

OKOTAHI MĀHERE-A-TAU

Annual Plan 2022/2023

Frequently Asked Questions

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General Questions

What is the difference between the Annual Plan and a Long Term Plan (LTP)?

Every three years we consult with you on a Long Term Plan (LTP).

The LTP sets out Council's proposed direction for the future, including the services and projects planned, and the issues and challenges facing our district and community for the following 10 years.

The Annual Plan (AP) is Council's budget for each financial year. It explains how the Council will fund projects, activities and services identified for that year. An AP is developed each year, except for the year where Council consults on and adopts the LTP.

Council adopted an LTP in June 2021. The first year of the LTP is the current financial year 2021/2022. Year 2 of the LTP is the coming year starting 1 July 2022 to 30 June 2023.

There are no significant changes to the forecast Year 2 in the LTP, and the average rate revenue increase of 2.88% is only slightly more than the rates increase forecasted in the adopted LTP. Because of this, Council is not required to consult on the 2022/2023 Annual Plan.



Why does Council not have to consult on the AP for 2022/2023?

Under Section 82 of the Local Government Act 2002, Councils are only required to consult on the AP if there are significant variations or changes to their LTP.

The variations to Council's AP 2022/23 are not significant enough to require consultation. The slight increase to total rates revenue requirement is also not considered significant.



Variations to the LTP

What are the main changes compared to what was planned for 2022/23 in the LTP?

Operating Variations

- The Proposed Waitomo District Plan development forecast costs have been realigned with the current project timing
- Increased costs imposed by Central Government for the Emissions Trading Scheme and waste minimisation levies, as well as increased landfill operational costs for Solid Waste
- Road maintenance forecasts have been revised to incorporate the repairs required to the road network after the storm event in February 2022 as well as the increased 3-year road programme for 2021-24 which was advised by Waka Kotahi NZTA in September 2021 (after the adoption of the LTP)
- A forecast increase in depreciation expense for Recreation and Property buildings and Water Supply assets due to increased asset values
- Interest costs are forecast to increase in response to increasing interest rates currently in the market. The interest rate assumption has been updated to 3.71% to reflect these changes, against a forecast assumption of 2.75% adopted in the 10YP.

Capital Variations

- Road renewal and reinstatement of parts of the road network impacted by the storm event in February 2022. The repair work to the network is planned over the next two financial years with the majority of this expenditure expected to be funded by Waka Kotahi NZTA subsidy.
- Construction project of King Country Indoor Sports and Recreation Centre being delivered by the Council however WDC's contribution remains at \$1.5 million with the remainder funded by grants and other contributions
- Additional wastewater reticulation renewals and the installation of a pipe under the railway corridor at Carroll Street for the additional design load expected from the new King Country Indoor Sports and Recreation Centre
- Stabilisation of the Waitomo District Landfill highwall, and cell development has been aligned with the timing of this project
- Additional capital for installation of gas flaring equipment at the Waitomo District Landfill which will result in significant savings under the Emissions Trading Scheme obligations
- The forecasted capital for an alternative water source for Te Kuiti has been removed

The focus of this Annual Plan

What will Council focus on in 2022/23?

Our plan for the next year is to:

- Focus on renewing and maintaining critical, core infrastructure
- Complete construction of the King Country Indoor Sports and Recreation Centre
- Notification of the Proposed Waitomo District Plan and the Reserve Management Plan
- Deliver on work programmes that address priorities including important community spaces and facilities, roads and footpaths, water supply, wastewater, stormwater and regulatory services
- Keeping rates affordable

General Revaluation 2021

What is the General Valuation?

Property valuations are required under the Rating Valuations Act 1998. They are undertaken for rating purposes only (to enable the calculation of rates by Waitomo District Council and Waikato Regional Council). They are not used to provide values for property owners to use for marketing, sales or any other purposes.

The new rating valuations for Waitomo District Council are an estimate of a property's market value (excluding chattels) as at September 2021. Property markets tend to change over time therefore rating valuations do not necessarily reflect the current market value at a later date.

The new valuations were captured as at 1 September 2021 and will come into effect for rating purposes from 1 July 2022, for the 2022/23 year. Only rates charged on the basis of capital value will be affected by the revaluation. These are General Rate, District Roadway Rate, District Development Rates and Urban Stormwater Rate.

