



**NAPIER**  
CITY COUNCIL  
*Te Kaunihera o Ahuriri*

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# EXTRAORDINARY MEETING OF COUNCIL

## Open Agenda

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Meeting Date:	Tuesday 9 February 2021
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Time:	11.00am (Revenue & Finance Policy Hearing)
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Venue:	Large Exhibition Hall Napier War Memorial Centre Marine Parade Napier
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Council Members	Mayor Wise, Deputy Mayor Brosnan, Councillors Boag, Browne, Chrystal, Crown, Mawson, McGrath, Price, Simpson, Tapine, Taylor, Wright
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Officer Responsible	Chief Executive
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Administrator	Governance Advisor
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**Next Council Meeting**  
**Thursday 11 March 2021**

# ORDER OF BUSINESS

## Apologies

Nil

## Conflicts of interest

## Public forum

## Announcements by the Mayor including notification of minor matters not on the agenda

*Note: re minor matters only - refer LGOIMA s46A(7A) and Standing Orders s9.13*

A meeting may discuss an item that is not on the agenda only if it is a minor matter relating to the general business of the meeting and the Chairperson explains at the beginning of the public part of the meeting that the item will be discussed. However, the meeting may not make a resolution, decision or recommendation about the item, except to refer it to a subsequent meeting for further discussion.

## Announcements by the management

## Agenda items

- 1 Submissions on the Statement of Proposal for the Revenue & Financing Policy, Rating Policy, Rates Remission Policy & Rates Postponement Policy Document .....3

# AGENDA ITEMS

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

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

### 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.

#### Officer's Recommendation

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, Semi-Rural 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 250%
  - Semi-Rural 92.5%
  - Rural 85%

- vi. That Council increase the City Water Rate from 50% to 70% for Rating Units that are not connected but within 100m of the system.
- vii. That Council increase the Sewerage Rate from 50% to 70% for Rating Units that are not connected but within 30m of the system.
- viii. That Council continue to investigate the feasibility of a Wastewater Rate (pan charge) to replace the current Sewerage Targeted Rate.
- ix. That Council introduce a targeted Stormwater Rate.

#### **Rates Remission Policy**

- x. That Council introduce a Remission for Farmland Under 5 Hectares.
- xi. That Council introduce a Remission of Refuse Collection and/or Kerbside Recycling Targeted Rates.
- xii. That Council introduce a Remission for Residential Properties Used Solely as a Single Residence.
- xiii. That Council remove the Remission for Land Subject to Special Preservation Conditions.
- xiv. 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.
- xv. That Council approves the updated wording in Remission for Residential Land in Commercial or Industrial Areas to bring it in line with changes to the Rating Valuation Act 1998.
- xvi. 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
- xvii. That Council adopt the Rates Remission Policy as proposed.

#### **Rates Postponement Policy**

- xviii. That Council remove the Postponement for Farmland
  - xix. That Council adopt the Rates Postponement Policy as proposed.
- b. Direct Officers to advise the submitters of Council’s decision in relation to their submission.

## **1.2 Background Summary**

A Revenue and Financing Policy must be adopted prior to the adoption of a Long term Plan, which must be adopted every three years. Therefore, a local authority must review its Revenue and Financing Policy at least every three years. These reviews are either a first principles or a review to confirm the policy’s relevance and appropriateness. The previous Council commenced a first principles review having concluded that the then policy was no longer appropriate due to the changes within the City since its last full review.

Work on the Revenue and Financing Policy also impacts the rating function, and resulted in a review/consideration of a Rating Policy, the Rates Remission Policy and Rates Postponement Policy. As a full review had not occurred for many years, the Revenue & Financing Policy did not properly reflect the Napier and Council as it stands today.

A series of 9 Council workshops were conducted to review Council services on a first principles approach assessing a number of factors (detailed in the Revenue & Financing Policy) and how those services should be funded. The rating framework and possible alternative approaches were discussed and analysed during these workshops.

Due to the pandemic, the process was delayed as emergency measures were put in place by Council.

At a meeting of Council on 15 September 2020, a draft Revenue & Financing Policy, Rating Policy, Rates Remission Policy and Rates Postponement Policy were approved for consultation. These documents were adopted to proceed as part of a Statement of Proposal, along with a Consultation Plan, for public consultation at a meeting of Council on 8 October 2020.

Public consultation commenced on 12 October and was extended out to 2 December. Media ads (print, social media, radio and online) were placed, two rounds of letters, 6 public meetings and promotion on the Council website were conducted to ensure high public awareness and engagement. Hardcopy and softcopy versions of the proposal, summary and submission forms were made available to the public and for anybody wishing to provide feedback on the proposal.

The submission document was split into four sections reflecting the four policies being consulted on. A total of 18 questions were posed over the submission with space for further comment. The document also contained an option for people to check if they wished to present their submission at the public hearing commencing 9 February 2021. 64 people initially elected to speak.

Council is required to consider all submissions to the proposal, respond to submissions, and provide recommended changes to the proposal based on feedback.

To ensure that decision-makers are well informed regarding feedback, the following approach has been used:

1. Council officers and delegates have read and considered each response, and have written a management response.
2. Summarised the issues to ensure that decision-makers understand community views.
3. Individual submissions have been put into a separate attachment (please refer to **Attachments A** (section 15, Appendix) & **B**) so that decision-makers can read through the collection of submissions.
4. For each consultation topic (question), this report has the following sections:
  - *Summary of feedback* – including statistics of responses to closed questions, and responses to open-ended questions which have been put into key themes.
  - *Officers' information and comment* – Officers' consideration of feedback and any comments.
  - *Officers' recommendation* – outlines whether the Officers' recommendation remains the same or is different from that proposed in the consultation document.

#### Overview of engagement and community feedback

Letters were sent to all negatively affected properties advising of the consultation, the proposed impact on the rates, and community meeting dates. Following the decision to extend the consultation, a letter was sent to all ratepayers.

Six community meetings were held with a total of 298 attendees:

- Monday 19 October 2020 – Napier War Memorial Centre, 5:30pm – 15 attendees
- Tuesday 20 October 2020 – Napier War Memorial Centre, 11am – 22 attendees
- Tuesday 20 October 2020 – King George's Hall (Bay View), 6pm – 108 attendees
- Wednesday 21 October 2020 – Taradale Town Hall, 6pm – 100 attendees
- Wednesday 18 November 2020 – McLean Park, 11am – 18 attendees
- Wednesday 18 November 2020 – McLean Park, 6pm – 35 attendees

Regarding digital advertising, 442,197 impressions served for this campaign which is the number of times the digital advertising was displayed to Napier residents. This generated 2,457 clicks through to the consultation web page. The average cost per click was \$0.52 and there was a click through rate of 0.56%, which is average.

There were four advertisements across Facebook and Instagram, reaching 22,889 residents and generating 782 clicks through to the consultation web page.

Along with the four advertisements, the consultation was organically posted eight times, reaching 47,874 residents and generating 2,924 engagements; this includes reactions, comments and clicks.

Traffic to the *sayitnapier.nz* consultation website saw five significant spikes throughout the campaign. These cannot be directly linked to any specific community session or social media posts. There were a number of closed community groups sharing NCC content with their members, specifically those negatively affected by the proposed change, which could have resulted in spikes of traffic. The consultation received 11,493 page views.

Further details on consultation can be found in the report – Revenue and Financing Statement of Proposal Consultation Summary (**Attachment C**).

Overall, 540 submissions were received. 474 submissions were submitted online and 66 were provided in hardcopy form. Some duplicate submissions were received (same person or address) which were aggregated into a single submission per household; this results in a total 427 unique responses per rating unit. 64 submitters requested to support their submission in person (oral submission) at the Hearings. Final numbers were yet to be confirmed for the Hearings at the time this report was written.

Other observations include:

- Around half (52.6%) of participating ratepayers disagreed with proposed changes to fund Council's activities; 1-in-10 (10.6%) agreed, and a further 36.9% agreed 'to some extent'.
- Those who agreed 'to some extent' typically opposed reduction of rating categories from 6 to 3 (61.7%). In terms of the proposed way to fund Council activities (e.g. proportion of rates vs. user pays), one-quarter (23.4%) agreed, 39.8% remained neutral, and 36.7% disagreed.
- The majority of ratepayers (66.2%) disagreed with proposed changes to how General and Targeted rates are assessed; 1-in-10 (11.7%) agreed, 22.1% agreed 'to some extent'.
- Half (50.0%) of those who agreed 'to some extent' were opposed to General rate percentage weights for Residential/other, Commercial/industrial, and Rural properties.

- A more even distribution of 'Yes' (28.1%), 'No' (35.8%) and 'To some extent' (36.1%) responses were recorded. Of those who agreed 'to some extent', a greater percentage supported Remission of Refuse Collection and/or Kerbside Recycling Targeted rates (55.8%) and phased increases over time (44.4%).
- The majority of ratepayers were 'Neutral' (55.2%) about the proposed removal of amendments to the Rates Postponement Policy; similar proportions agreed (22.0%) or disagreed (22.8%).
- In general, ratepayers from Bay View, Awatoto, Eskdale and Jervoistown were more likely to oppose changes to most policies.
- A large volume of additional verbatim feedback was collected. Consistent with other results, ratepayers' specific responses generally opposed policy changes. The main issues or themes highlighted included:
  - Proposed rates increases are high given fewer (or unchanged) infrastructure / amenities / services received (67%) – respondents identified services such as sewerage, stormwater, street lighting, kerbing, road/footpath development as services they do not receive, perceiving their rates increases as poor value in this context.
  - Changes unfair for rural / semi-rural residents (48%) – in general, proposed changes were considered unfair for rural/semi-rural residents, with a perception that their properties were not similar to more urban properties in terms of value received for rates charged, property rights (for land use, subdivision, etc.) permitted (13%), or a perception that changes represented a 'wealth tax' (7%).
  - Rural / semi-rural residents already incur additional infrastructure/service costs (33%) – related to the first point, residents felt increased rates/charges were unfair given the increased costs they already incur (relative to urban properties) to provide their own infrastructure and services not currently provided by the Council.
  - Proposed rates increases are high given current economic situations / pressures (23%) – proposed increases were considered poor timing given existing economic conditions (e.g. in light of COVID- 19 pandemic), or for those on low/fixed incomes. Some ratepayers (4%) called for increases to be phased in as a result.
- The greatest number of submissions came from those areas most negatively impacted by the proposed changes with the top four being Bay View (32%), followed by Poraiti (14%), Meanee (10%) and Jervoistown (7%)

Please refer to **Attachment A** for detailed analysis of the results.

### Survey Responses

As noted above, the submission document was split into four sections reflecting the four policies being consulted on. A total of 18 questions were posed over the submission with space for further comment. Submission results, responses and recommendations are as follows:

### **Revenue and Financing Policy**

#### **Q.1 – Do you agree with how we propose to fund each activity?**

Yes	10.6%	No	52.6%	To some extent	36.9%
Total Unique Responses			388		

Summary of submitters' comments

No. of comments	Comment/Theme
1	Rates should not increase as rural services have decreased.
1	The General Rate should cover all common good services. Water, sewerage, etc should be a Targeted Rate.
2	Rural properties have fewer services and are not the same as urban properties. Rural property owners shouldn't pay as much.
1	Rural properties have additional costs in providing their own infrastructure (e.g. sewerage).

Officers' information and comment

Targeted Rates are only applied to specific services that properties receive (such as water or sewerage). Rural properties that do not receive these services do not pay for these services.

General Rates pay for public good services and facilities across the wider city (e.g. public toilets and the roading network). It does not matter where the property is or where the service is, as all properties contribute to these services. General Rates are not charged based on what is immediately outside the gate of a property.

General Rates recover the costs for services and facilities that in the Council's view, the whole community benefits (e.g. public toilets and the roading network). Therefore, General rates (including the Uniform Annual General Charge) are considered a tax. Legalisation<sup>1</sup> requires that the General rate is recovered by a value based rate, either land or capital. This is supported by case law<sup>2</sup>.

Officers' recommendation

It is recommended that Council adopt the proposed activity funding model detailed in the draft Revenue & Financing Policy.

**Q.2 – Do you agree with our proposal to reduce from 6 to 3 rating categories?**

Agree	14.3%	Disagree	61.7%	Neutral	24.1%
Total Unique Responses				133	

Summary of submitters' comments

<sup>1</sup> Section 21 Local Government (Rating) Act 2002

<sup>2</sup> The Court of Appeal in *Woolworths and Others vs Wellington City* (1996) where the judgment of Richardson P commented that "it is implicit in the scheme of the legislation that the rating system in its diversity remains primarily a taxation system and not a system inherently based on a principle of user pays".



No. of comments	Comment/Theme
24	3 categories is too simplistic. Access to certain services (e.g. street lighting and bus network) is not equal for all areas. Residential properties in different areas are not the same.
9	The number of differentials should be increased (and/or definitions broadened) to make it fairer: stop rural areas being disadvantaged, include a split between Commercial and Industrial, increase the number of Residential categories).
3	Condense into 3 differentials but increase the number of sub-differentials to cover properties that don't quite fit into those 3.
1	Bay View and ex-county rural are redundant.
2	Moving certain areas into 3 differentials will create hardships for those residents.
2	Staging an increase in rates would help buffer the shock.
4	Rural properties pay a number expenses that urban properties don't need to such as rural insurance, animal/pest control.
1	COVID-19 has caused undue financial stress.
3	Leave the system as it is / nothing has changed to warrant a change in differentials.
4	Limitations around subdivision need to be considered / align differentials with district planning.
1	Having a larger property does not mean using more public services.
1	More services/utilities currently paid for by General Rates should be turned into user-pays/Targeted Rates (e.g. street lighting).
1	If Residential properties receive a small gain from the proposal, stop the small gain and use the funds saved to improve services in rural areas.
1	There is a disparity in rates. Increase the UAGC.

#### Officers' information and comment

General Rates pay for public good services and facilities across the wider city (e.g. public toilets and the roading network). It does not matter where the property is or where the service is, as all properties contribute to these services and all of these services are available should ratepayers choose to use them or not. General Rates are not charged based on what is immediately outside the gate of a property.

General Rates recover the costs for services and facilities that in the Council's view, the whole community benefits (e.g. public toilets and the roading network). Therefore, General rates (including the UAGC) are considered a tax. Legalisation requires that the General rate is recovered by a value based rate, either land or capital.

An increase in the number of Targeted Rates has been considered within the Statement of Proposal through a proposed Stormwater Rate – this would remove Stormwater from the General Rate and apply it to properties that either directly or indirectly benefit from the service.

It is recognised that certain areas and properties within greater Napier do not receive, or are unable to receive, targeted services currently provided to urban properties.

Under Schedule 2 of the Local Government (Rating) Act 2002, nine factors are provided that may be used to define categories (differentials) of rateable land including: usage/proposed usage, limitations under a district plan, size, service provided to the land by a local authority, location, annual/capital/land value of the land.

Excluding utility networks, properties most negatively impacted by the change (differentials 4, 5 and 6) make up over 30% of the total land area of Napier City, but less than 7% of total Separately Used Inhabitable Portions (SUIPs). Defining characteristics of this area is reduced access to targeted services (such as sewerage) and generally are further from urban centres.

#### Officers' recommendation

A fourth differential is recommended (Semi-Rural) that provides a stage between Rural and Residential differentials. Based on the targeted services provided to greater Napier, it is recommended the fourth differential be classified as follows:

Any property that is not defined as Commercial & Industrial, or Rural, and would otherwise be defined as Residential/Other, but is not connected, and cannot reasonably be connected to the City water and sewerage system is defined as Semi-Rural.

City water is considered available where the Rating Unit is within 100 metres of such system.

City sewerage is considered available where the Rating Unit is within 30 metres of such system.

#### **Q.3 – Do you agree with the way we want to fund Council's activities? For example the proportion of rates vs. user pays.**

Agree	23.4%	Disagree	36.7%	Neutral	39.8%
Total Unique Responses			128		

#### Summary of submitters' comments

No. of comments	Comment/Theme
16	Activities are services that are user-specific (e.g. stormwater) should not be funded through General Rates / increase instance of user-pays in Council services.
2	Allocation of services costs should be based on household or dwelling size / Land Value does not generate the cost.
1	Certain charges (e.g. library) should be fixed per property.
1	Different areas do not get different services.
2	All of Napier should have metered water.
1	All of Napier should have metered water.
1	A discount should be introduced to for low water users.

No. of comments	Comment/Theme
1	Less emphasis on user-pays.
3	Uniform Annual General Charge (UAGC) should be increased to improve equity.
1	Why should I pay for a rubbish bin when I don't want one.
2	Increasing rates means paying more money for no water and sewerage / shouldn't pay more for services we don't receive.
1	Disagree with "toilet pan tax" as some houses have a large number of toilets and will be unfairly charged.
1	Increase the General Rate,

#### Officers' information and comment

Outside of General Rates, services funded through Targeted Rates (e.g. water) are only offered on the basis that they are currently available to certain properties or areas. Please refer to the District Plan for planned capital works projects.

UAGC benefits properties with a higher Land Value to the detriment of smaller and lower Land Value properties (such as flats or residential properties in lower socio-economic areas). Increasing the fixed charge on properties means that more of the burden is placed on smaller properties as the cost is fixed. For properties with a higher Land Value, the fixed charge is proportionately lower and will benefit from having a lower variable charge (through a reduced rating factor). Modelling has been performed which demonstrates the impact of increasing the UAGC.

Under Schedule 3 of the Local Government (Rating) Act 2002, twelve factors may be used to calculate the liability for targeted rates. The application of certain factors in calculating Targeted Rates, whilst more accurate, can be cost-prohibitive. A balance needs to be established between applying rates and administering the system.

Affordability of services/utilities provided and funded through a Targeted Rate remain so only because Council employs a policy of charging where the service/utility is available – the cost is spread across a greater number of properties. If properties are able to opt-out of a particular service then greater financial burden rests with the remaining users.

Water and sewerage are funded through a Targeted Rate. Properties that aren't able to be connected for water or sewerage do not pay Targeted Rates for these services and will continue not to. It is proposed that General Rates, which all properties have access to, are rebalanced only.

The proposed pan charge is conceptual only at this stage. Within the proposal it states that "Rating Units used primarily as a residence for one household will be treated as having one pan". This is consistent with note 4 to clause 12 of Schedule 3 of the Local Government (Rating) Act 2002 that states "...a rating unit used primarily as a residence for 1 household must not be treated as having more than 1 water closet or urinal."

#### Officers' recommendation

It is recommended that Council adopt the proposed activity funding model detailed in the draft Revenue & Financing Policy.

**Rating Policy****Q.1 – Do you agree with how we propose to assess General and Targeted Rates?**

Yes	11.7	No	66.2%	To some extent	22.1%
Total Unique Responses			376		

**Summary of submitters' comments**

No. of comments	Comment/Theme
2	It is unfair.
1	Council does not provide service (e.g. cleaning drains) near our property. Why should we pay more.
1	Water, sewerage, street maintenance, etc should be covered only by those who use it.
1	Rural properties do not receive the same services as urban properties.

