



**Western  
Bay of Plenty**  
District Council



**Mā tō  
tātou takiwā  
For our District**

Revenue and Financing  
Policy 2024

Statement of Proposal



# 1. Introduction

We have reviewed our Revenue and Financing Policy and made some changes. We want your thoughts on the changes and how we can make the policy better.

We are proposing to:

- Simplify the policy and introduce banding;
- Simplify our rates and move some targeted rates to the Uniform Annual General Charge (UAGC);
- Increase the roading differential for Industrial/commercial and post-harvest zones;
- Change how some of our activities are funded, with Regulatory services activities; Water Supply; and Natural Environment and Sustainable living having notable changes.

The Revenue and Financing Policy sets out how Council works out who pays for what. It looks at each of our activities and thinks about who benefits, who creates the demand and how should we share costs. We want to make this thinking clear for our community.

Having this policy is also a requirement of the Local Government Act 2002 (LGA) and a key part of developing our Long Term Plan 2024-34 (LTP).

Council has held a largely user pays approach. The thinking being that when an individual or group of people receive a direct benefit, then they should be responsible for those costs. However, often with a lot of what Council does, there is an element of wider public good. Considering both elements is reflected in the rationale for each of our activities. Our overall approach of leaning mostly towards a 'user-pays' approach has not changed with the review.

The changes made to the Revenue and Financing Policy aim to make the policy easier to understand. The proposed changes also reflect changes in the approach to funding some activities.

The purpose of this consultation is to hear from you the balance of who pays for what in our activities and our proposed changes to the Policy.

Consultation closes 17 June and final decisions will be made at the end of September 2024.

## 2. Reasons for the Proposal

There are a number of changes proposed to the Revenue and Financing Policy.

These changes aim to make the way Council activities are funded easier to understand. The proposed changes also reflect changes in the approach to funding some activities.

These proposed changes match up with our Long Term Plan 2024-34, which is currently also out for consultation. The Long Term Plan sets Council's vision, work programme and budgets for the next 10 years. We're making these changes based on the strategies and reviews we've done to see what's working well and what needs to be improved.

When deciding how to pay for the different activities of Council, we think about the following things:

- How the activity contributes to our community outcomes,
- Who benefits,
- When that benefit is likely to occur i.e. in the financial year or over many years,
- Who causes the need for the activity,
- The costs and benefits, including thinking about how clear and reasonable it is to pay for each activity separately and
- How it affects our community now and later. We look at how paying for something will affect our community both now and in the future.

### Summary of Proposed Changes

The proposed Revenue and Financing Policy is attached in **Appendix A**. A copy of the current Revenue and Financing Policy can be found in Chapter 5 of the Long Term Plan 2021-31 and our website here:

<https://www.westernbay.govt.nz/council/plans-policies-strategies-bylaws/plans/long-term-plans/longterm2021-2031>

The key changes are discussed below:

#### 1. Simplifying the Policy

Policy Structure – We want to improve readers' understanding of the Policy, so the structure of the Policy was changed to clearly outline the considerations Council undertook to determine the funding sources. Some more context and explanation has also been included in the introduction section so readers can understand

more about the importance of the policy and how it is used.

Banding Structure – We are proposing to introduce the following banding structure to show how the activities of Council are funded:

<b>Name</b>	<b>% Range</b>	<b>Key</b>
<b>Minimal</b>	0-15%	
<b>Low</b>	15-45%	
<b>Moderate</b>	40-75%	
<b>High</b>	75-95%	
<b>Most</b>	90-100%	
<b>Potential to be used</b>		✓

This banding structure shows at a glance how all of our activities are funded. This acts as a guide to show how activities are funded.

The result of using this approach has meant that some activities (like Transportation) now have funding splits. Others have a wider range of banding to reflect the funding assessment being done at the activity level, rather than the more granular level (which looked at specific elements of an activity e.g. Resource Consents).

This is more easily understood and allows Council flexibility in the application of funding that reflects the reality of how activities are paid for.

