. Data is everything and data helps towards good decision making.

I pay rates on 5 properties in Whangarei & am keen to see a lot more development in the province – hence my interest.
Kind regards

Stuart Gray
Mob: 027 524 0522
e-mail s.gray@xtra.co.nz

# Schedule 2
## Matters that may be used to define categories of rateable land

ss 14, 17

1 The use to which the land is put.

2 The activities that are permitted, controlled, or discretionary for the area in which the land is situated, and the rules to which the land is subject under an operative district plan or regional plan under the Resource Management Act 1991.

3 The activities that are proposed to be permitted, controlled, or discretionary activities, and the proposed rules for the area in which the land is situated under a proposed district plan or proposed regional plan under the Resource Management Act 1991, but only if—

(a) no submissions in opposition have been made under clause 6 of Schedule 1 of that Act on those proposed activities or rules, and the time for making submissions has expired; or

(b) all submissions in opposition, and any appeals, have been determined, withdrawn, or dismissed.

4 The area of land within each rating unit.

5 The provision or availability to the land of a service provided by, or on behalf of, the local authority.

6 Where the land is situated.

7 The annual value of the land.

8 The capital value of the land.

9 The land value of the land.

# Schedule 3
## Factors that may be used in calculating liability for targeted rates

s 18

1 The annual value of the rating unit.

2 The capital value of the rating unit.

3 The land value of the rating unit.

4 The value of improvements to the rating unit.

5 The area of land within the rating unit.

6 The area of land within the rating unit that is sealed, paved, or built on.

7 The number of separately used or inhabited parts of the rating unit.

8 The extent of provision of any service to the rating unit by the local authority, including any limits or conditions that apply to the provision of the service.

9 The number or nature of connections from the land within each rating unit to any local authority reticulation system.

10 The area of land within the rating unit that is protected by any amenity or facility that is provided by the local authority.

11 The area of floor space of buildings within the rating unit.

12 The number of water closets and urinals within the rating unit.

**Notes:**

1 For the purposes of clauses 1 to 5, 8, and 10, **rating unit** includes part of a rating unit.

2 For the purposes of clause 4, **value of improvements** is the value calculated in accordance with the following formula:

$$c - l$$

where—

c is the capital value of the rating unit

l is the land value of the rating unit.

3 For the purposes of clause 8, the extent of provision of a service to the land must be measured objectively and be able to be verified.

4 For the purposes of clause 12, a rating unit used primarily as a residence for 1 household must not be treated as having more than 1 water closet or urinal.

**Summary of Rating of Rating Structure ( Funding Impact Statements for G9 Councils) and Auckland, Christchurch, Wellington and Hamilton**

| Council | General Rate | Targeted Rates |
|---|---|---|
| Tauranga (16/17 Annual Plan) | General Rate based on CV. Not differentiated. 0.00174038. Funds broad range of Council activities.<br><br>UAGC is to be assessed close to 30% of total rates revenue to ensure every ratepayer contributes a base level of rates irrespective of property value or services used.<br><br>UAGC set at $704.35. | **Targeted Rates**<br>• Economic Development<br>o *based on CV on all 'commercial' category properties within the city boundary*.<br><br>• Main Street Rates<br>o Tauranga Mainstreet<br>o Mount MainStreet<br>o Greerton Mainstreet<br>o Papamoa Mainstreet<br>o Mainstreet for the purposes of providing costs of Promotion of business within the Mainstreet area. Each individual Mainstreet organization Board/Committee recommend the total revenue sought. Rate are set differential using CV on each area.<br>• Special Services Rates<br>o The Lakes<br>o Coast Papamoa<br>o Excelsa<br>o Special services rate is for the purposes of provided costs of: additional levels of service provided in relation to maintenance and renewal of street gardens, paths, trees, lighting and pond maintenance. Rate is a fixed rate per rating unit (different for each area)<br>• Wastewater<br>• Water<br>o Water (metred)<br>o Water (base charge)<br>o Water Unmetered) |

| Council | General Rate | Targeted Rates |
|---|---|---|
| | | • Sewage<br>o $342.35 per water closet or urinal on every connected rating unit within the city boundary.  One household  treated as having not more than one water closet.<br>o $171.17 per SUIP which is serviceable within the city boundary (capable but not connected |
| Rotorua (16/17 Annual Plan) | Set on CV with differentials (Base, rural residential (less than 5ha) 0.955 and Business 1.72).<br><br>UAGC set on Rating Units.<br>(excluding GST) $509.50 per RU | Targeted Rates<br>• Lake enhancement<br>• Business and economic development<br>• Lakes community board<br>• Refuse collection (differentials based on collection frequency, also have a 'serviceable' fee where service is available but ratepayer has nominated in writing not to receive delivery of council rubbish bags)<br>• Rates for water supply<br>• Sewage disposal<br>• Urban sewage development<br>• Connection to sewage schemes<br>• Water<br>o Charges different based on service area.<br>o M3 rates for metred water ranges from .2941 to .9528.<br>o Fixed charges also vary<br>• Sewage<br>o 396.09 for 1 to 4 toilets).<br>o Differentials applied to (5-10 toilets) and 11 or more.<br>• Serviceable fee also in place.<br>• Separate Targeted rates for:<br>o Urban Sewerage development<br>o Connection to sewage schemes<br>o Targeted rates for capital cost of sewage |
| Gisborne (16/17 Annual Plan) | UAGC collects $12.8M in revenue.<br>UAGC applied per SUIP. | There are 30 targeted rates with varying differentials applied. |

| Council | General Rate | Targeted Rates |
| --- | --- | --- |
| | General Rate based on CV but only collects $3.6M in revenue (funds river control, storm water, treasury and economic development and strategic planning) | |
| Hastings (16/17 Annual Plan) | Land Value based rate, set differentially based on location of land and the use to which land is put. There are two rating groups:<br>• Rating area One (residential, factor 1, other property types (7) are adjusted against base)<br>• Rating area Two (lifestyle/horticulture and farming are used as base of factor 1 and other property types (3) adjusted against the base)<br><br>UAGC is $232 per SUIP | There are 27 targeted rates<br><br>Some targeted rates are set based on the rating areas (and differentials). There is a further "general' type rate that is a fixed amount |
| Napier (Annual Plan 16/17) | General rate is a LV based rate (69% from residential and 31% non-residential, including UAGC)<br><br>UAGC set to ensure the fixed rates (UAGC and targeted) are about 20% of total rates.<br><br>Applied per SUIP | There are 10 Targeted Rates, some with differentials<br><br>Complicated differential categories (including City residential properties where parking dispensation is a major factor) |
| New Plymouth (17/18 Annual Plan) | | Targeted Rates<br>• Targeted Roading Rates ($100 fixed per SUIP) |

<table>
<tr><th>Council</th><th>General Rate</th><th>Targeted Rates</th></tr>
<tr><td></td><td>General rate based on land value, four sector splits being: commercial/industrial, residential, small holdings and farmland (rate in dollar for small holdings and farm lands is similar). Farm land has differential factor of .55 to residential (small holdings .50)<br><br>UAGC set on SUIPSs. $322 per SUIP in 17/18.</td><td><ul><li>Targeted Service Charge Rates<ul><li>Water Supply (non metred and metered</li><li>Metred water is 1.08 per m3</li><li>Sewage treatment and disposal</li><li>Refuse collection and disposal</li><li>Swimming pool compliance</li></ul></li></ul>Voluntary targeted rate – New Plymouth Home Energy Scheme</td></tr>
<tr><td>Whanganui (16/17 Annual Plan)</td><td>UAGC is set at 800 per SUIP (including GST) Amount collected is $17.4 million.<br><br>General Rate is based on Land Value. High number of differentials within Commercial, residential and farming categories $14.7M to be collected.</td><td>There are 17 targeted rates<ul><li>Roading and Footpath Rate</li><li>set on CV. Differentials applied to residential, Farming and Commercial.</li><li>Earthquake strengthening and building replacement rate</li><li>Debt retirement rate (storm water)</li><li>CBD services rate</li><li>Separate works rate (roading)</li><li>Three targeted rates (storm water, storm water separation loans, storm damage)<ul><li>CV rate of .1654 cents for connected rating units and 0.827 cents for non-connected but serviceable (within 30 metres (</li></ul></li><li>Water supply rates (multiple)</li><li>Wastewater rates (four)<ul><li>including a trades waste rate, City waste water is $351.55 per SUIP for residential and $351.55 per SIP for nonresidential and $175.77 per non-residential multi pan</li></ul></li></ul></td></tr>
<tr><td>Palmerston North (16/17 Annual Plan)</td><td>General rate based on LV with 8 residential differentials and 7 rural and commercial differentials.</td><td>Targeted rates set per SUIP.<ul><li>Water Supply</li></ul></td></tr>
</table>

| Council | General Rate | Targeted Rates |
|---|---|---|
| | UAGC is $610 per RU.<br><br><br>Targeted rates are applied to SUIPS | • Wastewater disposal<br>  o $246 per SUIP or $123 where serviceable<br>  o Additional charge per pan of $246 for nonresidential rating units where no of pans exceeds three<br>• Kerbisde recycling $137 per SUP<br>• Rubbish and public recycling $52 per Part<br>• Warm Palmerston North voluntary rate.<br>• Water<br>  o Connection fee of $268 per part of $134 where serviceable.<br>  o Metred water set at $1.127 per m3 |

Other Councils

| Council | General Rate | Targeted Rates |
|---|---|---|
| 1. Wellington (16/17 Annual Plan) | General Rate set on CV. Base Sector/Commercial sector differential of 2.8 on the commercial sector (includes utility networks).<br>There is no UAGC. | • Targeted storm water<br>  o rate to be apportioned 77.5% to non-rural rating units in Base differential and 22.5% to non-rural rating units in Commercial and industrial differential.<br>• Water<br>  o Targeted water rate 60:40 split between properties in base differential and commercial, industrial and business.<br>  o For commercial properties, either<br>    ▪ Unit rate per cubic metre of water plus fixed amount pa for administration<br>    Or<br>    ▪ A rate per dollar of CV on all RU connected to public water without a water meter installed.<br>• Targeted Sewage rates<br>  o Sewage rates are apportioned 60:40 between properties incorporated under the base differential and commercial. |

| Council | General Rate | Targeted Rates |
| --- | --- | --- |
| | | <ul><li>For RU in the Commercial, industrial and Business differential - A rate in dollar of CV set on all rating nits connected to public sewage drain to collect 40% required rates funding (after deducting amount to be collected through trade waste charges).</li><li>For the base differential, a Fixed amount per annual for administration plus a rate per dollar of CV on all RU connected to public sewage to collect 60% of the required funding</li></ul>• Targeted rate on base sector<ul><li>set as rate per dollar of CV.</li><li>To fund activities where R&F identifies that the benefit can be attributed to properties in base differential, incorporates following a number of defined activities e.g. community services, halls, share of water network, share of storm water management)</li></ul> |
| 2. Auckland | UAGC of $404 including GST per SUIP.<br>CV general rate with following differentials:<br>• Urban business<br>• Urban residential<br>• Rural business<br>• Rural residential<br>• Farm and lifestyle<br>• No road access<br>• Uninhabitable islands<br>Note, hotels, motels, serviced apartments, boarding houses and hostels will be rated as businesses except where land is used exclusively for residential purposes (proof of long term stays of at least 90 days) | • Interim transport levy (differentiated fixed amount per SUIP)<br>• Waste Mgmt. targeted rate (base service is $101.63) per SUIP<br>• Accommodation provider targeted rate (CV rate based on zone A or B and tier 1 or 2)<br>• City Centre targeted rate (differential by business and residential land applied to land in the city Centre area. Rate in dollar of CV for business land and fixed rate of $59.41 for residential land.<br>• Business improvement district targeted rate (each BIS can decide to have a fixed rate of up to $250 per RU and the remaining budget requirement to be funded from value based rate)<br>• Swimming pool targeted rate<br>• Riverhaven drive targeted rate<br>• Glorit Flood gate restoration targeted rate<br>• Waitakere rural sewerage targeted rate |

| Council | General Rate | Targeted Rates |
|---|---|---|
| | | • Retro fit your home targeted rate<br>• Kumeu Huapei Riverhead wastewater targeted rate<br>• Point wells wastewater targeted rate |
| 3. Christchurch | Set on CV and UAGC.<br><br>Differential categories<br>Standard (1)<br>Business (1.66)<br>Remote Rural (.750)<br><br>UAGC is $117.56 per SUIP including GST<br><br>UAGC per SUIP (based on reasonable amount to charge)<br><br>UAGC modifies the impact of rating on a city-wide basis ensuring all rating units are charged a fixed amount to recognize the costs associated with each property which are uniformly consumed by the inhabitants of the community<br><br>Objective of differentials is to collect more from identified business properties and less from remote rural properties than if the rates were un-differentiated<br><br>Funds all activities except to the extent thy are funded by targeted rates and by other sources of funding. | • Fires Service Connection<br>• Land drainage (cents per dollar of CV) within service area<br>• Waste minimization full charge assessed on every SUIP (excludes RU who do not receive the service such as vacant land, RU on which a UAGC is not made), CBD properties)<br>  o RU outside kerbiside collection area charged 75% of the full change.<br>• Active travel targeted rate (cycleways projects) set as uniform charge of $20 on every SUIP in the district.<br>• Sewage<br>  o Charged as a cent per dollar of CV within serviced area $68 million<br>• Water<br>  o Water supply set on cents in dollar of CV<br>  o Half charge is serviceable (within 100 metres) but not connected.<br>  o Restricted water supply uniform rate (charged on every RU receiving 1000 litres of water per 24-hour period)<br>  o Water supply fire connection rate<br>  o Excess water supply targeted rate (three or more household residential units, boarding houses, motels, rest homes) |
| 4. Hamilton | General rate | Targeted Rates: |

<table>
<tr><th>Council</th><th>General Rate</th><th>Targeted Rates</th></tr>
<tr><td></td><td>Based on capital value, set differentially to achieve following sector splits<br>Residential 65%<br>Commercial 27%<br>BID commercial 6.92%<br>Rural 1%<br><br>There is no UAGC.<br><br>Total revenue sought (16/17) is 32.458 M including GST.<br><br>Transitional rate set on LV is for $129.706 M (there are 7 rating categories/differentials)<br><br>Funds VERY broad spectrum of activities including sewage collection, sewage treatment and disposal, waste minimization, refuse collection<br><br>Objective of including differentials on the general rate is to achieve a fair and equitable distribution of the general rate taking into account all factors council believes are relevant.<br><br>Rating base:<br>RU – 57,016<br>Land Value $14.133<br>Capital value $32,140</td><td>• Transitional<br>Access Hamilton: (uniform rate on CV for all properties in City) to collect $5.750M for transport network activity.<br>• Business Improvement District:<br>o (per SUIP fixed rate of $230 and CV rate per dollar to meet total revenue of $322K, used to fund economic development)<br>• Hamilton Gardens:<br>o (fixed rate per SUP within Hamilton at 11.50 to develop Hamilton Gardens, total collected $707,250)<br>• Service category water<br>• (fixed amount $430 per SUIP and rate in dollar on LV to achieve revenue of $118,399)<br>• Services category sewerage:<br>• (set on all properties defined as a services category connected to sewage, rate is fixed amount of $421 per SUIP and rate in dollar of LV to collect $956,604)<br>• Services category refuse<br>o (set on all properties defined as a services category provided with refuse collection set at $149 per SUIP and rate in dollar of LV to collect $46,220).<br>• Water<br>o There is a Water Supply Bylaw 2013<br>• Metred water<br>• Commercial and rural - non-metred<br>• water</td></tr>
</table>

# Rates Structure Review

## General Rates Modelling

### Council Briefing – 19th September 2017

# Purpose of this Briefing

- Review and discuss feedback received
- Outline process for modelling options
- Understand the properties in  each sector
- Align Rating approach with Revenue & Financing Policy
- Discuss potential options for the **General Rate, including UAGC and SUIPs / Rating Units**
- Identify areas for further analysis

# Agenda

- ❑ Refresh of the process so far
- ❑ Reminder of process going forward
- ❑ Summary of feedback from the pre-engagement meetings
- ❑ Overview of General Rates
- ❑ Rating and Funding Decisions Linked to Revenue and Finance Policy (R&F Presentation)
- ❑ **Analyzing Options and looking at Modelling**
- ❑ Productivity Commission Urban Planning report – General Rate recommendations
- ❑ Next Steps

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# Scope of Review

The review includes all elements of rating, including:

- General Rates (including the use of Land Value vs. Capital Value)
- Rating Categories
- Sector Splits
- UAGC (and SUIP’svs. Rating Units)
- The use and definition of SUIP’s

**Focus of this workshop**

- Stepped Residential Rates
- Remissions to address outliers from proposed modelling
- Targeted Rates
- Remission & Postponement Policies

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# Assessing the feedback and working through the modelling – what can Council actually change?

