



# Waitaki

DISTRICT COUNCIL

*TE KAUNIHERA Ā ROHE O WAITAKI*

**I hereby give notice that the  
Additional Council Meeting**

**will be held on:**

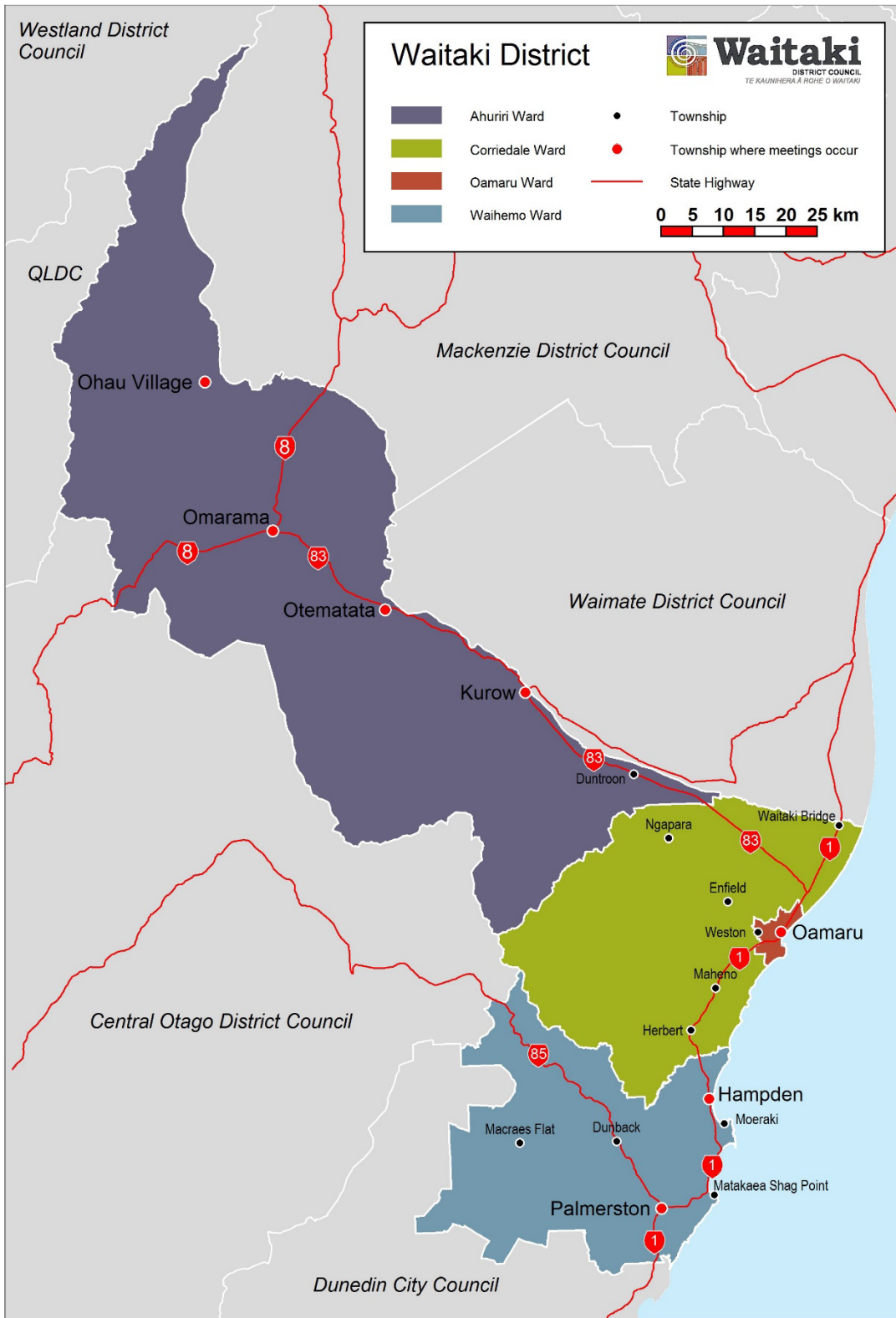
**Date: Tuesday, 12 March 2024**  
**Time: 9.00am**  
**Location: Council Chamber, Third Floor  
Office of the Waitaki District Council  
20 Thames Street, Oamaru**

## **Agenda**

### **Additional Council Meeting**

### **12 March 2024**

**Alex Parmley  
Chief Executive**





## Agenda Items

1	Apologies .....	5
2	Declarations of Interest .....	5
3	Public Forum (There is no Public Forum at an Additional Council Meeting) .....	5
4	Decision Reports .....	6
	4.1 Revenue and Financing Policy Decisions.....	6
5	Meeting Close .....	27



- 1 APOLOGIES**
- 2 DECLARATIONS OF INTEREST**
- 3 PUBLIC FORUM - NOT HELD AT AN ADDITIONAL COUNCIL MEETING**

## **4 DECISION REPORTS**

### **4.1 REVENUE AND FINANCING POLICY DECISIONS**

**Author:** Paul Hope, Acting Assets Group Manager  
**Authoriser:** Alex Parmley, Chief Executive  
**Attachments:** 1. Revenue and Financing Policy Matters  
2. Rates Remissions and Other Matters

### **RECOMMENDATION**

That Council:

