THAMES COROMANDEL DISTRICT COUNCIL

RATING REVIEW

PROPOSAL DOCUMENT

APRIL 2025

Thames-Coromandel District Council is rethinking our rating system, and we want to know what you think about our proposed changes.

Our review has focused on how we divide up the overall rates bill. We're aiming to make it fairer, easier to manage, and better prepared for the future, while ensuring we stay legally compliant and meet the changing needs of our communities.

Each year, the Council sets its overall budget as part of the Long Term Plan and Annual Plan process. The rates-funded component of that budget is then collected from property owners.

The proportion each property owner pays depends on a range of factors, such as the value of the property, the location, and what services the property receives.

We are proposing to change how rates are shared between ratepayers and what proportion each ratepayer should pay. This proposal document does *not* propose any changes to the overall total sum of rates paid.

It is not about the size of the pie, but how the pie is divided.

Have your say

We want to know what you think about our proposed changes to our rating system. Read through this proposal document for information about the proposals and the options we've identified. We will be holding community catch-up sessions around the district where you can hear more about the review and ask questions – keep an eye on our website **tcdc.govt.nz/ratingreview** for dates, times and locations.

Feedback period opens Thursday 10 April and closes Monday 12 May

We need to receive all feedback by **Monday 12 May**. We will be providing an opportunity to address decision makers verbally on **Thursday 8 May**. Please indicate on your feedback form if you'd like to attend this session.

WHAT HAPPENS NEXT?

Council will consider all feedback at the deliberations meeting scheduled for Wednesday 11 June, and a decision based on your feedback will be formally adopted in July 2025.

The outcome of the review will then inform the rating arrangements which will be set out in the 2026/27 Annual Plan, so any changes from this review won't be reflected in your rates bill until July 2026.

Some of the options result in changes to our Revenue and Financing Policy and Rates Remissions Policy. If changes are adopted because of this review, the policies will be updated to reflect the amendments.

Read through this proposal document and then tell us which option you prefer for each of our two proposals using our online feedback form at **tcdc.govt.nz/ratingreview** or using the submission form available at the end of this document.

Supporting documents are on our website, as well as our **FairShare Calculator** where you can search your property and compare each proposed option and how they will likely impact your property's rates.

tcdc.govt.nz/ratingreview

OUR CURRENT RATING SYSTEM

Rates are a form of tax paid by property owners which are used to fund a wide range of services provided by councils for the benefit of the community.

In the same way as our national taxes contribute to running the country, council rates are important to ensure the district continues to function well.

The Local Government (Rating) Act 2002 sets how councils can charge rates. Broadly, councils can rate on the value of property (which could be the annual value, the capital value, or the land value of a rating unit) and on various fixed amount bases, such as UAGC (uniform annual general charge). There is a limit to the amount of rates that can be collected on a fixed basis.

We predominantly use the value of land to calculate certain rates (the general rate, and local works and services rates). This means the more your land is worth, the higher your share of the rate burden and the more you are likely to pay in rates.

This current system does not consider any buildings or other improvements made to the land. Our modelling (financial analysis) suggests that this is no longer a fair way of sharing out the rate burden.

In addition, our rating system reflects some historical decisions which are no longer fit for purpose, so there is an opportunity to simplify some elements within this review.

This proposal document is made for the purposes of section 82 of the Local Government Act 2002 (LGA).

PROPOSED CHANGES TO OUR RATING SYSTEM

WHY ARE WE DOING THIS REVIEW?

This review is driven by three major themes identified in our financial strategy which are to keep rates **affordable, fair** and **equitable.**

We have had increasing feedback from the community and ratepayers that our current rating system is complicated and unfair. Discussions with the community during the Long Term Plan last year have helped arrive at these three main drivers for change.

Affordability

(ability to pay)

Recent inflation has seen cost of living increases and rates rises around the country. One of the challenges for our district is our ageing population, meaning more residents relying on fixed incomes or pensions.

Understanding the capacity, income and wealth of our community helps us design an effective rating system.

Fairness

While rates are not a 'user pays' system it is important that those who benefit the most from local services (like parks, roads, waste removal and emergency services) pay their fair share. The rates burden should be distributed in a way that considers the benefit received.

Equity

(not the same as equality)

Fixed charges can be regressive, meaning they have a bigger impact on lower-income households who have to spend a larger percentage of their earnings on tax. An equitable approach considers both the ability to pay as well as fairness in terms of the benefit received.

There are a limited number of rating tools the Council can choose from, and the proposed changes therefore focus on improving these three key principles of affordability, fairness and equity.

WHAT ARE WE PROPOSING TO CHANGE?

During our review we have identified a few options for consideration during this consultation, and these are explained within this document from page 7 – 25. Our preferred options relate to the following two proposals:

Proposal 1

Proposal One: Rethinking our rates

Option three is our preferred option.
Read more about our preferred option for proposal one on page 16.

Our preferred option proposes changing the basis of calculating rates from Land Value to Capital Value and making changes to two of our targeted rates:

- **Land Value to Capital Value Rating**
  We are proposing to change our rating system from **land value** to **capital value**. Capital value is more easily understood and considered to more accurately represent the benefits received and services used by each property. Over 65% of other councils around New Zealand use a capital value rating system and our modelling shows that this is a good option for our district too.

- **Targeted Rate Adjustment**
  We are proposing to adjust two of our targeted rates for **Rubbish and Recycling** and for the **District Transportation** and **Building Control**. These changes will update historical allocations that are no longer appropriate or efficient for how we provide these services today and will futureproof the funding of these activities as our district continues to grow and change.

District Transportation or the **Roading** activity refers to the maintenance of the 704km of non-state highway roads between our communities.

Proposal 2

Proposal Two: Rethinking our approach to second dwellings

Option three is our preferred option.
Read more about our preferred option for proposal two on page 24.

Most ratepayers who own properties with a second dwelling need to pay rates for these dwellings. Many owners feel this is unfair, saying the income they make from renting the second dwelling out for holidays and weekends barely covers the extra rates and costs of renting out the space. We're looking to change the way we charge for Separately used or inhabited parts (SUIPs) to decrease the burden on affected ratepayers.

Our preferred option proposes to change the Rates Remission Policy statement #7 (Rating units containing two separately habitable units) to give an automatic 100% rates remission to second minor dwellings that meet the qualifying criteria. Currently, second minor dwellings that meet the existing criteria receive an automatic 50% remission.

The effect of your feedback on the options

Although we have identified specific options for each of our proposals, Council may choose to make changes to the options before adoption, if those changes are considered by the Council to be reasonable and appropriate in light of the feedback we receive.

