

# 1. Report: Whangarei District Council Briefing Wednesday 5 April 2017

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*Report of a Briefing to the Whangarei District Council held in the Council Chamber, Forum North on Wednesday 5 April 2017 at 9.00am*

## **Present:**

Her Worship the Mayor Sheryl Mai, Crs Stu Bell, Crichton Christie, Vince Cocurullo, Tricia Cutforth, Shelley Deeming, Sue Glen, Jayne Golightly, Cherry Hermon, Phil Halse, Greg Innes, Greg Martin, Sharon Morgan and Anna Murphy

## **Apologies/Absent**

Cr Martin left at 9.45 am.

## **In Attendance:**

Chief Executive (Rob Forlong), General Manager Corporate (Alan Adcock), General Manager Community (Sandra Boardman), General Manager Strategy and Democracy (Jill McPherson), Financial Services Manager (Rich Kerr), Contractor Support Services (Lisa Aubrey), Rates Policy Adviser (Katherine Voelkerling), Governance Manager (Jason Marris), Senior Communications Adviser (Rachel Pascoe), Media Relations Advisor (Ann Midson), Senior Meeting Co-ordinator (Jennie Thomas)

## **1 Rating Structure Review**

Facilitators: Cr Shelley Deeming  
Alan Adcock

Cr Shelley Deeming convened the briefing.

Cr Deeming ran through the Ground Rules for briefings and workshops and reminded Elected Members to check with staff for accuracy on material that is being circulated to the public.

Alan Adcock reviewed the presentation and explained the content of each slide as outlined in the agenda report and attached presentation including:

### **Agenda for Briefing**

- General Overview
- Rating Legislation
- Current Structure and Policies
- Issues raised with current system e.g. previous submissions, direct feedback
- Councillor priorities for review

### **Practically Practicable**

Whatever changes are made it must be practicable to administer.

## **Factors to consider in formulating rating policy**

- Equity
- Affordability
- Simplicity
- Visibility
- Stability
- Adequacy
- Comparability
- Efficiency

*Elected members to determine what weight each factor is given and how to manage conflicts between them*

## **Term of Rates Policy Decision**

It is recommended our Rating Policy be reviewed at three yearly intervals - good practice.

*This doesn't stop council making adjustments annually.*

## **Overreaching Rating Legislation**

Local Government (Rating) Act

Rating Valuation Act 1998

Local Government Act 2002

Te Ture Whenua Maori Bill - *being worked through now.*

Regulations (made under these Acts)

Council Policies

## **Legal Status of Rates**

Rates are a tax, not a fee for service.

*This is based on legal precedent. It is important for this to be conveyed to ratepayers.*

## **Revenue and Financing policy**

*Must be adopted before we adopt LTP*

*Public benefit and private benefit of each Council activity and the appropriate funding mechanism will be reviewed.*

*E.g. Fine, Fee, General rates or targeted rates.*

*Needs to be decided at activity level, with results aggregated to determine rates funding required and how it should be allocated.*

## **Current Rating System – General Rates**

*Higher Uniform Annual General Charge's (UAGC's) are considered to be an regressive tax as they create a greater financial burden on lower income ratepayers.*

Feedback was sought from Elected Members at the conclusion of the presentation which included:

- General Rates are a tax - needs to be further clarified.
- In response to the questions "How will Te Ture Whenua Maori bill affect our structure and how will be able to adapt our policy?" Staff responded "it is anticipated that the Bill will be passed by September 2017 and will not impact rates until 2020".
- The rates structure review will also need to consider how council should rate Papakainga housing. This is still to be worked through as part of the review process.
- Non-rateable properties - there are approximately 1500-2000 properties non-rateable in the district. Government departments are rateable except for DHB, DOC, MOE – schools are rated

for pans and water. Further details on the number of non-rateable properties and the legislative reason for their non-rateability is to be provided at the next briefing.

- The review of general rates will include different scenarios for consideration - have we modelled or how easy is it to model a zero rate for UAGC.? Modelling a range of options and understanding the implications of these options at a broad and very detailed level is a straight forward process.
- It is important to communicate that our residential rates are amongst the lowest for across NZ. We should also clarify the difference between targeted and general rates in our communications.
- Current rating system - can we have an analysis of the effects of removing the stepped residential rate? There are 760 properties that would be effected if we removed the stepped rates. Update on the history and reasons for introducing the stepped rates should be provided.
- Differential rating – are our rating categories and differentials fair?
- Lifestyle blocks are rated as residential. How do we qualify a definition for a lifestyle block? Category rural vs lifestyle is not easily definable. At present lifestyle blocks comes under the residential category. Reviewing categories will be able to be modelled.
- With our current definition of Separately Used or Inhabited part – properties can be charged multiple UAGC's and some targeted rates can be charged. There are 17 commercial properties that have seven or more SUIPS. Use of SUIPs will be reviewed and further discussed as the review progresses.
- General Rates value based rate is based on the value of the entire rating unit, whereas UAGC's are applied per SUIP.
- We need to look at our CBD and consider how we can use rating as a tool to encourage desirable development.
- Do targeted rates cover 100% of the cost of providing specific Council Activities? It was explained that some do but others might only cover some of the cost, with the residual funded from general rates or other funding sources.
- Capital value vs land value. It was noted around 50% of the councils using CV are still using SUIPS. Staff are researching this at present and will present further information to inform discussion.

**At the conclusion of the discussion, comments were sought from Elected Members on whether the summary of factors that could be reviewed from the presentation (page 14) were appropriate.**

*The general consensus was that these factors covered the areas that should be reviewed with the inclusion of a review of the alignment of rates with Council planning/zoning.*

#### **Further comments provided from Elected Members:**

- *High priority for SUIPS and the definition to be reviewed.*
- *Modelling needs to be provided for various options.*
- *Understanding the impact of using Capital value basis for general rating and the continued use or removal of SUIPS important.*
- *Targeted rates could be used for certain areas to fund council activities and infrastructure where there is demand from communities to provide enhanced service levels.*
- *The choice for targeted rates on various services should be a choice for communities.*
- *Capital value vs land value review required.*
- *Sector splits – is there another way?*
- *Information needed on zonings and relationship with rating information around what we are planning. Information on linking our planning and zoning and providing information on the effects on rates was requested.*
- *Could the IRD criteria be used to help differentiate lifestyle from rural?*
- *Interested in what equivalent councils are doing - growth in FNDC and other local councils*
- *We need to highlight to ratepayers what we have done in the past few years. Council has reduced its reliance on General Rates from 80% of total revenue to 33% over the years.*
- *Differentials – needs to be defined.*

- *The definition of each rating category needs to be reviewed.*
- *The priority is to fully understand our current system - what can and should be amended.*
- *Would like alignment and simplicity - less complex but fairer rating system.*
- *Review what UAGC is used for and is it appropriate versus increasing the value based General Rate or our use of Targeted rates.*
- *After the review recognise that as a council we will have completed the fairest assessment that we can.*
- *Important that we do not change or throw out things that are working. Different needs to be better.*

### **Final Comments**

Council staff are developing a simple YouTube clip on the rating system. Elected members will get to view this before being made available to the public.

Agenda for briefing next week already produced so zoning/planning supplementary will be provided next week if staff are able to prepare this in time.

Four public meetings will be held in early May, including a Sector group meeting. More will be added if there is demand for them from the public. The request from a member of the public asking that acronyms be clearly defined was noted.

“Rating Know How” guide is a useful reference tool.

**The meeting closed at 11.50 am**