

STATEMENT OF PROPOSAL

Revenue & Financing Policy

Rating Policy

Rates Remission Policy

Rates Postponement Policy



NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri

Have Your Say

Key Dates

Consultation opens: 12 October 2020

Consultation closes: 15 November at 12noon

Hearings and deliberations: 16 December 2020, from 9AM, Napier War Memorial Centre

Adoption: February 2021

Where can I get more information?

- Visit Council's websites at www.napier.govt.nz and www.sayitnapier.nz
- Letters will be sent directly to parties identified as being significantly affected.
- Community meetings with Q & A will be scheduled for October and November 2020 in Bay View, Taradale and Napier (War Memorial Centre). Dates and final venues will be confirmed on the Council website.
- If community meetings are not possible due to COVID-19 then replacement live chat sessions will be arranged on our Facebook page at **fb.com/NapierCityCouncil**
- If you'd like to speak to your Ward Councillor, visit www.napier.govt.nz search keyword **#mayorandcouncillors** or call our Customer Service Centre on **06 835 7579** who will put you in touch with them.

PART A

1) Key Information

Introduction

The last major review of our rating system took place in 2002. We have recently reviewed our policies and believe that the way activities are funded and rated no longer reflects Napier's current residential, commercial and rural zones. We also believe that the way we fund Council activities (such as the sewerage network, or the library) no longer reflects how our city's services or facilities are used today.

We are reviewing an important foundation policy – the Revenue and Financing Policy and Council's rating policies. Our proposed changes aim to achieve greater consistency between ratepayers – by making sure that similar properties pay similar rates.

The review of the Revenue and Financing Policy affects other policies, so we are also reviewing the Rates Remission Policy and Rates Postponement Policy. The Revenue and Financing Policy is implemented through the Rating Policy and the annual Funding Impact Statement which provides details on all rates.

This Statement of Proposal is split into two parts. Part A discusses the process followed as part of the review. A glossary and list of policy definitions is included to explain some of the terms used and policies discussed.

Part B contains copies of the draft policies.

Proposed Implementation Process

Our intention is to implement the proposed changes to the rating policy in conjunction with the Long-term Plan in the 2021/22 financial year.

As part of our Long-Term Plan consultation, we will consult further on our proposed changes to the Rating Policy and if necessary, we may also consult on changes to the Revenue and Financing Policy.

The key outcomes we wish to achieve from this consultation are:

1. Confirmation of the proposed funding mechanisms in the Revenue and Financing Policy
2. Confirmation that the proposed changes to the Differential categories for the General Rate are appropriate and will provide us with a simpler and more consistent approach to rates.
3. Confirmation that introducing a new Targeted Rate for Stormwater based on Capital Value is appropriate as part of our overall goal of sharing the rating burden between groups of properties.
4. Confirmation that a move to charging for wastewater based on the number of pans (toilets/urinals), rather than Separately Used or Inhabited Parts of a Rating Unit, is the best method to fund Napier's wastewater activity.
5. Confirmation that our proposed changes to the Council Rates Remission Policy and Rates Postponement Policies are appropriate in helping us to achieve our

overall goal of sharing the rating burden across different sectors of the community.

Following this consultation process, we will collect and analyse data to model the possible impacts of a change to charging for wastewater based on the number of pans. We will also consider any proposed changes to budgets and activities funding when we prepare our draft Long-Term Plan for 2021-2031 (LTP).

As part of our LTP consultation, we will then consult again on any further changes resulting from the impacts of introducing a pan charge and budget and funding changes. This may include a decision to delay the consultation or implementation of some of the proposed changes outlined in this proposal.

Reasons for the proposed changes

There have been changes to our Revenue and Financing Policy over the last few years. However, due to the accumulated changes to the activities and services that we provide to the community, it was considered timely to undertake a full review based on first principles as under section 101(3) of the Local Government Act (2002). This is where we have considered each activity in detail and have analysed who benefits, the length of the benefit received and the groups or individuals that create the need for the activity. As a Council we are also required to think about the impacts of our financing decisions on the wellbeing of the community.

We are also proposing a Rating Policy which provides the linkage between the Revenue and Financing Policy and the Funding Impact Statement which will be included in our Annual Plans and Long Term Plans to clearly set out our proposed approach to rating.

The Rates Remission Policy and Rates Postponement Policy are affected by changes to the Rating Policy. Some of the changes we are proposing in the Revenue & Financing Policy and Rating Policy affect certain existing remissions and postponements in these two policies. This means they would no longer work the way they were originally intended. A review of remissions and postponements allows us to make sure provisions within these policies are still relevant and workable.

Please note: The proposed changes do not affect the total amount of rates that Council collects.

This Proposal

This Statement of Proposal is about proposed amendments to the Revenue & Financing Policy, Rating Policy, Rates Remission Policy and Rates Postponement Policy.

The proposed amendments will change how we calculate rates and will change the rates assessed on each individual property.

We have provided a rates comparison tool on our website to allow rate payers to compare their current rates calculation with how it might look if our proposals are adopted.

Information in the rates comparison tool is based on data from the 2020/21 rating year and is for comparative purposes only. Final rates set during the 2021 to 2031 Long Term

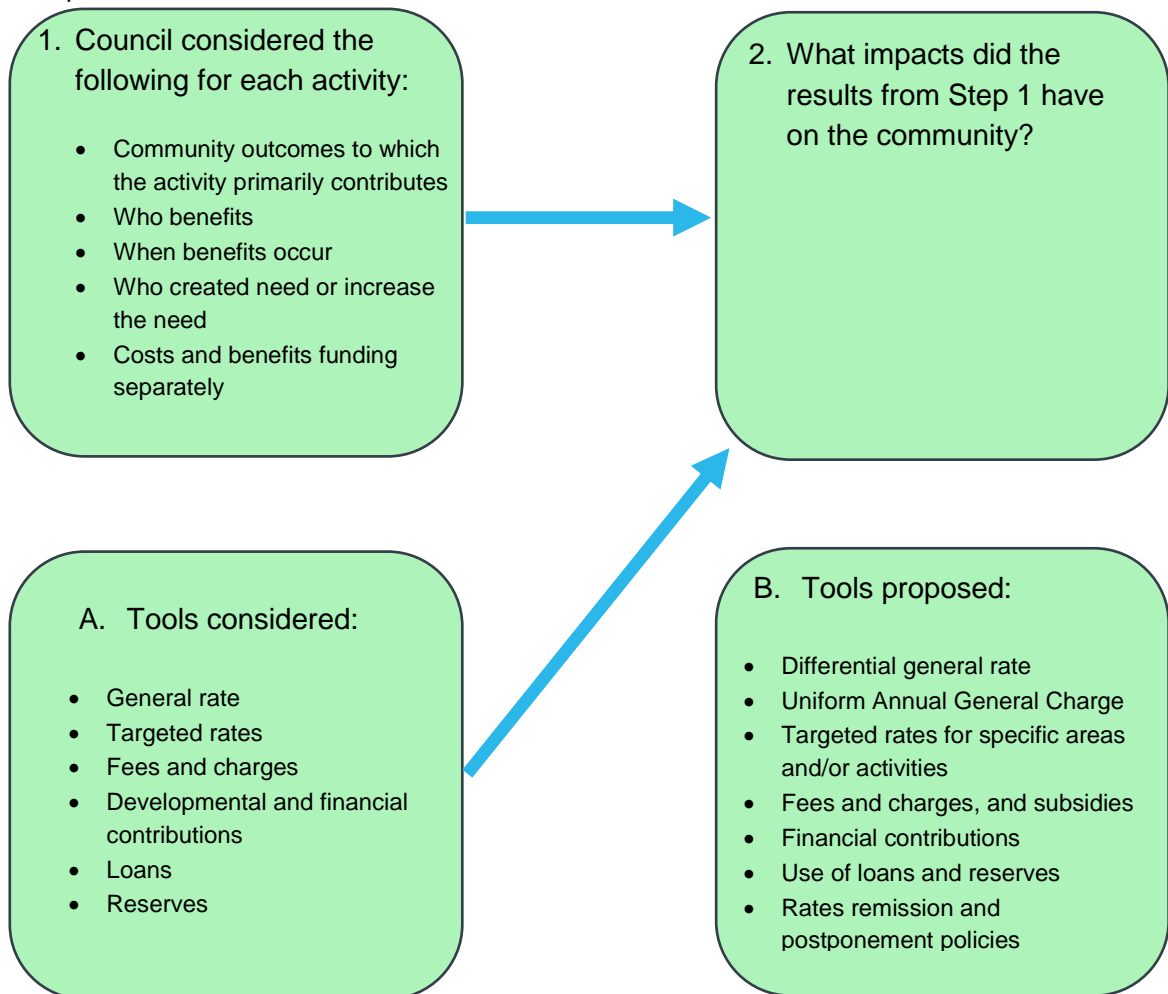
Plan process will vary from those presented in the rates comparisons tool as will subsequent Annual Plans.

