

# Who pays proposals

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**TO** Thames-Coromandel District Council  
**FROM** Scott Summerfield - Policy and Planning Manager  
**DATE** 7 May 2018  
**SUBJECT** **Who pays proposals**

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## 1 Purpose of report

This is one of a series of reports which presents submissions received on the 2018-2028 Long Term Plan, staff analysis and recommendations for Council consideration.

The focus of this report are the proposals within the Consultation Document on who pays, including changes to the revenue and financing policy, rates remissions policy, and fees and charges.

## 2 Issue

Council decisions are required on the proposals included in the consultation document and on the matters raised by submitters.

## 3 Removal of rates remission for second dwellings

Council proposed to remove the existing rates remission available to ratepayers with a second dwelling (a separately used and inhabited part of a rating unit) on their property, who sign a statutory declaration agreeing that their second dwelling will only be available for non-paying family and friends. This remission, 100% of the applicable second SUIP rates, ranged from \$700 to \$2,000 per property per year, and in the 2017/18 year was being received by 131 ratepayers, at a total cost to the district ratepayer of approximately \$230,000 per year.

The proposed policy, which has the proposed clause on the 100% rates remission for properties for second dwellings is included as **Attachment A**.

The wording in the current policy (proposed to be removed) is as follows:

### **"1.1 Rating Units Containing Two Separately Habitable Units**

#### **1.1.1 Objective**

*To enable the Council to provide for relief for ratepayers who own a rating unit containing two habitable units but who use the second unit only to accommodate non-paying guests and family.*

#### **1.1.2 Policy Statement**

*On written application of a ratepayer annually, and provided that:*

- their rating unit contains two habitable units; and*
- the second unit is used only for family and friends of the occupants of the first unit*
- on a non-paying basis; and*
- the application is accompanied by a Statutory Declaration made by the ratepayer that declares that b) has been complied with for the current rating year and will continue to be complied with in the ensuing year; then ,*

*The Council may remit second targeted rates for water, wastewater, stormwater, solid waste, any uniform annual general charge, and targeted rates set on a uniform basis for works and services. In no circumstances will loan charges be remitted. If a rating unit contains more*

than two habitable units used by non-paying guests and family, only one is entitled to remission.

The application for remission must be made to the Council prior to commencement of the rating year (1 July). Applications received during a rating year will be applicable from the commencement of the following rating year. Applications will not be backdated.

### **Delegations**

Decisions for remission of rates for rating units consisting of two separately habitable units will be delegated to Chief Financial Officer, Revenue Manager and Senior Rates Officer."

### **3.1 History on proposal**

The Long Term Plan workshop on 18 September 2017 sought feedback from Council on the Rates Remission Policy. The workshop notes recorded the following direction (underlined) from Council:

- *Clause 2.9 rating units containing two separate habitable units, Council was asked if they were comfortable with the inclusion of a provision around investigation/enforcement; and that staff resourcing be provided for this purpose in terms of responding to complaints as they arise (rather than across the board regular checks)? Council agreed that investigation takes place on complaints rather than monitoring regime which took up time and staff resource. Council noted concerns with movable houses that have been constructed around the area, it was suggested that if no remission was made available this could curtail the increased spread of these buildings. Council supported that remissions only be made available for separate units under 50/60sqm. Councillor McLean requested that moveable building be workshopped.*

On 31 October 2017 the proposed Rates Remission Policy was formally presented for Council adoption for public consultation. The report noted the following text:

#### *Clause 2.9 - Rating Units Containing Two Separate Habitable Units*

*This clause enables Council to provide rate relief for ratepayers who own a rating unit containing two habitable units but who use the second unit only to accommodate non-paying guests and family. It requires ratepayers to sign a statutory declaration that they will abide by associated conditions (including that the second unit will not be used for pecuniary profit). Investigations only occur on a complaint response basis. This has given rise to questions around whether monitoring is adequate. Any increase in monitoring would require additional resourcing and funding.*

*In addition, issues have arisen where more than one party owns a property and there are two separate units of use. Clarification would be required to ensure alignment with the policy intent: that it is not to remit when more than one party owns one property and there are separate units of use.*

*Alternatively, Council could consider removing this clause altogether (as denoted in Attachment A), so that all remissions are only available for ratepayers who own a rating unit containing two habitable units where the second habitable unit's gross floor area excluding garage is less than 50m<sup>2</sup> or 60m<sup>2</sup>, is Lifemark™ design certified or has another certification that it is functional for elderly or disabled residents. This may provide greater clarity around our infrastructure capacity (which takes into account rating units) and reduce administration and enforcement resourcing required to effectively monitor occupancy and compliance with statutory declarations.*

The Council approved the proposed policy that was attached to the agenda item which had removed the rates remission.

