

Attachment 4: Statement of proposal on the draft Revenue and Financing Policy and the draft Rates Remission and Postponement Policies

Statement of Proposal

Draft Revenue and Financing Policy

1. Purpose

The purpose of this document is to inform the public and seek comments on Greater Wellington Regional Council's (GWRC) draft Revenue and Financing Policy.

2. Background

The Revenue and Financing Policy is required as part of the Long Term Plan. It has been prepared in accordance with Sections 101, 102 and 103 of the Local Government Act 2002 (LGA) and sets out how the Greater Wellington Regional Council (GWRC) intends to fund its operating and capital expenditure.

GWRC is permitted to use the funding mechanisms set out in Section 103(2) of the Local Government Act 2002. This section allows the following funding mechanisms to be used when funding operating and capital expenditure:

- General rates
- Targeted rates
- Grants and subsidies
- Interest and dividends from investments
- Fees, charges and other operating revenue
- Lump sum contributions
- Borrowings
- Proceeds from asset sales
- Development or financial contributions
- Any other source (including reserves)

3. Proposal

GWRC proposes to adopt a Revenue and Financing Policy to be included in its 10 year plan 2015-25, which is substantially similar to the current Revenue and Financing Policy in the 2012-22 Long Term Plan. The notable changes to the Policy are incorporating a change to the funding of bovine tuberculosis (TB) pest management and a change to the proportion of general rates funding for the

Wairarapa catchment schemes. There have been other minor amendments to improve legibility and readability, but without substantive changes to policy.

Officers assessed the significance of these changes against GWRC's Significance and Engagement Policy. These changes are not considered to be significant for the purpose of LGA s103 (4).

Change to rating for bovine TB funding

Since 1 July 2013 Tbfree New Zealand Limited has been the agency responsible for the *National Bovine Tuberculosis (TB) Pest Management Plan* (formerly the Animal Health Board). A 2014 funding review of the *National Bovine Tuberculosis (TB) Pest Management Plan* recommended changes to the funding of the management of bovine TB. These recommendations were accepted by the OSPRI NZ board (the organisation that oversees Tb Free NZ Ltd). The new funding approach was based on an assessment of the beneficiaries of Tb control. Part of the recommended new funding approach was that the current 'regional share' provided by regional councils should be discontinued and instead collected via two existing industry levies and an increased contribution by the Crown. The GWRC, along with most other regional councils, has agreed to support this funding approach and proposes to discontinue rating for pest management relating to controlling bovine TB from 2015/16. This will affect properties with an area of 4ha or more.

This will not result in a change to any GWRC pest management activities, which will continue to be funded. This includes our regional possum and predator control activities.

Change to Wairarapa catchment scheme rate

Wairarapa catchment schemes are currently part funded from general rates, scheme rates on landowners and a district council contribution. It is proposed to change the policy applying to the proportion funded from general rates from 50% to "up to 50%". Changing the general rates proportion from 50% to "up to 50%" would allow the contribution from targeted rates or the district council contribution to be varied in line with other similar targeted rates and to better reflect where the benefits lie for each scheme.

4. Assessment of options

Rating for bovine TB funding

There is no reasonably practical option other than discontinuing the Bovine Tb vector control rate.

Continuing with the Bovine Tb Vector control rate would be contrary to the direction agreed with TbFree NZ Ltd and OSPRI NZ at a national level and would potentially

duplicate the separate (non-rates) funding system being proposed for this activity through industry levies and Crown contributions. The extensive analysis of the benefits of Tb eradication programmes showed that the beneficiaries were landowners and farmers and that there was no longer a justification for any regional funding share through regional rates.

Wairarapa catchment scheme rate

GWRC could continue with the current fixed 50% contribution of funding for the Wairarapa catchment scheme, or could alternatively introduce some flexibility and allow for an “up to 50%” contribution. GWRC considers these are the only two reasonably practicable options in the circumstances.

Continuing with the current fixed 50% general rates proportion of funding for the Wairarapa catchment schemes would not provide sufficient flexibility in setting the appropriate level of targeted rates and contributions from district councils. The proposed change allows for greater consistency in the level of targeted rates between this and similar targeted rates, and enables the level of targeted rates and district council contribution to better reflect where the benefits of the scheme lie. The current policy would therefore not align as well with our principle of user pays. GWRC seeks to achieve a rating system that is fair, transparent and simple, provides flexibility to response to future needs, reflects the principle of user pays, and take account of ability to pay. The proposed change is consistent with this approach.

Other provisions in the Policy

GWRC has considered whether the remaining provisions in the Policy should in any way be altered. It has concluded that, other than the particular changes discussed above, the Policy works well and meets the requirements of sections 101, 102 and 103 of the LGA. It therefore proposes retaining all other aspects of the Policy.

5. Submission process

Full copies of the draft Revenue and Financing Policy and how to make a submission is available from the GWRC website at www.gw.govt.nz/have-your-say.

The draft Revenue and Financing Policy also forms part of the supporting information to the GWRC consultation on the 10 year plan 2015-2025. Information on the 10 year plan consultation and submission process can also be found on the GWRC website.

