

# Review of Revenue and Financing Policy 2021 and Rates Remission Policy 2021 - proposal

## Waitomo District Council

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## INTRODUCTION

We are reviewing our Revenue and Financing Policy and the Rates Remission Policy as part of our three yearly review of our 10 Year Plan 2021–2031 (10YP). The proposal reflects changes in the Council's activities and direction.

This document outlines a summary of the changes Council is proposing for these two policies.

## WE WOULD LIKE TO HEAR FROM YOU

### Key dates

WHEN	WHAT
21 April 2021	Open for Consultation
21 May 2021	Opportunity for feedback closes
27-28 May 2021	Hearings (should people wish to speak to their submissions)
9 June 2021	Deliberations – changes are agreed
29 June 2021	Council adopts the amended Revenue and Financing Policy and Rates Remission Policy

### Giving us feedback

Complete the Submission Form and return it to us by:

- Visiting our Office at 15 Queen Street, Te Kuiti
- Emailing to: [haveyoursay@waitomo.govt.nz](mailto:haveyoursay@waitomo.govt.nz) (scan and pdf or take a photo)
- Posting to: FREEPOST 112498, Waitomo District Council, PO Box 404, Te Kuiti 3941

## REVENUE AND FINANCING POLICY

The Revenue and Financing Policy is a requirement of the Local Government Act 2002 (LGA) to provide predictability and certainty about Council's sources and levels of funding for operating and capital expenditure.

The proposed amendments reflect changes over the last three years and represents alignment with current practices and initiatives of the Council.

When considering the funding sources appropriate for each activity Council has considered affordability, accessibility, practicality and community wellbeing are applied to the activity.

As part of this process Council considers the overall impact on the changes to the distribution of rates and fees and charges on the community.

## Conditions and Criteria

Council considered s101(3) of the LGA which is a two-step policy process for assessing each of the Council's activities and the approach to setting the public and private split for these.

For each of Waitomo District Council's activities, Council must consider the following steps:

Step 1:

- i. The community outcomes to which the activity primarily contributes;
- ii. The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals;
- iii. The period in or over which those benefits are expected to occur;
- iv. The extent to which the action or inaction of particular individuals or a group contribute to the need to undertake the activity;
- v. The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

Step 2:

- i. The overall impact of any allocation of liability for revenue needs on the community.

The principle of the two-step process is to show clearly who pays for what and why.

The current Revenue and Financing Policy is available on Council's website. Council has reviewed the Activities as per the above process and proposes the following changes to the Policy including modification of names and descriptions of the Group of Activities (GOA) to reflect best practice and align with the proposed 10 Year Plan 2021-31.

## Summary of proposed changes to the Revenue and Financing Policy 2021

A summary of Council's proposed funding allocations are outlined below:

GOA: LEADERSHIP															
Proposed funding allocation 10YP 2021-31								Reasons for proposed change	Current funding allocation LTP 2018-28						
Activity	Fees and Charges	Other Revenue	Grants and Subsidies	General Rate	UAGC	Targeted Fixed Rate	Targeted Rate		Fees and Charges	Other Revenue	Grants and Subsidies	General Rate	UAGC	Targeted Fixed Rate	Targeted Rate
Representation	1%	45%		27%	27%			Proposing to update the funding allocation to reflect the funding from Other Revenue (penalties) and fees and charges which are currently not recognised in the funding allocation.				50%	50%		

GOA: REGULATORY SERVICES															
Proposed funding allocation 10YP 2021-31								Reasons for proposed change	Current funding allocation LTP 2018-28						
Activity	Fees and Charges	Other Revenue	Grants and Subsidies	General Rate	UAGC	Targeted Fixed Rate	Targeted Rate		Fees and Charges	Other Revenue	Grants and Subsidies	General Rate	UAGC	Targeted Fixed Rate	Targeted Rate
Environmental Health	30%			35%	35%			It is not possible to recover all costs of this activity from fees and charges. Any significant increase to meet the 60% funding allocation for fees and charges is seen to be prohibitive with a high impact on businesses that may also be impacted by the pandemic. The funding allocation for fees and charges has been decreased to align with user benefit.	60%			20%	20%		
Animal and Dog Control	60%			20%	20%			It is not possible to recover 80% funding allocation from fees and charges and is prohibitive. The funding allocation for fees and charges has been reduced to align with assessed user benefit.	80%			10%	10%		
Building Control	40%			60%				Significant increases to fees and charges are seen to be prohibitive and the amount of fees received per year is dependent on applications received which can vary from year to year. The funding allocation for fees and charges have been reduced to align with assessed benefits.	60%			40%			

