# TCDC Rates Review: Frequently Asked Questions

## What are rates and what do they do?

Rates are a form of tax paid by property owners which fund a wide range of services provided by the Council for the well-being of the community. These services include maintaining and improving roads, parks and other public places, ensuring essential infrastructure such as water and waste management, and providing emergency services, coastal and hazard management and economic development.

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. Rates are an essential part of local government funding which contribute to the social, environmental, economic, and cultural well-being of everyone in the community.

## What is a Rating System?

A rating system is how Council calculates how much each property owner needs to contribute towards funding community services, facilities and infrastructure. A rating system should be equitable and sustainable for ratepayers now and in the future.

A rating system typically considers the value of a property, its location and sometimes its size, use and services it receives. Larger, higher value properties may pay more, while smaller, lower-value properties may pay less.

Under our current system how much each ratepayer pays depends on:

- The valuation of the property (land value)
- The number of separately used or inhabited parts on a property such as multiple dwellings
- The services that are available, and whether the property is connected to those services, for example water, wastewater, rubbish and recycling
- Eligibility for rates relief or remissions

Each property typically pays a share of the whole district's rateable value based on how much the property is valued. To calculate the rate, the total amount to be collected is divided by the whole district's rateable value. This rate is then multiplied by each property's value to get the amount that property will pay.

## What types of rates are there?

The Council uses three main types of rates:

- **General rates**
  This is a rate charged based on a rating unit's land value. It is used to fund things like district roading.

- **Uniform annual general charge (UAGC)**
  UAGCs fund a large range of activities from which every ratepayer benefits equally. It is a fixed rate applied to every separately used or inhabited part (SUIP) of every rateable property in the region, e.g. one property with 6 shops is charged 6 UAGCs. We use the UAGC to part fund things like Emergency Management and Economic Development.

- **Targeted rates**
  Targeted rates are for a particular activity or project that benefits specific ratepayers, for example our targeted rates for stormwater for different communities.

Currently the Council uses a combination of these types of rates based on the land value of each property.

## What is a rating review and why are we doing it now?

A rating review looks at the allocation of rates and what share of the rates each ratepayer should pay. It is **not** about how much will be collected in rates (this is done by the Long-term and Annual plan process) but is about how the rates 'pie' could be sliced differently. A rating review will **not** reduce the amount of rates paid overall.

*It is NOT about the size of the pie but instead how the pie is divided*.

The Council has been weighing the merits of a rates review since at least 2008. During the last Long-term Plan process Council discussed with the community updates to budget requirements and potential changes to the rating system.

Reviewing our rating system gives us an opportunity to address inequities, make the system more adaptable, and ensure rates are calculated in a way that is in line with our community's evolving demographics and economy.

## What are land value (LV) and capital value (CV)?

Councils can charge rates on the value of property. This is usually either the land value (this is what we currently use), or the capital value (used by over 65% of councils in NZ).

Land value rates are based solely on the value of the land itself, excluding any improvements or buildings.

Capital value rates are based on the total value of the property, including the land and any buildings or structures on it. This applies to homes on residential properties but also to commercial buildings and utilities infrastructure which often have high capital value on low value land.

Our current rating system uses land value but we are proposing to change to a capital value system.

You can see your land and capital values on your rates notices or use our FairShare Calculator and see how your rates might change under the proposed options.

## Why switch from land value to capital value?

Switching from a land value to a capital value rates system will provide a fairer distribution or rates which more accurately reflects a property's true value and the benefits it receives from local services and infrastructure. It makes sure that property owners who benefit the most from our services contribute their fair share.

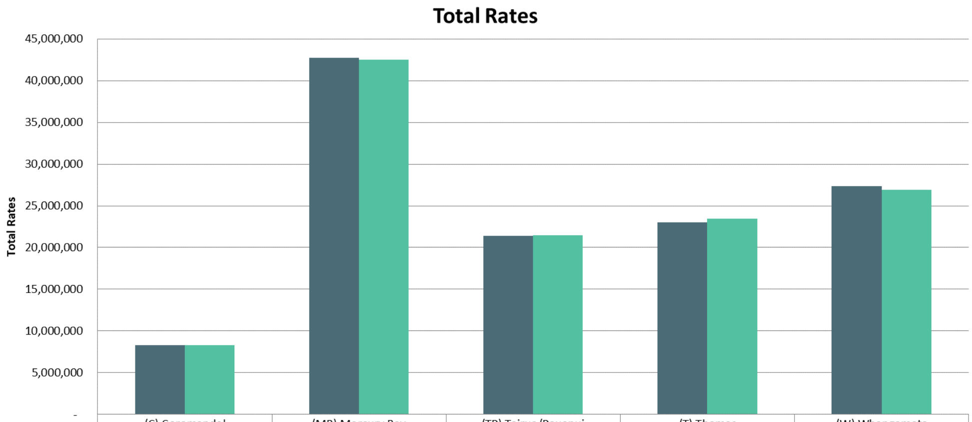
It also captures changes to the district's rating base from growth and development of bare land giving the Council the ability to better plan for the future. It will provide a more stable and predictable rating base, supporting long-term growth and prosperity for the district.

Over 65% of councils in New Zealand use the Capital Value Rating System.

## Will the change to capital value have a greater negative impact on the eastern parts of the district?

No, changing from land value to capital value will not disproportionately impact properties in Mercury Bay, Tairua-Pāuanui or Whangamatā.

Our modelling shows that many properties with high capital value already pay more rates due to high land values. The increase in rates would be experienced by properties with a high capital value and a low land value or where the capital value of the property was more than approximately 150% of the land value. This is the case for commercial and industrial properties, which are concentrated in Thames.

