

Report No:	RCN11-06-03
File No:	R109
Date:	1 June 2011
Decision Required	

REPORT SUMMARY

Report to: Tasman District Council
Meeting Date: 9 June 2011
Subject: Uniform Annual General Charge – RCN11-06-03
Report Author: Russell Holden, Accounting Manager

EXECUTIVE SUMMARY

The Uniform Annual General Charge (UAGC) for the 2010/2011 year is \$231 (excl GST). Council increased this to \$251 for consultation in the Draft Annual Plan 2011/2012 (excl GST).

Submissions were few and ranged from calling for the abolition of the charge to supporting the increase to \$251 (excl GST).

Property values alone are not always appropriate as a basis for rating. Uniform annual charges are not related to valuation, and are fixed amounts for every property to which they apply.

The UAGC is a 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.

RECOMMENDATION

That the Tasman District Council agrees that the UAGC for the 2011/2012 financial year is set at \$251 (excl GST) per rateable property, as consulted in the draft Annual Plan 2011/2012.

DRAFT RESOLUTION

THAT the Tasman District Council receives the report Uniform Annual General Charge for 2011/2012 (RCN11-06-03) and agrees the UAGC for the Annual Plan 2011/2012 be \$251 (excl GST) per rateable property.

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1. Purpose

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

2. Background

- 2.1 Council has been charging a UAGC for many years and has increased the charge by approximately \$20.00 per year over the past few years. For the Draft Annual Plan 2011/2012, Council consulted on increasing the UAGC to \$251 (excl GST) from \$231 (excl GST).

3. Matters to be Considered

- 3.1 The points noted in this report are similar to those previously presented to Council. The rationale behind a UAGC remains unchanged. Property values alone are not always an appropriate basis for rating. Uniform annual charges are not related to valuation, they are fixed amounts for every property to which they apply. They recognise that not all local authority services are related to property and that valuations alone are not necessarily a fair reflection of services received. UAGCs are also used to temper the high and low peaks in rates assessments.
- 3.2 It is also important to note that increasing the UAGC does not increase Council revenue, rather it is a mechanism for shifting the onus of the general rate.
- 3.3 Whilst Council can determine the level of the UAGC, consultation was based on the amount being \$251 (excl GST) and has not signalled any other amounts.

4. Options

4.1 Option 1

Maintain the same level as the 2010/2011 year and leave the UAGC at \$231 (excl GST) per property. To continue to hold the charge at \$231 would under-utilise the rating moderation effect of a UAGC and would over time steadily increase the burden on higher value properties while ignoring the fact that not all services are related to property values.

Sample Property	CV \$000	2011/12 Proposed Draft Rates UAGC \$251		2011/12 Proposed Rates UAGC \$231	\$ change
Waimea Village	185	1,574		1,561	-13
Takaka Residential	270	1,933		1,923	-10
Residential Richmond	455	2,271		2,267	-4
Kaiteriteri Residential	720	3,124		3,130	6
Motueka Residential	285	2,055		2,046	-9
Commercial-Richmond	1,225	6,588		6,613	25
Pastoral Farm-Tutaki	3,025	7,475		7,565	90
Farm-Golden Bay	6,415	15,043		15,267	224
Lifestyle-East Takaka	500	1,544		1,542	-2
Residential Murchison	160	1,385		1,371	-14
Commercial Motueka	1,125	5,372		5,393	21
Lifestyle Coastal Highway	890	3,409		3,421	12
Forestry Wairoa	4,700	11,162		11,314	152
Residential Brightwater	350	2,141		2,133	-8
Industrial Beach Road	680	2,850		2,855	5

4.2 Option 2

Increase the UAGC from the Draft Annual Plan 2011/2012 by a further \$10 to that consulted on, to \$261 (excluding GST). While this option provides some degree of moderation of rates it does create rate increases, particularly to lower-valued properties.

Sample Property	CV \$000	2011/12 Proposed Draft Rates UAGC \$251		2011/12 Proposed Rates UAGC \$261	\$ change
Waimea Village	185	1,574		1,581	7
Takaka Residential	270	1,933		1,938	5
Residential Richmond	455	2,271		2,272	1
Kaiteriteri Residential	720	3,124		3,121	-3
Motueka Residential	285	2,055		2,060	5
Commercial-Richmond	1,225	6,588		6,576	-12
Pastoral Farm-Tutaki	3,025	7,475		7,430	-45
Farm-Golden Bay	6,415	15,043		14,930	-113
Lifestyle-East Takaka	500	1,544		1,545	1
Residential Murchison	160	1,385		1,392	7
Commercial Motueka	1,125	5,372		5,362	-10
Lifestyle Coastal Highway	890	3,409		3,403	-6
Forestry Wairoa	4,700	11,162		11,087	-75
Residential Brightwater	350	2,141		2,144	3
Industrial Beach Road	680	2,850		2,848	-2

4.3 Option 3

Increasing the UAGC a further \$20 to that consulted in the Draft Annual Plan 2011/2012 to \$271 (excluding GST). This option provides a greater degree of rate moderation, but does increase the burden on lower valued properties.

Sample Property	CV \$000	2011/12 Proposed Draft Rates UAGC \$251		2011/12 Proposed Rates UAGC \$271	\$ change
Waimea Village	185	1,574		1,588	14
Takaka Residential	270	1,933		1,944	11
Residential Richmond	455	2,271		2,274	3
Kaiteriteri Residential	720	3,124		3,118	-6
Motueka Residential	285	2,055		2,065	10
Commercial-Richmond	1,225	6,588		6,565	-23
Pastoral Farm-Tutaki	3,025	7,475		7,387	-88
Farm-Golden Bay	6,415	15,043		14,824	-219
Lifestyle-East Takaka	500	1,544		1,546	2
Residential Murchison	160	1,385		1,399	14
Commercial Motueka	1,125	5,372		5,352	-20
Lifestyle Coastal Highway	890	3,409		3,397	-12
Forestry Wairoa	4,700	11,162		11,015	-147
Residential Brightwater	350	2,141		2,148	7
Industrial Beach Road	680	2,850		2,846	-4

4.4 Option 4

Setting the UAGC at \$251 per property (exc. GST), as per the Draft Annual Plan 2011/2012.

5. Pros and Cons

5.1 Pros

UAGCs are a moderator. They reduce the level of 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 the General Rate.

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

5.2 Cons

UAGCs are a flat charge and increase the burden on lower valued properties.

6. Significance

6.1 This is not a significant decision according to the Council's Significance Policy.

7. Recommendation

7.1 That the Tasman District Council agrees that the UAGC for the 2011/2012 financial year is set at \$251 (excl GST) per rateable property, as consulted in the Draft Annual Plan 2011/2012.

8. Draft Resolution

THAT the Tasman District Council receives the report Uniform Annual General Charge for 2011/2012 (RCN11-06-03) and agrees the UAGC for the Annual Plan 2011/2012 be \$251 (excl GST) per rateable property.