How often are valuations issued?

Every property in New Zealand must be revalued for rating purposes at least once every 3 years according to the Rating Valuations Act 1998. Quotable Value (QV) is currently Council's Valuation Service Provider.

All changes in value in between revaluations (building consent/subdivisions etc) are valued as at the market at the last revaluation to maintain uniformity.

How are the values assessed?

The community and the market sets the value levels, and Council's valuation service provider interprets this to form the new rating values.

The valuers consider a number of factors, including:

- What properties sold for in the area
- The demand to buy or rent property in the area
- The type of property: is it as house, townhouse, factory, or shop etc
- Improvements made since the last valuation
- Information in the existing District Valuation Roll
- Information about residential and commercial trends obtained from market surveys

QV also inspects a number of properties each revaluation cycle.

The values were subject to an independent audit process by the Office of the Valuer General. Valuation notices were posted to property owners in February this year.

When do the 2021 Rating Values take effect?

The new valuations were captured as at 1 September 2021 and will come into effect for rating purposes rates 1 July 2022, for the 2022/23 rating year.

How can rates for my property increase when I haven't made any changes or improvements?

Rates are essentially property tax and the capital value is the method by which some 'tax' is charged. The effect of this is the more the property is worth the more the ratepayer pays. An increase in value from one valuation to another does not however increase your rates.

See the other questions in this section.

Will an individual property's rates increase because the valuation has?

A change in a property's capital value does not mean that the rates will automatically change, as the revaluation does not impact the rates revenue required by Council. If all the properties in the District had the same increase in value and there was no change in budget there would be no change to the rates charged.

However, the revaluation can result in a change to the rates charged to individual properties with some increasing and some decreasing because the rates charged on the basis of capital value are split among properties proportionally.

If you think of Council's rate income as a pie, the size of the pie does not increase because of the revaluation. However, an individual ratepayer's slice of the pie might get bigger or smaller depending on how their property value has changed in relation to the average change for the District.

What was the impact of the General Valuation on the overall capital value of the District?

The overall Capital value of the Waitomo District is assessed at \$4.6 billion. That represents a 26.2% increase on the value of the Waitomo District in September 2018. Below is a summary of the value changes for the main categories of land in the Waitomo District.

Main Categories	No. of properties	Capital Value % Change
Commercial	202	15.3%
Industrial	106	42.1%
Dairy	118	3.2%
Pastoral	785	17.9%
Lifestyle	1381	46.7%
Residential	2439	64.1%
TOTAL	5871	26.2%
(all categories)		

What has Council done to reduce the impact for ratepayers?

Rates affordability is a key consideration for the Council, and the impact of the general revaluation has been thoroughly evaluated during the preparation of this AP.

To help smooth the effects of the revaluation and aid in rates affordability, the Uniform Annual General Charge (UAGC) is set at the reduced amount of \$423, which is a reduction of \$305 from the current year rate of \$728.

Setting the UAGC at a lower rate will reduce some of the extreme increases and decreases caused by the revaluation, however there is still a wide range of movement for individual properties due to the new values.

Visit Council's website to see the annual rates for your property in 2022/23.

<https://www.waitomo.govt.nz/council/rating-information/rates-calculator>

What is the Uniform Annual General Charge (UAGC) ?

The UAGC is a set amount charged per rating unit. It used to fund activities that provide overall district-wide benefit.

By capping the UAGC at a lower rate, it will reduce some of the extreme increases and decreases caused by the revaluation, however there is still a wide range of movement for individual properties due to the new values.

Resetting the UAGC also keeps the proportion of rates paid by each property type about the same, for example residential ratepayers will contribute approximately 36% as they did in 2021/22. The amount collected from UAGC will fall and the amount collected from general rates based on property value will increase but the aim was to keep the total paid about the same.

Why have my rates increased more than others?

There are a number of factors that influence the rates increase for an individual property. Your property value may have increased more than others, there may be a change of use of the property (ie, an additional use identified) or there may be changes to the property (such as a building consent, subdivision or amalgamation). Ratepayers are also charged rates based on the services available to them (ie, kerbside and recycling collection and water and wastewater services).



