SOUTH WAIRARAPA DISTRICT COUNCIL
Kia Reretahi Tātau

Council
Meeting Agenda
Financial Policies: Rating Review 2023 - Deliberations (Day 1)
Thursday, 9 November 2023

NOTICE OF MEETING

This meeting will be held in the Supper Room, Texas Street, Martinborough and will commence at 9.00am. The meeting will be held in public with the express purpose of deliberations relating to the Financial Policies: Rating Review 2023.

Council Membership: Mayor Martin Connelly (Chair), Deputy Mayor Melissa Sadler-Futter, Councillors Aidan Ellims, Colin Olds, Alistair Plimmer, Rebecca Gray, Martin Bosley, Pip Maynard, Aaron Woodcock and Kaye McAulay.

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South Wairarapa District Council
Kia Reretahi Tātau

8 November 2023
Agenda Item: 4.1

Financial Policies Deliberations Report

1. Purpose

The purpose of this report is to provide Council with a summary of the analysis of submissions on the 2024-2034 Long-Term Plan Financial Policies consultation to support elected members in giving direction to Council staff on this policy review.

The purpose of the deliberations process is for elected members to consider the feedback received throughout the consultation and hearings and provide officers clear direction on preparing the final draft financial policies. It's important that feedback from community engagement and consultation, legislation, alignment with key strategic documents, and officer advice be considered as part of this process.

A full package of submissions has been provided as part of the 2024-2034 Long Term Plan Financial Policies Hearings Report, which can be found here.

2. Recommendations

Officers recommend that the Council:

1. Receive the *Financial Policies Deliberations* Report.
2. Consider the submissions received through the consultation process.
3. Provide council officers with direction on preparation of the draft Remissions Policy, Remissions of Rates on Māori Freehold Land Policy and Revenue and Finance Policy.
4. Note that a Council meeting is scheduled for 22 November 2023 to consider adoption of these policies, as part of the 2024-2034 Long-Term Plan process.

3. Background

South Wairarapa District Council (SWDC) must adopt a series of policies as part of the Financial Strategy in preparation for the 2024-2034 Long Term Plan. The reviews of these policies are the first tranche of this work.

Councilors have been working for many months to understand their legal and financial responsibilities and the levers available for fair distribution of rates. This included a commitment from the previous Council to conduct a "first principles rating review" (the review) and has been insisted by some sectors of the community. The Revenue and Finance Policy puts in place the structure for how rates are set. To conduct a review of this nature requires a considerable amount of work and commitment that that the review will genuinely address long standing quirks in the rating model.

Councilors have had time to ask questions of external experts, look at models at other councils, and discuss concerns with individual ratepayers who have a high level of interest. During the Annual Plan consultation, we gathered feedback that has helped identify the key points of contention. We have also held a small community workshop to engage members of the community we might not otherwise hear from, particularly representatives who support our more vulnerable population groups.

On 13 September 2023 Council adopted the 2024-2034 Long-Term Plan Financial Policies Consultation Document. Consultation on these policies is required to meet the principles of consultation as specified in Section 82 of the Local Government Act 2002 (LGA). The Special Consultative Procedure (SCP) as prescribed in Section 83 of the LGA was followed. The SCP complies with Section 82 requirements.

4. Discussion

4.1 Consultation Process

Consultation on the Financial Policies occurred between 15 September and 15 October 2023. The 2024-2034 Long-Term Plan Financial Policies Consultation document and submission forms were available on the Council website, from the Council office and at the libraries in each of the three towns. The opportunity to submit was widely advertised to our community through social media and advertising in the Midweek.

4.2 Financial Policies Submissions

A total of 230 submissions were received on the 2024-2034 Long-Term Plan financial policies consultation and 24 submitters requested to speak to their submissions. 140 submissions were made online, using the online platform (SurveyMonkey). 90 submissions were made via email, post or in person.

80 submissions received contained written feedback not directly related to the consultation questions. This feedback will be summarised following the analysis of the data directly related to the consultation questions.

Number of Formal Submissions	Total Number of Submissions Related to the Consultation Document	Number of Submissions Not Related to the Consultation Document	Number of Submissions Requested to be Heard
230	150	80	24

5. Analysis of Financial Policies Consultation

5.1 Consultation Topics

Submitters were asked to provide feedback on a group of financial policies as required under Section 102 of the Local Government Act 2022 (LGA).

The policies being reviewed include the:

- Remission Policy, proposing to combine the Remission of Rates Policy, Water by Meter Leak Write-off Policy and the Coastal Erosion Policy into a single policy.