- 1 Approves for consultation the proposed new or amendments to funding arrangements for the following activities:
  - a. Waitaki Sports and Event Centre
  - b. Public Contaminated Sites Remediation
  - c. Backflow Prevention
  - d. Ōamaru Business Rate
  - e. Rooding Differentials
  - f. Community Development
  - g. Ōamaru Airport
  - h. Ōamaru Urban Area; and
  
- 2 Approves for consultation the proposed new or amended remissions policies for:
  - a. Social, Community, and Affordable Housing
  - b. Small Dwellings; and
  
4. Notes that officers will prepare amended versions of the following for approval at the 26 March 2024 Council Meeting:
  - a. Draft Revenue and Financing Statement of Proposal; and
  - b. Draft 2024 Revenue and Financing Policy for consultation, and the supporting documents as follows:
    - (i) Draft 2024 Rating Policy; and the
    - (ii) Draft 2024 Funding Needs Analysis.

### **DECISION OBJECTIVE**

Under the Local Government Act 2002, Council must adopt certain policies prior to adoption of an Annual Plan or Long Term Plan. Those policies include the Revenue and Financing Policy. The purpose of this decision report is to seek Council's approval to potential changes to this policy to be consulted on in parallel with the Draft Annual Plan Consultation Document.

**SUMMARY**

Council is required to develop and adopt a Revenue and Financing Policy. This needs to be adopted prior to the setting of rates for the subsequent financial year. This is a key part of the revenue and rate setting process. Several non-significant options to potentially amend the Policy have been developed. Decisions need to be made on which, if any, changes are supported. Once these decisions are made, they will be reflected in the Statement of Proposal and supporting documents for consultation with the community.

**DECISION-MAKING EXPECTATIONS**

Governance Decision-Making:	Approval of the recommendations.
Operational Decision-Making:	Make any changes to policies and supporting documents as recommended by Council.  Prepare documentation to allow the consultation to be available online and in hard copy, and for submissions to be received online or in hard copy.
Communications	Media Releases – contributed to by officers and Elected Members  Media/public enquiries regarding governance decision-making topics above can be addressed by governance  Media/public enquiries regarding operational decision-making topics above can be addressed by officers

**SUMMARY OF DECISION-MAKING CRITERIA**

	No/Moderate/Key		No/Moderate/Key
Policy/Plan	Key	Environmental Considerations	No
Legal	Moderate	Cultural Considerations	No
Significance	No	Social Considerations	No
Financial Criteria	Moderate	Economic Considerations	No
Community Views	No	Community Board Views	No
Consultation	No	Publicity and Communication	No

**BACKGROUND**

Council is required to have a number of funding and financial policies. These are stated in section 102 of the Local Government Act 2002 (LGA), as follows:

- Revenue and financing
- Liability management
- Investment
- Development contributions
- Remission and postponement of rates on Māori freehold land.

In addition, Councils may have the following policies in place:

- Rates remission
- Rates postponement.

Only the statutory minimum requirements are included in the Revenue and Financing Policy (RFP). All other matters are included in various documents and schedules that help explain the content and scope of the decisions made. This approach was adopted to make the funding and rate setting process simpler and more robust.

The documents have been reviewed and various areas have been identified as needing discussion. Options and alternatives have been developed for consideration and potential amendment. These are set out in the various attachments to this report and are summarised below. Council is now required to finalise a position on each of these matters. Decisions at this meeting will then be presented in updated documents for adoption prior to consultation.

## **Summary of Recommended Changes**

### **(a) Revenue and Financing Policy –**

The issues, discussion, options, and recommended changes are set out in Attachment 1. These support the following recommendations:

Waitaki Sports and Events Centre Fund at the ward level based on a 3:2:1:1 ratio (Ōamaru: Corriedale: Waihemo: Ahuriri).

Public Contaminated Sites Remediation Add into Closed Landfill Funding Needs Analysis.

Whalan Lodge Grant Based on local benefit, fund 50% Kurow and 50% Ahuriri.

Backflow Prevention Targeted Rate based on the level of service provided.

Ōamaru Business Rate (including rating areas) Reduce funding for specific activities to 5% and republish maps.

Roading Differentials Items to be funded are expanded to include minor safety, environmental, and social impact mitigation measures.

Community Development Funding mix to be updated to match current levels being achieved.

Ōamaru Airport Funding mix to be updated to match current levels being achieved.

Ōamaru Urban Area Rating area to be disestablished and all matters transferred to the Ōamaru Ward Rate

Water and Sewer Rating Defer until Long Term Plan

Waste Minimisation and Recycling Defer until Long Term Plan

**(b) Rates Remissions –**

The issues, discussion, options, and recommended changes are set out in Attachment 2. These support the following recommendations:

Social, Community, and Affordable Rental Housing	50% rate remission when certain criteria are met.
Small Dwellings	A rate remission when certain criteria are met to encourage the use and development of certain property types.

**SUMMARY OF OPTIONS CONSIDERED**

**Option 1 –** As per Recommendation above, with any agreed amendments made at the meeting.  
**(Recommended)**

**Option 2 –** Council decides to select and consult on only some of the changes.

**Option 3 –** Council rejects the proposed changes as it considers the current Revenue and Financing Policy fit for purpose.

