

MEETING of

Council Revenue and Financing Policy Hearing

AGENDA

Time: 2:00 pm

Date: Wednesday, 29 November 2023 **Venue:** Waiata House, 27 Lincoln Road,

Masterton

MEMBERSHIP

Mayor Gary Caffell (Chairperson)

Councillor Craig Bowyer
Councillor Brent Goodwin
Councillor David Holmes
Councillor Stella Lennox
Councillor Councillor Marama Tuuta



Values

- 1. **Public interest:** members will serve the best interests of the people within the Masterton district and discharge their duties conscientiously, to the best of their ability.
- Public trust: members, in order to foster community confidence and trust in their Council, will work together constructively and uphold the values of honesty, integrity, accountability and transparency.
- 3. **Ethical behaviour**: members will not place themselves in situations where their honesty and integrity may be questioned, will not behave improperly and will avoid the appearance of any such behaviour.
- 4. **Objectivity:** members will make decisions on merit; including appointments, awarding contracts, and recommending individuals for rewards or benefits.
- 5. **Respect for others:** will treat people, including other members, with respect and courtesy, regardless of their ethnicity, age, religion, gender, sexual orientation, or disability. Members will respect the impartiality and integrity of Council staff.
- 6. **Duty to uphold the law:** members will comply with all legislative requirements applying to their role, abide by this Code, and act in accordance with the trust placed in them by the public.
- Equitable contribution: members will take all reasonable steps to ensure they fulfil
 the duties and responsibilities of office, including attending meetings and workshops,
 preparing for meetings, attending civic events, and participating in relevant training
 seminars.
- 8. **Leadership:** members will actively promote and support these principles and ensure they are reflected in the way in which MDC operates, including a regular review and assessment of MDC's collective performance.

These values complement, and work in conjunction with, the principles of section 14 of the LGA 2002; the governance principles of section 39 of the LGA 2002; and our MDC governance principles:

W	hal	ka	ma	an	a
Ta	ng	at	a		

Respecting the mandate of each member, and ensuring the integrity of the committee as a whole by acknowledging the principle of collective

responsibility and decision-making.

Manaakitanga Recogn

Recognising and embracing the mana of others.

Rangatiratanga

Demonstrating effective leadership with integrity, humility, honesty and

transparency.

Whanaungatanga

Building and sustaining effective and efficient relationships.

Kotahitanga

Working collectively.





Order Of Business

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1 CONFLICTS OF INTEREST

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

2 APOLOGIES

The Chair invites notice from members of:

- leave of absence for future meetings of Masterton District Council
- apologies, including apologies for lateness and early departure from the meeting where leave of absence has not previously been granted.

3 PUBLIC FORUM

There is no public forum as this is a hearing.

4 ITEMS NOT ON THE AGENDA

The Chairperson will give notice of items not on the agenda as follows:

Matters requiring urgent attention as determined by resolution of the Council

- The reason why the item is not on the agenda; and
- The reason why discussion of the item cannot be delayed until a subsequent meeting.

Minor matters relating to the general business of Council

No resolution, decision or recommendation may be made in respect of the item except to refer it to a subsequent meeting of Masterton District Council for further discussion.



5 REPORTS FOR DECISION

5.1 REVENUE AND FINANCING POLICY REVIEW HEARING

File Number:

Author: Karen Yates, Manager Strategy and Governance

Authoriser: Kym Fell, Chief Executive

PURPOSE

The purpose of this report is to provide the Council with the submissions on the draft Revenue and Financing Policy ahead of the hearing for those who wish to present. The schedule and procedure for the hearing are also provided.

The hearing will take place on Wednesday 29 November 2023 from 2.00pm at Waiata House.

RECOMMENDATIONS

That Council:

- receives the full set of submissions on the draft Revenue and Financing Policy (Attachment 1 under separate cover);
 - (a) notes that 61 submissions were received; and
 - (b) **notes** one submitter is confirmed to be heard.
- 2. **notes** that deliberations are scheduled to be held at the ordinary Council meeting on Wednesday 13 December 2023.

CONTEXT

Council adopted the Revenue and Financing Consultation Document and draft Revenue and Financing Policy for consultation on 18 October 2023 [Report 4.1 refers].