The process followed for the Revenue & Financing Policy Review

Under the Local Government Act 2002 (s.101(3)), Council is required to follow a two-step process to decide what is appropriate funding for each activity as follows:

1. consider various factors relating to each activity's funding; and
2. consider how any allocation of liability for revenue needs impacts on the wellbeing of the community.

The process can be summarised as follows:



Napier City Council has reviewed all 36 activities following the process above. Of the activities reviewed, we propose amendments for 25 activities.

Activity	Funding sources	
	Operational ¹	Capital
Animal control	Primary source <ul style="list-style-type: none"> Fees & charges (including infringement fees) 65% to 70% Other sources <ul style="list-style-type: none"> General Rates 	<ul style="list-style-type: none"> Accumulated surpluses General Rates Fees & charges Loans Reserves
Bay Skate	Primary source <ul style="list-style-type: none"> General Rates 60% - 70% Other sources <ul style="list-style-type: none"> Fees and charges (including Leases, retail sales, & sponsorship) 	<ul style="list-style-type: none"> Accumulated surpluses General Rates Fees & charges Loans Reserves
Building consents	Primary source <ul style="list-style-type: none"> Fees and charges 80% Other sources <ul style="list-style-type: none"> General Rates Targeted Rates Reserves Loans 	Nil
Cemeteries This includes the contribution that NCC makes towards HB Crematorium in Hastings	Primary source <ul style="list-style-type: none"> General Rates 70% to 80% Other sources <ul style="list-style-type: none"> User fees & charges 	<ul style="list-style-type: none"> Accumulated surpluses General Rates Fees & charges Loans Reserves
City development	Primary source <ul style="list-style-type: none"> General Rates 100% Other sources <ul style="list-style-type: none"> Reserves Loans Fees and charges (where appropriate) 	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"> General Rates 80% – 90% Other sources <ul style="list-style-type: none"> Fees & charges, including lease income, one off grants, naming rights 	<ul style="list-style-type: none"> Accumulated surpluses General Rates Fees & charges, Loans Reserves Grants & donations
Community strategies	Primary source <ul style="list-style-type: none"> General Rates 100% Other sources <ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Accumulated surpluses General Rates Fees & charges Loans Reserves

¹ Note - The stated percentages above indicate the target set by Council. The actual percentages may vary from year to year. 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 ¹	Capital
	<ul style="list-style-type: none"> Fees & charges, including bequest and external funding Reserves 	
Democracy & Governance	Primary source <ul style="list-style-type: none"> General Rates, 100% Other sources <ul style="list-style-type: none"> Fees & charges, including for LGOIMAs Reserves 	Nil
Events and marketing	Primary source <ul style="list-style-type: none"> General Rates 90% – 95% Other sources <ul style="list-style-type: none"> Grants Fees & charges, including ticketing, corporate sponsorship, vendors 	Accumulated surpluses <ul style="list-style-type: none"> Loans
Housing	Primary source <ul style="list-style-type: none"> Fees & charges 100% (rentals) Other sources General Rates 	<ul style="list-style-type: none"> Accumulated surpluses Fees & charges (rentals) Loans Grants Reserves
Inner harbour	Primary source <ul style="list-style-type: none"> General Rates 50% to 60% Other sources <ul style="list-style-type: none"> Fees and charges Reserves, surplus revenue from inner harbour land holding 	<ul style="list-style-type: none"> Accumulated surpluses Fees and charges General Rates Reserves Loans Financial and/or Development Contributions.
Kennedy Park Resort	Primary source <ul style="list-style-type: none"> Fees and charges 100% 	<ul style="list-style-type: none"> Accumulated surpluses Fees and charges Loans Reserves
Lagoon farm	Primary source <ul style="list-style-type: none"> Fees and charges 90% - 100% Other sources <ul style="list-style-type: none"> Reserves 	<ul style="list-style-type: none"> Accumulated surpluses Fees and charges Reserves Loans
Libraries	Primary source <ul style="list-style-type: none"> General Rates 90% - 95% - Other sources <ul style="list-style-type: none"> Fees & charges (fines) Grants & bequests 	<ul style="list-style-type: none"> Accumulated surpluses Fees & charges, fines General Rates Grants & bequests Loans Reserves Financial and/or Development Contributions
Marine Parade pools	Primary source <ul style="list-style-type: none"> General Rates 60% - 80% Other sources <ul style="list-style-type: none"> Fees & charges 	<ul style="list-style-type: none"> Accumulated surpluses General Rates Fees & charges Loans Reserves Financial and/or Development Contributions
McLean Park	Primary source <ul style="list-style-type: none"> Fees and charges, 100% tickets, sponsorship, corporate box revenue, naming rights 	<ul style="list-style-type: none"> Accumulated surpluses Fees and charges General and targeted rates Ticket sales

Activity	Funding sources	
	Operational ¹	Capital
	<ul style="list-style-type: none"> General Rates 	<ul style="list-style-type: none"> Loans Reserves, Grants & bequests Sponsorship, & corporate box revenue, naming rights
MTG Hawkes Bay	<p>Primary source</p> <ul style="list-style-type: none"> General Rates 65% - 75% <p>Other sources</p> <ul style="list-style-type: none"> Fees and charges Contribution from other local authorities Bequests Grants, donations & retail sales 	<ul style="list-style-type: none"> Accumulated surpluses General Rates Fees and charges Contribution from other local authorities Bequests Grants Donations Loans Reserves Sponsorship, & naming rights
Napier Aquatic Centre	<p>Primary source</p> <ul style="list-style-type: none"> General Rates 65% - 75% <p>Other sources</p> <ul style="list-style-type: none"> Fees & charges 	<ul style="list-style-type: none"> Accumulated surpluses General Rates Fees & charges Loans Reserves
Napier I-Site	<p>Primary source</p> <ul style="list-style-type: none"> Fees and charges 65% to 75% <p>Other sources</p> <ul style="list-style-type: none"> General Rates 	<ul style="list-style-type: none"> Accumulated surpluses General Rates Fees and charges Targeted rates Loans Reserves
Napier Municipal Theatre	<p>Primary source</p> <ul style="list-style-type: none"> General Rates 50% - 55% <p>Other sources</p> <ul style="list-style-type: none"> Fees and charges Bequests Grants, donations & sponsorship 	<ul style="list-style-type: none"> Accumulated surpluses General Rates Fees and charges Bequests Grants, donations & sponsorship Loans Reserves Naming rights
Napier Conferences and Events	<p>Primary source</p> <ul style="list-style-type: none"> Fees and charges 90% to 95% <p>Other sources</p> <ul style="list-style-type: none"> General Rates 	<ul style="list-style-type: none"> Accumulated surpluses Fees and charges General Rates Targeted rates Loans Reserves
National Aquarium of NZ	<p>Primary source</p> <ul style="list-style-type: none"> Fees and charges 75% - 80% <p>Other sources</p> <ul style="list-style-type: none"> Grants Sponsorships, bequests & philanthropic General Rates 	<ul style="list-style-type: none"> Accumulated surpluses Fees and charges General Rates Targeted rates Grants Sponsorships, bequests & philanthropic Sponsorship Loans Reserves Naming rights
Par2 Mini golf	<p>Primary source</p> <ul style="list-style-type: none"> Fees and charges Retail sales 100% 	<ul style="list-style-type: none"> Accumulated surpluses Fees and charges Reserves Loans