**ASSESSMENT OF PREFERRED OPTION**

Option 1 is the preferred option. Under Option 1, officers can make any necessary amendments and have drafts available for adoption prior to the start of the consultation process. This option recognises that it is a draft and must be consulted on pursuant to the requirements of s82 of the LGA.

This process is required to be conducted separately from the Annual Plan consultation process.

Option 2 is a reasonable alternative to Option 1. It should be selected if Council is not comfortable with any individual proposal or the cumulative effect of the changes.

Option 3 is a continuation of the status quo. Where no one is affected by change, such as the removal of redundant items as set out in the LGA, no consultation is required.

**CONCLUSION**

As indicated in the report, under section 102 of the Local Government Act, Council must at all times have various funding and financial policies in place.

The options set out in this report represent a series of possible amendments and adjustments that are being considered because they will make the Revenue and Financing Policy more fit for purpose.

**NEXT STEPS**

The Statement of Proposal reflecting the decisions made at this meeting will be considered at the 26 March 2024 Council Meeting. The report to that meeting will also set out the proposed engagement process.

## **ADDITIONAL DECISION-MAKING CONSIDERATIONS**

### **Outcomes**

#### Prosperous District

- Attractive to new opportunities
- Supporting local businesses
- Fostering a diverse and resilient economy

#### Strong Communities

- Enabling safe, healthy communities
- Connected, inclusive communities
- Promoting a greater voice for Waitaki
- Celebrating our community identity

#### Quality Services

- Robust core infrastructure and services
- Community facilities and services we are proud of

#### Valued environment

- Protecting our diverse landscapes and water bodies
- Meeting environmental and climate change challenges

### **Policy and Plan Considerations**

The matters set out in this report will inform the amendment of the Revenue and Financing Policy which in turn will form part of the development of the Annual Plan.

### **Community Views**

This matter will be covered in the agenda report to the 26 March 2024 Council Meeting.

### **Legal Considerations**

Once Council has made decisions on the above matters, they will go through a legal review to ensure compliance and clarity pursuant to the requirements of the Local Government Act 2002 and the Local Government Rating Act 2002

### **Publicity and Community Considerations**

This matter will be covered in the agenda report to the 26 March 2024 Council Meeting.



**Attachment 1 – Revenue and Financing Policy Matters**

**Summary**

A review of the Revenue and Financing Policy (RFP) and supporting documents has highlighted several areas that may require changing or updating. The activities and recommended actions are as set out below.

Waitaki Sports and Events Centre	Fund at the ward level based on a 3:2:1:1 ratio (Oamaru: Corriedale: Waihemo: Ahuriri).
Public Contaminated Sites Remediation	Add into Closed Landfill Funding Needs Analysis.
Whalan Lodge Grant	Based on local benefit, fund 50% Kurow and 50% Ahuriri.
Backflow prevention	Targeted Rate based on the level of service provided.
Ōamaru Business Rate (including rating areas)	Reduce funding to specific activities to 5% and republish maps.
Roading Differentials	Items to be funded expanded to include minor safety, environmental, and social impact mitigation measures.
Community Development	Funding mix to be updated to match current levels being achieved.
Ōamaru Airport	Funding mix to be updated to match current levels being achieved.
Ōamaru Urban Area	Rating area to be disestablished and all matters transferred to the Ōamaru Ward Rate
Water and Sewer Rating	Defer until Long Term Plan
Waste Minimisation and Recycling	Defer until Long Term Plan
SUIP Definition	No changes proposed.
Social and Affordable Rental Housing	Expand to encourage / recognise this segment and simplify similar current remissions.
Small dwellings remissions	Expand to encourage / recognise this segment and simplify similar current remissions.
Other remissions review	Subject to decision above, Defer until Long Term Plan

**Process**

The heart of the RFP is the Funding Needs Analysis that needs to be prepared under the provision set out in s101(3). It must consider the matters stated in the table below.

<b>Headings -s.101(a) reference</b>	<b>Matters Council might consider</b>
<b>Community outcomes - s.101(3)(a)(i)</b>	Council determines which of its four community outcomes an activity contributes to.
<b>Distribution benefits - s.101(3)(a)(ii)</b>	<p>Council is required to consider the distribution of benefits between the community, any identifiable part of the community, and individuals.</p> <p>The distribution of benefits is considered by Council, reflecting its area of benefit preference to funding sources for an activity.</p> <p>Determining benefits is not scientific, is very subjective, and is for Council to determine.</p> <p>Council looks at many options before it determines the appropriate funding sources for each activity.</p> <p>Council may choose to target those people or organisations which Council has concluded get a greater benefit. This may be done through user charges or targeted rates on parts of the community.</p>
<b>Period of benefit - s.101(3)(a)(iii)</b>	<p>For most operational expenses, the benefit is received in the year the expense is made.</p> <p>Some operational expenses may have a benefit over multiple years and so Council may choose to fund the activity over that period. Elections are an example of this, where Council has determined that, although the elections occur in one financial year, the benefit exists for three years. Reserve funds are used to achieve this.</p>
<b>Who creates the need - s.101(3)(a)(iv)</b>	<p>Sometimes Council is required to undertake the activity due to the actions or inactions of individuals or groups.</p> <p>Council may choose to target these people or organisations through fines, charges, or rates.</p>
<b>Separate funding - s.101(3)(a)(v)</b>	<p>Council must consider the practicalities of separate funding along with transparency and accountability.</p> <p>In some cases, while it may be desirable to charge individuals, there may be no practical way of doing so.</p> <p>For all activities, Council can easily identify what proportion of operational expenses is recovered from each funding source. In the case of rates,</p>

Headings -s.101(a) reference	Matters Council might consider
	Council can inform individual ratepayers of their rates contribution to each activity.

