

## Our preferred option

We are open to all four rating options, but based on feedback from the community through our LTP process and our analysis of the fairest and most equitable way to fund this work, Option C – capital value and SUIP rates – is our preferred option.

This option recognises that the users of each separately used or inhabited part of a property also get a benefit from the flood protection works which provide protection for both people and property.

Rating on the basis of use means Te Puru Holiday Park, which has been assessed as receiving the highest degree of benefit from the works and having 68 SUIPs, would pay a greater proportion of the rate requirement for the works. However, it has the potential to pass a portion of the cost on to those who own shares in the park and have rights to the exclusive use and possession of a specific area in the park. Other properties with multiple SUIPs would also pay proportionately more than those with only one SUIP.

Under this option, a portion of the rates would be charged on capital value. Importantly, this recognises that the SUIPs protected by the flood protection works are much smaller in land size and have a lower financial value than the residential sections located in the same benefit area.

Before flood protection works



After flood protection works



## Tell us your preferred option

Use the feedback form enclosed in this newsletter to tell us your preferred option. Completed forms should be returned to Waikato Regional Council by **18 January 2013**. A freepost envelope has been supplied for this purpose.

## The process

Waikato Regional Council will decide which rating option will be put in place to pay for the completed flood protection works in Te Puru after it has considered all submissions received through the 2013/14 Annual Plan process. Its decision will not be quite as simple as a numbers game. In particular, council will need to balance the number of ratepayers that are for and against each option with the strength of the arguments received and what's equitable.

The rating decision will be implemented from 1 July 2013 and will be in place for 20 years.

### Next steps

1. Informal feedback received by Waikato Regional Council up to 18 January 2013.
2. Rating proposals finalised in February 2013 for the 2013/14 Draft Annual Plan.
3. Formal community consultation on proposals in the 2013/14 Draft Annual Plan during April 2013.
4. Deliberations and decisions on the 2013/14 Draft Annual Plan in May/June 2013.
5. Rating for the completed flood protection works in Te Puru commences 1 July 2013.

## For more information

If you'd like detailed information on how the rating options outlined in this newsletter would impact on your rates, call the rates team on Waikato Regional Council's freephone 0800 800 401.

For all other queries, please contact Waikato Regional Council's Coromandel Zone Manager Julie Beaufill on freephone 0800 800 401.

The Peninsula Project partner responsible for rating flood protection works is:



# The Peninsula Project

Working together to protect our people, property and environment  
*Kia mau ki te mauri o te taiao o Hauraki*



## Background

In March we sent you a letter encouraging you to make a submission through the Waikato Regional Council's 2012-2022 Draft Long Term Plan (LTP) process on the proposal to defer and review how the completed flood protection works in Te Puru will be funded through rates.

Many submitters objected to the way the works would be funded under the proposed per property rating method, which was developed and consulted on in 2003 and doesn't reflect changes in the community. In particular, concerns were raised about the rating of Te Puru Holiday Park. Ownership of the holiday park was divided into shares in 2006 and many of the shares have since been sold into private ownership.

In response to submissions received, our council decided to defer rating to pay for the completed flood protection works from 1 July 2012 to 1 July 2013. It also decided that a review, including community consultation, would be undertaken in relation to the rating of these works in your community.

Under the Peninsula Project's funding policy, the works are funded by the Government (25 per cent), Waikato region (10 per cent), Coromandel Peninsula (15 per cent) and the Te Puru community (50 per cent). The policy also sets out that 80 per cent of the community's share of the cost is to be funded by rating units which receive a direct benefit from the works and 20 per cent funded by rating units that receive an indirect benefit. The Te Puru Flood Mitigation Targeted Rating Classification has assessed whether rateable properties receive a direct or indirect benefit.

The focus of the review was to explore alternative rating options that may be fairer and more equitable than the per property method originally proposed. The funding policy and rating classification were not included in the review.

## Important rating information for Te Puru ratepayers – December 2012

Flood damage June 2002



## In this newsletter

- Four rating options to pay for the completed flood protection works in Te Puru.
- Indicative rating impacts.
- Waikato Regional Council's preferred rating option.

We have also included a form you can use to give us some informal feedback on the rating options.

This is the first of a series of opportunities you will have to help our council decide on the basis of rating that will be put in place to pay for the flood protection works that now protect your community from small, frequent flood events, as well as more significant events.

The completed works include stopbanks and floodwalls to retain floodwaters in the stream channel and rock rip rap to stop the stream banks cutting away.