- Remission and Postponement of Rates on Māori Freehold Land Policy.
- Revenue and Finance Policy, which sets how rates are structured.

The full consultation document adopted by Council is available on the Council website.

5.1.1. Remission of Rates Policy

To allow rate relief where it is considered fair and reasonable to do so, Council is required to adopt a policy specifying the circumstances under which rates will be considered for remission. There are various types of remission, and the circumstances under which a remission will be considered for each type may be different.

The main change proposed to the Draft Remission of Rates Policy, is combining three policies (Remission of Rates Policy, Water by Meter Leak Write-off Policy and Coastal Erosion Policy) into one policy. This was done to support a clearer process for both council officers and customers who are looking for information and want to understand the remissions process.

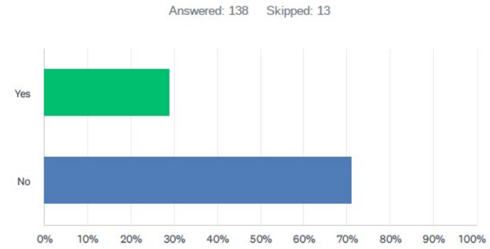
As part of the consultation, submitters were asked to provide general feedback about the policy, as well as respond to the question:

Do you think that the rates remission on general rates for community games or sports grounds should change from 50% to 100%? This means that community games and sports grounds would have 100% of their rates reversed.

Under the Local Government (Rating) Act 2002, land owned or used by a society or association, for games or sports, should pay no more than 50% of their general rates. As participating in sporting activity has known benefits to community wellbeing, Council asked the community about their thoughts on the rates remission for community games or sports grounds.

- 138 submitters responded to the question related to rates remissions for community games or sports grounds.
- 70% of respondents did **not** support changing the rates remission on general rates from 50% to 100%.
- A group submission made by 9 individuals did not support changing the rates remission for community games and sports grounds.
- Several respondents expressed that within our communities, there are many organisations and groups that contribute to overall community wellbeing. It was noted that if a 100% remission was being applied to societies or associations for games or sports, other facilities, such as community centers and town halls, should benefit as well.
- Several respondents noted that sports clubs and facilities often require memberships and operate under a ‘user pays’ agreement. It was noted that these organisations should have funds available to contribute to their share of rates.

- Very little written feedback was provided on the proposed changes to the overall policy.



5.1.2. Remission and Postponement of Rates on Māori Freehold Land Policy
The Remission and Postponement of Rates on Māori Freehold Land Policy is a legislative requirement under section 102 of the Local Government Act 2002. It recognises that certain Māori owned land may have particular conditions, features, ownership structures, or other circumstances that make it appropriate to provide relief from rates. It also recognises that the Council and the community benefit through the efficient collection of rates that are properly payable and the removal of rating debt that is considered uncollectable.

There were no changes to the current draft policy put forward for consultation, aside from minor editorial and formatting changes. Submitters were asked to provide general feedback about the draft policy.

- 55 submitters provided feedback related to the draft Remission and Postponement of Rates on Māori Freehold Land Policy.
- Feedback was mixed, with about 33% of responses supporting the policy, 33% providing no comment or requesting further information and 33% indicating that all ratepayers should pay equally.

5.1.3. Revenue and Finance Policy
The Revenue and Finance Policy sets out how the total rates are to be allocated between different groups of ratepayers. It does not change the amount of rates collected. The draft policy outlines the choices Council has in deciding the appropriate sources of funding for operating and capital expenditure from the sources listed in the Local Government Act 2002 (LGA and shows how the Council will comply with section 101(3) of the LGA which sets out several factors considered when making these decisions.

There were several changes proposed to both the allocation of General and Targeted Rates in the draft policy for consultation. Submitters were asked to give general feedback about the policy itself, as well as respond to a series of specific questions:

Do you agree with Council's proposal to change the general rate to capital value from land value?

Do you agree with Councils proposal that 90% of the costs of footpaths should be paid by urban ratepayers and the remaining 10% by the district as a whole?

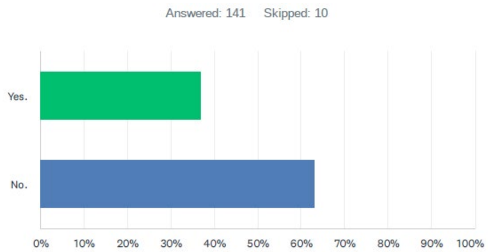
Do you agree with Councils proposal to create an Infrastructure Emergency Resilience Fund through a targeted rate to all rates payers?