On 20 February 2018 the Council meeting considered a further amendment to the proposed Rates Remission Policy to remove the Council's rates rebate to retirement village residents as the government had changed legislation and the Council's remission was no longer required as the Department of Internal Affairs would cover the existing gap in eligibility.

### **Submission points**

Submitters who selected Option A made the following comments:

- Six submitters thought it was a fair proposal.
- One submitter noted it was difficult to police/control the remission system.
- Eight submitters said that two dwelling means two sets of demands on services.
- One submitter said that if the owner wants the facility they should contribute more.
- One submitter said there is no difference between having family stay in a 4 bed house normally occupied by 2, from two separate dwellings on one site servicing the same number of people.
- One submitter said Council should remove all remissions.
- One submitter said some of these dwellings will be used full time for they should not have a remission.
- Another submitter said that charging rates will encourage empty dwellings to be let which helps with accommodation shortage.
- One submitter said Council should review each dwelling on a case by case basis to determine suitability for remission and what the remission should be worth.

Submitters who selected Option B made the following comments:

- Five submitters thought that Council should only charge for actual use of services or the actual impact on Council services/networks, for example through water metering
- Eight submitters not that if Council has imperfect information on how many of these second dwellings there are, then it is unfair to start charging those that have been identified to date as there are many who would be liable for the charges that are not going to be rated. Many submitters referred to how many other properties on their street or in their neighbourhood had additional dwelling and weren't being charged for them.
- Eight submitters said that Council should instead target BnB/AirBnB/BookaBach type ratepayers who made a commercial gain from their second dwelling and do increase the impact on ratepayers.
- 32 submitters said that second dwelling occupants do not necessarily increase the total impact on Council services any more than a large family/large home, and this is in effect double charging.
- 22 submitters said that where the dwelling is owned by absentee ratepayers, it is pointed out that they have a much lower impact on services anyway for the total rates they pay than permanent residents, despite potentially having more people on the property at peak times.
- Four submitters said that second dwelling occupants do not get the additional benefit of their rates in many cases (i.e. second UAGC yet not having secondary benefits from it, same for roading and stormwater).
- Six submitters thought that larger properties can have greater impact than two smaller ones (e.g. stormwater collected from roof service).
- Five submitters questioned whether it was fair and reasonable that one household can end up paying \$5500 in rates for a single property, when their neighbour with a much larger house, possibly more occupants, and also possibly a BnB (or AirBnB) pays closer to \$3500?
- Eleven submitters said that removing the rates remission will make rates unaffordable for some.
- Six submitters said their own second dwelling is not used as a dwelling or has another purpose (e.g. office).
- Two submitters said their second dwelling is a sleep out, not a dwelling.

- Eight submitters were prepared to convert the building into one dwelling by removing the sink.
- Ten submitters disagreed with Council's definition of dwelling for rating purposes.
- Seven submitters said that flats which are used by families living as one unit, shouldn't be charged extra rates to live as a family unit with two kitchens (e.g. elderly parents or teenage children).
- Four submitters said having a second dwelling allows people to look after their elderly parents.
- Two submitters thought an inspection of each property and its use to determine whether a remission is appropriate, given wide variance on type of dwelling and use, was appropriate.
- Two submitters thought Council should retain the rates remission and incentivise renting out to long term tenants to address housing shortage.
- Three submitters said they would need to start renting property out to pay rates, thereby actually increasing the impact on Council services.
- One submitter disagreed with rating SUIPs.
- One submitter noted that when combined with the proposed UAGC increase, the removal of the rates remission has a disproportionate impact on second dwellings.
- One submitter said Council should charge second dwelling only the actual costs of additional services that the particular second dwelling has accrued.

### **Analysis**

The majority of submissions received supported Council's proposal to remove the second dwelling remission available to property owners who sign a statutory declaration agreeing that the second dwelling will only be able to be used by non-paying family and friends from the Rates Remission Policy. There were comparatively few submissions with comments in support of the proposal compared to comments from those who opposed the proposal.

Submitters raised entirely valid points that:

- Council has limited information on where second dwellings are and therefore can't treat those benefiting from them fairly;
- Second dwellings are not an accurate reflection of actual use of Council services or the impact on them;
- Many second dwellings are downstairs flats, sleepouts or utilities on properties where the main dwelling, let alone the the second dwelling, is not usually occupied and the non-resident ratepayer already is receiving less regular benefit from Council services than equivalent resident ratepayers; and
- Second dwellings, as captured by our definition, can just be the reality in which different family units live on any given property e.g. elderly parents in a self-contained flat, teenager in a sleepout in the yard.

