

EXTRAORDINARY MEETING OF COUNCIL

Open Minutes (Revenue & Finance Policy Hearing)

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| Meeting Date: | Tuesday 9 February 2021 9.00am-3.40pm |
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| Time: | Reconvened: 9.00am-2.30pm Wednesday, 10 February 2021; 9.00am-5.05pm Thursday, 11 February 2021; 9.00am-12.00noon Friday, 12 February 2021; and 1.00pm- 2.45pm Tuesday, 16 February 2021 |
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| Venue | Large Exhibition Hall Napier War Memorial Centre Marine Parade Napier <i>Livestreamed via Zoom on Council's Facebook page</i> |
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| Present | Mayor Wise, Deputy Mayor Brosnan, Councillors Boag, Browne, Chrystal, Crown, Mawson, McGrath, Price, Simpson, Tapine, Taylor and Wright |
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| In Attendance | Chief Executive (Steph Rotarangi) Director Corporate Services (Adele Henderson) Director Community Services (Antoinette Campbell) Manager Communications and Marketing (Craig Ogborn) Investment and Funding Manager (Garry Hrustinsky) Sign Language Interpreters (Kerry Locker-Lampson and Sarah Billing) |
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| Submitters Speaking | Greg Macklow; Craig Waterhouse; Christina Clough; Joy Rycroft; Warwick Marshall; Robert Best; Paul Harris; Andrew Robertson; Janet Campbell; Tony Johnson; Deborah Burnside; Garth Parker; Gary Scholfield – PowerCo; Nathan Strong – Unison; Phil Ellis; Murray Arnold; Maurice Lloyd; and Mervyn Kite |
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| Administration | Team Leader Governance (Helen Barbier) Governance Advisor (Carolyn Hunt) Governance Advisor (Anna Eady) |
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Karakia – The meeting opened with a karakia.

Apologies

Council resolution

Councillors Tapine / Boag

That the apology for lateness from Councillor Wright be accepted.

Carried

Conflicts of interest

Nil

Public forum

N/A

Announcements by the Mayor

Nil

Announcements by the management

Nil

AGENDA ITEMS

1. SUBMISSIONS ON THE STATEMENT OF PROPOSAL FOR THE REVENUE & FINANCING POLICY, RATING POLICY, RATES REMISSION POLICY & RATES POSTPONEMENT POLICY DOCUMENT

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| <i>Type of Report:</i> | Legal |
| <i>Legal Reference:</i> | Local Government Act 2002 |
| <i>Document ID:</i> | 1281821 |
| <i>Reporting Officer/s & Unit:</i> | Garry Hrustinsky, Investment and Funding Manager Emma Morgan, Team Leader Community Strategies |

Her Worship the Mayor opened the meeting and outlined the process to be followed in relation to the hearing of those submitters who had indicated a wish to appear in support of their submissions and advised that the meeting was being both recorded and livestreamed.

1.1 Purpose of Report

To present the submissions received on the Revenue & Financing Policy, Rating Policy, Rates Remission Policy and Rates Postponement Policy Statement of Proposal for Council's consideration.

To present final recommendations to Council following public submissions on the Statement of Proposal.

PRESENTATION OF VERBAL SUBMISSIONS

The following submitters spoke to their submissions.

Greg Macklow spoke to his submission highlighting the following:

- He opposed the rezoning of the Esk Hills area from the Other Rural differential 63.47% to Residential/Other 100%.
- He supported the concept of contributing to the common good .
- It was inequitable to charge the same level of rates for a property like his and he recommended a rating differential of 65%.

Craig Waterhouse spoke to his submission and displayed a PowerPoint presentation (*Doc ID 1290340*) highlighting the following points:

- He opposed the changes in rates as he was already paying 71% more.
- Under the proposed change he would be paying 125%.

Christina Clough spoke to her submission highlighting the following points:

- She opposed an increase in her rates in order to correspond to those of residential properties.
- Council did not provide their water supply or sewage treatment, there were no footpaths and they had minimal streetlights.

Joy Rycroft spoke to her submission and displayed a PowerPoint presentation (*Doc ID 1286928*) highlighting the following points:

- She opposed the proposal to change the rating differential of Other Rural properties to Residential/Other as she believed there were inconsistencies in the proposal.
- Napier City Council could create a separate rating differential for lifestyle blocks as in the Hastings District.

Warwick Marshall spoke to his submission and highlighted:

- No issue with paying for what he used.
- Did not have services and paid for their own water and sewage systems.
- Did not want his category changed from Rural to Residential/Other.
- Did not consider that his property was similar to a property in Westshore or Bluff Hill.
- Requested that Council reconsider the proposal that similar properties may have similar rates.