Do you believe that dwellings used for short-stay accommodation should be included in the economic development rate?

How would you recommend that Council define and identify these dwellings, for example through self-identification or registration (fees may need to be collected to cover the administration costs)?

Capital Value or Land Value?

- 141 submitters responded to the question related to changing the general rate from land value to capital value.
- 63% of responses did **not** support changing the general rate to capital value, from land value.



Many submitters indicated that using a capital value rating system may encourage land banking and discourage property improvements.

"*This is totally unfair & my understanding is that those properties that are invested in & make our towns more attractive for people to visit & live in are the ones that are being unfairly penalised."*

"Capital value is a more volatile measure and could disincentivize development/ improvement, if rates increase when dwellings are added to the land."

"…*it will dissuade people from upgrading or increasing the value of the improvements;3. It will encourage land banking and a disincentive to build on empty sections."*

"Totally unfair & will promote people not doing anything with their properties & our towns not being as appealing as could be. Also unfairly discriminating against those that want to improve their properties as assuming the council thinks they have more money which isn't necessarily the case at all but maybe some pride in where they live."

"By moving to capital value, it may disincentivise owners to maintain and/or development their property, which isn't great for the region."

"This is an insidious tax, it's a disincentive to improve your property, I am completely against it."

"People have worked hard to improve their property and council is now going to rate them out of their home. All the while a rundown property pays less because they just dont care but use the same services."

Many submissions also expressed concern about the impact a change to capital value may have on small, locally owned, commercial properties and businesses.
"Why should those who have chosen to invest in their land by developing businesses to attract visitors to our town be punished and asked to pay extra?

"…council must consider the use of capital values is a blunt tool to redistribute the rates burden between residential and commercial rate payers."

"The proposed rates change appears to place unfair stress on commercial properties and tourism operators, including wineries trying to diversify their horticulture business with hospitality and tourism ventures. Most tourism and small businesses are already struggling financially, an ongoing consequence of Covid lockdowns, limits on migration and travel, and the current economic climate. These rates increases could be the final straw for many in our region."

"This proposal to base rates on capital values rather than land values has the potential to threaten the economic viability of not only our winery, but also many other local businesses, and it could have significant repercussions for the entire community."

"It is a real challenge to keep a small business like ours going in these conditions and this proposal would only worsen the situation for us and others like us."

"This is anti-development. Businesses and individuals investing in the urban areas lift all capital values of both residential and rural properties. Therefore, there is downstream benefit to all ratepayers, so it is more equitable to keep it as is. It will be hurdle for main streets such as Featherston where there are already landowners not willing to invest."

"It doesn't seem fair that vines at vineyards contribute to capital value and stock on farms does not. Large stations with thousands of dollars of stock, would be rated on the value of bare land, where vineyards, would be rated on the value of their land and their crop."

Several submissions indicated that capital value does not accurately reflect a better ability to pay, or a greater use of Council services.
"For us, as a small locally owned and operated vineyard and winery that is family-run, the presumption that capital value represents a better correlation to ability to pay than land value does not hold true."

"The assumptions Council base rates on are flawed. "Capital Value represents a greater degree of Council's services."

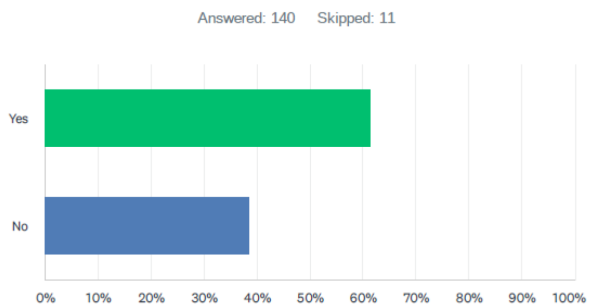
"We totally disagree with your statement: "This is because it considers the total (capital) value of a property, including the improvements (e.g. buildings), to be a better representation of ability to pay. Under capital value models, properties where a bigger part of the total value is made up of improvements usually pay a higher share of rates. It is very presumptuous of council to assume that we are able to pay a higher rate because an outside agency has decided that our house is worth more than others and set a price that is short of fictitious."

"Services provided and used by residents are largely not related to capital value of a dwelling"

"Capital Value is an unfair system and biased to charging people living in larger properties more. It incorrectly assumes that larger properties are occupied by more people."

Who should pay for footpaths?

- 140 submitters responded to the question related to changing the way footpaths are funded.
- 61% of responses supported the proposal that 90% of the benefit and costs of footpaths should be paid by urban ratepayers and the remaining 10% by the district as a whole?
- The 62 pro forma submissions received, also agreed with the Council proposal for funding of footpaths.