Activity	Funding sources	
	Operational ¹	Capital
Parking	Primary source <ul style="list-style-type: none"> Fees and charges 80% to 90% Other sources <ul style="list-style-type: none"> Targeted rates Reserves 	<ul style="list-style-type: none"> Accumulated surpluses Targeted rates General Rates Loans Reserves Financial and/or Development Contributions
Parklands residential development	Primary source <ul style="list-style-type: none"> Fees and charges 100% Other sources <ul style="list-style-type: none"> Reserves 	<ul style="list-style-type: none"> Loans Reserves
Property holdings	Primary source <ul style="list-style-type: none"> Fees and charges 100% Other sources <ul style="list-style-type: none"> Fees and charges (lease income) Reserves 	<ul style="list-style-type: none"> Accumulated surpluses Fees and charges (lease income) Loans Reserves
Public toilets	Primary source <ul style="list-style-type: none"> General Rates 95% - 100 Other sources <ul style="list-style-type: none"> Fees and charges Reserves 	<ul style="list-style-type: none"> Loans Reserves General Rates
Regulatory solutions	Primary source <ul style="list-style-type: none"> General Rates 55% - 65% Other sources <ul style="list-style-type: none"> Fees and charges, Reserves 	<ul style="list-style-type: none"> Accumulated surpluses Loans Reserves
Reserves	Primary source <ul style="list-style-type: none"> General Rates 85% - 90% Other sources <ul style="list-style-type: none"> Fees and charges (rentals and leases) 	<ul style="list-style-type: none"> Accumulated surpluses General Rates Fees and charges Targeted rates Loans Bequests Reserves Financial and/or Development Contributions Grants and subsidies Naming rights & sponsorship
Resource consents	Primary source <ul style="list-style-type: none"> 60% of the activity's costs are recovered from General Rates Resource consents fees and charges are set to recover 100% of costs for services provided Other sources <ul style="list-style-type: none"> Reserves 	Nil
Sportsgrounds	Primary source <ul style="list-style-type: none"> General Rates 90% - 95% Other sources	<ul style="list-style-type: none"> Accumulated surpluses General Rates Fees and charges Targeted Rates

Activity	Funding sources	
	Operational ¹	Capital
	<ul style="list-style-type: none"> Fees and charges (rentals and leases) 	<ul style="list-style-type: none"> Naming rights Sponsorship Loans Bequests Reserves Financial and/or Development Contributions
Stormwater	<p>Primary source</p> <ul style="list-style-type: none"> General Rates 95% - 100% <p>Other sources</p> <ul style="list-style-type: none"> Targeted Rates Reserves Fees and charges (connection fees) 	<ul style="list-style-type: none"> Accumulated surpluses General and Targeted Rates Fees and charges Financial and/or Development Contributions Loans Reserves
Transportation	<p>Primary source</p> <ul style="list-style-type: none"> NZTA subsidy 50% – 60% (for subsidised work programme only), 15.3% for CBD sweeping, 85% for LED replacement programme <p>Other sources</p> <ul style="list-style-type: none"> General Rates Fees and charges Petrol tax 	<ul style="list-style-type: none"> Accumulated surpluses from Targeted Rates, General Rate, fees and charges Petrol tax NZTA subsidy 50% – 60% (for subsidised work programme only), 15.3% for CBD sweeping, 85% for LED replacement programme Financial and/or Development Contributions Loans Reserves Grants and donations (e.g. cycle ways)
Waste minimisation	<p>Primary source 80% - 90%</p> <ul style="list-style-type: none"> Fees and charges Targeted Rates Waste minimisation levy <p>Other sources</p> <ul style="list-style-type: none"> General Rates Reserves 	<ul style="list-style-type: none"> Accumulated surpluses Fees and charges General and Targeted Rates Waste minimisation levy Reserves Loans Financial Contributions
Wastewater	<p>Primary source 100%</p> <ul style="list-style-type: none"> Targeted Differential Rates Fees and charges (including trade waste bylaw charges) 	<ul style="list-style-type: none"> Accumulated surpluses Targeted Differential Rates General Rates Fees and charges Loans Reserves Development and/or Financial Contributions
Water supply	<p>Primary source 100%</p> <ul style="list-style-type: none"> Targeted Differential Rates Water rates Fees and charges (not including water by meter rate) 	<ul style="list-style-type: none"> Accumulated surpluses Targeted Differential Rates Water rates General Rates Fees and charges Loans Reserves Financial and/or Development Contributions

After considering the above, we then considered the following:

- 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 fact that the General Rate has a significant component of public good or activities when the community benefits as a whole. As the General Rate is a general tax, shifting the “differential factor” for each sector’s share of the city’s overall land value, is the principal means that Council can use to achieve the desired overall rates impact on the wider community. However, in applying differentials Council acknowledges that it cannot achieve precise equity or allocation of costs to each type of property.
- The complexity of the rating system and the desire to improve administrative simplicity

These have resulted in proposed changes to rates, rates remission and postponement policies as detailed below:

Basis of rating for General Rate

Land value – no proposed change.

Differential Categories for General Rate

Council proposes a reduction in the number of differential categories from 5 to 3.

Current Differentials 2020/21			Proposed Differentials 2021/22	
City Residential	100%	No change	Residential / Other	100%
Commercial & Industrial	268.09%	Reduction of differential	Commercial & Industrial	250%
Miscellaneous	100%	Those properties that are not defined as Commercial & Industrial are now included in Residential / Other		
Ex-City Rural	63.47%	Reallocated to either Residential / Other, Commercial & Industrial or Rural (based on size)	Rural	85%
Other Rural	63.47%			
Bay View	72.80%	Reallocated to either Residential / Other or Commercial & Industrial		

The supporting definitions have been changed to:

1. Residential and Other

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

2. 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. (note – there is a proposed remission policy for those properties which are used for residential purposes within the commercial or industrial zones which have a complying building consent).

3. Rural

Any Rating Unit with an area of 5 hectares or more that is used mainly for land based agricultural or farming activities and the value of improvements does not exceed the value of the land. (note: there is a remission for Rating Units of less than 5 hectares that are used mainly for land based agriculture or farming activities).

Uniform Annual General Charge (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 collected.
No proposed change

Stormwater Rate – new rate based on differential capital value.

Previously the costs of Stormwater were recovered from all ratepayers through the General Rate. We are proposing a new Differential Stormwater Rate to be based on the Capital Value for all Residential and Commercial & Industrial properties within the recognised urban limit. Commercial & Industrial properties will be charged a differential of 250% because of the density of development and the lack of permeable surface area compared with Residential properties.

Note: Rural properties will not be changed this rate.

Water Rates

City Water Rate

This targeted rate is applied as a fixed amount to each Separately Used or Inhabited Part of a Rating Unit that is connected to or able to be connected to, Council's city water supply system.

We are proposing that properties which are not connected but are within 100 metres of a water main will now pay 70% of the connected rate. This was previously 50%. This covers our fixed costs of providing and maintaining the water network.