Robert Best spoke to his submission and highlighted the following:

- He opposed the proposal to change rates, which he considered as unfair, because it would mean an increase of \$30.00 per week for no increase in services.
- Bayview residents would be subsidising commercial ratepayers.
- If every property was metered there would be major savings.

Paul Harris spoke to his submission and highlighted the following:

- He opposed \$1400 rating increase and, for such an increase, would expect to have delivery of more services. Differentials reflected what could be accessed.
- On 63%, how could a 37% discount for services be justified when they can't be accessed?

*The meeting adjourned at 12.10pm for lunch
and reconvened at 1.00pm*

PRESENTATION OF VERBAL SUBMISSIONS (cont)

Andrew Robertson spoke to his submission and highlighted the following:

- He opposed the proposed change to rating because Bay View remedial works and maintenance over 12 years had been minimal.
- Over 90% of the roads in Bay View were far too narrow.
- An increase of between \$5.00-\$15.00 per week on rates was too high.
- Westshore had a far larger retail and commercial area as well as industrial and entertainment areas.
- Bay View residents had to travel at least 8km to reach Napier City services.
- It was unfair to increase their rates by over 25%.

- He did not intend to pay the proposed rates until there was 100% parity in infrastructure.

Janet Campbell spoke to her submission highlighting the following:

- She opposed the proposed change to rating which would incur an increase of \$501 per annum.
- Properties in Onehunga Road were rural not residential.
- Her property and others in Onehunga Road were not similar to urban Napier properties.
- She felt there should be an additional Lifestyle rating category for properties of less than 5 hectares

Tony Johnson spoke to his submission and highlighted the following:

- He opposed the proposed change to rating for bare land that had no home or services on it.
- Even a reduction in the rate would still be a charge for services that were not provided.

Deborah Burnside spoke to her submission highlighting the following:

- She opposed the change in policy that had no net benefit to Council.
- Jervoistown and Meeanee inhabitants were part of the 2400 ratepayers who would face increases in rates that were not fair or equitable.
- Her property should be treated as residential if her rates increased.
- Stormwater charges should be included in the general rate and not a targeted rate as proposed.
- She disagreed with the pan tax for domestic properties but could see the rationale for commercial accommodation, etc.

Garth Parker spoke on behalf of his father's (Wayne Parker) submission and highlighted the following:

- He opposed the proposed change to rating for 340 Meeanee Road (Meeanee Hotel).
- The Meeanee Pub rating had gone from Other Rural to Commercial and this would result in an increase of 250%, in effect tripling the rates with no additional Council services.
- On behalf of his father, Mr Parker requested that there be some discretion in the rates calculation for the Meeanee Hotel.

Gary Scholfield – PowerCo spoke to his submission highlighting the following:

- He opposed the proposed change to the company's rates category from Miscellaneous to Commercial and Industrial
- He also opposed the new targeted stormwater rate being applied to its network because its activities did not impact on this; Powerco's network was predominately underground gas distribution pipelines and they did not own any properties in Napier City.
- He requested that Council amend the Rating Policy to provide a separate differential for utility assets/properties and an amendment to exempt utility assets from the stormwater rate.
- Alternatively Council could offer a remission on stormwater rates for ratepayers who did not utilise the stormwater network.

- He noted that the Unison Power Company had similar concerns and Powerco supported the submission by Unison.

Councillor Wright joined the meeting at 1.45pm.

Nathan Strong – Unison spoke to his submission and highlighted the following:

- He opposed the rating differential change from Miscellaneous to Commercial and Industrial and the stormwater targeted rate.
- He submitted that Unison Networks should be given an exemption from the stormwater targeted rate or continue to be rated in the Miscellaneous category.
- Unison rates would increase from \$2,800 to \$52,000 per annum if the stormwater rate was charged.
- Ultimately this cost would be borne by the Napier ratepayers as power costs would have to increase.

Phil Ellis spoke to his submission and displayed a PowerPoint presentation (*Doc ID 1286927*) and highlighted the following:

- He opposed the proposed policy change from the Other Rural to the Residential/Other category because the rates would be increased proposed with no added services and the land had not been rezoned to residential.
- He suggested that the Uniform Annual General Charge be increased from around 20% to 30%, that there be a move towards user pays, an increase in the number of targeted rates and a change to rating capital value rather than land value.
- Without changing from land value to capital value, true fairness of a graduated wealth tax, which makes up 75% to 80% of rates, could never be achieved

Councillors McGrath and Mawson withdrew from the meeting at 2.10pm

Murray Arnold spoke to his submission highlighting the following:

- He opposed the changes to the Revenue and Financing Policy which now included a fourth category for Rural Residential
- The focus of his submission was around a fair and equitable rating system.

