

Chris Brown

From: Chris Brown
Sent: Friday, 29 July 2016 8:47 a.m.
To: 'ben@taxpayers.org.nz'
Cc: 'ryan@taxpayers.org.nz'
Subject: RE: Request 1 – Ratepayers' Report

Hello Ben and Ryan,

Thank you for your patience with regard to this request.

Please find below the information requested, but note that this analysis should be done on a Rates \$ per Capital Value \$ basis. This is what drives the level of rates. This can then be viewed comparatively as the level of rates on the 'average' rateable value for residential property between Local Authorities.

Please note that the average residential rates bill does not give an indication of different levels of service or the amount of rates paid by commercial sectors. Different Council Revenue & Financing Policies fund different services from rates e.g. Auckland Council does not rate for water or wastewater – instead it is funded from user charges from Watercare Services Ltd - but other Councils may rate for them. Also rates are applied across the city's capital value and average residential property values vary between local authorities.

Information requested	2014/15	2015/16	Comments
X = Total of all rates (\$000) (general and targeted) charged by Council to residential properties	161,127	171,879	Please find attached the breakdown of the rates applicable for residential properties.
Y = Total amount of user charges/levies applicable to residential properties	-	-	The request was to not include any Council charges that are not part of the rates demand (for example retail sales of Council rubbish bags, swimming pools fees & charges, etc.). There are none this would be applicable for that category for WCC.
(X + Y) = Total Residential Rates (\$000)	161,090	171,879	Note some of these charges are only applicable to specific groups of ratepayers. For example, those with water meters will only get charged the targeted rates for properties with a water meter.
Z = Number of Residential Properties	70,633	71,512	Note this is the total residential rating units for Wellington City
(X + Y) / Z = Average Residential Rates (\$)	2,281	2,403	Note these are different to the rates for an average residential property figures stated in Council's published Annual Plans.

I have also attached a spreadsheet of the 'total Wellington City Council Residential Rates'



Ratepayer's Report Request ...

There are some points that we feel we need to point out about the comparisons of the Rates information across the Country, though this was raised in 2014 when we answered the NZ Taxpayers Union request for information at that time.

Summary

- Back in April 2014, Wellington City Council was asked to provide feedback on the information and measures used by the New Zealand Taxpayer's Union and Fairfax Media to produce local government league tables known as the "Ratepayers' Report". At the time, Council expressed concerns about the comparison of levels of rates and levels of revenue/expenditure between Councils, and on some of the measures used. These concerns remain valid for this update of the report.
- Comparing levels of rates and levels of revenue/expenditure between Councils is fraught with inconsistencies. The following factors need to be taken into account when making such comparisons:
 - Differences between levels of service
 - The Revenue & Financing Policy of each Council
 - The level of depreciation funding for replacement of assets
 - The difference in rating bases between Councils
 - The condition and 'quality' of the core network assets (timing and replacement), and
 - The impact of other policy decisions such as weathertight homes funding, EQ strengthening, rates remissions, etc.

1. Revenue & Financing Policy

Each Council will have a different Revenue & Financing Policy which determines the level of rate funding of each activity/service, so you end up comparing 'apples and oranges' unless this is standardised or at least taken into account.

Example 1. Auckland rates do not fund water or wastewater like most councils, as these are funded as user charges from Watercare Services Ltd, so this needs to be accounted for in any comparison to a Council that funds their water from rates.

Example 2. Councils may have varying general rate differentials, which determine the level of rates contributed from different sectors e.g. Commercial vs Residential

2. Levels of Service

The main drivers of rates are:

- Which activities are funded by rates - the revenue and financing Policy of each Council determines the level of rate funding of each activity/service
- The cost of those activities (determined by the levels of service, and number and type of services) e.g. Wellington City has some higher levels of service and is the only Local Authority in the region that funds a Zoo, Botanic Garden, Stadium, Te Papa, major events etc
- The size of the rating base to spread the cost over

3. Migratory Populations

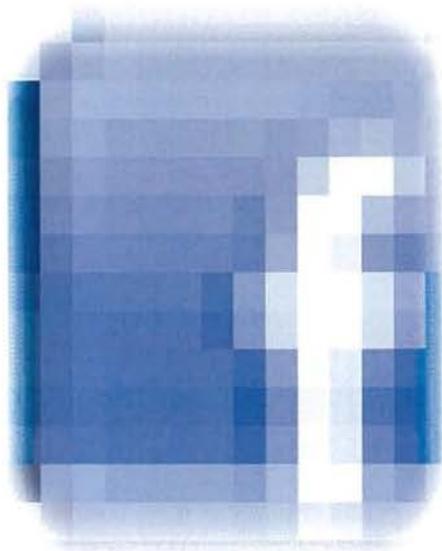
It should also be considered that over 32,000 people (29+%) of the people who work in Wellington City businesses live outside the city. WCC provides services and infrastructure to all these people who are not accounted for in a per ratepayer or per resident population analysis. In other areas such as Taupo, there is a large number of ratepayers (which include holiday homes) but there isn't a permanent maximum population to create demand for services due to seasonal visitor fluctuations, but they still need to cater for a peak.