Fire Protection Rate

This targeted rate is applied differentially based on the Capital Value of properties connected to, or able to be connected to, Council's city water supply system.

We are proposing that properties which are not connected but are within 100 metres of a water main will now pay 70% of the connected rate. This was previously 50%.

Water by Meter Charges

The rate, which is based on actual water use above the first 300m³ per annum, will be charged to metered properties to which this rate applies.

No proposed change.

Sewerage Rates

We are proposing a **Wastewater Rate** to replace the current Sewerage Targeted Rate. It will be charged differentially based on the service provided and number of pans.

Change

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

Those properties which are not connected but within 30m of a wastewater main will now pay 70% (previously 50%) of the connected rate. This covers Council's fixed costs of providing and maintaining the water network.

Bay View Sewerage Connection Rate

This targeted rate is a fixed amount. It is applied to each Rating Unit connected to the Bay View Sewerage Scheme, where the lump sum payment option was not elected.

No proposed change

Refuse & Recycling

Refuse Collection and Disposal Rate

This targeted rate of a fixed amount charged differentially to each separately used or inhabited part of a rating unit based on the service provided.

Minor change to reflect current practice for CBD area.

Kerbside Recycling Rate

This targeted rate of a fixed amount is charged to each Separately Used or Inhabited Part of a Rating Unit based on the service provided.

No proposed change.

Parking

CBD Off Street Car Parking Rate

A targeted rate charged differentially based on land value.

No proposed change.

Taradale Off Street Car Parking Rate

A targeted rate based on land value

No proposed change.

Suburban Off Street Car Parking Rate

A targeted rate based on land value

No proposed change.

Business Promotion

CBD Promotion Rate targeted rate based on land value

No proposed change.

Taradale Promotion Rate targeted rate based on land value

No proposed change.

Pool Safety

Swimming Pool Safety Rate targeted rate charged on a uniform basis, applied to each Rating Unit with a residential pool or small heated pool.

No proposed change

Separately Used or Inhabited Parts of a Rating Unit Definition

Proposed amendment

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 now includes all properties including residential properties where there is more than one dwelling used by the same family unit. However, we are proposing an amendment to the Rates Remission Policy to enable family units to apply for a remission.

Rates Remission Policy

Proposed changes

INCLUDE

Remission for Farmland Under 5 Hectares

This remission provides rates relief for Rating Units of less than 5 hectares that are used mainly for land based agriculture or farming activities. We are proposing that Non-commercial Rating Units where the land area is less than 5 hectares be treated as Residential for differential rating purposes. This remission will reduce the amount payable to equal what is payable for a Rural Property of the same value.

Remission of Refuse Collection and/or Kerbside Recycling Targeted Rates

This amendment recognises Rating Units that demonstrate a consistent pattern of reduced waste or recycling service through a remission.



Remission for Residential Properties Used Solely as a Single Residence

We are proposing a remission for properties that have Separately Used or Inhabited Portions, but are used solely as a single family residence. This amendment intends to simplify and replace Remission of Uniform Annual General Charges (UAGC) and Targeted Rates of a Fixed Amount on Rating Units Owned by the Same Owner.

REMOVE

Remission for Land Subject to Special Preservation Conditions

In practice this remission provides limited benefit to applicants. Additional rates relief can be sought through Schedule 1, Parts 1 and 2 of the Local Government (Rating) Act 2002.

Remission of Uniform Annual General Charges (UAGC) and Targeted Rates of a Fixed Amount on Rating Units Owned by the Same Owner

We are recommending that this provision be replaced by Remission for Residential Properties Used Solely as a Single Residence as described above.

Rates Postponement Policy

Proposed changes

To align the Rates Postponement Policy with our proposed amendments to the Revenue & Financing Policy, we propose that the Postponement for Farmland is removed from 1 July 2021.

2) Glossary & Definitions

Activity

This describes the service or facility managed by Council for the benefit of the public. Activity can describe a single resource (such as the MTG) or a group of resources (such as public toilets).

Capital Value

A form of Government valuation on property, the Capital Value (CV) includes the value of the land and improvements (e.g. building) on that property. CVs are used to calculate some parts of your rates invoice (such as Fire Protection). See also Land Value. Please refer to s.5, Local Government (Rating) Act 2002 for further details.

Differential Categories

Differentials are the characteristics used by Council to differentiate between groups of properties. Differentials determine what percentage of the General Rate, or Targeted Rates are applied to each property. Differentials can be grouped by any number of characteristics such as how the land is used, how the land is defined within the District Plan, the size of the land, where the land is located, services available to the land, the Capital Value or Land Value. Please refer to Schedule 2, Local Government (Rating) Act 2002 for further details.

General Rate

The General Rate is a rate applied all rateable land within the district. For Napier, the amount of General Rate paid is determined by the Differential applied to the property and the assessed Land Value. See also Land Value and Differential Categories. Please refer to s.13, Local Government (Rating) Act 2002 for further details. Part of the General Rate funding requirement is charged as a uniform amount through the Uniform Annual General Charge (UAGC). See below.

Land Value

A form of Government valuation on property, the Land Value (LV) is the assessable value of the land only, and does not include improvements (e.g. building) on that property. Land Value forms a part of the total Capital Value. LVs are used to calculate your General Rate. See also Capital Value. Please refer to s.5, Local Government (Rating) Act 2002 for further details.

Service

Service is a term broadly used to describe resources or facilities provided by Napier City Council to properties within the district. Rubbish removal and the sewerage network are two examples of services provided.

Targeted Rate

Unlike the General Rate, Targeted Rates are charged for specific services provided to a property (e.g. water or rubbish collection). Targeted Rates may be based on a fixed charge for the service or based on a valuation of the property (e.g. Capital Value for Fire Protection). Please refer to ss.16-19, Local Government (Rating) Act 2002 for further details.

UAGC

Uniform Annual General Charge (UAGC) is a fixed amount charged for each Separately Used or Inhabited Part of a Rating Unit. This recovers part of the overall funding requirement for the General Rate. Please refer to s.15, Local Government (Rating) Act 2002 for further details.

What is the Revenue & Financing Policy?

The purpose of the Revenue & Financing Policy is to provide predictability and certainty around how we gather our revenue and how we use it to fund our activities and services. It explains how and why we use various tools to fund the operating and capital expenditures of Council.

What is the Rating Policy?

The Rating Policy is a more detailed policy that builds on the general approach to rating outlined in the Revenue & Financing Policy. The Rating Policy details:

- how General Rates are differentially categorised and assessed, and;
- how Targeted Rates are assessed.

The Rating Policy creates a link between the Revenue & Financing Policy and the Funding Impact Statement used in Annual Plans and Long Term Plans.

What is the Rates Remission Policy?

The Rates Remission Policy allows us to remit (cancel) all or part of the rates or penalties on a rating unit (under Section 85 of the Local Government (Rating) Act 2002) where certain conditions and criteria in the policy are met.

What is the Rates Postponement Policy?

The Rates Postponement Policy allows us to delay 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 certain conditions and criteria in the policy are met.

PART B

Draft Revenue & Financing Policy

Draft Rating Policy

Draft Remission Policy

Draft Postponement Policy



Revenue and Financing Policy			
Approved by	Council (Pending)		
Department	Finance		
Original Approval Date		Review Approval Date	
Next Review Deadline		Document ID	
Relevant Legislation	Local Government Act 2002		
NCC Documents Referenced	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
- Rural
- Commercial & Industrial

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 and Other properties

Any property that is not defined as Commercial & Industrial, 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, 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

Rural

Any rating unit with an area of 5 Hectares or more that is used predominantly for land based agricultural or farming activities and the value of improvements does not exceed the value of the land.

