

Report No:	RCN12-01-01
File No:	
Date:	17 January 2012
Decision Required	

REPORT SUMMARY

Report to: Full Council
Meeting Date: 26 January 2012
Report Author: Russell Holden, Accounting Manager
Subject: Uniform Annual General Charge for 2012/2013 – RCN12-01-01

EXECUTIVE SUMMARY

To consider the level of the Uniform Annual General Charge (UAGC) for inclusion in the Draft Long Term Plan 2012-2022 (LTP).

DRAFT RESOLUTION

THAT the Tasman District Council maintains the UAGC at the current rate of \$288.78 (GST incl) for the 2012/2013 year.

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1. Purpose

- 1.1 To consider the level of the Uniform Annual General Charge (UAGC) for inclusion in the Draft Long Term Plan 2012-2021 (LTP).

2. Background

- 2.1 Council has been charging a UAGC for many years and during the 2011/2012 Annual Plan round Council increased the UAGC by \$20 (plus GST). The UAGC for the 2011/2012 year is \$288-78 (incl GST).

3. Present Situation/Matters to be Considered

- 3.1 The points noted in this report are similar to proposals that have previously been presented to Council. The rationale behind a UAGC remains unchanged, in that, property values alone are not always the most appropriate 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 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 moderate the high and low peaks in rates bills.
- 3.2 The maximum proportion of rates to be collected by way of UAGC and Uniform Targeted Rates (UTRs) is restricted to no more than 30% of the total rates revenue. This percentage for the 2011/2012 year is 20.27%.
- 3.3 Tables providing possible options for moving the UAGC are given in section 5 below. The tables provide examples of the likely effect of the General Rate charge on some selected properties from throughout the District. These are illustrative only and not final rate charges.

4. Financial/Budgetary Considerations

- 4.1 Increasing the UAGC does not increase Council revenue but is just a way of apportioning the general rate component.

5. Options

5.1 Option 1 Maintain the status quo

Maintain the status quo and leave the UAGC at \$288.78 (incl GST) per property. At a workshop in November 2011 Councillors discussed the notion of moving the funding of the Tourism Activity to a Uniform Rate, this matter is being reported elsewhere in this agenda, the outcome of such a move would also achieve a similar moderating effect on the General Rate as would increasing the UAGC.

The impact on individual properties of this option is illustrated below, with a selection of sample properties. The change in total rates will depend upon the different targeted rates applicable to each property.

The changes to the rateable value for each property, compared to the average change will also impact on the increase or decrease in each property's rates.

Sample Property	CV 000	2011/12 Rates	2012/13 Rates UAGC Unchanged	\$ change
Waimea Village	185	727	752	25
Takaka Residential	270	928	965	37
Residential Richmond	455	1,367	1,429	62
Kaiteriteri Residential	720	1,995	2,093	98
Motueka Residential	285	964	1,003	39
Commercial-Richmond	1,225	3,191	3,359	168
Pastoral Farm-Tutaki	3,025	7,455	7,869	414
Farm-Golden Bay	6,415	15,341	16,220	879
Lifestyle-East Takaka	500	1,473	1,542	69
Residential Murchison	160	668	690	22
Commercial Motueka	1,125	2,954	3,108	154
Lifestyle Coastal Highway	890	2,812	2,958	146
Forestry Wairoa	4,700	11,423	12,067	644
Residential Brightwater	350	1,118	1,166	48
Industrial Beach Road	680	1,900	1,993	93

5.2 Option 2 Remove the UAGC completely.

The impact on individual properties of this option has is highlighted below. This option significantly changes the rates that would be levied per property. It under-utilises the rating moderation effect of a UAGC and would increase the burden on higher value properties. It also does not take into account the fact that not all services are related to property values.

Sample Property	CV 000	2011/12 Rates	2012/13 Rates UAGC \$0	\$ change
Waimea Village	185	727	560	-167
Takaka Residential	270	928	817	-111
Residential Richmond	455	1,367	1,376	9
Kaiteriteri Residential	720	1,995	2,178	183
Motueka Residential	285	964	862	-102
Commercial-Richmond	1,225	3,191	3,706	515
Pastoral Farm-Tutaki	3,025	7,455	9,151	1,696
Farm-Golden Bay	6,415	15,341	19,405	4,064
Lifestyle-East Takaka	500	1,473	1,513	40
Residential Murchison	160	668	484	-184
Commercial Motueka	1,125	2,954	3,403	449
Lifestyle Coastal Highway	890	2,812	3,222	410
Forestry Wairoa	4,700	11,423	14,218	2,795
Residential Brightwater	350	1,118	1,059	-59
Industrial Beach Road	680	1,900	2,057	157

5.3 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	2011/12 Rates	2012/13 Rates UAGC +\$10	\$ change
Waimea Village	185	727	760	33
Takaka Residential	270	928	971	43
Residential Richmond	455	1,367	1,431	64
Kaiteriteri Residential	720	1,995	2,089	94
Motueka Residential	285	964	1,009	45
Commercial-Richmond	1,225	3,191	3,344	153
Pastoral Farm-Tutaki	3,025	7,455	7,817	362
Farm-Golden Bay	6,415	15,341	16,091	750
Lifestyle-East Takaka	500	1,473	1,543	70
Residential Murchison	160	668	698	30
Commercial Motueka	1,125	2,954	3,096	142
Lifestyle Coastal Highway	890	2,812	2,947	135
Forestry Wairoa	4,700	11,423	11,980	557
Residential Brightwater	350	1,118	1,170	52
Industrial Beach Road	680	1,900	1,990	90

5.4 Option 4

Continue the practice of the last few years of increasing the UAGC by \$20.00 (plus GST). The effect of this option is noted in the table below.

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.

Sample Property	CV 000	2011/12 Rates	2012/13 Rates UAGC +\$20	\$ change
Waimea Village	185	727	766	39
Takaka Residential	270	928	976	48
Residential Richmond	455	1,367	1,433	66
Kaiteriteri Residential	720	1,995	2,087	92
Motueka Residential	285	964	1,013	49
Commercial-Richmond	1,225	3,191	3,335	144
Pastoral Farm-Tutaki	3,025	7,455	7,781	326
Farm-Golden Bay	6,415	15,341	15,999	658
Lifestyle-East Takaka	500	1,473	1,544	71
Residential Murchison	160	668	704	36
Commercial Motueka	1,125	2,954	3,088	134
Lifestyle Coastal Highway	890	2,812	2,939	127
Forestry Wairoa	4,700	11,423	11,918	495
Residential Brightwater	350	1,118	1,173	55
Industrial Beach Road	680	1,900	1,988	88

6. Affected Persons

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

7. Pros and Cons of Options

7.1 Pros

UAGCs are a moderator of the General Rate. They reduce the general rate paid by high valued properties whilst increasing the incidence of general rate paid by lower 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.

7.2 **Cons**

UAGCs are a flat charge rather than a progressive tax and increase the burden on lower valued properties which is why Central Government has set a maximum of 30% of total rates revenue.

8. Evaluation of Options

8.1 The effect of each option is set out in section five above.

9. Significance

9.1 The UAGC forms part of the Council's Funding Impact Statement and accordingly is consulted on through the LTP using a Special Consultative Procedure.

10. Recommendation/s

10.1 That Council maintains the UAGC at the current rate of \$288.78 (GST incl) for the 2012/2013 year.

11. Draft Resolution

THAT the Tasman District Council maintains the UAGC at the current rate of \$288.78 (GST incl) for the 2012/2013 year.