

STAFF REPORT

TO: Mayor and Councillors
FROM: Corporate Services Manager
DATE: 16 February 2010
SUBJECT: **Uniform Annual General Charge for 2011-2012 – RCN11-02-16**

PURPOSE

To consider the level of the Uniform Annual General Charge (UAGC) to be included in the Draft Annual Plan 2011/2012.

BACKGROUND

Council has been charging a UAGC for many years and during the 2010/2011 Annual Plan round Council increased the UAGC by \$20. The UAGC for the 2010/2011 year now stands at \$231 (excl GST).

DISCUSSION

The points noted in this report are similar to what has previously been presented to Council. The rationale behind a UAGC remains unchanged. Property values alone are not always appropriate as a basis for rating. Uniform annual general charges are not related to valuation, and are fixed amounts for every property to which they apply. They are recognition of the fact that not all local authority services are related to property and that valuations are not necessarily a fair reflection of ability to pay. UAGCs are also used to temper the high and low peaks in rates bills. Councils can choose to collect a portion of their general rate income by a uniform annual general charge.

The maximum proportion of the rate to be collected by way of UAGC is restricted by law to no more than 30% of the total rates revenue to be collected. The approximate maximum Council can charge via a UAGC varies year by year but would be approximately \$284ⁱ (excl GST) per property per year.

It is also important to note that increasing the UAGC does not increase Council revenue but is just another way of apportioning the charge.

PROS AND CONS OF UAGCS

Pros

UAGCs are a moderator. They reduce the general rate paid by high valued properties whilst increasing the general rate paid by low valued properties. UAGCs

reduce the volatility in rates due to district valuations as less reliance is placed on property valuations in setting rates.

UAGCs are a more equitable way of providing, for example, the funding of parks and reserves, libraries and community halls, whose usage tends to be more related to each family group rather than the absolute value of the property.

Cons

UAGCs are a flat charge rather than a progressive tax and increase the burden on lower valued properties (which is why the maximum of 30% is in the legislation).

OPTIONS

Option 1

Maintain the status quo and leave the UAGC at \$231 (excl GST) per property. This option would under-utilise the rating moderation effect of a UAGC and would increase the burden on higher value properties while ignoring the fact that not all services are related to property values.

Sample Property	CV \$000	10/11 Rates (UAGC \$231)	11/12 Proposed Rates UAGC \$231	\$ Change	% Change 10/11 to proposed 11/12
Waimea Village	185	1,504	1,581	77	5.1
Takaka Residential	270	1,842	1,939	97	5.3
Residential Richmond	455	2,158	2,288	130	6.0
Kaiteriteri Residential	720	2,961	3,147	186	6.3
Motueka Residential	285	1,940	2,053	112	5.8
Commercial-Richmond	1,225	6,354	6,702	348	5.5
Pastoral Farm-Tutaki	3,025	6,989	7,550	560	8.0
Farm-Golden Bay	6,415	14,084	15,244	1,160	8.2
Lifestyle-East Takaka	500	1,447	1,543	96	6.6
Residential Murchison	160	1,330	1,398	68	5.1
Commercial Motueka	1,125	5,092	5,386	293	5.8
Lifestyle Coastal Highway	890	3,175	3,404	228	7.2
Forestry Wairoa	4,700	10,459	11,307	847	8.1
Residential Brightwater	350	2,022	2,143	120	6.0
Industrial Beach Road	680	2,703	2,877	174	6.5

Option 2

Remove the UAGC completely. This is an option that has been raised and as can be seen from the table below significantly changes the rates that would be levied per property. This option would under-utilises the rating moderation effect of a UAGC and would increase the burden on higher value properties while ignoring the fact that not all services are related to property values.

Sample Property	CV \$000	10/11 Rates (UAGC \$231)	11/12 Proposed Rates UAGC \$231	\$ change	% Change 10/11 to proposed 11/12	11/12 Proposed Rates UAGC \$0	\$ change	% Change 10/11 to proposed 11/12
Waimea Village	185	1,504	1,581	77	5.1	1,428	-77	-5.1
Takaka Residential	270	1,842	1,939	97	5.3	1,821	-21	-1.1
Residential Richmond	455	2,158	2,288	130	6.0	2,247	89	4.1
Kaiteriteri Residential	720	2,961	3,147	186	6.3	3,216	255	8.6
Motueka Residential	285	1,940	2,053	112	5.8	1,941	1	0.1
Commercial-Richmond	1,225	6,354	6,702	348	5.5	6,981	627	9.9
Pastoral Farm-Tutaki	3,025	6,989	7,550	560	8.0	8,577	1,588	22.7
Farm-Golden Bay	6,415	14,084	15,244	1,160	8.2	17,798	3,714	26.4
Lifestyle-East Takaka	500	1,447	1,543	96	6.6	1,521	74	5.1
Residential Murchison	160	1,330	1,398	68	5.1	1,234	-96	-7.2
Commercial Motueka	1,125	5,092	5,386	293	5.8	5,624	532	10.4
Lifestyle Coastal Highway	890	3,175	3,404	228	7.2	3,543	369	11.6
Forestry Wairoa	4,700	10,459	11,307	847	8.1	13,031	2,572	24.6
Residential Brightwater	350	2,022	2,143	120	6.0	2,058	36	1.8
Industrial Beach Road	680	2,703	2,877	174	6.5	2,930	227	8.4

Option 3

Increasing the UAGC by \$10.00. The effect of this option is noted on the table below. This option provides some degree of rate moderation.