**Officers' information and comment**

Water and sewerage are funded through a Targeted Rate. Properties that aren't able to be connected for water or sewerage do not pay Targeted Rates for these services and will continue not to. General Rates pay for public good services and facilities across the wider city (e.g. public toilets and the roading network). It does not matter where the property is or where the service is, as all properties contribute to these services. General Rates are not charged based on what is immediately outside the gate of a property.

General Rates recover the costs for services and facilities that in the Council's view, the whole community benefits (e.g. public toilets and the roading network). Therefore, General rates (including the UAGC) are considered a tax. Legalisation requires that the General rate is recovered by a value based rate, either land or capital.

**Officers' recommendation**

Detailed in questions 2, 3 and 4 (below).

**Q.2 – Do you agree with the proposed General Rate percentage weights for Residential/Other, Commercial & Industrial, and Rural properties?**

Agree	13.8%	Disagree	50.0%	Neutral	36.3%
Total Unique Responses			80		

Summary of submitters' comments

No. of comments	Comment/Theme
4	The rates increase is too much / the proposed increase should be spread over several years.
6	Rates for certain services should only be charged where they are available.
5	Council does not provide a number of services to our property / area. Why should we pay more.
1	Hastings rates on the other side of Hill Road pay less than us.
2	Stormwater should not be charged if properties have no adjoining stormwater reticulation.
3	Proximity to Council amenities should be the basis for establishing differentials.
1	Industrial land should have a lower differential rate than Commercial land.
1	Commercial properties should not subsidise other property types.
3	No explanation has been provided on how percentage weights (rates) have been derived. They cannot be arbitrary.
5	Rural rates shouldn't change as they have no access to water, sewerage or stormwater / other services.
1	Rural properties have a positive impact on the city (e.g. attracting native birdlife) and should receive a rates reductions.
2	Other councils have more differentials. It is too simplistic to reduce Napier differentials down to three categories / my property doesn't fit into the proposed differentials.
3	Retain the current differentials / retain our current differential.
1	Land Values are outside of the control of owners.
1	Owner-occupied properties should not be penalised. Rented properties should contribute more.

Officers' information and comment

A targeted Stormwater Rate would only apply to properties that either directly or indirectly benefit from the service. General Rates pay for public good services and facilities across the wider city (e.g. public toilets and the roading network). It does not matter where the property is or where the service is, as all properties contribute to these services. General Rates are not charged based on what is immediately outside the gate of a property.

General Rates recover the costs for services and facilities that in the Council's view, the whole community benefits (e.g. public toilets and the roading network). Therefore,

General rates (including the UAGC) are considered a tax. Legalisation requires that the General rate is recovered by a value based rate, either land or capital.

The percentages set for each differential are based on complex rates modelling performed on rates across the city. The modelling is based on data from the 2020/21 rating information and was conducted prior to property revaluation that concluded in November 2020. Analysis is conducted on a macroeconomic basis with individual properties being reviewed to assess impact. Due to the range of properties involved, a “best fit” approach was taken to ensure that affordability was achieved for the greatest number of properties. As a change in rates for one type or class of properties impacts all other properties, changes could not be reviewed in isolation of one another.

Water and sewerage are funded through a Targeted Rate. Properties that aren’t able to be connected for water or sewerage do not pay Targeted Rates for these services and will continue not to. General Rates pay for public good services and facilities across the wider city (e.g. public toilets and the roading network). It does not matter where the property is or where the service is, as all properties contribute to these services. General Rates are not charged based on what is immediately outside the gate of a property.

Hastings rates for properties bordering Poraiti and Bay View recognise that those residents very likely utilise the Napier network for services and amenities (i.e. roads, public toilets, libraries, etc). Napier residents fund the use of many services and amenities by non-ratepayers.

The size, geographic features, demographic mix and mix of property types differ greatly from Council to Council. The proposal to reduce differentials may not work for some Councils, but was considered based on the factors noted above specifically for Napier.

Land Value is based on a number of factors such as size, desirability, cost of upkeep/maintenance, access to services/amenities, and restrictions on land use and ability to subdivide. Properties further from urban centres that have fewer attached services are valued at a lower rate per square metre than urban properties. Valuation per square metre should not be confused with the absolute value of a property. Ongoing affordability of property may be impacted by any number of factors (of which rates are just one element), and is an assessment that lies with each property owner.

#### Officers’ recommendation

With reference to the recommendation for the introduction of a fourth differential (Semi-Rural), the following percentage weights are recommended:

- Residential/Other                      100%
- Commercial & Industrial            250%
- Semi-Rural                                92.5%
- Rural                                        85%

Although Semi-Rural properties do not pay for services they do not have access to (e.g. water), a reduced weighting recognises that these properties may have increased costs in maintaining their own sewerage and water. Should Semi-Rural properties be connected to both water and sewerage, the increase in weighting to 100% should be offset by the savings made in not maintaining individual water and sewerage services.

**Q.3 – Do you agree with the proposed increase in the City Water Rate from 50% to 70% for Rating Units that are not connected but within 100m of the system?**

Agree	15.2%	Disagree	43.0%	Neutral	41.8%
Total Unique Responses			79		

Summary of submitters' comments

No. of comments	Comment/Theme
8	Anyone who is unconnected or does not want to be connected should not pay.
1	Napier should have metered water like Bay View.
1	It is too high for no service.
5	Should be user-pays.
1	It does not promote self-sufficiency.
2	Water rates should be reduced due to poor quality of water.

Officers' information and comment

Water is funded through a Targeted Rate. Properties that aren't able to be connected for water do not pay Targeted Rates for that service and will continue not to. Affordability of services/utilities provided and funded through a Targeted Rate remain so only because Council employs a policy of charging where the service/utility is available – the cost is spread across a greater number of properties. If properties are able to opt-out of a particular service then greater financial burden rests with the remaining users.

There is currently no project to roll out water metres to all of Napier.

Further reform/change is expected as part of the Government 3 Waters Programme.

Officers' recommendation

It is recommended that Council adopt the proposed increase in the City Water Rate from 50% to 70% for Rating Units that are not connected but within 100m of the system.

**Q.4 - Do you agree with the proposed increase in the Sewerage Rate from 50% to 70% for Rating Units that are not connected but within 30m of the system?**

Agree	15.6%	Disagree	45.5%	Neutral	39.0%
Total Unique Responses			77		

Summary of submitters' comments

No. of comments	Comment/Theme
5	Anyone who is unconnected or does not want to be connected should not pay.
3	It is too high for no service.
8	Should be user-pays.
1	Should be based on the number of guest rooms in hotels, motels, guest houses.

Officers' information and comment

Sewerage is funded through a Targeted Rate. Properties that aren't able to be connected for sewerage do not pay Targeted Rates for that service and will continue not to. Affordability of services/utilities provided and funded through a Targeted Rate remain so only because Council employs a policy of charging where the service/utility is available – the cost is spread across a greater number of properties. If properties are able to opt-out of a particular service then greater financial burden rests with the remaining users.

A targeted pan charge is being considered to replace the current sewerage charge. A pan charge is conceptual at this stage.

Officers' recommendation

It is recommended that Council adopt the proposed increase in the City Water Rate from 50% to 70% for Rating Units that are not connected but within 30m of the system.

**Q.5 – Do you agree that Council should develop a proposal to charge based on the number of toilets in a property? (residential would be a one toilet charge)**

Agree	20.5%	Disagree	48.7%	Neutral	30.8%
Total Unique Responses			78		

Summary of submitters' comments

No. of comments	Comment/Theme
2	B&Bs should be treated like hotels, not residential for pan charges.
1	Should be a uniform system (not based on number of toilets).
2	Too complicated to administer and monitor.
12	Doesn't account for the number of people living at an address/number of people using the system.
2	Commercial (e.g. hotels) should pay more.
3	There should be no charge if not connected to sewerage.
4	Residential should only be counted as one toilet.
1	Unfair as the number of toilets will be dictated by building codes.
3	An effluent volumetric should be applied instead.
1	Should be based on the area of a property.
1	Would impact resthomes with an increased charge.
1	Clubs and bars would effectively be paying twice.

Officers' information and comment

The proposed pan charge is conceptual at this stage. Within the proposal it states that "Rating Units used primarily as a residence for one household will be treated as having one pan". This is consistent with note 4 to clause 12 of Schedule 3 of the Local



Government (Rating) Act 2002 that states "...a rating unit used primarily as a residence for 1 household must not be treated as having more than 1 water closet or urinal."

Napier does not currently have metering in place for all properties and is unable to measure usage on a volumetric basis.

If implemented, additional resources will be required at Council to monitor a pan system.

#### Officers' recommendation

It is recommended that further research is conducted to assess viability of a pan charge system and how it may work.

#### **Q.6 – Do you agree with the proposed introduction of a Stormwater Rate?**

Agree	30.8%	Disagree	35.9%	Neutral	33.3%
Total Unique Responses			78		

#### Summary of submitters' comments

No. of comments	Comment/Theme
4	I manage my own stormwater system.
10	I shouldn't pay as there is no stormwater system near my property.
6	Bay View is on shingle and doesn't have a stormwater system.
2	Large paved areas produce more stormwater than large gardens.
2	I don't understand.
9	Only charge properties connected to the system / user pays.
1	Capital Value approach is not accurate / use building size instead.
1	We would expect an upgrade to our system first.
1	Keep in General Rates.
1	We are also charged by HBRC.
2	NCC don't look after the public drains, we do / we should not be charged.

#### Officers' information and comment

The proposed stormwater charge would remove the cost from General Rates (which every property pays) to a Targeted Rate based on theoretic demand. A targeted Stormwater Rate would only apply to properties that either directly or indirectly benefit from the service.

Council is able to base stormwater on factors such as how much of the property is sealed, paved or built on. Although a much more accurate approach to take, it would be costly in terms of time and resources to manage.

Barring those areas that have no stormwater network (e.g. Rural), it was considered logical to allocate this cost by Capital Value. Capital Value includes the Land Value plus any improvements to the property. If the stormwater rate was based on Land Value, then a bare section and an office building with the same land area could, in theory, pay the same amount.

When using Capital Value to apply stormwater costs, properties that are semi-rural or residential, would likely have more open land area which is porous. Commercial and industrial buildings in town generally take up a large portion of the property (if not all) and possibly have concrete or other non-porous surfaces around the buildings. When it rains, the immediate demand on stormwater would likely come more from that developed property than the less developed property. There are always exceptions to the rule, but it is a workable approach in most instances.

Officers' recommendation

It is recommended that Council adopt the proposed introduction of a Stormwater Rate.

**Rates Remission Policy**

**Q.1 – Do you agree with how we propose to discount or cancel rates or penalties?**

Yes	28.1%	No	35.8%	To some extent	36.1%
Total Unique Responses			363		

Summary of submitters' comments

No. of comments	Comment/Theme
0	No comments.

Officers' information and comment

Refer to specific proposals (below) for information/comments.

Officers' recommendation

Refer to specific provisions below for recommendations.

**Q.2 – Do you agree with the proposed inclusion of a Remission for Farmland Under 5 Hectares?**

Agree	38.6%	Disagree	13.2%	Neutral	48.2%
Total Unique Responses			114		

Summary of submitters' comments

No. of comments	Comment/Theme
3	It doesn't cover lifestyle properties that can't earn a living from the land.
1	How do you establish the amount payable? How do you establish the value of a property under 5 hectares?
1	It should be rated on land capital.
2	Rural properties have to provide their own sewerage, water, stormwater, etc. It costs more to run than a residential property.

No. of comments	Comment/Theme
1	A number of properties have been subdivided into 4Ha blocks but are still used for agricultural purposes. They need this remission.
1	Should be higher if no house on the property.
1	Needs to be for rural properties, not specifically farmland.
4	Rural should be redefined as greater than 1 Ha / should be set at a different size.

#### Officers' information and comment

The differential percentage and land size were set based on the characteristics of economically viable agricultural properties in NZ. It is understood that some smaller properties may fit within this class – hence the proposed remission.

The remission is intended for properties that are used for commercial agricultural purposes, but do not meet the 5 hectare threshold. For this reason, lifestyle properties are purposely excluded as they are held for rural residential purposes.

The amount payable is based on a factor applied to Land Value. Land Value is determined on a triennial basis. A differential percentage is applied to the assess General Rate depending on the differential category the property is classed as.

Targeted Rates are only applied to specific services that properties receive (such as water or sewerage). Rural properties that do not receive these services do not pay for these services.

General Rates pay for public good services and facilities across the wider city (e.g. public toilets and the roading network). It does not matter where the property is or where the service is, as all properties contribute to these services. General Rates are not charged based on what is immediately outside the gate of a property.

General Rates recover the costs for services and facilities that in the Council's view, the whole community benefits (e.g. public toilets and the roading network). Therefore, General rates (including the UAGC) are considered a tax. Legalisation requires that the General rate is recovered by a value based rate, either land or capital.

#### Officers' recommendation

It is recommended that Council adopt the proposed introduction of a Remission for Farmland Under 5 Hectares.

#### **Q.3 – Do you agree with the proposed inclusion of a Remission of Refuse Collection and/or Kerbside Recycling Targeted Rates?**

Agree	55.8%	Disagree	15.0%	Neutral	29.2%
Total Unique Responses			113		

Summary of submitters' comments

No. of comments	Comment/Theme
3	I don't recycle at curbside so I shouldn't get charged for a service I don't use.
4	We should be charged per pick up. If no tubs are out then no charge.
1	Agree only if the remission can be enforced.
1	There should be a different cost for bare sections, not a remission.
1	The refuse service is still in place whether it is used or not. A remission would likely be abused and would be expensive to administer. We should all share in this cost.
1	It is pointless. It shouldn't matter whether a bin is half-full or full.
1	I don't understand.
1	Recycling processes need to improve so that less waste ends up in landfill.

Officers' information and comment

Refuse and recycling is funded through a Targeted Rate. Properties that aren't able to be serviced for recycling do not pay Targeted Rates for that service and will continue not to. Affordability of services/utilities provided and funded through a Targeted Rate remain so only because Council employs a policy of charging where the service/utility is available – the cost is spread across a greater number of properties. If properties are able to opt-out of a particular service then greater financial burden rests with the remaining users.

There are a number of fixed costs associated with refuse and recycling. Regardless of whether tubs and bins are put out or not, the truck will still need to drive past the property. Where there is potentially a high degree of variance in the number of tubs or bins to be emptied, the allocation of cost would then fall to only those that use it in a particular week. If there were a relatively low number of tubs or bins put out for refuse or recycling in a single week, the cost to those households would potentially become prohibitive. Costs would be further increased with the additional administration required to allocate charges on a weekly basis.

Bins and recycling tubs are barcoded, and can be scanned to see if properties are meeting the requirements to receive a remission. The proposed remission can be tracked for an individual property and is easy to administer from a ratings perspective.

Council is actively promoting a reduction in the generation of rubbish. This remission further encourages that ongoing goal.

The standard of recycling is a fine balance. Recycling systems could be improved at a cost to the public. As the cost of recycling increases, the amount of illegally dumped rubbish increases (as certain people attempt to avoid those costs). This further increases the cost of rubbish and recycling services for ratepayers.

Officers' recommendation

It is recommended that Council adopt the proposed introduction of a Remission of Refuse Collection and/or Kerbside Recycling Targeted Rates.

**Q.4 – D you agree with the proposed inclusion of a Remission for Residential Properties Used Solely as a Single Residence?**

Agree	46.0%	Disagree	9.7%	Neutral	44.2%
Total Unique Responses			113		

Summary of submitters' comments

No. of comments	Comment/Theme
3	The opposite should happen. The more people living at a property the higher rates they should pay / the fewer people the less they should pay.
1	The definition is too limiting to be fair to all parties.
1	It is no different from a shop charged a SUIP. If they choose not to rent it out they should not benefit from it.
3	Not enough information provided / don't understand.
1	AirBnB's are a problem with regards to policing.
1	There should be an allowance for properties that receive no Council services.

Officers' information and comment

The proposed remission simplifies and expands the current remission for multiple SUIPs that are used as a single residence. Further simplification will erode the meaning of the remission.

At this stage no Councils in NZ have found an effective way to police AirBnB properties. This is an ongoing issue.

A number of Council services are funded through Targeted Rate. Properties that aren't able to receive those services do not pay Targeted Rates for those service and will continue not to. Services and amenities that are available to the public at large are funded through a number of avenues including General Rates. No properties in the greater Napier area are excluded from accessing those public services and amenities.

Officers' recommendation

It is recommended that Council adopt the proposed introduction of a Remission for Residential Properties Used Solely as a Single Residence.

**Q.5 – Do you agree with the proposed removal of Remission for Land Subject to Special Preservation Conditions?**

Agree	17.3%	Disagree	16.4%	Neutral	66.4%
Total Unique Responses			110		

Summary of submitters' comments

No. of comments	Comment/Theme
2	Couldn't find it.
1	I don't understand.
2	Our property currently uses this remission / our property could use this remission.
2	If it helps the community it should remain.
1	Some of these special preservation areas create an increased fire risk.
1	Properties should be reviewed on a case-by-case basis.

Officers' information and comment

This remission is currently available (removal is a proposal at this stage) and can be found within the current Rates Remission Policy.

Protection for properties that currently utilise this remission is found in Schedule 1, Parts 1 and 2 of the Local Government (Rating) Act 2002. The current remission contains outdated legal references and is effectively redundant. Further, Council policy cannot take precedent or countermand legislation.

Officers' recommendation

It is recommended that Council adopt the proposed removal of Remission for Land Subject to Special Preservation Conditions.

**Q.6 – Do you agree with the proposed removal of Remission of Uniform Annual General Charges (UAGC) and Targeted Rates of a Fixed Amount of Rating Units Owned by the Same Owner?**

Agree	22.9%	Disagree	15.6%	Neutral	61.5%
Total Unique Responses			109		

Summary of submitters' comments

No. of comments	Comment/Theme
1	Hard to agree when the monetary value is unknown.
1	We receive no Council services, why should our rates go up.
2	I don't understand.
1	One owner, one Rating Unit per title (not double for converting an existing shed).
1	It depends on the service being provided to each Rating Unit. If the services being provided to two Rating Units is the same as one Rating Unit, then the cost should be based on just one Rating Unit.

No. of comments	Comment/Theme
1	A remission should be available for clubs as the members already pay their own rates.
1	Only if the land is rented.
1	This remission is for sub-divided land and makes the 224 process easier. To remove this, the administration would increase substantially with sub-dividers only issuing separate titles on sale.

#### Officers' information and comment

It is intended that this remission is replaced with Remission for Residential Properties Used Solely as a Single Residence. As it would be a straight swap, the financial impact should be close to neutral. This type of remission is provided where a single family group occupies multiple contiguous SUIPs.

With the inclusion of a Remission for Residential Properties Used Solely as a Single Residence, sub-division and creation of titles can still occur without penalty. The purchase of the sub-divided property by a non-family member would trigger removal of the remission.

For a number of rates, Napier City Council uses Separately Used or Inhabited Parts of a Rating Unit to determine the number of services to rate (rather than the number of Rating Units). This allows for freestanding structures that can be separately occupied to be appropriately rated.

Details around why rates may increase for some properties was discussed in the Statement of Proposal. Copies are still available if requested.