Councillors McGrath and Mawson rejoined the meeting at 2.15pm

- The introduction of a Semi-Rural category was a positive step.
- The definition of Rural in the policy, with the added criteria of value of improvements, is unnecessarily restrictive and not clear. It was a disincentive to developing a property to increase productive use.
- Rural and Rural Residential type properties did not support any more people, or place any greater burden on the city than an urban residential property, yet because of higher land value would have a higher general rate.
- The new policy meant the majority of Rural properties of less than 5 hectares and Rural Residential properties would have to apply for a remission of rates for an equitable rate to be set.
- He felt the Policy lacked clarity.
- It would be useful to have an application for remission sent out with the rates notice.

Maurice Lloyd spoke to his submission and highlighted the following:

- He opposed the proposed cancellation of the Other/Rural category and the change of those properties to Residential.
- There were marked differences in both categories of properties that strongly supported the differentials for the Other Rural property category being retained.
- Services had not changed since 1989 and did not provide water or sewage.

*The meeting adjourned at 2.40pm for afternoon tea
and reconvened at 3.15pm*

PRESENTATION OF VERBAL SUBMISSIONS (cont)

Mervyn Kite spoke to his submission and highlighted the following:

- He opposed the change from the Rural Residential differential to Residential.
- There should be no change to the Uniform Annual General Charge, for him there would be an increase to 39%.

*The meeting adjourned with a karakia at 3.40pm and would reconvene
on Wednesday, 10 February 2021 at 9.00am*

Minutes of a Reconvened Extraordinary Council Meeting Held In the Large Exhibition Room, Napier War Memorial Centre, Marine Parade, Napier held on Wednesday, 10 February 2021 at 9.00am

| | |
|----------------------|--|
| Present | Mayor Wise, Deputy Mayor Brosnan, Councillors Boag, Browne, Chrystal, Crown, Mawson, McGrath, Price, Simpson, Tapine, Taylor and Wright |
| In Attendance | Chief Executive (Steph Rotarangi) Director Corporate Services (Adele Henderson) Director Community Services (Antoinette Campbell) Acting Pou Whakarae (Morehu te Tomo) Manager Communications and Marketing (Craig Ogborn) Investment and Funding Manager (Garry Hrustinsky) Sign Language Interpreters (Kerry Locker-Lampson and Sarah Billing) |
| Submitters Speaking: | Lance Simon; Dermott McCaughan and James Brownlie |
| Administration | Team Leader Governance (Helen Barbier) Governance Advisor (Carolyn Hunt) Governance Advisor (Anna Eady) |

Karakia – The meeting reconvened with a karakia.

1. SUBMISSIONS ON THE STATEMENT OF PROPOSAL FOR THE REVENUE & FINANCING POLICY, RATING POLICY, RATES REMISSION POLICY & RATES POSTPONEMENT POLICY DOCUMENT (cont)

At the meeting

The meeting reconvened for the second day and continued hearing verbal submissions.

PRESENTATION OF VERBAL SUBMISSIONS (cont)

Lance Simon spoke to his submission highlighting the following:

- He opposed the changes to the proposed Revenue and Finance Policy categories
- He was grateful for recycling and did not mind paying for parks and libraries.
- Rural residents provided their own water and sewage systems.
- There is an assumption that if you live in the country you must be rich and could afford to pay more rates.
- Charging for services that rural people do not get was unfair and unjust.
- 108 people had attended a public meeting and all opposed the proposal.
- Council should reconsider the proposal as it was not cheap to live in the country and there would be a number of people that could not afford to pay the increase.

Dermott McCaughan spoke to his submission highlighting the following:

- He opposed the proposed rate increases on his lifestyle property.
- A neighbour with a similar sized property and valuation in the Hastings district paid less.
- His rates would increase by \$400 with no increase in benefits as he provided his own water, sewage and maintenance systems.
- Council did not provide help dealing with pests.
- He was happy to pay for libraries and parks included in the UAGC.
- Council should not be alienating rural rate payers from Napier. There is a rich resource in the rural hinterland.
- Napier existed because of the Port not Art Deco. The Port was established to support the rural hinterland.

