PROPOSED CHANGES TO THE REVENUE AND FINANCING POLICY AND THE CALCULATION OF RATES

DECEMBER 2017

Statement of Proposal

WAIROA DISTRICT COUNCIL

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WAIROA DISTRICT

INTRODUCTION

Council is proposing significant changes to its Revenue and Financing Policy.

This matter affects everyone in the district and will determine how the Council derives the revenue it needs in order to undertake activities on behalf of the community at desired service levels for several years. Therefore, Council determines that is a matter of high significance. In accordance with s83 of the Local Government Act 2002, this statement of proposal initiates a special consultative procedure.

Council is seeking the community's views on the proposed changes. The full proposed Revenue and Financing Policy, along with analysis of key changes, are included with this statement of proposal.

SUMMARY

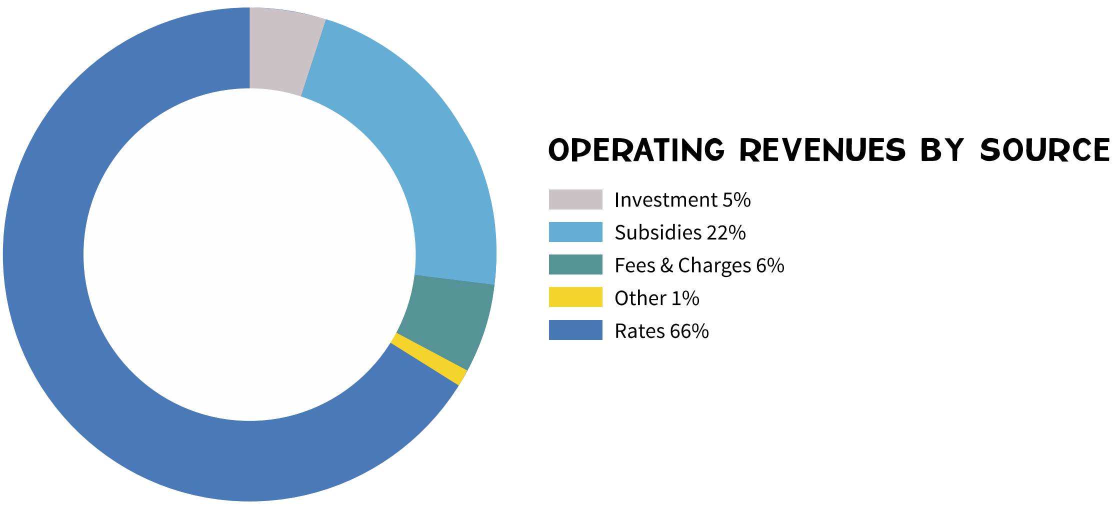
Council has completed a review of its 35 activities and determined appropriate funding sources for each, and an appropriate allocation of the revenue requirements among user groups and ratepayers.

There are two key elements to this proposal:

1. FUNDING ALLOCATIONS AMONG AVAILABLE REVENUE SOURCES

Council has established thresholds for the each activity that it considers are appropriate for the proportion of revenue that each revenue source should contribute.

As a result of this review Council has calculated the proportionate allocation of revenue to meet its operating costs (i.e. excluding subsidies received for capital expenditure) below:



A schedule of allocations by activities is contained, and key changes and considerations explained, on Pages 4 & 5 of this proposal.

Council has also determined guiding principles for the funding of capital expenditure.
These are contained in the proposed Revenue and Financing policy.

2. CALCULATION AND ALLOCATION OF RATES

Council proposes a simplified and streamlined basis for calculating rates, with the following features:

a. A general rate calculated on the capital value of all rateable land to fund the rates revenue for all activities available to the whole district, differentiated as follows (by land use):
   i. Commercial
   ii. Forestry
   iii. Residential
   iv. Rural

b. A uniform annual general charge calculated as a percentage of the total general rate.

c. Targeted rates applied as a fixed amount per rating unit, or connection, applied to those rating units which receive or have available the following services:
   i. Solid waste management
   ii. Water supply (water by meter rates will continue to apply)
   iii. Wastewater
   iv. Stormwater

THE PROPOSAL

1. FUNDING ALLOCATIONS AMONG AVAILABLE REVENUE SOURCES

In performing its review of revenue sources Council gave consideration to the availability of alternative sources, the cost effectiveness of administration and collection, and the factors that determine the scope and level of service for each activity.

The analysis is based on the following criteria:

a. The community outcomes to which the activity primarily contributes
b. The distribution of benefits
c. The period in or over which those benefits are expected to occur
d. The extent to behaviour affects the scope and need for an activity
e. The costs and benefits of funding the activity distinctly from other activities

The available revenue sources include:

a. General rates and uniform annual general charges
b. Targeted rates
c. Lump sum contributions
d. Fees and charges
e. Interest and dividends from investments
f. Borrowing
g. Proceeds from asset sales
h. financial contributions
i. development contributions
j. grants and subsidies

Council is then required to consider the overall impact of any allocation of liability for revenue needs on the community.

This review resulted in the allocations depicted in the table below. Supporting functions have been included for completeness.

The percentages quoted are ranges that Council has determined are realistic and appropriate for each revenue source. Revenue is likely to fluctuate within these ranges from one year to the next.

Activity / Function	Note	Investment %	Subsidies %	Fees %	Petrol Tax %	Other %	Rates %
Offset to rates by allocation to activities							
Treasury		90% - 100%	-	-	-	0 - 10%	-
Costs recovered via overhead allocation							
Finance		-	-	0% - 5%	-	-	90% - 100%
Administration		-	-	0% - 5%	-	-	90% - 100%
Enterprise Building		-	-	-	-	-	100%
Direct funding							
Forestry	1	100%	-	-	-	-	-
Administrative Property - HQ		-	-	-	-	-	100%
Commercial Property		-	-	-	-	10% - 15%	85% - 90%
Council		-	-	-	-	-	100%
Maori Relationships		-	-	-	-	-	100%
Visitor Information Centre	2	-	-	-	-	0% - 10%	90% - 100%
Economic Development	3	-	0% - 5%	-	-	-	90% - 100%
Community Centre		-	-	-	-	-	100%
Community Support		10% - 15%	10% - 15%			0% - 5%	70% - 80%
Library		-	0% - 5%	0% - 5%	-	-	90% - 100%
Community Halls		-	-	-	-	-	100%
Airport		-	-	5% - 10%	-	5% - 10%	90% - 100%
Parks & Reserves		-	-	-	-	0% - 5%	90% - 100%
Cemeteries		-	0% - 5%	15% - 20%	-	-	75% - 85%

Activity / Function	Note	Investment %	Subsidies %	Fees %	Petrol Tax %	Other %	Rates %
Building Inspection		-	-	40% - 50%	-	-	50% - 60%
District Planning		-	-	0% - 10%	-	-	90% - 100%
Environmental Health		-	-	10% - 20%	-	-	80% - 90%
Liquor Licensing		-	-	10% - 20%	-	-	80% - 90%
By-law Enforcement		-	-	40% - 50%	-	-	50% - 60%
Pensioner Housing		-	-	-	-	100%	-
Staff Housing		-	-	-	-	100%	-
Camping Ground	4	-	-	40% - 50%	-	-	50% - 60%
Sundry Property		-	-	-	-	-	100%
Roading Subsidised	5	-	50% - 70%	-	-	-	30% - 60%
Roading Local		-	-	0% - 10%	0% - 10%	-	80% - 100%
Parking	6	-	-	-	-	-	100%
Waste Management	7	-	-	40% - 50%	-	-	50% - 60%
Sewerage Other Than Mahia/Opoutama	8	0% - 5%	-	0% - 5%	-	-	90% - 100%
Sewerage Mahia/Opoutama		-	-	-	-	-	100%
Stormwater & Drainage		0% - 5%	-	-	-	-	95% - 100%
Water Reticulation		0% - 5%	-	0% - 5%	-	-	95% - 100%
Water Production	9	-	-	-	-	-	100%

Notes – the matrix above includes the adjustments proposed below. All other areas are consistent with the status quo allocations. A full analysis of this is available in the funding needs analysis that supports the revenue and financing policy.

1. Historically, during the years between harvests, the minimal maintenance costs associated with the forestry activity have been funded by rates, with Council receiving windfalls in the harvest years. This appears inconsistent with the concept of intergenerational equity and it is proposed that these costs are expended from reserves until the next harvest and an appropriate funding and regeneration plan is put in place.
2. The visitor information centre currently achieves a contribution of 4% to its operating budget in the form of commissions and retail revenue. It is anticipated that this can be augmented with tourism growth in the district.
3. Economic development is a relatively new activity for which Council will continue to explore supplementary revenue streams.
4. No fee revenue is currently obtained from the camping ground. A business plan for this activity will be evaluated.
5. The baseline Financial Assistance Rate from the New Zealand Transport Agency will increase by 1% each year for the first four years of the LTP. The transport activity plan does not currently contemplate adjusting the levels of service because the increase will proportionately compensate for inflation.
6. It is not proposed to introduce parking fees because the administration costs would exceed the revenue generated.
7. The waste management activity is currently funded in the ratio 30:70 by gate fees and rates. A review of the activity indicated that this is disproportionate and an adjustment to the fee regime is proposed. Council will explore the opportunity of making its waste management facilities available to users outside of the district.
8. Council currently receives notional revenue from septic tank discharge, with the majority of operating costs recovered through rates. It is proposed that the fee regime is adjusted to more appropriately reflect the proportionate cost of treatment.
9. Although the costs of providing treated drinking water will continue to be wholly recovered through rates, rates by water meter will be adjusted annually in line with rates levied as a fixed amount per connection or rating unit.

OPTIONS

1. **Status Quo – no adjustments to existing allocations**
2. **Alternative allocations**
3. **Update Council's Revenue and Financing Policy to reflect these allocations.**

As a result of its review **Council's preferred option is (3)** because it believes this is the most appropriate matrix. Alternatives may be considered in response to submissions, but significant changes that have not been previously evaluated would require further consultation and could delay implementation.

2. CALCULATION AND ALLOCATION OF RATES – WHY CONSIDER A CHANGE?

This review does not affect the total amount of rates that Council will seek to collect, merely the distribution.