OTHER OPTIONS WE CONSIDERED BUT ARE NOT PROPOSING

In preparing our proposed options and our preferred options, Council staff and elected members have modelled and considered other potential options for delivering a fairer rating system. These options were considered as part of this review, but we are not proposing them as they ultimately did not deliver on the overarching principles of this review.

✗ Targeted rate/differential for forestry

We explored the option of charging forestry land a differentiated or targeted rate to reflect the increased damage to roads from logging trucks and other machinery, as is done by some other councils. However, when applied to the Thames-Coromandel District, it would only impact a low number of ratepayers in our district compared with the other councils where there is a much larger forestry industry, and the administrative cost of implementing this would outweigh the benefit of the rate. Therefore, we are not proposing a targeted rate for forestry land.

✗ Remove SUIP rates

We explored the option to remove rates based on SUIPs. Our modelling suggested this would result in an unfair redistribution of rates, where 3.2% of ratepayers would benefit with the remaining 96.8% seeing a large increase. Therefore, we are not proposing to remove SUIP rates.

✗ Remove locally funded rates

We explored whether to remove all locally funded rates and rely on just a district rate. While this option showed potential for making the rating burden across the district fairer, there was no political appetite to explore this option further at this time. Therefore, we are not proposing this change within this review, so the costs of locally funding activities remain where the benefit is received.

YOU DON'T NEED TO BE A ROCKET SCIENTIST TO UNDERSTAND OUR PROPOSAL DOCUMENT

Here's a translation guide to explain some of the terms we use.

Land Value (LV)

Land value is based solely on the value of the land itself, excluding any buildings, structures or other improvements. Valuations can be volatile, as it is calculated based on small numbers of land-only sales.

Capital Value (CV)

Capital value considers the total value of the property, including the land and any improvements such as buildings or structures on it. It is calculated based on actual property sales in the market.

Uniform Annual General Charge (UAGC)

UAGC is a fixed fee charged to all property owners based on each separately used or inhabited part, regardless of the value or size of the property. This charge is typically used to fund general services that benefit the entire community such as emergency management, coastal and hazard management, and economic development.

Separately used or inhabited parts (SUIP)

A **Separately Used or Inhabited Part (SUIP)** of a property is any part used or occupied by someone other than the owner, under a lease, tenancy, or agreement. Vacant land or premises intended for use by others are also considered "used." The Council charges each SUIP for the UAGC and some targeted rates.

Examples include:

- A house with an attached flat
- Multiple houses, flats, or apartments on one property title
- A business with a flat above it
- A commercial building with multiple tenants
- A farm with more than one dwelling
- A Council property with multiple lessees
- A property with multiple owners where part is exclusively occupied

Equity and equality

Equality means treating everyone the same by providing (or charging) for the same resources and opportunities to all, regardless of individual differences or needs.

Equity means giving people what they need to achieve a fair outcome, based on their individual circumstances, including their ability to pay and benefits received. This means some people may receive (or pay) more or less to help them achieve the same or similar outcome.

General rate

A **general rate** is a fee charged to all rateable properties. It is currently based on the land value of the property. It is used to fund services that benefit the whole community.

Targeted rate

A **targeted rate** is charged for a particular activity or project that benefits a specific group of ratepayers, for example our targeted rates for stormwater for different communities.

Rates Remission Policy

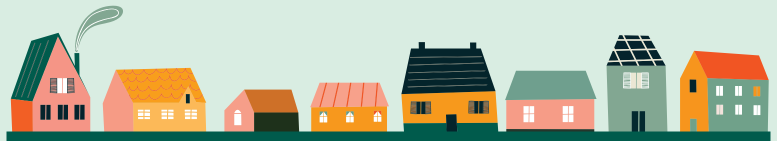
Rates remission is the reduction or exemption of certain rates for specified individuals or groups based on stated criteria. The **Rates Remission Polic**y sets out the conditions and criteria for granting reductions or exemptions on rates and the objectives the Council wants to achieve.

It helps to ensure fairness and transparency and can be used to support disadvantaged groups or encourage certain types of land use. You can find our current Rates Remission Policy at **tcdc.govt.nz/Our-Council/Bylaws-Codes-and-Policies/Policies/Rates-Remission-and-Rates-Postponement-Policies**

Revenue and Financing Policy (R&FP)

The **R&FP** outlines how the Council will fund the services and activities we deliver. It provides predictability and certainty about sources and levels of funding, including rates, and provides transparency and accountability for residents and ratepayers.

The R&FP is required under the LGA and we usually review this alongside our preparation of each Long Term Plan. You can find our current R&FP at **tcdc.govt.nz/Our-Council/Bylaws-Codes-and-Policies/Policies/Revenue-and-Financing-Policy**



PROPOSAL ONE: RETHINKING OUR RATES

Option 1

No change (status quo)

Under this option, the current rates system stays the same and no changes are made. Everyone will continue to be rated on the land value system, and the current model used to generate the 2024/25 financial year forecasts will be retained.

Rates will still increase with this option in line with budgets set in the Long Term Plan, but how the burden of the increase is shared will not change.

Rating via land value is a commonly understood method of allocating rates, but it has become less common in New Zealand, with a majority of councils now using capital value rating instead.

Change in valuation from property to property is generally proportionally less than it is for land value because it does not consider improvements such as buildings and other structures that can significantly increase the overall value.

How does this option affect me?

Rates will continue to be shared in the same way, and budgets will still be set each year through the Long Term Plan (LTP) or Annual Plan (AP) process. This means that, although the structure remains the same, your rates will still be affected by the decisions made during these processes, just as they are now.

THIS OPTION IS NOT OUR PREFERRED OPTION.

Our modelling indicates that land value doesn't accurately reflect the services used or the benefits received.

For example:

- Commercial properties with small land areas may be disproportionately impacted.
- Land valuations are often based on sales of properties with improvements, meaning the valuations used for the land value rate may be drawn from a small sample of land-only sales.
- The property tax only considers a small part of the overall rating unit, the land, and does not account for buildings, improvements, or utilities.
- Land value fails to account for multi-unit tenancies and can be volatile.
- It doesn't effectively reflect the changing needs of our communities, such as demographic shifts.

Advantages and disadvantages of option one

ADVANTAGES OF OPTION ONE – status quo	DISADVANTAGES OF OPTION ONE – status quo
• The current rating system will remain in place, which will give ratepayers certainty and consistency in how rates are allocated. • No changes would be required to Council's rating, financial and budgeting systems, which will reduce the impact on Council resourcing and allow for this resource to be used elsewhere. • The Council could use the feedback received from this consultation to revisit the review and potentially investigate other options for a future review of the rating system that better reflects the desires and needs of the community.	• The district is unable to benefit from the work undertaken to date on this review, and any future reviews would require rework, duplicating the effort and the resources required. • This option does not address the already expressed dissatisfaction from the public regarding this issue, and this dissatisfaction will likely continue. • Those members of the community and ratepayers who have lobbied for change to the rating system (council records indicate this review has been raised by various councillors since 2008) will feel their voices have not been heard. • Current inconsistencies between how some activities are funded and the services provided will remain. • Historical decisions that were applied many years ago and are no longer appropriate or efficient for how services are provided today would remain, so changes may still need to be made in the short to medium term to address these, which would require additional resources and rework.