**Discussions**

Set out below are the matters that have been identified as needing discussion and potential action. They have been identified because of a decision Council has made, questions or queries of an item since the last LTP, or a change in legislation or circumstance.

**Waitaki Sports and Event Centre**

The Waitaki Sports and Event Centre has been the subject of various discussions and consultations. To date, these have focused on the development of the facility and the funding of that development. These discussions have included operating costs and revenue which now needs to be formalised in the RFP.

The policy for funding the capital cost has already been the subject of a Council decision. This decision will be reflected in the revised RFP.

Similar activities for reference:

- Waitaki Aquatic Centre – considered most similar.
- Waitaki District Libraries
- Sports fields

Headings - s.101(a) reference	Matters Council might consider
<b>Community outcomes - s.101(3)(a)(i)</b>	<p><i>Council determines which of its four community outcomes an activity contributes to.</i></p> <ul style="list-style-type: none"> <li>• Prosperous District</li> <li>• Quality Services</li> <li>• Strong Communities</li> </ul>
<b>Distribution benefits - s.101(3)(a)(ii)</b>	<p><i>Council is required to consider the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals.</i></p> <p>The primary benefit from the Centre are the users of the facilities for recreation, sporting, and educational purposes, with the greatest access enjoyed by Ōamaru and Corriedale residents.</p> <p>The regional visitors and events at the Centre benefits businesses in the Ōamaru area.</p> <p>The community enjoys access to a facility to improve fitness, health, and recreational opportunities.</p> <p>The benefits are expected to occur:</p> <ul style="list-style-type: none"> <li>• Primarily to individual users.</li> <li>• Partly to the district as a whole in support of the community outcomes.</li> </ul>

Headings - s.101(a) reference	Matters Council might consider
<b>Period of benefit - s.101(3)(a)(iii)</b>	<p><i>For most operational expenses, the benefit is received in the year the expense is made.</i></p> <p>The benefit of operating expenditure is expected to occur in the year the funding is sourced.</p> <p>Annual funding is sourced from revenue for depreciation that is likely to be spent partially in the current year and partially in future years. This is managed through reserve funds.</p>
<b>Who creates the need - s.101(3)(a)(iv)</b>	<p><i>Sometimes Council is required to undertake the activity due to the actions or inactions of individuals or groups.</i></p> <p>The actions of most individuals or groups have an impact on this activity. There is a correlation between the numbers of people using the Centre's services and operating costs.</p>
<b>Separate funding - s.101(3)(a)(v)</b>	<p><i>Council must consider the practicalities of separate funding along with transparency and accountability.</i></p> <p>Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.</p>
<b>Funding Sources and Band</b>	<p><i>Agreed mix from available source.</i></p> <p><b>MODERATE (40% to 60%)</b> Targeted rates. User charges.</p> <p><b>UNLIKELY</b> All other funding sources. Some grants are likely to be received for specific activities or facilities.</p>
<b>Rationale</b>	<p><i>Reason for the selected sources and mix</i></p> <p>User charges are made for organised sports and events, membership fees, casual recreation use, fees for programmes, lease income, and retail sales.</p> <p>User charges will not fully recover the cost of the private benefit, and rates funding is required to allow widespread access to these services.</p> <p>The use of targeted rates recovers costs not recovered through user charges, with a Ward targeted rate ratio reflecting proximity for use.</p>

**Options**

The most similar facility is the Aquatic Centre which is funded through the Ward Services Charges using the 5:3:1:1 ratio with a 10% allocation to the Ōamaru Area Business Rate.

A modified version of the above approach could be used which places greater recognition of the anticipated use of the facility by the whole district and the distance from the CBD. The recommended allocation would be 3:2:1:1, with no input from the Ōamaru Business Rate.

Sports fields are funded across the district using the District Services Charge in recognition that there are facilities spread across the district.

An alternate approach that could be considered would be to establish a new targeted rate for the Sports and Event Centre or even all indoor Sport and Recreation Venues. This would make it clear what each separate property is contributing to the Centre. However, as the full costs will not have an impact on rates during the first three years of the plan, this may be an option to consider in 2027.

**Recommendation**

That the above analysis be approved for the Waitaki Sports and Events Centre and that the Rate Funding be allocated to the Ward Services Charge on a ratio of 3:2:1:1 for Ōamaru, Corriedale, Waihemo, and Ahuriri.

An illustration of the potential rating impact is as follows (based on \$500,000 rates required):

<b>Contribution</b>	<b>Per Ward</b>		<b>Per Ratepayer</b>
Ōamaru	\$351,063	70.0%	\$48
Corriedale	\$84,485	17.0%	\$32
Waihemo	\$31,773	6.5%	\$16
Ahuriri	\$32,679	6.5%	\$16

An alternate ratio that places grater weighting on Oamaru and Corriedale could be considered. At 4:3:1:1 that result would be.