- **Change the definition of a SUIP**
- **Remove, increase or decrease the UAGC**
- **Set the UAGC on rating units instead of SUIPs**
- **Use targeted rates in place of a general rate**
- **Reduce/increase the funding sought from general rates (and introduce one or a number of targeted rates**
- **Rate on Capital value instead of Land value**
- Change the sector splits (reduce or increase number of sectors and change % of revenue sought from each sector (effectively changing differentials)
- Introduce more remissions to address outliers or inequities
- Remove existing remissions

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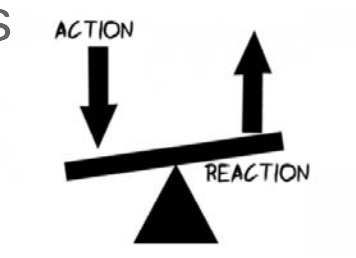
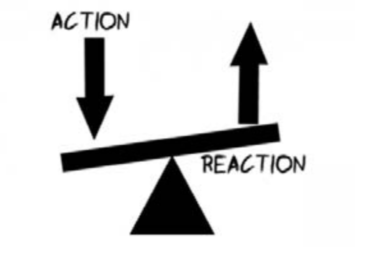
# Understanding the modelling – the approach used

- Understanding the modelling results can be complex
- In this presentation we will walk through the results step by step to understand the implications of changes modelled
- The covering agenda document provides tables setting out the LV and CV percentiles (25,50,75,90) and averages for each sector (these help to interpret the impact of change)
- In the covering agenda document we have also provided tables for each sector that show the **number of properties** (and cumulative %) that fall within a range of values
- This will be explained as we look at the models



# Understanding the modelling – the approach used

- Where possible we have only modelled one change at a time
- Sector splits have not been changed (unless stated)
- Residential property stepped rates have not changed (50% reduction for properties value between $66K8 and $1.336M, and 25% reduction for value over 1.336M)
- The modelled prepared so far are summarised on the next slide
- Further modelling and detail can be prepared and provided

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# Modelling Scenarios prepared (covered later in workshop)

| LAND VALUE with UAGC on: | |
|---|---|
| **SUIPs** | **Rating Units** |
| $220 (50%) | $479 - Same UAGC revenue |
| Nil | $240 (50%) |

| CAPITAL VALUE with UAGC on: | |
|---|---|
| **SUIPs** | **Rating Units** |
| $440.5 | $479 |
| $220.24 (50%) | $479 + Utilities 1% of Gen Rate |
| Nil | |

| Land Value General Rate | Capital Value Targeted Rate | UAGC |
|---|---|---|
| $30m | Transport $14m | Rating Unit $479 |
| $40m | Transport $14m | Rating Unit $239 |

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# Reminder - Factors we must consider when formulating rating policy

| | | |
|---|---|---|
| Equity | Affordability | Simplicity |
| Visibility | Stability | Adequacy |
| Comparability | Efficiency | Statutory Compliance |

# Pre-engagement – Summary of feedback from meetings

## Common sentiments:

- Commercial Ratepayers - rating per SUIP (based on current definition) not considered fair
- Indicative preference for LV based rating to be retained (although some demand for CV rating)
- Do not over complicate the system
- Are lifestyle property/rural categories fair?
- Mix of views on UAGC – ranging from increasing to reducing or removing it
- *Are there any others that Councilors have noted from the feedback and want to raise or highlight?*

- Refer to Workshop paper Appendix One for detailed summary

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# Pre-engagement – Summary of written feedback


| Submitter | Relief Sought |
|---|---|
| Private Ratepayer (x3) | • Retain Land value based General Rating<br>• Retain stepped rates<br>• Retain UAGC |
| Private Ratepayer (x2) | • Capital valuing rating to be introduced<br>• A range of rating options should be explored |
| Royal New Zealand Air Force | • Rating remission for RNAF Whenuapai Welfare Fund owned properties (4 unit accommodation in Ngunguru) |
| Private Ratepayer and trustee Maori Freehold Land | • Council to show imagination to address inequitable valuation system<br>• Council to be more imaginative in billing and invoice individual families in Whanau and Trusts |

Refer to Workshop paper Appendix Two for detailed summary and supporting submissions

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# Pre-engagement – Summary of written feedback

| Submitter | Relief Sought |
|---|---|
| ECCA Senior Advisor, NDHB Public Health Strategist and Mania Health PHO Health Promotion Manager | • Council to include voluntary targeted rate to promote the installation of insulation retrofits and clean heating devices in Whangarei homes |
| Federated Farmers | • Retain Land value based General Rating<br>• Increase remissions for less formal conservation initiatives<br>• Have UAGC set as close to 30% fixed rate cap as possible |
| Discover Whangarei Heads Tourism Group Inc | • New sector introduced so lifestyle blocks that have high natural landscape and features (District Plan) are not rated higher than rural properties<br>• Rating models developed to enhance and encourage preservation (but not formally covenanted) of areas with high natural values as determined by the District Plan. |

# Pre-engagement – Summary of written feedback

| Submitter | Relief Sought |
|---|---|
| Gregory Simon - Barrister and Solicitor – as agent | • Council to provide rates remission on clients property where they own the mining rights (Tait Street, Kamo).<br>• LINZ will not cancel the titles as the fee simple titles excluding the mines are in different ownership to the fee simple title of the mines |
| Private ratepayer (owner of forestry block) | • For council to not charge the refuse management rate on unoccupied or vacant land. |
| Private Ratepayer (Matapouri) | • Owners are pensioners<br>• General LV based rate needs to be addressed to be more realistic and fair ($179K LV).<br>• Council to consider a better rate or discount due to circumstances |

# Key themes arising from pre-engagement written feedback

## General Rates

| Rating Structure | Sentiment of feedback |
|---|---|
| LV Versus CV for the General based rate | Mixed views |
| UAGC retained current levels or increasing it to allowable cap *(uniform fixed charges not to exceed 30% total rates)* or reducing to nil (UAGC considered regressive rate) | Mixed views |
| Removing UAGC and setting a UAGC on SUIPs or RU (SUIPs big impact on commercial ratepayers) | Mixed views |
| Requests for remissions or new General Rate category for less formal conservation initiatives(compared with QEII) , including Outstanding Landscape (District Plan environments) | Request from Discover Whangarei Heads Tourism Group |

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# Key themes arising from pre-engagement written feedback

- **Targeted Rates** *(to be covered at next workshop)*

| Rating Structure | Sentiment of feedback |
|---|---|
| Request to introduce voluntary targeted rate to promote the installation of insulation retrofits and clean heating devices in Whangarei homes | Request from ECCA, NDHB and Mania Health |
| Address equity of refuse charge levied on vacant land<br>• pro's and cons of SUIPs V RU<br>• Option of charging for additional bins (administratively difficult) | Raised by a number of submitters |
| Sewage Rates –set on number of Pans (current basis) for commercial properties may not reflect output/usage | |

# Key themes arising from pre-engagement written feedback

- **Targeted Rates** *(to be covered at next workshop)*

| Rating Structure | Sentiment of feedback |
|---|---|
| Special Services Rates<br>• Targeted rates to provide additional levels of service at the Community Request (based on specific area of benefit) | Noted from councilor discussions (not from feedback) |
| 'Main street' rates<br>• Targeted rates for economic development or 'main street' upgrades and maintenance (eg, CBD, Kamo Village, Onerahi etc<br>• Alternatively, introduce a BID | Noted from other council rates (not from feedback) |
| Any others? | |

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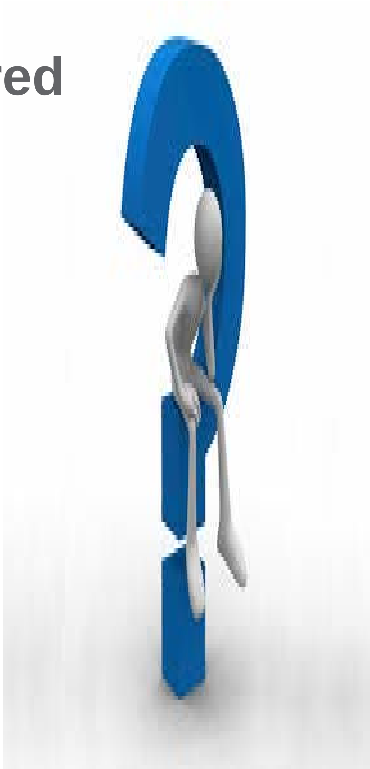
# It is useful to reflect on what are we trying to achieve with the rates review...

- Does council have a view on ability to pay, compared to willingness to pay and do we adjust our rates to consider this?
- Does council think we should use rating differentials/sector splits (in what circumstances) and why?
- Is there a desire to use rates to drive a change (e.g economic growth, other examples)?
- Does Council want to use different rating tools to fund different activities (increase targeted rates) – what is the driver or rationale?



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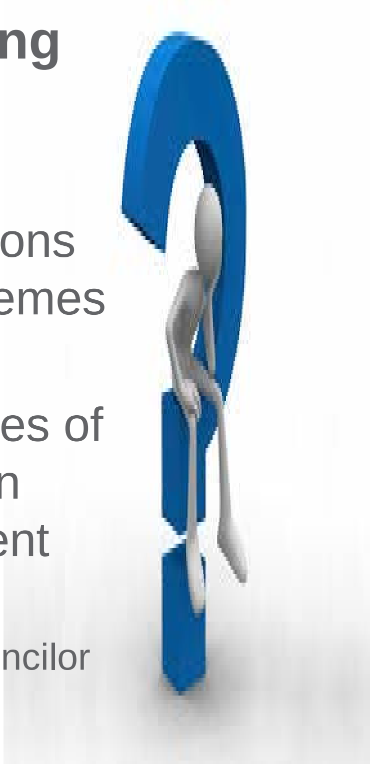
# It is useful to reflect on what are we trying to achieve with the rates review...

– **Is there any desire to implement targeted rates reflecting area of benefit or should council continue to levy predominately district wide rates?**

- To date Council has tended to use district wide rates (exceptions are special roading schemes,  some community sewage schemes and Pataua Boat ramp and beach restoration rate,)
- If Council changed to area of benefit rates does it create issues of fairness or equity (historic services or infrastructure funded on district wide basis) and could it create an unintended precedent effect:
  - Area of benefit rates can result in jam jar accounting and segmented councilor and ratepayer focus
  - Require high levels of administration
  - Can make some infrastructure (or minimum standards) unaffordable for some communities



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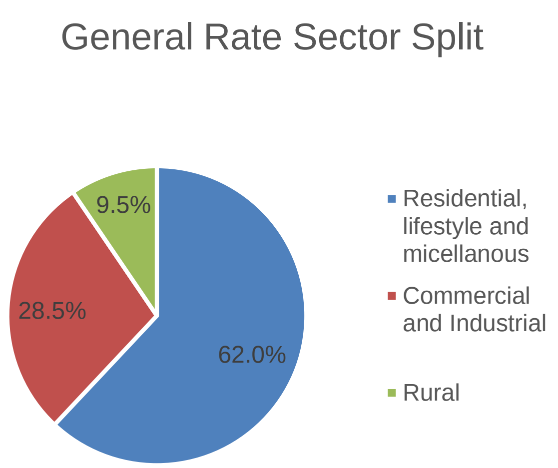
# Recap – Rating and Funding Decisions to consider

- **Review and consider current sector splits compared with the LV and CV of these sectors**
- **A General Rate can be substituted with one or more targeted rates**
- **It is useful to recap on the categories of rateable land that can be used to set targeted rates**
  - Or set remissions (Discover Whangarei Heads Tourism Group and Federated Farmer submission) re less formal conservation initiatives

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# Recap – Rating and Funding Decisions to consider

- As part of the R&F presentation council will review *Council Activities* currently funded from a general rate and consider the appropriateness of general rate funding versus targeted rate funding


**Before we handover to the R&F presentation there are a few background issues to keep in mind...**

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# Matters that may be used to define categories of rateable land (schd 2, LGRA)

The matters that may be used to define categories of rateable land (when setting targeted and general rates):

- Rates can be set on:
  - **The use to which land is put**
  - **The activities that are permitted, controlled, or discretionary for the area of land defined in an operative district plan or regional plan *(see next slide)***
  - **Activities in proposed to be permitted in a district plan (special circumstances)**
  - **Area of land within each rating unit**
  - **Provision or availability to the land of a service provided by a Local Authority**

– **These schedules are appended to the covering agenda**

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# District Plan - Environments

- One option that could be considered is the district plan environments:

| District Plan Environments | |
|---|---|
| Living 1, 2 and 3 | Marsden Point Port |
| Coastal Countryside | Airport |
| Countryside | Open Space |
| Business 1 | Marsden Primary Centre |
| Business 2 | Urban Transition |
| Business 3 | Kamo Walkability |
| Town Basin | Ruakaka Equine |

# District Plan Landscapes

| District Plan Landscapes |
| --- |
| Outstanding Landscape Areas |
| Outstanding Natural Features |
| Notable Landscape Areas |


- *After reviewing current council activities, staff are of the view General Rates should not be set based on the district plan environments or landscapes (but they may be appropriate for targeted rates).*

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# Matters that may be used to define categories of rateable land (schd 2, LGRA)

- Continued…..Rates can be set on:
  - **Where the land is situated**
  - **Annual value of the land**
  - **Capital value of the land**
  - **Land value of the land**

# Factors that may be used in calculating liability for targeted rates (S 3, LGRA)

1. Annual value of the rating unit
2. Capital value of the rating unit
3. Land value of the rating unit
4. The value of improvements to the rating unit
5. The area of land within the rating unit
6. The area of land within the rating unit that is sealed, paved, or built on.
7. The number of separately used or inhabited parts of the rating unit
8. The extent of provisions of any service to the rating unit by the local authority, including any limits or conditions that apply to the provision of the service.
9. The number or nature of connections from the land within each rating unit to any local authority reticulation system.
10. The area of land within the rating unit that is protected by any amenity or facility that is provided by the local authority.
11. The area of floor space of buildings within the rating unit.
12. The number of water closets and urinals within the rating unit.

# Refer to Revenue and Financing Policy Presentation

# Council Rates 18/19 Annual Plan

| Rate Type | Rates (excluding GST) per FIS* | FIS Rates % |
|---|---|---|
| General Rates (less remissions) | $55,064,346 | 59% |
| Roading (schemes) | $33,500 | - |
| Hikurangi Swamp | $1,042,497 | 1% |
| Water | $14,241,428 | 15% |
| Refuse (fixed charge) | $6,466,401 | 7% |
| Wastewater | $17,070,297 | |
| Other (net rates penalty, bad debts and early payment discount) | | |
| Internal Rates (Council Properties | | |
| **Total Rates** | **$93,918,468** | **100%** |

* 17/18 Annual Plan (page 89)
Note, the Statement of Comprehensive income excludes internal council rates and includes rate penalties revenue, discounts and bad debt expenses


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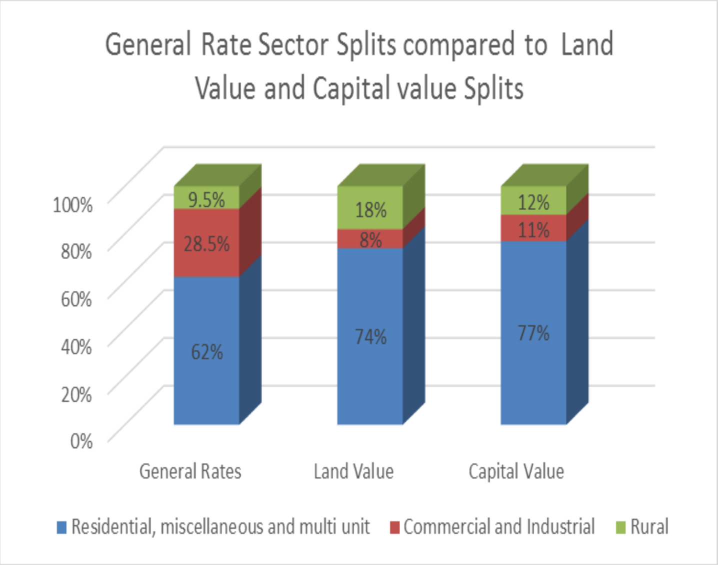
# General Rates – Sector Splits

In reviewing the rating structure, we need to consider if the sector splits are fair, there are two key factors to consider:

- Does a sector derive a greater benefit or impose a greater cost on Council Activities and Services
- The number of ratable properties in each sector and comparative share of Land and Capital Value in each sector *(these variables impact on the incidence of rates paid by each property*)

| Category | Count of Properties | % Count of Properties | % of Land Value | % of Capital Value | % of General Rates (current split) |
|---|---|---|---|---|---|
| Residential, miscellaneous and multi unit | 37,245 | 91% | 74% | 77% | 62.00% |
| Commercial and Industrial | 1,942 | 5% | 8% | 11% | 28.50% |
| Rural | 1,886 | 5% | 18% | 12% | 9.50% |

For the modelling we have retained the current sector splits and we will review this again later

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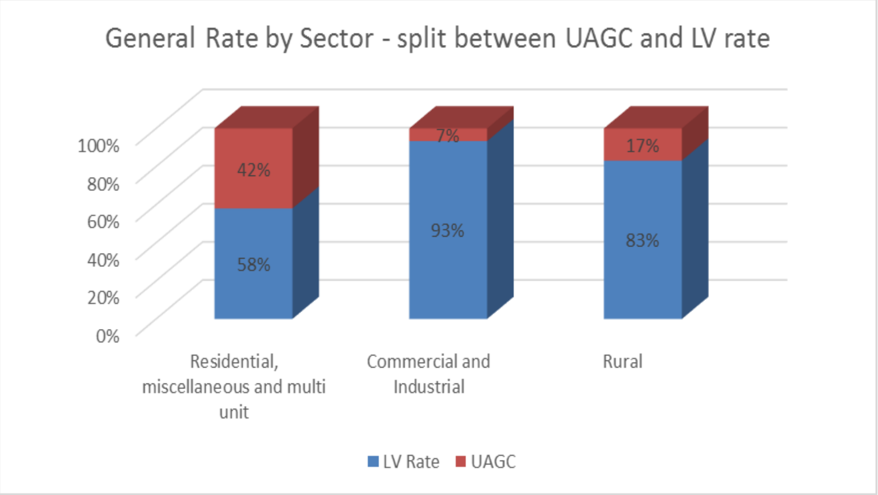
# Sector Splits – considerations