James Brownlie spoke to his submission highlighting the following:

- He opposed the proposed rate increase for Bay View .
- Bay View did not have the same level of services as others so this should be reflected in the annual general rate until the level of services were the same.
- If a street in Bay View had full services it should be charged the full rate otherwise it should be left as is.
- There would be a lot of people unable to afford the increases and businesses would be unable to continue.
- The increase should stay in line with Hastings district.

*The meeting adjourned with a karakia at 2.30pm and would
Reconvene on Thursday, 11 February 2021 at 9.00am*

Minutes of a Reconvened Extraordinary Council Meeting Held In the Large Exhibition Room, Napier War Memorial Centre, Marine Parade, Napier Held on Thursday, 11 February 2021 At 9.00am

| | |
|----------------------|--|
| Present | Mayor Wise, Deputy Mayor Brosnan, Councillors Boag, Browne, Chrystal, Crown, Mawson, McGrath, Price, Simpson, Tapine, Taylor and Wright |
| In Attendance | Chief Executive (Steph Rotarangi) Director Corporate Services (Adele Henderson) Director Community Services (Antoinette Campbell) Director Infrastructure Services (Jon Kingsford) Manager Communications and Marketing (Craig Ogborn) Investment and Funding Manager (Garry Hrustinsky) Sign Language Interpreters (Kerry Locker-Lampson and Sarah Billing) |
| Submitters Speaking: | Debbie Monahan for Bruce Clark (Biodiversity Hawke's Bay); Colin James; Anna Sanders; Robert Bremner; Peter Holley, Kerry Ansell and Eddy Clark |
| Administration: | Team Leader Governance (Helen Barbier) Governance Advisor (Carolyn Hunt) Governance Advisor (Anna Eady) |

Karakia – The meeting reconvened with a karakia.

Apologies

Council resolution Mayor Wise/Councillor Boag

That the apology for lateness from Councillor Tapine be accepted.

Carried

1. SUBMISSIONS ON THE STATEMENT OF PROPOSAL FOR THE REVENUE & FINANCING POLICY, RATING POLICY, RATES REMISSION POLICY & RATES POSTPONEMENT POLICY DOCUMENT (cont)

At the meeting

The meeting reconvened for the third day and continued hearing verbal submissions.

PRESENTATION OF VERBAL SUBMISSIONS (cont)

Debbie Monahan for Bruce Clark (Biodiversity Hawke's Bay) also presenting on behalf of Dr Kiri Joy Wallace (People, Cities & Nature based at the University of Waikato) highlighted the following:

- The proposed changes could have a negative impact on owners of Friends Bush in Jervoistown.
- Friends Bush was owned privately with significant natural plantings that had been cultivated and protected since 1981.
- Biodiversity Hawke's Bay requested Council consider either another rating differential or a rating dispensation that reflected the public good aspects of Friends Bush.
- Council could find ways of encouraging landowners to undertake protection by way of rate relief.
- She was aware that requesting a remission was an option but it was unclear in the policy.

Colin James spoke to his submission highlighting the following:

- He opposed the policy changes
- If Council decided to increase rates on his property, he would need to have the native bush felled and he had already made arrangements for this to happen.
- The land was already zoned as building sites.
- He had no intention of paying huge increases as had paid enough on native bush
- Jervoistown was not included in the sewerage, water or stormwater connections and therefore could not be termed city residential.

Anna Sanders spoke on behalf of her husband Ben, highlighting the following:

- They opposed the rates changes.
- Merging Jervoistown from the general rate differential to the Residential/Other category would significantly increase their rates with no increase in benefits.
- The review was pitched as town subsidising the country.
- The officer's report did not include an explanation or detailed assessment of how the 92.5% differential had been determined. In the absence of that information it was not fair and equitable.
- Detailed reasons for the changes should be provided in the Decision as the public perception could be that the Revenue and Finance Policy decision had already been made as it was included in the Long Term Plan.

Robert Bremner spoke to his submission and highlighted the following:

- Opposed the rate changes.
- He opposed the existing differential at 63.4% that would still have the Rural Residential properties paying 17% more than the average Residential rates payment.
- He considered the proposal unfair when 85% more tax was going to be paid by rural residents with less infrastructure than those living in town.

Peter Holley spoke to his submission highlighting the following:

- He opposed the proposed changes to differentials for the general rate and criticised the methodology and logic; the proposal was unfair, unjust and not sustainable for hardworking and production based people.
- He did not support a new targeted rate for stormwater based on capital values.