Consultation on the Revenue and Financing Policy is required to meet the principles of consultation as specified in Section 82 of the Local Government Act 2002 (LGA).

Section 82 of the LGA requires Council to provide opportunities for people to present their views in a manner and format that is of preference to them, including orally. A formal hearing process is a way of enabling that.

CONSULTATION PROCESS

Consultation on the draft Revenue and Financing Policy occurred between 20 October and 20 November 2023.

Copies of the Consultation Document and submission form were available on the Council website and in hardcopy at the Masterton District Library and Council's Customer Service Centre at 161 Queen Street.

The opportunity to submit was widely advertised to our community through direct emails to key stakeholders, targeted meetings, social media channels and traditional media including print and local radio.

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An online webinar providing further information and a Q&A session was held on Wednesday 8 November 2023. The webinar recording was made available on the Council website.

Consultation topics are included as Attachment 2.

SUBMISSIONS

A total of 61 submissions were received and one submitter is confirmed to speak in support of their submission. The schedule is included as Attachment 3 and a copy of the submission is included as Attachment 4.

The full set of submissions received has been made available under separate cover and is also available on our website. Redactions have been applied to personal information (excluding name and organisation) and content that does not meet the conditions of the <u>Submissions Policy</u> (e.g. comments that are out of scope, inappropriate comments etc). We have also withheld the name of a submitter who contacted us with extenuating circumstances, as provided for under the Policy.

Most submissions (52) were made online using the online platform (Survey Monkey). Six provided their submission via email, and three completed their submission on the physical submission form.

In addition to submissions, we also received informal feedback from one person via email and another person via Council's Facebook page.

HEARING PROCEDURE

The hearing procedure provided to the submitter in advance is provided as Attachment 5. The submitter will be heard in person and has been allotted 10 minutes.

DELIBERATIONS

Analysis of the submissions will be presented to Council as part of the Deliberations report.

Council will discuss the submissions received, analysis and proposed recommendations; consider the views of the community and advice from staff; and make decisions at the Council meeting scheduled for Wednesday 13 December 2023.

SUMMARY OF CONSIDERATIONS

Strategic, Policy and Legislative Implications

Section 82 of the LGA sets out principles of consultation which must be met when undertaking consultation.

Council is required to adopt a Revenue and Financing Policy under sections 101, 102 and 103 of the LGA. The policy may be amended after consulting on the proposed amendments.

Significance, Engagement and Consultation

Consultation followed the requirements of section 82 of the LGA. A Consultation Document, draft Revenue and Financing Policy, and information about how the community could have their say and present their views was widely advertised and available.

The recommendation to receive and hear submissions on the draft Revenue and Financing Policy does not trigger any additional criteria under the Significance and Engagement Policy.

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Financial Considerations

There are no specific financial considerations associated with the receipt or hearing of submissions.

Implications for Māori

Māori make up 21.3 percent of the Masterton District population (Census 2018). There are no specific implications for Māori arising from the receipt or hearing of submissions. Analysis of submitter demographics will be included in the deliberations report.

Communications/Engagement Plan

As outlined above, copies of the Consultation Document and submission form were available on the Council website and in hardcopy and the opportunity to submit was widely advertised to our community through direct emails to key stakeholders, targeted meetings, and Council's social media channels and traditional media. An online webinar was held on Wednesday 8 November 2023 and the recording was made available on the Council website.

Environmental/Climate Change Impact and Considerations

There are no environmental/climate change impacts or considerations arising from the receipt of this report. The deliberations report will comment on any key themes related to Climate Change and the Environment that are noted in submissions if applicable.

NEXT STEPS

Council deliberations will take place on Wednesday 13 December 2023.

If Council endorses the proposed policy, any impacts of updated property valuations (now due from QV in late January 2024) will be reviewed before Council considers adopting a final policy as part of the 2024-32 Long Term Plan. If adopted, the Policy will take effect from 1 July 2024.

ATTACHMENTS

- 1. Full Set of Submissions Received (under separate cover)
- 2. Consultation Summary what we consulted on J
- 3. Hearing Schedule J
- 4. Submission #14 Federated Farmers J
- 5. Hearing Procedure <u>J.</u>

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Attachment 1: Consultation Content Summary: What we consulted on

Councils are required under the Local Government Act 2002 (LGA) to adopt a Revenue and Financing Policy. The policy is reviewed as part of the Council's Long-Term Plan (LTP) development every three years and the review process follows section 101(3) of the LGA.