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 ²	Capital
Animal control	<p>Primary source</p> <ul style="list-style-type: none">Fees & charges (including infringement fees) 65% to 70% <p>Other sources</p> <ul style="list-style-type: none">General Rates	<ul style="list-style-type: none">Accumulated surplusesGeneral RatesFees & chargesLoansReserves
Bay Skate	<p>Primary source</p> <ul style="list-style-type: none">General Rates 60% - 70% <p>Other sources</p> <ul style="list-style-type: none">Fees and charges (including Leases, retail sales, & sponsorship)	<ul style="list-style-type: none">Accumulated surplusesGeneral RatesFees & chargesLoansReserves
Building consents	<p>Primary source</p> <ul style="list-style-type: none">Fees and charges 80%	Nil

² The stated percentages indicate the target set by Council. The actual percentages may 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 ²	Capital
	Other sources <ul style="list-style-type: none"> • General Rates • Targeted Rates • Reserves • Loans 	
Cemeteries This includes the contribution that NCC makes towards HB Crematorium in Hastings	Primary source <ul style="list-style-type: none"> • General Rates 70% to 80% Other sources <ul style="list-style-type: none"> • User fees & charges 	<ul style="list-style-type: none"> • Accumulated surpluses • General Rates • Fees & charges • Loans • Reserves
City development	Primary source <ul style="list-style-type: none"> • General Rates 100% Other sources <ul style="list-style-type: none"> • Reserves • Loans • Fees and charges (where appropriate) 	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"> • General Rates 80% – 90% Other sources <ul style="list-style-type: none"> • Fees & charges, including lease income, one off grants, naming rights 	<ul style="list-style-type: none"> • Accumulated surpluses • General Rates • Fees & charges, • Loans • Reserves • Grants & donations
Community strategies	Primary source <ul style="list-style-type: none"> • General Rates 100% Other sources <ul style="list-style-type: none"> • Fees & charges, including bequest and external funding • Reserves 	<ul style="list-style-type: none"> • Accumulated surpluses • General Rates • Fees & charges • Loans • Reserves
Democracy & Governance	Primary source <ul style="list-style-type: none"> • General Rates, 100% Other sources <ul style="list-style-type: none"> • Fees & charges, including for LGOIMAs • Reserves 	Nil
Events and marketing	Primary source <ul style="list-style-type: none"> • General Rates 90% – 95% Other sources <ul style="list-style-type: none"> • Grants • Fees & charges, including ticketing, corporate sponsorship, vendors 	Accumulated surpluses Loans
Housing	Primary source <ul style="list-style-type: none"> • Fees & charges 100% (rentals) • Other sources • General Rates 	<ul style="list-style-type: none"> • Accumulated surpluses • Fees & charges (rentals) • Loans • Grants • Reserves
Inner harbour	Primary source <ul style="list-style-type: none"> • General Rates 50% to 60% Other sources	<ul style="list-style-type: none"> • Accumulated surpluses • Fees and charges • General Rates • Reserves

Activity	Funding sources	
	Operational ²	Capital
	<ul style="list-style-type: none"> • Fees and charges • Reserves, surplus revenue from inner harbour land holding 	<ul style="list-style-type: none"> • Loans • Financial and/or Development Contributions.
Kennedy Park Resort	Primary source <ul style="list-style-type: none"> • Fees and charges 100% 	<ul style="list-style-type: none"> • Accumulated surpluses • Fees and charges • Loans • Reserves
Lagoon farm	Primary source <ul style="list-style-type: none"> • Fees and charges 90% - 100% Other sources <ul style="list-style-type: none"> • Reserves 	<ul style="list-style-type: none"> • Accumulated surpluses • Fees and charges • Reserves • Loans
Libraries	Primary source <ul style="list-style-type: none"> • General Rates 90% - 95% - Other sources <ul style="list-style-type: none"> • Fees & charges (fines) • Grants & bequests 	<ul style="list-style-type: none"> • Accumulated surpluses • Fees & charges, fines • General Rates • Grants & bequests • Loans • Reserves • Financial and/or Development Contributions
Marine Parade pools	Primary source <ul style="list-style-type: none"> • General Rates 60% - 80% Other sources <ul style="list-style-type: none"> • Fees & charges 	<ul style="list-style-type: none"> • Accumulated surpluses • General Rates • Fees & charges • Loans • Reserves • Financial and/or Development Contributions
McLean Park	Primary source <ul style="list-style-type: none"> • Fees and charges, 100% tickets, sponsorship, corporate box revenue, naming rights • General Rates 	<ul style="list-style-type: none"> • Accumulated surpluses • Fees and charges • General and targeted rates • Ticket sales • Loans • Reserves, • Grants & bequests • Sponsorship, & corporate box revenue, naming rights
MTG Hawkes Bay	Primary source <ul style="list-style-type: none"> • General Rates 65% - 75% Other sources <ul style="list-style-type: none"> • Fees and charges • Contribution from other local authorities • Bequests • Grants, donations & retail sales 	<ul style="list-style-type: none"> • Accumulated surpluses • General Rates • Fees and charges • Contribution from other local authorities • Bequests • Grants • Donations • Loans • Reserves • Sponsorship, & naming rights
Napier Aquatic Centre	Primary source <ul style="list-style-type: none"> • General Rates 65% - 75% Other sources <ul style="list-style-type: none"> • Fees & charges 	<ul style="list-style-type: none"> • Accumulated surpluses • General Rates • Fees & charges • Loans • Reserves
Napier I-Site	Primary source <ul style="list-style-type: none"> • Fees and charges 65% to 75% Other sources <ul style="list-style-type: none"> • General Rates 	<ul style="list-style-type: none"> • Accumulated surpluses • General Rates • Fees and charges • Targeted rates • Loans • Reserves

Activity	Funding sources	
	Operational ²	Capital
Napier Municipal Theatre	Primary source <ul style="list-style-type: none"> General Rates 50% - 55% Other sources <ul style="list-style-type: none"> Fees and charges Bequests Grants, donations & sponsorship 	<ul style="list-style-type: none"> Accumulated surpluses General Rates Fees and charges Bequests Grants, donations & sponsorship Loans Reserves Naming rights
Napier War Memorial Conference Centre	Primary source <ul style="list-style-type: none"> Fees and charges 90% to 95% Other sources <ul style="list-style-type: none"> General Rates 	<ul style="list-style-type: none"> Accumulated surpluses Fees and charges General Rates Targeted rates Loans Reserves
National Aquarium of NZ	Primary source <ul style="list-style-type: none"> Fees and charges 75% - 80% Other sources <ul style="list-style-type: none"> Grants Sponsorships, bequests & philanthropic General Rates 	<ul style="list-style-type: none"> Accumulated surpluses Fees and charges General Rates Targeted rates Grants Sponsorships, bequests & philanthropic Sponsorship Loans Reserves Naming rights
Par2 mini golf	Primary source <ul style="list-style-type: none"> Fees and charges Retail sales 100% 	<ul style="list-style-type: none"> Accumulated surpluses Fees and charges Reserves Loans
Parking	Primary source <ul style="list-style-type: none"> Fees and charges 80% to 90% Other sources <ul style="list-style-type: none"> Targeted rates Reserves 	<ul style="list-style-type: none"> Accumulated surpluses Targeted rates General Rates Loans Reserves Financial and/or Development Contributions
Parklands residential development	Primary source <ul style="list-style-type: none"> Fees and charges 100% Other sources <ul style="list-style-type: none"> Reserves 	<ul style="list-style-type: none"> Loans Reserves
Property holdings	Primary source <ul style="list-style-type: none"> Fees and charges 100% Other sources <ul style="list-style-type: none"> Fees and charges (lease income) Reserves 	<ul style="list-style-type: none"> Accumulated surpluses Fees and charges (lease income) Loans Reserves
Public toilets	Primary source <ul style="list-style-type: none"> General Rates 95% - 100 Other sources <ul style="list-style-type: none"> Fees and charges Reserves 	<ul style="list-style-type: none"> Loans Reserves General Rates
Regulatory solutions	Primary source <ul style="list-style-type: none"> General Rates 55% - 65% 	<ul style="list-style-type: none"> Accumulated surpluses Loans