Council's current matrix for calculating and allocating rates is very complex. This is illustrated by the Funding Impact Statement contained in the Annual Plan 2017-18, along with a range of activity allocations to rate types and locations that was adopted by Special Order of Council in 2000. The matrix contains a multitude of differentials, rating types and funding allocations. It has evolved over time and contains a number of logical assumptions that approximate to the funding needs analysis described in part 1 of this proposal. Council has received regular feedback from the community that the current matrix is excessively complex. Council is also concerned that the current method is subject to unacceptable fluctuations and compromises predictability. A major concern is that when Council quotes an overall rates increase of say 4%, the actual distribution can be anything from 1% to 25%.

Council recognises that there is an important balance to achieve between certainty of outcomes and transparency of decision-making.

Nevertheless, any transition from such a complex matrix will inevitably lead to adjustments that affect the entire district, and some of these will be substantial. The current basis of allocation means that the rates revenue is heavily weighted towards urban rating units. Council has investigated 12 options compared to the current method, all of which generate considerable adjustments throughout the district compared to the rates for the year ending 30 June 2018. These are fully analysed in **Appendix 2**. Council must consider the needs of the community now and in the future and therefore determine a rating policy that is sustainable and appropriate. Following an assessment of the methods considered, Council has selected 3 options; being a preferred option, a suitable alternative, and retaining the current method upon which it will consult with the community.

OPTION 1 – RETAIN THE EXISTING METHOD

This is the status quo, described as option **1: 2018AP** in **Appendix 2**. This retains the existing allocations, differentials and rate types. The method uses a combination of land value and capital value, property values and locations. Almost all rates are charged differentially, and the UAGC funds specific activities.

Advantages: no transitional adjustments, rate types are specific to activities.
Disadvantages: difficult to interpret, volatile and unpredictable.

OPTION 2 – UNDIFFERENTIATED CAPITAL VALUE, UAGC WITHIN GENERAL RATE

This is option **5** in **Appendix 2**. Having determined the total amount to be recovered through rates, this method reflects the philosophy that Council exists to serve the district as a whole. Even if one group appears to directly benefit from a particular activity more than others, there is often a secondary benefit that accrues to other members of the community. Capital value is deemed an appropriate reflection of relative development and affordability.
Targeted rates continue to be employed for water services and waste management, but differentials are removed. This minimises fluctuations as the service demands and demographics in each area vary from year to year.

Advantages: predictable, uncomplicated, removes subjectivity, emphasises a single community philosophy
Disadvantages: arguably less transparent, potential for distortion by cyclical valuations, transitional adjustments.

OPTION 3 – CAPITAL VALUE GENERAL RATE DIFFERENTIATED BY LAND USE

This is option **13** in **Appendix 2**. It modifies option 2 above by recognising that, while equal benefits may accrue throughout the district, the cost of provision is disproportionately affected by different user groups. This analysis is partly informed by a collaborative case study undertaken by the Road Controlling Authorities Forum in 2017.

This option identifies 4 land use categories, derived from the Rating Valuation Rules and applies differentials to the general rate liability for each:

Differential Category	Definition	Indicative Factor*
Commercial	Commercial uses Industrial uses, including associated retailing Utility	1.42
Forestry	Forestry	1.85
Residential	Residential Urban: government, civic, or recreational Dairy land suitable for all types of supply and stud Horticulture Lifestyle Mining	1.00
Rural	Rural: government, civic, or recreational Pastoral farming Specialist livestock	1.00

*The indicative factors are proposed for year 1 of the LTP.

Council will be able review the factors annually as part of its rates setting process in its funding impact statement for each financial year.

Advantages: predictable, uncomplicated, removes subjectivity, flexible
Disadvantages: arguably less transparent, potential for distortion by cyclical valuations, transitional adjustments.

<u>This is Council's Preferred Option.</u>

Council is seeking the views of the community on this proposal.

WHAT HAPPENS NOW?

Council intends to adopt a Revenue and Financing Policy on 30 January 2018. Public consultation will be undertaken from 6 December 2017 to 22 January 2018, followed by a public hearing.

CONSULTATION PLAN:

Dates	Action
5 December 2017	Council adopts draft Revenue and Financing Policy for public consultation
7 December 2017	Statement of Proposal (including draft policy) published on Council website
7 December 2017	Consultation begins
12& 14 December 2017	Newspaper advertisements
13 – 15 December 2017	Indicative rates delivered to ratepayers
11 – 21 December 2017 8 – 12 January 2018	Updates through social media, Council website and newspaper
15 – 17 January 2018	Public meetings in Wairoa and Māhia
22 January 2018	Submissions close
30 January 2018 or 8 February 2018	Hearing, deliberations and decision

SUBMISSIONS

Council will encourage on-line submissions for efficiency and security, although paper forms will be available. Details will be published on Council's website. The submissions portal will open on Council's website on 11 December 2017 and will remain open until 22 January 2018.

FURTHER INFORMATION

This statement of proposal (including the draft policy) and associated documents are available on Council's website at www.wairoadc.govt.nz

For further information:

- visit Council Offices at 97-103 Queen Street, Wairoa Monday to Friday between 8:30 and 4:00
- Contact Gary Borg on 06 838 7309 or gary@wairoadc.govt.nz

Please note that Council offices will close on 22 December 2017 and reopen on 8 January 2018.

APPENDIX 1: DRAFT REVENUE AND FINANCING POLICY

POLICY OBJECTIVES

The purpose of a Revenue and Financing Policy is to set out how Council funds its activities and thus delivers services and infrastructure in a sustainable manner through the life of its Long-term Plan and beyond.

Legislative compliance

A Revenue and Financing Policy is one of several policies required by S102 of the Local Government Act 2002 'in order to provide predictability and certainty about sources and levels of funding'.

The specific requirements for this policy are prescribed in S103, and directed by S101.

More importantly than this however, Council believes that its Revenue and Financing Policy exists to inform the community about its financial decision-making processes and judgement exercised in determining how much should be paid, by whom and when.

FUNDING NEEDS

Council has reviewed the funding mechanisms for its activities, seeking to maximise external revenue sources wherever possible and achieve an appropriate balance for the remaining funding requirements. Within the parameters of legislation that governs fee revenue for particular activities, this is based on the following considerations:

i. The community outcomes to which the activity primarily contributes:

   These are the fundamental reasons why Council undertakes its activities, and what it seeks to achieve by doing so. They are explained fully in the activity statements in the Long-term Plan and provide a reference point for how the funding for each activity should be derived.

ii. The distribution of benefits:

   This considers the degree to which the benefit is exclusively, or at least distinctly, received by individuals and separately identifiable groups, versus the community as a whole. The concept of a 'user pays' society is often promoted. However, Council recognises that many of its activities provide a mixture of private and public benefit. Most activities are available to the community as a whole with few consumed equally by everyone. There are even fewer circumstances where this can be measured. Consequently, Council takes a mixed funding approach, with an emphasis on value to the community.

   Examples of different benefit profiles are discussed below:

   a) Exclusive – Council operates pensioner housing. The benefits are exclusively received by the tenants, and Council receives lease revenue from the tenants.
   b) Distinct – Council provides stormwater control in several catchments in the district. The cost of provision is recovered via targeted rates paid by those rating units within the catchments that benefit from the activity. It is not possible to determine whether one rating unit benefits more than its neighbour from this service, and it would be inappropriate to estimate. For example, does rating unit (a) at the bottom of a hill receive more benefit than its elevated neighbour (b), when some of the storm water diverted from (a) is the run off from (b)? For this reason these targeted rates are applied on a fixed basis.
   c) Whole community – Council's democratic and administrative support services are available to everyone equally. Therefore the revenue requirement is allocated throughout the district.

iii. The period in or over which those benefits are expected to occur:

Council must generate sufficient revenue to cover its operating costs, and adopts a budget each year to meet these costs. These are the costs of delivering activities now at service levels determined in the Long-term Plan.

Council must also look to the future, and plan for the renewal, replacement and construction of fixed assets upon which much of its service capability depends. Council currently owns property, plant and equipment with a value of approximately $260 million with varying useful lives. The annual budget includes an amount of depreciation for these assets, which is a charge for the current consumption by today's community. The revenue from this accumulates in reserves and these funds, along with associated investment income, is used towards the cost of renewing the assets.

In some cases, particularly when a new or enhanced asset is required to meet growth or increased levels of service, the cost will be funded from general reserves or borrowing. An annual amount for loan repayments and interest is included in the operating budget for the corresponding activity and recovered through the appropriate revenue sources. Typically, Council will not recover depreciation costs until these loan repayments are completed.

Some services occur less frequently than every year but provide a benefit over a period of longer than one financial year; such as aerial photography, building control authority reaccreditation and the production and audit of a Long-term Plan. Council allocates the revenue required for such projects over their lifecycles. Similarly, it may be appropriate to fund a non-capital project through borrowing where the outcome is expected to deliver financial benefits over several years.

iv. The extent to which behaviour affects the scope and need for an activity:

Where appropriate Council seeks to align its funding policies to desirable behaviour, including:

- to encourage recycling and discourage fly tipping
- to encourage responsible dog ownership and discourage wandering stock
- to encourage the safe enjoyment of public spaces

In this way the policy further supports the contribution to community outcomes discussed in (i) above.

There are several activities which are available to everyone, but where Council identifies that the nature of the use, and thus the scope and costs of the service varies across different groups. For example:

- Liquor control provides a direct service to licensees by ensuring they are suitably advised and certified, and provides a service to the community as a whole by contributing to a safer living environment. This activity is therefore partially funded by licence fees and rates.
- Council operates a roading network that is universally available to residents, businesses and visitors. The primary source of funding for this activity is the NZTA subsidy, with the balance from rates. Council recognises that different user groups place varying demands on the network and considers that a differentiated approach to rating is appropriate.

v. The costs and benefits of funding the activity distinctly from other activities:

This area balances economic viability with transparency and accountability. It supports the other criteria above, and applies common sense.

There are nearly 30 activities that are funded wholly or partially by rates, and it is questionable whether issuing a rates invoice containing 30 different rate types aids the assessment of value. Council therefore groups its activities into rate types where their funding allocation is similar.
Alternative funding sources are not always viable. For instance, the revenue generated from initiating parking control would be exceeded by the cost of administration and collection.

vi. The overall impact of any allocation of liability for revenue needs on the community:

Council's activities must be funded in a way that allows it to deliver desired service levels cost effectively now and in the future. Fiscal prudence is balanced against Council's social, statutory and environmental responsibilities. Council reviews the distribution of its total revenue needs across its various user groups and the district as a whole, taking into account the following:

1. The regressive nature of rates charged on a uniform basis.
2. The risk of affordability barriers to customers who may most benefit from Council's activities.
3. Ensuring everyone pays a 'fair share'.
4. Recognising that there is often a primary and secondary benefit to activities and the potential downstream impacts of funding decisions.
5. To not adversely impinge on the cultural, economic, and social development factors that make Wairoa a great place to live, work and play.