Please contact me if I can be of further assistance.

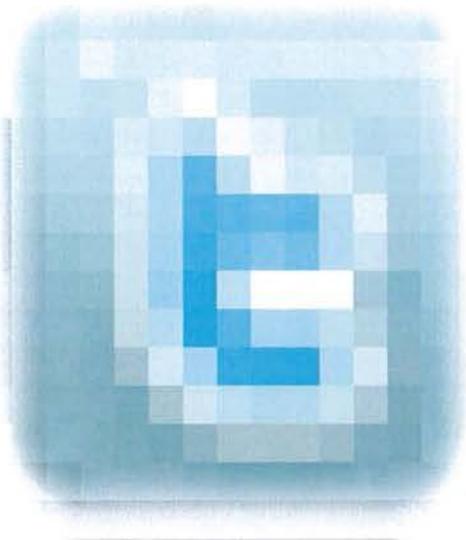
Kind regards

Chris

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----- Original Message -----

> From: Taxpayers' Union Information Requests (requests@taxpayers.org.nz)

> Sent: 27/06/2016 3:50 p.m.

> Subject: Request 1 - Ratepayers' Report

>

> Good afternoon,

> In 2014 the New Zealand Taxpayers' Union partnered with a newspaper group and produced local

> government league tables, known as the "Ratepayers' Report."

> The Taxpayers' Union is updating the tables and will provide an update for ratepayers across the country.

> Below is the first request for data in relation to the project.

> If you have any questions about what we have requested below, or would like to discuss the project with

> one of our representatives, please do not hesitate to get in touch with our Campaigns Coordinator, Ben

> Craven, who is overseeing the information requests and data collation. He is happy to provide any

> clarification as to what is requested, or further assist in any way possible.

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> Ben can be contacted on 022 079 2788, or via email: ben@taxpayers.org.nz

> <<mailto:ben@taxpayers.org.nz>>

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> Thanks again,

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> New Zealand Taxpayers' Union

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> **#1 - Average residential costs**

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> We request the following information:

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> (a) The average residential costs of rates and other Council charges for the 2014/2015 & 2015/16 financial years:

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> **Average residential costs = (X + Y)/Z**

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> Where:

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> **X** is the total of all rates (general and targeted) charged by the Council to residential properties;

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> **Y** is the total amount of user charges or levies applicable to residential properties (for example charges relating to metered water, infrastructure contributions, refuse collection, fire protection etc.); and

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> **Z** is the number of residential properties (however defined by the Council) within the Council's district or city. If the Council does not have a classification for residential, please use the closest definition (such as urban).

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> Please do not include Council charges that are not part of the rates demand (for example retail sales of Council rubbish bags).

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> Please do not include any amounts collected on behalf of a Regional Council.

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- > (b) A list of the types of rates, user charges and levies used to calculate each of the figures above.
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- > Please use GST inclusive figures for the calculations

TOTAL WELLINGTON CITY COUNCIL RESIDENTIAL RATES (inc

<i>Rate</i>	<i>Category</i>	<i>Factor</i>	<i>2014/15 Total Residential Rates GST Inclusive (\$000)</i>
General Rate	Base (Residential)	Capital Value	\$84,014
Sewerage targeted rate	Base (Residential)	Fixed amount / rating unit	\$8,162
		Capital Value	\$17,249
Water targeted rate	Base (Residential) (without water meter)	Fixed amount / rating unit	\$9,352
		Capital Value	\$17,147
	Base (Residential) (with water meter)	Consumption unit charge	\$520
		Fixed amount / rating unit	\$90
Stormwater targeted rate	Base (Residential excluding rural)	Capital Value	\$16,620
Base sector targeted rate	Base (Residential)	Capital Value	\$7,937
Tawa driveways targeted rate *	Base (Residential)	Fixed amount / rating unit	\$38
TOTAL WCC RESIDENTIAL RATES (including GST)			161,127