Activity	Funding sources	
	Operational ²	Capital
	Other sources <ul style="list-style-type: none"> • Fees and charges, • Reserves 	<ul style="list-style-type: none"> • Reserves
Reserves	Primary source <ul style="list-style-type: none"> • General Rates 85% - 90% Other sources <ul style="list-style-type: none"> • Fees and charges (rentals and leases) 	<ul style="list-style-type: none"> • Accumulated surpluses • General Rates • Fees and charges • Targeted rates • Loans • Bequests • Reserves • Financial and/or Development Contributions • Grants and subsidies • Naming rights & sponsorship
Resource consents	Primary source <ul style="list-style-type: none"> • 60% of the activity's costs are recovered from General Rates • Resource consents fees and charges are set to recover 100% of costs for services provided Other sources <ul style="list-style-type: none"> • Reserves 	Nil
Sportsgrounds	Primary source <ul style="list-style-type: none"> • General Rates 90% - 95% Other sources <ul style="list-style-type: none"> • Fees and charges (rentals and leases) 	<ul style="list-style-type: none"> • Accumulated surpluses • General Rates • Fees and charges • Targeted Rates • Naming rights • Sponsorship • Loans • Bequests • Reserves • Financial and/or Development Contributions
Stormwater	Primary source <ul style="list-style-type: none"> • General Rates 95% - 100% Other sources <ul style="list-style-type: none"> • Targeted Rates • Reserves • Fees and charges (connection fees) 	<ul style="list-style-type: none"> • Accumulated surpluses • General and Targeted Rates • Fees and charges • Financial and/or Development Contributions • Loans • Reserves
Transportation	Primary source <ul style="list-style-type: none"> • NZTA subsidy 50% – 60% (for subsidised work programme only), 15.3% for CBD sweeping, 85% for LED replacement programme Other sources <ul style="list-style-type: none"> • General Rates • Fees and charges • Petrol tax 	<ul style="list-style-type: none"> • Accumulated surpluses from Targeted Rates, General Rate, fees and charges • Petrol tax • NZTA subsidy 50% – 60% (for subsidised work programme only), 15.3% for CBD sweeping, 85% for LED replacement programme • Financial and/or Development Contributions • Loans • Reserves • Grants and donations (e.g. cycle ways)

Activity	Funding sources	
	Operational ²	Capital
Waste minimisation	Primary source 80% - 90% <ul style="list-style-type: none"> • Fees and charges • Targeted Rates • Waste minimisation levy Other sources <ul style="list-style-type: none"> • General Rates • Reserves 	<ul style="list-style-type: none"> • Accumulated surpluses • Fees and charges • General and Targeted Rates • Waste minimisation levy • Reserves • Loans • Financial Contributions
Wastewater	Primary source 100% <ul style="list-style-type: none"> • Targeted Differential Rates • Fees and charges (including trade waste bylaw charges) • 	<ul style="list-style-type: none"> • Accumulated surpluses • Targeted Differential Rates • General Rates • Fees and charges • Loans • Reserves • Development and/or Financial Contributions
Water supply	Primary source 100% <ul style="list-style-type: none"> • Targeted Differential Rates • Water rates • Fees and charges (not including water by meter rate) • 	<ul style="list-style-type: none"> • Accumulated surpluses • Targeted Differential Rates • Water rates • General Rates • Fees and charges • Loans • Reserves • Financial and/or Development Contributions

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

s.101(3)(a)(v)

Separate funding

identified within the “who benefits” consideration above.

Often referred to as the exacerbator pays principle

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.

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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 ³	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"> General rates Fees & charges (including infringement fees) 	<ul style="list-style-type: none"> Accumulated surpluses from General rates, fees & charges, Loans Reserves
Bay Skate	A vibrant innovative	Direct users, local businesses,	Intergenerational	Nil	No reason identified to fund the net	Everyone has the ability to use the facility	60% - 70%	<ul style="list-style-type: none"> General rates 	<ul style="list-style-type: none"> Accumulated surpluses from General rates,

³ 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.

	city for everyone	parents, tourists and visitors Community as a whole as the facility provides a safe location for users to undertake their sport			cost of this activity (after non rate revenue sources) separately from other activities	and Council can identify the users		<ul style="list-style-type: none"> Fees and charges (including Leases, retail sales, & sponsorship) 	fees & charges, <ul style="list-style-type: none"> Loans Reserves
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	Intergeneration al 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	Council funds the cost of inspecting and maintaining a database on swimming pools through a target rate to properties that have a swimming pool. No reason identified to fund the net cost of this activity (after the swimming pool targeted rate and	This benefits the property owner and inhabitant. There is a wider benefit from buildings being built to code.	<ul style="list-style-type: none"> 20% 	<ul style="list-style-type: none"> Fees and charges General rates Targeted rates Reserves Loans 	Nil

					<p>other non-rate revenue sources) separately from other activities</p> <p>Most activity costs are funded by fees from applicants.</p>				
<p>Cemeteries</p> <p>This includes the contribution that NCC makes towards HB Crematorium in Hastings</p>	<p>Excellence in infrastructure and public services for now and in the future</p>	<p>the community as a whole, any identifiable part of the community, and individuals</p>	<p>Intergenerational – history & physical infrastructure</p>	<p>No significant exacerbators</p>	<p>No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities</p>	<p>Wider public benefit for open space & recognition & place of remembrance. Private benefit – place where people can be interred, cost of the plot & interment</p>	<ul style="list-style-type: none"> • 75% 	<ul style="list-style-type: none"> • General rates • User fees & charges 	<ul style="list-style-type: none"> • Accumulated surpluses from General rates, fees & charges, • Loans • Reserves
<p>City development</p>	<p>A vibrant innovative city for everyone</p>	<p>The community as a whole benefit from this activity except where there is a private plan change that has specific</p>	<p>The outcomes of this activity result in ongoing benefits and some of these benefits can last a significant period of time</p>	<p>Applicants for private plan changes</p>	<p>No reason identified to fund the net cost of this activity (after non rate revenue sources) separately</p>	<p>City Development is an ongoing activity to help citizens and elected officials design and deliver the Vision for Napier City.</p>	<ul style="list-style-type: none"> • 100% 	<ul style="list-style-type: none"> • General rates • Reserves • Loans • Fees and charges (where appropriate) 	<p>No significant capital expenditure but minor capital expenditure is funded from general rates and reserves.</p>

		benefits to the applicant			from other activities	This predominantly results in benefits for the whole community. Debt or loan funding can be used where there is large non-recurring expenditure			
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"> General rates Fees & charges, including lease income, one off grants, naming rights 	<ul style="list-style-type: none"> Accumulated surpluses from General rates, fees & charges, <ul style="list-style-type: none"> Loans Reserves Grants & donations
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	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"> General rates Fees & charges, Including bequest and external funding Reserves 	<ul style="list-style-type: none"> Accumulated surpluses from General rates, fees & charges <ul style="list-style-type: none"> Loans Reserves

					from other activities				
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	<ul style="list-style-type: none"> 100% 	<ul style="list-style-type: none"> General rates, Fees & charges, Including for LGOIMAs Reserves 	Nil
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.	<ul style="list-style-type: none"> 95% 	<ul style="list-style-type: none"> General rates Grants Fees & charges, including ticketing, corporate sponsorship, vendors 	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	No reason identified to fund the net cost of this activity (after non rate	Responding to an identified need in our community. The users of the facilities	<ul style="list-style-type: none"> 0% 	<ul style="list-style-type: none"> Fees & charges (rentals) General rates 	<ul style="list-style-type: none"> Accumulated surpluses from Fees & charges (rentals) Loans Government grants

