

STAFF REPORT

TO: Chairman and Members, Engineering Services Committee

FROM: Utilities Asset Engineer, David Stephenson

REFERENCE: R377-1

DATE: 2 October 2006

SUBJECT: **REFUSE AND RECYCLING TARGETED RATE – RATING OF VACANT PROPERTIES**

1 PURPOSE

The purpose of this report is to outline the options available to Council for alternative funding options for kerbside rubbish and recyclable collections, particularly with respect to vacant sections.

2 BACKGROUND

Council provides a weekly kerbside rubbish bag and recyclable collection service that passes approximately 16,300 rateable properties in the District. This service is provided by Streetsmart Limited, under contract to Council.

A targeted rate has been established to recoup the costs associated with this collection. The funding impact statement for this rate, as set out in the 2006 LTCCP, forms the basis of this rate and states:

“Council sets a targeted rate for the purpose of funding kerbside recycling. This rate is based on where the land is situated and will be set on each rating unit in the Refuse/ Recycling Rating Area. This rate (in dollars per rating unit) for 2006/2007 is \$100.00 (2005/2006 \$55.00).”

In addition to this rate, income is received from the sale of official Council refuse bags; this income is intended to cover the disposal (rather than collection) costs of the bag service.

As the basis of the targeted rate is a rating unit, rather than a household unit, there are instances within the rating area where a single rating unit contains either greater or less than one household. Examples of these would include a block of flats in an urban area, or multiple dwellings on a rural holding and vacant sections in urban and rural areas respectively.

The following table summarises the rating units rated for the Refuse / Recycling Rate for the current financial year.

| Rateable Units | Improved | Unimproved | Total |
|---|-----------------|-------------------|---------------|
| Residential (included Residential deferred) | 10,108 | 654 | 10,762 |
| Rural (including Rural Residential) | 4,257 | 366 | 4,623 |
| Other (incl. Commercial, Industrial, CBD) | 918 | 61 | 979 |
| Total | 15,283 | 1,081 | 16,364 |

3 FUNDING OPTIONS

Under the current targeted rate it is considered by some to be inequitable to rate properties that do not have households located on the property. The following options are presented as alternatives to the current rating system.

3.1 General rate funding

Funding for the current service could be provided by general rate income. Rating for the service would be based on capital value of the rating unit. A significant number of properties that have no opportunity to use the current service would be rated under this option. The option is not recommended

3.2 A targeted rate based on number of households

While a rate based on the number of households may appear more equitable than the present system, there are several difficulties associated with this approach:

- Defining a “household” for each rating unit is inherently difficult, particularly when considering temporary accommodation, attached dwellings and commercial premises.
- Identification of households is likely to incur significant costs on Council, for which no budget has been assigned this financial year

Further details relating to the work required to charge on this basis are contained in the report of the Corporate Services Manager of 27 July 2006 (attached). A proposal to establish a database of separate dwellings in the district was declined at the time this report was received (Corporate Services 3 August 2006) and on this basis the option is not recommended.

3.3 A targeted rate with an exemption for unimproved rural properties

As shown in the table above, 366 unimproved rating units in Rural Zoning Areas are currently rated for the Refuse / Recycling Rate. It could be argued that unlike residentially or commercially zoned properties, these are unlikely to utilise a kerbside collection service either now or in the near future and should not be rated.

Assuming no change in the total targeted rate take, removing the rate from these properties would increase the rate by approximately two dollars, resulting in a rate of \$102.30 in the 2007/2008 financial year. This option is recommended.

3.4 Review of kerbside routes

At present the kerbside routes (and associated Rating Area) are reviewed annually in preparation for the new financial year. As part of this process, additional dwellings and potential route improvements are identified. Unimproved properties will be identified in order to identify areas with a particularly low density of households, with a view to rationalising routes if necessary.

4 RECOMMENDATION

That the funding impact statement for the 2007/2008 Refuse Recycling Rate be amended to exempt unimproved Rating Units in Rural Zonings.

David Stephenson
Utility Asset Engineer