Statement of Proposal

Draft Rates Remission and Postponement Policies

1. Purpose

The purpose of this document is to inform the public about, and seek comments on, Greater Wellington Regional Council's (GWRC) draft rates remission and postponement policies.

2. Background

Section 102 of the Local Government Act 2002 (the Act) requires local authorities to adopt a policy on the remission and postponement of rates on Māori freehold land. In addition, this section also allows a local authority to adopt rates remission and rates postponement policies.

GWRC adopted its current rates remission and postponement policies in 2012 as part of the Long-Term Plan 2012-22. These policies enable GWRC to fulfil the following objectives:

Policy	Objective
Remission of penalties	To enable GWRC to act fairly and reasonably when rates have not been received by the penalty date.
Rates postponement	To enable GWRC to retain its discretion to postpone the payment of rates.
Remission and postponement of rates on Māori freehold land	<ol style="list-style-type: none">1. To recognise that certain Māori owned land may have particular conditions, features, ownership structures, or other circumstances that make it appropriate to provide for relief from rates2. To recognise that GWRC and the community benefit through the efficient collection of rates that are properly payable and the removal of rating debt that is considered non-collectable3. To meet the requirements of section 102 of the Local Government Act 2002 to have a policy on the remission and postponement of rates on Māori freehold land
Remission of rates in special circumstances	To enable GWRC to act fairly and reasonably to remit regional rates in special circumstances.

3. Proposal

The current rates remission and postponement policies have been revised and some minor amendments are proposed.

4. Reasons for the proposal

The reasons for the proposed amendments are:

- to enable GWRC to retain flexibility when considering requests for a rates postponement

- to better align the policies with the provisions of the Local Government (Rating) Act 2002 (LG(R)A) and the rates remission and postponement policies of the region's territorial authorities; and
- to improve the overall transparency, consistency and clarity of the policies.

5. Details of the proposed changes

5.1 Remission of penalties

- This policy has been renamed 'Remission and postponement of penalties' and has been amended to provide for the postponement of penalties; and
- GWRC's right to remit or postpone all or part of a penalty has been specified.

Both of these changes align the policy more closely with the provisions of the LG(R)A.

5.2 Rates postponement

- The explicit requirement for applicants to meet both criteria has been amended, to enable GWRC to retain flexibility when considering requests under this policy
- The option to request a postponement for a lesser amount than an applicant is entitled to has been included, to align the policy more closely with those of territorial authorities in the region (who manage the postponement of GWRC's rates on our behalf)
- No change has been made to the condition that an approved rates postponement is for one year only, but a requirement for applicants to reapply annually for a postponement has been included so that ratepayers are aware they must do this
- Reference to the provision in the LG(R)A under which postponed rates may be registered as a statutory land charge has been added to this condition, for greater transparency; and
- The condition relating to fees charged in arrears on postponed rates has been amended from 'a fee will be charged' to 'a fee may be charged' to enable GWRC to retain flexibility.

5.3 Remission and postponement of rates on Māori freehold land

- The definition of Māori freehold land (as set out in the LG(R)A) has been included so it is clear what land this policy applies to
- The condition relating to applications made under this policy has been amended to make it explicit that applications must be made in writing. This is a requirement in GWRC's other rates remission and postponement policies and will enhance overall consistency
- A requirement for applications under this policy to provide supporting information demonstrating how a postponement will achieve the criteria set out in this policy has been included, to assist GWRC in determining whether an application meets the policy's criteria
- That GWRC may of its own volition investigate and grant a remission or postponement for all or part of the rates (including penalties for unpaid rates) under this policy has been made explicit, to align the policy more closely with the provisions of the LG(R)A

- As with GWRC's rates postponement policy, an applicant's option to request a postponement for a lesser amount than they are entitled to has been included, to achieve consistency across the policies; and
- The provision that decisions under this policy may be delegated to officers has been amended to include decisions on the remission and postponement of penalties for unpaid rates, to align the policy more closely with the provisions of the LG(R)A.

5.4 Remission of rates in special circumstances policy

- No significant changes are proposed other than those that apply to all of the policies (as detailed below).

5.5 All policies

- A disclaimer has been included in each policy setting out that each request will be considered on its merit and may be granted where it is considered to meet the criteria and conditions, to enable GWRC to retain discretion in making decisions under these policies
- 'Conditions' and 'Criteria' have been separated, to provide greater clarity between the two; and
- References to 'Greater Wellington' have been changed to 'Greater Wellington Regional Council' as this terminology is more appropriate.

6. Assessment of options

Officers have assessed the significance of these changes taking into account GWRC's Significance and Engagement Policy. These changes are considered to have low significance.

No other reasonably practicable options were considered in any depth due to the low level of significance of the changes (in accordance with GWRC's discretion under section 79 of the Local Government Act 2002).

7. Submission process

Full copies of the draft rates remission and postponement policies and how to make a submission are available from the GWRC website at www.gw.govt.nz/have-your-say.

The draft rates remission and postponement policies also form part of the supporting information to the GWRC consultation on the 10 year plan 2015-2025. Information on the 10 year plan consultation and submission process can also be found on the GWRC website.