



Have your say on
how we set rates



Kaipara te Orangakui

**KAIPARA
DISTRICT**

Two Oceans Two Harbours

2024 Revenue and Financing Policy review CONSULTATION DOCUMENT

We are proposing to change how we set rates through our Revenue and Financing Policy.

The Revenue and Financing Policy sets out how we fund our operating and capital expenditure. We are proposing to make some key changes to how certain services and activities are funded.

With rating changes affecting our whole community, we have prepared this consultation document along with some key supporting information to help people understand the changes we are proposing.

We've also built a property search on our website, so you can see what the proposed changes mean for your individual property, whether you have a residential, rural, industrial and commercial property. Go to www.kaipara.govt.nz/revenueandfinancingpolicy

We're now looking for feedback from you, to let us know if we are on the right track.

The key changes we are proposing to the Revenue and Financing Policy:

General rates

- Moving from land value to capital value for the general rate
- Changing the differential for commercial/industrial properties

Stormwater rates

- Equalising the capital costs of stormwater across the district

Why are we proposing changes to how we set rates?

During the consultation process for the Long Term Plan (LTP) 2024–2027 community feedback suggested Council reviews how it set rates. In particular, the key feedback was to look at calculating general rates on capital value (CV) instead of using the existing land value (LV) method. As part of its deliberations process Council agreed to undertake a review of the Revenue and Financing Policy.

Council is legally required to consult before adopting a policy or making any amendments to the policy under section 102(4) of the Local Government Act 2002.

What is the Revenue and Financing Policy?

This policy is one of several policies required by the Local Government Act 2002. The Revenue and Financing Policy sets out how we will fund council activities and services. We use a variety of funding tools including general rates, targeted rates, uniform charges, along with fees and user charges and other types of revenue. This policy review isn't about changing the total rates Council receives. The total amount of rates Council collects each year is set through the Long Term Plan process and updated where needed through the Annual Plan each year. This is about how the rates are paid for across the district. Through the Annual Plan 2025/2026 process we will look at the budgets and the levels of rates when this proposal is applied.

Why now?

Council agreed to undertake a full review of the Revenue and Financing Policy as part of its deliberations process for the Long Term Plan 2024–2027. Completing the review out of the Long Term Plan cycle separates the impact of any policy change (how we split the pie) from the cost or service changes in a Long Term Plan (the size of the pie).

Have your say

Community feedback informs council decisions. This is your opportunity to let us know what you think about the proposed changes to the policy. This document has been developed to help you clearly understand what the proposed changes are and why we are proposing them, so you can give us informed feedback. There are some key areas we are seeking your feedback on:

You can comment on any part of the draft Revenue and Financing Policy. The policy, including the changes, is provided alongside this consultation document. Read the policy at www.kaipara.govt.nz/revenueandfinancingpolicy

Will my rates change?

All figures we use in this document are based on rates for the 2024/2025 year. These are used for comparative purposes so you can see the impact of the proposed policy changes. Average properties and sample properties are the best way to see what the indicative impact on your rates will be.

What are the main principles Council has considered as part of the review?

As part of the review Council considered the following principles when looking at the impacts of changes:

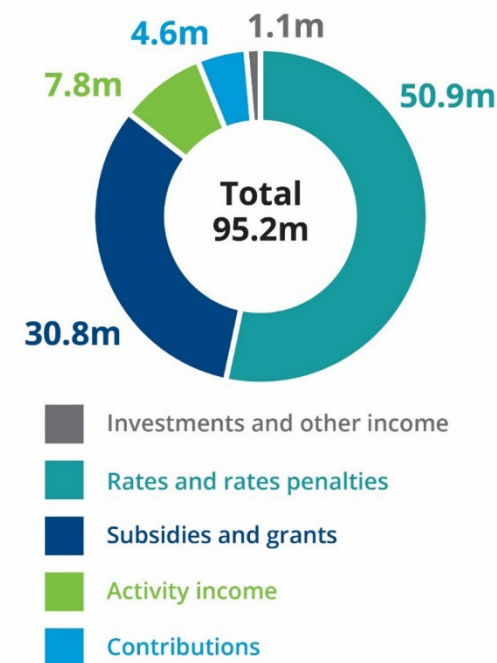
- Council considers the CV has more of a connection to wealth and the ability to pay rates than just the LV as it includes the value of the improvements on the land
- A move to CV would increase rates for those larger commercial properties who pay proportionally small rates on LV
- A review of the differentials would be required as the change to CV has large swings for commercial and residential properties
- Stormwater capital costs are still based on catchment targeted rates. To simplify and remove large increases when capital is spent, the targeted rates would be equalised across the district like water and wastewater. The targeted rate would be charged based on LV.