				housing to meet local demand	revenue sources) separately from other activities	are the primary beneficiaries of this activity.			<ul style="list-style-type: none"> Reserves
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"> Fees and charges General rates Reserves, surplus revenue from inner harbour land holding 	<ul style="list-style-type: none"> Accumulated surpluses from Fees and charges, general rates, reserves, Loans Financial and/or Development contributions.
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.	<ul style="list-style-type: none"> 0% 	<ul style="list-style-type: none"> Fees and charges 	<ul style="list-style-type: none"> Accumulated surpluses from Fees and charges, Loans, Reserves
Lagoon farm	A sustainable city	The community as a whole (has the ability to	Intergenerational	Nil	No reason identified to fund the net cost of this	This activity currently breaks even and does not	0% - 10%	<ul style="list-style-type: none"> Fees and charges Reserves 	<ul style="list-style-type: none"> Accumulated surpluses from Fees and charges Reserves,

		subsidise rates).			activity (after non rate revenue sources) separately from other activities	require any significant additional funding.			<ul style="list-style-type: none"> Loans
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"> Fees & charges (fines) General rates Grants & bequests 	<ul style="list-style-type: none"> Accumulated surpluses from Fees & charges, fines General rates Grants & bequests Loans Reserves Financial and/or Development contributions
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"> Fees & charges General rates 	<ul style="list-style-type: none"> Accumulated surpluses from general rates Fees & charges Loans Reserves Financial and/or Development contributions

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	<ul style="list-style-type: none"> 0% 	<ul style="list-style-type: none"> Fees and charges, tickets, sponsorship, corporate box revenue, naming rights 	<ul style="list-style-type: none"> Accumulated surpluses from fees and charges, general and targeted rates, tickets, Loans Reserves, Grants & bequests Sponsorship & corporate box revenue, naming rights
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 generations. Therefore, the whole region benefits	65% - 75%	<ul style="list-style-type: none"> General rates Fees and charges Contribution from other local authorities Bequests Ministry of Education, grants, donations & retail sales 	<ul style="list-style-type: none"> Accumulated surpluses from General rates, fees and charges Contribution from other local authorities Bequests Ministry of Education grants Donations, Loans, Reserves Sponsorship & naming rights
Napier Aquatic Centre	A safe & healthy city that supports	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	Everyone has the ability to use the facility and Council	65% - 75%	<ul style="list-style-type: none"> Fees & charges General rates 	<ul style="list-style-type: none"> Loans, Accumulated surpluses from general rates, fees & charges Reserves

	community well-being				non rate revenue sources) separately from other activities	can identify the users			
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"> • General rates • Fees and charges • 	<ul style="list-style-type: none"> • Accumulated surpluses from General rates • Fees and charges • Targeted rates • Loans • Reserves
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 sources) separately from other activities	The provision of this activity enhances the social and cultural fabric and celebrates artistic innovation for future generations. Therefore, the whole City benefits	50% - 55%	<ul style="list-style-type: none"> • General rates • Fees and charges • Bequests • Grants, donations & sponsorship • 	<ul style="list-style-type: none"> • Accumulated surpluses from general rates • Fees and charges • Bequests • Grants, donations & sponsorship • Loans, • Reserves • Naming rights

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"> • Fees and charges • General rates • 	<ul style="list-style-type: none"> • Accumulated surpluses from Fees and charges • General rates • Targeted rates • Loans • Reserves
National Aquarium of NZ	A vibrant innovative city for everyone	Local, domestic and international visitors Businesses and local economy Historical and heritage, customary practices – especially Maori and Pacifica	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"> • Fees and charges • Grants • Sponsorships, bequests & philanthropic • General rates • 	<ul style="list-style-type: none"> • Accumulated surpluses from Fees and charges • General rates • Targeted rates • Grants • Loans • Reserves • Naming rights

Par2 mini golf	A vibrant innovative city for everyone	Users, visitors and families	Intergenerational	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	<ul style="list-style-type: none"> 0% 	<ul style="list-style-type: none"> Fees and charges, retail sales 	<ul style="list-style-type: none"> Accumulated surpluses from Fees and charges Reserves Loans
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 fund this activity</p>	Parking ensures that safe parking facilities are available to the residents and visitors to Napier City to enable optimal vehicle circulation	<ul style="list-style-type: none"> 0% 	<ul style="list-style-type: none"> Fees and charges Targeted rates Reserves 	<ul style="list-style-type: none"> Accumulated surpluses from Fees and charges Targeted rates General rates Loans Reserves Financial and/or Development contributions

					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	<ul style="list-style-type: none"> 0% 	<ul style="list-style-type: none"> Fees and charges Reserves 	<ul style="list-style-type: none"> Accumulated surpluses from Fees and charges Loans Reserves
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	<ul style="list-style-type: none"> 0% 	<ul style="list-style-type: none"> Fees and charges (lease income) Reserves 	<ul style="list-style-type: none"> Accumulated surpluses from Fees and charges (lease income) Loans Reserves
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	No reason identified to fund the net cost of this activity (after non rate revenue	Providing public amenities however, there is a requirement to provide these	95% - 100%	<ul style="list-style-type: none"> Fees and charges General rates Reserves 	<ul style="list-style-type: none"> Loans, Reserves General Rates

				Freedom campers Major inner-city events	sources) separately from other activities	facilities for 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"> • Fees and charges, • General rates • Reserves 	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"> • General rates • Fees and charges (rentals and leases) • 	<ul style="list-style-type: none"> • Accumulated surpluses from General rates, fees and charges • Targeted rates, • Loans, • Bequests, • Reserves • Financial and/or Development Contributions • Grants and subsidies

									<ul style="list-style-type: none"> Naming rights & sponsorship
Resource consents	A sustainable city	The relevant community (through the consent 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	Intergenerational due to the nature of the activities for which the consents are issued.	Resource consent holders who do not comply with the resource consent conditions. Unconsented activities. Vexatious and frivolous objectors	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities	The relevant community (through the consent process), notified and non-notified consents have different levels of benefit.	60% of the activity's costs are recovered from general rates Resource consents fees and charges are set to recover 100% of costs for services provided	<ul style="list-style-type: none"> Fees and charges General rates Reserves 	<ul style="list-style-type: none"> Nil
Sportsgrounds	Safe and healthy city that supports community well-being	People who actively participate in the sportsground Direct participants and indirect participants (spectators)	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	90% - 95%	<ul style="list-style-type: none"> General rates Fees and charges (rentals and leases) 	<ul style="list-style-type: none"> Accumulated surpluses from General rates, fees and charges targeted rates Naming rights Sponsorship Loans, Bequests Reserves