Option 2

Change from Land value to Capital value rating

Under this option, all rates based on land value would switch to capital value.

This is generally considered to lead to a fairer and more appropriate rates allocation, and our modelling indicates that this would be the case for the Thames-Coromandel District too.

We're also proposing that the Uniform Annual General Charge (UAGC) would be funded differently. Instead of partially funding several activities, the UAGC would become a fixed percentage of the general rate. The change would allow our Council to more effectively use the UAGC, making it easier to adjust for fairness and ensure the overall rates structure stays within the 30% cap for fixed charges, as required by legislation.

THIS OPTION ALONE IS NOT OUR PREFERRED OPTION.

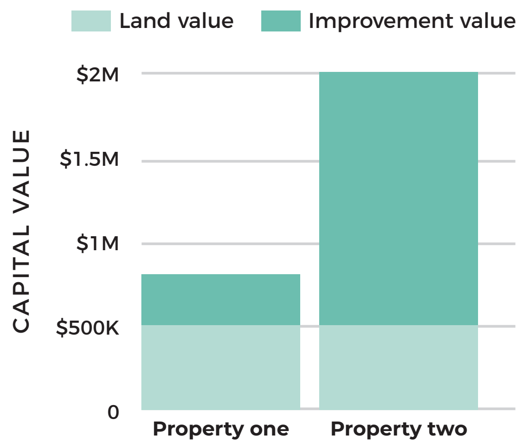
We do not recommend this option alone because the preference is to also include the changes proposed in Option 3, changes to the rates funding of solid waste, roading and building control activities.

How does this option affect me?

Under our current land value rating system, the rates are distributed without any consideration of the value of buildings or other improvements to the land.

For example:

The two properties in the following graph pay the same in rates due to the land being worth the same amount. Land value rating does not consider the vastly different circumstances and demand for services between these respective ratepayers.



The proposal will mean that the property with the higher improvement value will pay a correspondingly higher proportion of rates than the other property.

An initial perception was that a move from land value to capital value would have a greater effect on the eastern side of the district. We looked at this specifically and our analysis showed under this proposal, properties in the Mercury Bay, Tairua-Pāuanui and Whangamatā wards do not experience a larger increase in rates than the Thames and Coromandel-Colville wards.

The modelling showed that many properties with higher capital value were already paying more rates due to having higher land values. The modelling shows the increase in rates are experienced by properties with a higher capital value and a lower land value or where the capital value of the property was more than 150% of the land value.

Commercial properties modelled also demonstrated a tendency to have a lower proportion of land value to their capital value, which means commercial properties are likely to end up paying a higher share of the overall rate than under the land value system.

Because the Thames township has proportionately more commercial and industrial rated properties, those will absorb some of the increases. In addition, utility companies such as electricity and telecommunication networks have large capital values with little to no land values. Under these scenarios, these property owners will be obliged to pay rates for the first time.

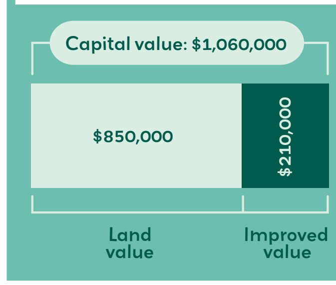
9,373 — 9373 properties will see an increase in rates

8,680 — 8,680 properties may experience a small movement in rates

10,959 — 10,959 properties will see a decrease in rates

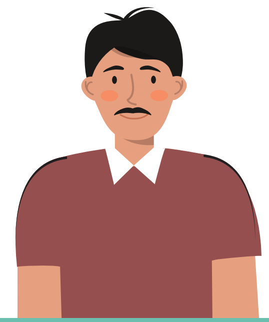
Meet Jen

She owns a home in Tairua-Pāuanui. The land she owns is valued at $850,000 and her property's capital value is $1,060,000.

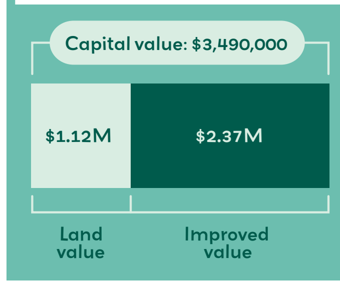


The total improvement value (structures and other enhancements) accounts for 24.71% or around a quarter of the total capital value. The modelling suggests that if the proposed system had been in place this year, her rates would have reduced by $223.80 or 4.52%

Meet Mr. M



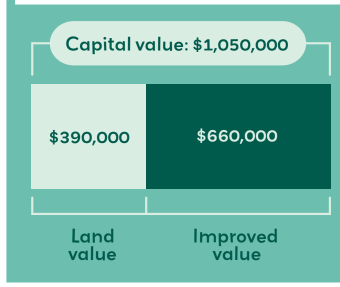
He owns a business in Mercury Bay. The land he owns is valued at $1,120,000, and the property's capital value is $3,490,000.



The total improvement value (structures and other enhancements) accounts for 67.91% or two-thirds of the total capital value. The modelling suggests that if the proposed system had been in place this year, his rates would have increased by $1,680.28, or 9.40%.

Meet Bruce

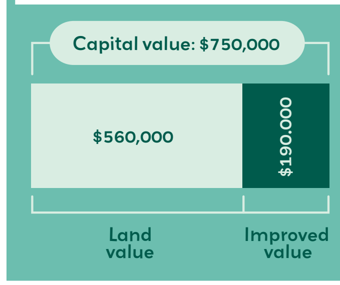
He owns a home in Thames. The land he owns is valued at $390,000 and his property's capital value is $1,050,000.



The total improvement value (structures and other enhancements) accounts for 62.86% or five-eighths of the total capital value. The modelling suggests that if the proposed system had been in place this year, his rates would have increased by $481.74 or 11.34%.

Meet Renata

She owns a small business in Coromandel-Colville. The land she owns is valued at $560,000 and her property's capital value is $750,000.



The total improvement value (structures and other enhancements) accounts for 25.33% or one-third of the total capital value. The modelling suggests that if the proposed system had been in place this year, her rates would have decreased by 2.30% or $94.44.