Sample Property	CV \$000	10/11 Rates (UAGC \$231)	11/12 Proposed Rates UAGC \$231	\$ Change	% Change 10/11 to proposed 11/12	11/12 Proposed Rates UAGC \$241	\$ change	% Change 10/11 to proposed 11/12
Waimea Village	185	1,504	1,581	77	5.1	1,588	84	5.6
Takaka Residential	270	1,842	1,939	97	5.3	1,944	102	5.5
Residential Richmond	455	2,158	2,288	130	6.0	2,290	132	6.1
Kaiteriteri Residential	720	2,961	3,147	186	6.3	3,145	184	6.2
Motueka Residential	285	1,940	2,053	112	5.8	2,058	118	6.1
Commercial-Richmond	1,225	6,354	6,702	348	5.5	6,690	336	5.3
Pastoral Farm-Tutaki	3,025	6,989	7,550	560	8.0	7,505	516	7.4
Farm-Golden Bay	6,415	14,084	15,244	1,160	8.2	15,134	1,050	7.5
Lifestyle-East Takaka	500	1,447	1,543	96	6.6	1,544	97	6.7
Residential Murchison	160	1,330	1,398	68	5.1	1,405	75	5.7
Commercial Motueka	1,125	5,092	5,386	293	5.8	5,376	284	5.6
Lifestyle Coastal Highway	890	3,175	3,404	228	7.2	3,398	223	7
Forestry Wairoa	4,700	10,459	11,307	847	8.1	11,232	773	7.4
Residential Brightwater	350	2,022	2,143	120	6.0	2,147	125	6.2
Industrial Beach Road	680	2,703	2,877	174	6.5	2,875	172	6.4

Option 4

Continue the practice of the last few years of increasing the UAGC by \$20.00. The effect of this option is noted on the table below.

Sample Property	CV \$000	10/11 Rates (UAGC \$231)	11/12 Proposed Rates UAGC \$231	\$ Change	% Change 10/11 to proposed 11/12	11/12 Proposed Rates UAGC \$251	\$ change	% Change 10/11 to proposed 11/12
Waimea Village	185	1,504	1,581	77	5.1	1,595	91	6
Takaka Residential	270	1,842	1,939	97	5.3	1,950	108	5.8
Residential Richmond	455	2,158	2,288	130	6.0	2,292	134	6.2
Kaiteriteri Residential	720	2,961	3,147	186	6.3	3,142	181	6.1
Motueka Residential	285	1,940	2,053	112	5.8	2,063	123	6.3
Commercial-Richmond	1,225	6,354	6,702	348	5.5	6,678	324	5.1
Pastoral Farm-Tutaki	3,025	6,989	7,550	560	8.0	7,461	472	6.8
Farm-Golden Bay	6,415	14,084	15,244	1,160	8.2	15,024	940	6.7
Lifestyle-East Takaka	500	1,447	1,543	96	6.6	1,545	98	6.8
Residential Murchison	160	1,330	1,398	68	5.1	1,413	83	6.2
Commercial Motueka	1,125	5,092	5,386	293	5.8	5,366	274	5.4
Lifestyle Coastal Highway	890	3,175	3,404	228	7.2	3,392	217	6.8
Forestry Wairoa	4,700	10,459	11,307	847	8.1	11,158	699	6.7
Residential Brightwater	350	2,022	2,143	120	6.0	2,150	128	6.3
Industrial Beach Road	680	2,703	2,877	174	6.5	2,873	170	6.3

This option is an extension of the current practice of steady increases without inducing large rating shocks on property owners and as noted above provides some degree of rate moderation.

Option 5

Increase the UAGC to the approximate maximum allowed of \$284.00 (excl GST). It is important to note that the approximate maximum has been calculated after taking into account future targeted rates.

The effects of this change are noted below. While this option provides the greatest moderation of rates it does create significant rate changes particularly to lower priced properties.

Sample Property	CV \$000	10/11 Rates (UAGC \$231)	11/12 Proposed Rates UAGC \$231	\$ Change	% Change 10/11 to proposed 11/12	11/12 Proposed Rates UAGC \$284	\$ change	% Change 10/11 to proposed 11/12
Waimea Village	185	1,504	1,581	77	5.1	1,617	113	7.5
Takaka Residential	270	1,842	1,939	97	5.3	1,966	124	6.7
Residential Richmond	455	2,158	2,288	130	6.0	2,298	139	6.5
Kaiteriteri Residential	720	2,961	3,147	186	6.3	3,132	171	5.8
Motueka Residential	285	1,940	2,053	112	5.8	2,079	139	7.1
Commercial-Richmond	1,225	6,354	6,702	348	5.5	6,638	284	4.5
Pastoral Farm-Tutaki	3,025	6,989	7,550	560	8.0	7,312	323	4.6
Farm-Golden Bay	6,415	14,084	15,244	1,160	8.2	14,655	571	4.1
Lifestyle-East Takaka	500	1,447	1,543	96	6.6	1,548	101	7
Residential Murchison	160	1,330	1,398	68	5.1	1,436	106	8
Commercial Motueka	1,125	5,092	5,386	293	5.8	5,331	239	4.7
Lifestyle Coastal Highway	890	3,175	3,404	228	7.2	3,372	197	6.2
Forestry Wairoa	4,700	10,459	11,307	847	8.1	10,909	450	4.3
Residential Brightwater	350	2,022	2,143	120	6.0	2,162	140	6.9
Industrial Beach Road	680	2,703	2,877	174	6.5	2,865	162	6

AFFECTED PERSONS

UAGCs affect the proportion of rates levied per property, so all ratepayers are affected.

RECOMMENDATION

THAT the Tasman District Council approve an increase in the UAGC by \$20 for inclusion in the Draft Annual Plan 2011/2012, setting a UAGC rate of \$251 (excluding GST) per rateable property.

Murray Staite
Corporate Services Manager

ⁱ The approximate maximum has been calculated after taking into account future targeted rates