<b>Contribution</b>	<b>Per Ward</b>		<b>Per Ratepayer</b>
Ōamaru	\$355,005	71.0%	\$48
Corriedale	\$96,113	19.2%	\$32
Waihemo	\$24,098	4.8%	\$16
Ahuriri	\$24,784	5.0%	\$16

**Public Contaminated Site Remediation**

The remediation of public contaminated sites that are or are likely to be disturbed is an activity that had not been contemplated in previous Long Term Plans. The size, scale and level of mitigation required is a matter that required decisions and action over the last two years. As part of this process, funding of the “capital” expenditure was agreed but no decision has been made in terms of the funding of operational (primarily debt servicing) costs.

Similar activities for reference

- Closed Landfills - UAGC

<b>Headings - s.101(a) reference</b>	<b>Matters Council might consider</b>
<b>Community outcomes - s.101(3)(a)(i)</b>	<i>Council determines which of its four community outcomes an activity contributes to.</i>



Headings - s.101(a) reference	Matters Council might consider
	This activity contributes almost exclusively to the Valued Environment outcome.
<b>Distribution benefits - s.101(3)(a)(ii)</b>	<p><i>Council is required to consider the distribution of benefits between the community, any identifiable part of the community, and individuals.</i></p> <p>Although there is some benefit to the immediate area of any identified site, the majority of benefit is to the community as a whole.</p>
<b>Period of benefit - s.101(3)(a)(iii)</b>	<p><i>For most operational expenses, the benefit is received in the year the expense is made.</i></p> <p>This is an annual share of a larger cost.</p>
<b>Who creates the need - s.101(3)(a)(iv)</b>	<p><i>Sometimes Council is required to undertake the activity due to the actions or inactions of individuals or groups.</i></p> <p>Given the historic nature of the sites being addressed, there is no practical way to identify the groups or individuals who created the need.</p>
<b>Separate funding - s.101(3)(a)(v)</b>	<p><i>Council must consider the practicalities of separate funding along with transparency and accountability.</i></p> <p>Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.</p>
<b>Funding Sources and Band</b>	<p><i>Agreed mix from available source.</i></p> <p>General Rate will be 100%</p> <p><b>UNLIKELY</b></p> <p>All other funding sources. Ongoing efforts will be made to secure grants or similar funding. However, under current known criteria, this cannot be relied on to be a sustainable funding source.</p>
<b>Rationale</b>	<p><i>Reason for the selected sources and mix</i></p> <p>Given the historic nature of the cause of the costs, sharing the cost equally across all ratepayers is seen as the fairest option.</p>

**Options**

A 'Land Value', 'Capital Value, or 'Separately Used or Inhabited Part' (ie LV, CV, or SUIP) basis are all reasonable given the nature of this cost. The key consideration is whether it is believed there is likely to be a relationship between the size and value of a property and the cost incurred, or if this should be viewed as an issue all ratepayers have equal responsibility for.

The UAGC is used to fund closed landfills. However, this has traditionally been a minor cost as it was primarily a monitoring cost with occasional physical works.



There is an option to recover more from the ward / area where the contamination occurred on the assumption that most of the waste came from the area proximate to the location.

**Recommendation**

Given the historic nature of the action that has caused the cost to be incurred and no practical way of identifying those who created the problem, sharing the cost equally across all ratepayers through the UAGC is seen as the most appropriate funding mechanism. This approach would allow it to be combined with Closed Landfills in the RFP.

The impact on each ratepayer per \$100,000 of rates required is estimated to be \$7.10.

**Whalan Lodge Development Grant**

When Council made the decision to support the Whalan Lodge Charitable Trust with the redevelopment of their aged care facility in Kurow, it was noted that alternative funding mechanisms would need to be explored to assist with servicing the loan. Rating options are one of these alternatives.

Similar activities for reference:

- Community Housing – Deficits funded through the District Services Rate
- Community Grants – Funded through the UAGC
- Ward based Grants and activities – Funded directly from the Ward or through a proximity to service model.

The key matter that Council will need to consider is whether this type of grant should be viewed as a grant for a specific service that should determine how it should be funded, or a more general grant that has a benefit to a specific area or community.

Headings - s.101(a) reference	Matters Council might consider
<b>Community outcomes - s.101(3)(a)(i)</b>	<p><i>Council determines which of its four community outcomes an activity contributes to.</i></p> <ul style="list-style-type: none"> <li>• Prosperous District</li> <li>• Quality Services</li> <li>• Strong Communities</li> </ul>
<b>Distribution benefits - s.101(3)(a)(ii)</b>	<p><i>Council is required to consider the distribution of benefits between the community, any identifiable part of the community, and individuals.</i></p> <p>The primary benefits are received by the residents of the various facilities and the service providers.</p> <p>There is also a strong community benefit from having a range and variety of social housing available in the community.</p>
<b>Period of benefit - s.101(3)(a)(iii)</b>	<p>For most operational expenses, the benefit is received in the year the expense is made.</p>
<b>Who creates the need - s.101(3)(a)(iv)</b>	<p><i>Sometimes Council is required to undertake the activity due to the actions or inactions of individuals or groups.</i></p> <p>The Crown creates the need, through inappropriate or underfunded services.</p>
<b>Separate funding - s.101(3)(a)(v)</b>	<p><i>Council must consider the practicalities of separate funding along with transparency and accountability.</i></p> <p>The nature of this item and likely cost to be funded do not justify a separate rate to fund it.</p>
<b>Funding Sources and Band</b>	<p><i>Agreed mix from available source.</i></p> <p>TBC once discussion held and decision made.</p>
<b>Rationale</b>	<p><i>Reason for the selected sources and mix</i></p> <p>TBC once discussion held and decision made.</p>

**Options**

The key consideration is how widely the benefit is distributed. The wider the benefit, the wider the area that should contribute.