Proposed changes to the Revenue and Financing Policy (R&FP)

Under this option, a minor change will be required to Council's R&FP. This option therefore also proposes two changes to the R&FP:

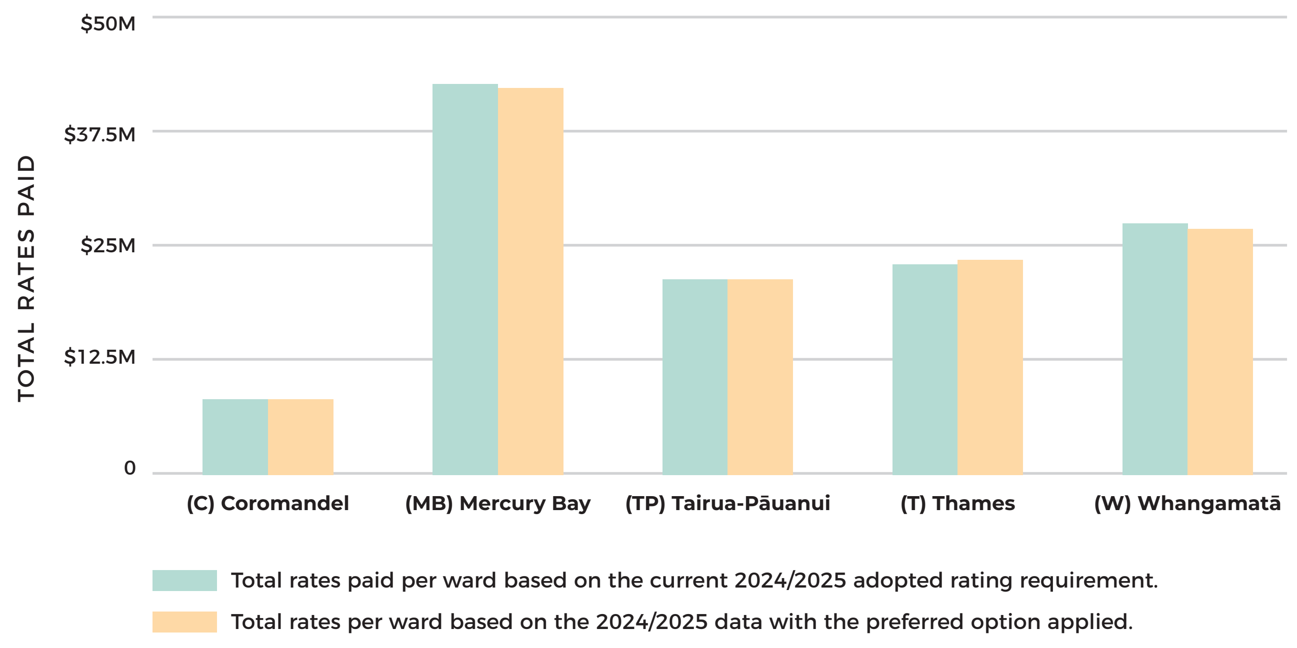
- Change 'land value' to 'capital value' in clause 59
- Add "without reference to particular services and within the limits set by legislation" to the end of clause 64.

Have a look at page 19 of this proposal document to see these changes, or on our website to see the entire policy at tcdc.govt.nz/ratingreview.

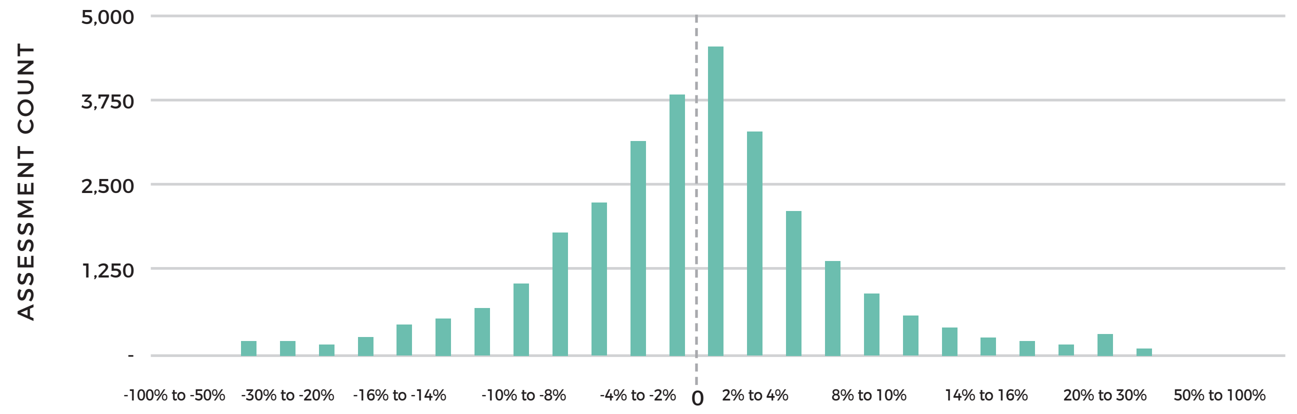
Advantages and disadvantages of option two

	ADVANTAGES OF OPTION TWO	DISADVANTAGES OF OPTION TWO
Change from land value to capital value	• Delivers a more equitable outcome to allocation of rates than LV. • CV is more easily understood as the valuation can be connected to property sales, where LV is only based on the smaller number of land-only sales and can be volatile. • As the rates are applied on the full value of the property rather than a part of the rating unit, there is a stronger link to payment for the services provided to those properties and a closer relationship with household ability to pay. • Utility valuations are rated, extending the rating base beyond that of LV. • Greater comparability of rates to the majority of councils who also use CV. • Approximately half of ratepayers are likely to see a decrease in rates in the year it is implemented. • Multi-unit tenancies are better accounted for under CV than LV.	• Additional resource and staff time is required to make changes from status quo. • Change in valuation from property to property is generally proportionally less with LV than it is for CV. • Cash poor property owners with higher value improvements may find it difficult to access funds to pay higher rates. • Rating utilities may increase the price of those utilities for customers. • Rating based on CV may discourage property maintenance and investment. • Approximately half of ratepayers are likely to see an increase in rates in the year it is implemented.
Funding the UAGC differently	• Allows Council to better use UAGC as a tool to deliver equitable rates. • Will enable Council to remain compliant with the legislative maximum of 30%. • Simplifies Council's rating model, making future changes in response to the needs of the community easier.	• Additional resource and staff time is required to make changes from status quo.

Total Rates



Sensitivity Analysis Total Levy Movement %



Option 3

Capital value rating with targeted rate adjustments

Option three includes all changes proposed under Option two plus changes to the rates funding of the solid waste, roading and building control activities.

This option is our preferred option.

This option is our preferred choice because it better aligns with the needs and goals of the community.