## **2. Changes to the Uniform Annual General Charge (UAGC)**

### What is our current approach?

We currently have four targeted rates that are a fixed amount charged to every rateable property across the district. These are:

- (a) District wide Roding Rate - Uniform Targeted Rate
- (b) District Library Charge
- (c) Environmental Protection Rate, and
- (d) Western Bay Museum.

We also charge a UAGC, which is a fixed charge across every rateable property in the district. It's the flat charge that everyone has to pay.

All rateable properties pay the same amount for these five rates.

#### What we are proposing:

To simplify the rates invoicing and to more accurately reflect how activities are funded, we are proposing to combine these four targeted rates into the UAGC.

Combining these rates into the UAGC won't alter how much is charged, it just eliminates line items from your rates invoice. Doing so may also clear up confusion about how certain Council activities are funded, as these rates aren't the sole funding source for those activities. It also streamlines administration by consolidating the rates.

This changes the proportion of targeted rates and general rates attributed to some activities, such as Transportation, Libraries and Service Centres, Recreation and Open Space, Wastewater, Natural Environment and Sustainable Living, Solid Waste and Community Facilities.

#### Other options considered:

We considered not merging the rates into the UAGC. This wouldn't affect the charged amount. It does not resolve the concern around the concern about transparency with the community about how activities are funded.

#### **Changes through the Long Term Plan 2024-34**

Our LTP Consultation Document outlines a key decision which impacts the Revenue and Financing Policy being an increase to the roading rate differential. For more information on this key decision please visit our website here: [haveyoursay.westernbay.govt.nz/LTP](https://haveyoursay.westernbay.govt.nz/LTP)

### **3. Changes to the Roading Rate differential**

#### What is the current approach?

In our District, different types of properties contribute to road-related expenses at different rates, we call these differentials. This is because some users of our road are more likely to put a greater strain and wear on the network – for example, transporting kiwifruit or large machinery. To reflect this, the differential currently applied to residential and rural zoned properties is 1.0, and for commercial/industrial and post-harvest zoned properties it is 2.0.

However, due to the growing costs of maintaining our roads and the increased wear caused by heavy vehicles, we are looking to raise the differential charged to commercial/industrial and post-harvest zoned properties to 4.0.

What we are proposing:

We have a total of 574 commercial/industrial and 24 post-harvest properties in our District. We will apply the increased differential on the assumption that properties in these zones are more likely to rely on heavy vehicle traffic use and therefore have greater impact on the roading network. We think our preferred option to increase the differential to 4.0 for these zones is more equitable and will mean that other zones will overall pay less toward the roading rate, reflecting the lesser impact they have on the network.

There is no impact on the overall rates or the debt over the 10 years, as we are simply proposing to change the amount different categories of ratepayers pay.

<b>Option 1 (PREFERRED)</b>	<b>Impact on rates</b>	<b>Impact on debt</b>	<b>Impact on levels of service</b>
Increase the roading rate differential charged to commercial/ industrial and post-harvest zoned properties from 2.0 to 4.0. There is no impact on the overall rates, or the debt over the 10 years as we're simply proposing to change the amount different categories of ratepayers pay. This will reduce the proportion of rates paid for by properties not in these zones (e.g residential zone).	<p>Commercial zone – An average increase of \$2,191.15 per property across the zone.</p> <p>Post-Harvest zone – An average increase of \$2,051.24 per property across the zone.</p> <p>Rural zone – An average increase of \$110.04 per property across the zone.</p> <p>Residential zone – An average increase of \$250.76 per property across the zone.</p>	No impact on debt over 10 years.	No impact on levels of service.

Other options considered:

<b>Option 2</b>	<b>Impact on rates</b>	<b>Impact on debt</b>	<b>Impact on levels of service</b>
Increase the roading rate differential charged to commercial/industrial	Commercial zone – An average increase of \$1,368.10 per property across the zone.	No impact on debt over 10 years.	No impact on levels of service.