Kerry Ansell spoke to his submission highlighting the following:

- He opposed the proposed changes.
- The Rural differential should remain at 63.4% as they received little or no financial benefits.
- His property was planted in trees and provided benefit to the wider community and a home for birdlife which incurred additional expense for pest control and rural fire insurance.
- Selected areas had been targeted to fund expenditure.
- Other rural submitters were not allowed to subdivide so were unable to develop their property
- Jervoistown could not be subdivided.
- He questioned how increasing tax on 2000 residents was going to make things fairer.
- Rural or Semi-rural residents could not afford to pay the proposed increases.

*The meeting briefly adjourned at 2.50pm
and reconvened at 2.55pm*

PRESENTATION OF VERBAL SUBMISSIONS (cont)

Edward Clark spoke to his submission and highlighted the following:

- He opposed the proposed changes.
- The impact on Bay View needs to take into account economic allocation principles, equity considerations and the inherent partiality of the change process.
- A comparison between Westshore and Bay View services and facilities was unfavourable for Bay View.
- Unlike Westshore, Bay View also had their water consumption metered and paid for any excess.
- Westshore and Bay View were patently not the same and yet because some properties had the same land value they were being treated as equal.

Councillor Tapine joined the meeting at 3.00pm

- Bay View residents were happy to pay additional rates when they received additional services comparable to present city ratepayers.
- The reduction of categories would disadvantage those who did not fit into the three rating categories proposed.

*The meeting adjourned for afternoon tea at 3.10pm
and reconvened at 3.35pm*

Officer Comments

The Investment and Funding Manager, Mr Hrustinsky spoke to his report and highlighted the following points:

- Local authorities may review their Revenue and Financing Policy at least every three years prior to the adoption of a Long Term Plan.
- On 15 September 2020 the draft Revenue & Financing Policy, Rating Policy, Rates Remission Policy and Rates Postponement Policy were approved for consultation. Six public meetings were conducted to ensure high public awareness and engagement.
- A total of 540 submissions were received, with 474 submissions submitted online and 66 provided in hardcopy form. There were 29 submitters who indicated they wished to present to Council.
- Most responses came from areas impacted; Bay View, Awatoto, Eskdale and Jervoistown.
- Submitters identified services such as sewage, stormwater, street lighting, kerbing, road/footpath development as services they did not receive and felt their rates increases were poor value in this context.
- In general, proposed changes were considered unfair for rural/semi-rural residents because rural/semi-rural residents already incur additional private infrastructure/service costs.

Deliberations Commenced

There was considerable discussion and the main points that required consideration during the deliberations were:

- Rates were governed by the Local Government (Rating) Act.
- There was agreement by submitters to pay their equitable share to common facility services.
- New naming conventions (rural commercial, rural residential, limited services)
- A definition is required for a differential based on properties that don't receive a full range of services
- Modelling of a fair and reasonable percentage of differentials
- Land value/capital value/rateable value of property options for rating (Council decided not to change in previous workshop). To be reviewed in the future – provide pros and cons around timing.
- Discuss pricing for commercial and residential values of property
- Phasing of changes to General Rate differentials over 3 years
- Proposed commercial differential of 250%
- Utilities differential
- 70% city water & sewage rate
- Remission for development land
- Current provisions for small businesses
- Small business in dwelling
- Increase the Uniform Annual General Charge (UAGC)

- Bay View meters and additional cost.
- Status quo and why we are moving
- Separate out general rate that will be a fixed rate.
- Remission for Significant Natural Areas (SNA).
- Comparison with Hastings
- Model a split of the general rate to show these components. The remaining amount stays under UAGC
- Link to limited services discussion

*The meeting adjourned with a karakia at 5.05pm
and would reconvene at 9.00am 11 February 2021*

Minutes of a Reconvened Extraordinary Council Meeting Held In the Large Exhibition Room, Napier War Memorial Centre, Marine Parade, Napier held on Friday, 12 February 2021 At 9.00am

| | |
|-----------------|---|
| Present | Mayor Wise, Deputy Mayor Brosnan, Councillors Boag, Browne, Chrystal, Crown, Mawson, McGrath, Price, Simpson, Tapine, Taylor and Wright |
| In Attendance | Chief Executive (Steph Rotarangi) Director Corporate Services (Adele Henderson) Director Community Services (Antoinette Campbell) Director Infrastructure Services (Jon Kingsford) Manager Communications and Marketing (Craig Ogborn) Acting Pou Whakarae (Morehu Te Tomo) Investment and Funding Manager (Garry Hrustinsky) Sign Language Interpreters: (Kerry Locker-Lampson and Sarah Billing) |
| Administration: | Team Leader Governance Governance Advisor (Carolyn Hunt) Governance Advisor (Anna Eady) |

Karakia – The meeting reconvened with a karakia.

