

WAIROA DISTRICT COUNCIL ... IN FOCUS

18 June 2020

MAYORAL COLUMN



Mayor Craig Little

The Wairoa District Council is promoting a community conversation around its current rating model.

For the future sustainability of our district it is important the community understand the current rating system and its challenges and help guide the Council to develop a fairer rating model.

Council is grappling with two issues, the fact the current rates do not cover the cost of running the district and that the distribution of the rates is not equitable.

Wairoa can no longer rob from Peter to pay Paul and realistically we cannot work within our existing rating system as there are too many irregularities.

We are dealing with a legacy issue, and in an attempt to fix a broken system, we are heading back to the drawing board in search of the most equitable solution as to how we set our rates.

And we would really like to hear valuable solutions-based input from the public.

For decades the Wairoa District Council has created differentials within the rating system which smoothed out irregularities and the peaks and troughs.

Wairoa has 54 differentials built into its system, most Councils have four or five. These differentials have been introduced over many years and while they were designed to help, they have also created an overly complex system that creates peaks and troughs when we set an average rate increase.

During my time on Council we have tried to change the rating system twice.

AS RECENTLY AS DECEMBER 2017 COUNCIL TRIED TO START ADDRESSING THESE ISSUES BUT THE FEEDBACK RECEIVED FROM THE COMMUNITY WAS THAT WE STICK WITH STATUS QUO.

We will be establishing a stakeholder group, similar to the Wairoa Wastewater Group, which will be formed following public meetings.

As a Council we do our best under the guidance of well-informed staff and external experts, but I believe there will be merit in inviting input from members of the public.

Council is just like households; costs are regularly increasing, and our ratepayers need to face the reality that rates will go up.

We are a large isolated district with a small ratepaying base, so of course our rates will be higher per capita than our bigger neighbours. We cannot be naive about this.

UNLESS WE DO SOMETHING DIFFERENT, WE WILL ALWAYS BE THE SAME AND THE TIME HAS COME TO STOP PUTTING BAND AIDS ON OUR BROKEN SYSTEM.

Long-term sustainability must be a major feature of any future rating system.

Each year a budget is developed to forecast expenses. Income, such as subsidies, Council generated revenue and rates are then put against the expenses.

This year's rates will rise by an overall average of 5%, but because of the current rating system there will be a broad range of higher increases and decreases.

This is the second year in a row Council has had a deficit of around

\$2 million between what it costs to run the district and the income Council receives.

Operating costs have increased so much that over one year our budgeted expenses in the Annual Plan 2019/20 were \$2.3 million higher than forecast in the 2018-28 Long-Term Plan.

This deficit is not being passed onto ratepayers, and again, for the second year in a row, Council is not charging rates on areas like wear and tear on Council assets or potential costs of emergencies – a saving of \$2.5m.

THIS RESPONSE IS NOT A SUSTAINABLE LONG-TERM SOLUTION AND IF WE CONTINUE DOWN THIS TRACK IT WOULD BECOME A BURDEN ON OUR FUTURE RATEPAYERS.

We have been adamant we did not want any average rates increase to be above 5%, and if we didn't follow this path the deficit would be passed to ratepayers at an average of \$300 per property.

We are not broke. While Council has reduced its rating income it still has sufficient income to meet its operating and capital expenditure for the current year and in line with Local Government Act requirements, Council is operating in a prudent manner and showing the necessary restraint expected by all local authorities.

We just recognise with the forecasts we have that we need to do something different to what has been done before.

We could have zero rates increase, but that would mean a huge reduction in the level and range of services we currently offer, and history tells us there will be a huge jump the following year to catch up.

TO ATTRACT RESIDENTS, WE NEED TO CONTINUE TO ENHANCE OUR TOWN. WE ARE DOING EVERYTHING WE CAN TO GROW OUR DISTRICT AND MAKING IT THE BEST IT CAN BE WITH AS LITTLE IMPACT ON OUR RATEPAYERS AS POSSIBLE.

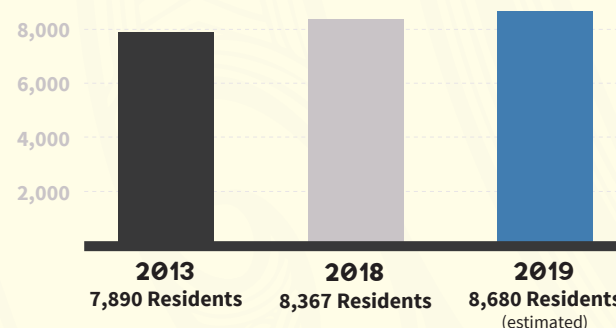
We need a new funding model and to be able to increase our revenue. The best way to do that is through a population increase and the economic benefits that brings with it.

However, enhancing our district is a double-edged sword as while it helps attract new residents, it also costs us to carry out the improvements and generally this cost is passed on in rates.

People will not move here if we are not progressive. In the eighties and nineties, we were losing 100 people every year.

The latest 2018 population Census data shows Wairoa's population increased by 477 (8,367) when compared to the 2013 census (7,890).

And what is even better news is the Wairoa district 'Estimated Resident Population' for 2019 is 8,680. This is an estimated increase of 790 compared to 2013, and 313 compared to 2018.



For me, we can't afford to let our town die, like it was a few years back, we have seen the consequences of this, I know most people want to live in a positive place, where the community can thrive but that does come at a cost.

FOR YOUR DIARY

PUBLIC NOTIFICATION

ECONOMIC DEVELOPMENT COMMITTEE

Tue, 23 June: 1.30pm

FINANCE, AUDIT & RISK COMMITTEE

Tue, 7 July: 1.30pm

COUNCIL FORUM

Tue, 14 July: 1.30pm

COUNCIL MEETING

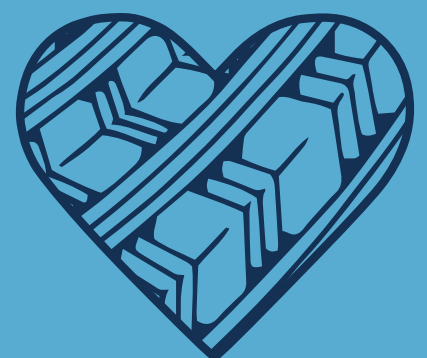
Tue, 28 July: 1.30pm



CONTACT US

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TAUTOKO WAIROA BUY LOCAL



Spend \$30 or more at a local shop and be in for a chance to win one of ten \$100 vouchers.

The draw will run for 10 weeks. Winners are announced each Friday.