

Funding Impact Statement and Rating Policy

FUNDING IMPACT STATEMENT

The revenue and financing mechanisms to be used to cover the estimated expenses of Council are outlined in the Revenue and Financing Policy. Information relating to those mechanisms for the period covered by this LTCCP is presented in the following table:

Revenue and Financing Mechanisms (GST exclusive)	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
OPERATING FUNDING SOURCES	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Rates	22,359,961	24,526,986	27,777,263	30,762,238	33,233,503	34,755,378	36,165,895	37,830,716	39,374,941	40,228,868
Charges for Services	4,625,670	4,768,356	4,905,909	5,015,754	5,140,319	5,257,883	5,367,627	5,468,978	5,555,966	5,644,275
Government Grants, Subsidies & Sponsorship	1,361,832	1,456,944	1,449,130	1,510,105	1,576,688	1,626,038	1,692,186	1,754,872	1,838,202	1,916,422
Investment Interest	211,250	211,250	211,250	211,250	211,250	211,250	211,250	211,250	344,404	1,097,725
Petroleum Tax	170,000	174,420	178,606	182,535	186,186	189,724	192,949	195,843	198,389	200,968
Total Operating Funding Sources	28,728,713	31,137,956	34,522,158	37,681,882	40,347,946	42,040,273	43,629,907	45,461,659	47,311,902	49,088,258
CAPITAL FUNDING AND FINANCING SOURCES										
External Loans	16,616,530	4,572,798	1,630,563		1,781,236	1,697	4,421,473			
Government Grants & Subsidies	7,125,710	5,143,530	4,601,052	9,710,616	3,184,003	3,732,660	4,266,844	4,273,907	4,385,621	4,773,557
Depreciation	4,522,028	4,787,317	5,347,471	5,653,384	5,956,571	6,531,554	6,702,502	6,811,539	7,390,035	7,590,468
From Reserves	11,378,079	3,917,008	1,410,542	4,076,331	2,992,019	3,864,504	5,613,554	5,444,871	6,068,972	12,000,000
Development/Financial Contributions	6,702,956	11,162,937	13,840,441	15,944,380	14,710,652	12,114,664	11,579,806	10,312,465	10,481,582	10,653,626
Vested Assets	7,090,480	1,969,920	2,235,777	3,167,515	4,876,981	1,607,526	1,751,787	374,100	379,712	385,408
Gain on Sale of Property		515,305								
Total Capital Funding and Financing Sources	53,435,783	32,068,815	29,065,846	38,552,226	33,501,462	27,852,605	34,335,966	27,216,882	28,705,922	35,403,059

Funding Impact Statement and Rating Policy

The level of funding from each of the revenue and financing mechanisms listed above is consistent with the aggregate amounts recorded in the Activity Statements section of this LTCCP.

RATING POLICY

1. Introduction

The rating policy outlines how Council proposes to allocate the rates funding requirement among the ratepayers of the District for the period covered by this LTCCP.

Rates are set under the provisions of the Local Government (Rating) Act 2002.

2. Objectives

Objectives of the Council's rating policy are:

- a) To provide adequate income to allow Council to meet its goals and objectives
- b) To ensure the rate take is spread equitably and fairly across the District, with each ratepayer making a reasonable contribution.
- c) To ensure that the rating model is easily understood by all, simple to administer and justifiable.
- d) To protect and encourage the productive use of non-residential land (effected by means of a rates remission policy).
- e) To ensure that the rating model acts to encourage and does not discourage business initiatives within the District.

- f) To minimise the impact on individual ratepayers of any rating changes.

3. Policy Changes

The following is a summary of the main changes to rating policy:

- a) The Waste Management / Refuse Uniform Annual Charge (UAC) is discontinued following the introduction of direct charging for refuse collection services
- b) The Uniform Annual General Charge (UAGC) will be set for 2006/2007 at a level to provide 22% of Councils overall rates requirement, incrementing by 0.5% annually in subsequent years (eg. 22.5% in 2007/2008).
- c) Auckland War Memorial Museum and Museum of Transport and Technology Targeted rates will be levied at a uniform rate in the dollar on a Capital Value basis. This is similar to the manner in which these levies are calculated and charged to the District.
- d) Properties previously rated within the Residential (Outer) group will now be included within the Residential rating group.
- e) Properties used for residential purposes but located within business zones will now be rated directly at a rate equivalent to the Residential rate rather than requiring a rates remission to effect this adjustment.
- f) Continuing the process commenced in previous years of better alignment between rates costs and benefits received (while also taking into account other factors such as ability to pay), the share of total rates paid by business ratepayers will be progressively reduced. This is implemented by way of an annual decrease in the business differential factor of 0.05 annually.