- Sector Splits are a form of rating differential
- The sector splits were originally created to insulate against rate increases resulting from valuation swings impacting on a particular sector
  - **This may be a useful tool to have available in the future**
- The sectors could be retained, but Council may elect to have the effective differential (LV based rate) set at the same level as another sector
- Reducing or removing the UAGC (which will be shown later) has a significant impact on value based rates

# General Rates – 17/18 Value based and UAGC by sector

- The level of revenue generated by the UAGC varies considerably between sectors:
  - UAGC is set at $440.50 levied on each SUIP
  - UAGC revenue collected from theResidential sector is 42% of the General Rate
  - UAGC revenue collected from the Commercial and Industrial sector is 7% of the General Rate
  - UAGC revenue collected from the Rural sector is 17%




| Category | Residential, miscellaneous and multi unit | Commercial and Industrial | Rural | Total (including GST) |
|---|---|---|---|---|
| Value based Rates (LV) | 22,939,444 | 16,781,762 | 4,853,236 | 44,574,442 |
| UAGC | 16,634,064 | 1,196,839 | 984,958 | 18,815,861 |
| Total | 39,573,508 | 17,978,601 | 5,838,194 | **63,390,303** |
| % of General Rates (by Sector) | 62.00% | 28.50% | 9.50% | |

A reduction in the level of the UAGC will have the greatest impact on the value based rate for the **Residential sector**

# How do other councils set General Rates?

| Observations | Council example |
|---|---|
| General Rate versus not having a General Rate | • There are two councils who do not set a General Rate |
| Use of SUIPs vs. Rating Units | • Rotorua sets is UAGC on Rating Units |
| Levying a Uniform Annual General Charge and the level of this charge | • Tauranga set UAGC close to 30% total rates revenue<br>• Whanganui UAGC is $800 per SUIP<br>• Wellington and Hamilton do not levy a UAGC<br>• Auckland UAGC is $404 including GST |

Refer to agenda attachment: Summary of Rating Structures used by G9 and other Councils

# Understanding sector property values

## Residential/lifestyle/miscellaneous Sector

- 37,245 number of properties, total LV: 7,070,127,560, CV: 14,555,479,819

| Residential | Average value | Max Land value | 25th Percentile | 50th Percentile / Median | 75th Percentile | 90th Percentile |
|---|---|---|---|---|---|---|
| Land Value | $189,828 | $4,800,000 | $104,000 | $142,000 | $210,000 | $337,000 |
| Capital Value | $390,804 | $24,300,000 | $240,000 | $330,000 | $462,000 | $650,000 |
| 17/18 total rates levied | $1,635 | $137,865 | $1,388 | $1,635 | $1,782 | $2,100 |
| Sample properties (LV) | 8 Elsie Way, Kamo<br>25 Ewing Road<br>14 Mains Avenue<br>10 Grey Street | Allis Bloy Place (WDC property)<br>Next two highest $4.76M/$3.856 M | 54 Ridgeway Drive<br>43 Station Road | 44 Three Mile Bush Road<br>34 Beach Road<br>64 graham Road<br>75 Crawford Cres | 8 Mountfield Road,<br>453 Matarau Road<br>16 Clapham Road | 896 Taiharuru<br>63 Rapata Road, Hikurangi |
| Sample properties (CV) | 179 Old Parua Bay Road<br>3 Highland Way | 97 Western Hills Drive (Kensington Park) | 67 Hilltop ave<br>23 Old Onerhai Road | 8 High Street<br>439 Maunu Road<br>10 Beverley Cres | 4 Cambridge Street<br>37 Carr Street | 126 Manganese Point road<br>15 Ewen Street |

# Understanding sector property values

## Residential/lifestyle/miscellaneous Sector - 37,245 properties

| Land Value Range (Start) | Land Value Range (end) | Relevance of Range selection | No of Properties | Cumulative % |
|---|---|---|---|---|
| $-0.01 | $104,000 | *25th Percentile* | 9,323 | 25% |
| $104,001 | $142,000 | *Medium/50th Percentile* | 9,320 | 50% |
| $142001 | $175,000 | *Reduced UAGC would decrease rates* | 5,533 | 65% |
| $175,001 | $189,828 | *Reduced UAGC would increase rates* | 1,327 | 68% |
| $189,829 | $210,000 | *75th Percentile* | 2,501 | 75% |
| $210,001 | $337,000 | *90th Percentile* | 5,518 | 90% |
| $337,001 | $650,000 | | 2,936 | 98% |
| $650,001 | $900,000 | | 421 | 99% |
| $900,001 | $1,200,000 | | 185 | 100% |
| $1,200,001 | $2,000,000 | | 139 | 100% |
| $2,000,001 | $3,000,000 | | 36 | 100% |
| $3,000,001 | $4,800,000 | | 6 | 100% |
| | | | **37,245** | **100%** |

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# Understanding sector property values

## Commercial and Industrial

- 1,942 number of properties total LV: 789,251,400, CV: 1,993,069,225

| Commercial and Industrial | Average value | Max Land value | 25th Percentile | 50th Percentile / Median | 75th Percentile | 90th Percentile |
|---|---|---|---|---|---|---|
| **Land Value** | $406,412 | $44,900,000 | $107,000 | $175,000 | $375,000 | $740,000 |
| **Capital Value** | $1,026,297 | $248,628,000 | $195,000 | $399,000 | $810,000 | $1,720,000 |
| **17/18 total rates levied** | $10,667 | $1,001,926 | $3,398 | $5,336 | $10,342 | $19,934 |
| **Sample properties (LV)** | 57 Walton Street<br>54 Port Road<br>37 Marsden Bay Drive | NZ Refining Company<br>Next highest LV are Marsden maritime Holdings and Fontera | 124 Onerahi Road<br>Tangihua Road<br>7 Norfolk Street | Popkapu Road<br>Waiwarawara Drive<br>108 Dent Street | 6 Camerson Street<br>1 Rust Ave<br>10 Woods Road | 558 Marsden Point Road<br>2 Mill Road<br>50 Cameron Street |
| **Sample properties (CV)** | 35 Commerce Street<br>9 Ferilizer Road<br>66 Cameron Street | NZ Refining Company<br>Next highest CV values are Fontera and Fletcher Concrete | 71 Cameron Street | 35 Commerce Street<br>17 Hannah Street<br>47 Herekino Street | 48 Water Street<br>55 South End Ave<br>23 Te Waiiti Place | 2 Springs Flat Road |

# Understanding sector property values

## Commercial and Industrial 1,942 number of properties, total LV: 789,251,400, CV: 1,993,069,225

| Land Value Range (Start) | Land Value Range (end) | Relevance of Range selection | No of Properties | Cumulative % |
|---|---|---|---|---|
| $(0) | $107,000 | *25th Percentile* | 488 | 25% |
| $107,001 | $175,000 | *Medium/50th Percentile* | 485 | 50% |
| $175,001 | $375,000 | *75th Percentile* | 485 | 75% |
| $375,001 | $406,412 | *Average* | 34 | 77% |
| $406,413 | $740,000 | *90th Percentile* | 259 | 90% |
| $740,001 | $1,000,000 | | 63 | 93% |
| $1,000,001 | $2,500,000 | | 94 | 98% |
| $2,500,001 | $5,000,000 | | 24 | 99% |
| $5,000,001 | $10,000,000 | | 7 | 100% |
| $10,000,001 | $15,000,000 | | 1 | 100% |
| $15,000,001 | $20,000,000 | | 0 | 100% |
| $20,000,001 | $44,900,000 | | 2 | 100% |
| | | | **1942** | |

# Understanding sector property values

## Rural

- **1,886 number of properties, total LV: 1,674,088,370 CV: 2,325,938,720**

| Rural | Average value | Max Land value | 25th Percentile | 50th Percentile / Median | 75th Percentile | 90th Percentile |
|---|---|---|---|---|---|---|
| **Land Value** | $ 887,640 | $13,700,000 | $ 310,000 | $540,000 | $1,040,000 | $2,030,000 |
| **Capital Value** | $1,233,265 | $40,450,000 | $486,750 | $810,000 | $1,460,000 | $2,680,000 |
| **17/18 total rates levied** | $3,892 | $156,226 | $1,538 | $2,261 | $4,069 | $7,849 |
| **Sample properties (LV)** | Pipiwai Road<br>North Camp Road<br>Hewlett Road | 453 Mimiwhangata Road (DOC)<br>Next two highest land values are $13.2M and $9.35M | 372 Apotu Road<br>562 Taraunui Road<br>Coxhead Road | 67 Snagg Road<br>597 Mine Road<br>17 Mcleod Road | 1301 Kokopu Road<br>712 Mangakahia Road | 1050 Cove Road<br>321 Ngunguru Road<br>237 Waikiekie North Road |
| **Sample properties (CV)** | 316 Clements Road<br>1022 Maungakaramea Road<br>88 Peter Snell Road | 1948 Russell Road | 338 Brewer Road<br>Coxhead Road | 46 Main Road<br>116 newton Road<br>144 Attwood Road | 59 Totara Park Lane<br>465 Knight Road<br>48 Bedlington Street | South Road, Waipu<br>901 Whatitiri Road |

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# Understanding sector property values

**Rural: 1,886 number of properties, total LV: 1,674,088,370 CV: 2,325,938,7205**

| Land Value Range (Start) | Land Value Range (end) | Relevance of Range selection | No of Properties | Cumulative % |
|---|---|---|---|---|
| -0.01 | 310,000 | *25th Percentile* | 478 | 25% |
| 310,001 | 540,000 | *Medium/50th Percentile* | 477 | 51% |
| 540,001 | 887,640 | *Average* | 343 | 69% |
| 887,641 | 1,040,000 | *75th Percentile* | 118 | 75% |
| 1,040,001 | 2,030,000 | *90th Percentile* | 283 | 90% |
| 2,030,001 | 3,000,000 | | 122 | 97% |
| 3,000,001 | 4,500,000 | | 39 | 99% |
| 4,500,001 | 6,000,000 | | 12 | 99% |
| 6,000,001 | 8,500,000 | | 9 | 100% |
| 8,500,001 | 10,00,0000 | | 3 | 100% |
| 10,000,001 | 12,000,000 | | 0 | 100% |
| 12,000,001 | 13,700,000 | | 2 | 100% |
| | | | **1,886** | **100%** |

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# Understanding sector property values

## Utilities (what are they?)

| Utility Description | Capital Value | Land Value | Status |
|---|---|---|---|
| Telecom Network | $26,800,000 | $0 | Rateable include in Utility Sector for modelling |
| Clear Network | $1,290,000 | $0 | Rateable include in Utility Sector for modelling |
| Telecommunications) | $31,490,000 | $0 | Rateable include in Utility Sector for modelling |
| Transpower Network) | $9,250,000 | $0 | Rateable include in Utility Sector for modelling |
| Northpower Electricity Network | $105,280,000 | $0 | Rateable include in Utility Sector for modelling |
| NGC Gas Distribution Network | $12,910,000 | $0 | Rateable include in Utility Sector for modelling |
| NGC Gas Tramission Network | $20,310,000 | $0 | Rateable include in Utility Sector for modelling |
| NZ Post Network | $100,000 | $0 | Rateable include in Utility Sector for modelling |
| Oil Transmission Network | $5,980,000 | $0 | Rateable include in Utility Sector for modelling |
| Railway Land - Commercial Leases | $1,865,000 | $165,000 | Rateable – included in Commercial and Industrial Sector |
| Railway Land - Rural Leases | $3,430,000 | $1,960,000 | Rateable – included in the Rural Sector |
| Maungatapere Irrigation Network | $14,700,000 | $150,000 | Rateable – included in residential (miscellaneous) Sector |
| WDC Water Supply | $115,470,000 | $0 | WDC property (rateable) |
| WDC - Wastewater | $161,740,000 | $0 | WDC property (rateable) |
| WDC - Stormwater | $186,450,000 | $0 | WDC property (rateable) |
| Rail corridor not leased (non-rateable - NR19) | $22,275,000 | $10,275,000 | Non Rateable |
| | **$719,340,000** | **$12,550,000** | |

| Breakdown of values |
|---|
| • 33% ($233.405 million) of the CV Value is Rateable<br>  • *3% the ratable CV value has a LV (and is levied a general rate)* |
| 64% (463.66 million) of the CV value is WDC owned Utilities |
| 3% ($22.275 million) of the CV value is Rail corridor land and is non ratable |

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**The feedback received suggests Council should review the UAGC and/or the SUIP definition.**

**Would it be more equitable for our ratepayers if Council were:**

a) **To reduce/increase the UAGC, or**
b) **To charge one UAGC per Rating Unit (i.e. per property) rather than per each Separately Used or Inhabited Part (SUIP) of a rating unit, or**
c) **To change our SUIP definition**

# What feedback have we received with the current structure of rating a UAGC of $440.50 per SUIP?

Fact box:

- Based on the 2017/18 rate setting, if Council were to only rate on rating units this would affect 1534 properties across all sectors that were charged for charged more than one SUIP (3253 SUIPs)

Feedback:

- Charging per SUIP can be unfair
- Current remission polices are costly to administer and rely on honesty of ratepayers.
- UAGC can be considered regressive
- Reducing the UAGC or charging on Rating Units might be more equitable
- Change the SUIP definition

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# Should we change from our current structure of rating a UAGC of $440.50 per SUIP?

## Questions to consider:

| Questions | Considerations |
|---|---|
| **Should council simply change its definition of a SUIP or introduce more remissions?** | • This might be a good option<br>• It is difficult develop a definition will achieve the intended outcome for all ratepayers, there will always be outliers.<br>• We can introduce more remissions but this requires high administration and often relies on honesty of ratepayers rather than based on council held information |
| **Should council reduce or remove its UAGC?** | • We have modelled the impact of option<br>• It might be argued that every property should contribute a share towards the rates (funding council activities) irrespective of property value.<br>• To reduce the rates for one ratepayer results in increased rates for others. The impact is particularly significant for residential ratepayers (due to high number of assessments in the sector). It would be difficult to justify reducing the UAGC and retaining or increasing the stepped rates remission (they counterbalance) |
| **Should properties pay the UAGC per SUIP or per RU as 'their share' of total rates?** | • Many councils have taken this approach |

# What feedback have we received with the current structure of rating a UAGC of $440.50 per SUIP?

## Questions to consider:

| Questions | Considerations |
|---|---|
| **Is it fair to charge a UAGC? Particularly if we only rate on Land Value (which ignores the extent of improvements or intensity of use)?** | • It could be argued it is fair, or that charging a value based rate is fair.<br>• Council could introduce a targeted rate assessed on CV to fund council activities it considers might be linked to intensity of use or it considers it is simply fair to do so. |
| **Is it fair to charge SUIPS?** | • In many instances this is a fair system, especially when it is based on genuine additional use or occupation<br>• There are instances where the ownership structure (some flats and retirement villages) fairly meet the definition of a SUIP, where other similar properties have crossed leased titles that make them rating units.<br>• There are some anomalies, such as multi-tenanted commercial buildings and granny flats that are used by the family |

# What feedback have we received with the current structure of rating a UAGC of $440.50 per SUIP?

## Questions to consider:

| Questions | Considerations |
|---|---|
| • **Would the impact on farmers of reducing or removing the UAGC be unfair, given the value based rate on Land Values would increase and farms typically have higher land value?** | • The modelling will show that the impact on the rural sector of reducing or removing the UAGC or changing from SUIPS to RU is actually less than you may expect.<br>• This is because the share of UAGC revenue in the rural sector is reasonably small, because of the lower number of assessments<br>• Retaining the current sector splits helps offset the impact of change |
| • **What about the impact on Targeted Rates if we no longer rate on SUIPS?** | • We will consider this at a subsequent briefing.<br>• It may create some anomalies where currently flats or retirement villages that do not have a cross lease ownership pay per SUIP.<br>• There may be other mechanisms to ensure fair charges are able to be levied |

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# What feedback have we received with the current structure of rating a UAGC of $440.50 per SUIP?

## Questions to consider:

| Questions | Considerations |
|---|---|
| • **Is the impact on ALL commercial properties owners (and other ratepayers) fair if Council were to remove or reduce the UAGC?** | • Similar to rural properties, the impact on the value based rate is smaller than you may expect due to the lower number of assessments (share of UAGC revenue collected) in this sector<br>• The question needs to be asked, it is fair on all commercial properties to be charged per SUIP?<br>• Consider the fairness of Pak n Save for example paying 1 SUIP and a small multi-tenanted building paying multiple SUIP charges |

# Current Definition of a Separately Used or Inhabited Part:

A clearly identified part of a property (rating unit) that is **capable of separate use** or capable of being separately inhabited or occupied.

For a **commercial** rating unit this includes a building or part of a building that is, or is capable of being, **separately tenanted**, leased or subleased.

For a **residential** rating unit, this includes a building or part of a building which is used, or is capable of being used, as an **independent residence**. An independent residence means a self contained dwelling containing separate cooking and living facilities; separate entrance; and separate toilet and bathroom facilities.