The first step is to consider each of the following in relation to each of Council's activities:

- 1. The community outcomes to which the activity primarily contributes;
- 2. The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals;
- 3. The period in or over which those benefits are expected to occur;
- 4. The extent to which the actions or inaction of particular individuals, or a group contribute to the need to undertake the activity; and
- 5. The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

The second step requires the Council to consider the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural wellbeing of the community.

After completing its analysis, Council agreed to consult on the following key changes to the policy:

- Maximising user fees and charges where this is fair and achievable this proposal places emphasis on recovering the cost of services from the users of those services wherever possible. For some services and activities there are wider community benefits, and therefore a rates contribution is appropriate to recognise the wider community wellbeing aspect of the service. However, it is not always feasible to recover the full cost of the service from fees and charges as this may make these services unaffordable or result in unintended consequences (e.g., raising transfer station fees beyond a tolerable amount may result in increased fly tipping). For these types of services, a rates contribution enables Council to continue to offer the service and/or recognises the wider community benefit provided by that service. The provision of regulatory services, libraries and swimming pools are examples of these types of services.
- Recognising the wider community benefit of providing animal control services and balancing the cost of this service this proposal would decrease the proportion of animal control services funded by dog owners (user pays) from 85 to 70 per cent with a subsequent increase in rates contribution from 15 to 30 per cent. Animal services is an activity area where increasing user pays is not assessed as fair or achievable given the increasing costs associated with the new Animal Shelter that is needed to support the dog control aspect of this service. Increasing the proportion of this activity funded from rates recognises the wider community benefit of the animal services activity e.g., fewer wandering dogs and dog attacks.
- Changing funding for community development from a Capital Value rate to a
 Targeted Uniform Charge this proposal reflects Council's view that community
 development benefits everyone and therefore every property should contribute the
 same amount towards the delivery of community development services. This is



consistent with Council's approach to funding community facilities such as the library and Trust House Recreation Centre.

- Changing the allocation for roading rates this proposal sees a slight change in allocations for urban and rural ratepayers to better reflect where we spend the roading budget. Urban roading contributions would reduce from 31 to 30 per cent and rural roading contributions would increase from 69 to 70 per cent.
- Increasing the rural ratepayer contribution toward paying for storm damaged rural roads – this proposal changes the allocations for urban and rural ratepayer contributions, reflecting the fact that rural ratepayers are the primary users of the roads that require repair. Urban contributions would reduce from 35 to 10 per cent and rural contributions would increase from 65 to 90 per cent.
- Increasing the targeted uniform charge for urban properties with access to water supply and wastewater services this proposal would spread the cost of these services more evenly across urban ratepayers by changing the allocation for urban water supply and wastewater services from 25 to 30 percent targeted uniform charge, reducing the Capital Value (CV) contribution from 75 to 70 per cent. Using the CV of properties as the rating tool is a proxy for use of the services i.e., there is an assumption that a higher value home or commercial property is likely to be a larger user of the services. It also reflects greater ability to pay. The increase in the percentage based on a uniform charge spreads these costs more evenly across all connected properties.

Other changes include updating the population split between urban and rural rating areas to reflect current population. The change reflects that since 2018 there has been more growth in the urban area than in rural. Under the policy, the allocation between urban and rural properties is applied 'up front' to all activities that are funded by the whole community. The allocation will increase from 77.5 to 79 per cent for urban and reduce from 22.5 to 21 per cent for rural to better reflect the proportion of our population living in the urban and rural areas.

The Consultation Document also outlined other considerations as part of the review including investigations into rural roading rates for forestry owners, the differential applied for non-residential urban properties for services rated on a LV or CV basis, investigations into urban residential ratepayers with high value properties, and consideration of the Rates Remission and Rates Postponement policies.

Further information is available in the Revenue and Financing Consultation Document.