The definition of a dwelling (interchangeable with a SUIP - separately used and inhabited part of a property) was also questioned through submissions, with some submitters considering that the existing definition was an unreasonably low bar to qualify as a second dwelling. There are a variety of building situations captured by this definition, which is that of a dwelling included in the Proposed District Plan, being:

*Dwelling means a building, buildings, or portion of a building that contains in a contiguous area one kitchen, at least one toilet and at least one habitable room. The dwelling has its own access from the outside or from a shared foyer.*

This definition refers to a kitchen, which is then further defined as:

*Kitchen means a room or portion of a room that incorporates a plumbed sink/tub, and an electrical outlet. A kitchen is not:*

- *A second plumbed sink/tub and electrical outlet, in the same building as the first plumbed sink/tub and electrical outlet, that is for laundry use;*
- *Bathroom;*
- *Outdoor barbeque or cleaning area.*

## Recommendation

That Council proceed with removing the second dwelling remission.

## 4 Uniform Annual General Charge (UAGC) proposal

The proposed Revenue and Financing Policy that was part of the Long Term Plan consultation is included as **Attachment B**.

### 4.1 History on proposal

At the **19 June 2017** Council workshop facilitated by Bruce Robertson the Council noted that a financial feature of the Thames-Coromandel District Council was the share of flat charges compared to land value based rates. The workshop notes captured the following: *The Council moved to a higher UAGC because of an increasing importance to reflect that benefits from many Council services are the same no matter where you live (everyone pays the same amount).*

The Council of the previous two terms had a strong desire to set the uniform rates near the 30% allowable cap and the June 2017 workshop endorsed this position.

At the **31 January 2018** workshop the Council received a revised Revenue and Financing Policy that reflected all the funding workshop topics in developing the 2018-2028 Long Term Plan over the course of 2017. The workshop presentation included the following summary of changes to be incorporated:

- Major changes reflect workshop direction
  - Maximise funding from uniform rates
    - Take UAGC to legally allowed 30% cap
    - For services giving equal benefit to ratepayers
    - Changed funding tool name
      - Used 'general rate' and not specified if activity land value funded or uniform funded
      - Same as Tauranga and New Plymouth's policies
    - Stated intent to maximise uniform rate
  - Remove Economic Development rate
  - Change 4+ B&Bs to residential rating category
  - Rooding rate created

These changes were endorsed at the **20 February 2018** Council meeting and then reflected in the Consultation Document. The rooding rate was subsequently deferred for another year due to the timing of the new legislation and consultation requirements.

### 4.2 Proposal

Council consulted on increasing the amount collected from the Uniform Annual General Charge (UAGC) and reduce the amount collected from land value based rating for the general rate.

The Council considered that many of its services provided the same or similar level of benefit to all ratepayers regardless of a ratepayer's location in the district, the size of the property and/or value of the property. The best match for funding services that benefit all ratepayers in an equal manner is a uniform rate where all ratepayers pay exactly the same amount.

The legislation about rating allows councils to charge 30% of the total rating revenue from rates set on a uniform basis. The water and sewerage rates are exempt from this calculation.

The overall increase in uniform rates will be set to reach the 30% limit. In general this

means that properties with lower land values will pay a bigger contribution on rates where land value was previously used.

The options were:

- A. The Uniform Annual General Charge, the fixed part of the general rate, will be at a higher level than previous years and this means lower value properties will pay a higher proportion of total rates. The impact is different for every rateable property.
- B. Uniform rates are not maximised and the UAGC is set at a similar level to previous years (showing a small increase to reflect the higher total rates required).

	District response	
	Number	Percentage
Option A	132	47%
Option B	133	47%
Other	18	6%

#### **Option A - Submitter points**

- Eleven submitters support the increase in UAGC to enable more "user pays" of services provided, which is fairer distribution of rates.
- Hauraki-Coromandel Federated Farmers support the increase in UAGC as ratepayers with higher property values. The UAGC is important to farmers as a balancing mechanism, ensuring all ratepayers make a reasonable contribution for council's services.

#### **Option B - Submitter points**

- Twenty nine submitters (including Transition Town Thames (T3)) ask to retain the current levels of UAGC as increasing it causes disparities as a greater burden will fall on low income earners and those on pension and benefits.
- Six submitters suggest that those with higher value properties/land should pay a high portion of rates.
- One submitter suggests this is a way to increase Council revenue without any additional value to ratepayers.
- Seven submitters disagree that all ratepayers receive the same core services and so do not support uniform rating approach.
- One submitter suggests that it is a disproportionate rate rise for those with smaller properties.