Understanding rates

Rates are the biggest source of income for Council. The figures to the right show the projected revenue for Kaipara District Council for the 2024/2025 year (in \$millions).

You can find more information about this in the [Long Term Plan 2024–2027](#) on our website.

Kaipara District ratepayers receive an annual invoice for rates, and can arrange to pay them weekly, fortnightly, monthly, quarterly or annually.



Have your say on how we set rates

In the example below we point to some key areas to explain the terms and language used throughout this document.

Land Value (LV) is the value of your land. **Capital Value (CV)** is the land value plus improvements made to the land, such as buildings.

Area is the size of your land, and this can be used to calculate some rates.

Unit is the method used to calculate each rate charged e.g. Land Value, Capital Value, Rating Unit, Separately Used or Inhabited Part (SUIP) or Area.

Quantity is based on the **Unit** and is the amount of value the **Rate** will be multiplied by to calculate the total rate or **Amount**.

The **Description of Rates** is the name of the rate.

On the sample properties on page 10, we use a ratio to indicate who can expect to see an increase in rates due to the proposed changes. To calculate your ratio, take your **CV** and divide that by your **LV**.

For example:

Ratio - \$1.4M / \$780,000 = 1.79

KAIPARA DISTRICT COUNCIL				
Description of Rates	Unit	Quantity	Rate	Amount
Uniform Annual General Charge	Rating Unit	1	\$764.00	764.00
Dargaville Stormwater	Land Value	105,000	0.0028083	294.87
Dargaville Water Connectable	Rating Unit	1	\$93.17	93.17
Dargaville Wastewater Capable of Connecting	SUIP	1	\$690.05	690.05
General Rate Residential & Small Sized Lifestyle	Land Value	105,000	0.0027773	291.62
TOTAL KAIPARA DISTRICT COUNCIL RATES (INCLUDING GST)				\$2,133.71

ACTIVITIES FUNDED BY KAIPARA DISTRICT COUNCIL (KDC) RATES¹

The **Differential** is what the general rate is multiplied by for different categories of rating units to set the rate value. A differential is a mechanism, set in each Long Term and Annual Plan, to reduce or increase the share of rates paid for particular groups of properties/ratepayers. For example, a differential of 0.75 on a type of property would mean they are rated 75% of the rate, or a differential of 1.10 on a type of property would mean they are rated 110% of the rate. Differentials should be justified based on the benefits to that clearly identifiable group and the whole district. Differentials could be based on location, land use, or other determined criteria.

Currently the Council has a differential of:

- 1 for residential and lifestyle land under 2 hectares;
- 1.55 for all other land use categories; this primarily reflects the use of the roading network and the extent which they contribute to the costs of that service.

The overall impact of the General Rate and Stormwater Rate proposed changes

Everyone's rates are different depending on the services in that area and the property value.

Overall, the cumulative impact of the proposed changes has an impact ranging from a (\$505) average decrease to a \$390 average increase per year.

- 66.8% of residential ratepayers would experience an increase in rates with a maximum increase of \$9,917
- 26% of commercial/industrial ratepayers would experience an increase with a maximum increase of \$36,153
- 93% of rural ratepayers would experience a reduction in rates with the remainder having an increase with a maximum increase of \$36,153.

Overall, 49.6% of ratepayers experience a decrease to their current rate.