<p>and post-harvest zoned properties from 2.0 to 3.0. There is no impact on the overall rates, or the debt over the 10 years as we're simply proposing to change the amount different categories of ratepayers pay. This will reduce the proportion of rates paid for by properties not in these zones (e.g residential zone).</p>	<p>Post-Harvest zone – An average increase of \$1,280.75 per property across the zone.</p> <p>Rural zone – An average increase of \$122.83 per property across the zone.</p> <p>Residential zone – An average increase of \$279.91 per property across the zone.</p>		
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<b>Option 3</b>	<b>Impact on rates</b>	<b>Impact on debt</b>	<b>Impact on levels of service</b>
<p>Status quo – Keep the roading rate differential charged to commercial/industrial and post-harvest zoned properties at 2.0.</p>	<p>Commercial zone – An average increase of \$500.62 per property across the zone.</p> <p>Post-Harvest zone – An average increase of \$468.65 per property across the zone.</p> <p>Rural zone – An average increase of \$136.31 per property across the zone.</p> <p>Residential zone – An average increase of \$310.64 per property across the zone.</p> <p>No change to the rating split between rating categories over 10 years.</p>	<p>No impact on debt over 10 years.</p>	<p>No impact on levels of service.</p>

**Please feel free to submit via this process or via the Long Term Plan consultation [haveyoursay.westernbay.govt.nz/LTP](https://haveyoursay.westernbay.govt.nz/LTP)**

#### **4. Changing our funding approach for some activities**

##### What is the current approach?

A copy of the current Revenue and Financing Policy can be found in Chapter 5 of the Long Term Plan 2021-31 and our website here: <https://www.westernbay.govt.nz/council/plans-policies-strategies-bylaws/plans/long-term-plans/longterm2021-2031>

##### What we are proposing:

As discussed above, by combining several targeted rates into the UAGC changes the proportion of targeted rates and general rates attributed to some activities, such as Transportation, Libraries and Service Centres, Natural Environment and Sustainable Living, Solid Waste, Recreation and Open Space, Wastewater and Community Facilities. This is not major change to the overall approach to how these are funded.

##### *Water Supply*

Water Supply is paid for by rates and by a charge based on usage. These are both a type of targeted rate and so they are now grouped together. Previously we had recorded the volumetric charge as a user fee.

##### *Natural Environment and Sustainable living*

Natural Environment and Sustainable living is funded through targeted rates, general rates and Financial Contributions. The level of targeted rate funding is increasing due the amount charged for Pukehina beach protection and the Waihi Land drainage area.

##### Other options considered:

Council has introduced a banding structure that shows at a glance how all of our activities are funded. This acts as a guide to show how activities are funded.

Council has considered different bands for the activities and is seeking feedback as to if these changes for these activities are right.

#### **5. Changing our funding approach for Regulatory services activities**

When reviewing the Policy, we looked at rising costs and how to balance them with our fees. Our Regulatory Services, covering animal services, resource consents, building consents, and community protection, mainly rely on user fees. To keep these activities going as intended, we need to update their funding approach to match the current economic climate.



### *Regulatory services - animal services*

The current Policy approach is very detailed, splitting Animal Services activity into two (dog control and livestock control), each with different funding sources (with dog control funded 75-85% user fees and charges and livestock control 90-100% funded from general rates). We want to simplify how Animal Services is funded overall.

Considering economic conditions, we're proposing a more balanced funding approach for both user fees and general rates, moving away from the current rigid policy. This means an increase in general rates funding for Animal Services.

We'll still collect funding from dog registrations, fines, and charges, but we'll increase the general rates portion to reflect the broader benefit of the services to the public. This includes responding to complaints and ensuring community safety, not just around dogs but also for other animals like wandering livestock.

The increase in general rates funding accounts for the growing complexity of managing health and safety requirements, managing public safety and complaints. Increasingly our work to protect the public identifies there is no dog owner to recover costs from. We believe responsible dog owners should not be wholly paying for community dog problems. We also want to ensure that dog registration costs remain reasonable to prevent excessive compliance expenses from chasing unregistered dog owners. The proposed approach in the policy is to allocate the "moderate band" which means 40-75% of the activity's costs will be funded from general rates, and the balance from user fees.