Rates Revenue Requirement

What is the total rates revenue requirement for 2022/23?

The total rates revenue requirement for next year is \$20.9 million, this is an overall increase of 2.88% on the current year rates revenue.

Does this mean my rates will increase by 2.88%?

No, the 2.88% increase is the total amount of rates that we need to collect to provide our services to the community. The annual plan document shows the rates increase (or decrease) on a range of sample properties. To see the impact on your property, visit Council's website to see the next year's annual rates on your property.

<https://www.waitomo.govt.nz/council/rating-information/rates-calculator>

What are the main drivers of the increase in total rates revenue?

The main drivers for the increase in total rates revenue from current year are increases in:

- Inflationary pressures on materials, labour etc
- Water supply sampling, monitoring and reporting costs to comply with legislative requirements
- Roads maintenance costs to incorporate the repairs required to the road network from the storm event in February 2022 as well as the increased 3 year road programme for 2021-24 which was finalised after the LTP was adopted.
- Interest costs on external debt due to an increase in the forecast interest rate.
- Rate funded depreciation - mainly for increases in the value of buildings and water supply assets.

Why is the metered water rate increasing?

Not all properties have a metered water supply, but properties that do are defined as 'Extraordinary users'. Extraordinary users are those users defined as having an extraordinary supply under the Water Services Bylaw (such as commercial and business users, swimming pools, lifestyle blocks, fixed garden irrigation systems).

Extraordinary users fitted with a water meter are charged a targeted rate per cubic metre of water over and above an annual consumption allowance of 292m³. The metered water charge is in addition to the targeted fixed rate that all connected and serviceable properties pay each year.

The Revenue and Financing Policy (RFP) sets out what sources of funding are used to fund different activities. The RFP determines that extraordinary users will fund 30% of the Water Supply activity. The metered water rates per water scheme are set to increase next year due to increased costs of water supply. The metered water rate has not increased since July 2020.

Debt

What is our current debt?

Council's external debt as at 30 June 2021 was \$34.2 million. The forecast debt at 30 June 2023 is \$35 million.

The Annual Plan was based on a projected debt of \$32.5 million at 30 June 2022. This was assessed in March this year based on the anticipated capital spend and expected cashflows.

Why does Council hold debt?

Council borrows to fund the capital cost of new and renewal projects (i.e \$20.5 million for wastewater and water supply in the last 10 years) and also for some types of operational expenditure (i.e the District Plan Review) which provides benefits over a number of years into the future. The repayment of this debt is spread over many years – meaning that the residents who receive the future benefit from the investment also pay for it.

Why can't we pay more now and finish paying our debt earlier?

Council could increase rates to fund additional principal repayments, however this increase in rates must be balanced against rates affordability and the need to be fair to the ratepayers of today and into the future.

What is Council doing to reduce debt?

Reducing our debt is a key focus of our Financial Strategy. We have forecast to reduce debt by \$24 million (a 62% reduction) over the 10-year period and the Annual Plan supports this strategy.

Fees and Charges

Why is the cost of the blue rubbish bag increasing by so much?

The price of the blue rubbish bag is increasing to \$4.50 because the cost of disposal has increased. Also, the previous price of \$3.80 wasn't enough to cover the costs of the operation this financial year, so an increase was also required to recover costs.

Below is a percentage breakdown of costs (per bag):

Bag cost	\$0.26 - 6%
Landfill operational costs	\$2.30 - 51%
Resource consent and monitoring	\$0.09 - 2%
ETS and Waste Levy	\$1.85 - 41%

The most significant cost increase is the Emissions Trading Scheme (ETS) and Waste Levy charges.

Certain sectors of the economy are charged for the greenhouse gases they emit. These sectors are required to buy carbon credits - one unit for every one tonne of carbon dioxide equivalent (CO₂-e) emissions they produce.

The Waste Minimisation Levy is a charge for landfills that take household waste. The current rate is \$20 per tonne of waste. From 1 July this year it will be \$30 per tonne and by 2024, the rate will be \$60 per tonne.

Our landfill currently takes in 9-10 thousand tonnes of waste each year.