Examples include:

- Each separate shop or business activity on a rating unit is a separate part.
- Each dwelling, flat, or additional rentable unit (attached or not attached) on a residential property which is let (or capable of being let) is a separate inhabitable part.
- Individually tenanted flats, including retirement units, apartments and town houses (attached or not attached) or multiple dwellings on Maori freehold land are separately inhabited parts.
- Each block of land for which a separate title has been issued, even if that land is vacant.

We will consider the **residential, lifestyle and miscellaneous** sector first

Most properties count as one rating unit e.g. a residential house on a residential section

- Some scenarios to consider for rating on SUIPs versus Rating Units:
    - Granny flats (treated as separate SUIP, unless remission policy applied)
    - Subdivision in its presale stage (currently only 1 SUIP is charged)
    - Flats (not on crossed leased title, which are a single rating unit) compared to residential apartments with separate titles (separate rating units)
    - Houses that have separately rented/tenanted spaces
    - Multi use properties (commercial/residential) are treated as SUIPS but are one Rating Unit
    - Motel/Hotel units are not deemed to have multiple SUIPS (they are one Rating Unit)
    - Retirement villages (if they do not have separate titles) such as Palms and Ranburn are rated as multiple SUIPS but would only be charged as one Rating Unit

Lets now consider the **rural** sector

Most farms count as one rating unit

- Some scenarios to consider for rating on SUIPs versus Rating Units:
  - Multiple homes (farm cottages etc)
  - 3 Farms consolidated into one title, but with 3 occupied dwellings (treated as 3 SUIPS)
  - Farms with multiple titles do not pay multiple SUIPS
  - Multi use Rural/commercial pay per SUIP
  - Vacant runoff blocks (non-contiguous) are able to apply for a remission to exclude a second SUIP charge

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Lets now consider the **commercial and industrial** sector

A number of commercial properties have more than one SUIP (see next slide)

- Some scenarios to consider for rating on SUIPs versus Rating Units:
  - Hotels (with liquor licence) is one SUIP
  - Commercial Buildings with multiple tenancies – charged multiple SUIPs
  - Commercial Buildings one multiple tenant is one SUIP irrespective of size or intensity
  - Commercial building with no defined walls (eg Orchard) but multiple tenancies exist (currently not treated as one SUIP)

# Understanding the feedback raised with the use of SUIPS – Commercial and industrial

Commercial SUIPS include:

- Buildings that are or are capable of being separately tenanted
- Hotels Unit are not treated as separate SUIPS (the Hotel is treated as Commercial for the LV Rate.
- Refer to the table (based on 1 June 2015) shows There were 373 ‘Multi-unit’ Commercial properties that had more than 1 SUIP.
- 356 (95%) had less than 6 additional SUIPs each, comprising 76% of the total additional SUIPs.
- **17 properties (5%) have 7 or more SUIPs. It is these ratepayers who are most affected by the application of SUIPs.**

| SUIP's - 1 plus | Number | Cumulative Number | | Total 'extra' SUIP's | Cumulative Number | |
|---|---|---|---|---|---|---|
| 1 | 207 | 207 | 55% | 207 | 207 | 26% |
| 2 | 86 | 293 | 79% | 172 | 379 | 47% |
| 3 | 35 | 328 | 88% | 105 | 484 | 60% |
| 4 | 15 | 343 | 92% | 60 | 544 | 67% |
| 5 | 6 | 349 | 94% | 30 | 574 | 71% |
| 6 | 7 | 356 | 95% | 42 | 616 | 76% |
| 7 | 3 | 359 | 96% | 21 | 637 | 79% |
| 8 | 2 | 361 | 97% | 16 | 653 | 81% |
| 9 | 4 | 365 | 98% | 36 | 689 | 85% |
| 10 | 1 | 366 | 98% | 10 | 699 | 87% |
| 12 | 2 | 368 | 99% | 24 | 723 | 90% |
| 14 | 1 | 369 | 99% | 14 | 737 | 91% |
| 15 | 1 | 370 | 99% | 15 | 752 | 93% |
| 17 | 1 | 371 | 99% | 17 | 769 | 95% |
| 18 | 1 | 372 | 100% | 18 | 787 | 98% |
| 19 | 1 | 373 | 100% | 19 | 806 | 100% |
| Grand Total | 373 | | | 806 | | |

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# Residential, lifestyle, miscellaneous sector

**The next slides will include analysis of the following modelled scenarios:**

UAGC per SUIP $220.24
(50% of current UAGC)

UAGC set at nil

UAGC set at $478.43 per RU (to total UAGC remains unchanged from 17/18 Rate strike

UACG set at 239.21 per RU (reducing the UAGC revenue by 50%)

# Analysing the impact of changing the UAGC – Residential, Lifestyle and Miscellaneous Sector (from SUIPS to RU)

| | 2017/18 Rate Strike - UAGC $440.50 | UAGC (SUIPS) $220.24 | UAGC $Nil | UAGC $478.43 (per RU) | UAGC $239.21 (per RU) |
|---|---|---|---|---|---|
| Rate in the $ | 0.0033396 | 0.00455109 | 0.005761369 | 0.0032722 | 0.00451651 |
| % Change in LV rate | | 36% | 73% | 2% | 35% |
| General Rate Revenue (LV) | $22,939,444 | $31,261,070 | $39,574,318 | $24,476,616 | 31,023,453 |
| UAGC Revenue | $16,634,064 | $8,316,835 | - | $17,096,914 | 8,548,658 |
| Total UAGC and General Rate - residential | **$39,573,508** | **$39,577,905** | **$39,574,318** | **$39,573,530** | **$39,572,201** |

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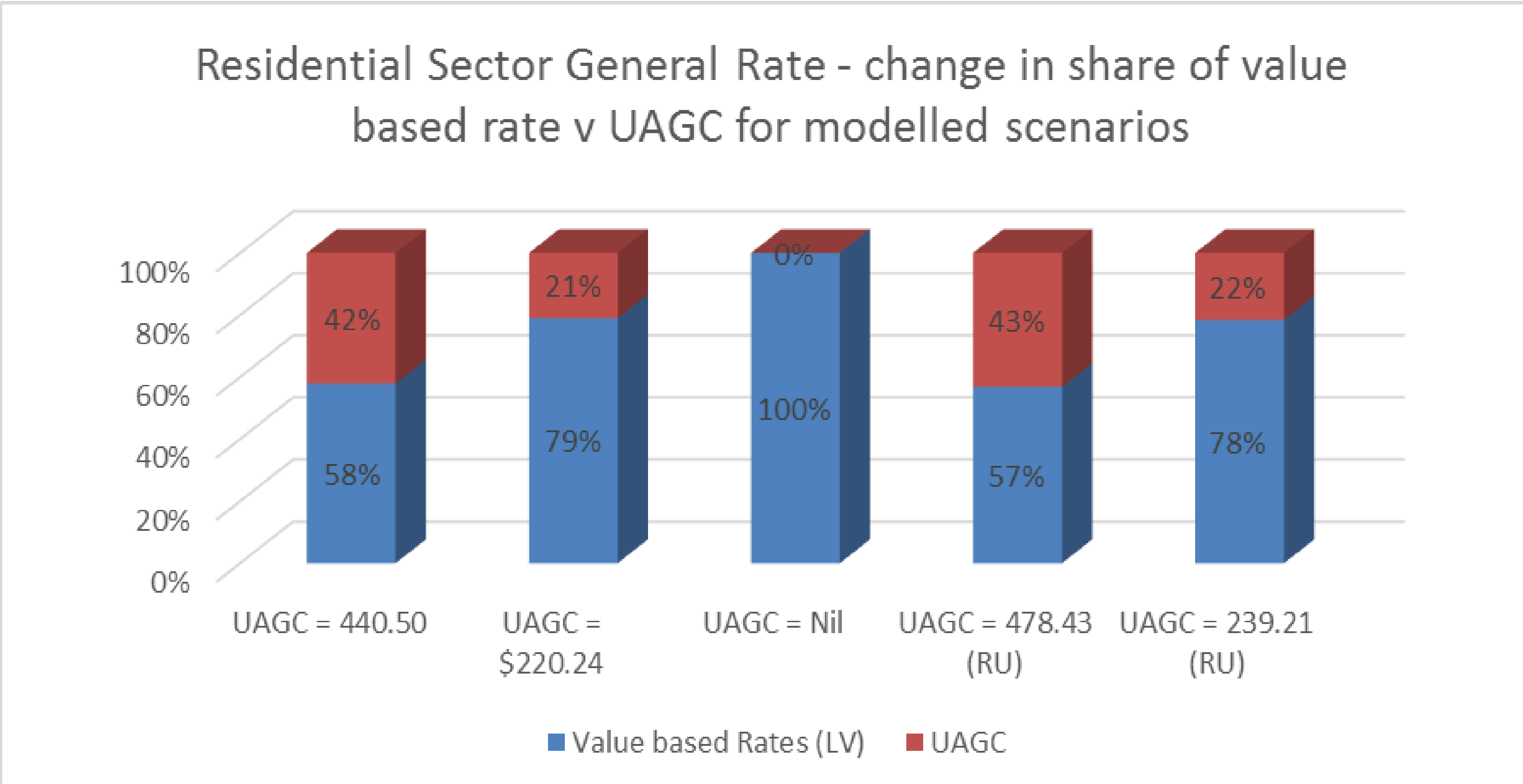
# Analysing the impact of changing the UAGC – Residential, lifestyle and miscellaneous Sector (from SUIPS to RU)

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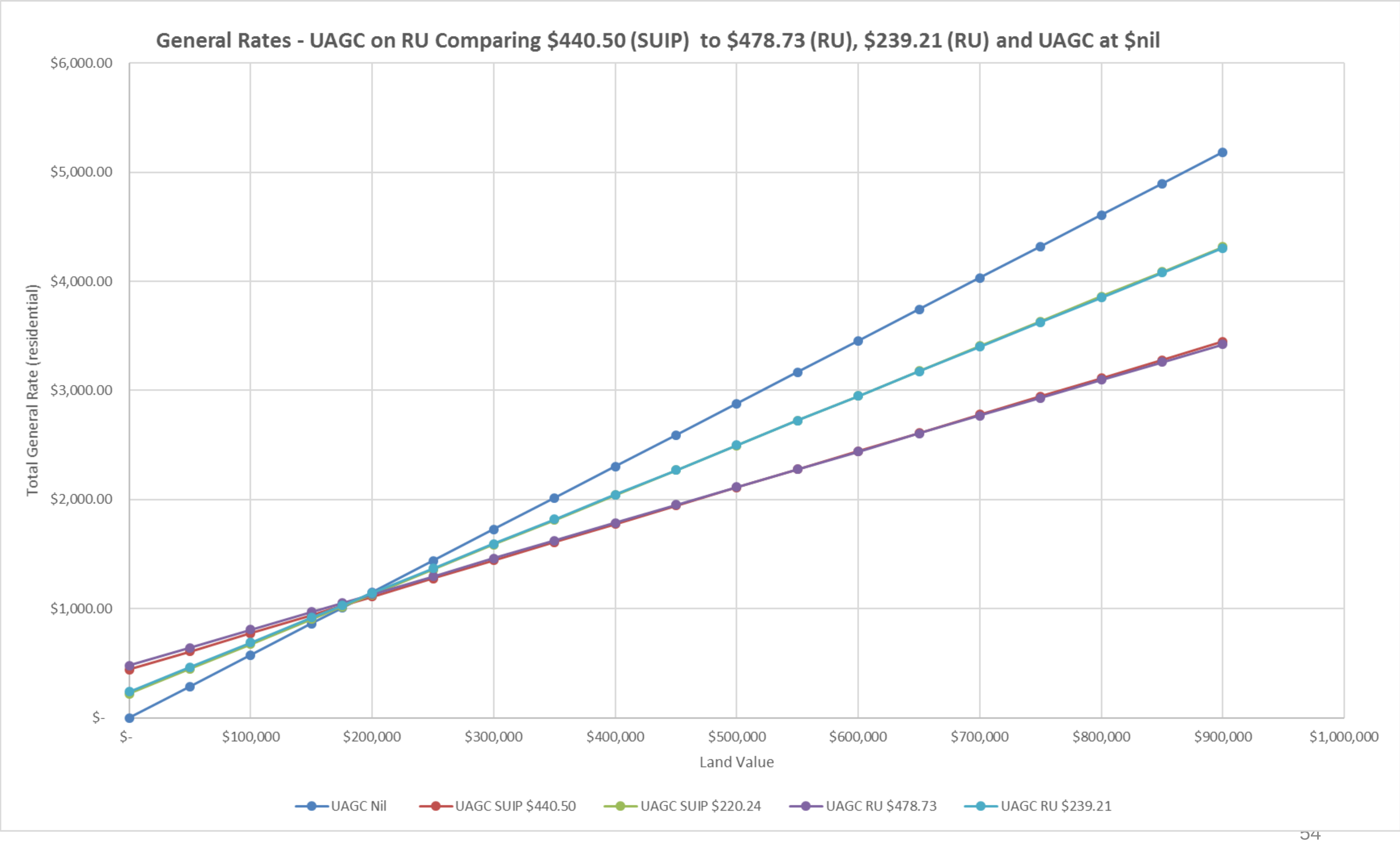
# Impact of changing the UAGC (and charging per RU) - Residential



# Impact of changing the UAGC – Residential

**(assumes 1 SUIP or RU per property)**

| | LV | UAGC (SUIP) $440.50 | UAGC(SUIP) $220.24 | UAGC (SUIP/RU) Nil | UAGC (RU) $478.73 | UAGC (RU) $239.21 |
|---|---|---|---|---|---|---|
| Gen Rate | **$175K** | $1025 | $1017 | $1008 | $1051 | $1030 |
| Gen Rate | **$200K** | $1109 | $1130 | $1152 | $1133 | $1143 |
| Gen Rate | **$400K** | $1,777 | $2041 | $2305 | $1787 | $2046 |
| Gen Rate | **$900K** | $3,447 | $4316 | $5185 | $3423 | $4304 |

- From land value $175K (being 24,176 properties or 65%) and below results in a reduced general rate in the residential sector if the UAGC is nil
- At land value $200K (approx. 75th percentile) gives a general rate range of $1,109 to $1,152
- At land value of $900K gives a general rate range of $3,423 to $5,185) *(ignoring stepped rates)*

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# Impact of changing the UAGC – Residential, lifestyle, miscellaneous

| Residential , Lifestyle, Micellanous | | | | | | | |
|---|---|---|---|---|---|---|---|
| | LV | CV | 2017-18 Actual | UAGC $220.24 (SUIPS) | UAGC $nil | UAGC $478.43 (RU) | UAGC $239.21 (RU) |
| LV/CV (25 Percentile) | $ 104,000 | $ 240,000 | | | | | |
| General rate | | | 347.4 | 473.3 | 599.2 | 340.3 | 469.7 |
| Uniform Annual General Charge | | | 440.5 | 220.24 | 0 | 478.43 | 239.21 |
| **Total** | | | **787.86** | **693.55** | **599.18** | **818.74** | **708.93** |
| Percentage Change against 2017-18 Actual | | | | **-12%** | **-24%** | **4%** | **-10%** |
| LV/CV (50 percentile/median) | $ 142,000 | $ 330,000 | | | | | |
| General rate | | | 474.3 | 646.3 | 818.1 | 464.7 | 641.3 |
| Uniform Annual General Charge | | | 440.5 | 220.24 | 0 | 478.43 | 239.21 |
| **Total** | | | **914.79** | **866.49** | **818.11** | **943.09** | **880.55** |
| Percentage Change against 2017-18 Actual | | | | **-5%** | **-11%** | **3%** | **-4%** |
| LV/CV (average) | $ 189,828 | $ 390,804 | | | | | |
| General rate | | | 634.0 | 863.9 | 1093.7 | 621.2 | 857.4 |
| Uniform Annual General Charge | | | 440.5 | 220.24 | 0 | 478.43 | 239.21 |
| **Total** | | | **1,074.53** | **1,084.16** | **1,093.67** | **1,099.59** | **1,096.57** |
| Percentage Change against 2017-18 Actual | | | | **1%** | **2%** | **2%** | **2%** |

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# Impact of changing the UAGC – Residential, lifestyle, miscellaneous

| | LV | CV | 2017-18 Actual | UAGC $220.24 | UAGC $nil | UAGC $478.43 (RU) | UAGC $239.21 (RU) |
|---|---|---|---|---|---|---|---|
| LV/CV (75 percentile/average) | $ 210,000 | $ 462,000 | | | | | |
| General rate | | | 701.4 | 955.7 | 1209.9 | 687.2 | 948.5 |
| Uniform Annual General Charge | | | 440.5 | 220.24 | 0 | 478.43 | 239.21 |
| **Total** | | | **1,141.91** | **1,175.97** | **1,209.89** | **1,165.60** | **1,187.68** |
| Percentage Change against 2017-18 Actual | | | | **3%** | **6%** | **2%** | **4%** |
| LV/CV (90 percentile/average) | $ 337,000 | $ 650,000 | | | | | |
| General rate | | | 1125.6 | 1533.7 | 1941.6 | 1102.7 | 1522.1 |
| Uniform Annual General Charge | | | 440.5 | 220.24 | 0 | 478.43 | 239.21 |
| **Total** | | | **1,566.09** | **1,753.96** | **1,941.58** | **1,581.17** | **1,761.27** |
| Percentage Change against 2017-18 Actual | | | | **12%** | **24%** | **1%** | **12%** |