- g) For Rural properties the base differential factor will be progressively increased from 60% to 80% of the Residential rate over the 10 years covered by the plan. The level of the step differential rate relative to the residential rate will remain unchanged. This change is to achieve closer equity between the rating of the domestic use component of rural properties and urban residential properties and will also more closely align rates charges with benefits received.
- h) The rating of the Drury Business group is to be aligned with that of the general Business Group over a period of three years with the groups being merged from the 2008/2009 year.
- i) The differential factor applying to commercial activities rated within the Business in Residential Zones will be increased from 45% to 75% of the general business rate over 10 years.
- j) A new rating group, Business in Rural Zones, will be introduced in 2007/2008 and apply to those sites carrying out activities which would require land use consent under the district plan. This group will be rated at the same level as the Business in Residential Zones group.
- k) The early payment discount available where annual rates are paid in full will now apply if payment is made by the 1st instalment due date. In recognition of the requirement to pay earlier the discount percentage will be increased to 5%. The discount rate is subject to annual review based on prevailing market interest rates.

4. Property Valuations

Properties are independently revalued every three years with the most recent revaluation occurring in 2003. Property values from this valuation took effect for rating purposes from the 2004/05 year. The next revaluation will be carried out during 2006 and apply for rating purposes from the 2007/2008 year.

5. Projected Rates Requirement

Table Five details the amounts to be recovered from each rate type based on the total projected rates requirement.

6. Uniform Annual General Charge

- A Uniform Annual General Charge (UAGC) will be applied to each separately used or inhabited part of a rating unit.
- The amount of the UAGC will be determined annually to yield an amount equivalent to the percentages of total rates detailed in Table Six.

7. General Rate

- The General Rate is assessed at a rate in the dollar based on the land value (LV) of the rating unit.
- The General Rate is set differentially for all rateable land based on:
 - location of the rating unit in terms of zones within the Papakura District Plan, and
 - land value, and
 - use of the land

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Table Five

Projected Rates Requirement (GST inclusive)	2006/2007 \$	2007/2008 \$	2008/2009 \$	2009/2010 \$	2010/2011 \$	2011/2012 \$	2012/2013 \$	2013/2014 \$	2014/2015 \$	2015/2016 \$
Uniform Annual General Charge	5,534,090	6,208,393	7,187,367	8,132,767	8,973,046	9,579,451	10,171,649	10,852,687	11,517,170	11,993,231
General Rate (LV based)	18,737,307	20,396,012	23,015,096	25,399,532	27,312,552	28,392,905	29,363,827	30,533,870	31,587,876	32,053,417
Karaka Community Centre Uniform Annual Charge	5,859	6,040	6,216	6,383	6,543	6,694	6,834	6,964	7,075	7,189
Papakura Commercial Promotion Targeted Rate	123,750	127,586	131,286	134,831	138,202	141,380	144,350	147,092	149,445	151,837
Auckland War Memorial Museum Targeted Rate	574,919	637,931	669,560	687,634	704,820	721,033	736,175	750,167	762,167	774,360
Museum of Transport and Technology Targeted Rate	179,031	216,897	239,896	246,371	252,528	258,337	263,762	268,776	273,076	277,443
TOTAL	25,154,956	27,592,859	31,249,421	34,607,518	37,387,691	39,099,800	40,686,597	42,559,556	44,296,809	45,257,477

Table Six

Uniform Annual General Charge	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
As % of Total Rates	22.0%	22.5%	23.0%	23.5%	24.0%	24.5%	25.0%	25.5%	26.0%	26.5%

- For the Residential, Residential in Business Zones, and Rural rating groups land value based differential rates are set. In these cases a base differential rate applies for the portion of property value up to a specified step value with the balance of the property value assessed at a lower step differential rate.

For the 2006/07 year the step values are:

- Residential / Residential in Business Zones rating groups: \$144,000
- Rural rating group: \$635,000

The step values will be adjusted following district revaluations by the average land value change for residential and rural properties respectively.

Table Seven below shows the General Rate as it will be levied on a differential basis.

Table Seven

Rating Group Factors	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Residential / Residential in Business Zones										
- base differential	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
- step differential	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Rural										
- base differential	0.62	0.64	0.66	0.68	0.70	0.72	0.74	0.76	0.78	0.80
- step differential	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42
Business (General)										
Drury Business	4.34	4.39	Drury Business group properties rated within Business (General) group from 2008/2009							
Business in Residential Zones	2.18	2.28	2.38	2.48	2.58	2.68	2.78	2.88	2.98	3.05
Business in Rural Zones	not applicable	2.28	2.38	2.48	2.58	2.68	2.78	2.88	2.98	3.05

Differential rating group factors will be adjusted following district revaluations to eliminate the impact of differing average increases in property values for each rating group and ensure congruence with the relativities outlined in this policy.