Despite overall support for the proposal, as indicated above, several submissions indicated that footpaths benefit the district as a whole, not just urban ratepayers.
"This district is made up of urban and rural working in harmony and equally important. We all benefit from access to a rural environment and urban services and therefore I think the cost of providing these services should be shared more equally."

"Everyone uses the urban footpaths, how else do farmers get to the shops?"

"Rural people come into town and use footpaths…"

"The whole community benefits from our towns being attractive & having footpaths."

"All people in the area benefit from footpaths."

Other submissions suggested a different rate distribution.
"*A 90/10 split seems unfairly weighted towards urban rate-payers when all ratepayers (be they rural or urban) use the central footpaths of our towns. Agree it should be weighted more towards urban than rural but that feels too skewed in my view. 80/20 or 70/30 feels more reasonable."*

"…believe that the benefit should be 80% urban, 20% district wide."

"NO – suggest 70%target/30% district."

"I think the split could be more fair to reflect that rural ratepayers use a range of infrastructure in towns and footpaths are a part of this infrastructure - schools, supermarkets, sports grounds etc - maybe 80/20 is a bit more fair?"

A number of submissions also noted the ongoing tension between urban and rural ratepayers.
"*This argument with urban vs rural is silly. Yes, some urban people use footpaths more than some rural people. But some rural people have children that come to the playground and attend school, who use water and footpaths on a daily basis. Some urban people don't drive on rural roads, and some rural people drive on them every day. Lots of urban and rural people don't use the swimming pools, or the libraries. We need a rating system that equally distributes rates across the community - both urban and rural. This is a slippery slope of "user pays""*

"We should not divide between urban and rural rate payers. Working out of town means that we don't use the footpaths any more than a rural resident who comes to town once in a while."

"No because by that logic it could be applied to all sorts of things- including the other way- rural infrastructure mainly benefits rural people, so will you separate that?"

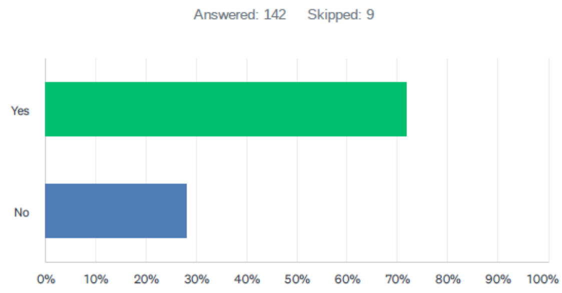
"I think that if we are expected to be putting in for the Infrastructure Emergency Resilience Fund (which I have no objection to doing) which seems to be primarily dealing with rural roads, then surely they can help with the upkeep for footpaths."

"You are proposing that we all pay for roads, including rural roads, so why should urban ratepayers foot the majority of the costs for footpaths."

Should we replace our rural road reserve with an infrastructure resilience fund?

- 142 submitters responded to the question related to the creation of an infrastructure emergency resilience fund.
- 72% of responses supported the proposal to create an infrastructure emergency resilience fund through a targeted rate to all ratepayers.

- The 62 pro forma submissions did not support changing the name of the rural road research to the Emergency Infrastructure Fund; however they supported the community as a whole contributing.



Overall, submitters were supportive of replacing the rural road reserve with an infrastructure resilience fund.

"Fantastic kaupapa tautoko it totally"

"Seems a fairer approach."

"Agree with the provided reasons."

"Yes, all ratepayers should contribute"

Several submissions questioned the renaming, use of and allocation principles of the new fund.

"But have a concern with this titled name as this involves to "infrastructure" when initially we were/are talking about "rural roads". Infrastructure is not necessarily "rural" - thought this was all about "rural" being networks for everyone."

"In the past rural roads have been the key infrastructure impacted by significant weather events. Does this change include all infrastructure?"

"It should stay as a roading emergency resilience fund, funded by the whole district."

"For rural roads."

"As long as the fund is used purely for emergency repairs after natural disasters/weather events."

"As long as the funds are used appropriately."

Several submissions also noted the impact of large vehicles (logging trucks, etc.) on the condition of our rural roads.

"much of the damage to our road at the moment is exacerbated by vehicles that are not from this district. The logging trucks are caused to be here by forestry owners who are extracting much economic and social value from our community with out any

penalty. The district receives very little reward and revenue from this. And we are left with stuffed roads."

"With increasing roading damage being caused on Rural Roads by Logging Trucks, Fonterra Tankers and Quarry Trucks there needs to be greater contribution from those industries rather then Local Rate payers."