FUNDING PRINCIPLES – OPERATING EXPENDITURE

Overall Council will seek to generate sufficient revenue to meet its operating costs each financial year. Reserves will be used to manage cyclical fluctuations.

- Council will seek to maximise external revenue sources, such as subsidies and grants, wherever they are available.
- For elements of activities where there is exclusive private benefit or the actions or inactions of particular individuals or groups affect the scope of the activity, Council will recover the costs via fees and charges, or other direct sources such as rental income.
- Where activities are available equally to particular groups Council will recover the costs of provision via targeted rates.
- For activities that are available throughout the district, Council will apply a general rate. This will be calculated using differentials to reflect the inherent varying demand that different land uses place upon these activities, and to achieve an distribution that Council considers appropriate in the context of affordability and its community outcomes.

Having completed this analysis Council has determined a matrix of appropriate revenue sources for its operating expenses and principles for the funding of capital expenditure.

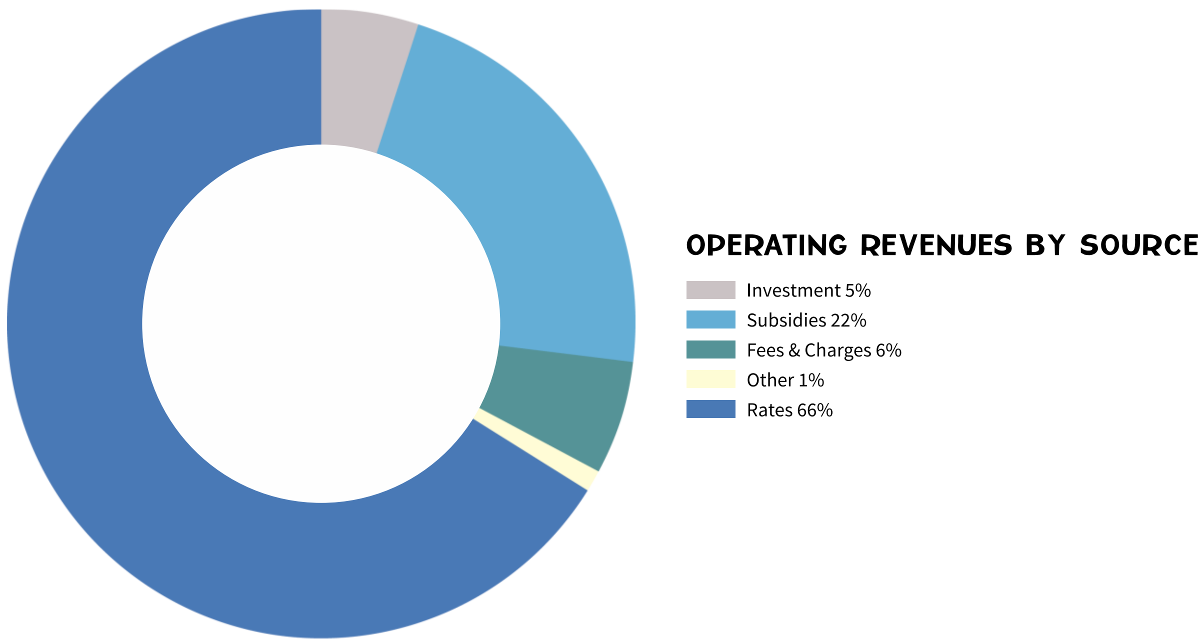
OPERATING EXPENSES

The percentages indicate a range of funding for each activity. Support functions are included for completeness. The complete rationales for these are contained in Appendix 1A.

Activity / Function	Investment %	Subsidies %	Fees %	Petrol %	Other %	Rates %
Offset to rates by allocation to activities						
Treasury	90% - 100%	-	-	-	0 - 10%	-
Costs recovered via overhead allocation						
Finance	-	-	0% - 5%	-	-	90% - 100%
Administration	-	-	0% - 5%	-	-	90% - 100%
Enterprise Building	-	-	-	-	-	100%
Direct funding						
Forestry	100%	-	-	-	-	-
Administrative Property - HQ	-	-	-	-	-	100%
Commercial Property	-	-	-	-	100%	-
Council	-	-	-	-	-	100%

Activity / Function	Investment %	Subsidies %	Fees %	Petrol %	Other %	Rates %
Māori Relationships	-	-	-	-	-	100%
Visitor Information Centre	-	-	-	-	0% - 10%	90% - 100%
Economic Development	-	0% - 10%	-	-	-	90% - 100%
Community Centre	-	-	-	-	-	100%
Community Support	10% - 15%	10% - 15%			0% - 5%	70% - 80%
Library	-	0% - 5%	0% - 5%	-	-	90% - 100%
Community Halls	-	-	-	-	-	100%
Airport	-	-	5% - 10%	-	5% - 10%	80% - 100%
Parks & Reserves	-	-	-	-	0% - 5%	95% - 100%
Cemeteries	-	0% - 5%	15% - 20%	-	-	75% - 85%
Building Inspection	-	-	40% - 50%	-	-	50% - 60%
District Planning	-	-	0% - 10%	-	-	90% - 100%
Environmental Health	-	-	10% - 20%	-	-	80% - 90%
Liquor Licensing	-	-	10% - 20%	-	-	80% - 90%
By-law Enforcement	-	-	40% - 50%	-	-	50% - 60%
Pensioner Housing	-	-	-	-	100%	-
Staff Housing	-	-	-	-	100%	-
Camping Ground	-	-	40% - 50%	-	-	50% - 60%
Sundry Property	-	-	-	-	-	100%
Roading Subsidised	-	50% - 70%	-	-	-	30% - 60%
Roading Local.	-	-	0% - 10%	0% - 10%	-	80% - 100%
Parking	-	-	-	-	-	100%
Waste Management	-	-	40% - 50%	-	-	50% - 60%
Sewerage Other Than Māhia/Opoutama	0% - 5%	-	0% - 5%	-	-	90% - 100%
Sewerage Māhia/Opoutama	-	-	-	-	-	100%
Stormwater & Drainage	0% - 5%	-	-	-	-	95% - 100%
Water Reticulation	0% - 5%	-	0% - 5%	-	-	95% - 100%
Water Production	-	-	-	-	-	100%

Having completed this analysis Council has determined a matrix of appropriate revenue sources for its operating expenses and principles for the funding of capital expenditure.



CAPITAL EXPENDITURE

Council applies the following principles to the funding of capital expenditure:

a. Council will seek to maximise grant and subsidy revenue wherever available. This is particularly relevant to roads, via NZTA.

b. Depreciation reserves will be the primary funding source for renewals, along with any corresponding accumulated investment revenue. Any shortfalls will be funded via borrowing.

c. Council does not currently utilise development contributions or financial contributions. These remain a viable option and will be evaluated as Council proceeds with the review of its District Plan. However, Council may seek lump sum contributions for particular projects. This option was included previously in the funding proposal for the Māhia and Opoutama wastewater scheme. This is likely to feature again with future growth and consent requirements for water services.

d. The balance of funding required for new assets will be derived from the sale of investments, general reserves, and borrowing. Debt servicing is covered by Council's Liability Management Policy.

e. Minor expenditure on short life assets, such as furniture and office equipment may be funded through rates.

f. The proceeds from the sale of assets will be utilised to fund replacements where applicable, such as motor vehicles, or for the purpose prescribed in a business case approved by Council, as with land parcels.

RATES

Rates are the primary source of revenue to Council. After including capital subsidies, rates still constitute up to 60% of Council's total revenue. Rates are employed where the benefits of Council activities are universally provided or available to the whole district, or specific groups of the community.

The Local Government (Rating) Act 2002 specifies the rating mechanisms available to Council, and the respective limits. These include general rates, targeted rates, valuation systems, differentials and uniform annual general charges.

In determining its rating policy, Council considers that:

1. The balance of funding required from rates relates to the public benefit element of the activities it undertakes, with the private benefit component recovered through fees and charges and other sources.
2. The rates revenue requirement for activities that are available to the whole district should be combined into a general rate, and that those activities that only benefit discrete areas will be rated through targeted rates.
3. All activities cannot be delivered equally at all times, but the whole district benefits from their availability.

GENERAL RATES

Council has identified capital value as the most suitable valuation basis for calculating the general rate. This method reduces variability among similar developments in different parts of the district, mitigates the fluctuations associated with cyclical land valuations and is a suitable indicator for relative affordability. Further, capital values incorporate land values, which provides a natural weighting for proximity to amenities.

DIFFERENTIALS

Council recognises that while many of its activities are provided equally throughout the district, there are certain land uses and undertakings that generate additional demand on Council's resources and the scope and cost of its activities. An obvious example is in land transport, where commercial undertakings generate higher traffic flows and forestry undertakings cause heavier loadings on the road network. For this reason, differentials will be applied to the general rate.

Council utilises the land use definitions contained in the Rating Valuation Rules, as prescribed by Toitu te whenua / LINZ to determine four land use categories as shown below:

Differential Category	Definition	Indicative Factor*
Commercial	Commercial uses Industrial uses, including associated retailing Utility	1.42
Forestry	Forestry	1.85
Residential	Residential Urban: government, civic, or recreational	1.00
Rural	Dairy land suitable for all types of supply and stud Horticultural Lifestyle Mining Rural: government, civic, or recreational Pastoral farming Specialist livestock	1.00

*The indicative factors are those proposed for year 1 of the LTP. Council will review the factors periodically as part of its rates setting process in its future funding impact statements. This allows for the rating method to keep pace with developments and changes in land use in the district.

UNIFORM ANNUAL GENERAL CHARGE (UAGC)

Council recognises that a significant proportion of the activities it undertakes relate to people rather than property, and in other cases that the value of the property has little reflection on the quantum of Council resources that it consumes. The owner of a house in Kotemaori has the same right to democratic services as a business owner in Morere, whilst a well-developed property will have the same footpath running past it as the vacant section next door.

Consequently, a uniform annual general charge is calculated as a percentage of the general rate and charged on a uniform basis on each separately used or inhabited part (SUIP) of a rating unit. For year 1 of the LTP this is set at 25% of the general rate. Council will review this percentage periodically as part of its rates setting process in its future funding impact statements.

This approach seeks to achieve a delicate balance between ensuring that rates are not excessively regressive and that everyone pays an appropriate share.