#### **Other - Submitter points**

- Six submitters (including the Whangamata, Tairua-Pauanui and Thames Community Boards) support the increasing of the UAGC but doing it gradually over three years to reduce the burden to the ratepayers.
- One submitter suggests land value should not be used at all. Higher values do not mean those land owners get more services. Ratepayers do not benefit from services equally due to the diversity and topography of the area.

#### **Analysis**

Feedback on the proposal to increase uniform rates closer to the 30% allowed under legislation is evenly split.

The Council's rating system is currently made up of the following land value based rates and uniform rates:

Land value based rates	Uniform rates
General rate	Uniform annual general charge
Community Board works and services rate	Community Board works and services rate
District transportation and building control	Rubbish and recycling
Stormwater	Stormwater
	Water
	Wastewater

The water and wastewater rates are excluded from the calculation to determine the 30% limit. The rubbish and recycling rate is determined from the expenditure required for that activity.

The expenditure for the Community Board works and services rate is split across the uniform rate and the land value based rate with the land value making up to 43% - 59% (see table below).

	Land value as a proportion of total works and services rate
TCB	43%
CCCB	45%
MBCB	59%
TPCB	48%
WCB	48%

The expenditure funded by the UAGC in 2017/18 was \$12.6 million. The expenditure funded by the UAGC in the draft Long Term Plan for 2018/19 is \$19 million. This increase in expenditure translated to an increase in the UAGC from \$437 to \$662, a 51% increase.

Overall the proportion of total rates collected from uniform rates reduced slightly - see table below.

Percentage of total rates	2017/18	Proposed 2018/19
All uniform rates*	24.9%	23.52%
Value based	72.07%	73.66%

\* Includes the water and wastewater rates, but not the water by volume rate (explains why this does not add to 100%).

So why the large increase in the UAGC and how did we get closer to the 30% limit on the uniform rates?

The increase in the UAGC is a combination of the following factors:

- Movement of staffing costs from the local funded activities to the Council activity which contributed to a reduction in the local works and services rate (reduced 15% across all five Community Board areas)
- Increase in expenditure in the activities funded by the general rate (land value and uniform) - a higher increase than for the uniform rates not included in the 30% limit calculation e.g. the land value general rate increased by 19%; the water and wastewater rates increased by 1%.
- Movement of expenditure previously funded by the land value based general rate to the UAGC to get close to the 30% limit.

## Recommendation

Support the proposal within the Consultation Document to increase the uniform rates closer to the 30% legal limit.

## 5 Economic Development Rate

### 5.1 History on proposal

On 20 April 2017 the Council considered its future direction for the Council's economic development activity. There was agreement at this workshop for the Council to focus on leveraging our local, regional and national networks and bring to bear our influence in areas for which we have more knowledge and capability than anyone else in the district, such as with infrastructure, regulation and community advocacy. It was noted in the workshop notes that Council is best placed to connect the dots for all projects capable of achieving real increases in economic activity. How economic development improved wellbeing was raised and it was noted that with growth comes improvements in the lives of the community and an increase in the standards of living.

On 30 October 2017 the Council considered a report that recommended the Economic Development rate cease and the expenses associated with the economic development activity be funded by the UAGC so that it was funded by all the beneficiaries and not just a selection of ratepayers.

This report noted the following:

*From a policy perspective, **economic development** can be defined as efforts that seek to improve the **economic** well-being and quality of life for a community by creating and/or retaining jobs and supporting or growing incomes and the tax base. **Economic development** usually refers to the adoption of new technologies, transition from agriculture-based to industry-based **economy**, and general improvement in living standards.*

*The future approach for the Economic Development activity supported by Council at the LTP workshops is to enable developers coming to the Coromandel by connecting them with potential partners, removing barriers with our consenting processes so that the benefits from increased development in the district provide a more sustainable Coromandel economy. This approach is intended to provide benefits to all the district's residents and ratepayers.*

The Revenue and Financing Policy was amended accordingly and considered by Council on 31 January 2018 and approved for public consultation.

### 5.2 Proposal

Council proposed to remove the economic development rate from commercial and industrial properties. The removal of the economic development rate is based on the change in direction we are undertaking in our economic development activity. The focus of our economic development is now almost exclusively on facilitating engagement with business and developers in the district. This is a change from funding the anchor projects previously identified by Council as those projects were seen as providing a direct benefit to Coromandel businesses by fostering the visitor industry.

With this change in focus, we don't think a targeted rate on commercial and industrial properties to support economic development in the district is necessary as our new 'connect the dots' type approach requires significantly less funding and is accessible to all ratepayers who wish to engage with us.