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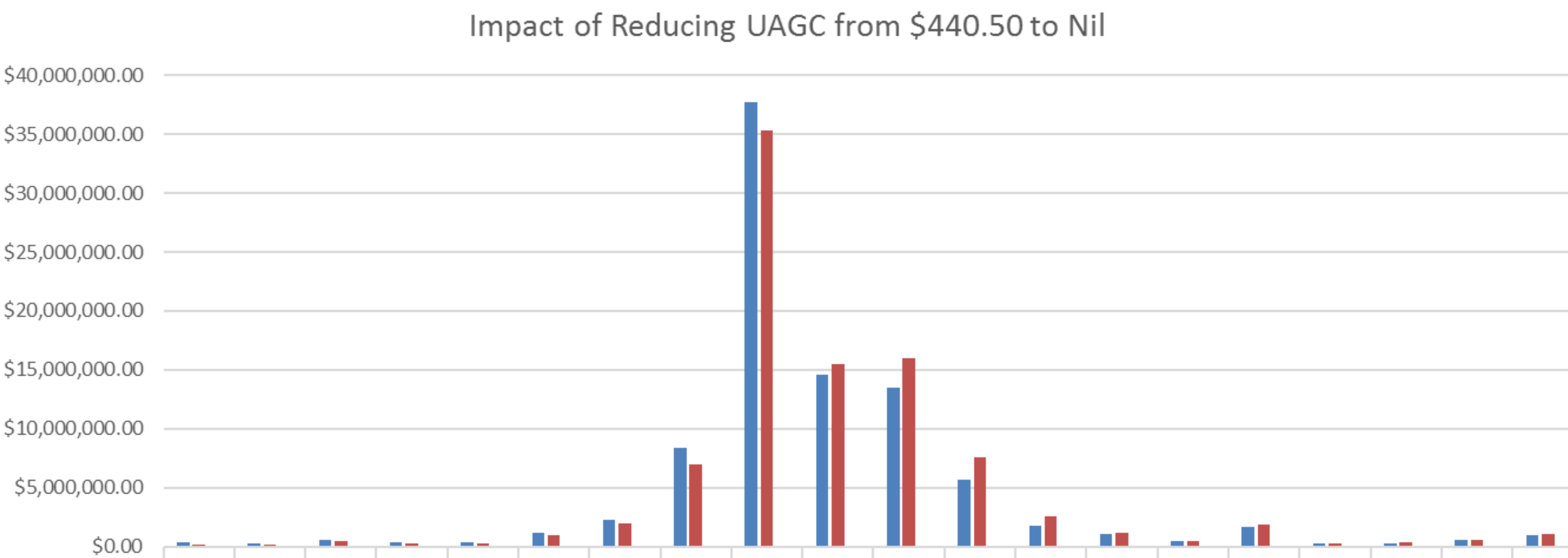
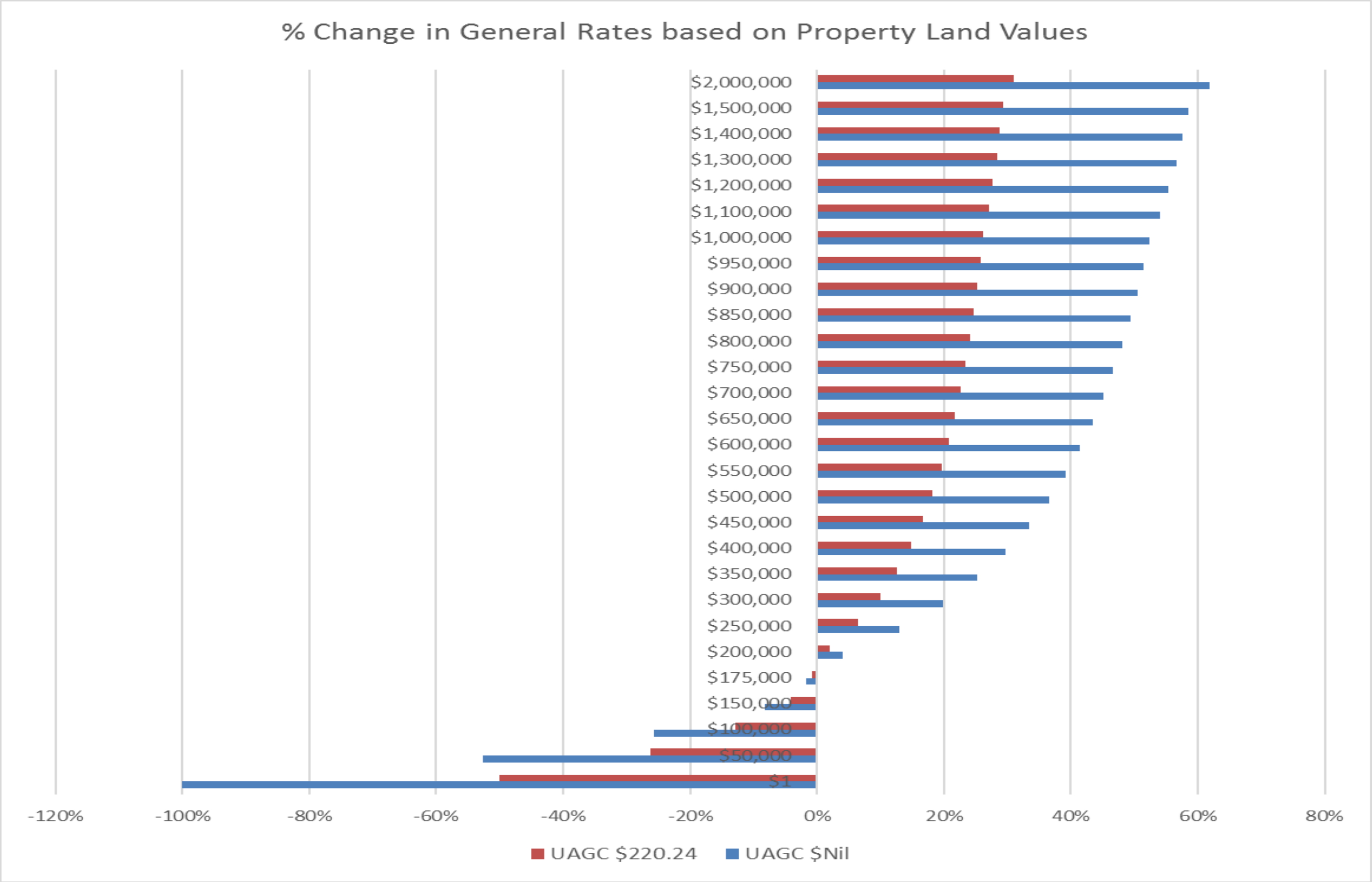
# Range of Impact on all Residential ratepayers – reducing UAGC to Nil




| | -75,000 -> -50,000 | -25,000 -> -10,000 | -10,000 -> -4,000 | -4,000 -> -3,000 | -3,000 -> -2,000 | -2,000 -> -1,000 | -1,000 -> -500 | -500 -> -250 | -250 -> 0 | 0 -> 250 | 250 -> 1,000 | 1,000 -> 2,000 | 2,000 -> 3,000 | 3,000 -> 4,000 | 4,000 -> 5,000 | 5,000 -> 10,000 | 10,000 -> 15,000 | 15,000 -> 25,000 | 25,000 -> 50,000 | 50,000 -> 75,000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Rates Original | $315,6 | $209,0 | $595,9 | $376,0 | $350,1 | $1,153 | $2,253 | $8,384 | $37,68 | $14,55 | $13,48 | $5,634 | $1,762 | $1,023 | $446,3 | $1,686 | $206,8 | $295,1 | $516,3 | $1,001 |
| Model Rates | $201,0 | $142,5 | $488,3 | $292,8 | $286,8 | $950,0 | $1,926 | $6,988 | $35,34 | $15,46 | $16,00 | $7,549 | $2,556 | $1,133 | $480,8 | $1,811 | $228,6 | $315,6 | $551,6 | $1,069 |
| Assessments | 2 | 6 | 23 | 24 | 26 | 153 | 503 | 4,660 | 29,18 | 7,927 | 4,652 | 1,068 | 139 | 22 | 8 | 20 | 2 | 1 | 1 | 1 |

# Impact of changing the UAGC - Residential

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# What is the impact for our Residential ratepayers if we reduce our UAGC or change from charging on a per SUIP basis to Rating Units?

**Who would pay less** ⟷ **Who would pay more**

| | 2017/18 Rate Strike - UAGC $440.50 | UAGC (SUIPS) $220.24 | UAGC $Nil | UAGC $478.43 (per RU) | UAGC $239.21 (per RU) |
|---|---|---|---|---|---|
| Residential Rate in the $ | 0.0033396 | 0.00455109 | 0.005761369 | 0.0032722 | 0.00451651 |
| % Change in LV rate for Residential | | 36% | 73% | 2% | 35% |

| Those who would pay less | Those who would pay more |
|---|---|
| Ratepayers who have properties with a Land Value <$175K *(this is 65% or 24,176 properties)* would pay less General rates - up to $440.50 | Ratepayers who have properties with a Land value >$175K *(45% or 13,069 properties)* would pay more general rates. |

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# What is the impact for our Residential ratepayers if we reduce our UAGC or change from charging on a per SUIP basis to Rating Units?

| Those who would pay less and the outliers | Those who would pay more and outliers | Considerations? |
|---|---|---|
| • Retirement Villages who do not have crossed leased titles<br>• Palms (149 SUIPS)<br>• Whangarei Falls (133 SUIPS)<br>• Stone Haven (36 SUIPS)<br>• Ngunguru retirement Trust (36 SUIPS)<br>• Flats not on crossed lease titles<br>• 10 Cooke Street has 16 one bedroom flats<br>• 12 Central Ave has 10 flats | Properties with a land value exceeding $175K | • Is there another way council can address this the inequity of LV not taking into account intensity of use?<br>Possible options include:<br>• Have separate rating category (for LV Rating) such as the existing multi unit category which charges the rate at 2* the residential rate (includes motels<br>• Bed and breakfast (currently treated as residential) |

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# Rural sector

**The next slides will include analysis of the following modelled scenarios:**

- UAGC per SUIP $220.24 (50% of current UAGC)
- UAGC set at nil
- UAGC set at $478.43 per RU (to total UAGC remains unchanged from 17/18 Rate strike
- UACG set at 239.21 per RU  (reducing the UAGC revenue by 50%)

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# Analysing the impact of changing the UAGC – Rural Sector (including from SUIPS to RU)

| | 2017/18 Rate Strike - UAGC $440.50 | UAGC (SUIPS) $220.24 | UAGC $Nil | UAGC $478.43 (per RU) | UAGC $239.21 (per RU) |
|---|---|---|---|---|---|
| Rate in the $ | 0.0029774 | 0.00327862 | 0.00358167 | 0.0030761 | 0.0033283 |
| % Change in LV rate | | 10% | 20% | 2% | 12% |
| General Rate Revenue (LV) | $4,853,236 | $5,344,232 | $5,838,211 | $5,014,119 | $5,425,211 |
| UAGC Revenue | $984,958 | $492,467 | | $825,763 | $412,881 |
| Total UAGC and General Rate - residential | **$5,838,194** | **$5,836,699** | **$5,838,211** | **$5,839,882** | **$5,838,092** |

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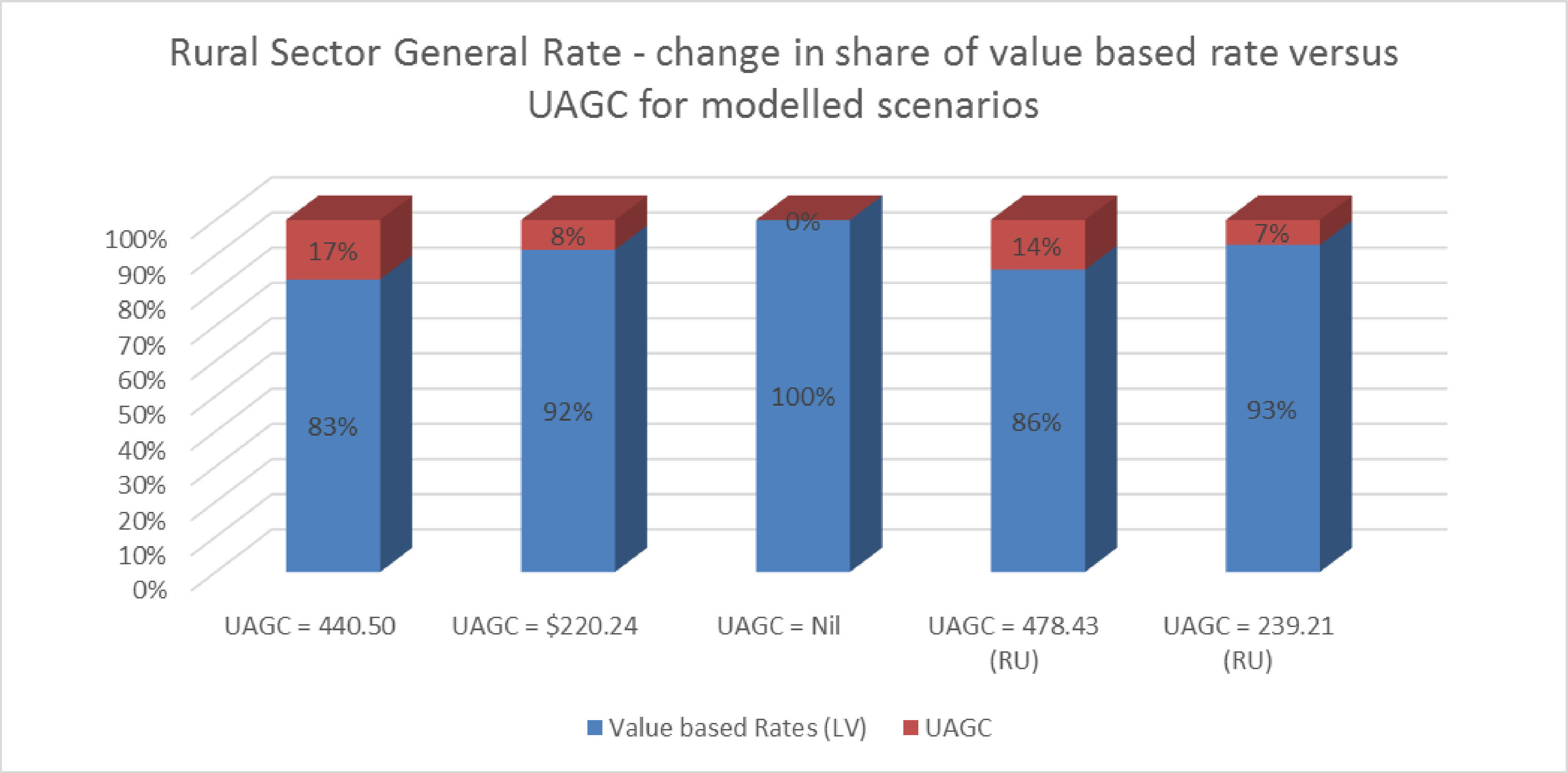
# Analysing the impact of changing the UAGC – Rural Sector (including from SUIPS to RU)

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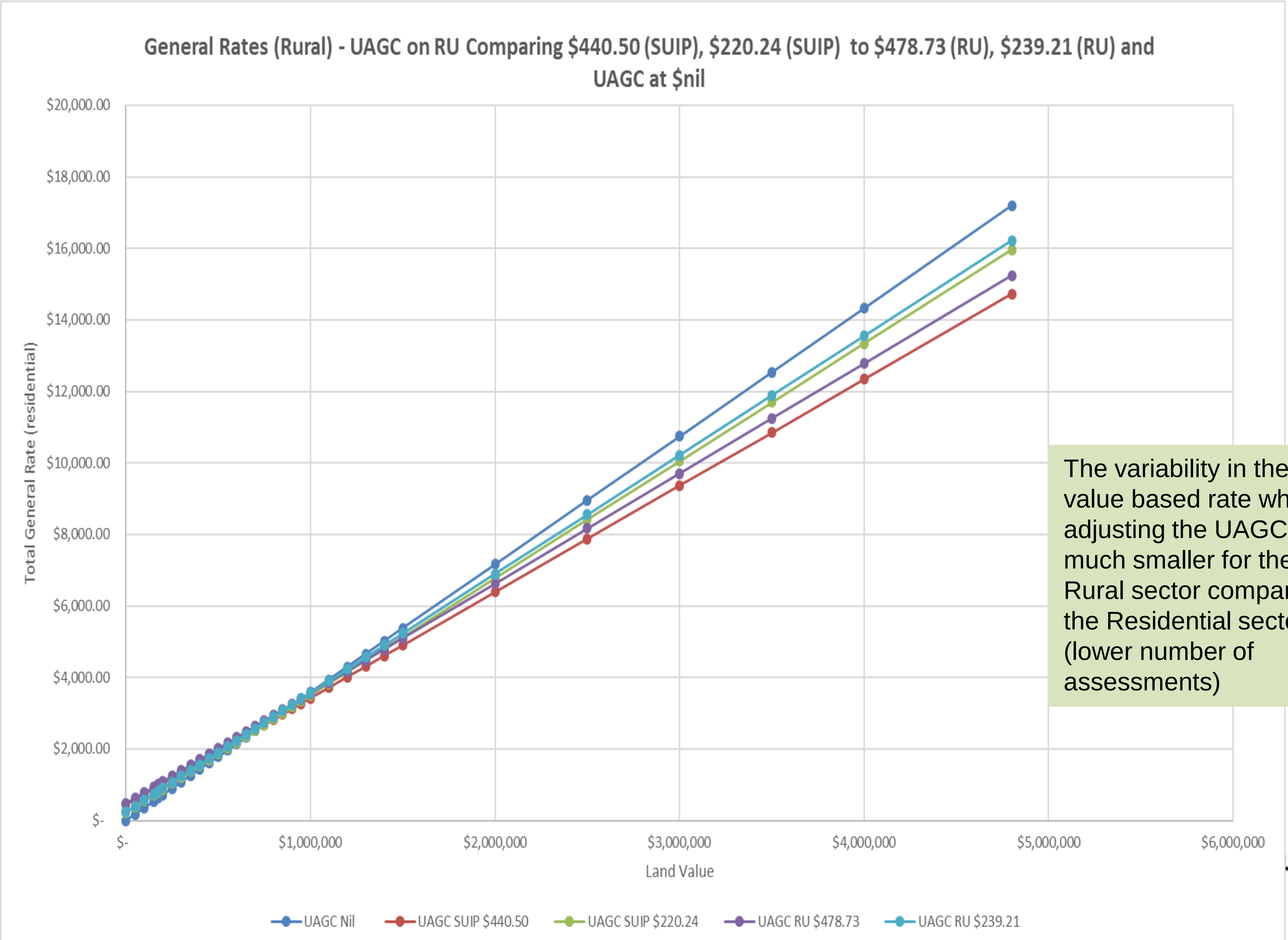
# Impact of changing the UAGC (and charging per RU) - Rural