TARGETED RATES

The following activities provide services exclusively to certain locations and will be rated accordingly.

1. Water supply will be rated on a volumetric basis for extraordinary usage where a meter is installed and the remaining revenue will be divided over the number of rating units connected and able to connect (50% charge) to a reticulated supply and charged on a fixed unit basis.
2. Sewerage rates will be applied equally across all water closets and urinals connected to Council wastewater schemes, with a 50% charge applied to unconnected rating units within the scheme catchments.
3. Stormwater will be rated on an equal fixed amount on all rating unit within the catchments of Council owned systems.
4. Waste Management will be rated on an equal fixed amount on all rating units that receive a collection service.
5. Capital contribution rates may be utilised, as consulted and determined by Council.

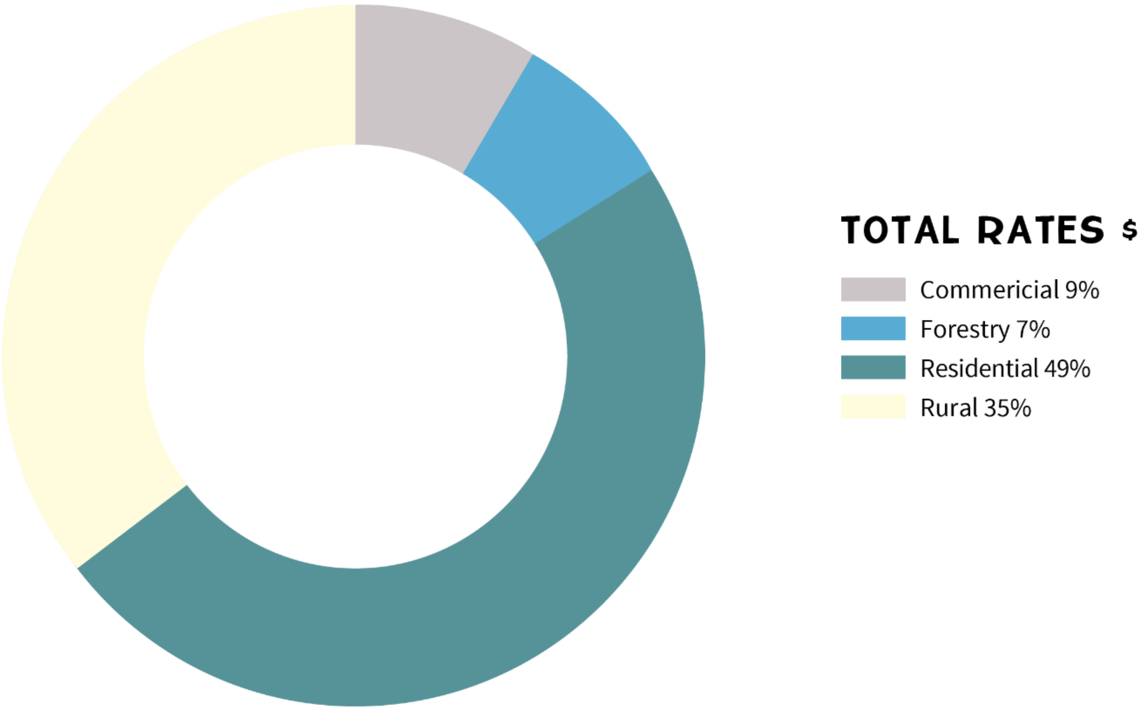
OVERALL IMPACT OF ANY ALLOCATION OF LIABILITY FOR REVENUE NEEDS ON THE COMMUNITY

All things being equal, Council will receive between 30% and 50% of its revenue from external funding sources. Council acknowledges that, with a small population and rating base, relatively moderate changes in its funding requirements can have a significant impact on its customers.

Council will exercise prudence in its financial planning and decision-making, and will consider, with the community, the trade-offs between levels of service and affordability.

As the demographic and land use profiles change, so will the needs of the community and thus the funding needs of Council's activities. This is why Council has included a degree of flexibility in the rating part of this policy, as regards the UAGC and the differentials in the general rate.

The chart below illustrates the approximate distribution of all rates revenue among the four sectors identified:



APPENDIX 1A – DETERMINATION OF REVENUE SOURCES

Pursuant to s101(3) of the Local Government Act 2002 the following analysis informs the table of revenue sources contained in the Revenue and Financing Policy. This analysis is to be read in conjunction with the community outcomes section of the Long-term Plan. This narrative primarily concentrates on annual operating costs, unless stated otherwise. The fundamental principles concerning capital expenditure contained in the policy apply to all activities. Operating costs include depreciation on fixed assets and therefore the funding for their renewal.

Activity	Explanation
Treasury (This function relates to the generation of investment revenue that is used to fund other activities)	There are three main components to the revenue generated by this activity: 1. Interest received from deposits and financial investments. Council invests surpluses, lump sums and rates revenue from depreciation. The interest from these investments is added to reserves where it relates to specific funds, projects or asset renewals and offset against rates in respect of general reserves. This principle recognises the period of the benefit as well as the distribution. 2. Council receives dividends by virtue of its shareholding in Quality Roading Services Ltd. This is offset against the rates for the activities to which the company contributes, primarily land transport and water services.
Finance, Administration, Administrative Property	These activities are the daily back office functions of Council. Some modest revenue is realised via fees for services exclusively provided to individual customers, such as photocopying or Official Information Requests. Otherwise, these activities support the customer facing activities across the whole council and the costs are recovered via internal overhead and rental in proportion to budgets, time and occupancy. These costs are therefore included in the direct funding sources for those primary activities.
Forestry	Council receives windfalls in the harvest years and incurs maintenance costs in between. There is therefore an important intergenerational equity consideration so these costs will be funded from reserves until the next harvest and an appropriate funding and regeneration plan will be put in place. Any surplus will be applied in a manner that Council deems is appropriate to the needs of the community.
Commercial Property, Pensioner Housing, Staff Housing	Normally these activities will be self-funding through lease revenue as properties are let to private tenants on a commercial basis. In some years maintenance costs may exceed lease revenue and some rates input may be required.
Council, Maori Relationships, Community Centre, Community Halls, Sundry Property, Parking	These activities are available to the whole community equally. They contribute to the social, economic and environmental well-being of the entire district. There are substantially no alternative revenue sources, or the cost of administration and collection would be prohibitive, and so they are wholly funded via general rates.
Visitor Information Centre	The visitor information centre achieves a contribution to its operating budget in the form of commissions and retail revenue. This reflects the private benefit that the activity provides. Council will seek to enhance this through tourism growth in the district, but without competing with local businesses. Council observes that a healthy flow of visitors to the district is beneficial to the whole community and the balance of funding is therefore derived from the general rate.

Activity	Explanation
Economic Development	Economic development is a relatively new activity for which Council will continue to explore supplementary revenue streams in the form of grants and retail from events. However, the main purpose of the activity is to support and facilitate opportunities that benefit the whole district. Its primary revenue source will therefore be the general rate, as it specifically contributes to the community outcome “a strong, prosperous and thriving community”.
Community Support	There are distinct community groups that benefit from specific elements of this activity, such as the SPARC rural travel fund. This activity also contains the affordable housing initiative for which Council will reinvest the revenue from house sales and seek subsidy revenue. The balance of funding will be obtained via the general rate as the remaining elements of the activity benefit the whole district.
Library	Specific benefits to distinct user groups include the summer reading programme. This is funded by grant revenue. This activity is also affected by the actions or inactions of particular individuals and operates a fine & fee regime for lost books and late returns. Most importantly however, Council has introduced educational well-being as a community outcome in its Long-term Plan 2018-28. The library directly contributes to this outcome and Council believes that a user pays system for its normal service would be a barrier to many members of the community who would benefit. The balance of funding will therefore be derived from the general rate.
Airport	There are elements of private benefit and these are distinctly funded in the form of landing fees to operators, lease revenue from tenants and hire charges for the use of conference facilities. Beyond this the district benefits from the availability of a local airport, as illustrated in the runway extension project included in Council’s Annual Plan 2017-18, the main driver for which was accessibility of emergency health services. Thus, this activity is partly funded by the general rate.
Parks and Reserves (Open Spaces)	Rental and lease revenue is derived from private users who obtain exclusive benefit from their occupation and use of Council land. This activity specifically contributes to the community outcome ‘safe and accessible recreational facilities’. As such it is available to everyone and is mostly funded by the general rate.
Cemeteries	The direct provision of burial plots and services is funded on a cost recovery basis via plot sales and interment fees. Council recognises that cemeteries specifically contribute to the community outcome “supportive, caring and valued communities”. As an activity that bears an element of public benefit, a proportion of revenue is obtained from the general rate.
Building Inspection, District Planning, Environmental Health, Liquor Licensing, By-law Enforcement	These functions at various levels provide private benefit to developers, builders, businesses, operators, visitors and animal owners. They ensure appropriate professional advice and consistent regulatory control are applied. These costs are recovered through scales of fees and charges that are determined by particular legislation, by-laws and Council policy. This is the main area of Council where the extent to which the actions or inaction of particular individuals or groups influence the scope and scale of the activities and the fee structures contain provisions for fines and differentiated charging. Council seeks to encourage desirable behaviour through these mechanisms. There is a general public benefit that consumers, residents and the environment are not adversely affected by these undertakings and so Council considers mixed funding, including the general rate, is appropriate.

