

1. Report: Whangarei District Council Briefing Tuesday 11 April 2017

Report of a Briefing to the Whangarei District Council held in the Council Chamber, Forum North on Tuesday 11 April 2017 at 10.30am

Present:

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

Apologies/Absent

Crs Halse and Innes

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), Senior Communications Adviser (Rachel Pascoe), Senior Meeting Co-ordinator (Jennie Thomas)

Rating Structure Review

Facilitators: Cr Shelley Deeming
Alan Adcock

This report should be read in conjunction with the agenda report.

Councillor Deeming convened the meeting.

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

Agenda Headings

- Scope of Review
- Types of Rates
- Focus on General Rates – valuation basis
- Strengths and Weakness of:
 - Land Value
 - Capital Value
 - Annual Value
- Urban planning
- Why change?
- Opposition to Change
- Sector Splits/Differentials
- SUIPs/Rating units
- Remissions and Postponement Policies
- General Rates (UAGC/Value based rate)
- Potential for alignment of rating policies within Northland
- Additional information requested at last Briefing

Discussion and Feedback

- Rating of Hikurangi Swamp farms in FNDC was raised - discussion deferred to an alternative meeting.
- There has been some dissatisfaction with valuation methodology.
- There are generally fewer differentials required when using Capital Value as the basis for setting general rates compared to using Land Value as the basis.
- Capital Value still requires some differential rates to deal with outliers.
- The Government commissioned Shand Report 2005 recommended Capital Value as the preferred basis of rating.
- The recently published Urban Planning Report recommends using Land Value as the base for setting General Rates. The analysis is very comprehensive but appears to have been prepared for high growth areas like Auckland. It has not yet been reviewed to understand how the analysis applies to Councils and our district. Report to be circulated to Councillors.
- It was requested that the current rating system should be modelled – a base case will be provided to assess any proposed variations against
- Any change to the rating system would impact on all ratepayers. Submissions usually originate from ratepayers that believe rating system is unfair based on their property rates.
- Rating systems are imperfect - not deliberately unfair. Ratepayers views change every three years with different valuations. Even if we stay with the status quo there is likely to be comment.
- Council will understand any implications to any rating structure changes we make as all changes will be modelled.
- The possibility of more targeted rates being used was discussed - could they be used to fund additional infrastructure or higher levels of service for specified communities or areas where there is demand to do so?
- There are 17 commercial properties only that have 7 or more SUIPS.
- The metro council's use Capital Value rating. Some councils set their UAGC's using SUIPs, others do not have a UAGC.
- Motel general rates are charged under our multi-unit category (which is 2x residential category). Hotels are rated under our commercial category as they have liquor licenses. Pan charges apply for hotels and motels.
- Council takes remission values into account when calculating the rates to be paid by each sector to ensure the sector splits are achieved.
- Rates rebates are government funded.
- There is legislation going through the house now reviewing the Rates Rebate policy regarding retirement villages where the units are owned by a body copy.
- A request was made for costs to Council of each remission policy.
- Staff recommend that Remission and Postponement Policies are reviewed and the impact of changing other Rating tools be understood and considered when reviewing each policy.
- Forestry land is rated as it is privately owned.
- Stepped rates for high value residential properties are mainly high value coastal areas.
- The Activity Funding Review – Summary Information provided in the presentation will be addressed in detail as part of the review as this document underpins the Revenue and Financing Policy. A pdf of this document is to be supplied to councillors
- District plan environments do not necessarily reflect intensity of use. We could use Environments for targeted rates if there was a strong correlation between the environment zone and the service or infrastructure provided.
- Have not yet had the time to look at options of using rates as a tool to drive improvement in the CBD.
- Expressed the SUIP definition needs to be extensively reviewed. It is critical to get a definition around a unit in the CBD. Whole session needed on SUIPS.
- UAGC is part of the general rate.

- Staff recommend that capital value options be modelled so we understand implications.
- Staff recommend that SUIPS and Rating Unit options be modelled with the CV and LV options.
- Staff recommend that differential options be modelled with CV and LV options.
- Differing opinions were expressed when the question was asked “Does Council wish to explore the potential for alignment of rating policies within Northland?”
- FNDC is going through a rates review at present. In recent years, Kaipara have looked at all their Rates Remission and Postponement policies and it is well drafted. Regardless of decision on alignment of rating policies in Northland we should look at KDC wording and policy.
- There has been some work undertaken looking at shared services across the district. It is possible we could use the same parameters to assist us if we explore this option.
- Councillors expressed the desire to have an improved commentary to put in context to ratepayers that “rates are a tax.”

The meeting closed at 12.25 pm