The variability in the value based rate when adjusting the UAGC is much smaller for the Rural sector compared the Residential sector (lower number of assessments)

# Impact of changing the UAGC (and charging per RU) – Rural Sector (assumes 1 SUIP or RU per property)

| | LV | UAGC (SUIP) \$440.50 | UAGC( SUIP) \$220.24 | UAGC (SUIP/RU) Nil | UAGC (RU) \$478.73 | UAGC (RU) \$239.21 |
|---|---|---|---|---|---|---|
| Gen Rate | **\$650K** | \$2,374 | 2,351 | 2,328 | \$2,478 | \$2,403 |
| Gen Rate | **\$750K** | 2,672 | 2,679 | 2,686 | 2,786 | 2,735 |
| Gen Rate | **\$1.5M** | 4,903 | 5,138 | 5,373 | 5,902 | 5,232 |
| Gen Rate | **\$3.0M** | 9,366 | 10,056 | 10,745 | 9,707 | 10,224 |

- From land value \$650K (being 1094 or 58% of farms) and below results in a reduced general rate in the Rural sector if the UAGC is nil.
- At land value of \$750K the difference is total general rates is minimal
- At land value of \$4.8 million with the modelled options gives general rate range of \$14,722 (current model) to \$17,192 (if UAGC is nil)

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# Impact of changing the UAGC – Rural Sector

| Rural | | | | | | | |
|---|---|---|---|---|---|---|---|
| | LV | CV | 2017-18 Actual | UAGC $220.24 (SUIPS) | UAGC $nil | UAGC $478.43 (RU) | UAGC $239.21 (RU) |
| LV/CV (25 Percentile) | $ 310,000 | $ 486,750 | | | | | |
| General rate | | | 922.3 | 1016.4 | 1110.3 | 953.6 | 1031.8 |
| Uniform Annual General Charge | | | 440.5 | 220.24 | 0 | 478.43 | 239.21 |
| **Total** | | | **1,362.82** | **1,236.61** | **1,110.32** | **1,432.02** | **1,270.98** |
| Percentage Change against 2017-18 Actual | | | | **-9%** | **-19%** | **5%** | **-7%** |
| LV/CV (50 percentile/median) | $ 540,000 | $ 810,000 | | | | | |
| General rate | | | 1606.6 | 1770.5 | 1934.1 | 1661.1 | 1797.3 |
| Uniform Annual General Charge | | | 440.5 | 220.24 | 0 | 478.43 | 239.21 |
| **Total** | | | **2,047.12** | **1,990.69** | **1,934.10** | **2,139.52** | **2,036.49** |
| Percentage Change against 2017-18 Actual | | | | **-3%** | **-6%** | **5%** | **-1%** |
| LV/CV (average) | $ 887,640 | $ 1,233,265 | | | | | |
| General rate | | | 2640.9 | 2910.2 | 3179.2 | 2730.5 | 2954.3 |
| Uniform Annual General Charge | | | 440.5 | 220.24 | 0 | 478.43 | 239.21 |
| **Total** | | | **3,081.43** | **3,130.47** | **3,179.23** | **3,208.90** | **3,193.54** |
| Percentage Change against 2017-18 Actual | | | | **2%** | **3%** | **4%** | **4%** |

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# Impact of changing the UAGC – Rural Sector

| | LV | CV | 2017-18 Actual | UAGC $220.24 | UAGC $nil | UAGC $478.43 (RU) | UAGC $239.21 (RU) |
|---|---|---|---|---|---|---|---|
| LV/CV (75 percentile/average) | $ 1,040,000 | $ 1,460,000 | | | | | |
| General rate | | | 3094.2 | 3409.8 | 3724.9 | 3199.1 | 3461.4 |
| Uniform Annual General Charge | | | 440.5 | 220.24 | 0 | 478.43 | 239.21 |
| **Total** | | | **3,534.74** | **3,630.00** | **3,724.94** | **3,677.57** | **3,700.64** |
| Percentage Change against 2017-18 Actual | | | | 3% | 5% | 4% | 5% |
| LV/CV (90 percentile/average) | $ 2,030,000 | $ 2,680,000 | | | | | |
| General rate | | | 6039.7 | 6655.6 | 7270.8 | 6244.5 | 6756.4 |
| Uniform Annual General Charge | | | 440.5 | 220.24 | 0 | 478.43 | 239.21 |
| **Total** | | | **6,480.22** | **6,875.84** | **7,270.79** | **6,722.91** | **6,995.66** |
| Percentage Change against 2017-18 Actual | | | | 6% | 12% | 4% | 8% |

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# What is the impact for our Rural ratepayers if we reduce our UAGC or change from charging on a per SUIP basis to Rating Units?

**Who would pay less** | **Who would pay more**

| | 2017/18 Rate Strike - UAGC $440.50 | UAGC (SUIPS) $220.24 | UAGC $Nil | UAGC $478.43 (per RU) | UAGC $239.21 (per RU) |
|---|---|---|---|---|---|
| Rural Rate in the $ | 0.0029774 | 0.00327862 | 0.00358167 | 0.0030761 | 0.0033283 |
| Rural % Change in LV rate | | 10% | 20% | -2% | 12% |

| Those who would pay less | Those who would pay more |
|---|---|
| Ratepayers who have properties with a Land Value <$650K *(this is 58% or 1094 properties)* would pay less General rates - up to $440.50 or more if multiple SUIPS | Ratepayers who have properties with a Land value >$650K *(42% or 792 properties)* would pay more general rates. The change in the value based rate for Rural ratepayers is much smaller than for the Residential ratepayers |

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# What is the impact for our Rural ratepayers if we reduce our UAGC or change from charging on a per SUIP basis to Rating Units?

| Those who would pay less and the outliers | Those who would pay more and outliers | Considerations? |
|---|---|---|
| • Properties with a land value less than $650K<br>• The rural sector does not have the same outliers as the residential sector | Properties with a land value exceeding $650K | • |
| | | |

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# Commercial and Industrial

**The next slides will include analysis of the following modelled scenarios:**

UAGC per SUIP $220.24

(50% of current UAGC)

UAGC set at nil

UAGC set at $478.43 per RU (to total UAGC remains unchanged from 17/18 Rate strike

UACG set at 239.21 per RU (reducing the UAGC revenue by 50%)

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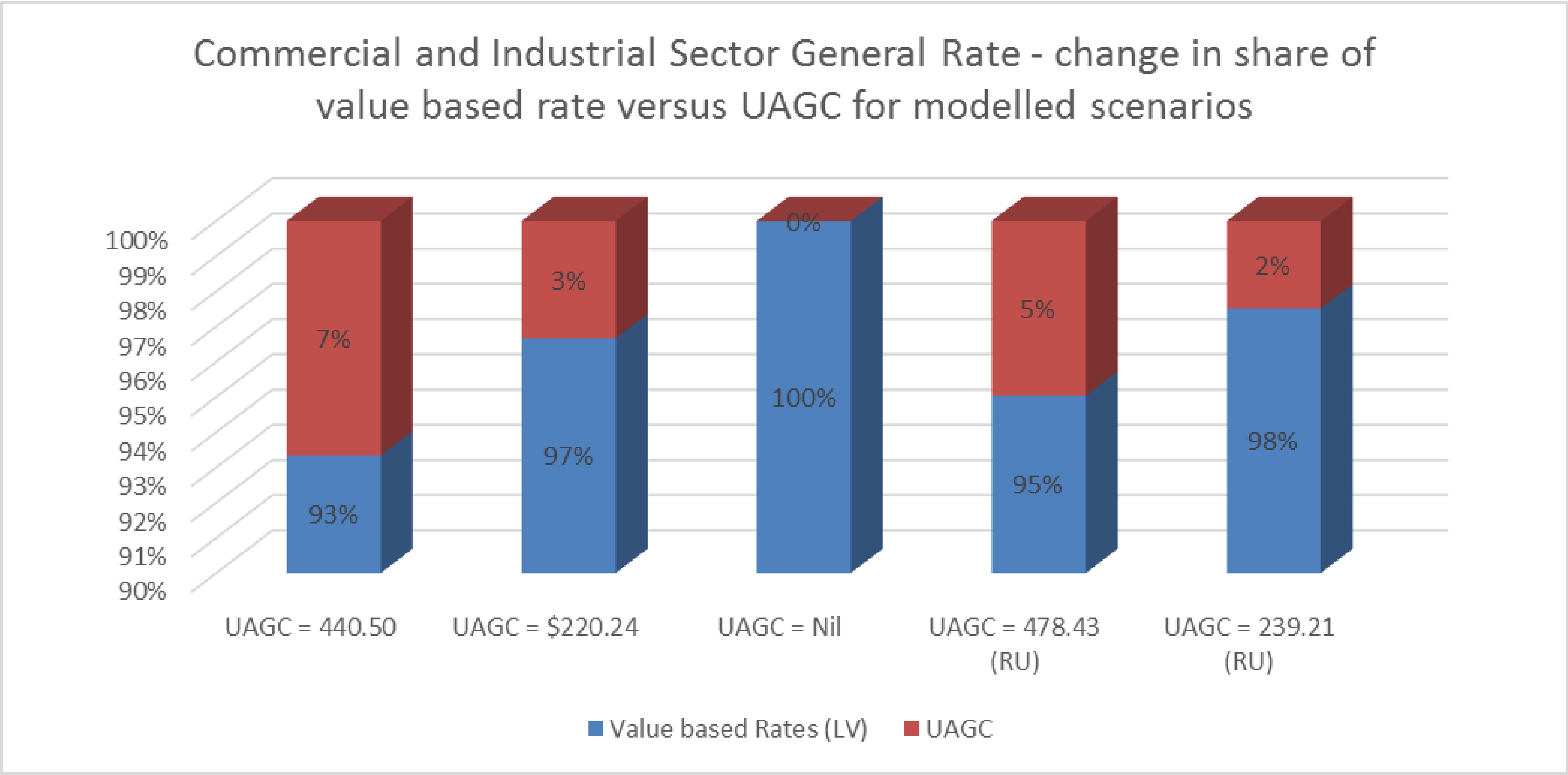
# Analysing the impact of changing the UAGC – Commercial and industrial Sector (including from SUIPS to RU)

| | 2017/18 Rate Strike - UAGC $440.50 | UAGC (SUIPS) $220.24 | UAGC $Nil | UAGC $478.43 (per RU) | UAGC $239.21 (per RU) |
|---|---|---|---|---|---|
| Rate in the $ | 0.0212801 | 0.022043471 | 0.02279618 | 0.02166294 | 0.2223322 |
| % Change in LV rate | | 4% | 7% | 2% | 4% |
| General Rate Revenue (LV) | 16,781,762 | 17,376,857 | 17,977,362 | 17,083,674 | 17,533,404 |
| UAGC Revenue | 1,196,839 | 598,405 | | 892,264 | 446,132 |
| Total UAGC and General Rate - residential | **17,978,601** | **17,975,262** | **17,977,362** | **17,975,938** | **17,979,536** |

# Analysing the impact of changing the UAGC – Commercial and Industrial Sector (including from SUIPS to RU)

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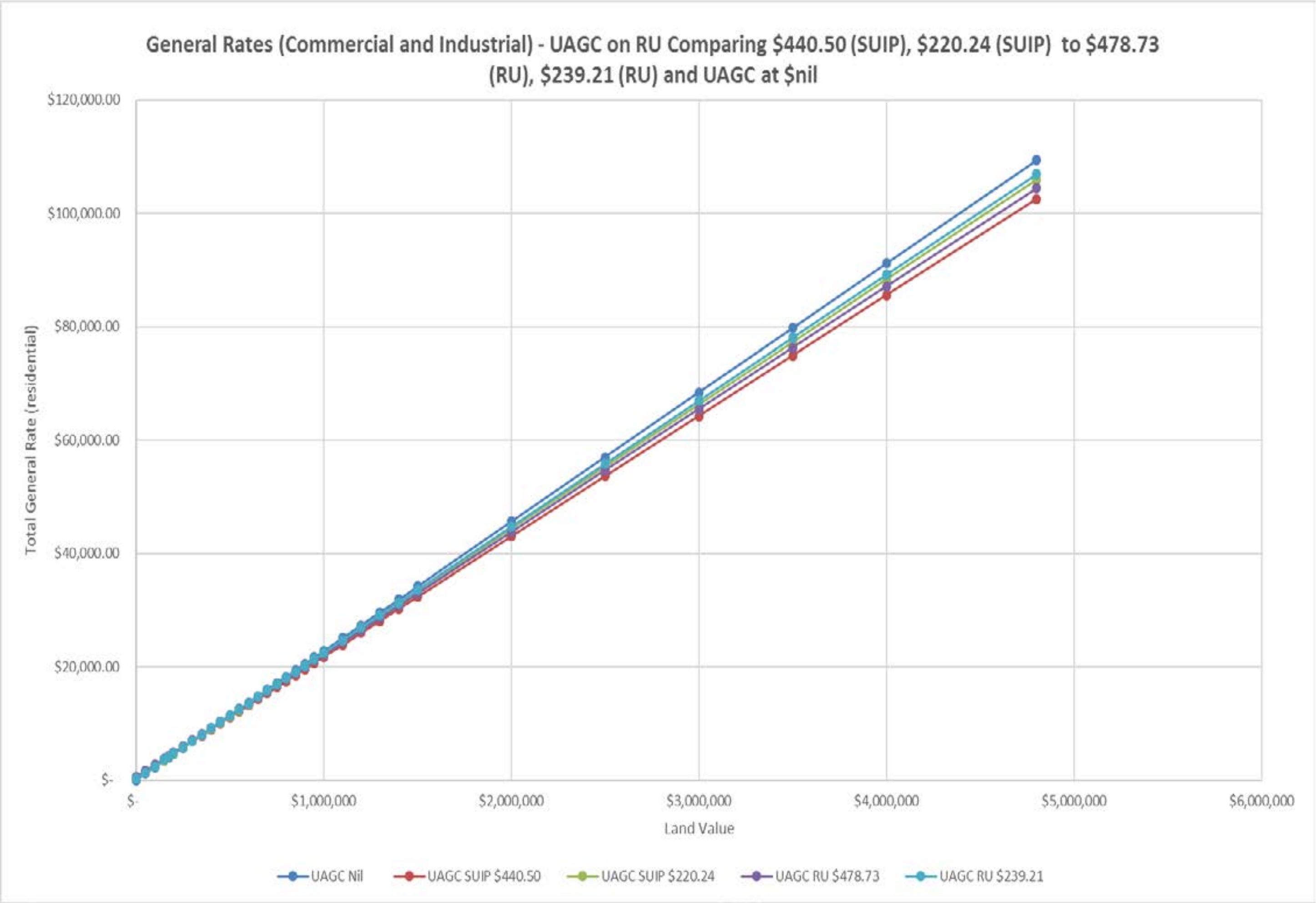
# Impact of changing the UAGC (and charging per RU) – Commercial and industrial sector




Similar to the rural sector, the graph shows the variability in the value based rate when adjusting the UAGC is much smaller for the rural sector compared the residential sector (lower number of assessments)

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# Impact of changing the UAGC (and charging per RU) – Commercial and industrial sector

## (assumes 1 SUIP or RU per property)

| | LV | UAGC (SUIP) $440.50 | UAGC (SUIP) $220.24 | UAGC (SUIP /RU) Nil | UAGC (RU) $478.73 | UAGC (RU) $239.21 |
|---|---|---|---|---|---|---|
| Gen Rate | **$250K** | 5,761 | 5,729 | $5,699 | 5,894 | 5,798 |
| Gen Rate | **$400K** | 8,953 | 9,034 | 9,119 | 9,144 | 9,133 |
| Gen Rate | **$750M** | 16,401 | 16,746 | 17,097 | 16,726 | 16,914 |
| Gen Rate | **$3.0M** | 64,283 | 66,324 | 68,389 | 65,467 | 66,939 |