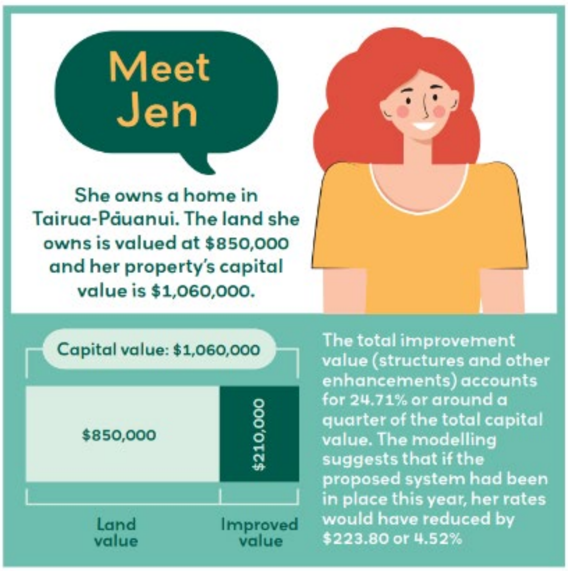


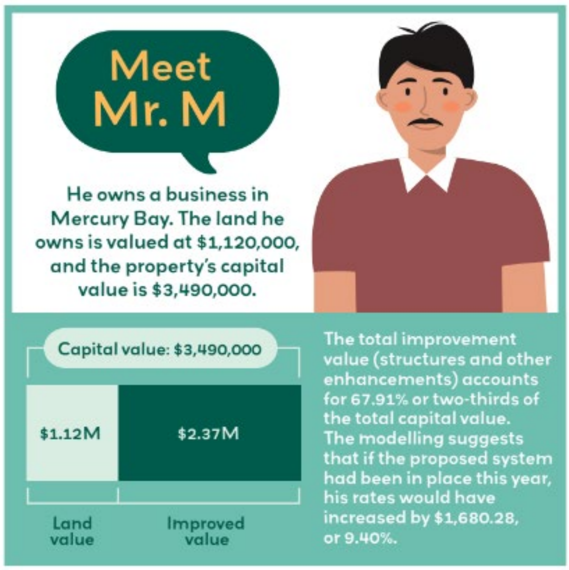

| | (C) Coromandel | (MB) Mercury Bay | (TP) Tairua/Pauanui | (T) Thames | (W) Whangamata |
|---|---|---|---|---|---|
| Original | 8,319,191 | 42,760,060 | 21,383,835 | 22,989,784 | 27,392,844 |
| Model | 8,288,292 | 42,540,498 | 21,442,511 | 23,462,001 | 26,888,728 |

## How will my rates change?

If we move from land value to capital value, the Council predictions show that approximately 50% of properties will see a reduction or no change in their rates and 50% will see an increase. Properties will see an increase or decrease in rates depending on the ratio of land value to capital value.

Consider the following examples:




Use our [FairShare Calculator] to see how your rates will change under the proposed options.

## How does Council know my property value?

All properties in the district are revalued every three years by independent, external valuers. Revaluations are based on market values and use nearby sales information to assist in determining the land and capital values.

Thames-Coromandel properties were last valued by independent valuers Quotable Value (QV) in 2023. Those valuations reflect the likely price a property would have sold for on 1 July 2023. The next valuation will be scheduled for 2026.

You can see your land and capital values on your rates notices or use our FairShare Calculator and see how your rates might change under the proposed options.

## Will the rating review impact my property value?

No, this review will not change property valuations, or the total amount of rates collected.

## Why should properties with second dwellings get a further rates remission?

Some property owners with a second dwelling currently pay additional rates for that space, even if it's only used occasionally, such as for holiday use, and weekend or holiday rentals. Some have expressed concern that the income generated from short-term stays often doesn't fully cover the associated costs, including rates.

The proposal to extend the remission on the rates of these second units from the current automatic remission of 50% to 100%, subject to certain criteria, is intended to support these property owners and reflects the way these dwellings are used. However, it's important to consider that the cost of this remission would then shift onto other ratepayers.

## What's happening with rubbish and recycling?

There will be no change to the rubbish and recycling services, collections and transfer stations.

What we want to do is change how rates fund these services. The current rating structure is overly complicated and doesn't align well with the services provided today. For more details on the proposed changes see our website Rating Review 2025.

## What's happening with roading and building control?

We will continue to fund these services, but we want to do it differently. They are currently grouped together under the same targeted rate, but they don't have much to do with each other, so we want to split them up. This will make it fairer and simpler. For more details on the proposed changes see our website Rating Review 2025.

## When will changes take effect?

The Council will consider community feedback made during the consultation period before making a final decision on the review in June 2025.

Any changes from this review won't impact your rates bill until **July 2026**.

## How can I have my say?

Your input is critical in shaping the future of our rating system. Here's how you can get involved:

- **Attend our online public meeting**: Join us to learn more and ask questions. Dates for public meetings will be published soon - in the meantime, you can register to be notified of these dates by joining our e-newsletter.
- **Attend a community catch-up session**: We've scheduled a few catch-up sessions where you can come and talk.
- **Provide feedback**: Share your views through our consultation process from Thursday 10 April to Monday 12 May in any of the following ways:
    - Fill out our online form for the quickest and easiest feedback method.
    - Download our fillable PDF form, fill it on digitally, and e-mail it back to us.
    - Download our PDF form, fill it out by hand, and return it to any of our Council service centres or libraries.

## For more information...

For more information on the review, the proposed options and the consultation document, check out our website Rating Review 2025.

For more information on rates remission and postponement, see our Rates Remission Policy.

For more information on Council funding sources including rates, fees and charges and borrowings, see our Revenue and Financing Policy.