Attachment 2: Hearings Schedule

WEDNESDAY 29 NOVEMBER 2023

PLEASE NOTE THAT THIS SCHEDULE MAY BE SUBJECT TO CHANGE

Time	Sub #	Name	Page
2:05pm	14	Federated Farmers (MCGRUDDY, Elizabeth)	
2.15pm		Hearing Close	



#14

SUBMISSION



TELEPHONE 0800 327 646 | WEBSITE WWW.FEDFARM.ORG.NZ

To: Chief Executive Officer

Masterton District Council

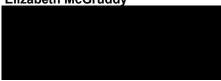
Submission on the: Masterton District Council

Draft Revenue & Financing Policy

Date: 20 November 2023

From: Federated Farmers Wairarapa

Correspondence: <u>Elizabeth McGruddy</u>



Federated Farmers wish to be heard in support of this submission.

1

OVERVIEW

The Wairarapa Province of Federated Farmers (FFNZ) welcomes this chance to provide feedback on the Masterton District Council (MDC) Draft Revenue and Financing Policy (R&F Policy). We acknowledge any submissions made by individual members of Federated Farmers.

Federated Farmers is focused on the transparency of rate setting, rating equity, levels of service for key responsibilities and both the overall and relative cost of local government to agriculture.

We commend MDC for undertaking this rating policy review and thank Council staff for helpful responses to queries.

FFNZ support Councils approach to "general" public good activities, ie, allocating the costs first on the basis of urban/rural population proportions (roughly 80/20).

In respect of roading, FFNZ do not agree with the current split between the urban and rural populations. FFNZ support the planned review of forestry road usage and recommend that review be extended to provide data for a more evidence-based split of roading costs between the urban and rural populations.

"GENERAL" RATES

Council's intent is to allocate costs based on "reflecting usage of, or access to, Council services". Accordingly, FFNZ note that MDC do not use UAGC or the General Rate as such, instead relying on "Targetted Uniform Charges", allocated first to urban and rural ratepayers based on population proportions. FFNZ support this approach.

FFNZ generally agree with the analysis of public/private benefits set out in the Draft R&F Policy, and the allocation of costs arising, excepting the following items:

- Representation: FFNZ agree with Councils assessment that "the whole community benefits through the system of democratic local representation". FFNZ agree that the costs be allocated between urban and rural areas based on population "as councillors represent all ratepayers". FFNZ do not agree that the costs are then apportioned based on capital value (CV): accepting the principle of one person, one vote, this suggests one person may pay several times over for that one vote.
 - > FFNZ recommend representation costs be spread uniformly, not by CV
- Environmental Initiatives: FFNZ agree with Councils assessment that there are "general community wellbeing benefits"; and agree that costs be split by urban/rural population proportions. FFNZ does not agree the costs should then be spread by CV.
 - FFNZ recommend environmental costs be spread uniformly, not by CV
- Arts and Culture: as above
 - > FFNZ recommend arts & culture costs be spread uniformly, not by CV

Council propose that CV be relied on for these activities as it is considered 'the best available measure of ability to pay". We understand however that Council have not undertaken any work to test this assumption.



2

FFNZ acknowledge Council concern for affordability of rates and emphasise in the strongest terms that capital value is not a good proxy for farm income. Farm assets generally provide significantly lower returns on capital value than non-farm business entities and residential houses (real and imputed).

At minimum we encourage Council to undertake an analysis of the effect of re-distributing the costs of these activities – in particular 'representation' which is especially inappropriate - on a uniform basis.

FFNZ anticipate the effect of reducing disproportionately high costs for higher CV properties will be modest or negligible for lower CV properties (consistent with the principle that many hands make light work).

ROADING RATES

FFNZ note that Council is aware of concerns about the impact of forestry on rural roads, ie:

- "We have heard from some parts of the community that logging trucks are having a
 negative impact on our rural roads and so forestry owners should pay a greater
 share of the rural roading rates. Council is working hard to understand the extent of
 the perceived problem and whether it is appropriate to address this through the
 rating system.
- The Council has begun initial investigations, but more work is needed to ensure it
 makes a good, robust decision. If our investigations show we should introduce a
 change, we will seek your feedback next year before it is implemented"

FFNZ commend this as a sensible approach and recommend that our three local councils would sensibly collaborate on that review.

