

SOUTH WAIRARAPA DISTRICT COUNCIL

15 MAY 2013

AGENDA ITEM C4

PAN CHARGE ANALYSIS

Purpose of Report

To present additional information and analysis on pan charges.

Recommendations

Officers recommend that the Council:

1. *Receives the information.*
2. *Recommends the status quo be retained in relation to pan charges, any increase as a result of the change in regime be introduced over the 2014/15 and 2015/16 years.*

1. Discussion

During the preparation of the 2012/22 Long Term Plan (LTP) a decision on the application of the pan charges was deferred, to be completed in time for the finalisation of the 2013/14 Annual Plan period.

Additional information was requested regarding the makeup of the properties that receive multiple charges.

The attached analysis (Appendix 1) provides this analysis.

1.1 Financial Considerations

The main financial consideration is the redistribution across the same pool of users.

This will increase the cost to all ratepayers who pay one or two pan charges, and reduce the cost to those who pay three or more.

There are some tax implications that do need to be considered, GST registered entities receive cash back at 15%, and tax registered businesses also receive the tax expense benefit.

The tax differential between registered and non registered entities has not been analysed here.

1.2 Analysis

There are 86 properties who pay three or more pan charges, the total pan charges for those properties is 632.

The proposed pan charge for 2013/14 is \$442.00, an increase of \$76.00 over the previous year.

1.3 Options

The main option discussed is a full charge for two pans, an additional full charge for one additional pan, and a half charge for any additional pans thereafter.

The per pan charge of the above option will increase from \$442 to \$470 as there are an additional 439 charges that will move from a full charge to a half charge

[Note: The analysis below **excludes** the increase discussed above.]

The following tables indicate the impact of the above option:

1.3.1. Current Proposal Per Draft Annual Plan

Number Pans	Number charges	Current charge \$	Current levies \$
1	1	442	442
2	1	442	442
3	2	442	884
4	3	442	1,326
5	4	442	1,768
6	5	442	2,210
10	9	442	3,978
20	19	442	8,398

1.3.2. Option 1 Analysis, Levy Increased to \$470

Number Pans	Number full charges	Number half charges	Option 1 charge	Total levies
1	1		470	470
2	1		470	470
3	2		470	940
4	2	1	470	1175
5	2	2	470	1410
6	2	3	470	1645
10	2	7	470	2585
20	2	17	470	4935

1.3.3. Comparison Between Status Quo and Option 1

Number Pans	Total levies	Current draft levy	(Increase) / Decrease	%
1	470	442	(28)	(6.3)
2	470	442	(28)	(6.3)
3	940	884	(56)	(6.3)
4	1175	1326	151	11.4
5	1410	1768	358	20.2
6	1645	2210	565	25.6
10	2585	3978	1393	35.0
20	4935	8398	3463	41.2

In summary, if this option is adopted:

- Mainly residential users will have an increase of between \$28 and \$56
- Those with 4 or more pans, mainly businesses and schools will have a reduction of between 11 and 41%

2. Appendix

Appendix 1 – Pan Charges by Property Type

Contact Officer: Paul Crimp, Acting Chief Executive

Appendix 1 – Pan Charges by Property Type

RID	# Charges	Property type	RID	# Charges	Property type
6511	3	Accommodation / hotel	2503	4	Church
2228	3	Accommodation / hotel	4155	3	Community Centre
2215	4	Accommodation / hotel	4564	3	Educational
3289	4	Accommodation / hotel	2593	4	Educational
3296	4	Accommodation / hotel	4288	7	Educational
2225	5	Accommodation / hotel	4693	22	Educational
3291	5	Accommodation / hotel	2994	26	Educational
4213	6	Accommodation / hotel	3098	27	Educational
6428	6	Accommodation / hotel	2594	33	Educational
1584	7	Accommodation / hotel	253	6	Marae
2224	7	Accommodation / hotel	259	7	Marae
4580	7	Accommodation / hotel	7130	13	Marae
3558	8	Accommodation / hotel	6266	3	Medical centre
427	8	Accommodation / hotel	4267	3	NZ Police Featherston
1580	9	Accommodation / hotel	2455	3	Private
3167	9	Accommodation / hotel	5941	3	Private
5417	14	Accommodation / hotel	6679	3	Private
1000	16	Accommodation / hotel	3041	3	Private
2585	16	Accommodation / hotel	3213	3	Private
3276	25	Accommodation / hotel	5867	3	Private
6092	31	Accommodation / hotel	3053	6	Private
2473	3	Business	2210	3	Resthome
2516	3	Business	3729	12	Resthome
4243	3	Business	2951	17	Resthome
6315	3	Business	3682	3	Sports / Recreation Club
7146	3	Business	2467	4	Sports / Recreation Club
4604	3	Business	2486	12	Sports / Recreation Club
3275	3	Business	3942	3	SWDC
5033	3	Business	3294	3	SWDC
6218	3	Business	3534	4	SWDC
3732	3	Business	2558	4	SWDC
3733	3	Business	3384	4	SWDC
4251	4	Business	2679	5	SWDC
4562	4	Business	4275	6	SWDC
5577	4	Business	4280	6	SWDC
7099	4	Business	3256	6	SWDC
3265	4	Business	4239	7	SWDC
3389	4	Business	4281	8	SWDC
3436	4	Business	3750	12	SWDC
2940	5	Business			
4367	5	Business			
3254	5	Business			
3378	5	Business			
3388	5	Business			
6593	6	Business			
5410	8	Business			
2534	10	Business			