1. SUBMISSIONS ON THE STATEMENT OF PROPOSAL FOR THE REVENUE & FINANCING POLICY, RATING POLICY, RATES REMISSION POLICY & RATES POSTPONEMENT POLICY DOCUMENT (cont)

Deliberations (cont)

The meeting addressed each of the issues that had been identified following the hearing of the submissions.

Naming conventions

- Rural, Commercial, Residential and Rural Residential (property not defined as Commercial or Industrial in a rural area with no access to potable water and wastewater services).

Action: *Description in rates remission policy around special circumstances to be reviewed for exceptions that don't meet these criteria, including SNA's and rural commercial properties.*

Rural residential differential

- Would be addressed when the modelling scenario is available.
- At 92.5%, the UAGC can be used as a lever to smooth differences as can phasing over three years.

- The 92.5% differential recognises the difference of properties that sit between the rural and residential categories.
- This takes a broad approach as separating out all the service provisions is not feasible.
- Higher average land values sit with rural and rural residential properties.
- There are higher numbers of residential properties paying for targeted services.
- High land values are an unrealized capital gain.
- Increased value in lifestyle properties is a trend which can change.
- There will always be outliers, no change will suit everyone.
- Our policy takes into account the survey responses from our community (including all those who were happy to support the proposed changes).
- Changing percentage points can be modelled

Councillor Taylor joined the meeting at 10.00am

Commercial differential

- The 260% differential for commercial properties will be adopted.
- This is in recognition of the additional burden the businesses place on our infrastructure.

Water and Sewerage Targeted Rate (unconnected rate)

- No change required to the proposal.
- Moving from land based valuing to capital value based valuing would impact this.

Councillor Price withdrew from the meeting at 10.25am

*The meeting adjourned for morning tea at 10.25am
and reconvened at 10.45am*

- Due to the upcoming changes to legislation we prefer to maintain the current percentage of 50% for unconnected water and sewerage.
- The lower amount recognizes that properties are choosing not to connect and add demand to the city services. It functions as an incentive.
- Sustainable sources (i.e. rainwater) could be incentivised.
- Are we incentivising city users to connect for health reasons?
- 50% payment is a standard rate across NZ
- Changes to the water standards will impact this.
- Separate titles are treated separately (even if owned by the same individual)
- There is currently no remissions policy in relation to this.

Remission for land under development

Consider this in a future review.

- It is standard policy for councils to charge for development.
- There are other mechanisms under remissions available.
- Postponing needs definition around timeframes.
- Phasing could be a suitable solution for easing in the increase in cost.
- The timing of revaluations will always be an issue for developments. Further research is required.
- Given the housing shortage, Council want to incentivize development
- Council need to create an approach for the duration, not just now.

Action: *Consider this in a future review within the capital vs land value discussion.*

Current provisions for small businesses operating from a dwelling

- This should be considered in the District Plan review. No changes are made until then.
- Impact on services is not currently known.
- Non-declaration avoids increased costs.
- Change of use is generally identified through the consenting process.
- Inspection and assessment is used for properties in the grey areas

Bayview water meters

- Leave this on the table pending changes from the central government and water regulator and reception of further information concerning the current situation.
- \$35,000 - \$57,000 per annum generated over the last three years.
- Investigate what the operating and renewals costs are and consider adjusting the amount charged accordingly.

Councillor Price rejoined the meeting at 11.30am

- Council consent conditions require high water users to manage their demand sustainably.

Action: *Provide data specifying who is being metered and why.*

Why review now and why status quo was not considered?

- First principles had not been reviewed since 2001 (required under the LGA). The policy is reviewed every three years.
- Status quo is not an option when at a first principle review requirement.

Separating out the general rate

- Under the Local Government (Rating) Act we can only go up to 30% for certain fixed rates (including the UAGC). If required we can provide more transparency to the community through the rating notices.

Councillors McGrath and Mawson withdrew from meeting at 11.43am

Significant Natural Areas (SNA)

- Clarification may be provided through the rating remissions policy

Comparison with Hastings

Councillors McGrath and Mawson rejoined the meeting at 11.47am

- A portion of Hastings inhabitants use the Napier networks/services. Hastings District Council recognizes this through a differential for boundary dwellings.
- Council policy is determined through a first principles process and so differences will be apparent between communities.
- This brings up the question of city boundaries.