Targeted funding ensures that those who directly benefit from services, like transfer stations, contribute fairly to their costs, creating a stronger link between use and funding. By using targeted rates, it offers greater flexibility, future-proofing the funding structure and allowing for adjustments as community needs evolve.

How does this option affect me?

This approach minimises rate increases for many ratepayers while ensuring a fairer overall distribution. Additionally, it simplifies the structure by consolidating activities like building control and transportation under targeted rates, making the system more logical, transparent, and easier to manage.

1. Rubbish and Recycling:

The current *Rubbish and Recycling Targeted Rate* partially funds solid waste collection and transfer station activities, but administration costs are funded by the general rate. Land fill aftercare and waste minimisation activities are also funded by the general rate.

The current targeted rate is funded by those rating units that receive the kerbside collection.

Option three makes sure that everyone is paying their fair share.

A new rate called the *Rubbish and Recycling Activity Charge* would cover all costs related to transfer stations including the portion of administration costs attributed to this activity. The new rate would apply to everyone, as all ratepayers have access to and benefit from these facilities, making the system fairer and ensuring costs are more evenly distributed.

The existing *Rubbish and Recycling Targeted Rate* would then focus only on collection services and will include the portion of administration costs attributed to this activity, so the properties where kerbside collection is available, pay for it.

2. Roading and Building Control:

The current *District Transportation and Building Control Targeted Rate* partially funds roading and building control, with the balance made up by the general rate and the UAGC.

These two functions don't have much to do with each other, so we want to split them up.

In this option, all funds collected from this targeted rate would fund roading only. This would mean that roading costs would no longer be funded by the general rate and UAGC.

Building control would be funded entirely by the general rate and UAGC.

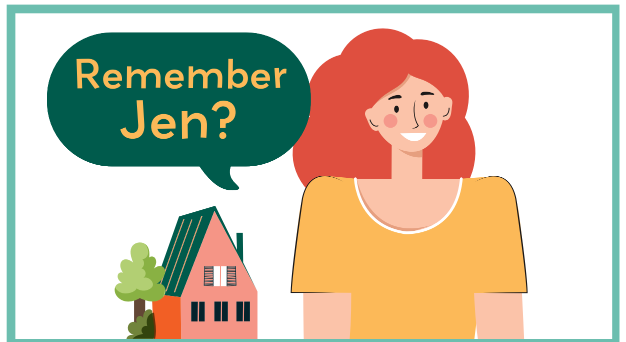
Proposed changes to the Revenue and Financing Policy

Under this option, a minor changes is proposed to Council's R&FP. Like option two, this option also proposes these wording changes:

- Change 'land value' to 'capital value' in clause 59
- Add "without reference to particular services and within the limits set by legislation" to the end of clause 64.

For option three, we are also proposing a change to the funding sources table for the roading activity, with the targeted rate funding changing from low to medium, and general rate funding from medium to low.

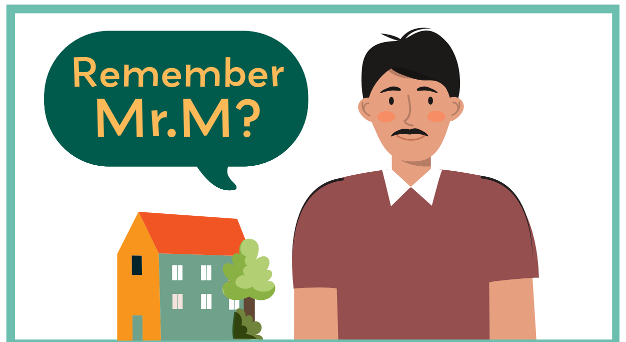
Have a look at pages 16 and 17 of this proposal document to see these changes, or on our website to see the entire policy at **tcdc.govt.nz/ratingreview**



Due to the targeted rates changes proposed in Option 3, Jen would have paid **$30.29 less** than she would under Option 2.

OPTION 2: Decrease of $223.80 or 4.52%

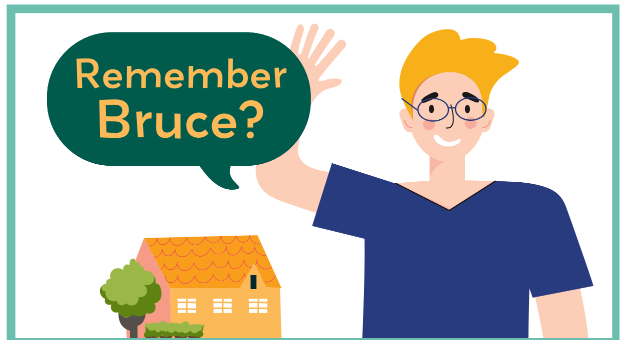
OPTION 3: Decrease of $254.09 or 5.13%



Due to the targeted rates changes proposed in Option 3, Mr. M would pay **$23.19 less** than he would under Option 2.

OPTION 2: Increase of $1680.28 or 9.40%

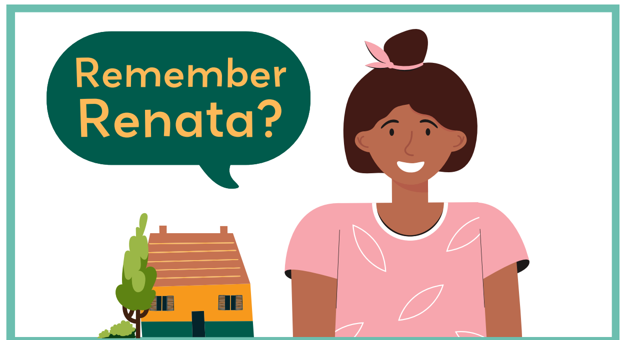
OPTION 3: Increase of $1657.09 or 9.27%



Due to the targeted rates changes proposed in Option 3, Bruce would pay **$4.78 less** than he would under Option 2.

OPTION 2: Increase of $481.74 or 11.34%

OPTION 3: Increase of $476.96 or 11.23%



Due to the targeted rates changes proposed in Option 3, Renata would pay **$4.76 more** than she would under Option 2.

OPTION 2: Decrease of $94.44 or 2.30%

OPTION 3: Decrease of $89.68 or 2.18%

CHANGES PROPOSED TO THE REVENUE AND FINANCING POLICY UNDER THIS OPTION IN CONTEXT

Changes to the funding sources table for roading are proposed under option 3 of this proposal.