The options were:

- A.** Commercial and industrial ratepayers will no longer pay \$8.35 per \$10,000 of improvement value. For example, a property with \$1 million improvement value currently pays \$835 on this rate. All rateable properties, including commercial and industrial ratepayers, will pay \$22 each year as part of the general rate.
- B.** Current rating of commercial and industrial ratepayers for \$8.35 per \$10,000 of improvement value continues with no increase for all rateable properties.

	District response	
	Number	Percentage
Option A	109	40%
Option B	151	55%
Other	15	5%

#### **Option A - Submitter points**

- Three submitters suggested that businesses are struggling enough as it is and this is a way to support them.
- Two submitters (including the Whangamata Golf Club Inc) suggest that a decrease in costs to commercial and industrial ratepayers is an investment in those generating economic development for the district.
- One submitter suggested the removal of this rate removes additional administration costs.
- Two submitters (including the Thames Community Board ) support option A as a holistic approach to recognise the benefit of this activity to the whole community in both a financial and social sense.

#### **Option B - Submitter points**

- Eight submitters suggest this shouldn't be a cost worn by the residential ratepayers in the district.
- Eighteen submitters (including the Whangamata Community Board and Whangapoua Beach Resident and Ratepayers Association) suggest that businesses operating in the district are those that are seeing the return on the investment in economic development and use more of the services via their customers, therefore they recommend that the current funding stays.
- Two submitters said that removing this rate will cause problems for the future if you need to re-introduce it for structural needs. Instead, suggests offering business a two year break when they bring new business to our district, and offer continued discounts for meeting ongoing targets; that gives the same overall effect but doesn't remove your flexibility over your own rate generating abilities.
- One submitter said to maintain the rate and use the additional money to improve infrastructure in the district which in turns supports and promotes economic development.
- One submitter suggests the additional income should be used to fund the information centres.
- One submitter suggested the increase in rates would have an adverse effect on those least able to afford it and will not benefit from the activity.

### **Other - Submitter points**

- Five submitters suggest if the Economic Development rate is not needed from business then it is not needed from the general ratepayers and to remove the rate altogether.
- One submitter suggests than any funds towards economic development should be sought from the Regional Development Fund.

### **Analysis**

The focus for Economic Development under the current Council has changed and is less focused on specific projects and more focused on enabling businesses and supporting them into the district. With less specific benefit to commercial and industrial ratepayers from specific tourist driven projects it is no longer appropriate they contribute more for that activity. Council needs to be able to demonstrate the direct benefit of the rate levied to the ratepayers it is levied from; in the case of the Economic Development rate going forward, this will be a difficult exercise.

Commercial and industrial ratepayers already contribute more via increased charges for wastewater and the Economic Development rate should not be used as a mechanism to seek further contribution from them without being spent on Economic Development activities.

Despite their being more support for retaining the Economic Development rate, staff consider that there is adequate support shown for Council's proposed option to proceed with removing the rate. This is also more consistent with the purposes of the Local Government (Rating) Act 2002 for setting a targeted rate, as Council's economic development activity can no longer be shown to deliver a specific benefit to the commercial and industrial ratepayers who are targeted by the existing rate.

### **Recommendation**

That Council proceed with the proposed removal of the Economic Development rate.

## **6 Classifying large Bed & Breakfast providers as residential**

### **6.1 History on proposal**

On 30 October 2017 the Council considered a workshop report on the current classification of the large bed and breakfast providers (four or more bedrooms for let) as commercial and industrial ratepayers. In 2015 the Council classified large B&B and homestay properties with four or more bedrooms/units available for rent as commercial for rating purposes. At the time the Council was also considering charging all residential rating units that rented their properties for holiday periods/short stays an annual fee of \$200.

In the 2015-25 Long Term Plan consultation document we wrote:

*"Additionally, when we prepared our last Annual Plan 2014-2015, we signalled that we would be reviewing a perceived inequity in the current funding structure between moteliers and other providers in the short-term accommodation sector. These include Bed and Breakfast operators and those letting their residences on a short term basis such as through Book-a-Bach or similar. Moteliers pay the commercial portion of the Economic Development rate and their competitors do not. We have completed our review of the sector and concluded that there is an inequity in the current arrangements. In order to reduce this inequity we propose two changes:*

- *the introduction of a targeted fixed rate of \$200 per property for those who make their homes available on a short term basis for holiday rentals; and*
- *classifying Bed and Breakfast businesses who have 4 or more bedrooms available for short term accommodation as Commercial rather than Residential ratepayers. They will then pay commercial rates."*

The \$200 annual charge was not implemented following feedback received to the 2015/25 Long Term Plan consultation document.