Activity	Explanation
Land Transport: Roading Subsidised and non-subsidised.	The primary source of funding for this activity is the NZTA Financial Assistance Rate. This also applies to capital expenditure in this activity. This rate will increase in the first four years of the Long-term Plan 2018-28, but this will not materially affect the proportion of funding and it is conditional upon the balance being provided by Council. This activity is available to the entire district and specifically relates to the community outcome "a safe and integrated transport system". Therefore, the local share is derived from the general rate. Council receives a share of the local tax revenue on petroleum. As this directly relates to the land transport activity the revenue is offset against the rates requirement for that activity, and thus the general rate
Solid Waste Management	A kerbside collection service is provided to discrete areas of the district, and the cost of provision is recovered via a targeted rate applied in those areas. The treatment of refuse at landfill is available to the entire district and is funded via gate fees and general rates. Council will explore the opportunity of making its waste management facilities available to users outside of the district, thereby generating additional revenue and reducing the level of funding required form rates. The funding matrix contained in the revenue and financing policy allows for this. This activity specifically contributes to the community outcome "an environment that is appreciated, protected and sustained for future generations." Council seeks to discourage behaviour that contravenes this outcome and imposes fines through its by-law enforcement activity.
Wastewater (reticulation and treatment), Water Supply (production and reticulation), Stormwater	Collectively referred to as water services these activities in particular contribute to the community outcome "a lifetime of good health and well-being", although for some elements the benefit is directly received by users who are connected to Council's systems. Therefore the proportion that is funded by rates is derived via targeted rates levied in those areas where the activities are provided. In addition, connection fees are charged for new connections, and each activity receives some investment revenue from the treasury activity. Capital contribution rates will be utilised where Council deems appropriate following community consultation. *Water supply* Volume by meter rates are applied instead of fixed amounts per connection or rating unit where usage is significant. The rates are determined in proportion to the relative costs of provision. *Wastewater* This activity comprises reticulation in specific areas and sewerage treatment that applies to the whole district. The proportion of cost that will be recovered via fees is based on an assessment of the number of rating units that utilise septic tanks, the frequency and volume of discharge to Council's treatment facilities, and the relative cost of treatment, excluding reticulation which only applies to rating units connected to the system.

APPENDIX 2: RATING REVIEW ANALYSES

A) The table below illustrates the complexity of the current rating matrix, showing the number rating units by land use category in each roading rate differential. Most categories appear in more than one rate type.

Categories within Roading Rate Types	Rating Units
Rural 1.0 $100k - $1m	**526**
Commercial uses	8
Dairy land suitable for all types of supply and stud	65
Forestry	4
Industrial uses, including associated retailing	5
Lifestyle	29
Mining	3
Non rateable	134
Non-economic uses: government, civic, or recreational	82
Pastoral farming	59
Residential	118
Utility	19
Rural 1.0 $100k - $1m	**475**
Commercial uses	4
Dairy land suitable for all types of supply and stud	5
Forestry	2
Horticultural	20
Industrial uses, including associated retailing	3
Lifestyle	170
Non-economic uses: government, civic, or recreational	5
Pastoral farming	251
Residential	6
Specialist livestock	6
Utility	3
Rural 1.0 < $100k	**2080**
Commercial uses	4
Horticultural	3
Industrial uses, including associated retailing	23
Lifestyle	544
Mining	4
Non-economic uses: government, civic, or recreational	31
Pastoral farming	794
Residential	662
Utility	15
Rural 1.0 > $1m	**194**
Dairy land suitable for all types of supply and stud	8
Horticultural	2
Lifestyle	1
Pastoral farming	183
Rural Forestry > 100ha	**85**
Forestry	84
Pastoral farming	1
Rural Forestry 100ha	**35**
Forestry	35
Rural Resident 0.85	**1051**
Commercial uses	3
Industrial uses, including associated retailing	1
Lifestyle	164
Non-economic uses: government, civic, or recreational	4
Residential	879

Rural Residential 0.5	**129**
Lifestyle	2
Non-economic uses: government, civic, or recreational	3
Pastoral farming	1
Residential	123
Rural Residential 1.25	**490**
Commercial uses	4
Industrial uses, including associated retailing	7
Lifestyle	24
Non-economic uses: government, civic, or recreational	1
Pastoral farming	144
Residential	309
Utility	1
Urban 0.55	**64**
Commercial uses	1
Lifestyle	56
Non-economic uses: government, civic, or recreational	2
Residential	5
Urban 1.00	**1644**
Commercial uses	6
Industrial uses, including associated retailing	6
Lifestyle	27
Non-economic uses: government, civic, or recreational	5
Residential	1600
Urban 3.85	**174**
Commercial uses	98
Industrial uses, including associated retailing	71
Non-economic uses: government, civic, or recreational	3
Residential	1
Utility	1
Grand Total	**6947**

B) <u>Key to Options – this section explains the 13 options that Council has evaluated</u>

There are 3 options based upon the status quo method.

1: 2018AP

This is the status quo method and contains the adjusted rates for the year ending 30 June 2018. This method allocates has the following features:

- Specific activity budgets are allocated to particular rates, including the Uniform Annual General Charge (UAGC).
- Other activity budgets are allocated between the urban and rural sectors, then myriad differentials based on land use categories, property value and location are applied to either the land value or capital value of the rating units.
- Utilities are rated where the services are provided and rated on a fixed amount per rating unit. These are equalised for sewerage rates and differentiated for the others.

This method has evolved over time and contains estimates of the relative benefit provided to each sector by Council's range of activities. In that respect it approximates, albeit crudely, to a user pays system. The method contains logical assumptions.

The main criticisms of this matrix are that ratepayers find it unwieldy and that it leads to a broad range of adjustments when Council sets the rates for each financial year. It is also sensitive to movements in specific budgets which can lead to uncertainty.

2: UNDIFFERENTIATED

This option retains the existing rate types and bases for calculation, but with all differentials removed. The fundamental assumption is that the private benefit of Council's activities is recovered through fees and charges. Therefore the remainder represents the portion that is available to all ratepayers equally, with land value and capital value being suitable proxies for affordability and demand through development.

3: ROAD DIFFERENTIAL

This option utilises a differential for the roading rate, recognising that Council maintains a network that spans a considerable land mass upon which different land uses place varying demands.

4 – 9: SIMPLIFICATION

The next group of 6 options have the following common themes:

A. All value based rates are combined into a single general rate, either land value or capital value basis.
    - a separate Roading differential is again considered
B. The activities currently funded by the UAGC are also included in the general rate.
C. The UAGC is calculated as a percentage of the total general rate.
D. Water services and waste management continue to be rated on a uniform basis, but without differentials.

All of these options would reduce volatility, but arguably also transparency.

Option	Key	General Rate Basis	UAGC % of General Rate	Roading Differential
4	LV No Diff	Land Value	25%	N
5	CV No Diff	Capital Value	25%	N
6	LV RD U30	Land Value	30%	Y
7	CV RD U30	Capital Value	30%	Y
8	LV RD U40	Land Value	40%	Y
9	CV RD U40	Capital Value	40%	Y

Note that 6 and 8; and 7 and 9; are the same method with the UAGC calculated at a different percentage. The variants have been included for modelling purposes. Council would have the option of adopting a Revenue and Financing Policy that allows for the periodic review of the level of UAGC and factors for differentials.

10 – 13: NEW DIFFERENTIALS

The remaining 4 options retain the features from 4 – 9 above, and introduce four new differentials to be applied to the general rate, based on land use:

- Commercial
- Residential
- Rural
- Forestry

It is common to utilise a rural residential differential. However, this would largely replicate Council's existing method. The differentials are derived from the classification contained in the Rating Valuation Rules, as prescribed by Toitu te whenua / LINZ:

Category	Definition
Commercial	Commercial uses Industrial uses, including associated retailing Utility
Forestry	Forestry
Residential	Residential Urban Civic and Recreational
Rural	Dairy land suitable for all types of supply and stud Horticultural Lifestyle Mining Rural Civic and Recreational Pastoral farming Specialist livestock

In each case the UAGC is calculated as 25% of the total general rate.

10: LV NEW DIFF – LAND VALUE GENERAL RATE WITH NEW DIFFERENTIALS

11: CV NEW DIFF – CAPITAL VALUE GENERAL RATE WITH NEW DIFFERENTIALS

For these options the factors for the differentials are calculated by weighting an appropriate share of the funding requirements of each activity across the land use categories:

Activity	Commercial	Residential	Rural	Forestry
Treasury	25%	25%	25%	25%
Forestry	25%	25%	25%	25%
Chief Exec Officer	25%	25%	25%	25%
Administration	25%	25%	25%	25%
Finance	25%	25%	25%	25%
Information Services	25%	25%	25%	25%
Engineering Services	25%	25%	25%	25%
Regulatory Manager	25%	25%	25%	25%
Administrative Property	25%	25%	25%	25%
Commercial Property	25%	25%	25%	25%
Enterprise Building	25%	25%	25%	25%
Council	25%	25%	25%	25%
Maori Relationships	30%	30%	30%	10%
Visitor Information Centre	50%	20%	20%	10%
Economic Development	40%	15%	15%	30%
Community Centre	20%	40%	30%	10%
Community Support	25%	25%	25%	25%
Library	20%	40%	30%	10%
Community Halls	15%	35%	35%	15%
Airport	25%	25%	25%	25%
Parks & Reserves	15%	35%	35%	15%
Cemeteries	0%	50%	50%	0%
Building Inspection (BI/BY)	25%	25%	25%	25%
District Planning	25%	25%	25%	25%
District Planning Consents	25%	25%	25%	25%
Environmental Health	25%	25%	25%	25%
Environ Health Monitoring	25%	25%	25%	25%
Liquor Licensing	25%	25%	25%	25%
Dangerous Goods	25%	25%	25%	25%
Rural Fire Service	25%	25%	25%	25%
Civil Defence	25%	25%	25%	25%
Dog Control - Policy	25%	25%	25%	25%
Dog Control - Control	25%	25%	25%	25%
Stock Control -Pounds	25%	25%	25%	25%
Stock Control -Control	25%	25%	25%	25%
Bylaw - Policy	25%	25%	25%	25%
Bylaw Enforcement	25%	25%	25%	25%
Pensioner Housing	25%	25%	25%	25%
Staff Housing	25%	25%	25%	25%
Camping Ground	25%	25%	25%	25%
Sundry Property	25%	25%	25%	25%
Forestry	25%	25%	25%	25%
Roading Subsidised	30%	10%	10%	50%
Roading Non Subsidised	30%	10%	10%	50%
Parking	40%	25%	25%	10%

These allocations generate the following differential factors:

Sector	Differential
Commercial	1.32
Residential	1.00
Rural	0.97
Forestry	1.56

The main benefit with these options is that a direct link is maintained between the costs of provision of each activity and the distribution of the lability for rates.

12: LV NEW DIFF – LAND VALUE GENERAL RATE WITH NEW DIFFERENTIALS, ROADING ONLY
13: CV NEW DIFF – CAPITAL VALUE GENERAL RATE WITH NEW DIFFERENTIALS, ROADING ONLY

These options use the same differentials but the allocation of rates revenue is equally shared across the sector with the exception of roading, as with the 3rd option above. The differential factors would then be as follows:

Sector	Differential
Commercial	1.42
Residential	1.00
Rural	1.00
Forestry	1.85

C: ANALYSES – IMPACTS ON RATEPAYERS

The tables below show how the allocation of the total rates for 2017-18 would vary under each option, using the current roading rate, which has the largest number of rate types, and then by land use category which is the basis for the proposed new differentials.