**Recommendation**

It is considered that most of the benefit is local to the Kurow community, with some benefit to the Ward. Therefore, it is recommended that the grant be funded 50% across the township through the Hall and Community Centre Rate, and 50% from the Ward Services Charge.

If this approach was adopted, for each \$10,000 that was funded, it would increase the Hall rate by \$30.00 and the Ward charge by \$5.00.

**Backflow Prevention Installation**

When the backflow prevention project was approved, Council agreed to consider offering an option to spread the total cost to be recovered over a five-year period. It is proposed that the option to pay in full also be offered.

Similar activities for reference

- No recent examples

<b>Headings - s.101(a) reference</b>	<b>Matters Council might consider</b>
<b>Community outcomes - s.101(3)(a)(i)</b>	<p><i>Council determines which of its four community outcomes an activity contributes to.</i></p> <ul style="list-style-type: none"> <li>• Valued Environment</li> <li>• Quality Services</li> </ul>
<b>Distribution benefits - s.101(3)(a)(ii)</b>	<p><i>Council is required to consider the distribution of benefits between the community, any identifiable part of the community, and individuals.</i></p> <p>The greatest benefit is to the property where the device is installed.</p>
<b>Period of benefit - s.101(3)(a)(iii)</b>	<p>For most operational expenses, the benefit is received in the year the expense is made.</p>
<b>Who creates the need - s.101(3)(a)(iv)</b>	<p><i>Sometimes Council is required to undertake the activity due to the actions or inactions of individuals or groups.</i></p>
<b>Separate funding - s.101(3)(a)(v)</b>	<p><i>Council must consider the practicalities of separate funding along with transparency and accountability.</i></p> <p>Separate funding is required because of the specific nature of the service being provided</p>
<b>Funding Sources and Band</b>	<p><i>Agreed mix from available source.</i></p> <p>100% User</p>
<b>Rationale</b>	<p><i>Reason for the selected sources and mix</i></p> <p>The property owner has an obligation to ensure that this type of device is installed.</p>

**Recommendation**

Establish a targeted rate to fully recover over a five-year period the total the cost of the fully installed device plus servicing and other administrative costs.

**Water and Sewer Rates**

Council uses targeted rates set at the community level to fund drinking water and wastewater services.

This matter requires guidance from the Governance Team before more specific advice and options can be provided. The matters to consider are:

- District Wide Rate versus equalisation.
- Urban versus rural (or on demand versus restricted supplies)
- Improved / Compliant schemes versus unimproved.

Once the options are narrowed, options for consultation including potential financial impacts can be considered.

**Recommendation**

No change.

Given the significant uncertainty that still exists in the future of water services, it is recommended that any action in this area be developed as part of the Long Term Plan. As an interim step, if there is any area or rate that requires particular or urgent attention, Council can still choose to set a rate that does not fully fund the activities for the year and fund any shortfall from the targeted rates operating reserve.

**Ōamaru Area Business Rate – Review of activities funded, and areas covered**

Extract from Rating Funding Impact Statement:

*“Ōamaru Business Area Rates*

*We set a targeted rate for services to the Ōamaru Business Areas, based on the capital value of each rating unit in the Ōamaru Business Areas that is not used exclusively for residential purposes. Council has established two Ōamaru Business Areas, ‘A’ and ‘B’.*

*The targeted rates will be set at a uniform rate in the dollar. The rate in dollars for area ‘B’ will be set at 50% of the rate for area ‘A’.*

*The Ōamaru Business Area Rates will contribute to the funding for:*

- *Tourism Development and Visitor Services*
- *Forrester Gallery and North Otago Museum*
- *Waitaki Aquatic Centre*
- *Christmas Decorations*
- *Parking Enforcement*
- *District Libraries*
- *Ōamaru Public Gardens*
- *Ōamaru Opera House*

*These activities are funded from a variety of funding sources. For detailed information on this refer to the Revenue and Financing Policy.”*

**Issues identified.**

The allocation of a portion of the funding required for a variety of activities to the Ōamaru Business Rate was based on the principle that the activities increased activity to business

based in the CBD and properties fronting Thames Highway. It was also tied to the Parking Activity, with any surplus in that activity allocated to the Business Rate. Changes in the parking revenue have significantly increased the cost to be funded across a small rating base. In addition, there have been questions as to the benefit that businesses do receive from the activities they partially fund.

In terms of the areas covered by the rates, the key matter to clarify is that, when a boundary line runs down a street, both sides of the road are included in the rated area.

#### Options

1 Do nothing.

The components of this rate could be left "as is" until decisions are made regarding the future development of the Ōamaru town centre, including the approach to parking charges.