#### Officers' recommendation

It is recommended that Council adopt the proposed removal of Remission of Uniform Annual General Charges (UAGC) and Targeted Rates of a Fixed Amount of Rating Unites Owned by the Same Owner.

#### **Q.7 – Remission for Residential Land in Commercial Industrial Areas: update wording in line with changes to the Rating Valuation Act 1998**

Agree	31.5%	Disagree	14.8%	Neutral	53.7%
Total Unique Responses			108		

#### Summary of submitters' comments

No. of comments	Comment/Theme
0	No comments.

#### Officers' information and comment

No comment.

Officers' recommendation

It is recommended that Council adopt the proposed updated wording for Remission for Residential Land in Commercial Industrial Areas in line with changes to the Rating Valuation Act 1998

**Q.8 – Remission to smooth the effect of change in rates on individual or group properties: for significant increases we propose to phase in the increase over time.**

Agree	44.4%	Disagree	17.6%	Neutral	38.0%
Total Unique Responses			108		

Summary of submitters' comments

No. of comments	Comment/Theme
3	At 25% more than 3 years is required.
6	Any rates increases (particularly for the worst impacted areas) should be staggered.
2	We share a water toby but both pay for full water / limited services but proposed rates increase.
1	I don't understand.
2	Rates should only increase as services are introduced.
5	The proposed rates increase is too much / should not increase.
1	What does "significant" mean?

Officers' information and comment

Details around why rates may increase for some properties was discussed in the Statement of Proposal. Copies are still available if requested.

Issues regarding water tobys are outside the scope of this proposal.

This remission is intended to provide Council with a mechanism to stage/stagger rates increases.

Targeted Rates are only applied to specific services that properties receive (such as water or sewerage). Rural properties that do not receive these services do not pay for these services.

General Rates pay for public good services and facilities across the wider city (e.g. public toilets and the roading network). It does not matter where the property is or where the service is, as all properties contribute to these services. General Rates are not charged based on what is immediately outside the gate of a property.

General Rates recover the costs for services and facilities that in the Council's view, the whole community benefits (e.g. public toilets and the roading network). Therefore, General rates (including the UAGC) are considered a tax. Legalisation requires that the General rate is recovered by a value based rate, either land or capital.



It is proposed that “significant” is quantified as “...25% or more over the current assessed rates for a single property” to prove clarity on this definition.

Officers’ recommendation

It is recommended that Council adopt the proposed updated wording for Remission to smooth the effect of change in rates on individual or group properties.

**Rates Postponement Policy**

**Q.1 – Do you agree with the proposed removal of amendments to the Rates Postponement Policy to remove Postponement for Farmland?**

Agree	22.0%	Disagree	22.8%	Neutral	55.2%
Total Unique Responses			346		

Summary of submitters’ comments

No. of comments	Comment/Theme
1	Explanation not provided.
1	It would seem practical at this time.

Officers’ information and comment

The proposal is to remove the postponement from the Rates Postponement Policy. This postponement is currently available and further information can be found in the Rates Postponement Policy.

This postponement is only used by several properties.

Officers’ recommendation

It is recommended that Council adopt the proposed amendments to the Rates Postponement Policy by removing Postponement for Farmland.

**1.3 Issues**

The role of affordability is challenge for any local authority as local authorities do not have the ability to set rates purely on affordability (rates are set on the value of the property). Councils have no access to, or the ability to, assess household or business income on which rates could be set

Affordability remains a concern both for Council and for ratepayers. Some property owners may see a significant increase as a result of the proposed changes. Staging transition to the new General Rate differential percentage weights over 3 years would assist property owners in adjusting to the new rates. Council has provision to do this under the Rates Remission Policy – remission to smooth the effects of change in rates on individual or groups of properties.

Property revaluations completed in late 2020 will impact on the rates liability for each property, and may increase or decrease the amount originally modelled depending on whether property land value increases by more or less than the city average of 44.5%.

Until the Council funding requirements for 2021/22 are set (as part of the 2021-31 Long Term Plan), the rates liability for each property is yet to be determined.

#### 1.4 Significance and Engagement

The proposed changes impact all ratepayers in the Napier City Council catchment.

As detailed in section 1.2 (Background Summary) above, and also in Revenue and Financing Statement of Proposal Consultation Summary (**Attachment C**) a relatively high level of engagement was achieved with the public. Additional engagement was conducted for ratepayers identified as most negatively impacted through targeted letters and community meetings in, or near, those most impacted areas.

#### 1.5 Implications

##### Financial

Rates affordability is a theme that has come out of the consultation from the community. Council has also identified areas that may be significantly negatively impacted by the proposal.

Council recognises that providing affordable and sustainable services to Napier residents is a key challenge. A number of respondents have asked for improved services, but these do come at a cost.

Council does note that in comparison to other councils, Napier's rates remain in the top third of lowest rates in New Zealand.

As noted in section 1.3, individual ratepayers will be further impacted by property revaluations and any rates increases that arise from the 2021-31 Long Term Plan.

##### Social & Policy

The proposed changes impact the following policies:

- Revenue and Financing Policy
- Rating Policy
- Rates Remission Policy
- Rates Postponement Policy

##### Risk

Risks, where possible, have been mitigated/minimised through following the process required for a Special Consultative Procedure (Part 6, Local Government Act 2002). Legal review of documentation produced and relevant policies was also conducted.

Delays, such as the pandemic and an extension to the consultation period created a risk for delivery of the 2021-31 Long Term Plan. Further delays to the Revenue & Finance Project will impact on key tasks in the Long Term Plan that need to be completed by mid-to-late February 2021. This would have a cascading effect should it occur and is considered a significant risk.

Delaying adoption of the Revenue & Finance Policy would result in Council being in breach of review requirements contained within the Revenue & Financing Policy. The policy as it stands contains references that are outdated and no longer complies with s.102(1) and s.103(1) of the Local Government Act 2002.

#### 1.6 Options

The options available to Council are as follows:

- a. Consider the submissions and adopt the officer's recommendations

- b. Consider the submissions and adopt an amended resolution.

### 1.7 Development of Preferred Option

The preferred option has been developed over many months and is based on modelling of rates data, feedback from Councillors and officers, and feedback from the public.

A robust process has been undertaken by Council in accordance with s.101 of the Local Government Act (2002).

### 1.8 Attachments

- A Consultation Report (and Feedback) (*Under Separate Cover*) [⇄](#)
- B Written Submissions (Standalone) (*Under Separate Cover*) [⇄](#)
- C Revenue and Financing Statement of Proposal Consultation Summary [↓](#)
- D Revenue and Financing Policy (Proposed) [↓](#)
- E Rating Policy (Proposed) [↓](#)
- F Rates Remission Policy (Proposed) [↓](#)
- G Rates Postponement Policy (Proposed) [↓](#)

# REVENUE AND FINANCING STATEMENT OF PROPOSAL CONSULTATION SUMMARY

## INTRODUCTION

The purpose of the Revenue and Financing Statement of Proposal consultation process was to seek feedback from the community on the Revenue and Financing, Rating, Rates Remission and Rates Postponement policies. Consultation began on 12 October 2020 and was initially open until 15 November, but due to strong community interest, the consultation period was extended to 2 December 2020.

The community was asked for general feedback on all the policies and for their views on specific proposed changes including:

- Revenue and Financing Policy
  - How we fund each activity
  - Changes to the rating categories
- Rating Policy
  - Changes to General Rate percentage weights
  - Changes to Wastewater charges
  - Removing Stormwater from General Rates and introducing a Targeted Rate for Stormwater
  - Changes to the Rates Remission and Rates Postponement policies'

## CONSULTATION APPROACH

A Special Consultative Procedure (SCP) was undertaken and a Statement of Proposal (SOP) was prepared in accordance with Part 6 of the Local Government Act 2002.

There was community-wide communications and direct, targeted engagement with those most affected.

Access to the SOP and opportunity to provide feedback was primarily online, with hard copies provided at the Customer Services Centre, Libraries, the community meetings and by request. Assistance and access to the online material was provided at the Libraries and Customer Service Centre.

## CONSULTATION PROCESS

Consultation was originally open for five weeks from 12 October 2020 to 15 November 2020, but was then extended to 2 December 2020 due to high community interest.

A range of engagement and promotional tools were created to support the consultation.

### Engagement

Letters were sent to all negatively affected properties advising of the consultation, the proposed impact on the rates, and community meeting dates. Following the decision to extend the consultation, a letter was sent to all ratepayers.

Six community meetings were held with a total of 298 attendees:

- Monday 19 October 2020 –War Memorial Centre, 5:30pm – 15 attendees
- Tuesday 20 October 2020 –War Memorial Centre, 11am – 22 attendees

- Tuesday 20 October 2020 – King George's Hall (Bay View), 6pm – 108 attendees
- Wednesday 21 October 2020 – Taradale Town Hall, 6pm – 100 attendees
- Wednesday 18 November 2020 – McLean Park, 11am – 18 attendees
- Wednesday 18 November 2020 – McLean Park, 6pm – 35 attendees

Mayor Kirsten Wise and staff provided background and an overview of the proposed policies before the community were invited to ask questions.

The majority of the community feedback and questions opposed the policy changes. The main issues and themes were:

- The changes were considered unfair to the rural and semi-rural residents as those;
  - properties have access to less services (i.e. footpaths, lighting) within close proximity than other residential properties; and
  - residents already incur additional infrastructure and service costs (as they are not currently provided by Council).
- There's a disconnect with the District Plan as not all properties categorised as Residential for rating purposes get the same subdivision rights as Residential properties in the District Plan.
- Rates are increasing, but services are not.
- Questioned the reasons for making the changes.
- Questioned the timing of changes due to the December 2020 property revaluations.

### Promotion

Content was developed in such a way that it could be used across all digital platforms with supporting print advertising using the same look and feel. The say it! branding was used as a theme to encourage people to provide feedback on the say it! website. The aim of all of the material was to be clear and accessible. Frequently Asked Questions were uploaded to the say it! page and updated as community feedback was received. Key messages were also adapted at the request of elected members as the campaign progressed.

Revenue and Financing Statement of Proposal consultation was promoted widely using the following tools:

- Media – advisories and releases
- Advertising – radio, digital and newspaper
- Direct distribution – email and letter
- Council channels – website, digiscreen, email signature, regular publications and social media
- Community meetings

See [Appendix 3](#) for samples of promotional material.

### RESPONSE

Overall, 540 submissions were received. 474 submissions were submitted online and 66 were provided in hardcopy form. Some duplicate submissions were received (same person or address) which were aggregated into a single submission per household; this results in a total 427 unique responses per rating unit. 64 submitters requested to support their submission in person (oral submission) at the Hearings.

## Digital / Social Media

### Digital advertising

442,197 impressions served for this campaign which is the number of times the digital advertising was displayed to Napier residents; this is high. This generated 2,457 clicks through to the consultation web page.

The average cost per click was \$0.52 and there was a click through rate of .56%, which is average.

### Social media

There were four adverts across Facebook and Instagram, reaching 22,889 residents and generating 782 clicks through to the consultation web page.

Along with the four adverts, the consultation was organically posted eight times, reaching 47,874 residents and generating 2,924 engagements; this includes reactions, comments and clicks.

### Website – sayitnapier.nz

Traffic to the consultation saw five significant spikes throughout the campaign. These cannot be directly linked to any specific community session or social media posts. There were a number of closed community groups sharing NCC content with their members, specifically those negatively affected by the proposed change, which could have resulted in spikes of traffic.

The consultation received 11,493 page views.

The rates calculator received 3,065 page views with the calculator being used 7,592 times.

## Radio / Print

Over the original consultation period (to 15 November), 240 adverts (30 seconds each) were broadcast over four radio stations. This schedule was extended to 2 December at the same frequency per day.

Additional adverts were aired from 14-17 November advising a change to the date and venue for the community meeting that was rescheduled due to the Napier Flood.

## Appendices

### APPENDIX 1: REVENUE AND FINANCING CONSULTATION FORM

## Consultation for proposed changes to Revenue & Financing Policy, Rating Policy, Rates Remission Policy and Rates Postponement Policy



**NAPIER**  
CITY COUNCIL  
Te Kaitiaki a Haurangi

#### Summary of proposal

Many changes have taken place in Napier since the 1989 amalgamation with Hawke's Bay County Council, but some parts of our rating system haven't changed. We want to update our policies to better reflect how activities should be funded i.e. General Rates vs user pays. We also want to ensure that similar properties pay similar rates.

These proposals will change how the rates are calculated on each property. **The total amount of rates that Council collects will be the same.** To see how these changes might affect you, use our rates calculator at [napier.govt.nz](http://napier.govt.nz) keyword search [#ratescalculator](https://www.facebook.com/napiercitycouncil).

Our review of the Revenue and Financing Policy affects other policies too, so we are also reviewing the Rating Policy, Rates Remission Policy and Rates Postponement Policy.

#### Privacy Statement

We are collecting feedback as part of our consultation with the community on the Revenue & Financing Statement of Proposal. Personal information (such as your name and contact details) are being collected so we can analyse your feedback and provide a written response to submissions.

Your feedback is not mandatory, and should be provided by you on a voluntary basis only.

However, we encourage you to complete as many questions as you can to provide us with a more complete view on the proposed amendments.

This form and the data entered by you is being collected by a third party (SIL Research) on behalf of Napier City Council, and is bound by the Privacy Act 1993. Any information collected will be returned to Napier City Council at the conclusion of the consultation process. SIL Research is not permitted to use your information for any purpose outside of this public consultation process. More information about SIL Research can be found at [silresearch.co.nz](http://silresearch.co.nz).

You may request a copy of the information collected as part of this consultation process. You may request any information that you submit to be withdrawn or amended up until 5pm Wednesday 2 December 2020, when the consultation closes. Requests can be made in person at 215 Hastings St, Napier, by email at [info@napier.govt.nz](mailto:info@napier.govt.nz) or by phone on 0800 462 7437.

Data relating to this consultation process may be provided to third parties through an official information request (LGOIMA), however your personal information is protected under the Privacy Act 1993.

On completion of any parts of this submission form including attachments, it will be taken that this Privacy Statement has been read and understood.

## YOUR SUBMISSION ON OUR REVENUE AND FINANCING STATEMENT OF PROPOSAL

**say it!**

**Submissions close 5pm  
Wed 2 December 2020**

For more information, please refer to the Statement of Proposal and summary of changes at [sayitnapier.nz](http://sayitnapier.nz). Alternatively, printed copies are available at our Customer Services Centre and libraries.

**We encourage you to complete this form online at [sayitnapier.nz](http://sayitnapier.nz)** or post this form for free to: FreePost Authority Number 772273, Revenue and Financing Policy, Napier City Council, Private Bag 6010, Napier 4142, or drop it off at our Customer Service Centre, 215 Hastings Street Napier. You can use extra paper if you need to or you can attach a document. Your name and submission will be published, but your contact details will be kept private.

## YOUR DETAILS:

Full name:	
Daytime phone number:	
Email address:	
Address:	
Postal address (if different from above):	
If you are submitting on behalf of a group/organisation? What's its name:	
<input type="checkbox"/> Please tick if you want to present your feedback to Council in person. We will be in touch to confirm a time.	

## 1. REVENUE & FINANCING POLICY

The Revenue & Financing Policy guides how we gather our revenue and how we use it to fund our activities and services.

Please tick ONE box only - Refer to pages 4-10 in the Statement of Proposal.

Do you agree with how we propose to fund each activity?	<input type="radio"/> Yes - go to section 2	<input type="radio"/> No - go to section 2	<input type="radio"/> Some - Answer questions below
Comments:			
Do you agree with our proposal to reduce from 6 to 3 rating categories?	<input type="radio"/> Agree	<input type="radio"/> Disagree	<input type="radio"/> Neutral
Comments:			
Do you agree with the way we want to fund Council's activities? For example the proportion of rates vs. user pays etc.	<input type="radio"/> Agree	<input type="radio"/> Disagree	<input type="radio"/> Neutral
Comments:			

## 2. RATING POLICY

The Rating Policy is the detail that supports the Revenue & Finance Policy. It provides more detail on:

- The percentage of General Rates based on the property type and;
- How Targeted Rates are assessed

Please tick ONE box only - Refer to page 11-12 in the Statement of Proposal.

Do you agree with how we propose to assess General and Targeted Rates?	<input type="radio"/> Yes - go to section 3	<input type="radio"/> No - go to section 3	<input type="radio"/> Some - Answer questions below
Comments:			
Do you agree with the proposed General Rate percentage weights for Residential/Other, Commercial & Industrial, and Rural properties?	<input type="radio"/> Agree	<input type="radio"/> Disagree	<input type="radio"/> Neutral
Comments:			
Do you agree with the proposed increase in the City Water Rate from 50% to 70% for Rating Units that are not connected but within 100m of the system?	<input type="radio"/> Agree	<input type="radio"/> Disagree	<input type="radio"/> Neutral
Comments:			



Do you agree with the proposed increase in the Sewerage Rate from 50% to 70% for Rating Units that are not connected but within 30m of the system?	<input type="radio"/> Agree	<input type="radio"/> Disagree	<input type="radio"/> Neutral
Comments:			
Do you agree that Council should develop a proposal to charge based on the number of toilets in a property? (residential would be a one toilet charge)	<input type="radio"/> Agree	<input type="radio"/> Disagree	<input type="radio"/> Neutral
Comments:			
Do you agree with the proposed introduction of a Stormwater Rate?	<input type="radio"/> Agree	<input type="radio"/> Disagree	<input type="radio"/> Neutral
Comments:			

### 3. RATES REMISSION POLICY

The Rates Remission Policy allows us to remit (cancel) all or part of the rates or penalties where certain conditions and criteria in the policy are met.

Please tick **ONE** box only - Refer to page 13-14 in the Statement of Proposal.

Do you agree with how we propose to discount or cancel rates or penalties?	<input type="radio"/> Yes - go to section 4	<input type="radio"/> No - go to section 4	<input type="radio"/> Some - Answer questions below
Comments:			
Do you agree with the proposed inclusion of a Remission for Farmland Under 5 Hectares?	<input type="radio"/> Agree	<input type="radio"/> Disagree	<input type="radio"/> Neutral
Comments:			
Do you agree with the proposed inclusion of a Remission of Refuse Collection and/or Kerbside Recycling Targeted Rates?	<input type="radio"/> Agree	<input type="radio"/> Disagree	<input type="radio"/> Neutral
Comments:			
Do you agree with the proposed inclusion of a Remission for Residential Properties Used Solely as a Single Residence?	<input type="radio"/> Agree	<input type="radio"/> Disagree	<input type="radio"/> Neutral
Comments:			

Please turn over to continue to section 4

Do you agree with the proposed removal of Remission for Land Subject to Special Preservation Conditions?	<input type="radio"/> Agree	<input type="radio"/> Disagree	<input type="radio"/> Neutral
Comments:			
Do you agree with the proposed removal of Remission of Uniform Annual General Charges (UAGC) and Targeted Rates of a Fixed Amount on Rating Units Owned by the Same Owner?	<input type="radio"/> Agree	<input type="radio"/> Disagree	<input type="radio"/> Neutral
Comments:			
Do you agree with the following proposed other minor changes contained within the Rate Remission Policy?			
Remission for Residential Land in Commercial or Industrial Areas Update wording in line with changes to the Rating Valuation Act 1998	<input type="radio"/> Agree	<input type="radio"/> Disagree	<input type="radio"/> Neutral
Comments:			
Remission to smooth the effects of change in rates on individual or group properties For significant increases we propose to phase in the increase over time	<input type="radio"/> Agree	<input type="radio"/> Disagree	<input type="radio"/> Neutral
Comments:			

#### 4. RATES POSTPONEMENT POLICY

The Rates Postponement Policy allows us to delay the requirement to pay all or part of the rates where certain conditions and criteria in the policy are met.

