

Topic 4 - Differential targeted rate – parks and libraries

Recommendation | Ngā tūtohunga

That the Kaipara District Council:

- a) Approves that a uniform targeted rate per rateable property for libraries and parks be introduced for the 2024 rating year, the final amount to be determined once all the costs are allocated.

This recommendation does change what was proposed in the Long Term Plan 2024-2027 Consultation Documents, but not the rating income, just the way individual properties are rated.

Introduction:

Kaipara District 'Roadmap to Recovery' Long Term Plan 2024-2027 Consultation Document said:

- Option 1 Pay for the operation and maintenance of parks and libraries through a differential targeted rate**
- Option 2 Status quo (operation and maintenance included in general rates and based on land value)**

This additional targeted rate was proposed as Elected Members had comments from the rural sector that their cost burden was too high for general rates compared with the benefits they received. Apart from roading, the costs of parks and libraries are the largest part of the general rate which is allocated based on land valuation. There are about 14,861 properties to share the cost and currently some urban properties contributing \$54 towards the parks and libraries while rural properties of \$2m pay about \$700. This inequity is what the Council is trying to correct but is looking to also ensure affordability.

An analysis of library users showed there are more library members within close proximity to the libraries in the urban areas than the rural areas. For consultation, the costs of the parks and library were proposed to be allocated differentially. This would result in properties within the highlighted urban rolls (except commercial and industrial) being charged \$415.24 and other rateable units being charged \$168.74. This placed a greater cost on those living in close proximity to the facilities and services.

Costs have been proposed to increase this year as more investment is needed in parks over the district and as a result of the new paid service at Mangawhai libraries to be introduced. Dargaville library is open 6 days a week for 41.5 hours and the Mangawhai Library will be open 5 days for 32 hours. The Dargaville library also has a staff member that coordinates the volunteer libraries at Kaiwaka, Maungaturoto and Paparoa.

Differential targeted rate – parks and libraries

The key themes from the submissions received included:

Respondents expressed opposition to the proposed targeted rate for parks and libraries, arguing that these amenities should be funded through the general rate to ensure equal access and benefit for all residents. They believe that parks and libraries should be considered public goods that benefit the whole community and, therefore, should not be subject to a targeted rate.

Kaipara District Council, Long Term Plan 2024—2027, Summary of submissions

How should we charge for the maintenance and operation of our parks and libraries across the district?	Not ratepayer/resident	Ratepayer/resident	Unknown	Total
Status quo	66.7% 4	73.1% 190	28.6% 2	71.8% 196
Use a differential targeted rate	16.7% 1	23.5% 61	71.4% 5	24.5% 67
Do not know	16.7% 1	3.5% 9	0% 0	3.7% 10
Total	2.2% 6	95.2% 260	2.6% 7	273

Table 8: How should we charge for the maintenance and operation of our parks and libraries across the district? Sorted by whether the respondent is a ratepayer.

Mangawhai Matters ‘bulk’ submissions are summarised below:

Mangawhai Matters submission on the differential targeted rate was specifically supported by 29 individuals/couples.

They object to charging for parks and libraries maintenance through a targeted rate where urban ratepayers pay 60% and rural ratepayers pay 40%. They prefer to continue funding these through the general rate shared across the district.

Points raised from submission relating to Parks and Libraries

- 271 responded to this question for consultation, with 230 (72%) supporting the status quo most likely because this proposed targeted rate affected substantially urban residents and their rate increase.
- Federated Farmers felt their members shouldn't be paying as much as they do through the general rate for libraries and parks and suggested an 80/20 split to urban as they agreed urban residents would use these facilities more.

- Mangawhai Matters who had many supporters suggested costs to be divided between areas because Dargaville has a higher level of service for libraries and more funding for parks. Mangawhai Matters and their submitters also asked for the funding to remain the same as part of the general rate. They stated Mangawhai would pay more of the costs if the differential targeted rate was approved.
- Dargaville ratepayers group appreciate need for fairness but think this differential targeted rate can't be introduced as is as it is driving such a rates increase.

Options and Assessments

The model below shows approximately what happens under the various options.

Simplified and Approximate Model Based on 2023 Rating Data

		Option 1 Targeted rates \$415,\$168	Option 2 Staus Quo LV	Option 3 Equalised approx \$269
Dargaville Urban	1,964	815,531	160,000	528,316
Mangawhai Urban	2,328	966,679	800,000	626,232
Other Urban	1,349	560,159	240,000	362,881
Rural	9,220	1,555,783	3,800,000	2,480,180
Total	14,861	3,898,152	4,000,000	3,997,609

Option 1 - Allocated through a differential targeted rate 60% 40% of costs

This could be fairer given the location and potential usage of parks and libraries, and that it is likely that those in closer proximity use these facilities and services more than those that are not close.

This proposal is a big rise in rates for many urban properties rising from approximately \$54 -\$150 per property to \$415 could be difficult to afford as it breaks down to \$7 a week for this item of rates increase alone.

Most ratepayers submitting find this too expensive for them to bear.