By classifying these large B&Bs as commercial they became liable for the economic development rate and the applicable wastewater rate (if connected to a Council wastewater system). Once the rates demands had been received by the affected ratepayers, councillors became aware of the additional wastewater rates that commercial ratepayers are liable for. To rectify this oversight the Council's Audit & Risk Committee applied a remission for the additional wastewater charges for the three years 2015/16 through to 2017/18 and signalled that the situation would be reviewed during the 2018-28 Long Term Plan development through the Council's Revenue and Financial Policy to remedy the situation on a permanent basis.

On 31 January 2018 the removal of the large bed and breakfasts (and homestays) was signalled by the Council in the revised Revenue and Financing Policy to be made available for public consultation.

## 6.2 Proposal

Council proposed to return the eight Bed and Breakfast accommodation providers with four or more bedrooms available for rent to the residential category. The ratepayers were classified as commercial as part of the 2015-2025 Long Term Plan. The major difference in rating for a commercial ratepayer and a residential ratepayer has been the Economic Development rate and higher wastewater rates. The scale of Bed and Breakfast businesses across the district varies and this means the commercial wastewater rate is not always appropriate. Without the Economic Development rate we think it is best to return the large bed and breakfast businesses back to the residential rating category.

The options were:

- A. Move B&B providers with 4 or more beds to residential ratepayers (affects 8 properties).
- B. Retain B&B properties with 4 or more beds as commercial ratepayers.

	District response	
	Number	Percentage
Option A	151	53%
Option B	117	41%
Other	16	6%

### Option A - Submitter points

- One submitter suggests it is unfair that a 3 bedroom B&B is charged a residential rate and a 4 bedroom a commercial rate with very little difference in impact on services.
- The Thames & Whangamata Community Boards support the change back to residential rate for large B&B owners as it is more fair and equitable.
- Four submitters suggested that for the number of properties impacted the administration costs to enforce it would be greater than the return.
- One submitter suggested it was a positive to incentivize more accommodation providers making the Coromandel more appealing.

### Option B - Submitter points

- Eighteen submitters suggest that these properties are businesses and therefore should be paying a greater contribution to wastewater rates.
- One submitter suggest that Backpacker hostels may try and claim to be B&B's (often owner occupied) to take advantage of this change.

- One submitter suggests the charge should be based on how many lettable facilities a B&B has, i.e. a rate per lettable facility, the more you have the greater the impact and the more you contribute.
- Two submitter suggested that those who have a greater impact on services should be charged accordingly.
- One submitter suggested that all properties who rent their homes with four or more beds should be paying the commercial rate.
- Four submitters (including the Thames Branch of Hospitality New Zealand) suggested that all accommodation providers should be put in this category to make it an equal playing field.
- One submitter suggests that with this proposal there is a presumption that the economic development rate proposal is already decided.

#### **Other - Submitter points**

- Two submitters suggested it was a waste of time to consult on something that effects only 8 properties, Council should just make an appropriate decision.
- Two submitters suggested we should be considering a flat rate charge for any rental advertised on AirBnB, TradeMe, Bookabach etc, as these properties are having a negative impact on the ability of people to find long term rental accommodation and an increased usage of services.
- Two submitters suggests there is an equity imbalance when B&B operators of less than 4 rooms pay a residential rate and yet with the removal of the second dwelling rates remission those properties who just happen to have an additional kitchen sink are charged a lot more than those make a commercial profit off their properties with increased impact on services.
- One submitter suggests adding a fixed fee or new 'semi-comm' rate for advertised B&B per rental accommodation with a real estate agent and/or introd of a 50-60 day limit on 'holiday accomm' providers.
- One submitter suggested that anyone who has more than 6 guests should have to pay a charge to the Council for services provided.

#### **Analysis**

More than half of submitters supported Council's proposed change. With the proposed removal of the economic development rate, the remaining distinction for these properties between commercial and residential rating status is the charge for commercial wastewater use. With differing levels of occupancy year round, and human use of the additional rooms only, it is difficult to demonstrate why these properties should be treated as a commercial wastewater user as it is unlikely they will be discharging similar volumes of wastewater as other commercial rating units.

Many submitters, in response to this proposal as well as the proposal to remove the rates remission for second dwellings, raised the issue of commercial gain on holiday homes through the use of AirBnB or BookaBach online listings. A comprehensive approach to rating of accommodation provision in residential units which include holidays homes as well as B&Bs run by owner-occupiers should be considered by Council. If desired, staff will look into options with the accommodation industry sector to find ways to more equally seek contribution of those renting their homes on BookaBach or AirBnB given the prevalence of these properties in the district.