### *Regulatory services - resource consents*

The current Policy is detailed and specific, breaking down the Resource Consents activity into smaller sparts (for example: LIMs and resource consents had a target of 100% user fees with any shortfall to be met from general rates; public enquiries and Environment Court Appeals are funded 100% from general rates). We're suggesting a simpler and more adaptable approach to explain how the overall funding for Resource Consents works, acknowledging that economic conditions affect funding levels.

We'll still fund this activity through user fees and charges, but we'll increase the portion funded by general rates to recognise the broader development, economic and housing benefits to the public. This ensures Council continues to fulfil its regulatory role. We'll continue to address public queries through the duty planner role.

Due to economic conditions and the increasing complexity of resource consent

applications, the first four years of our Long Term Plan 2024-34 will need more general rates funding than outlined in the policy. However, this aligns with our strategic priority of enabling housing by helping the public understand consent requirements. We'll keep reviewing our fees to ensure they're fair and reflect the benefits users receive from our services. The proposed approach in the policy is to allocate the "low band" which means 15-45% of the activity's costs will be funded from general rates, and the balance from user fees.

#### *Minor updates*

Just like with other activities, we simplified Community Protection and Building Services by introducing funding bands.

For Community Protection, more funding comes from general rates to cover various services like monitoring resource consents, traffic and parking services, alcohol licencing, environmental health, and bylaw enforcement. This acknowledges that community benefits from these services, and that they can't always be covered by fines or fees, especially for complaint responses and investigations.

For Building Services, we're moving away from detailed sub-activity (for example: building consent processing, building consent inspections, BWOs, compliance and monitoring) funding to a more simple and flexible approach which considers the economic conditions. We're proposing banding of "moderate" funding from user fees and "low" general rates to reflect the public enquiries and complaint response component and provides more transparency on how the Building Services activity is funded.

#### Other options considered:

The Council contemplated keeping the regulatory activities unchanged, sticking to the current policy. However, this would contradict with our new simplified Policy direction and fail to address the economic challenges we're experiencing.

Alternatively, the Council thought about greater increases in user fees, for these regulatory activities to lessen the use of general rates. However, this might overload individuals and businesses financially, leading to higher expenses as we have to pursue increasing non-compliance.

### **3. Have Your Say**

**We need your feedback by 5pm, 17 June 2024.**

Please tell us your thoughts on the proposed changes. You can do this by:

- Entering it online at: <https://haveyoursay.westernbay.govt.nz>
- Posting it to: Have Your Say, Western Bay of Plenty District Council, Private Bag 12803, Tauranga 3143.
- Emailing it to: [haveyoursay@westernbay.govt.nz](mailto:haveyoursay@westernbay.govt.nz)
- Delivering it to:
  - Western Bay of Plenty Barks Corner Office, 1484 Cameron Road, Greerton
  - Te Puke Library and Service Centre, 130 Jellicoe Street, Te Puke
  - The Centre – Pātuki Manawa, Katikati Library, Service Centre and Community Hub, 21 Main Road, Katikati
  - Waihī Beach Library and Service Centre, 106 Beach Road, Waihī Beach
  - Ōmokoroa Library and Service Centre, 28 Western Avenue, Ōmokoroa

Feedback forms are available online, at our service centres listed above, or through calling the Council (07 571 8008) to request a hard copy.

### **Giving effective feedback**

Online and hard copy submission forms provide the opportunity to express your views on the proposed changes.

Feedback on matters outside the scope of the Revenue and Financing Policy cannot be considered by the Council as part of this review process, but may be deferred to other processes.

Period for feedback opens: Monday 17 May 2024

Period for feedback closes: Thursday 17 June 2024

Opportunity to speak: Community events alongside the Long Term Plan Consultation, between 17th May to 17th June 2024 (please see online for individual event details). A more formal opportunity to speak with Council is available in May/June 2024. To register to speak please email [haveyoursay@westernbay.govt.nz](mailto:haveyoursay@westernbay.govt.nz)

Council adopts the Revenue and Finance Policy: 26 September 2024

## **4. What happens next**

Council will acknowledge in writing or by email (if provided) the receipt of your feedback and all feedback will be considered through Council's deliberations process.

All submitters who provide email or postal details will be notified of our decisions.