GOA: RESOURCE MANAGEMENT															
Proposed funding allocation 10YP 2021-31								Reasons for proposed change	Current funding allocation LTP 2018-28						
Activity	Fees and Charges	Other Revenue	Grants and Subsidies	General Rate	UAGC	Targeted Fixed Rate	Targeted Rate		Fees and Charges	Other Revenue	Grants and Subsidies	General Rate	UAGC	Targeted Fixed Rate	Targeted Rate
District Plan Administration	40%			30%	30%			Increase funding allocation for fees and charges has been proposed to align with actuals and user /exacerbator benefit.	35%			32.5%	32.5%		

GOA: RECREATION AND PROPERTY																
Proposed funding allocation 10YP 2018-28								Reasons for proposed change	Current funding allocation LTP 2018-28							
Activity	Fees and Charges	Other Revenue	Grants and Subsidies	General Rate	UAGC	Targeted Fixed Rate	Targeted Rate		Fees and Charges	Other Revenue	Grants and Subsidies	General Rate	UAGC	Targeted Fixed Rate	Targeted Rate	
Elderly Persons Housing	100%							Increase in the funding allocation to align fees and charges to reflect the benefit of the users. This intention is a gradual move over time to 100% as a rapid increase is seen as prohibitive.	60%			20%	20%			
Other Land and Buildings	35%			32.5%	32.5%			Increase in funding allocation is proposed to align fees and charges closer to the benefit attributed to users.	25%			37.5%	37.5%			
Waitomo District Library	2%			23%	75%			Decrease in funding allocation in fees and charges is proposed to align closely with the actual trends of revenue and any substantial increase would have an adverse effect on library usage and make fees prohibitive.	8%			22%	70%			
Waitomo District Aquatic Centre	15%			5%	5%	60% (Te Kuiti Urban and Periphery Rating area) 15% (Rating units in the district not in the Te Kuiti Urban and Periphery Rating Area)		Increase in funding allocation in fees and charges is proposed to align closer to the benefit attributed to users, which is also consistent with actual trends for fees and charges.	10%			3.5%	3.5%	58% (Te Kuiti Urban and Periphery Rating area) 25% (Rating units in the district not in the Te Kuiti Urban and Periphery Rating Area)		
Aerodrome	100%							Increase funding allocation of fees and charges to reflect benefit attributed to users. This intention is a gradual move over time to 100% as a rapid increase is seen as prohibitive.	40%			30%	30%			

  

GOA: ROADING AND FOOTPATHS																
Proposed funding allocation 10YP 2018-28								Reasons for proposed change	Current funding allocation LTP 2018-28							
Activity	Fees and Charges	Other Revenue	Grants and Subsidies	General Rate	UAGC	Targeted Fixed Rate	Targeted Rate		Fees and Charges	Other Revenue	Grants and Subsidies	General Rate	UAGC	Targeted Fixed Rate	Targeted Rate	
Subsidised Roading	1%		50%				49%	Minor changes have been proposed to update the funding allocation to better reflect the funding allocation for subsidies and targeted rate.	2%		40%	1%		57%		
Unsubsidised Roading	25%						75%	The change proposed better reflects the attributed user benefits.	25%				67% Te Kuiti Urban and Periphery Rating Area 8% rating units in the District not in the Te Kuiti Urban and Periphery Rating Area			

## RATES REMISSION POLICY

Rates are a tax, assessed on rating units to fund local authority provided services. Remission of rates involves the local authority foregoing payment of all or part of any rates it is lawfully owed in any given year.

Postponement of rates involves delaying or deferring payment of rates until either a specified time or specified event occurs, such as the sale of the property.