#### **Recommendation**

Proceed with proposal to classify bed and breakfast operators with four or more rooms available for rent as residential rating units.

## 7 Resource Consent fees

Council consulted on proposed minor changes to resource consenting fees and charges. Consultation on these fees is required under the Resource Management Act, irrespective of the nature or scale of the proposed changes. Only inflationary changes or changes to meet increasing actual costs were proposed. 158 submitters supported the proposed fees, and 72 opposed them.

Some submitters used the available space for this proposal to make comment on building consent fees; these comments are addressed in the report covering the Building Control activity.

### Resource consent fees supported

- Thames Community Board supports the proposed changes, but recommends that consideration of the fee structure be given to consents lodged for projects that have a strong social and public benefit and/or align with Council objectives e.g. cycling and walking trails, sculpture parks.
- Whangamata Community Board supports the proposed changes.
- 2 submitters state that 'user pays' is a 'good principle'.
- 1 submitter supports an increase in 'user pay' charges overall but some fees could be varied, increases should be made to those services used by individuals not by those not using them.
- 1 submitter states the percentage increase is shocking, but that even the new rates may not cover the costs of consenting.
- 1 submitter supports small changes to fees.
- 1 submitter supports this if absolutely necessary and would like to see the process become more efficient.
- 1 submitter states the fees should increase - everything else is inflation adjusted.

### Resource consent fees opposed

- 3 submitters stated it is expensive to build so Council should be getting their costs covered but not charging excessive costs; keep the fees as they are; none need to be increased.
- 3 submitters stated that fees are already exorbitant and depress potential development; New Zealand has a housing crisis with unaffordable housing driven partly by Council fees.
- 1 submitter stated the huge cost of getting resource consent is already ridiculous.
- 1 submitter concerned that the fee changes overall seems to favour large developers and are much more prohibitive for smaller projects.
- 1 submitter stated many fees proposed have really big increases, far more than inflation.
- 1 submitter states keep these fees as low as possible and encourage more public participation in the Resource Management processes.
- 1 submitter states the increase in costs will encourage more illegal structures and fewer consents.
- 1 submitter said compliance costs are astronomical as it is; do the job more efficiently and save costs.
- 1 submitter states if the actual cost is going up then reduce the process, make it more streamlined.

### Other comments

- 1 submitter stated fees hold up progress; need to bring fees down to ensure progress.
- 1 submitter supports the proposed changes but notes there are no charges for the Tairua Community Hall.
- 1 submitter supports user payment for resource fees not ratepayer funding.
- 2 submitters think some consideration needs to be given to projects which are being provided by community groups for community use. Fees are a large extra cost.

- 1 submitter stated this was too much to read through.
- 1 submitter does not know enough about this area to comment.
- Ngati Tamatera Treaty Settlement Trust seeks to agree on the mix of public/private benefit in respect to Ngati Tamatera treaty settlement lands and facilities that have an encumbrance of public access and use.
- 1 submitter seeks the RMA to be strengthened, especially around the removal of heritage and protected trees.
- Pauanui Community Office states unfortunately a huge percentage change was necessary in one go, however it is understood that the previous fees in no way covered the costs of the consent process, so proposed changes to the resource consent fees are supported. Maybe need to consider a way to reduce the huge admin burden of a consent proposal to save everyone time and money.
- 1 submitter disagrees with the increased charge for parking at Hahei.

### **Analysis**

The payment for a resource consent covers staff time in administration and assessing the environmental effects of the application so that an informed decision can be made. The deposit fees have been determined on the basis of an average charge for a resource consent, plus a review of resource consent fees for other Councils in the region. Staff are confident that these fees reflect the actual and reasonable costs of processing resource consents.

The fees proposed for applications for resource consent are supported by the Thames and Whangamata Community Boards, and seven other submitters. The reasons for supporting the new fees are the 'user pays' principle; and adjustment for inflation. The support was subject to requests seeking the process to be more efficient; and consideration of fees for projects that have strong social and public benefit.

Those submitters opposing the fee structure for resource consents stated that fees are already exorbitant and contribute to excessive costs, particularly for smaller projects. Increased fees may lead to more illegal buildings. One submitter considers the fees favour large developers.

More public participation in the resource consent process was requested. This is a matter determined by the consent planner assessing the application and cannot be included in the fees schedule.

### **Recommendation**

That Council adopt the resource consent fees for the 2018/19 year as proposed.