Summary of sources of funding for operation costs by activity

26. The above funding sources were considered when determining the funding required from all sources (including general rates or targeted rates) for each activity in the Funding Needs Analysis, as required by section 101(3)(a).
27. Table 1 shows the degree (expressed as a range) to which each funding source is used to fund operating costs following the s101(3)(a) assessment.
28. This s101(3)(a) assessment has been modified by the s101(3)(b) assessment. Actual contributions for each funding source to an activity may vary because of this step 2 assessment.
29. The ranges in Table 1 are expressed as a percentage of the revenue budgeted to fund each activity and are indicative only. They may change over time because of changes in expenditure requirements. Actual funding sources may differ from the budgeted funding sources.
30. For operational expenditure, the portion of funding from each source is expressed as a range – low, medium or high. These ranges equate to the following percentages:

    Low: 0-33%
    Medium: 34-66%
    High: 67-100%

Table 1: Summary of funding sources by activity s.101(3)(a) only

Activity	General rates	Targeted Rates	Fees and Charges	Subsidies and grants	Other	Borrowing
Governance	H	L		L	L	
Corporate	H		L		L	
Community Facilities		H	L			
Libraries		H	L			
Parks & Open Spaces		H	L	L		
Emergency Management	H					
Coastal and Hazard Management	M	L				M
Community Health & Safety	M		M		L	
Resource Consents	M		M			
Building Control	L	L	H			
District and Strategic Planning	H					L
Community Development	L			H		
Economic Development	M	M				
Roading	L ~~M~~	M ~~L~~	L	L	L	
Footpaths,cycleways & streetlights		H	L	L		
Stormwater and land drainage	L	H				
Wastewater		H	L			L
Water Supply		H	L			
Rubbish & recycling	L	M	M			
Waste Minimisation				H		

*Corporate includes overhead areas which are charged out to activities.

Changes to clause 59 and 64 are proposed under both option 2 and 3 of this proposal.

Rates

57. Our final consideration of funding by rates comes:

    a. After considering how other funding sources will be used to fund operating and capital costs.
    b. After rates have been applied to activities in the Funding Needs Analysis; and/or
    c. After being adjusted for the overall funding considerations.

58. The following section outlines the Revenue and Financing Policy requirements that are used to set rates. To have a full understanding of rates they should be read with regards to the analysis above and in conjunction with the Funding Impact Statement and Rates Resolution.

General rates

59. The general rate is allocated to all rateable properties based on the capital value ~~land value~~ of the property. A Uniform Annual General Charge (UAGC) is allocated to all rateable properties per separately used or inhabited part of a rating unit (SUIP).

60. The Council has determined in its Funding Needs Analysis which activities should be funded from general rates (see Table 1).

61. The Council has chosen to differentiate the General Rate into four rating categories, applying seven rating differentials:

    a. Farming and horticulture
    b. Rural other
    c. Industrial and commercial
    d. Commercial Forestry
    e. Residential
    f. Off-shore islands (used)
    g. Off-shore islands (unused)

62. The Council primarily uses valuation data (specified in the Rating Valuations Rules) to determine the allocation of rating units to rating categories. The full definitions may change during the term of this Long-term Plan.

63. In setting the differential categories, and the differential factors, the Council considered the requirements of the LGA and other considerations, including:

    a. The activities funded by the general rate and the s101(3) considerations for the activities.
    b. The impact of any change, or rate of change to the differential.
    c. The views of those impacted by the differentials.
    d. Other reasonable options, and the advantages and disadvantages of those options.
    e. The overall impact of the differential on all ratepayers.

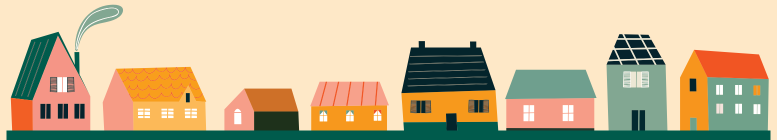
64. The UAGC is part of the general rates and is a fixed amount each year. The Council can set the UAGC based on an allocation of the cost of specific activities or at an amount the Council considers is appropriate. In past years, the Council has preferred to base the UAGC on the allocation basis. From 2024 the Council will set the UAGC at a level it considers appropriate without reference to particular services and within the limits set by legislation.

65. The Council recognises the regressive nature of fixed rates. Rates affordability is a matter the Council considers when setting the UAGC. Council's remissions policies provide for some adjustment to UAGCs for properties where appropriate. During the term of this Long-term Plan the Council may adjust the UAGC as part of its rate setting process in order to improve community wellbeing for current and/or future communities.

66. If the cost allocation from activities is amended, or an adjustment is made to the UAGC to improve community wellbeing, the amount removed from the UAGC will remain part of general rates.

Advantages and disadvantages of option three

	ADVANTAGES OF OPTION THREE	DISADVANTAGES OF OPTION THREE
New Rubbish and Recycling Activity Charge	• This new rate makes sure those who benefit from transfer stations are contributing to the cost of them, as the transfer stations are available for use for the whole district, not just those receiving a kerbside collection service. • Makes more appropriate use of the existing targeted rates which are designed to fund an activity where, as in this case, the actions of individuals or groups that create the need for the activity (people who have access to kerbside collection) can be identified. • The rates funding for the activity is future-proofed, meaning if the needs of the community change, the way rates are collected for each part of the activity can also be changed without being bundled together. • Historical allocations for this activity that are no longer appropriate or efficient for how we provide these services today will be remedied.	• Additional resource and staff time is required to make changes from status quo. • The move from general rates to targeted rates funding creates a slight increase in rates for some ratepayers.
Separating the way we rate the roading and building control activities	• Simplifies the rates funding of these activities. • Funding the building control rating requirement by one rate resolves the issue of lack of rationale for the current split between two. • The rates funding for the roading activity is future-proofed. • Historical allocations for this activity that are no longer appropriate or efficient for how we provide these services today will be remedied.	• Funding all rating requirements for roading from a targeted rate creates a slight increase in rates for some ratepayers.



PROPOSAL TWO: RETHINKING OUR APPROACH TO SECOND DWELLINGS

We are proposing to change how we approach second dwellings, or SUIPs (separately used or inhabited parts of a rating unit).

Some ratepayers own properties with a second dwelling, which they often rent out during holidays or weekends. For properties with more than one dwelling, any rates charged per SUIP (the UAGC and some targeted rates), are multiplied by the number of dwellings on the property.

Many owners feel this fee is unfair, saying the income they make barely covers the extra rates and costs of renting out the space. We're looking to change the way we charge for SUIPs to decrease the burden on affected ratepayers.

We explored a few options, one of which was not considered appropriate as it increased the rates burden on all ratepayers (removing SUIP charges entirely) and two which work to lessen the financial burden on ratepayers with SUIPS (applying SUIPs only to properties with three or more dwellings and offering a full rates remission for second minor dwellings).

From this modelling and discussion, we're **presenting three proposed options for you to consider.**

What's a second SUIP?

The number of total SUIPs on a property includes the primary dwelling or habitable unit - so for example, a property with a main home and a granny flat has two SUIPs.