Actions: *Rates for city boundaries need to be reviewed regularly
Review the potential for local charges for Council owned facilities.*

Stormwater

- Stormwater will be fully implemented in Year 1.

Scenario Modelling

Actions: *Model scenarios of rural residential at 92.5% and UAGC at 22%.
Rural residential at 90% and UAGC at 20%.
Model both scenarios with UAGC at 25%.
Commercial to be 260% in both scenarios with phasing over three years.*

*The meeting adjourned with a karakia at 12.00 noon
and would reconvened on Tuesday, 16 February 2021 at 1.00pm*

Minutes of a Reconvened Extraordinary Council Meeting Held In the Large Exhibition Room, Napier War Memorial Centre, Marine Parade, Napier held on Tuesday, 16 February 2021 At 1.00pm

| | |
|-----------------|---|
| Present | Mayor Wise, Deputy Mayor Brosnan, Councillors Boag, Browne, Chrystal, Mawson, McGrath, Price, Simpson, Tapine, Taylor and Wright |
| In Attendance | Chief Executive (Steph Rotarangi) Director Corporate Services (Adele Henderson) Director Community Services (Antoinette Campbell) Director Infrastructure Services (Jon Kingsford) Investment and Funding Manager (Garry Hrustinsky) Sign Language Interpreters (Kerry Locker-Lampson and Sarah Billing) |
| Administration: | Team Leader Governance (Helen Barbier) Governance Advisor (Carolyn Hunt) |

Karakia – The meeting reconvened with a karakia.

Apologies

Council resolution Mayor Wise/Councillor Wright

That the apology from Councillor Crown be accepted.

Carried

1. SUBMISSIONS ON THE STATEMENT OF PROPOSAL FOR THE REVENUE & FINANCING POLICY, RATING POLICY, RATES REMISSION POLICY & RATES POSTPONEMENT POLICY DOCUMENT (cont)

It was noted that Council had sought legal advice in regards to the Revenue and Finance Policy document that was provided for community consultation. The proposal with the amended Revenue and Finance Policy document was to simplify and rationalise differentials with three categories replacing six categories.

Underlying considerations in Sections 101(3a) and 101(3b) on the overall impact of liability on the community by introducing a fourth differential justifying the modification was considered.

As requested the Investment and Funding Manager, Mr Hrustinsky had completed scenario modelling (*Doc ID 1290542*) for the following and said that some community members would be unhappy, however it was about balancing the best outcome across the community:

Rural residential at 92.5% and UAGC at 22% - The base strategy (i.e. UAGC at 20% and Rural Residential at 92.5%) provided the best outcome with a total drop in rates of \$231,000 (or an average of \$9.60 per property versus \$3.16 for the worst scenario).

Rural residential at 90% and UAGC at 20%. - The worst outcome for Rural is a scenario where Rural Residential is reduced to 90% and UAGC is at 20% (an average increase per property of \$620). It appears that Rural property would partly fund the decrease in Rural Residential.

Model both scenarios with UAGC at 25% - With UAGC at 25% and the Rural Residential General Rate at 90% the total rate for the Bay View properties decreases to 11.88%

Commercial to be 260% in both scenarios with phasing over three years.

90% and 25% UAGC based on submissions justify a differential of 90% for rural residential properties. The distance from town, services burden of living in rural and property prices being higher. UAGC at 22%.

The meeting continued to address the issues that had been identified following the hearing of the submissions and summarised.

Commercial differential at 260%

Approved

Phasing in the General Rate differential over three years (equal phasing for all) for rates. All other items at 1 July 2021.

Utilities differential

Retain in the Commercial differential

Approved

The meeting considered the following motions and passed the following resolutions after the hearing of submissions.

Council resolution Mayor Wise / Councillor Wright

That Council:

- a) Adopt the following officer recommendations, including any changes and/or additional recommendations arising from the deliberations and consideration of all submissions to the Statement of Proposal for the Revenue & Financing Policy, Rating Policy, Rates Remission Policy and Rates Postponement Policy:

Revenue & Financing Policy

- i. Based on community feedback, that Council reduce the rating categories for General Rates from 6 down to 4 (compared to the original proposal of 3), creating a Residential/Other, Commercial & Industrial, Rural Residential and Rural category.
- ii. That Council adopt the method of funding for all 36 Council activities as proposed.
- iii. That Council adopt the Revenue & Financing Policy in this amended form.