2 Modify all or some underlying policies.

The share of cost allocated to the rate, or the activities allocated, could all be modified. Given the changing nature of activity in the area captured by the rate, a flat contribution of 5% seems more appropriate.

#### **Recommendation**

That the funding mix be adjusted so that the Ōamaru Business Rate contributes a flat 5% to Forrester Gallery and North Otago Museum and Archive, District Libraries, Waitaki Aquatic Centre, and Ōamaru Public Gardens. The Ōamaru Opera House remains unchanged.

#### **Forestry Roothing Differential**

As part of the 2018 LTP process, a Forestry Differential was added to the Roothing. The purpose of this was to create a fund to address issues created on the rooding network by forestry activities. This is held in a fund and used to fund projects and repairs on a case-by-case basis. Council has subsequently identified several other matters where forestry has a direct impact on services and incidents where actions have been required. It is proposed to expand the use that the Forestry Roothing Fund can be used to fund, to include minor Safety, Environmental, and Social matters. It is not proposed to increase the differential at this time.

#### **Recommendation**

Council could expand what can be funded from the rate / reserve and use this to fund further work to identify and fund environmental, social, and safety costs imposed and risks requiring mitigation. This may lead to consideration of establishing a new or revised rate in the future.

#### **Community Safety, Development and Grants.**

The Community Development function has evolved significantly since this aspect of the policy was last reviewed. Although the scope has expanded, this has been primarily funded from external grants and other funding. This change should be reflected in the various documents with a change from:

**High** (60% to 80%) - General Rate

**Minimal** (0 – 20%) - Grants, Other

Adjust to:

**Moderate** (40% to 60%) - General Rate

**Moderate** (40% – 60%) - Grants, Other

### **Ōamaru Airport**

The increased activity at the airport needs to be reflected in the Policy.

Current funding mix was based on low levels of aviation activity at the airport and almost none of this was commercial in nature. This led to the following mix:

**Most** (80% - 100%) - Investment income.

**Minimal** (0% - 20%) - User charges, Reserve funds.

Over recent years commercial interest and activity has increased significantly. Due to the nature of the infrastructure and nature of the airport full cost recovery will be difficult however the expectation is that all commercial tenants will pay market rate for the services received and facilities used. The current expectation is that this would produce the following funding ratio:

**High** (60% - 80%) - Investment income.

**Low** (20% - 40%) - User charges, Reserve funds.

### **Ōamaru Urban Area**

This rate is used to fund 80% of the breakwater costs and 70% of the Port Operations costs. This is a rate based on the capital value of each rating unit in the Ōamaru urban area. With the development of the Harbour, the use and impact of this area has increased. Given this, it is appropriate to expand the area funding these key aspects of this activity.

### **Recommendation**

Given the significant overlap between this and the Ōamaru Ward Rate, it is recommended for administrative and ratepayer clarity that this rate ceases to be used and the recovery be transferred to the Ōamaru Ward Rate. This rate collected \$604,000 in 2023/24.



## Attachment 2 – Rates Remissions and Other Matters

### **Separately Used or Inhabited Part Definition**

If a Local Authority uses Separately Used or Inhabited Part (SUIP) as a basis for setting a rate, it is required to publish the definition it uses each year.

The current definition is as follows:

#### ***“Definition of Separately Used or Inhabited Parts of a rating unit***

*Separately used or inhabited parts of a rating unit shall be such parts of a property that can be separately used or occupied in addition to the principal habitation or use, except where the use is an accessory one or is ancillary to principal use. In the situation where a rating unit contains both commercial or industrial uses, and a residential or agricultural use, they will be treated as two or more separate uses except where the ratepayer resides on the rating unit.*

*For example:*

- *Not separately used parts of a rating unit:*
  - o *A residential sleep-out or ‘granny flat’ without independent cooking facilities*
  - o *A hotel room with or without independent cooking facilities*
  - o *A motel room with or without independent cooking facilities*
  - o *Rooms in a residential dwelling or hostel with common cooking facilities*
  - o *Separately leased commercial areas with shared access, reception or other facilities*
- *These are separately used parts of a rating unit:*
  - o *Flats, apartments and other residential units with independent cooking facilities*
  - o *Separately leased commercial areas with separate access, sanitary or other facilities.*

*The definition of SUIP has been revised to change the use of “kitchen facilities” to “cooking facilities” as this captures a broader market which addresses some of the administrative issues that have been identified since the last LTP.*

*The SUIP for commercial properties/businesses captures some quite small spaces which imposes a significant extra cost on those affected. To make the application fairer across all businesses, Council has developed a measure based on gross floor area.”*

Waitaki uses SUIP as a basis for the following rates:

- Uniform Annual General Charge
- Ward Charge
- Hall and Community Centre Rates

This has been refined over several years to address anomalies and instances where application has resulted in perverse outcomes. Mitigation of some of these instances has been addressed through remissions rather than trying to amend the definition.

The concerns raised with officers over the last 12 months have related to small commercial spaces, small dwellings, and conversion of premises from commercial accommodation to residential accommodation.

### **Recommendation**

Based on the limited negative comment about its application and the ability to address other concerns through remissions or other actions, no change to the definition is proposed.

### **Remissions**

Remissions are a useful tool in the rating system. These allow Council to address specific issues in a targeted way without further complicating the overall rating system. These can also be reversed during the year if conditions are not met, or circumstances change.