Ward	Category	Average LV \$	Average CV \$	Ratio	The rates set for 2024/25 on LV (Average)	Using CV for General Rates and equalising Stormwater on LV		
						Overall Proposed Total Rates \$	Overall Proposed Change \$	Overall Proposed Change %
Kaiwaka-Mangawhai	Residential	758,269	1,199,185	1.58	4,319.11	4,420.33	101.22	2.3%
	Commercial /Industrial	840,755	1,492,981	1.78	5,228.97	4,953.20	-275.77	-5.3%
	Rural	1,602,799	1,791,727	1.12	5,100.16	4,132.90	-967.26	-19.0%
	Lifestyle	629,617	1,097,349	1.74	2,536.44	2,762.81	226.37	8.9%
	Other	598,231	1,009,164	1.69	2,396.35	2,602.57	206.22	6%
Otamatea	Residential	292,038	534,196	1.83	2,068.32	2,177.47	109.15	4.5%
	Commercial /Industrial	287,442	756,592	2.63	2,652.66	2,879.32	226.66	8.5%
	Rural	1,212,000	1,399,842	1.15	4,733.25	4,080.46	-652.79	-13.8%
	Lifestyle	386,664	639,536	1.65	2,024.75	2,091.48	66.73	3.3%
	Other	349,041	546,083	1.56	1,779.68	1,840.50	60.82	3.4%