Option 1 – Status quo

No changes to the SUIP Policy or the Rates Remission Policy.

Option 2 – Change to SUIP Policy

Change the SUIP Policy so that SUIPs are applied to rating units with three or more SUIPs only. This option would require a change to the SUIP Policy and gets rid of the need for Rates Remission Policy statement *#7 Rating units containing two separately habitable units.* This is because rating units containing two separately habitable units will no longer be charged an additional SUIP under this option.

Option 3 – Change to the Rates Remission Policy to apply 100% remission to second units if conditions are met

Change the Rates Remission Policy statement *#7 Rating units containing two separately habitable units* which currently gives an automatic 50% rates remission to second minor dwellings that meet criteria. This option would increase the 50% remission to 100%.

OUR PREFERRED OPTION IS OPTION 3.

Option 1 – Status quo

Option one will see no changes to the current system.

Properties with second dwellings will continue to be charged per SUIP. This maintains the existing rating structure and policies without alterations.

THIS OPTION IS NOT OUR PREFERRED OPTION.

Option one does not alleviate any perceived inequity or create incentives to lease or rent a second dwelling.

How does this option affect me?

Under option one, current system remains unchanged. If you own a property with a second dwelling, you will continue to be charged an additional fee for the second dwelling (SUIP). This means that your rates will stay the same, and there will be no reduction in costs for properties with two dwellings. The extra burden from the SUIP charge will remain in place, and you will still be required to follow the current policies for separately used or inhabited parts.

Advantages and disadvantages of option one

ADVANTAGES OF OPTION ONE	DISADVANTAGES OF OPTION ONE
• No change required to SUIP Policy and financial systems and processes.	• This option does not address the already expressed dissatisfaction from the public regarding this issue, and this dissatisfaction will likely continue.

Option 2

Change to the SUIP policy
so SUIP rates are only applied to rating units with three or more SUIPs

Option two revises the SUIP policy to apply charges only to properties with three or more separately used or inhabited parts. This means that properties with two separate dwellings would no longer be subject to the extra SUIP charge, reducing the financial burden on ratepayers with such properties. The Rates Remission Policy statement #7 (which applies to properties with two separately habitable units) would be removed under this option.

THIS OPTION IS NOT OUR PREFERRED OPTION.

We don't prefer this option because it provides a significant financial burden on most ratepayers as they will be subsidising the activities of all properties with two SUIPs.

How does this option affect me?

Under this option, around 500 properties will see a total rates reduction of $1,713,000, while all other properties in the district will face a rates increase.

The impact varies by location and services available. **For example:**

- A property in Coromandel with two SUIPs and full Council services will see a decrease of about $3,060, while other Coromandel properties with full services will see an increase of about $80.
- In Pāuanui, a property with two SUIPs and full services will experience a decrease of about $3,640, while other Pāuanui properties with full services will see an increase of about $65.

Advantages and disadvantages of option two

ADVANTAGES OF OPTION TWO	DISADVANTAGES OF OPTION TWO
• After the initial set up, there will be resource efficiencies as this will negate the need to have the rates remission policy #7 rating units containing two separately habitable units. • Properties currently paying two SUIPs rates will experience a reduction in rates. • Those members of the community and ratepayers who have lobbied for change will feel their voice has been heard.	• The reduction in rates experienced by those properties with two SUIPs will need to be paid for by other ratepayers. • There could be concern regarding whether this meets the principles of fairness and equity with the shift in allocation of rates.

CHANGES PROPOSED TO THE RATES REMISSION POLICY UNDER THIS OPTION IN CONTEXT

PROPOSED

~~7 Rating units containing two separately habitable units~~

~~Objective\~~

~~To enable the Council to provide for rates relief for ratepayers who own a rating unit containing two separately used or inhabited parts of a rating unit where the application of rates set on a uniform basis may result in inequity.~~

~~Policy statement~~

~~Rates remissions under this policy will be administered annually on receipt of a written application. Council may remit rates where the application meets the following criteria. The rating unit contains two habitable units and;~~

a) ~~the second habitable unit is used only for family and friends of the occupants of the first unit on a non-paying basis; and~~

b) ~~the application is accompanied by a Statutory Declaration made by the ratepayer that declares that a) has been complied with for the current rating year and will continue to be complied with in the ensuing year.~~

c) ~~the second habitable unit's gross floor area excluding garage is less than or equal to 50m2, or 60m2 if it is Lifemark TM design certified or has another certification that it is functional for elderly and disabled residents, but do not qualify for the full remission as it is rented out for financial reward.~~

~~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 for the second habitable unit when the criteria a) and b) apply. If a rating unit contains more than two habitable units used by non-paying guests and family, only one is entitled to remission.~~

~~It is the ratepayer's responsibility to inform Council in writing within 30 days if the circumstances declared in the Statutory Declaration change. Council may review a ratepayer's eligibility for a remission under this policy at any time.~~

~~If criteria c) applies then based on the information contained in Councils Rating Information Database as at 1 July each year Council officials will, for each qualifying rating unit, automatically remit 50% of the second targeted rates for water, wastewater, stormwater, solid waste, any uniform annual general charge, and 50% of the targeted rates set on a uniform basis for works and services.~~

~~In no circumstances will loan charges be remitted.~~

~~Delegations~~

~~Decisions for remission of rates for rating units consisting of two separately habitable units are delegated to the Finance Manager and the Rates Manager.~~

Option 3

Change to the Rates Remission Policy

to apply 100% remission to second units if conditions are met

This option would provide a further benefit to those ratepayers with two habitable units where the second unit meets the criteria of a minor dwelling and is rented out for monetary reward. Currently, properties that meet the existing criteria receive an automatic 50% remission on the second SUIP charges. This option would increase that remission to 100%.

THIS OPTION IS OUR PREFERRED OPTION.

We prefer this option because it creates a financially viable option and incentive for ratepayers to lease their minor dwelling without creating a significant burden on other ratepayers.

How does this option affect me?

The incidence of change of this option is approximately 74 properties who already receive a 50% remission for their second dwelling will experience a reduction in their rates totaling a further $127,000 overall. Conversely, all other properties in the district will see a minor increase, albeit very small.

The reductions and increases will vary depending on where the property is situated and the services available. For example, a property in the Whitianga ward where their second dwelling meets the criteria of a minor dwelling, and they receive all Council services will experience an additional reduction in rates of $1,751.