Please tick **ONE** box only - Refer to page 14 in the Statement of Proposal.

Do you agree with the proposed removal of amendments to the Rates Postponement Policy to remove Postponement for Farmland?	<input type="radio"/> Agree	<input type="radio"/> Disagree	<input type="radio"/> Neutral
Comments:			

<b>Do you have any other feedback? You can use extra paper if you need to or you can attach a document.</b>

## APPENDIX 2: HIGH LEVEL CONSULTATION PLAN – REVENUE AND FINANCING POLICY RATING POLICY, RATES REMISSION POLICY, RATES POSTPONEMENT POLICY

### High Level Consultation Plan

Revenue and Financing Policy

Rating Policy

Rates Remission Policy

Rates Postponement Policy

#### Introduction

The Local Government Act requires all councils to review their revenue and financing policies at least every three years. While Napier City Council has complied with this requirement, it has been a number of years since a full review has taken place. Since the last full review, there have been significant changes to the activities that the Council provides to the community, including the levels of service received by different groups within the city. Therefore, the Council has undertaken a first principles review where the Council considered for each activity a number of factors including who benefits, the length of benefit received and groups or individuals that create or increase the need for the activity. The requirements also require the Council to consider the impacts of its allocation on the well-being of the community.

The Rating Policy, Rates Remission Policy and Rates Postponement Policy are impacted by changes to the Revenue & Financing Policy. With proposed changes to the Revenue & Financing Policy, some existing provisions for remissions and postponements no longer work the way they were originally intended. A review of remissions and postponements allows Council to harmonise provisions within these policies.

#### Significance and Engagement Policy

The review of the Revenue and Financing Policy, Rating Policy, Rates Remission Policy and Rates Postponement Policy requires Council to undertake a Special Consultative Procedure (SCP). A Statement of Proposal (SOP) has been prepared in accordance with Part 6 of the Local Government Act 2002.

#### Purpose

The objectives of the consultation are to:

- Inform the community of proposed changes and explain how it will affect them
- Actively invite the community to provide feedback through a range of communication channels and engagement activities

#### Approach

The SCP will be undertaken with community-wide communications and direct, targeted engagement with those most affected. The consultation period is from 12 October to 15 November 2020. The SOP will be available on [www.savitnapier.nz](http://www.savitnapier.nz), along with a short summary and a submission form. Hard copies of the material will be available at the Council's Customer Service Centre, the libraries and by request. Hearings will take place in 30 November to 18 December 2020, providing an opportunity for those who wish to make an oral submission an opportunity to do so.

Those who will be significantly affected have been identified as follows:

- Ex-County properties identified as Commercial/Industrial
- Other Rural and Ex-County Rural over 5HA to Rural (over 5HA)
- Bay View, Other Rural and Ex-County to Residential
- Utility network assets
- Properties identified as Commercial/Industrial (for Wastewater Rate)
- Properties receiving a Postponement for Farmland

Changes to the Revenue & Financing Policy will cause changes to the Rating Policy, Rates Remissions Policy and the Rates Postponement Policy; these will be communicated through this consultation and they are included in the Statement of Proposal.

#### Communication & Engagement Tools

Promotion of the consultation will be widespread, with a range of engagement opportunities being available and communication channels utilised (see below). Existing engagement activities and communication channels will be used with some additional targeted activity.

#### Community engagement

Face-to-face opportunities may include:

- One to one meetings – elected member and finance team
- Small meetings – e.g. Bay View community
- Live Chat – subject to alert level restrictions (may require additional sessions) with Q & A (elected member and finance team)

#### Hearing

Oral submissions and deliberations.

#### Direct Letter

Letter to residents that will be significantly impacted.

#### Communication Tools

##### Facebook campaign

- Q & A – by area / topic
- Teaser questions and answers

##### Website

Say it Napier Website – including a worked example illustrating how rates may be impacted for different sectors of the community.

##### Advertising

- Advertising (print, radio, digital) – may include Proudly Napier, billboards, rates insert and geo targeted online (Google display network)
- Community Distribution list
- People's Panel
- Media Plan

A project plan will be created to operationalise this plan and will outline detailed tasks and activities.

## APPENDIX 3: SUMMARY OF COMMUNICATIONS AND ENGAGEMENT INCLUDING SAMPLE PROMOTIONAL MATERIAL

### Revenue & Financing consultation Summary of communications and engagement

#### Key messages:

- Many changes have taken place in Napier since the 1989 amalgamation with Hawke's Bay County Council.
- The proposed changes are about ensuring that similar properties pay similar general rates
- The purpose of our proposals is to ensure simplicity and consistency for all Napier ratepayers
- The proposals will ensure that Council's activities are funded in a way that best reflects how they are used

### Campaign schedule

#### Media

Media release – consultation begins	12 October
Media advisory – meeting dates/booking info	16 October
Media advisory – extended consultation and additional two meetings	3 November
Media advisory – new date/venue for additional meetings due to flood	12 November
Media release – consultation closing soon (and new QV rating valuations)	30 November

#### Advertising

Radio – 60 x 30 seconds 60 on The Hits, Newstalk ZB, Gold and Coast:	13 October – 1 December
Radio – advising new meeting date	14 – 17 November
Google display ads - Napier only ratepayers, home owners, business owners	13 October – 1 December
Newspaper ads – 2 x ¼ page (broadsheet)	17 October & 31 October

#### Council Channels

Website – homepage promo tile (rates calculator)	12 October – 2 December
Direct email (community organisations & business associations)	16 October
Customer Service Centre Digiscreen	19 October – 2 December

NCC E-signature	19-23 October & 9-13 Nov
Our Napier	21 October
Proudly Napier (in Courier and by email)	28 October
Informing Napier	28 October
Direct email (commercial/hospitality organisations)	5 November
Proudly Napier	18 December
Our Napier	Late January

### Engagement

Letter to 2,200 negatively impacted ratepayers	9 October
Letter to all ratepayers	4 November
Social media engagement (three times weekly)	12 October – 30 November
Facebook video ( <a href="https://www.facebook.com/watch/?v=3366759816734700">https://www.facebook.com/watch/?v=3366759816734700</a> )	16 October
Community meetings x 6	19-21 October and 18 November

## Advertising

### Radio script

*Attention Napier ratepayers. Your council is proposing big changes to rates and how they're used to fund our city's services. The proposed changes mean that similar properties would pay similar rates. These changes will affect you but will help to ensure there is consistency and equity for everyone. To see how your rates may change use the online rates calculator and have your say at say it Napier dot nz by 12 noon Sunday 15<sup>th</sup> November. That's say it Napier dot nz.*

### Radio script for new meeting date

*Attention Napier ratepayers. Your Council is proposing big changes to how your rates are calculated. The community meetings about the proposals had to be cancelled due to the flooding. But they are now back on. Find out more about what the proposed changes could mean for you on Wednesday 18 November at either 11am and 6pm at the Chapman Pavilion Pettigrew Lounge 1 at McLean Park Napier. Visit say it Napier dot nz to find out more.*

Google display ads

Do you think similar Napier properties should pay similar rates? *say it!*

**Tell us here!**



Have your say on proposed rates changes by 5pm, 2 December *say it!*

**Click here!**



Do you think similar Napier properties should pay similar rates? *say it!*

Currently, similar properties across Napier pay **different** rates.

We are proposing similar properties pay similar rates.

**Do you agree?**  
**Tell us here!**



What do you think about our rates proposals? *say it!*

We are looking at changing the way we calculate rates.

**Do you agree?**  
**Tell us what you think before 5pm, Wednesday 2 December.**





**Do you think similar  
Napier properties should  
pay similar General Rates?**

[sayitnapier.nz](https://sayitnapier.nz) **say it!**

**Currently, similar Napier properties  
pay **different** General Rates.**

Compare the General Rates for these residential properties with a land value of \$200,000\*

		
<b>\$1,425</b>	<b>\$1,139</b>	<b>\$1,042</b>

**We propose similar Napier properties  
should pay **similar** General Rates.**

**Visit [sayitnapier.nz](https://sayitnapier.nz) to use our rates calculator and  
see how the proposed changes will affect you.**

**Have your say by 12pm, Sunday 15 November 2020.**

\*General Rates based on land value of \$200,000 as at 1/7/20.  
Any proposed changes to rates may be adopted by Council in  
2021, based on the adopted Long Term Plan 2021-31 ESOE

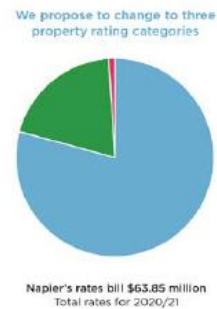
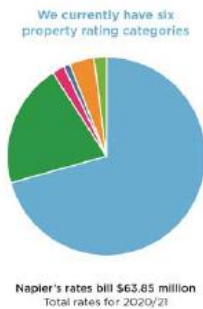
 **NAPIER**  
city council  
Te Kaitiaki o Napier



Digital artwork samples  
(Website, Facebook, Say It Napier)



Napier's total rates bill is not changing.  
We want to change how the cost is shared.





<b>Revenue and Financing Policy</b>			
<b>Approved by</b>	Council (Pending)		
<b>Department</b>	Finance		
<b>Original Approval Date</b>		<b>Review Approval Date</b>	
<b>Next Review Deadline</b>		<b>Document ID</b>	
<b>Relevant Legislation</b>	Local Government Act 2002		
<b>NCC Documents Referenced</b>	NCC Long Term Plan 2018-2028		

## Purpose

The Revenue and Financing policy is adopted under Sections 102(1) & 103(1) of the Local Government Act and must contain the Council's general policies on the funding of operating and capital expenditure and show how the local authority has, in relation to the sources of funding identified in the policy, complied with Section 101(3) which has two parts.

## Policy Background

Napier City Council (the Council) has reviewed the proposed sources of funding for operating and capital expenditure and has reviewed the funding for each activity to determine the funding policy for each. In accordance with the Local Government Act 2002 (LGA) Council has considered each activity with regard to the following:

- Community outcomes to which an activity contributes; and
- the distribution of the benefits between the community as a whole, identifiable parts of the community and individuals; and
- the period in or over which those benefits are expected to occur; and;
- the extent to which actions or inactions of individuals or groups contribute to the activity; and
- costs and benefits of funding the activity distinctly from other activities.

Council has considered each activity to determine what it considers an appropriate funding source for both operating and capital expenditure (refer the schedule in the appendix).

Then it has considered the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural wellbeing of the community. It considered the following in determining the final funding source:

- The nature of Napier City as a whole including as a visitor and tourist destination.
- The different costs of providing services and facilities and the associated benefits that the commercial (including accommodation providers) and industrial properties receive from those services.

- The impact of rates on residential properties, and in particular on the affordability of rates for low, average and fixed income households.
- The General Rate has a significant component of public good or activities when the community benefits as a whole, and as the General Rate is a general taxing mechanism shifting the “differential factor” for each sector’s share of the city’s overall land value is the principal means that the Council has used to of achieving the desired overall rates impact on the wider community. It cannot achieve precise equity or allocation of costs to each type of property.
- The complexity of the rating system and the desirability of improving administrative simplicity.

Council has concluded that the general rate and storm water targeted rate on commercial and industrial should have an appropriate differential recognising the issues considered above.

Council has also considered the impact of fees and charges. Council uses the market rate (where permissible) as the upper limit used for determining fees or charges. Where Council believes the imposition of fees or charges at a rate above the market rate will reduce usage of the activity or facility and lead to the imposition of a greater cost on ratepayers it will modify the amount chargeable to the market rate. In selecting the market rate, the Council has made a judgement that the community values the existence of the facility and would rather fund it from rates than for the facility to close.

Following consideration of the above the Council is proposing the use of the following funding tools

## **Council’s policies on funding operating expenses and capital expenditure**

### **General Rates**

General Rates are used to fund both operating and capital expenditure. They fund the remaining costs of Council operations after all other sources of funding have been applied.

General Rates are assessed through a combination of a Uniform Annual General Charge (UAGC) and a rate in the dollar based on land value.

Council is proposing the following land value differential categories:

- Residential/Other
- Commercial & Industrial
- Semi-Rural
- Rural

The amount of the UAGC is set to ensure that the total (excluding water and wastewater rates) uniform (or fixed) rates will be between 20% to 25% of total rates that are to be collected.

### **Differential rating category definitions**

#### **Residential/Other properties**

Any property that is not defined as Commercial & Industrial, Semi-Rural or Rural.

#### **Commercial and Industrial**

Any property that is in a commercial or industrial zone under the District Plan or used for any business activities, except properties categorised as rural or consented for residential use, will be rated as commercial and industrial properties.

Commercial and industrial activities include, but are not restricted solely to;

- Rural and other support activities such as transport, supplies, packhouses and wineries servicing multiple clients
- Professional offices, surgeries etc.
- All retail, wholesale merchandising activities
  - All forms of manufacturing and processing
  - Bars, restaurants, cafes and other service activities
  - Storage facilities
  - Hotels, motels, B & B's and other short-term accommodation providers
  - Tourism operations
  - Care facilities operated for profit

### **Semi-Rural**

Any rating unit that would otherwise be classified as Residential, but is not connected or able to be connected to both the city water system and the city sewerage system.

### **Rural**

Any rating unit with an area of 5 Hectares or more that is used predominantly for land based agricultural or farming activities.

### **Targeted Rates for specific areas and/or activities**

Targeted Rates are charged to fund both operating and capital expenditure. They are charged where Council considers it desirable to separate out the funding of an activity. They are charged to rating units including those units that are separately inhabited which have access to or are deemed to benefit from the service provided. Targeted rates are a funding mechanism that may be charged for activities deemed to have either a high public or a high private good to identified properties, an area of the city or the city as a whole.

Some targeted rates are applied differentially using either land or capital values, however most targeted rates are applied on a uniform basis (same amount or rate in the dollar).

### **Lump sum contributions**

Council does not normally use any lump sum contributions.

### **Fees and charges:**

Fees and charges are used to fund both operating and capital expenditure.

They are applied where there is a benefit to an individual from the delivery of goods and or services and this can be charged in a cost-efficient manner. If it is possible to efficiently impose a charge, then the Council does so, on the basis of either recovering the full cost of the service, the marginal cost added by users, or at a level that the market will pay. Fees & charges includes retail sales, ticketing, & corporate sponsorship

The following specific types of revenue are included in fees and charges:

- Licence Fees

Licence fees are charged where applicable and may be set by Council or by regulation.

- Enforcement Fees including fines and infringement fees

Enforcement fees are charged where applicable. Their purpose is to promote compliance rather than to raise revenue; consequently, revenue collected may be insufficient to meet the full costs of the enforcement activity. The level of enforcement fee may also be restricted by statute or the courts. Use of enforcement fee revenue collected may also be directed to a specific purpose by statute.

- Rental and Lease Income

Rental and lease income are attributed to the activity with primary responsibility for the asset generating the rental or lease income. This revenue generally offsets costs of maintaining the asset and costs generally within the activity area receiving the revenue. However, in the case of leasehold land subject to the Hawke's Bay Endowment Land Empowering Act 2002, ground rental revenue is credited to a special fund within equity being the HBHB Endowment Income Account. In accordance with the Act this income is used to fund the net cost of the Napier Inner Harbour and certain foreshore reserves and other permitted activities. The land subject to the Act was vested in Council in 1989 from the Hawke's Bay Harbour Board at the same time that Council assumed liability for the Napier Inner Harbour and former Harbour Board foreshore reserves.

- Waste Levy Income

This is the Council share of waste levy fees collected by the Ministry for the Environment. Income is received from the Waste Levy Fund and must be applied to waste minimisation activities.

### **Interest and dividends from investments**

Interest and dividends from investments are used to fund operating and capital expenditure.

Council receives interest from its investments. Interest generated from defined funds held or collected, where Council has determined that interest will be added, are credited to the fund at year end and applied to the purposes of the fund. Any remaining interest income is used to reduce the requirement for General Rates.

Council also receives a minor amount of dividend revenue from time to time. Where applicable, this is applied to offset the cost of the activity related to the dividend income. Where dividend income relates to Council operations in general, this is applied to the same purposes as general rates.

### **Borrowing**

Borrowing is primarily used as a tool to smooth cash requirements for capital acquisitions and replacements, and can be used to smooth cash requirements for large one-off operating expenditure. In certain circumstances, in accordance with Council's financial strategy, borrowing may be used to fund operating expenditure.

### **Proceeds from Asset Sales**

Proceeds from asset sales are used to fund operating and capital expenditure.

Council's preference is that proceeds from asset sales are used to fund capital projects, repay debt to external parties or repay internal debt, thus replenishing reserves. The main planned asset sales programme of Council is the ongoing freeholding of HBHB Endowment Land Residential Leases and the sale of land associated with the development and sale of sections in the Parklands residential

subdivision. Council also intends to review assets for potential sale to reduce debt or replace with higher yielding investments.

### Development and Financial Contributions

Proceeds from development and financial contributions are used to fund operating and capital expenditure. They are primarily to fund capital expenditure associated with growth however some operating costs such as finance costs may be funded from this source.

The existing Development Contribution policy has had limited application and as the Council has an operative Financial Contributions policy under the Resource Management Act 1991, it was decided that this was currently the preferred method of recovery of the costs relating to development. The Financial Contributions Policy will be updated as part of the review of the District Plan.

### Grants, subsidies and donations

Revenue from these sources is actively sought to offset both operating and capital costs.

### Petrol Tax

This is the local government share of the petrol tax levied by central government. It is used to contribute to the costs of road maintenance.

### Other funding sources

Council continues to actively explore all possible sources of funding to assist with the funding of both operating and capital expenditure. Any other funds derived will be used to either fund capital expenditure or to reduce the amount Council collects from rates.

## Council policies in relation to various funding sources to fund operating and capital expenditure (section 103 Local Government Act 2002)

The table sets out for each activity funding sources that are to be used for both operating and capital expenditure. The rationale is explained in schedule in the appendix.

Activity	Funding sources	
	Operational <sup>3</sup>	Capital
Animal control	Primary source <ul style="list-style-type: none"> <li>Fees &amp; charges (including infringement fees) 65% to 70%</li> </ul> Other sources <ul style="list-style-type: none"> <li>General Rates</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses</li> <li>General Rates</li> <li>Fees &amp; charges</li> <li>Loans</li> <li>Reserves</li> </ul>
Bay Skate	Primary source <ul style="list-style-type: none"> <li>General Rates 60% - 70%</li> </ul> Other sources <ul style="list-style-type: none"> <li>Fees and charges (including Leases, retail sales, &amp; sponsorship)</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses</li> <li>General Rates</li> <li>Fees &amp; charges</li> <li>Loans</li> <li>Reserves</li> </ul>
Building consents	Primary source <ul style="list-style-type: none"> <li>Fees and charges 80%</li> </ul>	Nil

<sup>3</sup> The stated percentages indicate the target set by Council. The actual percentages will vary from year to year as explained in the footnote at the bottom of the table in the appendix. Also subsidies, grants and donations can be considered as a possible source of funding for all activities as Council will actively seek other sources of external funding where available for both operating and capital expenditure.