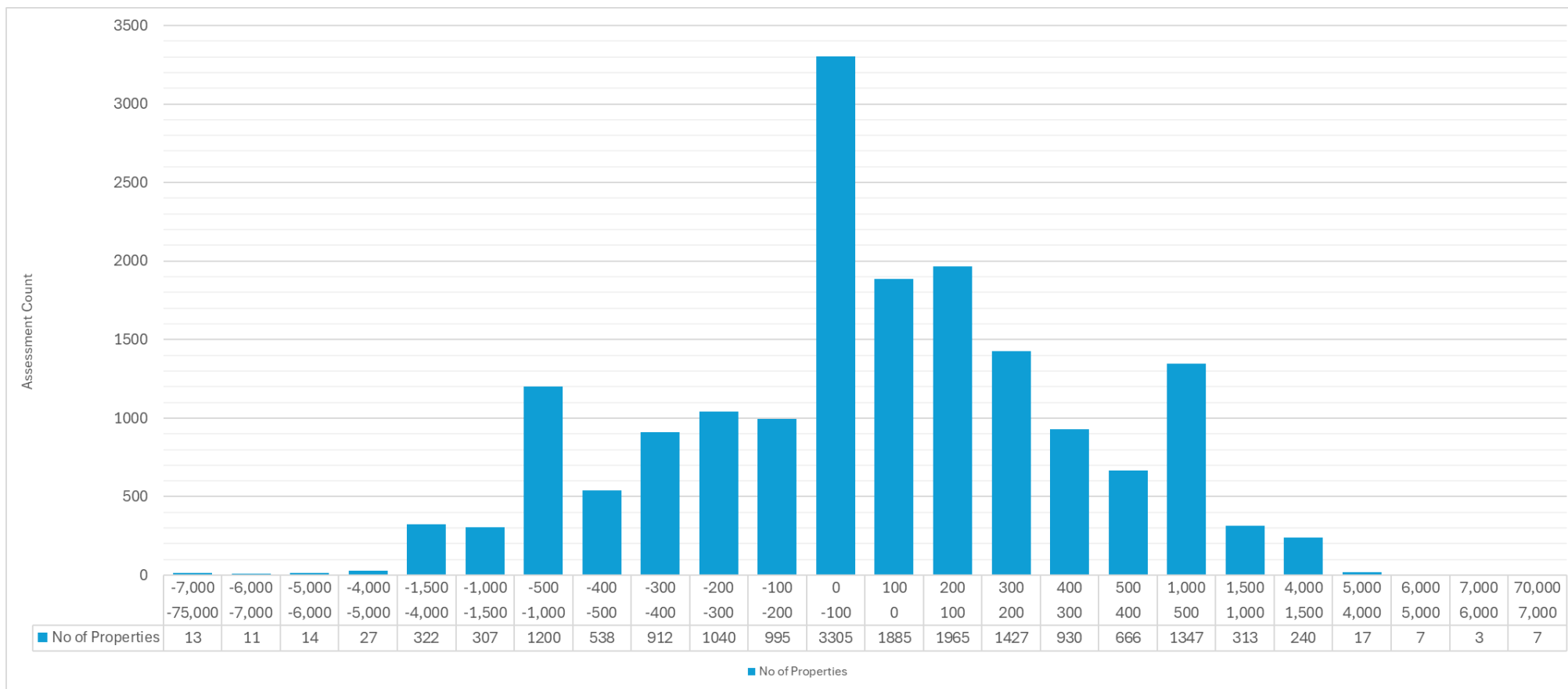
Have your say on how we set rates

Ward	Category	Average LV \$	Average CV \$	Ratio	The rates set for 2024/25 on LV (Average)	Using CV for General Rates and equalising Stormwater on LV		
						Overall Proposed Total Rates \$	Overall Proposed Change \$	Overall Proposed Change %
Wairoa	Residential	218,100	459,630	2.11	2,697.90	2,780.23	82.33	2.5%
	Commercial /Industrial	278,593	745,043	2.67	3,729.36	3,778.07	48.70	1.3%
	Rural	1,321,661	1,523,240	1.15	4,748.91	4,013.04	-735.87	-15.5%
	Lifestyle	307,045	571,358	1.86	1,933.09	2,075.51	142.42	7.4%
	Other	302,992	474,448	1.57	1,733.52	1,854.03	120.50	7.0%

The following table and graph shows the spread of changes on rates across the different types of properties, and the number of properties being affected. For example, five residential properties will see a decrease of between \$4,000 and \$75,000. If you go further along, you'll see 34 residential properties will see a decrease of between \$1,500 and \$1,000. Further along the table, 930 residential properties will see an increase of between \$200 and \$300.

	Decrease between (in \$)										Increase between (in \$)								
	-4,000	-1,500	-1,000	-500	-400	-300	-200	-100	0	0	100	200	300	400	500	1,000	1,500	4,000	
	-75,000	-4,000	-1,500	-1,000	-500	-400	-300	-200	-100	100	200	300	400	500	1,000	1,500	4,000	75,000	
Residential	5	7	34	157	101	225	452	480	1066	1356	1351	930	515	336	513	44	38	4	
Commercial /Industrial	1	9	23	52	26	54	69	61	72	28	29	12	12	3	20	5	11	8	
Rural	49	291	227	628	136	94	90	99	618	39	26	21	15	7	34	11	10	3	
Lifestyle	8	11	20	360	273	535	421	329	633	445	541	456	382	318	759	244	170	18	
Other	2	4	3	3	2	4	8	26	916	17	18	8	6	2	21	9	11	1	
Total properties	65	322	307	1200	538	912	1040	995	3305	1885	1965	1427	930	666	1347	313	240	34	

Have your say on how we set rates



NOTE: Following this consultation, if Council decides to switch to capital value, it may consider whether it needs to provide rates remissions to address some impacts of the change during the preparation of the Annual Plan 2025/2026. This may include if there are unintended or extreme impacts that are not consistent with the main principles Council has considered as part of the review.

There are two key changes being proposed. We break these down in the next sections.

1. Proposal to move from land value to capital value for the general rate, and change the differential for commercial/industrial properties

The proposal

We would like your feedback on the way we calculate the general rate. We want to know if you support a change from using land value (LV) to using capital value (CV). This affects everyone.

Along with moving from land value to capital value, we are consulting on changing the differential for commercial and industrial properties from 1.55 to 1.1.

Rationale for change

Council has considered the merits of both land and capital value for the general rate. From a principled perspective, and having considered the overall impacts on all ratepayers, Council agreed to consult on a change to capital value. Kaipara District Council is one of a minority of district councils still using land value to calculate the general rate.