		Contributes to the City's green space Everyone benefits but the active participants and local businesses have a higher benefit				sources are used			<ul style="list-style-type: none"> Financial and/or Development Contributions
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"> General rates Targeted rates Reserves Fees and charges (connection fees) 	<ul style="list-style-type: none"> Accumulated surpluses from general and targeted rates, fees and charges Financial and/or Development contributions Loans Reserves
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	Currently not practical and no benefit in funding this activity separately	The transportation activity provides economic, private and community benefit and is essential for	<ul style="list-style-type: none"> 40% - 60% 	<ul style="list-style-type: none"> NZTA subsidy General rates Fees and charges Petrol tax 	<ul style="list-style-type: none"> Accumulated surpluses from targeted rates, general rate, fees and charges Petrol tax

				high traffic impacts		the safe functionality and connectivity of the City.			<ul style="list-style-type: none">• NZTA subsidy• Financial and/or Development contributions• Loans• Reserves• Grants and donations (e.g. cycle ways)
Waste minimisation	A sustainable city	The individual and the community as a whole	Intergeneration al	Illegal dumping creates an additional cost for Council, inappropriate disposal of hazardous waste	Separate Targeted rates are charged to fund the cost of kerbside refuse collections and the kerbside recycling service. This makes the cost of these services transparent to ratepayers. No reason has been identified to	Effective and efficient systems for the collection and disposal of refuse and collection of recyclable materials benefit both the individual (enabling disposal) and the community by reducing the adverse environmental impacts.	<ul style="list-style-type: none">• 20%	<ul style="list-style-type: none">• Fees and charges• Targeted rates• General rates• Waste minimisation levy• Reserves	<ul style="list-style-type: none">• Accumulated surpluses from Fees and charges, targeted rates, general rates,• Waste minimisation levy,• Reserves,• Loans• Financial contributions

					fund the net cost of the remainder this activity that relates to litter bins, illegal dumping & hazardous waste disposal (after non rate revenue sources) separately from other activities				
Wastewater	Excellence in infrastructure and public services for now and in the future	Private benefit for people to dispose of their waste. Public benefit for the community to have an appropriate environmental solution	Intergenerational (up to 100 years)	Industries with high waste volumes and loadings, unconsented activity, low volume high impact waste	Funding this activity separately through a targeted rate provides greater transparency so ratepayers understand the cost of wastewater services.	Provides human and environmental benefits to both the community and the wider region	<ul style="list-style-type: none"> 0% 	<ul style="list-style-type: none"> Targeted differential rates Fees and charges (including trade waste bylaw charges) 	<ul style="list-style-type: none"> Accumulated surpluses from Targeted differential rates, General rates, fees and charges Loans Reserves Development and/or Financial contributions
Water supply	A safe and healthy city	The users of the water	Intergenerational	Central Government	Funding this activity	The provision of potable	<ul style="list-style-type: none"> 0% 	<ul style="list-style-type: none"> Targeted differential rates 	<ul style="list-style-type: none"> Accumulated surpluses from

	that supports community well-being	supply are the primary beneficiaries however there is a wider benefit of having a potable water supply (90 private/10 public)		legislation, illegal connections, high use users	separately through a targeted rate provides greater transparency so ratepayers understand the cost of water supply services.	water supply is of benefit to individuals and the wider community		<ul style="list-style-type: none"> • Water rates • Fees and charges (not including water by meter rate) 	<p>Targeted differential rates, water rates, general rates, fees and charge</p> <ul style="list-style-type: none"> • Loans, • Reserves, • Financial and/or Development contributions
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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 three differential categories:

- Residential
- Commercial & Industrial
- Rural

Residential

Any property that is not defined as Commercial & Industrial, 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, 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

Rural

Any rating unit with an area of 5 Hectares or more that is used predominantly for land based agricultural or farming activities and the value of improvements does not exceed the value of the land.

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%
Rural	2	85%
Commercial & Industrial	3	250%

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 Wastewater 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 properties 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 properties 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 300m³ per annum will be charged to metered properties to which this rate applies.

Stormwater Rate

The primary beneficiary of stormwater 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 stormwater asset management. The Stormwater Rate is based on the Capital Value of Residential and Commercial & Industrial properties within the recognised urban limit.

Rural properties, and Residential and Commercial & Industrial properties outside of the urban limit (that do not utilise the stormwater network) are exempted.

The differential categories for Stormwater Rates are:

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

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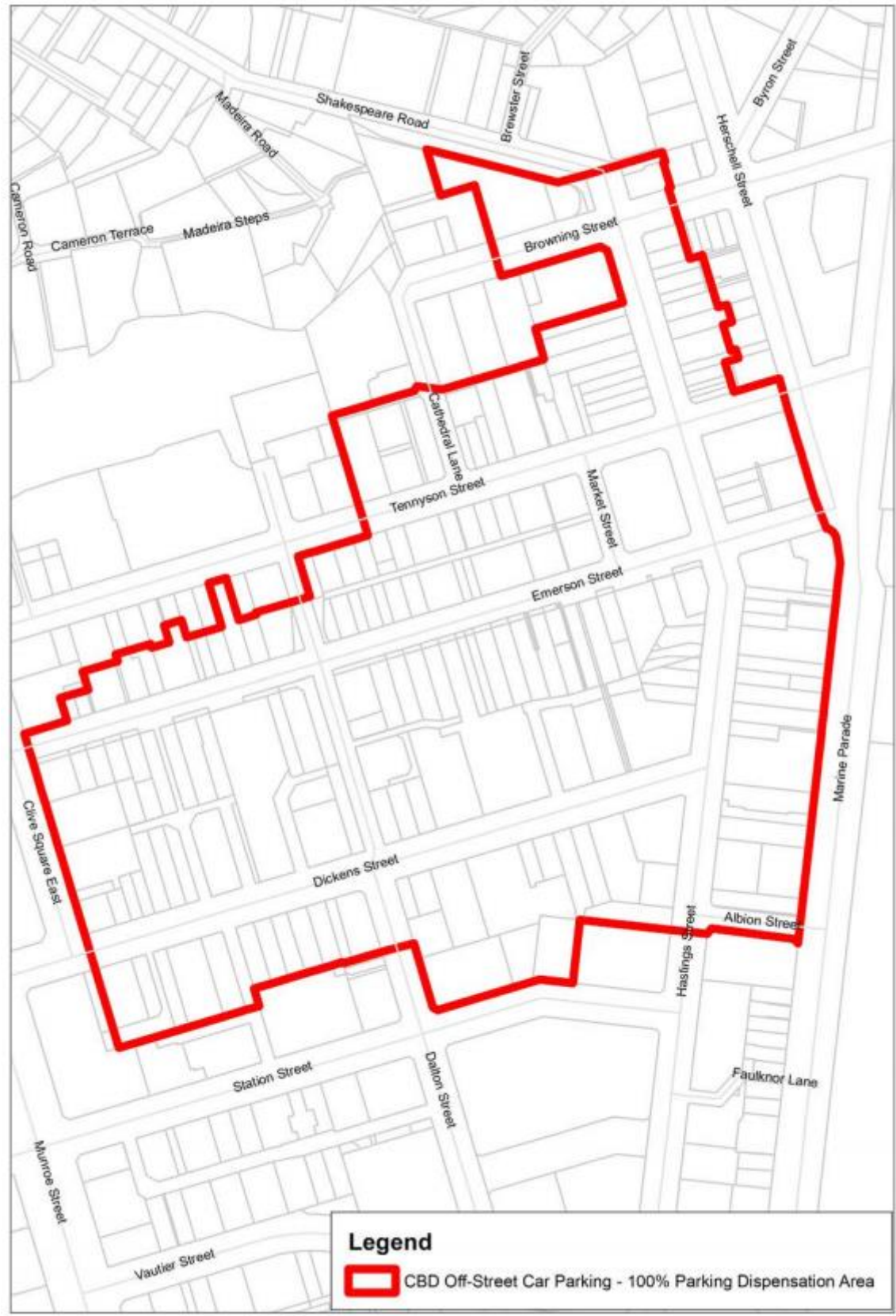
4. Maps

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 30th 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 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 30th 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 30th 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.

Rates Postponement Policy			
Approved By	Council (Pending)		
Department	Finance		
Original Approval Date	29 June 2018	Review Approval Date	13 August 2020
Next Review Deadline	31 July 2023	Document ID	346038
Relevant Legislation	Local Government (Rating) Act 2002 Local Government Act 2002 Income Tax Act 2007		
NCC Documents Referenced	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.