Pending that review, the current allocation of costs for subsidised roads is:

- Urban population 79%, share of roading costs 30% (\$2.3m)
- Rural population 21%, share of roading costs 70% (\$5.3m)

The reason for this apparent discrepancy is that – in respect of roads – Council relies on apportioning costs based on whether the road is inside the urban boundaries or outside.

While this has the virtue of simplicity, it appears to be a significant departure from Councils intention to allocate costs based on access and usage of Council services.

And while this approach may have been appropriate 100 years ago (when town people stayed in town, and country people only rarely came to town), FFNZ suggest the population is very mobile in this modern age.

As it stands, the current approach seems to assume in respect of rural roads that:

- 6000 rural people will account for nearly all of the traffic on roads outside the town boundary
- 23,000 urban people will account for hardly any

This does not accord with our perceptions of the situation.



3

Having said that, we agree with Councils approach re forestry road usage, ie, that Council actually want to be sure on the facts and sure on cause-effect before landing the policy.

FFNZ recommend that the forestry road review be extended to get a more evidence-based handle on rural/urban road usage at the same time.

Pending that review, FFNZ recommend that the 70/30 split on subsidised roads be amended to 50/50.

Rural Road Storm Damage

The current split is 35%/65% and Council now propose it be amended to 10%/90%, ie, rural ratepayers pay for 90% of rural road repairs.

The rationale is that urban ratepayers use these roads 'less frequently". As above, FFNZ does not dispute that the roads are important to the farming sector, but we do question the assumptions about usage which are not supported by evidence.

FFNZ is not clear on whether Council propose this new funding split specifically in relation to damage arising from recent storms, or more generally in respect of road repairs, be they rural or urban, storms or some other cause.

Pending clarification of intent, FFNZ does not support the proposed new funding split.

CONCLUSION

FFNZ commend MDC on undertaking this rating review.

Our key recommendations are that:

- The roading review be extended beyond forestry usage to assess rural/urban usage
- Pending that review, the subsidised roading costs be apportioned 50/50 between urban and rural

FFNZ wish to be heard.

SUBMISSION ENDS



4

Federated Farmers is a not-for-profit primary sector policy and advocacy organisation that represents the majority of farming businesses in New Zealand. Federated Farmers has a long and proud history of representing the interests of New Zealand's farmers.

The Federation aims to add value to its members' farming businesses. Our key strategic outcomes include the need for New Zealand to provide an economic and social environment within which:

- Our members may operate their business in a fair and flexible commercial environment.
- Our members' families and their staff have access to services essential to the needs of the rural community; and
- Our members adopt responsible management and environmental practices.



Attachment 4: Hearings Procedure

The Council will hear all submissions:

Mayor Gary Caffell (Chairperson)

Deputy Mayor Bex Johnson

Cr Stella Lennox

Cr Craig Bowyer

Cr Brent Goodwin

Cr Marama Tuuta

Cr Tom Hullena

Cr David Holmes

- The hearings give you an opportunity to expand on the submission you made and/or to focus on your key points. You can assume that the elected members have read your submission.
- Each submission will be limited to an address period of 7 minutes with 3 minutes for responding to questions from the elected members. A bell will be rung at 6 minutes and again at 10 minutes.
- The Chairperson has the right, with or without the agreement of the other members, to terminate a submission in progress or to extend the time allowed for any submission.
- The Chairperson, or any member through the Chairperson, may ask questions relevant to the matter being heard. The Chairperson may wish to clarify or correct any matter raised.
- Hearings will be taking place in person at Masterton District Council, Waiata House, 27 Lincoln Road, Masterton on Wednesday 29 November 2023. We will also have a MS Teams option available. This hearing will be livestreamed.
- Please arrive at the venue 10 minutes prior to your allocated speaking time. Please also allow additional time as individual submissions may run longer than scheduled and your speaking time may be delayed.
- If you want to use a PowerPoint, please either email your presentation in advance of the hearing (the preferred option), or bring a flash drive on the day 10 minutes prior to your allotted time.
- If your circumstances change and you are unable to make your allocated time, please ring us on 06 370 6300 as soon as possible.
- If for any reason you are unable to attend, the Council will still consider your written submission.
- The Council will not normally indicate whether or not they support your submission. At the conclusion of hearing all the submissions the meeting will close.
- At a meeting to be held on 13 December 2023 Council will deliberate and make decisions on the matters raised in the consultation.