With the move to using CV for the general rate, there is a significant increase for commercial and industrial properties as they have a larger ratio of CV to LV based on the improvements on the land. The differential is proposed to reduce to 1.1 as this is considered sufficient to reflect the benefits of the general rate to commercial/industrial properties, as opposed to other property types.

What are the advantages of using CV for the general rate?

More equitable: CV can be considered to be more equitable than LV because it considers the value of, and the capacity to earn from, both the land and the improvements on the land. This means that property owners with more valuable properties, whether due to the land itself or improvements, will pay more in rates.

More stable: CV is generally more stable than LV, as it is less affected by fluctuations in the property market. This helps to ensure that property owners are not subject to large swings in rates every three years when we go through a revaluation process, which can be difficult for property owners to budget for.

What are the disadvantages of using CV to calculate the general rate?

CV rating may discourage development: property owners may be reluctant to develop their properties if they know that they will be subject to higher rates.

Other considerations

Council also considered that CV better reflects the principles set out in the Preamble to Te Ture Whenua Māori Act 1993 because CV places a lesser burden on undeveloped land.

Impacts

The key impacts of moving from LV to CV for the general rate are:

- Residential and commercial/industrial ratepayers will on average see a larger increase under CV as the capital to land value ratio of these properties is generally higher than other categories. The higher the ratio of the CV to LV, the bigger the increase will be for those properties
- Rural properties would have the biggest average decrease using CV to calculate the general rate, given that land value will make up more of their total of their capital value
- Using CV for the general rate 37% of our total ratepayers will see a decrease in their general rates due to the proposed change. This equates to 6,543 ratepayers
- Residential ratepayers with a ratio higher than 1.56 will see an increase in the general rates.
- Commercial and industrial ratepayers with a ratio of 2.2 will see an increase in the general rates.

Have your say on how we set rates

Ward	Category	Average LV \$	Average CV \$	Ratio	The rates set for 2024/25 on LV (Average)	General Rates with differentials for Commercial/Industrial of 1.1 and Other of 1.55			
						Overall Proposed Total Rates \$	Overall Proposed Change \$	Overall Proposed Change %	Maximum Increase
Kaiwaka-Mangawhai	Residential	758,269	1,199,185	1.58	1,476.39	1,500.97	24.58	1.7%	2,177
	Commercial /Industrial	840,755	1,492,981	1.78	2,372.17	2,023.49	-348.68	-14.7%	4,374
	Rural	1,602,799	1,791,727	1.12	4,317.30	3,349.01	-968.29	-22.4%	2,183
	Lifestyle	629,617	1,097,349	1.74	1,382.71	1,601.51	218.79	15.8%	5,974
	Other	314,704	212,543	0.68	356.81	371.02	14.21	4.0%	2,822
Otamatea	Residential	292,038	534,196	1.83	550.29	659.42	109.13	19.8%	1,176
	Commercial /Industrial	287,442	756,592	2.63	798.20	1,026.02	227.82	28.5%	36,152
	Rural	1,212,000	1,399,842	1.15	3,289.87	2,636.99	-652.88	-19.8%	2,183
	Lifestyle	386,664	639,536	1.65	980.07	1,046.76	66.69	6.8%	4,379
	Other	158,307	72,313	0.46	97.60	128.46	30.86	31.6%	1,420
Wairoa	Residential	218,100	459,630	2.11	414.86	570.65	155.78	37.6%	1,047
	Commercial /Industrial	278,593	745,043	2.67	816.74	1,008.70	191.96	23.5%	11,110
	Rural	1,321,661	1,523,240	1.15	3,566.53	2,843.84	-722.70	-20.3%	5,651
	Lifestyle	307,045	571,358	1.86	750.91	912.61	161.70	21.5%	2,278
	Other	289,266	146,260	0.51	191.13	254.84	63.70	33.3%	8,149

2. Proposal to equalise stormwater rates across the stormwater networks

The proposal

- 90% Targeted Rate based on LV equalised across all stormwater networks for both operational and capital costs.
- Comparable rate in the dollar proposed by this change is that all people within the stormwater networks would be charged **\$0.000669436**

Status Quo

- 90% Targeted Rate based on LV equalised across stormwater networks for operational cost. Capital costs are charged to each rating unit based on the stormwater network that they are in.