1i) ALLOCATION OF TOTAL RATES $ BY ROADING RATE

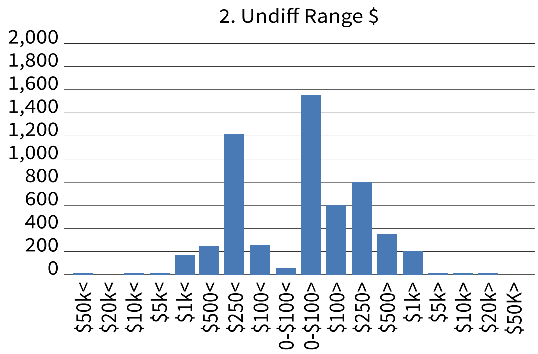
Option		1	2	3	4	5	6	7	8	9	10	11	12	13
Roading Rate	**Units**	**2018AP**	**Undiff**	**Road Diff**	**LV No Diff**	**CV No Diff**	**LV RD U30**	**CV RD U30**	**LV RD U40**	**CV RD U40**	**LV New Diff**	**CV New Diff**	**LV New Diff R**	**CV New Diff R**
Utilities and services	526	290,801	184,303	184,303	160,447	280,770	159,389	226,157	160,160	217,390	160,429	311,533	160,424	316,008
Rural 1.0 $100k - $1m	475	1,103,029	1,222,255	1,164,046	1,229,528	1,380,644	1,217,576	1,301,432	1,179,199	1,251,075	1,164,629	1,386,993	1,146,515	1,386,506
Rural 1.0 < $100k	2080	1,088,312	1,180,567	1,159,560	1,024,054	1,126,736	913,765	970,744	987,870	1,036,710	1,001,036	1,099,498	992,768	1,090,924
Rural 1.0 > $1m	194	2,603,293	3,231,602	3,018,171	3,831,355	2,942,447	3,914,431	3,421,168	3,668,397	3,245,600	3,563,735	2,731,258	3,490,753	2,694,757
Rural Forestry > 100ha	85	835,304	753,910	925,344	912,563	638,358	1,153,506	1,001,346	1,095,830	965,408	1,317,912	908,971	1,471,654	1,019,592
Rural Forestry 100ha	35	38,175	42,192	40,861	41,460	34,029	38,332	34,209	39,824	36,290	52,387	41,255	56,527	44,202
Rural Resident 0.85	1051	2,062,798	2,460,919	2,312,382	2,413,939	2,445,958	2,236,897	2,254,664	2,260,572	2,275,801	2,358,241	2,385,422	2,311,151	2,343,918
Rural Residential 0.5	129	183,769	220,130	208,515	192,516	221,960	165,430	181,768	178,271	192,276	190,635	218,419	188,855	215,736
Rural Residential 1.25	490	375,395	386,406	389,034	306,624	383,169	267,203	309,678	302,103	338,511	304,628	378,111	303,161	374,489
Urban 0.55	64	214,004	162,898	167,710	146,970	180,061	146,202	164,565	150,833	166,573	143,822	174,447	142,848	173,186
Urban 1.00	1644	4,387,665	3,797,400	3,912,791	3,422,120	3,954,684	3,329,024	3,624,575	3,502,061	3,755,391	3,413,848	3,919,588	3,405,562	3,891,336
Urban 3.85	174	920,909	460,874	620,737	421,877	514,591	561,700	613,148	578,333	622,431	432,152	547,959	433,238	552,801
Grand Total	**6947**	**14,103,454**	**14,103,454**	**14,103,454**	**14,103,455**	**14,103,407**	**14,103,455**	**14,103,455**	**14,103,455**	**14,103,455**	**14,103,455**	**14,103,455**	**14,103,455**	**14,103,455**

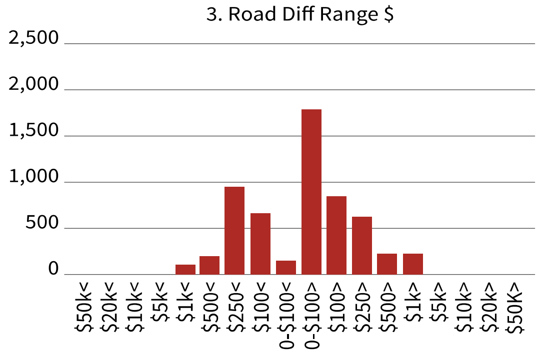
1II) ALLOCATION OF TOTAL RATES $ BY LAND USE

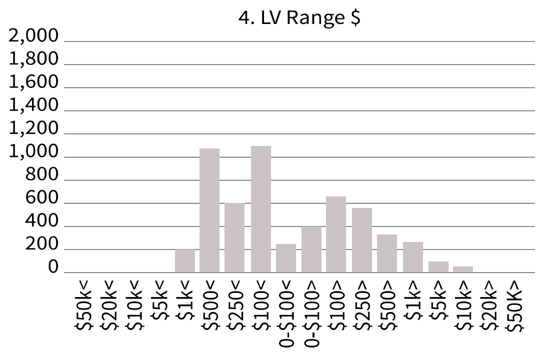
Option Sector	Rating Units	1 2018AP$	2 Undiff $	3 Road Diff $	4 LV $	5 CV $	6 LV R 30 $	7 CV R 30 $	8 LV R 40 $	9 CV R 40 $	10 LV New Diff $	11 CV New Diff	12 LV New Diff R	13 CV New Diff R
Commercial	128	737,114	395,686	504,721	360,742	449,322	454,501	503,655	467,180	509,312	372,472	483,474	373,721	488,442
Dairy land	78	107,042	132,227	123,847	153,866	122,327	156,412	138,912	147,346	132,345	143,358	113,774	140,493	112,295
Forestry	125	859,495	784,659	950,714	941,166	661,135	1,174,101	1,018,709	1,118,607	985,414	1,362,034	942,449	1,521,512	1,057,164
Horticultural	25	50,487	65,861	62,404	64,249	88,578	65,142	78,642	61,532	73,104	59,913	82,141	58,731	81,029
Industrial	116	319,930	186,678	233,833	157,527	226,684	195,128	233,504	203,057	235,951	163,359	250,084	163,980	253,488
Lifestyle	1017	1,161,773	1,262,744	1,222,005	1,187,140	1,274,453	1,115,276	1,163,753	1,141,118	1,182,670	1,139,217	1,217,491	1,126,147	1,207,637
Mining	7	2,660	2,745	2,729	2,239	2,167	1,841	1,801	2,157	2,123	2,218	2,151	2,213	2,148
Non-rateable	134	17,139	17,139	17,139	18,751	18,751	18,751	18,751	18,751	18,751	18,751	18,751	18,751	18,751
Non-economic	136	170,675	165,224	166,477	167,284	176,612	165,134	170,309	167,959	172,395	166,284	174,837	166,011	174,530
Pastoral farming	1433	3,330,771	4,076,207	3,827,468	4,737,453	3,681,705	4,803,404	4,217,559	4,542,182	4,040,030	4,419,399	3,430,663	4,332,663	3,387,275
Residential	3703	7,042,162	6,869,234	6,847,507	6,264,129	7,018,105	5,907,970	6,326,358	6,185,549	6,544,168	6,207,582	6,918,922	6,150,569	6,839,628
Specialist livestock	6	16,754	20,246	19,298	20,587	21,373	20,216	20,652	19,737	20,111	19,398	20,066	19,074	19,841
Utility	39	287,452	124,804	125,312	28,322	362,194	25,580	210,849	28,278	187,080	29,469	448,651	29,591	461,227
Grand Total	**6947**	**14,103,454**	**14,103,454**	**14,103,454**	**14,103,455**	**14,103,407**	**14,103,455**	**14,103,455**	**14,103,455**	**14,103,455**	**14,103,455**	**14,103,455**	**14,103,455**	**14,103,455**

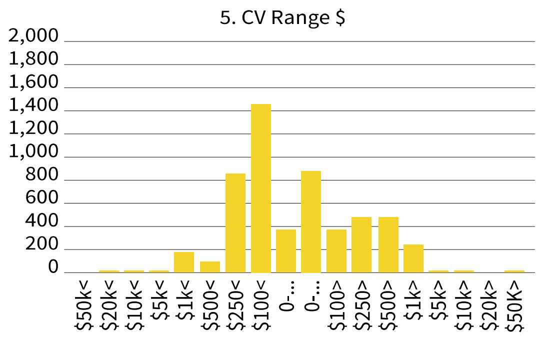
2I) MOVEMENT IN TOTAL RATES $, NUMBER OF RATING UNITS

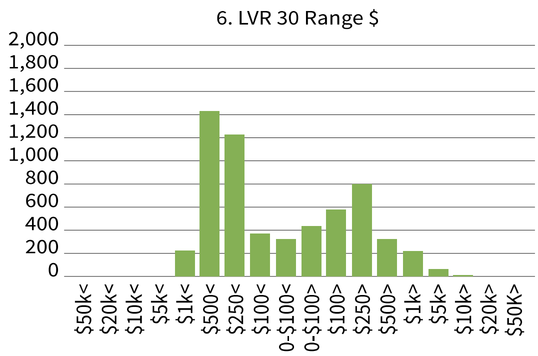
The following graphs show the number of rating units whose total rates for 2017-18 would have been higher or lower within $ bands, under each alternative.