Activity	Funding sources	
	Operational <sup>3</sup>	Capital
	Other sources <ul style="list-style-type: none"> <li>• General Rates</li> <li>• Targeted Rates</li> <li>• Reserves</li> <li>• Loans</li> </ul>	
Cemeteries This includes the contribution that NCC makes towards HB Crematorium in Hastings	Primary source <ul style="list-style-type: none"> <li>• General Rates 70% to 80%</li> </ul> Other sources <ul style="list-style-type: none"> <li>• User fees &amp; charges</li> </ul>	<ul style="list-style-type: none"> <li>• Accumulated surpluses</li> <li>• General Rates</li> <li>• Fees &amp; charges</li> <li>• Loans</li> <li>• Reserves</li> </ul>
City development	Primary source <ul style="list-style-type: none"> <li>• General Rates 100%</li> </ul> Other sources <ul style="list-style-type: none"> <li>• Reserves</li> <li>• Loans</li> <li>• Fees and charges (where appropriate)</li> </ul>	No significant capital expenditure but minor capital expenditure is funded from General Rates, Reserves and Loans
Community facilities	Primary source <ul style="list-style-type: none"> <li>• General Rates 80% – 90%</li> </ul> Other sources <ul style="list-style-type: none"> <li>• Fees &amp; charges, including lease income, one off grants, naming rights</li> </ul>	<ul style="list-style-type: none"> <li>• Accumulated surpluses</li> <li>• General Rates</li> <li>• Fees &amp; charges,</li> <li>• Loans</li> <li>• Reserves</li> <li>• Grants &amp; donations</li> </ul>
Community strategies	Primary source <ul style="list-style-type: none"> <li>• General Rates 100%</li> </ul> Other sources <ul style="list-style-type: none"> <li>• Fees &amp; charges, including bequest and external funding</li> <li>• Reserves</li> </ul>	<ul style="list-style-type: none"> <li>• Accumulated surpluses</li> <li>• General Rates</li> <li>• Fees &amp; charges</li> <li>• Loans</li> <li>• Reserves</li> </ul>
Democracy & Governance	Primary source <ul style="list-style-type: none"> <li>• General Rates, 100%</li> </ul> Other sources <ul style="list-style-type: none"> <li>• Fees &amp; charges, including for LGOIMAs</li> <li>• Reserves</li> </ul>	Nil
Events and marketing	Primary source <ul style="list-style-type: none"> <li>• General Rates 90% – 95%</li> </ul> Other sources <ul style="list-style-type: none"> <li>• Grants</li> <li>• Fees &amp; charges, including ticketing, corporate sponsorship, vendors</li> </ul>	Accumulated surpluses <ul style="list-style-type: none"> <li>• Loans</li> </ul>
Housing	Primary source <ul style="list-style-type: none"> <li>• Fees &amp; charges 100% (rentals)</li> <li>• Other sources</li> <li>• General Rates</li> </ul>	<ul style="list-style-type: none"> <li>• Accumulated surpluses</li> <li>• Fees &amp; charges (rentals)</li> <li>• Loans</li> <li>• Grants</li> <li>• Reserves</li> </ul>
Inner harbour	Primary source <ul style="list-style-type: none"> <li>• General Rates 50% to 60%</li> </ul> Other sources <ul style="list-style-type: none"> <li>• Fees and charges</li> </ul>	<ul style="list-style-type: none"> <li>• Accumulated surpluses</li> <li>• Fees and charges</li> <li>• General Rates</li> <li>• Reserves</li> <li>• Loans</li> </ul>

Activity	Funding sources	
	Operational <sup>3</sup>	Capital
	<ul style="list-style-type: none"> <li>Reserves, surplus revenue from inner harbour land holding</li> </ul>	<ul style="list-style-type: none"> <li>Financial and/or Development Contributions.</li> </ul>
Kennedy Park Resort	Primary source <ul style="list-style-type: none"> <li>Fees and charges 100%</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses</li> <li>Fees and charges</li> <li>Loans</li> <li>Reserves</li> </ul>
Lagoon farm	Primary source <ul style="list-style-type: none"> <li>Fees and charges 90% - 100%</li> </ul> Other sources <ul style="list-style-type: none"> <li>Reserves</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses</li> <li>Fees and charges</li> <li>Reserves</li> <li>Loans</li> </ul>
Libraries	Primary source <ul style="list-style-type: none"> <li>General Rates 90% - 95% -</li> </ul> Other sources <ul style="list-style-type: none"> <li>Fees &amp; charges (fines)</li> <li>Grants &amp; bequests</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses</li> <li>Fees &amp; charges, fines</li> <li>General Rates</li> <li>Grants &amp; bequests</li> <li>Loans</li> <li>Reserves</li> <li>Financial and/or Development Contributions</li> </ul>
Marine Parade pools	Primary source <ul style="list-style-type: none"> <li>General Rates 60% - 80%</li> </ul> Other sources <ul style="list-style-type: none"> <li>Fees &amp; charges</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses</li> <li>General Rates</li> <li>Fees &amp; charges</li> <li>Loans</li> <li>Reserves</li> <li>Financial and/or Development Contributions</li> </ul>
McLean Park	Primary source <ul style="list-style-type: none"> <li>Fees and charges, 100% tickets, sponsorship, corporate box revenue, naming rights</li> <li>General Rates</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses</li> <li>Fees and charges</li> <li>General and targeted rates</li> <li>Ticket sales</li> <li>Loans</li> <li>Reserves,</li> <li>Grants &amp; bequests</li> <li>Sponsorship, &amp; corporate box revenue, naming rights</li> </ul>
MTG Hawkes Bay	Primary source <ul style="list-style-type: none"> <li>General Rates 65% - 75%</li> </ul> Other sources <ul style="list-style-type: none"> <li>Fees and charges</li> <li>Contribution from other local authorities</li> <li>Bequests</li> <li>Grants, donations &amp; retail sales</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses</li> <li>General Rates</li> <li>Fees and charges</li> <li>Contribution from other local authorities</li> <li>Bequests</li> <li>Grants</li> <li>Donations</li> <li>Loans</li> <li>Reserves</li> <li>Sponsorship, &amp; naming rights</li> </ul>
Napier Aquatic Centre	Primary source <ul style="list-style-type: none"> <li>General Rates 65% - 75%</li> </ul> Other sources <ul style="list-style-type: none"> <li>Fees &amp; charges</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses</li> <li>General Rates</li> <li>Fees &amp; charges</li> <li>Loans</li> <li>Reserves</li> </ul>
Napier I-Site	Primary source <ul style="list-style-type: none"> <li>Fees and charges 65% to 75%</li> </ul> Other sources <ul style="list-style-type: none"> <li>General Rates</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses</li> <li>General Rates</li> <li>Fees and charges</li> <li>Targeted rates</li> <li>Loans</li> <li>Reserves</li> </ul>
Napier Municipal Theatre	Primary source	<ul style="list-style-type: none"> <li>Accumulated surpluses</li> </ul>



Activity	Funding sources	
	Operational <sup>3</sup>	Capital
	<ul style="list-style-type: none"> <li>General Rates 50% - 55%</li> </ul> Other sources <ul style="list-style-type: none"> <li>Fees and charges</li> <li>Bequests</li> <li>Grants, donations &amp; sponsorship</li> </ul>	<ul style="list-style-type: none"> <li>General Rates</li> <li>Fees and charges</li> <li>Bequests</li> <li>Grants, donations &amp; sponsorship</li> <li>Loans</li> <li>Reserves</li> <li>Naming rights</li> </ul>
Napier Conferences and Events	Primary source <ul style="list-style-type: none"> <li>Fees and charges 90% to 95%</li> </ul> Other sources <ul style="list-style-type: none"> <li>General Rates</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses</li> <li>Fees and charges</li> <li>General Rates</li> <li>Targeted rates</li> <li>Loans</li> <li>Reserves</li> </ul>
National Aquarium of NZ	Primary source <ul style="list-style-type: none"> <li>Fees and charges 75% - 80%</li> </ul> Other sources <ul style="list-style-type: none"> <li>Grants</li> <li>Sponsorships, bequests &amp; philanthropic</li> <li>General Rates</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses</li> <li>Fees and charges</li> <li>General Rates</li> <li>Targeted rates</li> <li>Grants</li> <li>Sponsorships, bequests &amp; philanthropic</li> <li>Sponsorship</li> <li>Loans</li> <li>Reserves</li> <li>Naming rights</li> </ul>
Par2 Mini golf	Primary source <ul style="list-style-type: none"> <li>Fees and charges</li> <li>Retail sales 100%</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses</li> <li>Fees and charges</li> <li>Reserves</li> <li>Loans</li> </ul>
Parking	Primary source <ul style="list-style-type: none"> <li>Fees and charges 80% to 90%</li> </ul> Other sources <ul style="list-style-type: none"> <li>Targeted rates</li> <li>Reserves</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses</li> <li>Targeted rates</li> <li>General Rates</li> <li>Loans</li> <li>Reserves</li> <li>Financial and/or Development Contributions</li> </ul>
Parklands residential development	Primary source <ul style="list-style-type: none"> <li>Fees and charges 100%</li> </ul> Other sources <ul style="list-style-type: none"> <li>Reserves</li> </ul>	<ul style="list-style-type: none"> <li>Loans</li> <li>Reserves</li> </ul>
Property holdings	Primary source <ul style="list-style-type: none"> <li>Fees and charges 100%</li> </ul> Other sources <ul style="list-style-type: none"> <li>Fees and charges (lease income)</li> <li>Reserves</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses</li> <li>Fees and charges (lease income)</li> <li>Loans</li> <li>Reserves</li> </ul>
Public toilets	Primary source <ul style="list-style-type: none"> <li>General Rates 95% - 100</li> </ul> Other sources <ul style="list-style-type: none"> <li>Fees and charges</li> <li>Reserves</li> </ul>	<ul style="list-style-type: none"> <li>Loans</li> <li>Reserves</li> <li>General Rates</li> </ul>
Regulatory solutions	Primary source <ul style="list-style-type: none"> <li>General Rates 55% - 65%</li> </ul> Other sources <ul style="list-style-type: none"> <li>Fees and charges,</li> <li>Reserves</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses</li> <li>Loans</li> <li>Reserves</li> </ul>
Reserves	Primary source	<ul style="list-style-type: none"> <li>Accumulated surpluses</li> </ul>

Activity	Funding sources	
	Operational <sup>3</sup>	Capital
	<ul style="list-style-type: none"> <li>General Rates 85% - 90%</li> </ul> <p>Other sources</p> <ul style="list-style-type: none"> <li>Fees and charges (rentals and leases)</li> </ul>	<ul style="list-style-type: none"> <li>General Rates</li> <li>Fees and charges</li> <li>Targeted rates</li> <li>Loans</li> <li>Bequests</li> <li>Reserves</li> <li>Financial and/or Development Contributions</li> <li>Grants and subsidies</li> <li>Naming rights &amp; sponsorship</li> </ul>
Resource consents	<p>Primary source</p> <ul style="list-style-type: none"> <li>60% of the activity's costs are recovered from General Rates</li> <li>Resource consents fees and charges are set to recover 100% of costs for services provided</li> </ul> <p>Other sources</p> <ul style="list-style-type: none"> <li>Reserves</li> </ul>	Nil
Sportsgrounds	<p>Primary source</p> <ul style="list-style-type: none"> <li>General Rates 90% - 95%</li> </ul> <p>Other sources</p> <ul style="list-style-type: none"> <li>Fees and charges (rentals and leases)</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses</li> <li>General Rates</li> <li>Fees and charges</li> <li>Targeted Rates</li> <li>Naming rights</li> <li>Sponsorship</li> <li>Loans</li> <li>Bequests</li> <li>Reserves</li> <li>Financial and/or Development Contributions</li> </ul>
Stormwater	<p>Primary source</p> <ul style="list-style-type: none"> <li>General Rates 95% - 100%</li> </ul> <p>Other sources</p> <ul style="list-style-type: none"> <li>Targeted Rates</li> <li>Reserves</li> <li>Fees and charges (connection fees)</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses</li> <li>General and Targeted Rates</li> <li>Fees and charges</li> <li>Financial and/or Development Contributions</li> <li>Loans</li> <li>Reserves</li> </ul>
Transportation	<p>Primary source</p> <ul style="list-style-type: none"> <li>NZTA subsidy 50% – 60% (for subsidised work programme only), 15.3% for CBD sweeping, 85% for LED replacement programme</li> </ul> <p>Other sources</p> <ul style="list-style-type: none"> <li>General Rates</li> <li>Fees and charges</li> <li>Petrol tax</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses from Targeted Rates, General Rate, fees and charges</li> <li>Petrol tax</li> <li>NZTA subsidy 50% – 60% (for subsidised work programme only), 15.3% for CBD sweeping, 85% for LED replacement programme</li> <li>Financial and/or Development Contributions</li> <li>Loans</li> <li>Reserves</li> <li>Grants and donations (e.g. cycle ways)</li> </ul>
Waste minimisation	<p>Primary source 80% - 90%</p> <ul style="list-style-type: none"> <li>Fees and charges</li> <li>Targeted Rates</li> <li>Waste minimisation levy</li> </ul> <p>Other sources</p>	<ul style="list-style-type: none"> <li>Accumulated surpluses</li> <li>Fees and charges</li> <li>General and Targeted Rates</li> <li>Waste minimisation levy</li> <li>Reserves</li> <li>Loans</li> </ul>

Activity	Funding sources	
	Operational <sup>3</sup>	Capital
	<ul style="list-style-type: none"> <li>General Rates</li> <li>Reserves</li> </ul>	<ul style="list-style-type: none"> <li>Financial Contributions</li> </ul>
Wastewater	Primary source 100% <ul style="list-style-type: none"> <li>Targeted Differential Rates</li> <li>Fees and charges (including trade waste bylaw charges)</li> <li></li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses</li> <li>Targeted Differential Rates</li> <li>General Rates</li> <li>Fees and charges</li> <li>Loans</li> <li>Reserves</li> <li>Development and/or Financial Contributions</li> </ul>
Water supply	Primary source 100% <ul style="list-style-type: none"> <li>Targeted Differential Rates</li> <li>Water rates</li> <li>Fees and charges (not including water by meter rate)</li> <li></li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses</li> <li>Targeted Differential Rates</li> <li>Water rates</li> <li>General Rates</li> <li>Fees and charges</li> <li>Loans</li> <li>Reserves</li> <li>Financial and/or Development Contributions</li> </ul>

The schedule in the appendix records how the Council has applied the five considerations in the table below that it must consider when undertaking its funding needs analysis.

Local Government Act 2002 section	Areas of consideration	Description of the matter Council might consider
s.101(3)(a)(i)	Community outcome	The Council determined which of its community outcomes each activity primarily contributes to. There may not be strong link between community outcomes and funding requirements for an activity
s.101(3)(a)(ii)	Who benefits?	What the distribution of benefits is between the whole community, identifiable parts of the community and individuals. Often referred to as the public/private good split.
s.101(3)(a)(iii)	Period of benefit	For most operational expenses, the benefit is received in the year the expense is incurred. Some operational expenses (provisions) may have a benefit over multiple years and so the Council may choose to fund the activity over that period. Expenditure which results in an asset either being replaced (renewals) or new assets provide benefit over multiple years.
s.101(3)(a)(iv)	Whose acts create a need	Council used the principle that those who cause additional cost either by action or inaction are considered in this section. These may be different groups from those who have been identified within the "who benefits" consideration above. Often referred to as the exacerbator pays principle

Local Government Act 2002 section	Areas of consideration	Description of the matter Council might consider
s.101(3)(a)(v)	Separate funding	Council considered the costs and benefits of funding an activity separately, including in relation to transparency and accountability. It also considered matters such as the financial scale of the activity, administrative cost, and legal requirements.

## Appendix A

## Schedule of Activity Funding Needs Analysis Section 101(3)(a) LGA

Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools <sup>4</sup>	Funding sources	
								Operational	Capital
Animal control	A safe and healthy city that supports community well-being	Community as a whole Animal owners	Intergenerational	All animal owners create the need however irresponsible owners create a greater cost. Legislative (Dog Control Act)	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities.  The private benefit is predominantly funded from annual dog licence fees.	Animal control is primarily a health & safety service for the community & therefore benefits everyone. There are costs that the Council can directly attribute to individual owners.	30% - 35%	<ul style="list-style-type: none"> <li>General rates</li> <li>Fees &amp; charges (including infringement fees)</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses from General rates, fees &amp; charges,</li> <li>Loans</li> <li>Reserves</li> </ul>
Bay Skate	A vibrant innovative city for everyone	Direct users, local businesses, parents, tourists and visitors Community as a whole as the facility provides	Intergenerational	Nil	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately	Everyone has the ability to use the facility and Council can identify the users	60% - 70%	<ul style="list-style-type: none"> <li>General rates</li> <li>Fees and charges (including Leases, retail sales, &amp; sponsorship)</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses from General rates, fees &amp; charges,</li> <li>Loans</li> <li>Reserves</li> </ul>

<sup>4</sup> The percentages stated are the indicative target set by Council. The actual percentage may vary from year to year based on activity levels. As an example, an activity that says 100% public good may receive some revenue from fees and charges where charging is warranted to ensure the community are not inadvertently required to pay for something that only provides a benefit to an identifiable individual. Another example where the actual percentage may vary is when Council is able to obtain external grants or subsidies for a specific programme of work.

Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools <sup>4</sup>	Funding sources	
								Operational	Capital
		a safe location for users to undertake their sport			from other activities				
Building consents	A safe and healthy city that supports community well-being	The property owner and inhabitant. There is a wider benefit from buildings being built to code	Intergenerational because of the life of the structures for which consents are issued.	People constructing non consented buildings, construction industry parties not complying with the Building Act	<p>Council funds the cost of inspecting and maintaining a database on swimming pools through a target rate to properties that have a swimming pool.</p> <p>No reason identified to fund the net cost of this activity (after the swimming pool targeted rate and other non-rate revenue sources) separately from other activities</p> <p>Most activity costs are funded by</p>	This benefits the property owner and inhabitant. There is a wider benefit from buildings being built to code.	20%	<ul style="list-style-type: none"> <li>• Fees and charges</li> <li>• General rates</li> <li>• Targeted rates</li> <li>• Reserves</li> <li>• Loans</li> </ul>	Nil

Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools <sup>4</sup>	Funding sources	
								Operational	Capital
					fees from applicants.				
Cemeteries This includes the contribution that NCC makes towards HB Crematorium in Hastings	Excellence in infrastructure and public services for now and in the future	the community as a whole, any identifiable part of the community, and individuals	Intergenerational – history & physical infrastructure	No significant exacerbators	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	Wider public benefit for open space & recognition & place of remembrance. Private benefit – place where people can be interred, cost of the plot & interment	75%	<ul style="list-style-type: none"> <li>General rates</li> <li>User fees &amp; charges</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses from General rates, fees &amp; charges,</li> <li>Loans</li> <li>Reserves</li> </ul>
City development	A vibrant innovative city for everyone	The community as a whole benefit from this activity except where there is a private plan change that has specific benefits to the applicant	The outcomes of this activity result in ongoing benefits and some of these benefits can last a significant period of time	Applicants for private plan changes	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	City Development is an ongoing activity to help citizens and elected officials design and deliver the Vision for Napier City. This predominantly results in benefits for the whole community. Debt or loan funding can be used where there is large non-recurring expenditure	100%	<ul style="list-style-type: none"> <li>General rates</li> <li>Reserves</li> <li>Loans</li> <li>Fees and charges (where appropriate)</li> </ul>	No significant capital expenditure but minor capital expenditure is funded from general rates and reserves.

Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools <sup>4</sup>	Funding sources	
								Operational	Capital
Community facilities	A safe & healthy city that supports community well-being	The community as a whole including users of the facilities	Intergenerational because of the life of the facilities	Users of the facilities who put greater demands on the facilities	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	Community as a whole benefit from having these facilities available but there is the ability to identify & charge users.	85%	<ul style="list-style-type: none"> <li>General rates</li> <li>Fees &amp; charges, including lease income, one off grants, naming rights</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses from General rates, fees &amp; charges,</li> <li>Loans</li> <li>Reserves</li> <li>Grants &amp; donations</li> </ul>
Community strategies	Council works with & for the community	The community as a whole	The outcomes of this activity result in ongoing benefits	Antisocial behaviour by individuals and groups Legislation	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	This is a core Council activity which changes the response to the needs of the community for which everyone benefits	100%	<ul style="list-style-type: none"> <li>General rates</li> <li>Fees &amp; charges, including bequest and external funding</li> <li>Reserves</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses from General rates, fees &amp; charges</li> <li>Loans</li> <li>Reserves</li> </ul>
Democracy & Governance	Council works with and for the community	The community as a whole	Short term	LGOIMA requests (vexatious & legitimate)	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	All residents and rate payers have equal opportunity to benefit All have the ability to contribute to this activity therefore no differential, general rates	100%	<ul style="list-style-type: none"> <li>General rates,</li> <li>Fees &amp; charges, including for LGOIMAs</li> <li>Reserves</li> </ul>	Nil



Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools <sup>4</sup>	Funding sources	
								Operational	Capital
Events and marketing	A vibrant innovative city for everyone	The community as a whole receives social, cultural and economic benefit Participants and/or users	Short term	No significant exacerbators	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	Events are a key part of the Napier City's social, economic and cultural fabric, therefore the benefits that are received are both general and specific.	95%	<ul style="list-style-type: none"> <li>General rates</li> <li>Grants</li> <li>Fees &amp; charges, including ticketing, corporate sponsorship, vendors</li> </ul>	Nil
Housing	A safe and healthy city that supports community well-being	Users of the facilities and the wider community	Intergenerational	Inability of other entities to provide adequate social housing to meet local demand	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	Responding to an identified need in our community. The users of the facilities are the primary beneficiaries of this activity.	0%	<ul style="list-style-type: none"> <li>Fees &amp; charges (rentals)</li> <li>General rates</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses from Fees &amp; charges (rentals)</li> <li>Loans</li> <li>Government grants</li> <li>Reserves</li> </ul>
Inner harbour	A vibrant innovative city for everyone	The users of the facilities and the wider community in terms of the amenity value.	Intergenerational	Individual undertaking Illegal activities	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	The users of the facilities receive a significant benefit but the wider community receives benefit through the amenity value.	50% - 60%	<ul style="list-style-type: none"> <li>Fees and charges</li> <li>General rates</li> <li>Reserves, surplus revenue from inner harbour land holding</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses from Fees and charges, general rates, reserves, Loans</li> <li>Financial and/or Development contributions.</li> </ul>

Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools <sup>4</sup>	Funding sources	
								Operational	Capital
Kennedy Park Resort	A vibrant innovative city for everyone	Direct users and ratepayers by the surplus generated. Local retail, hospitality	Intergenerational	None identified	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	Provides a range of affordable visitor amenities that generates a surplus for Council to use as it sees fit.	0%	<ul style="list-style-type: none"> <li>Fees and charges</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses from Fees and charges,</li> <li>Loans,</li> <li>Reserves</li> </ul>
Lagoon farm	A sustainable city	The community as a whole (has the ability to subsidise rates).	Intergenerational	Nil	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	This activity currently breaks even and does not require any significant additional funding.	0% - 10%	<ul style="list-style-type: none"> <li>Fees and charges</li> <li>Reserves</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses from Fees and charges</li> <li>Reserves,</li> <li>Loans</li> </ul>
Libraries	A safe & healthy city that supports community well-being	The community as a whole however it is possible to identify users	Both long and short term benefits.	Researchers, people who demand excessive staff time for professional and commercial purposes	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	Everyone has the ability to use the library and we can identify certain users for specific services	90% - 95%	<ul style="list-style-type: none"> <li>Fees &amp; charges (fines)</li> <li>General rates</li> <li>Grants &amp; bequests</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses from Fees &amp; charges, fines</li> <li>General rates</li> <li>Grants &amp; bequests</li> <li>Loans</li> <li>Reserves</li> <li>Financial and/or Development contributions</li> </ul>

Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools <sup>4</sup>	Funding sources	
								Operational	Capital
Marine Parade pools	A safe & healthy city that supports community well-being	The community as a whole including users of the facility	Intergenerational	None identified	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	Everyone has the ability to use the facility and Council can identify the users	60% - 80%	<ul style="list-style-type: none"> <li>Fees &amp; charges</li> <li>General rates</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses from general rates</li> <li>Fees &amp; charges</li> <li>Loans</li> <li>Reserves</li> <li>Financial and/or Development contributions</li> </ul>
McLean Park	A vibrant innovative city for everyone	The regional community as a whole Users, spectators, events, national, regional and local organisations, businesses	Intergenerational	None identified	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	The region benefits by having this facility and those who attend or participate in events	0%	<ul style="list-style-type: none"> <li>Fees and charges, tickets, sponsorship, corporate box revenue, naming rights</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses from fees and charges, general and targeted rates, tickets,</li> <li>Loans</li> <li>Reserves,</li> <li>Grants &amp; bequests</li> <li>Sponsorship &amp; corporate box revenue, naming rights</li> </ul>
MTG Hawkes Bay	A vibrant innovative city for everyone	The whole region, users and visitors	Intergenerational	None identified	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	The provision of this activity enhances the social and cultural fabric and preserves our heritage and celebrates artistic innovation for future	65% - 75%	<ul style="list-style-type: none"> <li>General rates</li> <li>Fees and charges</li> <li>Contribution from other local authorities</li> <li>Bequests</li> <li>Ministry of Education,</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses from General rates, fees and charges</li> <li>Contribution from other local authorities</li> <li>Bequests</li> <li>Ministry of Education grants</li> </ul>

Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools <sup>4</sup>	Funding sources	
								Operational	Capital
						generations. Therefore, the whole region benefits		grants, donations & retail sales	<ul style="list-style-type: none"> <li>• Donations,</li> <li>• Loans,</li> <li>• Reserves</li> <li>• Sponsorship &amp; naming rights</li> </ul>
Napier Aquatic Centre	A safe & healthy city that supports community well-being	The community as a whole including users of the facility	Intergenerational	None identified	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	Everyone has the ability to use the facility and Council can identify the users	65% - 75%	<ul style="list-style-type: none"> <li>• Fees &amp; charges</li> <li>• General rates</li> </ul>	<ul style="list-style-type: none"> <li>• Loans,</li> <li>• Accumulated surpluses from general rates, fees &amp; charges</li> <li>• Reserves</li> </ul>
Napier I-Site	A vibrant innovative city for everyone	Visitors, regional tour operators and accommodation providers, hospitality, local businesses	Short term expenditure with ongoing benefits Building – intergenerational equity	Cruise ships passengers and operators	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	Visitors, regional tour operators and accommodation providers, hospitality, local businesses therefore creating economic benefit for the city	25% - 35%	<ul style="list-style-type: none"> <li>• General rates</li> <li>• Fees and charges</li> </ul>	<ul style="list-style-type: none"> <li>• Accumulated surpluses from General rates</li> <li>• Fees and charges</li> <li>• Targeted rates</li> <li>• Loans</li> <li>• Reserves</li> </ul>
Napier Municipal Theatre	A vibrant innovative city for everyone	The community as a whole including users of the facility	Intergenerational	None identified	No reason identified to fund the net cost of this activity (after non rate revenue	The provision of this activity enhances the social and cultural fabric and celebrates artistic	50% - 55%	<ul style="list-style-type: none"> <li>• General rates</li> <li>• Fees and charges</li> <li>• Bequests</li> </ul>	<ul style="list-style-type: none"> <li>• Accumulated surpluses from general rates</li> <li>• Fees and charges</li> <li>• Bequests</li> </ul>

Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools <sup>4</sup>	Funding sources	
								Operational	Capital
					sources) separately from other activities	innovation for future generations. Therefore, the whole City benefits		<ul style="list-style-type: none"> <li>Grants, donations &amp; sponsorship</li> </ul>	<ul style="list-style-type: none"> <li>Grants, donations &amp; sponsorship</li> <li>Loans,</li> <li>Reserves</li> <li>Naming rights</li> </ul>
Napier War Memorial Conference Centre	A vibrant innovative city for everyone	The immediate users. Local businesses receive a benefit from out of town users. Locals benefit from general hireage of the facility.	Intergenerational - 20-30 years	None identified	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities Building = War Memorial Centre Activity = Conference Centre	The Napier War Memorial Conference Centre is suitable for a wide range of events and attracts local, national and international conferences and events and provides a facility for the community which generates economic wellbeing.	5% - 10%	<ul style="list-style-type: none"> <li>Fees and charges</li> <li>General rates</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses from Fees and charges</li> <li>General rates</li> <li>Targeted rates</li> <li>Loans</li> <li>Reserves</li> </ul>
National Aquarium of NZ	A vibrant innovative city for everyone	Local, domestic and international visitors Businesses and local economy  Historical and heritage, customary practices –	Intergenerational	Polluters, sanctuary requirements	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	It attracts locals and visitors to the city which provides enhances economic activity	20% - 25%	<ul style="list-style-type: none"> <li>Fees and charges</li> <li>Grants</li> <li>Sponsorships, bequests &amp; philanthropic</li> <li>General rates</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses from Fees and charges</li> <li>General rates</li> <li>Targeted rates</li> <li>Grants</li> <li>Loans</li> <li>Reserves</li> <li>Naming rights</li> </ul>

Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools <sup>4</sup>	Funding sources	
								Operational	Capital
		especially Maori and Pacifica							
Par2 mini golf	A vibrant innovative city for everyone	Users, visitors and families	Intergenerationa l	None identified	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	It attracts locals and visitors and is a fun family friendly activity for all ages from which the Council fully recovers its cost	0%	<ul style="list-style-type: none"> <li>Fees and charges, retail sales</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses from Fees and charges</li> <li>Reserves</li> <li>Loans</li> </ul>
Parking	A vibrant innovative city for everyone	Retailers, visitors and the community as a whole and those with a parking exemption	There are assets within this activity that have an intergenerational life	Vehicle drivers, non-compliant vehicle operators and property owners within parking exemption areas.	<p>Council separately charges CBD and outer commercial properties a targeted rate for the provision of additional offstreet parking.</p> <p>Apart for these targeted rates no further reason has been identified to</p>	Parking ensures that safe parking facilities are available to the residents and visitors to Napier City to enable optimal vehicle circulation	0%	<ul style="list-style-type: none"> <li>Fees and charges</li> <li>Targeted rates</li> <li>Reserves</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses from Fees and charges</li> <li>Targeted rates</li> <li>General rates</li> <li>Loans</li> <li>Reserves</li> <li>Financial and/or Development contributions</li> </ul>

Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools <sup>4</sup>	Funding sources	
								Operational	Capital
					fund this activity separately from other activities				
Parklands residential development	A sustainable city	The community as a whole	Intergenerational	Nil	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	This activity currently provides significant income that subsidises rates	0%	<ul style="list-style-type: none"> <li>Fees and charges</li> <li>Reserves</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses from Fees and charges</li> <li>Loans</li> <li>Reserves</li> </ul>
Property holdings	A sustainable city	The community as a whole (has the ability to subsidise rates).	Intergenerational	Non-compliant lease holders	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	This activity generates cash surpluses which enables the subsidy of rates	0%	<ul style="list-style-type: none"> <li>Fees and charges (lease income)</li> <li>Reserves</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses from Fees and charges (lease income)</li> <li>Loans</li> <li>Reserves</li> </ul>
Public toilets	Excellence in infrastructure and public services for now and in the future	The community and visitors	Intergenerational (up to 20 years)	Visitors have created an additional cost. Vandalism Cruise ships Freedom campers	No reason identified to fund the net cost of this activity (after non rate revenue sources)	Providing public amenities however, there is a requirement to provide these facilities for	95% - 100%	<ul style="list-style-type: none"> <li>Fees and charges</li> <li>General rates</li> <li>Reserves</li> </ul>	<ul style="list-style-type: none"> <li>Loans,</li> <li>Reserves</li> <li>General Rates</li> </ul>

Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools <sup>4</sup>	Funding sources	
								Operational	Capital
				Major inner-city events	separately from other activities	areas that have high visitor numbers			
Regulatory solutions	A safe and healthy city that supports community well-being.	The users of the services and the community, however the effective provision of this activity results in public health and the avoidance of nuisance	Limited to the period of the operation.	Non-compliant businesses and individuals	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	The effective provision of this activity results in public health and the avoidance of nuisance	55% - 65%	<ul style="list-style-type: none"> <li>Fees and charges,</li> <li>General rates</li> <li>Reserves</li> </ul>	Nil
Reserves	A safe and healthy city that supports community well-being	Occupiers, leases and hirers of the reserves Contributes to the City's green space, biodiversity and environmental outcomes Everyone benefits but the occupiers receive a higher benefit	Intergenerational - ongoing with assets having a life of greater than 10 years	Vandalism, events, theft, freedom campers	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	Everyone benefits but the occupiers receive a higher benefit and therefore a range of funding sources are used.	85% - 90%	<ul style="list-style-type: none"> <li>General rates</li> <li>Fees and charges (rentals and leases)</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses from General rates, fees and charges</li> <li>Targeted rates,</li> <li>Loans,</li> <li>Bequests,</li> <li>Reserves</li> <li>Financial and/or Development Contributions,</li> <li>Grants and subsidies</li> <li>Naming rights &amp; sponsorship</li> </ul>
Resource consents	A sustainable city	The relevant community (through the consent)	Intergenerational due to the nature of the activities for	Resource consent holders who do not	No reason identified to fund the net cost of this	The relevant community (through the consent)	60% of the activity's costs are	<ul style="list-style-type: none"> <li>Fees and charges</li> <li>General rates</li> <li>Reserves</li> </ul>	Nil



Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools <sup>4</sup>	Funding sources	
								Operational	Capital
		process), free planning advice, public counter, responding to complaints, compliant & safe buildings in the community. Notified and non-notified consents have different levels of benefit	which the consents are issued.	comply with the resource consent conditions. Unconsented activities. Vexatious and frivolous objectors	activity (after non rate revenue sources) separately from other activities	process), notified and non-notified consents have different levels of benefit.	recovered from general rates  Resource consents fees and charges are set to recover 100% of costs for services provided		
Sportsgrounds	Safe and healthy city that supports community well-being	People who actively participate in the sportsground Direct participants and indirect participants (spectators) Contributes to the City's green space Everyone benefits but the active participants and local businesses have a higher benefit	Intergenerational - ongoing with assets having a life of greater than 10 years	Sports people, park users, vandalism, parents, events	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	Everyone benefits but the active participants and local businesses have a higher benefit and therefore a range of funding sources are used	90% - 95%	<ul style="list-style-type: none"> <li>General rates</li> <li>Fees and charges (rentals and leases)</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses from General rates, fees and charges targeted rates</li> <li>Naming rights</li> <li>Sponsorship</li> <li>Loans,</li> <li>Bequests</li> <li>Reserves</li> <li>Financial and/or Development Contributions</li> </ul>

Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools <sup>4</sup>	Funding sources	
								Operational	Capital
Stormwater	A vibrant innovative city for everyone Excellence in infrastructure and public services for now and in the future	The community as a whole There can be identifiable parts of the community that receive higher levels of service	Intergenerational (up to 100 years)	Commercial density creates additional cost and need for the activity	Funding this activity separately through a targeted rate provides greater transparency so ratepayers understand the cost of stormwater services	The whole community benefits from the provision of storm water, however some properties based on location receive a different level of service	95% - 100%	<ul style="list-style-type: none"> <li>General rates</li> <li>Targeted rates</li> <li>Reserves</li> <li>Fees and charges (connection fees)</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses from general and targeted rates, fees and charges</li> <li>Financial and/or Development contributions</li> <li>Loans</li> <li>Reserves</li> </ul>
Transportation	Excellence in infrastructure and public services for now and in the future	Users both public and private. There is a range of between 60% to 80% for private good.	Intergenerational	Heavy vehicles, irresponsible road users, high density properties creating high traffic impacts	Currently not practical and no benefit in funding this activity separately	The transportation activity provides economic, private and community benefit and is essential for the safe functionality and connectivity of the City.	40% - 60%	<ul style="list-style-type: none"> <li>NZTA subsidy</li> <li>General rates</li> <li>Fees and charges</li> <li>Petrol tax</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses from targeted rates, general rate, fees and charges</li> <li>Petrol tax</li> <li>NZTA subsidy</li> <li>Financial and/or Development contributions</li> <li>Loans</li> <li>Reserves</li> <li>Grants and donations (e.g. cycle ways)</li> </ul>
Waste minimisation	A sustainable city	The individual and the community as a whole	Intergenerational	Illegal dumping creates an additional cost for Council, inappropriate	Separate Targeted rates are charged to fund the cost of kerbside	Effective and efficient systems for the collection and disposal of refuse and collection of	20%	<ul style="list-style-type: none"> <li>Fees and charges</li> <li>Targeted rates</li> <li>General rates</li> <li>Waste minimisation levy</li> <li>Reserves</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses from Fees and charges, targeted rates, general rates,</li> </ul>

Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools <sup>4</sup>	Funding sources	
								Operational	Capital
				e disposal of hazardous waste	<p>refuse collections and the kerbside recycling service. This makes the cost of these services transparent to ratepayers.</p> <p>No reason has been identified to fund the net cost of the remainder this activity that relates to litter bins, illegal dumping &amp; hazardous waste disposal (after non rate revenue sources) separately from other activities</p>	recyclable materials benefit both the individual (enabling disposal) and the community by reducing the adverse environmental impacts.			<ul style="list-style-type: none"> <li>Waste minimisation levy,</li> <li>Reserves,</li> <li>Loans</li> <li>Financial contributions</li> </ul>
Wastewater	Excellence in infrastructure and public	Private benefit for people to dispose of their waste. Public	Intergenerational (up to 100 years)	Industries with high waste volumes and	Funding this activity separately through a	Provides human and environmental benefits to both	0%	<ul style="list-style-type: none"> <li>Targeted differential rates</li> <li>Fees and charges</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated surpluses from Targeted differential</li> </ul>

Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools <sup>4</sup>	Funding sources	
								Operational	Capital
	services for now and in the future	benefit for the community to have an appropriate environmental solution		loadings, unconsented activity, low volume high impact waste	targeted rate provides greater transparency so ratepayers understand the cost of wastewater services.	the community and the wider region		(including trade waste bylaw charges)	rates, General rates, fees and charges <ul style="list-style-type: none"> <li>• Loans</li> <li>• Reserves</li> <li>• Development and/or Financial contributions</li> </ul>
Water supply	A safe and healthy city that supports community well-being	The users of the water supply are the primary beneficiaries however there is a wider benefit of having a potable water supply (90 private/10 public)	Intergenerational	Central Government legislation, illegal connections, high use users	Funding this activity separately through a targeted rate provides greater transparency so ratepayers understand the cost of water supply services.	The provision of potable water supply is of benefit to individuals and the wider community	0%	<ul style="list-style-type: none"> <li>• Targeted differential rates</li> <li>• Water rates</li> <li>• Fees and charges (not including water by meter rate)</li> </ul>	<ul style="list-style-type: none"> <li>• Accumulated surpluses from Targeted differential rates, water rates, general rates, fees and charge</li> <li>• Loans,</li> <li>• Reserves,</li> <li>• Financial and/or Development contributions</li> </ul>



Rating Policy			
Approved by	Council (Pending)		
Department	Finance		
Original Approval Date		Review Approval Date	
Next Review Deadline		Document ID	
Relevant Legislation	Local Government Act 2002, Local Government (Rating) Act 2002		
NCC Documents Referenced	Revenue & Financing Policy Funding Impact Statement Rates Remission Policy Rates Postponement Policy		

## Purpose

To assist Council in setting rates as specified within the requirements of the Local Government Act 2002 (LGA) and the Local Government (Rating) Act 2002 (LGRA).