Stormwater is rainwater that flows over land (roads, roofs or other hard surfaces) into stormwater drains and waterways. Stormwater rates are currently rated on land value and Council did not consider changing this to capital value.

Stormwater Network	Current Charges-Rate in the dollar
Baylys Beach	\$0.0007587
Dargaville	\$0.0012329
Kaiwaka	\$0.0005453
Mangawhai	\$0.0005635
Te Kopuru	\$0.0003896

Rationale for change

During the Revenue and Financing Policy review in 2021, Council equalised the operational and capital costs across all networks for water and wastewater services. Stormwater was not included as part of this process. Council considers that equalising the targeted rates across the networks simplifies the rates and removes large increases when capital is spent. This means that stormwater costs will continue to be rated on LV with one rate in the dollar rather than different ones depending on the network.

Impact

Based on equalising capital costs across the district to match with operational costs the following impacts are projected for the current capital costs being funded.

- 94.6% have a change in rate between a decrease of (\$200) and increase of \$200
- 99.1% have a change in rate between a decrease of (\$400) and increase of \$400
- Mangawhai rating units are the most affected with 99.4% changing in rate between \$0 and increase of \$400

	Decrease					Increase				
	Maximum Decrease	Greater \$400	(\$200 to \$400)	(\$100 to \$200)	(0 to \$100)	0 to \$100	\$100 to \$200	\$200 to \$400	Greater \$400	Maximum Increase
Dargaville	\$2,310	30	137	1,587	490					
Mangawhai						2,427	594	141	19	\$5,748
Other	\$800	1	2	9	286	446	2			\$120
Total		31	139	1,596	776	2,873	596	141	19	

HAVE YOUR SAY ON HOW WE SET RATES

There are a number of ways you can share your thoughts on the proposed changes for our Revenue and Financing Policy review.

- The easiest way is online at kaipara.govt.nz/haveyoursay

You can use this QR code to head straight to the webpage



Alternatively, fill out the form at the back of this consultation document (or you can pick a physical copy up from council offices), and

- Deliver to any council office or library within Kaipara District
- Send via post to Private Bag 1001, Dargaville 0340
- Scan and email the form to haveyoursay@kaipara.govt.nz

Remember, submissions close at 5.00pm, Sunday 15 December 2024



HAVE YOUR SAY ON HOW WE SET RATES – SUBMISSION FORM

Submissions close at 5.00pm 15 December 2024

Please ensure you provide appropriate contact details so we can contact you easily if you wish to speak to your submission. Emails are our preferred form of communication.

Please note that all submissions are considered public under the Local Government Official Information and Meetings Act, and your name and feedback will be available to the public via our reports and website. All other personal details you provide will remain private.

Full name _____

Organisation _____
(if giving feedback on behalf of)

Street number _____ Street name _____ Town _____

Email address _____ Contact phone number _____

What ward do you live in? _____ Are you a Kaipara District ratepayer? Yes No

What kind of property do you own? Residential Lifestyle Commercial/Industrial Other

KEY QUESTIONS

• Do you support moving from land value to capital value for the general rate? Yes No

Comment: _____



HAVE YOUR SAY ON HOW WE SET RATES – SUBMISSION FORM

Submissions close at 5.00pm 15 December 2024

KEY QUESTIONS (continued)

- Do you support changing the differential for Commercial/Industrial properties to 1.1? Yes No

Comment: _____

- Do you support equalising the capital costs of stormwater across the district? Yes No

Comment: _____

Do you have feedback on any other part of the draft Revenue and Financing Policy? _____

If you wish to provide further comment you can attach extra pages. Make sure they are attached to this form.

- Do you wish to speak to your submission? Yes No Preferred location: Dargaville Mangawhai

The hearings are scheduled for February 2025.