Rating Policy

- iv. That Council introduce a Rating Policy.
- v. Noting item (a).i. (above), the following weights for General Rates be applied:

| | |
|---------------------------|------|
| • Residential/Other | 100% |
| • Commercial & Industrial | 260% |
| • Rural Residential | 90% |
| • Rural | 85% |
- vi. Based on community feedback and with consideration to Section 101(3)(b) of the Local Government Act, that the Rural Residential differential be introduced as a transitional differential. Council will look to a further consultation on land/capital valuation methodology to assess general rates at a future date and these transitional differentials can be considered again at that time.
- vii. In determining the differential General Rate for Commercial & Industrial Property, the intensity of development i.e. building and surfaces, was considered a primary factor for establishing a higher differential when compared to other property categories. Based on the observed property size, Residential has a lower intensity of development followed by Rural Residential and then Rural property. On that basis, differentials have been set which Council believes reflect the intensity of development of those property categories. As the most common differential Residential has been set at 100% with other differentials set at a premium or discount to that rate.

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- viii. That Council increase the Uniform Annual General Charge (UAGC) from 20% to 22% effective from 1 July 2021 for the purpose of smoothing the overall rating impacts.
 - ix. That the new General Rate differentials will be phased in equally over a three year period with the first year beginning 1 July 2021.
 - x. That Council maintain the City Water Rate at 50% for Rating Units that are not connected but within 100m of the system.
 - xi. That Council maintain the Sewerage Rate at 50% for Rating Units that are not connected but within 30m of the system.
 - xii. That Council continue to investigate the feasibility of a Wastewater Rate (pan charge) to replace the current Sewerage Targeted Rate.
 - xiii. That Council introduce a targeted Stormwater Rate, effective from 1 July 2021 pending adoption of the Revenue & Financing Policy.

Rates Remission Policy

- xiv That Council introduce a Remission for Farmland Under 5 Hectares.
- xv That Council introduce a Remission of Refuse Collection and/or Kerbside Recycling Targeted Rates.
- xvi That Council introduce a Remission for Residential Properties Used Solely as a Single Residence.
- xvii That Council remove the Remission for Land Subject to Special Preservation Conditions.
- xviii That Council remove the Remission of Uniform Annual General Charges (UAGC) and Targeted Rates of a Fixed Amount on Rating Units Owned by the Same Owner.
- xix That Council approve the updated wording in the Remission for Residential Land in Commercial or Industrial Areas to bring it in line with changes to the Rating Valuation Act 1998.

Wording is to be included around properties that can apply for remissions under Special Circumstances, recognizing unique qualities of a property, e.g. significant natural areas.

- xx That Council defines “a significant increase” to be 25% or more over the current assessed rates for a single property for remissions to smooth the effects of change in rates on individual or groups of properties

xxi That Council adopt the Rates Remission Policy as proposed.

Rates Postponement Policy

xxii That Council remove the Postponement for Farmland

xxiii That Council adopt the Rates Postponement Policy as proposed.

- b) Council officers will take the intent of the resolutions into the final Revenue & Financing Policy, including the definitions, and bring the policy back to Council for adoption.
- c) Direct Officers to advise the submitters of Council's decision in relation to their submission.

Carried

Conclusion:

Mayor Wise said the Rural Residential differential had been introduced as a transitional category and it was planned that consultation would be undertaken with the community on whether to use land value or capital value as a basis for rating properties in the future.

A new stormwater rate would be introduced for those who created more stormwater and a new rate for properties considered rural residential.

The rating structure changes adopted would become effective from July 2021. This process had commenced three years ago and 14 workshops had been undertaken, to get to the consultation stage. Four weeks was indicated for consultation however, after public meetings with those impacted who wanted to share their views and the consultation period was extended to seven weeks and information was provided on what the impact would be on their property.

This was a very complex issue and was reflected at the hearing throughout discussion and debate with the community which highlighted the impacts of changes.

Council amended its original proposal to have four categories of Residential/Other, Commercial and Industrial and Rural as well as Rural Residential which had not been in the original proposal. Also debated was the merit of raising the Uniform Annual General Charge (UAGC) a fixed charged for all ratepayers of \$375.00 per property. Currently set at 20% the change would increase to 22% (\$383.00 per property) as a means of balancing the impact.

Submitters were thanked for their written submissions and attendance at the hearings. Council followed a robust process, engaged with the community in an open transparent way and listened to submitters throughout the process. Concerns of submitters had been listened to and incorporated into the resolution.

Mayor Wise conceded that not everyone would be happy although Council had worked hard to listen and accommodate concerns.

The meeting closed with a Karakia at 2.45pm

Approved and adopted as a true and accurate record of the meeting.

Chairperson

Date of approval