This Policy is to be read in conjunction with the Revenue and Financing Policy, Rates Remission and Postponement Policy and Funding Impact Statement.

The Council must complete the following to set a lawful rate.

- Analysis as per s.101(3) of the Local Government Act 2002
- Adopt a Revenue and Financing Policy
- Adopt a Funding Impact Statement
- Adopt an Annual or Long Term Plan
- Adopt a rates resolution consistent with the actions described above.

**Note: to maintain rating consistency, unless otherwise stated, adopted amendments made during any rating year to this policy will only become effective with the adoption of the following Annual Plan or Long Term Plan.**

## Policy

### 1. General Rates

General Rates are used to fund both operating and capital expenditure. They fund the remaining costs of Council operations after all other sources of funding have been applied.

General Rates are assessed through a combination of a Uniform Annual General Charge (UAGC) and a rate in the dollar based on land value.

The amount of the UAGC is set to ensure that the total (excluding water and wastewater rates) uniform (or fixed) rates will be between 20% to 25% of total rates that are to be collected.

The General Rate is set differentially using matters as prescribed in Schedule 2 of the LGRA, and as listed in the Funding Impact Statement. The LGRA Schedule 2 allows councils to set a General Rate based on each of these matters.

### General rate differentials

Rating Units assessed for the General Rate are categorised into one of four differential categories:

- Residential/Other
- Commercial & Industrial
- Semi-Rural
- Rural

#### **Residential/Other**

Any property that is not defined as Commercial & Industrial, Semi-Rural or Rural.

#### **Commercial & Industrial**

Any property that is in a commercial or industrial zone under the District Plan or used for any business activities, except properties categorised as rural or consented for residential use, will be rated as commercial and industrial properties.

Commercial and industrial activities include, but are not restricted solely to:

- Rural and other support activities such as transport, supplies, packhouses and wineries servicing multiple clients
- Professional offices, surgeries etc.
- All retail, wholesale merchandising activities
- All forms of manufacturing and processing
- Bars, restaurants, cafes and other service activities
- Storage facilities
- Hotels, motels, B & B's and other short-term accommodation providers
- Tourism operations
- Care facilities operated for profit
- 

#### **Semi-Rural**

Any rating unit that would otherwise be classified as Residential, but is not connected or able to be connected to both the city water system and the city sewerage system.

#### **Rural**

Any rating unit with an area of 5 Hectares or more that is used predominantly for land based agricultural or farming activities.

#### **Differentials**

The following are the differentials to be applied based on the land value of properties in each differential category.

Differentials	Group / Code	Differential Rate
Residential / Other	1	100%
Commercial & Industrial	2	250%
Rural	3	85%
Semi-Rural	4	92.5%

The purpose of the differentials applied to the General Rate is to ensure that the amount payable by groups of ratepayers reflects Council's assessment of the relative benefit received and share of costs those groups of ratepayers should bear based on the principles outlined in the Revenue and Financing Policy and the residential/non-residential apportionment assessment which is updated in conjunction with each city revaluation.

#### **Notes on allocation of properties into differential categories**

Rating units which have no apparent land use (or are vacant properties) will be placed in the category which best suits the zoning of the property under the district plan except where the size or characteristic of the property suggest an alternative use.

To avoid doubt where a rating unit has more than one use the relevant predominant use will be used to determine the category. The predominant use relates to the main productive activity rather than just to the land area. Where there is uncertainty the land will be categorised into the highest rated category.

Subject to the right of objection as set out in Section 29 of the Local Government (Rating) Act 2002, it shall be at the sole discretion of the Council to determine the use or predominant use of all separately rateable properties in the district.

#### **Uniform Annual General Charge (UAGC)**

Council's Uniform Annual General Charge is set at a level that enables all Targeted Rates that are set on a uniform basis as a fixed amount, excluding those related to Water Supply and Sewage Disposal, to recover between 20% and 25% of total rates.

The charge is applied to each separately used or inhabited part of a rating unit.

## **2. Targeted Rates**

Targeted Rates are charged to fund both operating and capital expenditure. They are charged where Council considers it desirable to separate out the funding of an activity. They are charged to rating units including those units that are separately inhabited which have access to or are deemed to benefit from the service provided. Targeted rates are a funding mechanism that may be charged for activities deemed to have either a high public or a high private good to identified properties, an area of the city or the city as a whole.

Some targeted rates are applied differentially using either land or capital values, however most targeted rates are applied on a uniform basis (same amount or rate in the dollar).

#### **Fire Protection Rate**

This rate recovers a portion of the net costs of the water supply systems before the deduction of water by meter income.

The Fire protection targeted rate is based on the Capital Value of properties connected to, or able to be connected to, the Napier City Council water supply systems.

This rate is differentially applied, in recognition that the carrying capacity of water required in the reticulation system to protect commercial and industrial properties is greater than that required for residential properties. The rate is further differentiated where a property is not connected but is within 100 metres of a water supply system. 70% of the base rate for each differentiated category applies for each property not connected but located within 100 metres of the systems.

Differentials	Connected (%)	Not connected but within 100m (%)
Central Business District and Fringe Area	400%	200%
Suburban Shopping Centres, Hotels and Motels and Industrial rating units outside of the CBD	200%	100%
Other Rating Units connected to or able to be connected to the water supply systems	100%	70%

### City Water Rate

These rates recover the balance of the total net cost of the water supply systems after allowing for revenue collected from the Fire Protection Targeted Rate and the Water by Meter targeted rate.

The targeted rates are differentially applied and are a fixed amount set on a uniform basis, applied to each Separately Used or Inhabited Part of a Rating Unit connected to or able to be connected to, the Council's City water supply system.

The differential categories for the water rates are:

- Connected – any Rating Unit that is connected to a Council system
- Service available – any Rating Unit that is not connected to a Council system but is within 100 metres of such system (charged 70% of the targeted rate for connected properties)

Differentials	Connected (%)	Not connected but within 100m (%)
Rating Units connected to or able to be connected to the City water Supply Systems	100%	70%

### Refuse Collection and Disposal Rate

This rate recovers the cost of the kerbside refuse collection service, including an allocation of the cost of Council support services.

The Refuse Collection and Disposal targeted rate of a fixed amount is set on a uniform basis. It is applied to each separately used or inhabited part of a rating unit for which a rubbish collection service is available and is multiplied by number of times each week the service is provided. Rating units which Council officers determine are unable to practically receive the Council service and have an approved alternative service will be charged the waste service charge that excludes the approved alternative service.

### Kerbside Recycling Rate

This rate recovers the net cost of the kerbside recycling collection service.



The Kerbside Recycling targeted rate of a fixed amount is set on a uniform basis. It is applied to each separately used or inhabited part of a rating unit for which the kerbside recycling collection service is available. Rating Units which Council officers determine are unable to practically receive the Council service and have an approved alternative service will be charged the waste service charge that excludes the approved alternative service.

### Sewerage Rate

This rate recovers the net cost of the waste water activity.

The Sewerage targeted rate is applied differentially as a fixed amount and is set on a uniform basis. It is applied to each separately used or inhabited part of a rating unit connected to, or able to be connected to, the City Sewerage System.

A differential of 70% of the rate applies to each rating unit not connected but located within 30 metres of the system.

Differentials	Connected (%)	Rate (per SUIP)	Not connected but within 30m (%)	Rate (per SUIP)
Rating units connected to or able to be connected to the City Sewerage Systems	100%	\$398.00	70%	\$278.60

*A Wastewater Rate is proposed to replace the current Sewerage Rate. A fixed rate is proposed to be applied to each water closet or urinal (pans) within a property, rather than the existing approach of charging based on the number of separately used or inhabited parts of a Rating Unit. Rating Units used primarily as a residence for one household will be treated as having one pan.*

*The Rating Policy will be updated to reflect the outcome of the proposal to replace the current sewerage rate with a pan charge, after consultation has been undertaken through the 2021-2031 Long Term Plan.*

### Bay View Sewerage Connection Rate

The Bay View Sewerage Scheme involves reticulation and pipeline connection to the City Sewerage System. Prior to 1 November 2005, property owners could elect to connect either under a lump sum payment option, or by way of a targeted rate payable over 20 years.

The Bay View Sewerage Connection targeted rate is a fixed amount set on a uniform basis. It is applied to each separately used or inhabited part of a rating unit connected to the Bay View Sewerage Scheme, where the lump sum payment option was not elected.

The rate applies from 1 July following the date of connection for a period of 20 years, or until such time as a lump sum payment for the cost of connection is made.

The category of rateable land for setting the targeted rate is defined as the provision of a service to those properties that are connected to the sewerage system, but have not paid the lump sum connection fee.

The liability for the targeted rate is calculated as a fixed amount per separately used or inhabited part of a rating unit based on the provision of a service by the Council, including any conditions that apply to the provision of the service. The rate is used to recover loan servicing costs required to finance the cost of connection to the Bay View Sewerage Scheme for properties connecting under the targeted rate payment option.

### CBD Off Street Car Parking Rate

This rate is used to provide additional off street car parking in the Central Business District. Those commercial rating units in the mapped areas identified as the Central Business District Off Street Car Parking 100% and 50% Parking Dispensation areas are charged the CBD Off Street Parking targeted rate based on land value. This rate is set on a differential basis as follows:

Differentials	%
Properties where council provides additional parking due to the property receiving a 100% parking dispensation	100%
Properties where council provides additional parking due to the property receiving a 50% parking dispensation.	50%

Refer Council maps:

- CBD Off Street Car Parking – 100% Parking Dispensation Area
- CBD Off Street Car Parking – 50% Parking Dispensation Area

### Taradale Off Street Car Parking Rate

This rate is used to provide additional off street car parking in the Taradale Suburban Commercial area.

Those commercial rating units in the Taradale Suburban Commercial area only are charged the Taradale Off Street Parking targeted rate based on land value and set on a uniform basis.

### Suburban Off Street Car Parking Rate

This rate is used to provide additional off street car parking at each of these areas served by Council supplied off street car parking, and to maintain the existing off street car parking areas.

Those commercial rating units in suburban shopping centres and those commercial properties located in residential areas which are served by Council supplied off street car parking are charged the Suburban Shopping Centre Off Street Parking targeted rate based on land value and set on a uniform basis.

### CBD Promotion Rate

This rate recovers at least 70% of the cost of the promotional activities run by Napier City Business Inc. The remainder is met from general rates to reflect the wider community benefit of promoting the CBD to realise its full economic potential.

Each commercial and industrial rating unit situated within the area as defined on Council map “CBD Promotion Rate Area” are charged the CBD Promotion targeted rate based on land value and set on a uniform basis.

### Taradale Promotion Rate

This rate recovers the full cost of the Taradale Marketing Association’s promotional activities. All rating units in the Taradale Suburban Commercial area are charged the Taradale Promotion targeted rate based on land value and set on a uniform basis.

### Swimming Pool Safety Rate

This rate recovers the cost of pool inspections and related costs to ensure owners meet the legal requirements of the Building Act 2004 and Building (Pools) Amendment Act 2016. A targeted rate of a fixed amount set on a uniform basis, applied to each rating unit where a residential pool or small heated pool (within the meaning of the Building (Pools) Amendment Act 2016) is subject to a 3 yearly pool inspection.

### Water By Meter Charges

This rate applies to all with a water meter and is charged based on a scale of charges as shown on the schedule of indicative rates each year.

Where any rating unit is suspected to have above average water usage Council officers may require that a water meter is installed and excess usage is charged based the water by meter targeted rate.

The rate based on actual water use above the first 300m<sup>3</sup> per SUIP per annum will be charged to metered properties to which this rate applies.

### Stormwater Rate

The primary beneficiary of storm water assets are those properties that have a hard surface. There is a strong relationship between Capital Value and the hard surface area of a property.

This rate recovers the cost of storm water asset management. The Stormwater Rate is based on the Capital Value of Residential and Commercial & Industrial properties within the recognised urban limit (i.e. non-rural property as defined under the District Plan).

Rural properties are exempted.

The differential categories for Stormwater Rates are:

Differentials	Differential Rate within urban limits	Differential Rate outside urban limits
Residential / Other	100%	0%
Commercial & Industrial	250%	0%
Semi-Rural	100%	0%
Rural	0%	0%

### Targeted Rates Note:

For the purposes of Schedule 10, clause 15(4)(e) or clause 20(4)(e) of the Local Government Act 2002, lump sum contributions will not be invited in respect of targeted rates, unless this is provided within the description of a particular targeted rate.

## 3. Separately Used or Inhabited Parts of a Rating Unit Definition

### Definition

For the purposes of the Uniform Annual General Charge and all uniform (or fixed value) Targeted Rates with the exception of Wastewater outlined above, a separately used or inhabited part of a rating unit is defined as: *Any part of a rating unit that is, or is able to be, separately used or inhabited by the owner or by any other person or body having the right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement.*

This definition includes separately used parts, whether or not actually occupied at any particular time, which are provided by the owner for rental (or other forms of occupation) on an occasional or long term basis by someone other than the owner.

Examples of separately used or inhabited parts of a rating unit include:

- For residential rating units, each self-contained area is considered a separately used or inhabited part. Each situation is assessed on its merits, but factors considered in determining whether an area is self-contained would include the provision of independent facilities such as cooking / kitchen or bathroom, and its own separate entrance.
- Residential properties, where a separate area that is available to be used as an area independent to the rest of the dwelling is used for the purpose of operating a business, such as a professional practice, dedicated shop/display area or trade workshop. The business area is considered a separately used or inhabited part.

- For commercial or industrial properties, two or more different businesses operating from or making separate use of the different parts of the rating unit. Each separate business is considered a separately used or inhabited part. A degree of common area would not necessarily negate the separate parts.
- Where a single business comprises multiple buildings, or multiple floors of a single building, each building or floor of a multi-story building is deemed to constitute a separate part (SUIP).

These examples are not inclusive of all situations.

## 4. Maps

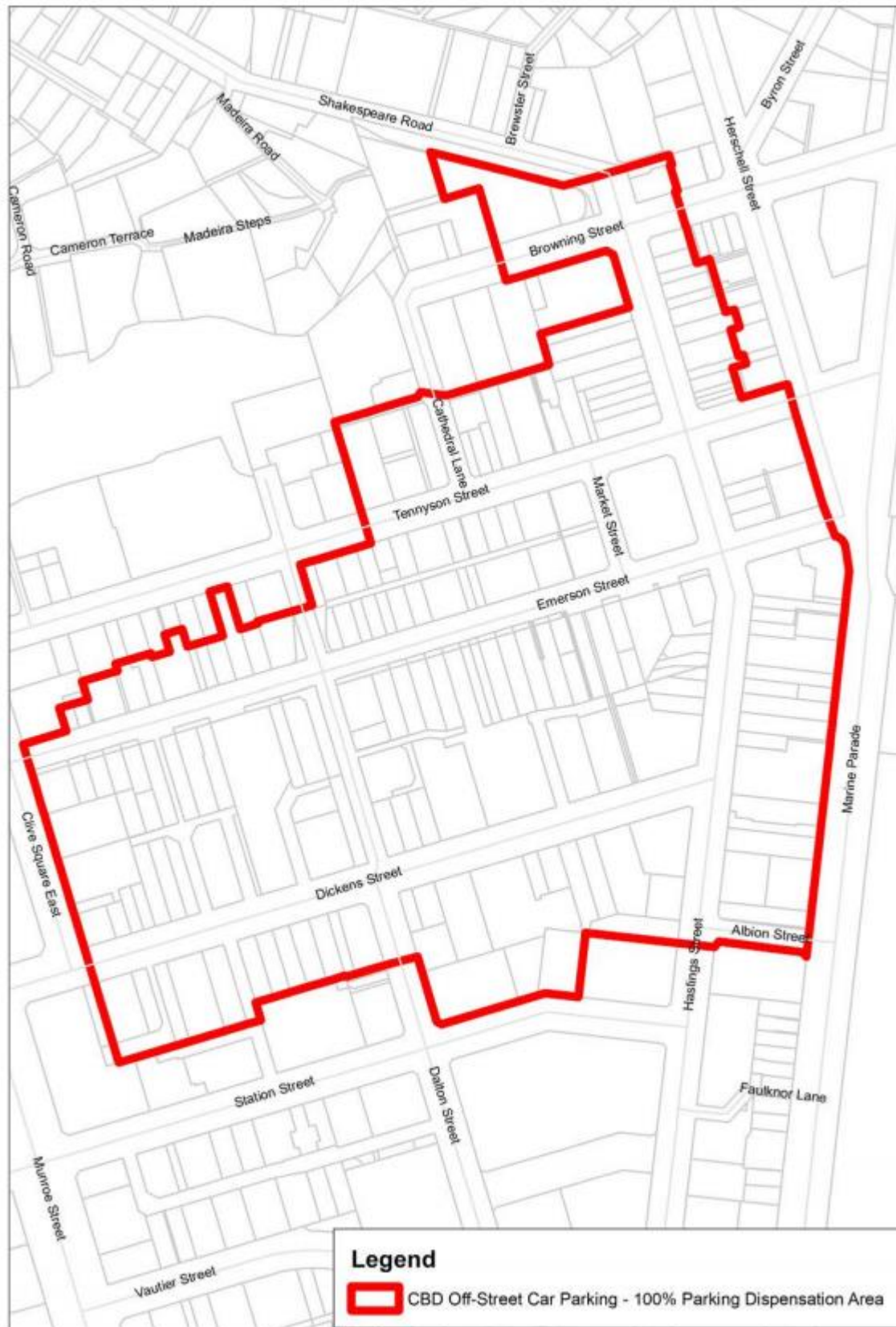
### CBD Promotion Rate Area





## CBD Off Street Parking

## 100% Parking Dispensation Area



## 50% Parking Dispensation Area



## Policy Review

This policy will be reviewed at least once every three years.