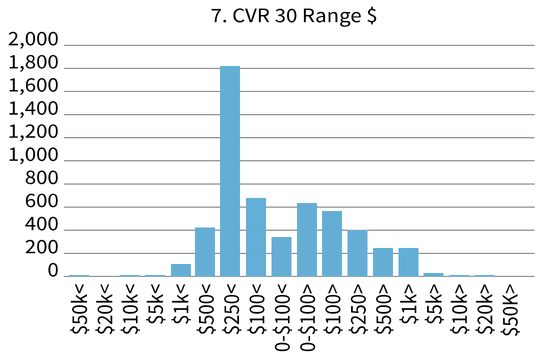


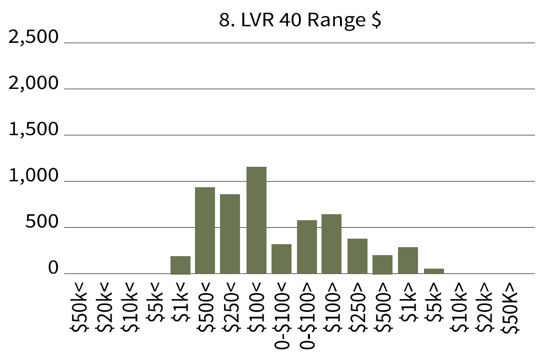


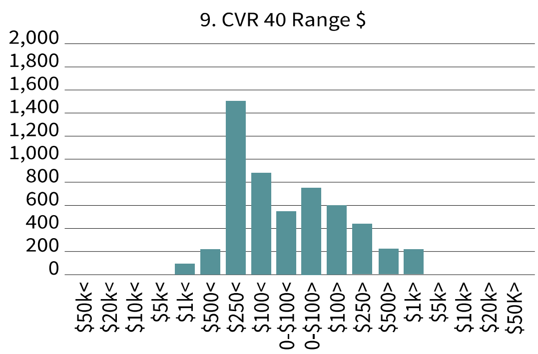


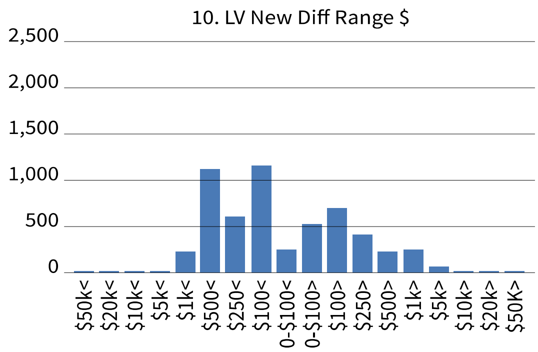


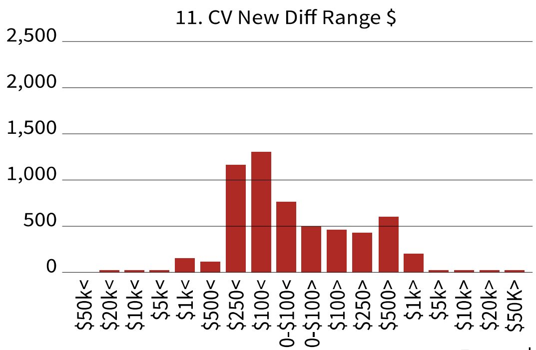


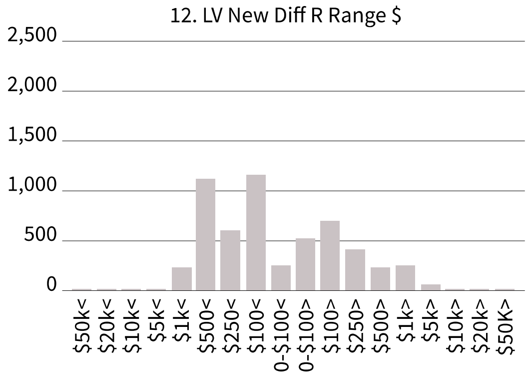


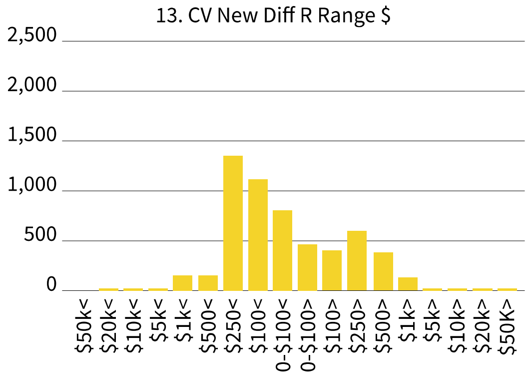






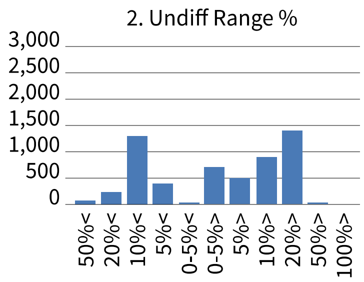


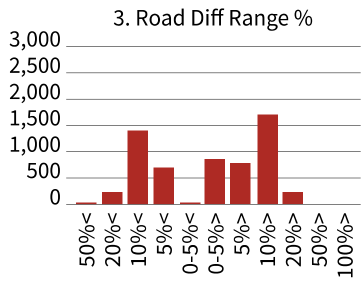


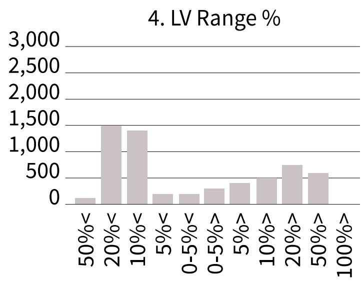


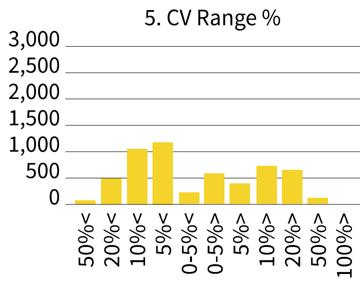
2II) MOVEMENT IN RATES %, NUMBER OF RATING UNITS

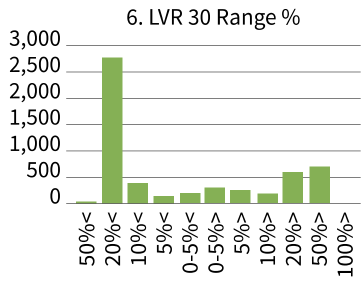
these charts show, for each option, the number of units whose total rates for 2017-18 would have been higher or lower within % bands.

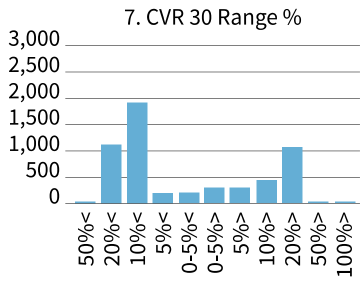


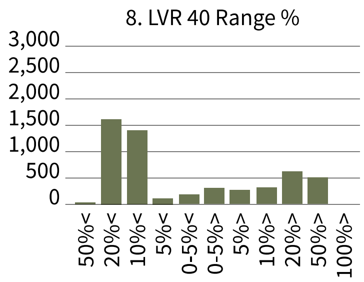


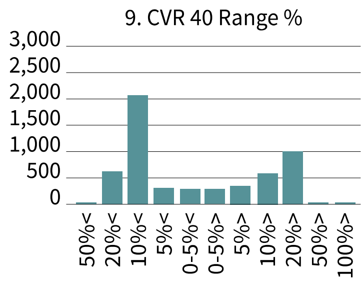


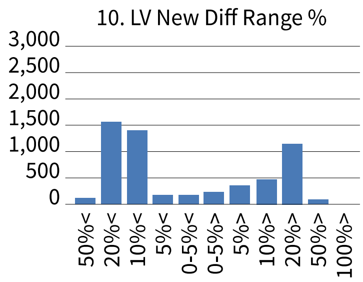


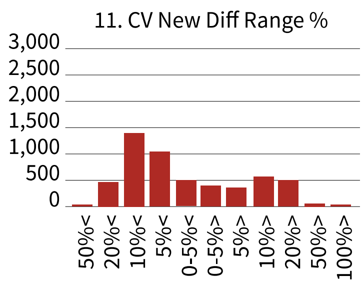


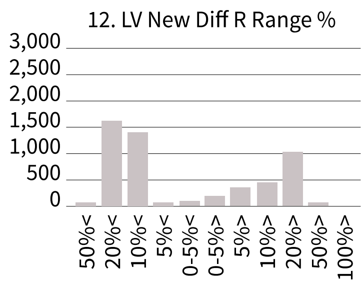


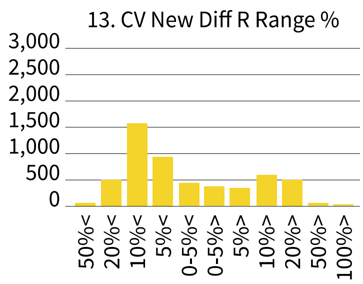








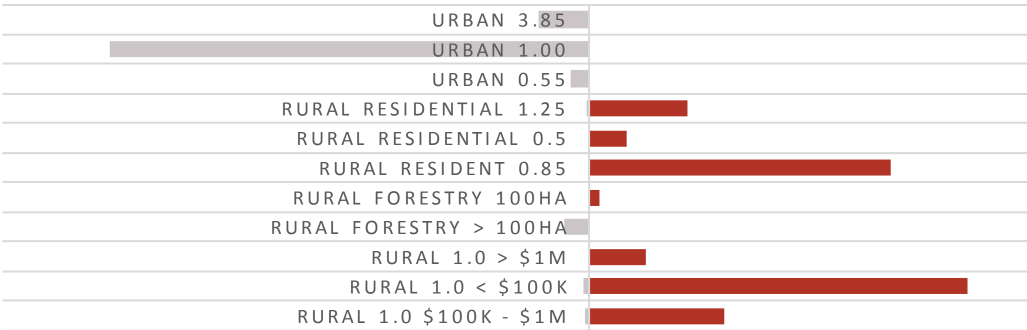




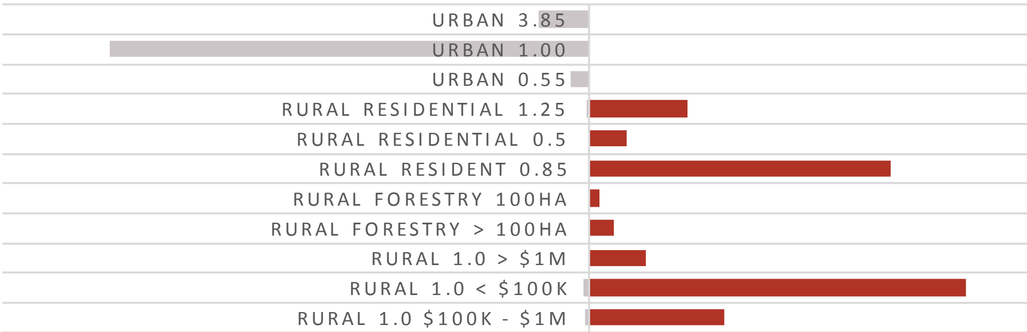
3) INCREASES / DECREASES BY ROADING RATE TYPE, NUMBER OF RATING UNITS

these charts show, by land use category, the number of rating units whose total rates for 2017-18 would have been higher or lower for each alternative.