Advantages and disadvantages of option three

ADVANTAGES OF OPTION THREE	ADVANTAGES OF OPTION THREE
• Properties with second dwellings that meet the minor dwelling criteria will experience a reduction in rates. • The additional administrative resourcing required to administer this change will be insignificant as these ratepayers are already set up to receive a remission. • Provides choice to ratepayers with properties in this category to lease their second dwelling where they haven't previously because of viability. • Goes some way towards alleviating the perception of inequity regarding the second SUIP without placing a financial burden on other ratepayers.	• The reduction in rates experienced by those properties with two SUIPs will need to be paid for by other ratepayers. • Other ratepayers with second dwellings that don't meet the minor dwelling criteria are likely to be dissatisfied.

CHANGES PROPOSED TO THE RATES REMISSION POLICY UNDER THIS OPTION IN CONTEXT

7 Rating units containing two separately habitable units

Objective

To enable the Council to provide for rates relief for ratepayers who own a rating unit containing two separately used or inhabited parts of a rating unit where the application of rates set on a uniform basis may result in inequity.

Policy statement

Rates remissions under this policy will be administered annually on receipt of a written application. Council may remit rates where the application meets the following criteria. The rating unit contains two habitable units and;

a) the second habitable unit is used only for family and friends of the occupants of the first unit on a non-paying basis; and

b) the application is accompanied by a Statutory Declaration made by the ratepayer that declares that a) has been complied with for the current rating year and will continue to be complied with in the ensuing year.

c) the second habitable unit's gross floor area excluding garage is less than or equal to 50m2, or 60m2 if it is Lifemark TM design certified or has another certification that it is functional for elderly and disabled residents, but do not qualify for the full remission as it is rented out for financial reward.

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 for the second habitable unit when the criteria a) and b) apply. If a rating unit contains more than two habitable units used by non-paying guests and family, only one is entitled to remission.

It is the ratepayer's responsibility to inform Council in writing within 30 days if the circumstances declared in the Statutory Declaration change. Council may review a ratepayer's eligibility for a remission under this policy at any time.

If criteria c) applies then based on the information contained in Councils Rating Information Database as at 1 July each year Council officials will, for each qualifying rating unit, automatically remit ~~50%~~ 100% of the second targeted rates for water, wastewater, stormwater, solid waste, any uniform annual general charge, and ~~50% of~~ the targeted rates set on a uniform basis for works and services.

In no circumstances will loan charges be remitted.

Delegations

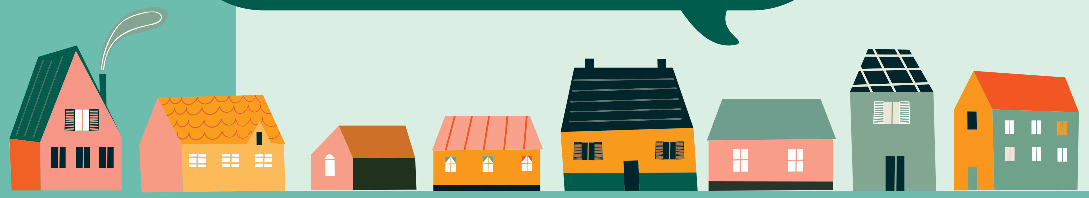
Decisions for remission of rates for rating units consisting of two separately habitable units are delegated to the Finance Manager and the Rates Manager.

THAMES COROMANDEL DISTRICT COUNCIL

RATING REVIEW 2025

Help shape the future of our rating system

Thursday 10 April – Monday 12 May



tcdc.govt.nz/ratingreview

Thames-Coromandel District Council is reviewing how we share the overall rates bill among ratepayers. Our goal is to make the system fairer, simpler, and better suited for the future, while remaining legally compliant and responsive to our communities' needs.

Each year, we set an overall budget through the Long Term Plan and Annual Plan process. Rates are then collected from property owners based on factors like property value, location, and the services received.

We're not proposing to increase the total amount of rates collected but are suggesting changes to how rates are divided among ratepayers. We want to hear your thoughts on these proposed changes.

We're proposing three different options for you to choose from. You can read more about these options in our consultation document.

- Check out our project page for concise explanations of each option and some handy examples
- Want more detail? Check out our comprehensive consultation document.
- Find out your expected annual rates under each option by entering your address into our FairShare Calculator.
- Check out our Frequently Asked Questions
- If you're still unsure, fire us an e-mail to ratingreview@tcdc.govt.nz with any questions and we'll get back to you.

You can find everything you need to make an informed decision at tcdc.govt.nz/ratingreview

Note: Orange questions are required

About you

Your name

Your email address

Your contact number

About you [cont.]

Are you providing feedback on behalf of an organisation?

- ◯ Yes
- ◯ No

If so, please provide the organisation name

Where do you live day-to-day?

- ◯ I live in the Thames-Coromandel district
- ◯ I live outside of Thames-Coromandel district but own property here
- ◯ Other

If your primary residence is outside of Thames-Coromandel, where is it?

Which area(s) in the Thames-Coromandel District do you spend the most time in?
(Choose as many as you need)

- ◯ Thames
- ◯ Mercury Bay
- ◯ Coromandel-Colville
- ◯ Whangamatā
- ◯ Tairua-Pāuanui

Proposal one: rethinking our rates

Which proposed option do you prefer?

- ◯ Option 1: The status quo
- ◯ Option 2: Land Value to Capital Value
- ◯ Option 3: Capital Value Rating with Targeted Rates Adjustments

Do you have any comments?

You are also welcome to attach a document to this form with any comments.

Proposal Two: rethinking our approach to second dwellings

Which proposed option do you prefer?

- ◯ Option 1: The status quo
- ◯ Option 2: Change to SUIP Policy
- ◯ Option 3: Rates Remission for minor dwellings

Do you have any comments?

You are also welcome to attach a document to this form with any comments.

Verbal feedback

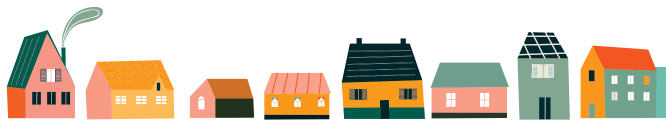
Would you like to speak at a Council verbal feedback session on Thursday 8 May?

◯ Yes ◯ No

If so, how would you like to attend this verbal feedback session?

◯ In person in Thames ◯ Online

Privacy Statement: *The information you provide is used for the purpose of obtaining feedback on Rating Review 2025. We must act in accordance with the requirements of the Privacy Act 2020 and Local Government Official Information and Meetings Act 1987. When you provide feedback to us, your name, general location and feedback will be publicly available. Personal details such as your address, phone number and email will be kept private and used only for internal purposes such as keeping you informed unless we are required to disclose it elsewhere. For more information on how we handle personal information, see our Council's Privacy Statement 2020 online. Please let us know if the information contains any sensitive information which you consider should not be publicly disclosed.*



tcdc.govt.nz/ratingreview

THAMES COROMANDEL DISTRICT COUNCIL

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