The current remissions are:

- Remission of Rates on Bare Land
- Remission of Rates on Waitaki River Kaik, Waitaki Bridge Camp, Gemmell's Crossing Camp and Moeraki Kaik Camp
- Remission of Rates on Rating Units with Multiple Single Bedroom Inhabitable Parts
- Remission of Rates on Rating Units for Separately Used Inhabited Parts used exclusively by Family Members
- Remission of Rates on Properties with Mixed Residential and Other Uses In the Ōamaru Business Areas
- Remission of Rates on Māori Freehold Land
- General Remission – Extraordinary Circumstances.

If Council wanted to recognise the lesser impact / encourage the development of smaller housing units, a remission based on size / number of bedrooms would be a way to achieve this. This would then have the potential to replace two of the current remissions (the Camp / Kaik remission and the single bedroom). If this is to be pursued, further guidance would be required as to which type of properties it should apply to and how they would be identified and categorised. This is discussed further below.

The Māori Freehold Land remission will be updated to meet the requirements of legislation passed by the last government. This only applies to a limited number of properties in the district and will have no impact on the incidence of rates.

### **Remissions for social, community, and affordable rental housing**

The following has been prepared for consideration by a Housing Policy and Strategy Specialist. This is based on similar remissions that other Councils have developed. It proposes a remission of all rates rather than specified rates at which the other remission policies are targeted.

#### **Objective:**

The objective of this policy is to facilitate both the continued provision and increased availability of lower-cost rental housing (social, community, and affordable rental housing) by qualifying providers. The policy recognises the significant public good contribution to community wellbeing made by such housing.

#### **Conditions and criteria:**

The policy applies to community housing providers registered with the Community Housing Regulatory Authority, and other suitable entities such as a registered charitable trust with a principal objective of providing lower-cost rental housing. No rate remission will be granted to Kāinga Ora – Homes and Communities.

Council, at its discretion, may remit upon application from the ratepayer up to 50% of all rates for the specified property.

Each application will be considered on its merits and on a case-by-case basis. The provision of a remission in any year does not set a precedent for similar remissions in future years.

The property must be rented at or below 85% of its market rent value. If a property is comprised of multiple units, each individual unit must be rented at or below 85% of the market rent value for that unit.

Applicants should submit the following documents:

- a. Statement of objectives.
- b. Evidence that the property for which rates remission is sought is used for social, community, and/or affordable rental housing and is neither vacant nor commercial property.
- c. Current market rental valuation\* from a registered valuer.
- d. Evidence detailing rental amount charged for the property.

In granting remissions under this policy, Council may specify certain conditions before remission will be granted. Applicants will be required to agree in writing to these conditions and to pay any remitted rates if the conditions are breached.

\* Applicants must include an initial market rent valuation from a registered valuer with their first application. For applications in subsequent years, in lieu of obtaining a new market rent valuation, evidence may be provided indicating that either rental rates have remained unchanged or increased by an amount less than or equal to the Consumer Price Index (CPI).

#### **Small Dwelling Remission**

Council currently has several remissions for small dwellings. This includes both owner / occupier and rental properties. There are also remissions available in the Development Contributions Policy. As a complement to the above proposal, Council should consider whether it wants to consolidate and potentially expand this type of remission.

The primary criteria of this policy would be floor area, with other criteria added to make the remission more targeted. Features such as bathrooms and garages could be used. The Development Contributions Policy has different remission levels for dwellings under 60m<sup>2</sup> and 80m<sup>2</sup>.

Other matters to be determined would include the level of remission and which rates it would be applied to. At present, there are both 50% and 25% remissions of primarily the UAGC and Ward Charges.

A further consideration is whether Council wants to use this type of remission to encourage other types of dwellings. This could include the mixed-use properties with a residential component such as the redevelopment of areas above retail and other spaces in the CBD's. This type of remission could also be developed in a way to achieve wider community objectives by potentially supplementing the impact of the rates rebate policy or something similar.

Based on the discussion at this meeting, options will be developed for approval when these matters are approved for consultation.

As this is a relatively recent suggestion, the potential number of properties this could apply to has not yet been determined and therefore there is no estimate of the potential financial impact. If there was interest in pursuing this type of remission, an outline could be developed for consultation purposes. That outline could then be further refined before final adoption. Input from the Planning and Building teams would also be sought to make sure it is consistent with other policies / regulations.

#### **Matters to be considered during the development of the Long Term Plan**

The Bare Land Remission was designed to recognise that, for "people" based services, if a ratepayer was contributing once to these services, that a second and subsequent contribution on a piece of vacant land was not equitable. Council could remove this provision on urban properties if it thought this may encourage development of these properties.

A remission for volunteers has been raised. This would be possible but time-consuming to administer. It also would require the volunteer to be a ratepayer.

**Waste Minimisation and Recycling**

With the proposed changes in what will be mandatory services, this area will need to be reviewed over the next three years.

**Volunteer Recognition**

Officers have begun to investigate ways to better support and encourage volunteerism in the community. However, this is not sufficiently advanced to be included in this review.

**Unoccupied Dwelling Rating**

Officers have begun to investigate options to try and encourage greater utilisation of unoccupied dwellings. However, this is not sufficiently advanced to be included in this review.

**5 MEETING CLOSE**