At the time of writing, the Local Government (Rating of Whenua Maori) Amendment Bill is awaiting Royal Assent. The Bill proposes a number of changes to the way Maori land is rated to broadly support owners to engage with, use, develop and live on their land. Local authorities will update their rates remission policies to align with the new legislation by 1 July 2022.

The Rates Remission Policy is made up of a series of policies that describe the circumstances in which Council can provide rates remissions. Each policy outlines objectives Council seeks to achieve by the remission of rates and conditions and criteria applicants need to meet to receive rates remissions. Council cannot make any rates remissions that are inconsistent with this Policy.

### Key proposed amendments

#### COMMUNITY ORGANISATIONS AND CLUBS AND SOCIETIES

##### Proposed amendment

The current Policy contains a list of organisations that Council have agreed to provide remission for but may not necessarily fit within the Policy wording. These organisations are 'not for profit' or charitable in nature and operate for the benefit of the wider community.

Council is proposing to update the criteria to enable the removal of the list of named organisations and amend the criteria to ensure that the Policy captures the intent of 'not for profit' organisations and makes it available for all potentially eligible organisations.

The proposed criteria is as follows:

- The land must be used exclusively or principally for sporting, recreation, or community purposes.
- Organisations must be 'not for profit' and/or for charitable purposes.
- Organisations who exist for private pecuniary profit or engage in recreational, sporting or community services as a secondary purpose are not eligible.

#### MĀORI FREEHOLD LAND

This category recognises that certain Māori freehold land has particular conditions, features, ownership structures or other circumstances that make it appropriate to provide relief from rates. The current Policy provides for remission in a range of circumstances.

##### Proposed amendments

- Extend the duration of remission of unoccupied/undeveloped land from one year to three years. This change is largely proposed in order to streamline the process.
- Align the Policy sections relating to payment arrangement and economic use and development arrears to be remitted if current and future rates are met over a period of 2 years.
- Extend eligibility for remission for land changed to general land under the Māori Affairs Amendment Act 1967.

#### FINANCIAL HARDSHIP

This remission category currently provides assistance for individuals owning residential rating units and 'not for profit' community organisations in cases of extreme financial hardship.

The current criteria for residential rating units requires the applicant to be the registered owner and occupier and that they have owned the property for not less than 5 years.

Council is proposing to remove the limit of the 5 year timeframe from the Policy and address eligibility issue through criteria.

#### LAND AFFECTED BY NATURAL CALAMITY

Owners are currently required to apply annually for this remission where the property has not been restored following the event, except where the rating unit has eroded entirely and now forms part of the coastal marine area, in this situation a permanent remission is granted.

There are some situations where the land has been affected by natural calamity and is unable to be used or inhabited now or in the future, or where Council has prohibited access. Accordingly, it seems unnecessary to require the owners to apply annually for remission.

Council is proposing to extend the period to three years or when the restriction is lifted.

## SUBMISSION FORM

### Proposed Revenue and Financing Policy 2021 and Rates Remission Policy 2021



Send us your feedback by 5pm 21 May 2021

Sub No.

*For office use only*

You can share your views by:

- Completing this Submission Form and returning it to us by:
  - Visiting our Office at 15 Queen Street, Te Kuiti
  - Emailing to: [haveyoursay@waitomo.govt.nz](mailto:haveyoursay@waitomo.govt.nz) (scan and pdf or take a photo)
  - Posting to: FREEPOST 112498, Waitomo District Council, PO Box 404, Te Kuiti 3941
- Visiting our website: [waitomo.govt.nz/consultation](http://waitomo.govt.nz/consultation) and fill an online submission form

<b>Full Name:</b>	
<b>Organisation:</b> <i>(if responding on behalf of)</i>	
<b>Phone:</b> (home/mobile)	
<b>Address:</b>	
<b>Postcode:</b>	
<b>Email:</b>	

*The Local Government Act 2002 requires submissions to be made available to the public. Your name and/or organisation will be published with your submission and made available in a report to elected members and to the public. Other personal information supplied (such as address / email address) will be removed from the public copy.*

#### YOUR FEEDBACK

Do you support the proposed changes to the Revenue and Financing Policy?

Yes  No  Partially

**Comments**

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Do you support the proposed changes to the Rates Remission Policy?

Yes  No  Partially

**Comments**

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