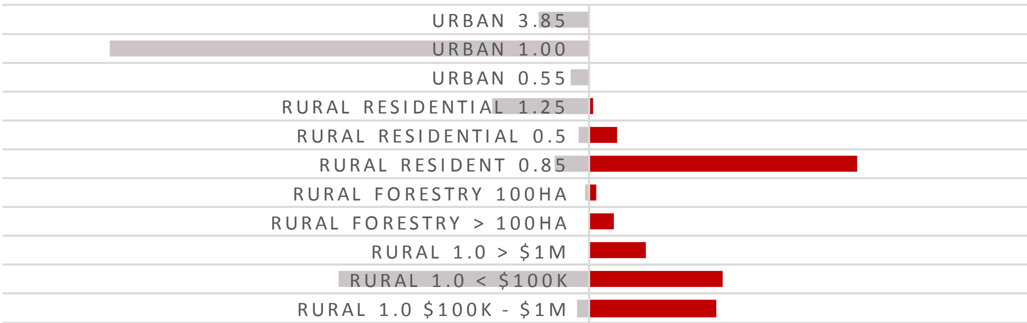
2. UNDIFFERENTIATED



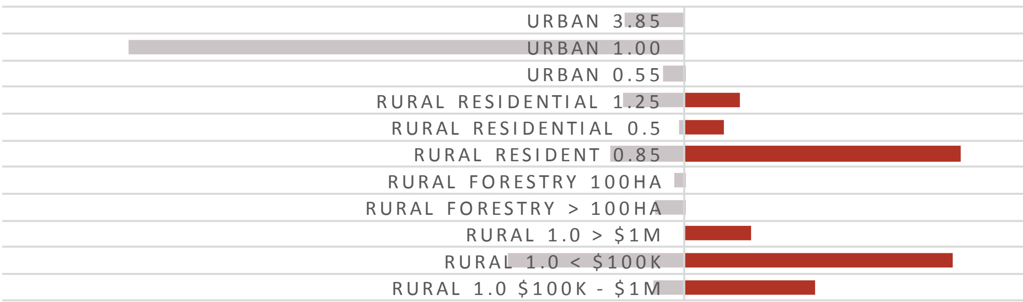
3. ROAD DIFFERENTIAL



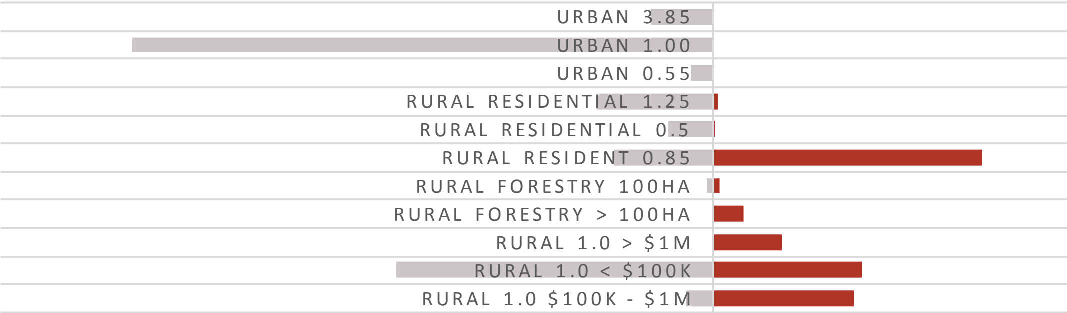
4. LV NO DIFF



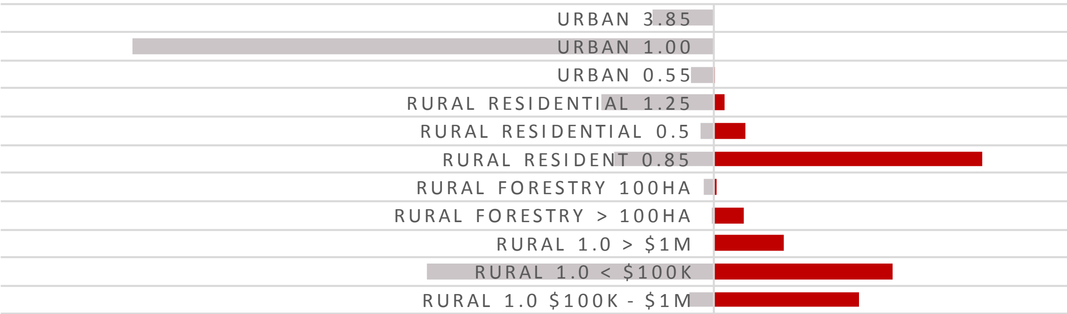
5. CV NO DIFF



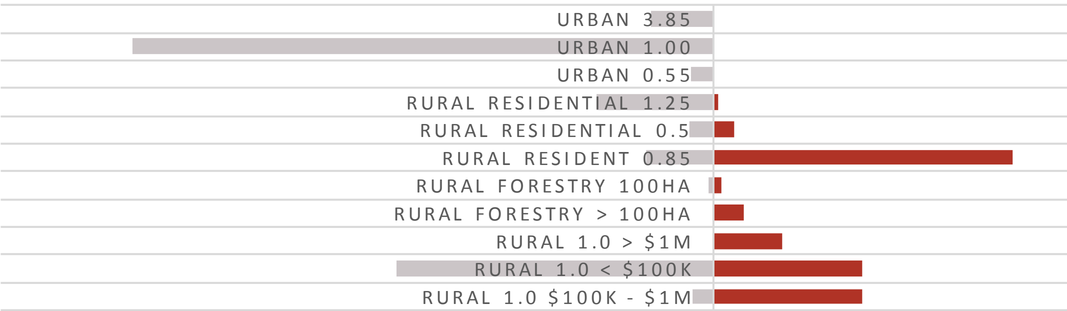
6. LV RD U30



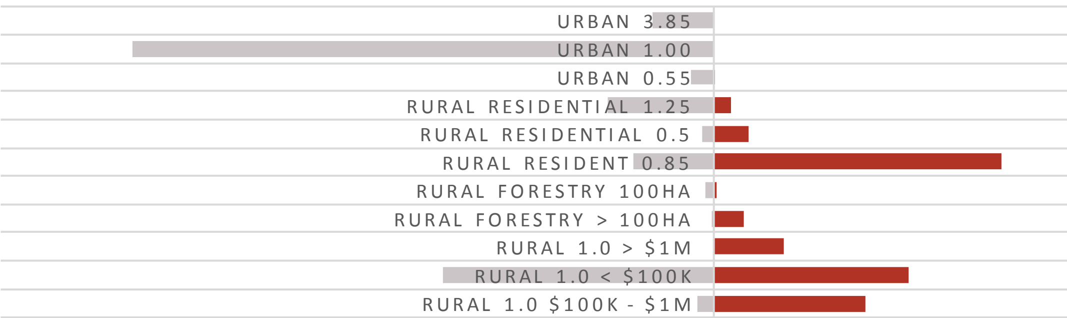
7. CV RD U30



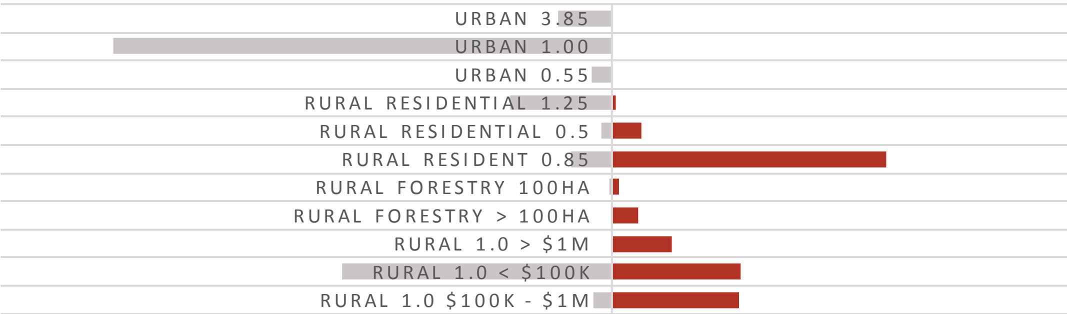
8. LV RD U40



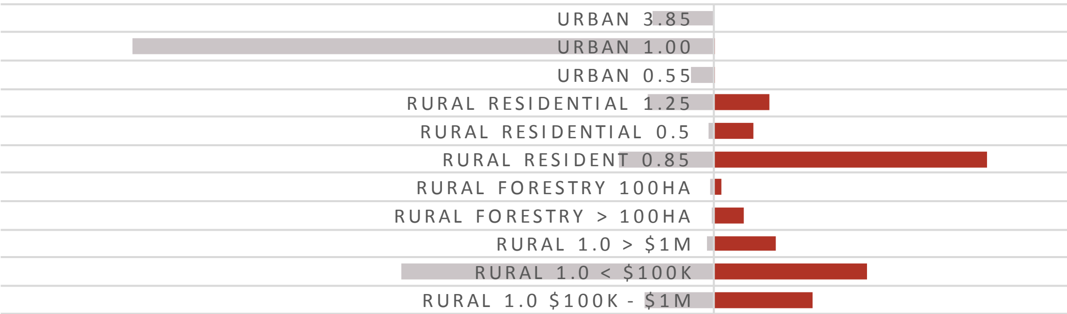
9. CV RD U40



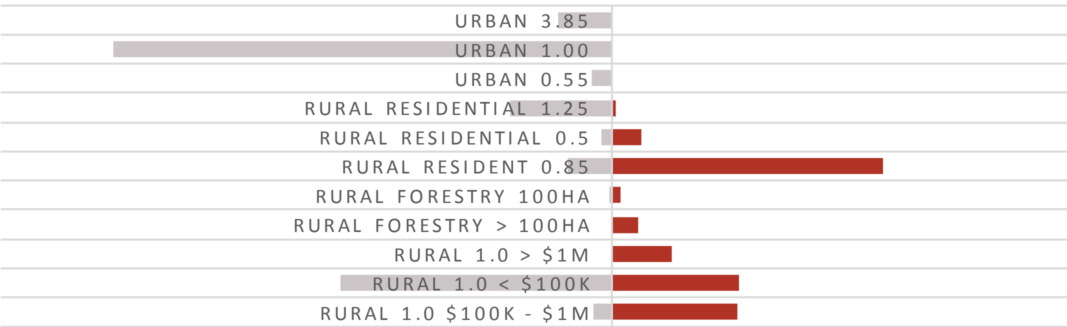
10. LV NEW DIFF



11. CV NEW DIFF



12. LV NEW DIFF R



13. V NEW DIFF R