Option 2 Status Quo – Allocated by general rate based on land value

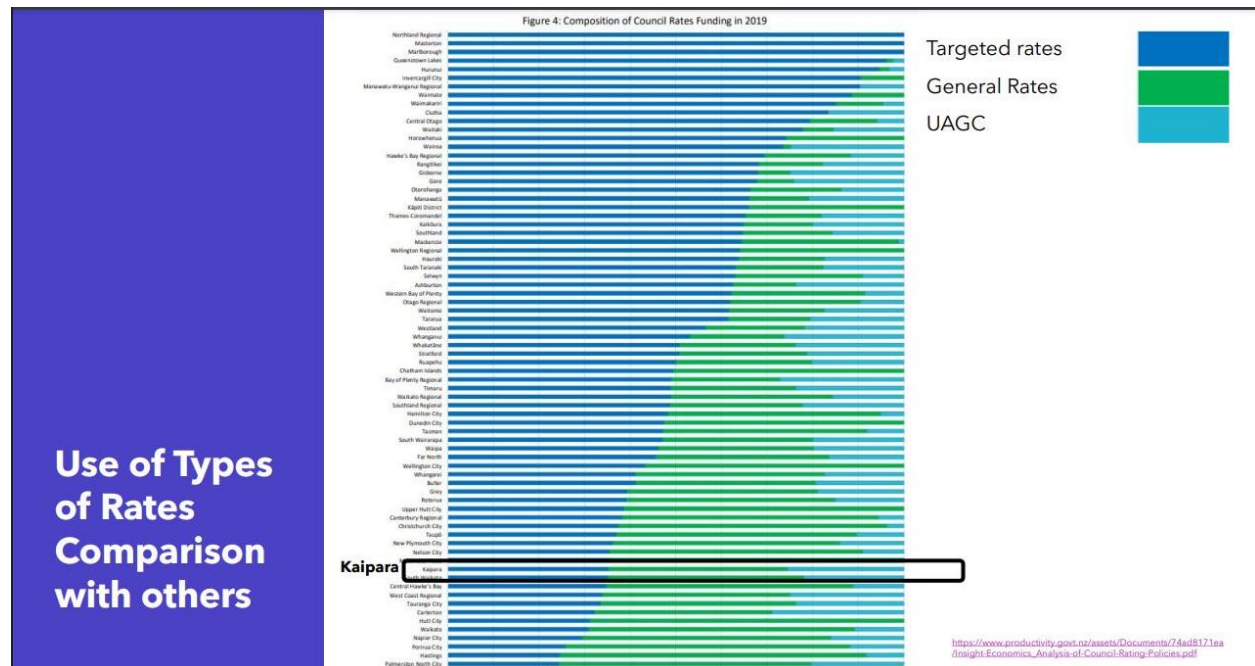
Rural properties and other high valued land properties will bear the brunt of the costs of parks and libraries although not getting the same benefit. Urban properties with low value who are closer to parks and libraries may contribute lesser amount towards these costs.

Option 3 - Allocated by a uniform targeted rate per rateable property (Recommended option)

This is a fairer solution and in between Option 1 and Option 2. This was not consulted on as an option, however, is a midway solution as it fixes and reduces the charge for high land values and also fixes the targeted rate at a lower value than proposed in Option 1. It is possible for Council to agree to this option due to the feedback received from the community. It is likely to be about \$270 per rateable property.

The reason the correct rate can't be calculated now, is because figures are currently changing due to; the finalisation of the organisational structure which impacts on allocation of salaries and; also overheads changing because of reductions being made to overall costs.

Ratepayers can see how much it costs Council for these services, which is a good outcome rather than being hidden in the general rates. Information provided to Council showed that Kaipara was one of the Councils very low on the table for charging targeted rates.



It is true that Dargaville has a higher level of service from its library as it has more resources and is open 6 days a week, however, Council has indicated that it wants to ensure everyone has access to these facilities and an unfair burden is not to put the onus on any one ratepayer group.

Council could consider a differential based on location, however, Mangawhai is moving to have an increased number of hours with paid staff and a new library is budgeted for in 3 years. Council has to balance a separate library rate differentiated as potentially unaffordable for ratepayers with the current system which puts a high incidence for parks and libraries on the rural sector and Mangawhai residents having higher valued properties.

Parks and libraries contribute to the overall value and vibrancy of a district, and everyone benefits from parks and libraries in the district.

Cafes benefit when there is somewhere for someone to take their coffee and play with their kids, fitness clubs/gyms benefit when they have somewhere central to organise outdoor sessions during summer, even an industrial business benefits when there is somewhere enjoyable and free for customers to go to when they are waiting in town.

Looking at all views and considering improved affordability by urban residents this is the recommended option.

Council is limited by legislation to what it can charge as a targeted rate (30% rule). Staff believe there is sufficient room to charge a uniform charge in addition to the UAGC, but this will be checked again once the rates take is finalised and discussed at a later date.

Impact of recommendation on the LTP (financial and non-financial)

The recommendation takes the middle ground in that Council agrees that allocating by land value does mean those higher land valued properties pay a larger cost burden relative to the benefits they receive. The targeted rate proposed is a uniform charge per rateable property and therefore reduces the burden to those properties with a higher land value. Council looks to introduce a uniform charge rather than a differential as this is more affordable for the lower land valued properties, as Council recognises the impact of the increased rates on all rateable properties.

Fit with Long Term Plan

The recommendation is consistent with the Long -Term Plan 2024-2027 in that a targeted rate is proposed to be charged but affordability has been considered and the amount reduced. The charge is not differentiated but is a uniform charge over all properties.

Policy Implications

The Revenue and Financing policy will need to be updated to reflect the final decision of Council to show Council has considered affordability of all its ratepayers.

Conclusion drawn:

Council will be able to show the costs that are being paid to support our parks and libraries as a separate item on the rates account. Council has considered where the benefits lie with this service and the affordability of ratepayers, and all ratepayers will now pay the same amount towards this service.

This is a fairer solution and in between both options proposed in the consultation.