- From land value $250,000K (being 1230 or 63% of commercial and industrial properties) and below results in a reduced general rate for the Commercial and Industrial sector if the UAGC is nil.
- At land value of $750K(approx. 90th percentile) gives a general; rate range of $16,401 to $17,097 the difference is total general rates is minimal
- At land value of $3 million with the modelled options gives general rate range of $64,283 (current model) to $$68,388 (if UAGC is nil)
- *The above assumes only one RU or SUIP*

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# Impact of changing the UAGC – Commercial and Industrial Sector

| Commercial and Industrial | | | | | | | |
|---|---|---|---|---|---|---|---|
| | LV | CV | 2017-18 Actual | UAGC $220.24 (SUIPS) | UAGC $nil | UAGC $478.43 (RU) | UAGC $239.21 (RU) |
| LV/CV (25 Percentile) | $ 107,000 | $ 195,000 | | | | | |
| General rate | | | 2277.0 | 2357.7 | 2439.2 | 2317.9 | 2379.0 |
| Uniform Annual General Charge | | | 440.5 | 220.24 | 0 | 478.43 | 239.21 |
| **Total** | | | **2,717.54** | **2,577.95** | **2,439.19** | **2,796.36** | **2,618.16** |
| Percentage Change against 2017-18 Actual | | | | **-5%** | **-10%** | **3%** | **-4%** |
| LV/CV (50 percentile/median) | $ 175,000 | $ 399,000 | | | | | |
| General rate | | | 3724.1 | 3856.1 | 3989.3 | 0.0 | 0.0 |
| Uniform Annual General Charge | | | 440.5 | 220.24 | 0 | 478.43 | 239.21 |
| **Total** | | | **4,164.63** | **4,076.31** | **3,989.33** | **478.43** | **239.21** |
| Percentage Change against 2017-18 Actual | | | | **-2%** | **-4%** | **-89%** | **-94%** |
| LV/CV (average) | $ 406,412 | $ 1,026,297 | | | | | |
| General rate | | | 8648.8 | 8955.2 | 9264.6 | 8804.1 | 9035.8 |
| Uniform Annual General Charge | | | 440.5 | 220.24 | 0 | 478.43 | 239.21 |
| **Total** | | | **9,089.25** | **9,175.41** | **9,264.64** | **9,282.51** | **9,275.06** |
| Percentage Change against 2017-18 Actual | | | | **1%** | **2%** | **2%** | **2%** |

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# Impact of changing the UAGC – Commercial and Industrial Sector

| | LV | CV | 2017-18 Actual | UAGC $220.24 | UAGC $nil | UAGC $478.43 (RU) | UAGC $239.21 (RU) |
|---|---|---|---|---|---|---|---|
| LV/CV (75 percentile/average) | $ 375,000 | $ 810,000 | | | | | |
| General rate | | | 7980.3 | 8263.0 | 8548.6 | 8123.6 | 8337.5 |
| Uniform Annual General Charge | | | 440.5 | 220.24 | 0 | 478.43 | 239.21 |
| **Total** | | | **8,420.78** | **8,483.26** | **8,548.57** | **8,602.03** | **8,576.67** |
| Percentage Change against 2017-18 Actual | | | | 1% | 2% | 2% | 2% |
| LV/CV (90 percentile/average) | $ 740,000 | $1,720,000 | | | | | |
| General rate | | | 15747.8 | 16305.7 | 16869.2 | 16030.6 | 16452.6 |
| Uniform Annual General Charge | | | 440.5 | 220.24 | 0 | 478.43 | 239.21 |
| **Total** | | | **16,188.26** | **16,525.93** | **16,869.17** | **16,509.01** | **16,691.79** |
| Percentage Change against 2017-18 Actual | | | | 2% | 4% | 2% | 3% |

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# What is the impact for our Commercial ratepayers if we reduce our UAGC or change from charging on a per SUIP basis to Rating Units?

**Who would pay less** ⟷ **Who would pay more**

| | 2017/18 Rate Strike - UAGC $440.50 | UAGC (SUIPS) $220.24 | UAGC $Nil | UAGC $478.43 (per RU) | UAGC $239.21 (per RU) |
|---|---|---|---|---|---|
| Commercial Rate in the $ | 0.0212801 | 0.022043471 | 0.02279618 | 0.02166294 | 0.2223322 |
| % Change in LV rate Commercial | | 4% | 7% | 2% | 4% |

| Those who would pay less | Those who would pay more |
|---|---|
| Ratepayers who have properties with a Land Value <$250K *(this is 63% or 1230 properties)* would pay less General rates - up to $440.50 or more if multiple SUIPS | Ratepayers who have properties with a Land value >$250K *(37% or 714 properties)* would pay more general rates. The change in the value based rate for Commercial ratepayers is much the smallest of all the sectors |

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# What is the impact for our Commercial ratepayers if we reduce our UAGC or change from charging on a per SUIP basis to Rating Units?

| Those who would pay less and the outliers | Those who would pay more and outliers | Considerations? |
|---|---|---|
| • Properties with a land value less than $650K<br>• Commercial properties with multiple SUIPS<br>• Intensity of use considerations | Properties with a land value exceeding $650K | • Is there another way council can address this the inequity of LV not taking into account intensity of use?<br>  • Possible options include:<br>  • Setting a capital value based rate for Councils  Transport (reducing requirement from general rates) |
| | | |

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**We have received mixed feedback suggesting council should consider setting its general rate on CAPITAL VALUE, rather than land value. Our options are:**

a) **To retain the status quo**
b) **To set the general rate on capital value**
c) **To consider funding some council activities currently funded from the general rate, from a capital based rate**

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# Should we set our general rate using Land Value or Capital Value?


- Little link to demand for Council services
- Arguably weak link to ability to pay
- Tax is only applied to small part of a property's total value
- Requires higher differentials
- Does not accommodate multi-unit or multi-tenanted properties well

- The rates are applied to the full value of each property
- Greater link to demand for Council Services
- Some link to ability to pay (Closer relationship to household incomes)
- More closely reflects wealth tax.

# Understanding Utilities- what additional values could be rated if Council introduced a Capital Value based rate?

| Utility Description | Capital Value | Land Value | Status |
|---|---|---|---|
| Telecom Network | $26,800,000 | $0 | Rateable include in Utility Sector for modelling |
| Clear Network | $1,290,000 | $0 | Rateable include in Utility Sector for modelling |
| Telecommunications) | $31,490,000 | $0 | Rateable include in Utility Sector for modelling |
| Transpower Network) | $9,250,000 | $0 | Rateable include in Utility Sector for modelling |
| Northpower Electricity Network | $105,280,000 | $0 | Rateable include in Utility Sector for modelling |
| NGC Gas Distribution Network | $12,910,000 | $0 | Rateable include in Utility Sector for modelling |
| NGC Gas Trasmission Network | $20,310,000 | $0 | Rateable include in Utility Sector for modelling |
| NZ Post Network | $100,000 | $0 | Rateable include in Utility Sector for modelling |
| Oil Transmission Network | $5,980,000 | $0 | Rateable include in Utility Sector for modelling |
| Railway Land - Commercial Leases | $1,865,000 | $165,000 | Rateable – included in Commercial and Industrial Sector |
| Railway Land - Rural Leases | $3,430,000 | $1,960,000 | Rateable – included in the Rural Sector |
| Maungatapere Irrigation Network | $14,700,000 | $150,000 | Rateable – included in residential (miscellaneous) Sector |
| WDC Water Supply | $115,470,000 | $0 | WDC property (ratable) |
| WDC - Wastewater | $161,740,000 | $0 | WDC property (ratable) |
| WDC - Stormwater | $186,450,000 | $0 | WDC property (ratable) |
| Rail corridor not leased (non-rateable - NR19) | $22,275,000 | $10,275,000 | Non Rateable |
| | **$719,340,000** | **$12,550,000** | |

**Breakdown of values**

- 33% ($233.405 million) of the CV Value is Rateable
  - *3% the ratable CV value has a LV (and is levied a general rate)*

Total Whangarei District land value is $9,546,023,170

**Total Whangarei District Capital value is $19,643,618,104 (the above rateable utilities is 1.2% of Capital Value**

# All Sectors

**The next slides will include analysis of the following modelled scenarios:**

- General Rate set on Capital Value, no change in UAGC or sector splits, no stepped rates
- General Rate set on Capital Value, UAGC set on RU $478.43, no change in Sector Splits, no stepped rates
- General Rate set on Capital Value, UAGC set on RU $478.43, 1% GR to Utility Sector, reduce Commercial and Industrial by same, no stepped Rates
- General Rate on LV ($30.57M, UAGC on RU $478.43, Transport Rate ($14M on CV) no change to Sector Splits
- General Rate on LV ($40M), UAGC on RU $239.21, Transport Rate ($14M on CV) no change to Sector Splits

# Rationale for the modelled scenarios

- The rates tables and analysis simplify the outcomes of the various rating structure options
  - It does not model scenarios where there is more than one SUIP or there are other outliers
  - Detailed modelling can be performed/undertaken as council refines its preferred approach
  - Remissions and new categories (e.g. the current multi category) can be considered to address outliers
- Retaining current sector splits for modelling reduces the incidence of change (affordability) and enables us to understand the impact of changing other rating levers
- Changing to Capital value based rating (if all other variables are held constant) will not necessarily result in increased rates (our modelling assumes no change in rates revenue) (if your Land value and Capital value fall within the same value range (eg 50$^{th}$ percentile)

# Rationale for the modelled scenarios

- Moving to Capital value rating in itself does not address all of the concerns raised in the feedback (e.g use of SUIPS)
- Rating on Rating Units would simplify our rating structure and reduce inequities particularly affecting multi tenanted commercial buildings
- Capital value rating can be used as an indication of ability to pay and also intensity of use (particularly commercial and industrial properties)
- Introducing a targeted transport rate, set on capital value may be a tool council could use to reasonably substitute the use SUIPS (reflects intensity of use)

# The detail of the modelled options - Residential

| | 2017-18 Actual | Gen Rate on CV (no change in UAGC or sectors splits, no stepped rates) | Gen Rate on CV (UAGC set on RU $478.43, no change in sectors splits, no stepped rates) | Gen Rate on CV (UAGC set on RU $478.43, introducing Utility Sector (1% $631K General Rates), reduce Com & Ind sector by same, no stepped rates) | General Rate on LV ($30,574,442), proposed transport rate based on CV ($14,000,000) ,UAGC based on RU, stepped rates on LV rate, no overall change in Sector Splits | General Rate on LV ($39,982,178) , proposed transport rate based on CV ($14,000,000) ,UAGC based on RU $239.21, stepped rates on LV rate, no overall change in Sector Splits |
|---|---|---|---|---|---|---|
| Rate in $ General Rate | .0033396 | 0.0015739 | .00015419 | .00015419 | 0.0022447 | 0.0033452 |
| Rate in $ Transport Rate | | | | | 0.0004843 | 0.0005519 |
| General Rate Revenue (LV) | $22,939,444 | $22,942,421 | 22,478,891 | 22,476,624 | $15,418,664 | 22,977,772 |
| UAGC Revenue | $16,634,064 | $16,633,674 | $17,096,914 | $17,096,914 | $17,096,914 | 8,548,455 |
| Targeted Transport Rate Revenue | | | | | $7,060,200 | $8,045,800 |
| Total UAGC and General Rate and transport – residential | **$39,573,508** | **$39,576,095** | **$39,575,805** | **$39,5573,538** | **$39,575,778** | **$39,572,027** |

# The detail of the modelled options - Rural

| | 2017-18 Actual | Gen Rate on CV (no change in UAGC or sectors splits, no stepped rates) | Gen Rate on CV (UAGC set on RU $478.43, no change in sectors splits, no stepped rates) | Gen Rate on CV (UAGC set on RU $478.43, introducing Utility Sector (1% $631K General Rates), reduce Com & Ind sector by same, no stepped rates) | General Rate on LV ($30,574,442), proposed transport rate based on CV ($14,000,000), UAGC based on RU, stepped rates on LV rate, no overall change in Sector Splits | General Rate on LV ($39,982,178), proposed transport rate based on CV ($14,000,000), UAGC based on RU $239.21, stepped rates on LV rate, no overall change in Sector Splits |
|---|---|---|---|---|---|---|
| Rate in $ General Rate | 0.0029774 | 0.0021692 | 0.002197301 | 0.002197301 | 0.00210829 | 0.00246512 |
| Rate in $ Transport Rate | | | | | 0.000690131 | 0.000617066 |
| General Rate Revenue (LV/CV) | $4,853,236 | $4,849,688 | $5,010,167 | $5,013,126 | $3,436,565 | $4,018,207 |
| UAGC Revenue | $984,958 | $984,935 | $825,763 | $825,763 | $825,763 | $412,881 |
| Targeted Transport Rate Revenue | | | | | $1,573,600 | $1,407,000 |
| Total UAGC and General Rate and transport - residential | **$5,838,194** | **$5,834,623** | **$5,835,930** | **$5,838,889** | **$5,835,928** | **$5,838,088** |

# The detail of the modelled options – Commercial & Industrial

| | 2017-18 Actual | Gen Rate on CV (no change in UAGC or sectors splits, no stepped rates) | Gen Rate on CV (UAGC set on RU $478.43, no change in sectors splits, no stepped rates) | Gen Rate on CV (UAGC set on RU $478.43, introducing Utility Sector (1% $631K General Rates), reduce Com & Ind sector by same, no stepped rates) | General Rate on LV ($30,574,442), proposed transport rate based on CV ($14,000,000), UAGC based on RU, stepped rates on LV rate, no overall change in Sector Splits | General Rate on LV ($39,982,178), proposed transport rate based on CV ($14,000,000), UAGC based on RU $239.21, stepped rates on LV rate, no overall change in Sector Splits |
|---|---|---|---|---|---|---|
| Rate in $ General Rate | 0.0212801 | 0.00838393 | 0.008543315 | 0.008226813 | 0.0148605 | 0.01646714 |
| Rate in $ Transport Rate | | | | | 0.002683296 | 0.002273766 |
| General Rate Revenue (LV/CV) | $16,781,762 | 16,782,274 | $17,085,384 | 16,454,035 | $11,719,182 | $12,986,199 |
| UAGC Revenue | $1,196,839 | $1,196,811 | $892,264 | $825,763 | $892,264 | $446,132 |
| Targeted Transport Rate Revenue | | | | | $5,366,200 | $4,547,200 |
| Total UAGC and General Rate and transport - residential | **$17,978,601** | **$17,979,085** | **$17,977,648** | **$17,346,299** | **$17,977,646** | **$17,979,531** |

# Impact on Residential, Lifestyle, Miscellaneous

| Residential , Lifestyle, Micellanous | | | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|---|---|
| | LV | CV | 2017-18 Actual | Gen Rate on CV (no change in UAGC or sectors splits, no stepped rates) | Gen Rate on CV (UAGC set on RU $478.43, no change in sectors splits, no stepped rates) | Gen Rate on CV (UAGC set on RU $478.43, introducing Utility Sector (1% $631K General Rates), reduce Com & Ind sector by same, no stepped rates) | General Rate on LV ($30,574,442), proposed transport rate based on CV ($14,000,000),UAGC based on RU, stepped rates on LV rate, no overall change in Sector Splits | General Rate on LV ($39,982,178), proposed transport rate based on CV ($14,000,000),UAGC based on RU $239.21, stepped rates on LV rate, no overall change in Sector Splits |
| LV/CV (25 Percentile) | $ 104,000 | $ 240,000 | | | | | | |
| General rate | | | 347 | 378 | 370 | 370 | 233 | 348 |
| Uniform Annual General Charge | | | 441 | 441 | 478 | 478 | 478 | 239 |
| Proposed Targeted Transport Rate | | | | | | | 116 | 132 |
| **Total** | | | **788** | **818** | **848** | **848** | **828** | **720** |
| Percentage Change against 2017-18 Actual | | | | 4% | 8% | 8% | 5% | -9% |
| LV/CV (50 percentile/median) | $ 142,000 | $ 330,000 | | | | | | |
| General rate | | | 474 | 519 | 509 | 509 | 319 | 475 |
| Uniform Annual General Charge | | | 441 | 441 | 478 | 478 | 478 | 239 |
| Proposed Targeted Transport Rate | | | | | | | 160 | 182 |
| **Total** | | | **914.72** | **959.89** | **987.26** | **987.26** | **797.18** | **896** |
| Percentage Change against 2017-18 Actual | | | | 5% | 8% | 8% | -13% | -2% |
| LV/CV (average) | $ 189,828 | $ 390,804 | | | | | | |
| General rate | | | 634 | 615 | 603 | 603 | 426 | 635 |
| Uniform Annual General Charge | | | 441 | 441 | 478 | 478 | 478 | 239 |
| Proposed Targeted Transport Rate | | | | | | | 189 | 216 |
| **Total** | | | **1,074.45** | **1,055.59** | **1,081.02** | **1,081.02** | **904.54** | **1090** |
| Percentage Change against 2017-18 Actual | | | | -2% | 1% | 1% | -16% | 1% |