The informal feedback you give us now will help us decide on the rating proposals that will be included in the 2013/14 Draft Annual Plan.

# Rating options

Since the 2012-2022 LTP process ended, we have investigated a number of alternative rating options. Four options, including the status quo, are outlined below for your consideration. The options refer to direct and indirect rates. Here's a brief explanation of these two rates.

## Direct rate

This rate funds part of the cost of the channel and stopbank capital works. It is applied on a differential basis to reflect the different levels of benefit property owners receive.

## Indirect rate

This single catchment rate is for community good (indirect) benefits. It recognises that the entire Te Puru community benefits from the capital works in some way.

### OPTION A: Status quo

**Direct benefit areas** (Channel and Stopbank 1, Channel and Stopbank 2, Channel and Stopbank 3)

- A per property direct and indirect rate.

#### Indirect benefit area

- A per property indirect rate.

### OPTION B: Capital value and per property rates

**Direct benefit areas** (Channel and Stopbank 1, Channel and Stopbank 2, Channel and Stopbank 3)

- A direct rate based on capital value and a per property indirect rate.

#### Indirect benefit area

- A per property indirect rate.

# Criteria for fairness and equity

Your community has told us that it wants a fairer and more equitable rating method than the proposed per property rating. When considering the option you think is best overall, you will need to think about what fairness and equity means for you.

Here are a couple of questions to think about.

- Does the overall rate paid by a rating unit reflect the degree of benefit the rating unit receives from the works?
- Should the rating method recognise different types of property ownership that might exist within a rating unit?

### OPTION C: Capital value and SUIP rates

**Direct benefit areas** (Channel and Stopbank 1, Channel and Stopbank 2, Channel and Stopbank 3)

- A direct rate based on funding 50 per cent of the rate on capital value and 50 per cent on a SUIP basis. A SUIP indirect rate would also apply.

#### Indirect benefit area

- A SUIP indirect rate.

### OPTION D: SUIP rate

**Direct benefit areas** (Channel and Stopbank 1, Channel and Stopbank 2, Channel and Stopbank 3)

- A SUIP direct and indirect rate.

#### Indirect benefit area

- A SUIP indirect rate.

# What is a SUIP?

SUIP stands for separately used or inhabited part of a property or rating unit. It is one way councils can calculate the rates a property owner pays.

Under the Local Government Act 2002, councils are required to develop their own definitions of a SUIP. In our council's Funding Impact Statement, a SUIP is defined as:

"Any part of a rating unit that is, or is able to be, separately used or inhabited by the ratepayer, or by any other person or body having a right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement, but excluding uses of a minor or incidental nature. Each use that involves a different activity conducted by a person, company or organisation different to the ratepayer is considered to be a separate use."

Waikato Regional Council doesn't currently assess rates on a SUIP basis.

If the council decides to assess rates on a SUIP basis it is likely that the current SUIP definition would need to be amended to clarify that vacant land and vacant premises offered or intended for use or habitation by a person other than the ratepayer are treated as separately used. This would be done through the 2013/14 Annual Plan process.

# The impact on rates

This table gives an indication of the potential impact each option would have on the targeted rate property owners would be charged to fund the channel and stopbank capital works. For detailed information on your individual rates, please call our rates team on freephone 0800 800 401.

The increased rate for stream maintenance, which took effect on 1 July 2012, is not included in this table.

Rating layer	OPTION A Status quo	OPTION B Capital value and per property rates	OPTION C Capital value and SUIP rates	OPTION D SUIP rate
Benefit area: Channel and Stopbank 1 Capital value: \$1.125m+	\$1,126	\$6,341	\$31,878 Based on 68 SUIPs	\$51,420 Based on 68 SUIPs
Benefit area: Channel and Stopbank 1 Capital value: \$340,000	\$1,126	\$1,118	\$923 Based on 1 SUIP	\$756 Based on 1 SUIP
Benefit area: Channel and Stopbank 2 Capital value: \$340,000	\$621	\$617	\$506 Based on 1 SUIP	\$423 Based on 1 SUIP
Benefit area: Channel and Stopbank 3 Capital value: \$340,000	\$370	\$370	\$300 Based on 1 SUIP	\$257 Based on 1 SUIP
Benefit area: Indirect	\$117	\$117	\$90 Based on 1 SUIP	\$90 Based on 1 SUIP

Rates in this table have been calculated using Thames-Coromandel District Council 2012 general revaluation values.

The rates for the three direct benefit areas (Channel and Stopbank 1, Channel and Stopbank 2, Channel and Stopbank 3) include the indirect rate.