Rates Remission Policy			
Approved by	Council (Pending)		
Department	Finance		
Original Approval Date	30 June 2019	Review Approval Date	13 August 2020
Next Review Deadline	31 July 2023	Document ID	
Relevant Legislation	Local Government Act 2002, Local Government (Rating) Act 2002 Building Act 2004 Rating Valuations Act 1998		
NCC Documents Referenced	Published in the Long Term Plan 2018-2028 which was reviewed between March/Apr 2018 and adopted on 29-06-18 Reviewed and amended as part of 2019/20 Annual Plan Reviewed and amended as part of 2020/21 Annual Plan		

## Purpose

To enable Council to remit all or part of the rates on a rating unit under Section 85 of the Local Government (Rating) Act 2002 where a Rates Remission Policy has been adopted and the conditions and criteria in the policy are met.

## Policy

### 1. Remission of Penalties

#### Objective

The objective of this part of the Rates Remission Policy is to enable Council to act fairly and reasonably in its consideration of rates which have not been received by the Council by the penalty date due to circumstances outside the ratepayer's control.

#### Conditions and Criteria

Penalties incurred will be automatically remitted where Council has made an error which results in a penalty being applied.

Remission of one penalty will be considered in any one rating year where payment has been late due to significant family disruption. This will apply in the case of death, illness, or accident of a family member, at about the times rates are due.

Remission of the penalty will be considered if the ratepayer forgets to make payment, claims a rates invoice was not received, is able to provide evidence that their payment has gone astray in the post, or the late payment has otherwise resulted from matters outside their control. Each application will be considered on its merits and remission will be granted where it is considered just and equitable to do so



Remission of a penalty will be considered where sale has taken place very close to due date, resulting in confusion over liability, and the notice of sale has been promptly filed, or where the solicitor who acted in the sale for the owner acted promptly but made a mistake (e.g. inadvertently provided the wrong name and address) and the owner cannot be contacted. Each case shall be treated on its merits.

Penalties will also be remitted based on the application, by officers, of Council criteria established after Council has identified that Significant Extraordinary Circumstances have occurred that warrants further leniency in relation to the enforcement of penalties that would otherwise have been payable. The criteria to be applied will be set out in a council resolution that will be linked to the specific Significant Extraordinary Circumstances that have been identified by Council.

Penalties will also be remitted where Council's Chief Financial Officer considers a remission of the penalty, on the most recent instalment, is appropriate as part of an arrangement to collect outstanding rates from a ratepayer.

## **2. Remission for Residential Land in Commercial or Industrial Areas**

### **Objective**

To ensure that owners of rating units situated in commercial or industrial areas are not unduly penalised by the zoning decisions of this Council and previous local authorities.

### **Conditions and Criteria**

To qualify for remission under this part of the policy the rating unit must:

- Be situated within an area of land that has been zoned for commercial or industrial use. Ratepayers can determine where their property has been zoned by inspecting the City of Napier District Plan, copies of which are available from the Council office.
- Be listed as a 'residential' property for differential rating purposes. Ratepayers wishing to ascertain whether their property is treated as a residential property may inspect the Council's rating information database at the Council office.
- Be residential construction with a Building Consent that has been granted under Section 49 of the Building Act 2004.

Ratepayers wishing to claim remission under this part of the policy must make an application in writing addressed to the Chief Financial Officer.

The application for rates remission must be made to the Council by the 30<sup>th</sup> of April prior to the commencement of the rating year. Applications received during a rating year will be applicable from the commencement of the following rating year. Applications will not be backdated.

The amount remitted will be the difference between the rates calculated on a Residential differential and a Commercial and Industrial differential.

## **3. Remission for Farmland Under 5 Hectares**

### **Objective**

To provide rates relief for farms where a Rating Unit is less than 5 hectares.

### **Conditions and Criteria**

- The Rating Unit must be used predominantly for land based agriculture or farming activities.
- Remission will be revoked where a change in land use has occurred.

The amount remitted will be the difference between the rates calculated on a Residential or Semi-Rural differential and a Rural differential.

Ratepayers wishing to claim remission under this part of the policy must make an application in writing addressed to the Chief Financial Officer.

The application for rates remission must be made to Council by the 30<sup>th</sup> of April prior to the commencement of the rating year. Any remission for applications received during a rating year will be applicable from the commencement of the following rating year. Remissions will not be backdated. Declarations must be renewed every 3 years.

#### **4. Remission of Refuse Collection and/or Kerbside Recycling Targeted Rates**

##### **Objective**

To enable Council to provide rates remission where, refuse collection or kerbside recycling services are not able to be provided, or where a ratepayer receives a reduced service.

##### **Conditions and Criteria**

- Remission of part of the charge may be provided where a Council service is not provided or where Council officers have approved an alternative service.
- Remission of part of the charge be provided where a ratepayer applies for a reduced service, and a Council officer deems a reduced service to be appropriate. Under this condition, Refuse Collection may be reduced from a weekly service to a fortnightly service (or from a thrice-weekly service to a weekly service for properties within the CBD).
- Applications for remission must be made in writing by the ratepayer or their authorised agent.
- Remission may be revoked where a change in service has occurred.

#### **5. Remission for Residential Properties Used Solely as a Single Residence**

##### **Objective**

To enable Council to provide rates remission where properties that are identified as having separately used or inhabited portions are used solely as a single family residence.

##### **Conditions and Criteria**

Applications for rates remission must be made in writing by the ratepayer or their authorised agent.

A signed declaration must be provided to Council stating that the properties are used as a single family residence. The application must be made to Council by the 30<sup>th</sup> of April prior to the commencement of the rating year. Any remission for applications received during a rating year will be applicable from the commencement of the following rating year. Remissions will not be backdated. Declarations must be renewed every 3 years.

Accommodation arrangements must not be for pecuniary benefit.

#### **6. Remission for Water Rates (by meter)**

##### **Objective**

To provide ratepayers with a measure of relief by way of partial rates remission where, as a result of the existence of a water leak on the Rating Unit which they occupy the payment of fuller rates is inequitable, or where officers are convinced that there are errors in the data relating to water usage.

##### **Conditions and Criteria**

- The existence of a significant leak on the occupied Rating Unit has been established and there is evidence that steps have been taken to repair the leak as soon as possible after the detection, or

officers have reviewed the usage data and are convinced that the usage readings are so abnormal as to require adjustment.

- The Council or its delegated officer(s) as determined from time to time and set out in the Council's delegations register shall determine the extent of any remission based on the merits of each situation.

## **7. Remission to smooth the effects of change in rates on individual or groups of properties**

### **Objective**

To enable Council to provide rates remission where, as a result of a change in Council policy results in a significant increase in rates, Council decides it is equitable to smooth or temporarily reduce the impacts of the change by reducing the amount payable.

The Council considers a significant increase to be 25% or more over the current assessed rates for a single property.

### **Conditions and Criteria**

- Remission of part of the value based rates to enable the impact of a change in rates to be phased in over a period of no more than 3 years.

To continue with any existing rates adjustment where, due to change in process, policy or legislation Council considers it equitable to do so subject to a maximum limit of 3 years to a remission made under this clause in the policy.

## **8. Remission for Special Circumstances**

### **Objective**

To enable Council to provide rates remission for special and unforeseen circumstances, where it considers relief by way of rates remission is justified in the circumstances.

### **Conditions and Criteria**

Applications for rates remission must be made in writing by the ratepayer or their authorised agent.

Each circumstance will be considered by Council on a case by case basis. Where necessary, Council consideration and decision will be made in the Public Excluded part of a Council meeting.

The terms and conditions of remission will be decided by Council on a case by case basis. The applicant will be advised in writing of the outcome of the application.

## **9. Remission of Rates in Response to Significant Extraordinary Circumstances being identified by Council.**

### **Objective**

To enable Council to provide rates remission to assist ratepayers in response to Significant Extraordinary Circumstances impacting Napier's ratepayers.

### **Definitions**

Financial Hardship: for the purpose of this provision is defined as the inability of a person, after seeking recourse from Government benefits or applicable relief packages, to reasonably meet the cost of goods, services and financial obligations that are considered necessary according to New Zealand standards. In the case of a ratepayer who is not a natural person, it is the inability, after seeking recourse from Government benefits or applicable relief packages, to reasonably meet the cost of goods, services and financial obligations that are considered essential to the functioning of that entity according to New Zealand standards.

### **Conditions and Criteria**

For this policy to apply Council must first have identified that there have been Significant Extraordinary Circumstances affecting the ratepayers of Napier, that Council wishes to respond to.

Once Significant Extraordinary Circumstances have been identified by Council, the criteria and application process (including an application form, if applicable), will be made available.

For a Rating Unit to receive a remission under this policy it needs to be an “Affected Rating Unit” based on an assessment performed by officers, following guidance provided through a resolution of Council.

Council resolution will include:

1. That the resolution applies under the Rates Remission Policy; and
2. Identification of the Significant Extraordinary Circumstances triggering the policy (including both natural and man-made events); and
3. How the Significant Extraordinary Circumstances are expected to impact the community (e.g. financial hardship); and
4. The type of Rating Unit the remission will apply to; and
5. Whether individual applications are required or a broad based remission will be applied to all affected Rating Units or large groups of affected Rating Units; and
6. What rates instalment/s the remission will apply to; and
7. Whether the remission amount is either a fixed amount, percentage, and/or maximum amount to be remitted for each qualifying Rating Unit.

### Explanation

The specific response and criteria will be set out by Council resolution linking the response to specific Significant Extraordinary Circumstances. The criteria may apply a remission broadly to all Rating Units or to specific groups or to Rating Units that meet specific criteria such as proven Financial Hardship, a percentage of income lost or some other criteria as determined by council and incorporated in a council resolution.

Council will indicate a budget to cover the value of remissions to be granted under this policy in any specific financial year.

The types of remission that may be applied under this policy include:

- The remission of a fixed amount per Rating Unit either across the board or targeted to specific groups such as:
  - A fixed amount per residential Rating Unit
  - A fixed amount per commercial Rating Unit

## Policy Review

This policy will be reviewed at least once every three years.



<b>Rates Postponement Policy</b>			
<b>Approved By</b>	Council (Pending)		
<b>Department</b>	Finance		
<b>Original Approval Date</b>	29 June 2018	<b>Review Approval Date</b>	13 August 2020
<b>Next Review Deadline</b>	31 July 2023	<b>Document ID</b>	346038
<b>Relevant Legislation</b>	Local Government (Rating) Act 2002 Local Government Act 2002 Income Tax Act 2007		
<b>NCC Documents Referenced</b>	Published in the Long Term Plan 2018-2028 which was reviewed between March/April 2018 and adopted on 29-06-18 Reviewed and amended in response to COVID-19 Rating – Delegations under Local Government (Rating) Act 2002 Reviewed and amended in conjunction with a review of the Revenue & Financing Policy 2020		

## Purpose

To enable Council to postpone the requirement to pay all or part of the rates on a Rating Unit under Section 87 of the Local Government (Rating) Act 2002 where a rates postponement policy has been adopted and the conditions and criteria in the policy are met.

## Policy

### Postponement for Older Persons

#### Objective

The objective of this part of the policy is to assist ratepayers who are Older Persons with a fixed level of income to meet rates particularly, but not exclusively, resulting from increasing levels of rates.

#### Definition

Older Persons are those who are old enough to qualify to receive NZ Superannuation.

For the purpose of this provision, Financial Hardship is defined as the inability of a person, to reasonably meet the cost of goods, services and financial obligations that are considered necessary according to New Zealand standards.

#### Conditions and Criteria

Postponement will only apply to Older Persons on a fixed income.

Only Rating Units used solely for residential purposes will be eligible for consideration for rates postponement under this policy.

Only the person entered as the ratepayer, or their authorised agent, may make an application for rates postponement for Financial Hardship. The ratepayer must be the occupant and current owner of the Rating Unit which is the subject of the application. The person entered on the Council's rating information database

as the 'ratepayer' must not own any other Rating Units or investment properties (whether in the district or elsewhere).

The ratepayer (or authorised agent) must make an application to Council on the prescribed form (copies can be obtained from the Council Office).

The Council will consider, on a case by case basis, all applications received that meet the criteria outlined under this section. The following factors will be considered – age, income source and level, annual rates payable, period of postponement, equity in the property owned, and the amount of rates postponed.

Authority to approve applications will be delegated by Council to the Director of Corporate Services, Chief Financial Officer and Investment and Funding Manager.

Applicants seeking rates postponement will be encouraged to seek independent advice before formally accepting any offer for postponement made by the Council.

As a general rule postponement will not apply to the first \$500 per annum of the rate account after any rates rebate has been deducted.

Where the Council decides to postpone rates the ratepayer must first make acceptable arrangements (e.g. by setting up a system to meet agreed minimum regular payments) for payments required under the terms of the postponement approval for the current rating year, and future payment years.

Postponement will only apply on properties on which houses have been insured. Annual proof may be required that insurance has been maintained.

Where rates postponement is approved for a property with an outstanding mortgage, the mortgagee will be advised by Council that rates postponement has been granted by the Council.

Any postponed rates will be postponed until:

The death of the ratepayer(s); or

- Until the ratepayer(s) ceases to be either the owner or occupier of the Rating Unit; or
- Until a date specified by the Council.

The Council will charge an annual postponement fee. The annual postponement fee will cover Council's administrative costs including finance costs. The finance cost will be charged at the average return on investments rate for Council for that year.

All postponement fees payable (including finance costs) will be added to the amount of postponed rates annually and be paid at the time postponed rates are paid.

The policy will apply from the beginning of the rating year in which the application is made although the Council may consider backdating past the rating year in which the application is made depending on the circumstances.

The postponed rates, inclusive of any accumulated postponement fees, or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed pursuant to this policy.

Postponed rates will be registered as a statutory land charge on the Rating Unit title. This means that the Council will have first call on the proceeds of any revenue from the sale or lease of the Rating Unit. In addition to the annual fee and interest, Council will charge any other costs or one-off fees incurred in relation to registration of the postponement as part of the postponement.

This policy will not affect any rates postponement provisions approved prior to 1 July 2009, which will continue to apply in accordance with the conditions related to each case.

This policy does not apply to non-Older Person ratepayers experiencing financial hardship.

Council will assist in the referral of any other ratepayer on a fixed income facing long term financial hardship to the appropriate agency.

## Postponement for Significant Extraordinary Circumstances

### Objective

To provide a rates postponement to ratepayers experiencing financial hardship directly resulting from Significant Extraordinary Circumstances that affects their ability to pay rates.

For the purpose of this policy the following definitions will apply:

- **Significant Extraordinary Circumstances:** as defined by Council resolution. Significant Extraordinary Circumstances may be natural or economic in nature, and will identify the type and location of properties affected.
- **Financial Hardship:** for the purpose of this provision is defined as the inability of a person, after seeking recourse from Government benefits or applicable relief packages, to reasonably meet the cost of goods, services and financial obligations that are considered necessary according to New Zealand standards. In the case of a ratepayer who is not a natural person, it is the inability, after seeking recourse from Government benefits or applicable relief packages, to reasonably meet the cost of goods, services and financial obligations that are considered essential to the functioning of that entity according to New Zealand standards.
- **Small Business:** a business operated by a small business person, small partnership or close company as defined in section YA 1 of the Income Tax Act 2007.

### Conditions and Criteria

This part of the policy will only apply to Rating Units used for residential purposes or by Small Businesses.

Once Significant Extraordinary Circumstances have been identified by Council, the criteria and application process (including an application form, if applicable), will be made available. Council may set a timeframe for the event. Council may review the criteria and/or timeframe of Significant Extraordinary Circumstances through subsequent resolutions.

Council resolution will include:

- a. that the resolution applies under the Rates Postponement Policy; and
- b. the Significant Extraordinary Circumstances triggering the policy (e.g. including, but not limited to, flood, pandemic, earthquake); and
- c. how the Significant Extraordinary Circumstances are expected to impact the community (e.g. hardship); and
- d. the types or location of properties effected by the Significant Extraordinary Circumstances; and
- e. timeframe for postponement in relation to the Significant Extraordinary Circumstances.

No application for postponement can be made under this policy unless Significant Extraordinary Circumstances have been identified by Council.

Any requests for rates postponement for Rating Units with a land value greater than \$1.5m will be decided upon at the discretion of Council and requests for rate postponement for Rating Units with a land value less than \$1.5m will be delegated to Council officers.

The ratepayer must demonstrate, to the Council's satisfaction that paying the rates would result in Financial Hardship.

The applicant must demonstrate to Council's satisfaction that the ratepayer has taken all necessary steps to claim any central government benefits or allowances the ratepayer is properly entitled to receive that would assist the ratepayer to meet their financial commitments. Evidence such as official correspondence must be provided with the application.

Council will consider applications where the same ratepayer is liable for rates for multiple Rating Units. In such instances, Council will look at the collective impact to the ratepayer.

Only the person/s entered as the ratepayer (in the case of a close company every director must sign the application form), or their authorised agent, may make an application for rates postponement for Significant Extraordinary Circumstances that resulted in Financial Hardship. However, where the ratepayer is not the owner of the Rating Unit, the owner must also provide written approval of the application.

The ratepayer must be the current ratepayer for the Rating Unit at the time Significant Extraordinary Circumstances are identified by Council.

Where the Council decides to postpone rates the ratepayer must make acceptable arrangements for payment of rates, for example by setting up a system for regular payments. Such arrangements will be based on the circumstances of each case.

Council may charge a fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover Council's administrative and financial costs. The fees will be set as part of the Council resolution identifying Significant Extraordinary Circumstances.

Postponed rates will remain postponed until the earlier of:

- a. The ratepayer/s ceases to be the owner or occupier of the Rating Unit; or
- b. A date specified by Council in the Council resolution identifying Significant Extraordinary Circumstances.

## **Postponement for Special Circumstances**

### **Objective**

To enable Council to provide rates postponement for special and unforeseen circumstances, where it considers relief by way of rates postponement is justified in the circumstances.

### **Conditions and Criteria**

Application for rates postponement must be made in writing by the ratepayer or their authorised agent.

Each circumstance will be considered by Council on a case by case basis. Where necessary, Council consideration and decision will be made in the Public Excluded part of a Council meeting.

The terms and conditions of postponement including any application of an annual fee will be decided by Council on a case by case basis.

The applicant will be advised in writing of the outcome of the application.

## **Policy Review**

This policy will be reviewed at least once every three years.