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# Impact on Residential, Lifestyle, Miscellaneous

| | LV | CV | 2017-18 Actual | Gen Rate on CV (no change in UAGC or sectors splits, no stepped rates) | Gen Rate on CV (UAGC set on RU $478.43, no change in sectors splits, no stepped rates) | Gen Rate on CV (UAGC set on RU $478.43, introducing Utility Sector (1% $631K General Rates), reduce Com & Ind sector by same, no stepped rates) | General Rate on LV ($30,574,442), proposed transport rate based on CV ($14,000,000),UAGC based on RU, stepped rates on LV rate, no overall change in Sector Splits | |
|---|---|---|---|---|---|---|---|---|
| LV/CV (75 percentile/average) | $ 210,000 | $ 462,000 | | | | | | |
| General rate | | | 701 | 727 | 712 | 712 | 471 | 702 |
| Uniform Annual General Charge | | | 441 | 441 | 478 | 478 | 478 | 239 |
| Proposed Targeted Transport Rate | | | | | | | 224 | 255 |
| **Total** | | | **1,141.82** | **1,167.65** | **1,190.79** | **1,190.79** | **949.82** | **1197** |
| Percentage Change against 2017-18 Actual | | | | **2%** | **4%** | **4%** | **-17%** | **5%** |
| LV/CV (90 percentile/average) | $ 337,000 | $ 650,000 | | | | | | |
| General rate | | | 1125 | 1023 | 1002 | 1002 | 756 | 1127 |
| Uniform Annual General Charge | | | 441 | 441 | 478 | 478 | 478 | 239 |
| Proposed Targeted Transport Rate | | | | | | | 315 | 359 |
| **Total** | | | **1,565.95** | **1,463.54** | **1,480.67** | **1,480.67** | **1,234.89** | **1725** |
| Percentage Change against 2017-18 Actual | | | | **-7%** | **-5%** | **-5%** | **-21%** | **10%** |

# Impact on Rural

| RURAL | | | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|---|---|
| | LV | CV | 2017-18 Actual | Gen Rate on CV (no change in UAGC or sectors splits, no stepped rates) | Gen Rate on CV (UAGC set on RU $478.43, no change in sectors splits, no stepped rates) | Gen Rate on CV (UAGC set on RU $478.43, introducing Utility Sector (1% $631K General Rates), reduce Com & Ind sector by same, no stepped rates) | General Rate on LV ($30,574,442), proposed transport rate based on CV ($14,000,000),UAGC based on RU, stepped rates on LV rate, no overall change in Sector Splits | General Rate on LV ($39,982,178), proposed transport rate based on CV ($14,000,000),UAGC based on RU $239.21, stepped rates on LV rate, no overall change in Sector Splits |
| LV/CV (25 Percentile) | $ 310,000 | $ 486,750 | | | | | | |
| General rate | | | 923 | 1035 | 1070 | 1070 | 654 | 764 |
| Uniform Annual General Charge | | | 441 | 441 | 478 | 478 | 478 | 239 |
| Proposed Targeted Transport Rate | | | | | | | 336 | 300 |
| **Total** | | | **1363** | **1476** | **1548** | **1548** | **1468** | **1304** |
| Percentage Change against 2017-18 Actual | | | | **8%** | **14%** | **14%** | **8%** | **-4%** |
| LV/CV (50 percentile/median) | $ 540,000 | $ 810,000 | | | | | | |
| General rate | | | 1608 | 1723 | 1780 | 1780 | 1138 | 1331 |
| Uniform Annual General Charge | | | 441 | 441 | 478 | 478 | 478 | 239 |
| Proposed Targeted Transport Rate | | | | | | | 559 | 500 |
| **Total** | | | **2,048.30** | **2,163.31** | **2,258.24** | **2,258.24** | **1,616.91** | **2070** |
| Percentage Change against 2017-18 Actual | | | | **6%** | **10%** | **10%** | **-21%** | **1%** |
| LV/CV (average) | $ 887,640 | $ 1,233,265 | | | | | | |
| General rate | | | 2643 | 2623 | 2710 | 2710 | 1871 | 2188 |
| Uniform Annual General Charge | | | 441 | 441 | 478 | 478 | 478 | 239 |
| Proposed Targeted Transport Rate | | | | | | | 851 | 761 |
| **Total** | | | **3,083.36** | **3,063.56** | **3,188.28** | **3,188.28** | **2,349.83** | **3188** |
| Percentage Change against 2017-18 Actual | | | | **-1%** | **3%** | **3%** | **-24%** | **3%** |

# Impact on Rural

| | LV | CV | 2017-18 Actual | Gen Rate on CV (no change in UAGC or sectors splits, no stepped rates) | Gen Rate on CV (UAGC set on RU $478.43, no change in sectors splits, no stepped rates) | Gen Rate on CV (UAGC set on RU $478.43, introducing Utility Sector (1% $631K General Rates), reduce Com & Ind sector by same, no stepped rates) | General Rate on LV ($30,574,442), proposed transport rate based on CV ($14,000,000),UAGC based on RU, stepped rates on LV rate, no overall change in Sector Splits | General Rate on LV ($39,982,178), proposed transport rate based on CV ($14,000,000),UAGC based on RU $239.21, stepped rates on LV rate, no overall change in Sector Splits |
|---|---|---|---|---|---|---|---|---|
| LV/CV (75 percentile/average) | $ 1,040,000 | $ 1,460,000 | | | | | | |
| General rate | | | 3096 | 3105 | 3208 | 3208 | 2193 | 2564 |
| Uniform Annual General Charge | | | 441 | 441 | 478 | 478 | 478 | 239 |
| Proposed Targeted Transport Rate | | | | | | | 1008 | 901 |
| **Total** | | | **3,537.00** | **3,545.80** | **3,686.49** | **3,686.49** | **2,671.05** | **3704** |
| Percentage Change against 2017-18 Actual | | | | 0% | 4% | 4% | -24% | 5% |
| LV/CV (90 percentile/average) | $ 2,030,000 | $ 2,680,000 | | | | | | |
| General rate | | | 6044 | 5700 | 5889 | 5889 | 4280 | 5004 |
| Uniform Annual General Charge | | | 441 | 441 | 478 | 478 | 478 | 239 |
| Proposed Targeted Transport Rate | | | | | | | 1850 | 1654 |
| **Total** | | | **6,484.62** | **6,140.65** | **6,367.20** | **6,367.20** | **4,758.26** | **6897** |
| Percentage Change against 2017-18 Actual | | | | -5% | -2% | -2% | -27% | 6% |

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# Impact on Commercial and Industrial

| Commercial and Industrial | | | | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|---|---|---|
| | LV | CV | 2017-18 Actual | Gen Rate on CV (no change in UAGC or sectors splits, no stepped rates) | Gen Rate on CV (UAGC set on RU $478.43, no change in sectors splits, no stepped rates) | Gen Rate on CV (UAGC set on RU $478.43, introducing Utility Sector (1% $631K General Rates), reduce Com & Ind sector by same, no stepped rates) | General Rate on LV ($30,574,442), proposed transport rate based on CV ($14,000,000),UAGC based on RU, stepped rates on LV rate, no overall change in Sector Splits | General Rate on LV ($39,982,178), proposed transport rate based on CV ($14,000,000),UAGC based on RU $239.21, stepped rates on LV rate, no overall change in Sector Splits |
| LV/CV (25 Percentile) | $ 107,000 | $ 195,000 | | | | | | | |
| General rate | | | 2277 | 1635 | 1666 | 1604 | 1590 | 1762 |
| Uniform Annual General Charge | | | 441 | 441 | 478 | 478 | 478 | 239 |
| Proposed Targeted Transport Rate | | | | | | | 523 | 443 |
| **Total** | | | **2717** | **2075** | **2144** | **2083** | **2592** | **2445** |
| Percentage Change against 2017-18 Actual | | | | -24% | -21% | -23% | -5% | -10% |
| LV/CV (50 percentile/median) | $ 175,000 | $ 399,000 | | | | | | | |
| General rate | | | 3724 | 3345 | 3409 | 3282 | 2601 | 2882 |
| Uniform Annual General Charge | | | 441 | 441 | 478 | 478 | 478 | 239 |
| Proposed Targeted Transport Rate | | | | | | | 1071 | 907 |
| **Total** | | | **4165** | **3786** | **3887** | **3761** | **4150** | **4028** |
| Percentage Change against 2017-18 Actual | | | | -9% | -7% | -10% | 0% | -3% |
| LV/CV (average) | $ 406,412 | $ 1,026,297 | | | | | | | |
| General rate | | | 8648 | 8604 | 8768 | 8443 | 6039 | 6692 |
| Uniform Annual General Charge | | | 441 | 441 | 478 | 478 | 478 | 239 |
| Proposed Targeted Transport Rate | | | | | | | 2754 | 2334 |
| **Total** | | | **9089** | **9045** | **9246** | **8922** | **9272** | **9265** |
| Percentage Change against 2017-18 Actual | | | | 0% | 2% | -2% | 2% | 2% |

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# Impact on Commercial and Industrial

| | LV | CV | 2017-18 Actual | Gen Rate on CV (no change in UAGC or sectors splits, no stepped rates) | Gen Rate on CV (UAGC set on RU $478.43, no change in sectors splits, no stepped rates) | Gen Rate on CV (UAGC set on RU $478.43, introducing Utility Sector (1% $631K General Rates), reduce Com & Ind sector by same, no stepped rates) | General Rate on LV ($30,574,442), proposed transport rate based on CV ($14,000,000),UAGC based on RU, stepped rates on LV rate, no overall change in Sector Splits | General Rate on LV ($39,982,178), proposed transport rate based on CV ($14,000,000),UAGC based on RU $239.21, stepped rates on LV rate, no overall change in Sector Splits |
|---|---|---|---|---|---|---|---|---|
| LV/CV (75 percentile/average) | $ 375,000 | $ 810,000 | | | | | | |
| General rate | | | 7980 | 6791 | 6920 | 6664 | 5573 | 6175 |
| Uniform Annual General Charge | | | 441 | 441 | 478 | 478 | 478 | 239 |
| Proposed Targeted Transport Rate | | | | | | | 2173 | 1842 |
| **Total** | | | **8421** | **7231** | **7399** | **7142** | **8225** | **8256** |
| Percentage Change against 2017-18 Actual | | | | **-14%** | **-12%** | **-15%** | **-2%** | **-2%** |
| LV/CV (90 percentile/average) | $ 740,000 | $ 1,720,000 | | | | | | |
| General rate | | | 15747 | 14420 | 14695 | 14150 | 10997 | 12186 |
| Uniform Annual General Charge | | | 441 | 441 | 478 | 478 | 478 | 239 |
| Proposed Targeted Transport Rate | | | | | | | 4615 | 3911 |
| **Total** | | | **16188** | **14861** | **15173** | **14629** | **16090** | **16336** |
| Percentage Change against 2017-18 Actual | | | | **-8%** | **-6%** | **-10%** | **-1%** | **1%** |

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# Understanding Utilities- impact of utilites contributing 1% of Total GR Rate revenue

| Utility Description | Capital Value | Land Value | Status | What 1% General Rates would look like |
|---|---|---|---|---|
| Telecom Network | $26,800,000 | $0 | Rateable | $23,121 |
| Clear Network | $1,290,000 | $0 | Rateable | $1,113 |
| Telecommunications) | $31,490,000 | $0 | Rateable | $27,167 |
| Transpower Network) | $9,250,000 | $0 | Rateable | $7,980 |
| Northpower Electricity Network | $105,280,000 | $0 | Rateable | $90,827 |
| NGC Gas Distribution Network | $12,910,000 | $0 | Rateable | $11,138 |
| NGC Gas Trasmission Network | $20,310,000 | $0 | Rateable | $17,522 |
| NZ Post Network | $100,000 | $0 | Rateable | 86 |
| Oil Transmission Network | $5,980,000 | $0 | Rateable | $5,159 |
| Railway Land - Commercial Leases | $1,865,000 | $165,000 | Rateable | $1,609 |
| Railway Land - Rural Leases | $3,430,000 | $1,960,000 | Rateable | $2,959 |
| Maungatapere Irrigation Network | $14,700,000 | $150,000 | Rateable | $12,682 |
| WDC Water Supply | $115,470,000 | $0 | WDC property | $99,618 |
| WDC - Wastewater | $161,740,000 | $0 | WDC property | $139,536 |
| WDC - Stormwater | $186,450,000 | $0 | WDC property | $160,853 |
| Rail corridor not leased (non-rateable - NR19) | $22,275,000 | $10,275,000 | Non Rateable | $19,217 |
| | **$719,340,000** | **$12,550,000** | | |

CV rate is 0.000862715 (effective differential of $.56% of the residential rate

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# Understanding Utilities- impact of Utilites contributing 1% of Total GR Rate revenue

- Should Utilities be charged?
- Do they benefit from council services/infrastructure?
- What level of rates is reasonable
- Would council offset revenue against sectors or only commercial and industrial
- Note, 67% of the utilities CV is council property or non-rateable (to be considered when setting the rate)

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# Observations of the modelling, including rating on Capital value

- Staff recommend further analysis be performed on modelled option:
  - **General Rate on LV ($40M), UAGC on RU $239.21, Transport Rate ($14M on CV) no change to Sector Splits**
- The change to rating units from SUIPS simplifies administration and reduces inequities experienced by some commercial property ratepayers
- A reduction in the level of the UAGC benefits ratepayers with lower valued properties

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# Observations of the modelling, including rating on Capital value

- The introduction of a capital value based rate to fund transport offsets in part the reduction in UAGC revenue from SUIPs
  - **Arguably it has a better link to intensity of use and ability to pay**
  - **Capital value and intensity of use may be a better link (compared to land value) to use of, and benefit of, our district roading networks**
- This scenario results in 91.6% of rateable properties (all sectors) having a total rates change of +/-$250 and 98.7% within +/-$1000

# General Rates LV vs. CV – Productivity Commission report

- In late March the NZ Productivity Commission released a report titled *Better urban planning*.
- This report concluded a rating system based on the unimproved, or land value, of a property is more efficient than one based on capital value
- The report considered there to be a stronger link between land values and ability to pay
- These findings contrast with the 2007 Rates Inquiry (Shand Report)
- A key focus of the Productivity Commissions report is on the how the Commission believes infrastructure should be funded in a future system (rather than focusing on rates)

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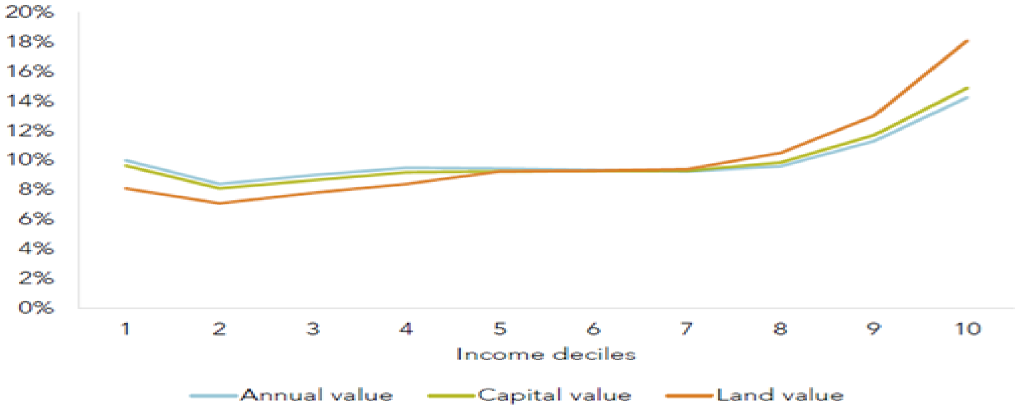
# Productivity Commission Report

- There is extensive discussion on how “value capture” tools would enable councils to generate funding for infrastructure projects
- Having read and considered the report, staff consider the funding of infrastructure by “value capture” is perhaps more relevant to large cities, such as Auckland than it is to the Whangarei District
- One of the strongest arguments supporting the Productivity Commissions view on land value based rating is their *interpretation* of a graph used in the Shand report to support Capital value based on the basis it provides a better link to ability to pay

# Productivity Commission Report

**Figure 4.2** **Distribution of property values across income deciles**




*Source:* Covec, 2007.

- The productivity Commission Report concludes the graph lowest income mesh blocks would bear a larger share of the rating burden under a capital value system
- Based on the same graph, the Shand report concluded that people who own high value (capital) properties also have a higher ability to pay than people who own lower valued (capital) properties..

# Productivity Commission Report

- The Productivity Commission acknowledges that Hamilton City Council provided evidence that it found a better relationship between capital value and income than land value and income in Hamilton
- Should Councillors wish to pursue capital valued based rating in the Whangarei District, staff will commission this report to be generated for this District to understand the relationship

# Other modelling?

- Are there any other scenarios would Council like modelled?

# General Rates matters still to be considered

- Remission/postponement policies
- Review of sectors and sector splits
- Stepped rates
- Papakainga Housing
- Multi units (mostly motels) currently pay 2* residential rate and charged number of pans
- Miscellaneous (not defined elsewhere) pay standard residential rates
- Definition of a rating unit/rating apportionment (Wellington example)
- Hotels are treated as commercial (LV set on commercial, due to liquor licence) not rated for multiple SUIPs and charged number of pans

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# Process going foward

- All of the agendas and rates briefing information to date be found on our website under “Rates”

- Our next steps and the process from here:

| | |
|---|---|
| **May 2017:** | Community and stakeholder engagement |
| **June – July 2017:** | Council considers feedback |
| **September – Oct:** | Detailed modelling of options |
| **Nov 2017:** | Council decides on proposed changes (if any) |
| **March 2018 :** | Statement of proposal – included with LTP consultation |

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# Questions/Comments/Feedback

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