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8. Rating Group - Definitions

The rating groups established for the purpose of applying the General Rate on a differential basis are defined as follows:

Residential

All rating units located in the following District Plan Zones:

- Urban Residential 1,2,3,4,5,6,7,8 & 9
- Ardmore Aerodrome Zone (Lots 1to 24 DP 173310)
- Any zone not included within any other rating group

With the exception of that portion of any rating unit used for industrial or commercial purposes, which will be rated under the Business in Residential rating group.

Residential in Business Zones

The portion of rating units which would otherwise fall into the Business (General) or Drury Business rating groups except for the fact that they are used for residential purposes.

Rural

All rating units located in the following District Plan Zones:

- Rural Papakura
- Rural Papakura (Drury Subdivision Area)
- Rural Papakura (Hill Subdivision Area)
- Rural Residential
- Rural Takanini/Drury

- Karaka Centre
- Nature Conservation Area
- Hingaia Education Zone

Business General

All rating units located in the following District Plan Zones:

- Urban Commercial 1, 2, 3 & 4
- Urban Industrial 1,2,3, & 4
- Mixed Use 1
- Quarry
- Ardmore Aerodrome Zone (excluding Lots 1to 24 DP 173310)

The rating unit located at 53 Parkhaven Drive, valuation reference 37401-17501.

With the exception of that portion of any rating unit used for residential purposes, which will be rated under the Residential rating group.

And with the exception, for the 2006/2007 and 2007/2008 years, of rating units falling within the Drury Business rating group.

Drury Business

For the 2006/2007 and 2007/2008 years, all rating units located in the following District Plan Zones within the Drury Urban Area as defined in Plan Number 453 (refer page 91):

- Urban Commercial 1, 2, 3 & 4
- Urban Industrial 1,2,3, & 4

Business in Residential Zones

The portion of rating units which would otherwise fall into the Residential rating group except for the fact that they are used for an industrial or commercial purpose.

With the exception of the rating unit located at 53 Parkhaven Drive, valuation reference 37401-17501.

Business in Rural Zones

With effect from the 2007/2008 year, the portion of rating units which would otherwise fall into the Rural rating group except for the fact that they are used for a business purpose which would, due to the nature of the activity, require a resource consent for the zone the rating unit is located within.

9. Targeted Rates

9.1 Karaka Community Centre Uniform Annual Charge

A targeted uniform annual charge is set covering costs associated with the maintenance of the Karaka Community Centre. This rate, which is set in relation to all land located within the Karaka Community Centre Area, is levied as a uniform annual charge on each rating unit.

9.2 Papakura Commercial Promotion Targeted Rate

A targeted rate is set to provide funding for promotion of the Papakura Central Business Area. This rate, which is set in relation to all rating units located within the Papakura Commercial Area described in Plan

Number 456 (refer page 92) and rated within the Business rating group, is assessed at a rate in the dollar based on the land value (LV) of the rating unit.

9.3 Auckland War Memorial Museum Targeted Rate

A targeted rate is set to cover the Auckland War Memorial Museum levy. This rate, which is set in relation to all rateable land in the District, is assessed at a uniform rate in the dollar based on the capital value (CV) of the rating unit.

9.4 Museum of Transport & Technology Targeted Rate

A targeted rate is set to cover the Museum of Transport & Technology levy. This rate, which is set in relation to all rateable land in the District, is assessed at a uniform rate in the dollar based on the capital value (CV) of the rating unit.

10. Instalment Due Dates

Rates are invoiced and due for payment in four instalments. A ratepayer may elect to pay weekly, fortnightly or monthly by automatic payment through the banking system. Rates can also be paid by direct debit and other banking methods.

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The due dates for payment of rates instalments are as follows:

Instalment No.	Due Date
1	1 September
2	1 December
3	1 March
4	1 June

Payments must be received on or before the due date, or where this day falls on a weekend or public holiday, the next working day.

11. Penalties

In accordance with Sections 57 and 58 of the Local Government (Rating) Act 2002:

A penalty charge of 10% will be added to the amount of rates remaining unpaid for each instalment after the due date. The dates upon which the 10% penalty charge will be added to any rates remaining unpaid for each instalment will be the day after the due date for each instalment.

A penalty of 10% of the amount of rates assessed in any financial year that are unpaid after the 30th of June will be added on the day following that date.

Note: The amount of unpaid rates to which a penalty is added includes:

- (a) Any additional charges previously added to the amount of unpaid rates under Section 132 of the Rating Powers Act 1998; and

- (b) Any penalties previously added to unpaid rates under Section 58 of the Local Government (Rating) Act 2002.