## **8 Harbour Facility Fees**

Council consulted on a proposed increase to passenger fees in the Coromandel-Colville board area, as well as minor changes to align fees and charges for harbour facilities across the district where the same or similar service was available irrespective of community board boundaries. 198 (79%) submitters supported the proposed fee changes, and 36 submitters opposed them (14%).

### **Submission points**

- Three submitters suggest there should only be a common charge when all harbour and boat ramps are improved to a standard that warrants it.
- Three submitters suggested that the administration costs of collecting the embarkment and disembarkment would outweigh any benefit and that a districtwide launching permit that can be purchased online would be preferable. Monitoring of this system would be simpler with someone to occasionally check at boat ramp that the registrations are on the database.

- One submitter suggests that we remove all boat ramp fees that those who are nonresident ratepayers receive very little value from their rates and then have to pay more to use the boat ramp.
- One submitter suggested that we do not charge commercial vessels for the use of our facilities given the important role they play in the economy of the area.
- One submitters suggest that we change the Coromandel Harbour passenger fees but that the rest of the fees remain the same until a District Harbour review is completed.
- The Mercury Bay Community Board requests a review of the fees and charges in relation to commercial activities undertaken using Council assets. That the current increase to fees and charges is only to keep up with inflation and should reflect the value of the asset and the return that should be received from commercial users.
- One submitter suggests we increase the annual boat launching permit to \$100 per year and have one day permits at least \$5 to cover the maintenance and staff costs associated with the assets.
- One submitter suggests that there should be a one of permit that enables the use of all facilities in the district.
- Two submitters suggested that harbour facilities should be entirely user pays and that the ratepayers should not be paying the balance of this cost.
- Ngāti Tamaterā Treaty Settlement Trust request that Council and Ngāti Tamaterā agree on a mix of public/private benefit in respect to Ngāti Tamaterā Treaty settlement land and facilities that have an encumbrance of public access and use.
- One submitter requested that harbour facilities fees and charges be set by community boards.
- The Thames Coromandel Charter Boat Association suggests that the passenger fee unfairly targets charters as the ferries continue to only pay one charge when they bring in passengers from Auckland and drop them to Coromandel then take passengers from Coromandel and drop them to Auckland, whereas the charters are charged twice for the same passengers.
- The Thames Coromandel Charter Boat Association suggests that the Coromandel Harbour Facilities should be district funded given an increasing amount of the passengers use the blue highway to access other parts of the district.

### **Analysis**

Council has proposed to align community facility fees, including harbour facility fees, across the district where the service is similar in order to simplify interaction with those facilities for the customer. The Revenue and Financing Policy identifies that up to 33% of the revenue for community facilities will come from user fees; this reflects both the principle that those residents and ratepayers who actually benefit from a facility should pay more for that benefit than those to whom the facility is available but do not use it, and the reality that the true user cost of operating community facilities is far higher than what residents and ratepayers would be willing to pay to use it. Not all users of the facilities are Thames-Coromandel district ratepayers, or ratepayers in the Community Board that funds the given facility. As such, all users of these facilities are expected to pay. Without user fees being charged the local rates required for these facilities would increase.

The proposed change to \$80 for an annual permit or \$10 for a daily permit for recreational boat launching was a middle ground between lower costs on the east coast and higher costs in Coromandel-Colville. Community Boards and Council are able to consider different costs for these permits if they wish, such as the \$100 annual permit and the \$5 daily permit recommended in submissions.

Currently the collecting of passenger fees is done through the checking of passenger logs of the vessel to determine the cost required, therefore there is not additional administration required on what we are already doing. The proposed embarking/disembarking method of calculating passenger fees is intended to remove the current disparity between the ferry operator and charter boats where the ferry has been paying \$2 per passenger whereas the charter boat operators have paid only \$1 per passenger.

Staff are currently investigating whether district wide permits for harbour facilities are feasible within a locally funded model, and what harbour facilities should be to best reflect actual use, the impact of different types of user and the cost of different services provided. This will inform the setting of fees and charges for harbour facilities as part of the 2019/20 Annual Plan.

Council will undertake conversations with Ngāti Tamaterā and other Hauraki iwi regarding co-governance arrangements in respect Treaty settlement to determine fees and charges levels and how revenue from these facilities will be allocated.

#### **Recommendation**

Council proceeds with setting harbour facility fees as proposed.

### **9 Suggested resolution(s)**

That the Thames-Coromandel District Council:

1. Receives the 'Who pays proposals' report, dated 7 May 2018.
2. Approves/declines the recommendations contained in this report.

#### **References-Tabled/Agenda Attachments**

**Attachment A** - Proposed Rates Remission Policy

**Attachment B** - Proposed Revenue and Financing Policy