12. Discount for the early payment of rates

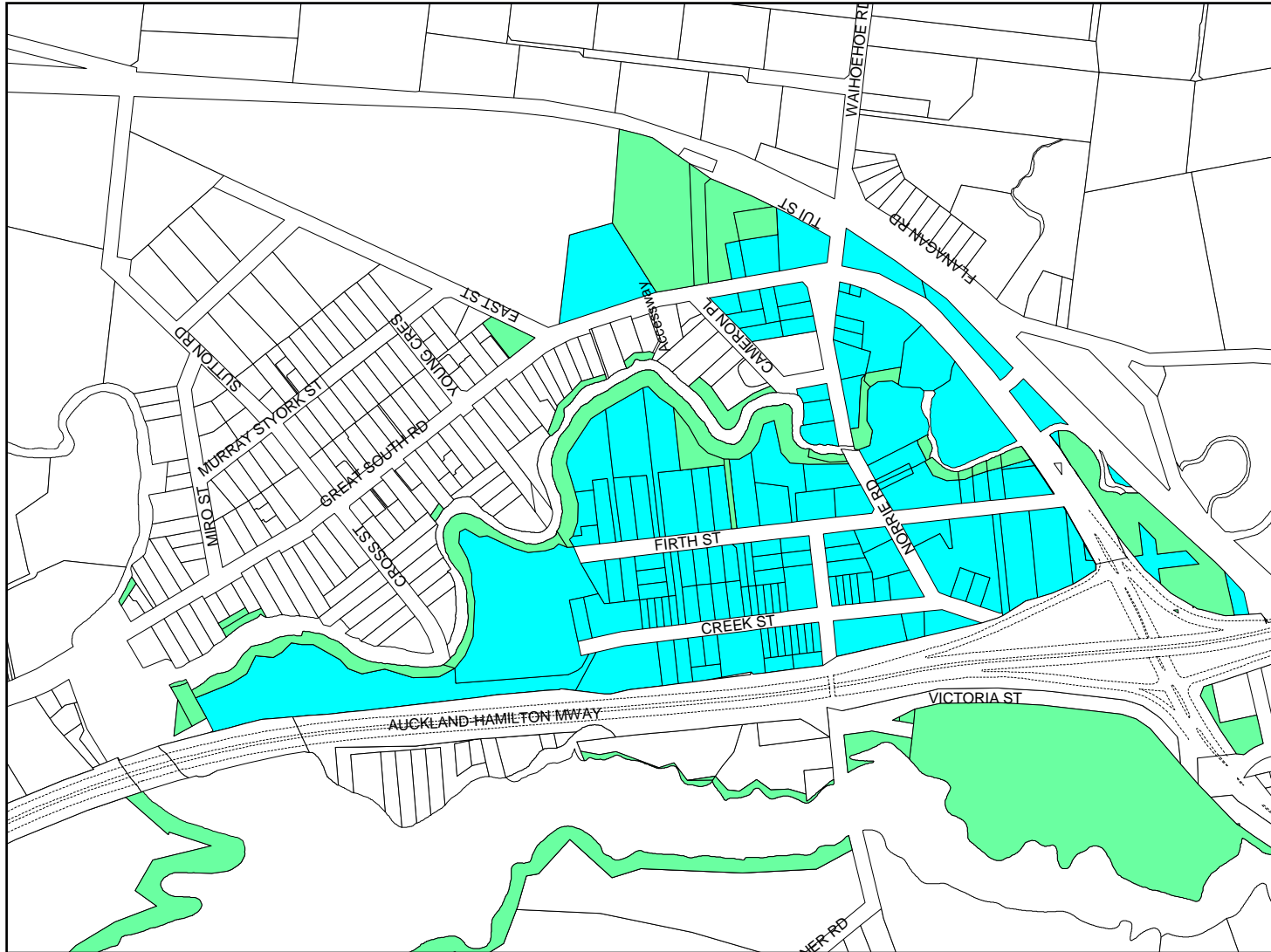
In accordance with Section 55 of the Local Government (Rating) Act 2002 a discount will be allowed if all rates assessed for the year plus any arrears are paid in full on or before the due date of the 1st instalment for that year.

The discount rate is subject to annual review and adjustment based on prevailing market interest rates.

For the 2006/2007 year a discount of 5% will apply.

As a transitional provision for the 2006/07 year, Council may, on application, apply a 3% discount where payments required to receive the early payment discount are received by the due date for the 2nd instalment. This provision will only apply where the ratepayer has received an early payment discount at least once in the two preceding years and is intended to cater for situations where the ratepayer may not have become aware of the change in due date for discounts from instalment 2 to instalment 1.

Drury Business Plan (No. 453)



Papakura Commercial Area Plan (No. 456)