Submitters further indicated that if the community, as a whole, was going to contribute to rural roads, that the community, as a whole, should equally contribute to footpaths.
"I support this proposal on the same principled position as with the question above regarding footpaths."

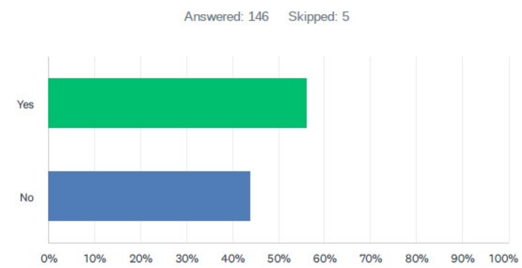
"1. It widens the ratepayer base and therefore is fairer; 2. The argument used by Council for rural roads is exactly the same reason why footpaths should be paid by all ratepayers."

"We agree all residents should contribute. However, all residents should also contribute to footpaths based on the same argument - everyone benefits.

"This is the opposite of the above, one rule for all not some."

Should dwellings used for short-stay accommodation contribute to the economic development rate?

- 146 submitters responded to the question related to short-stay accommodation.
- 56% of responses supported the proposal that dwellings used for short-stay accommodation should be included in the economic development rate.



Despite overall support for the proposal, as indicated above, a number of submitters noted the benefit of these dwellings to the community as a whole.
"These type of accommodation provide visitors with a variety of choices of where they stay in the South Wairarapa where there is no commercial accommodation. The introduction of higher rates could push these small providers out of the market, reducing supply and pushing up prices, making it less desirable to stay in the region."

"This will have the effect of discouraging people offering visitor accommodation - which is the opposite of what the region needs."

“We provide accommodation to bring tourists in. Why make us pay more just because we offer a service for the community?!”

“There is simply not enough accommodation in towns like Martinborough without short stay Airbnb’s, so adding the economic development rate to these properties seems very short sited.”

“Tourism bought in $58 million in 2022, changing short stay accommodation providers will result in fewer places being available, reducing options for tourism. Local restaurants and retail rely on income from tourism, putting financial barriers on short stay accommodation will negatively affect local businesses.”

“Everybody benefits - petrol stations, restaurants, retailers....”

“Short stay rentals already contribute to the economic development of South Wairarapa by providing just enough accommodation for the events that bring vital tourists and their $$ into our town.”

Other submissions recognised that operating short-term accommodation is a business and should be treated as such.
“It seems appropriate that accommodation providers earning income from visitors should contribute to the economic development rate”

“Yes, they have similar benefits to other businesses so this seems fair to me”

“They are running a business.”

“Martinborough TOP 10 Holiday Park, pay commercial rates and the economic targeted rate and see no reason why other holiday accommodation providers should benefit from the investment whilst not paying for it.”

Some submissions also noted the lack of affordable housing in the district, and the impact short-term accommodation has on local residents.
“Most definitely support this change and note that several investment properties around us are unavailable for long-term rental due to Airbnb being a more profitable model. This therefore is a disbenefit to the community as a whole, despite economic benefit to those other local commercial entities who benefit from visitors. Also note that those who are unable to find along term rental are younger people, families etc and we consider a imbalance in communities relative age structure is undesirable for future wellbeing of the community as a whole and inequitable.”

“Consider this: In Martinborough and its vicinity, there are approximately 400 Airbnb listings. This is a very substantial number, especially when contrasted with the so many local families who are struggling to secure long-term accommodations.”

Submissions indicated overall support for short-term accommodation owners to register them with Council.

"Registration should be mandatory and fees paid by the owner of the dwellings."

"Through registration."

"Registration for properties where there are more than 26 days per year. The registration should fully cover the costs of verification and administration."

"Registration should be mandatory and fees paid by the owner of the dwellings."

Further feedback?

- 50 submissions provided further feedback on the draft Revenue and Financing Policy.
- Many of these submissions offered alternative models for rating. A summary of these can be found in Appendix 1.

5.2 Written and Group Submissions

Several submissions provided feedback that was more comprehensive or outside the scope of questions asked as part of the consultation. Councilors may wish to consider this feedback as part of the deliberations process.

5.2.1. Pro forma submission

62 submissions were received during the consultation period, as pro forma submissions. A further 16 were received following the closing of the consultation period. This submission focused on famers stating that the proposed rating model penalizes them because they don't fit the model. The submission argues that if the activity benefits the community as a whole, it should be funded on the basis of population, split between urban and rural.

It also makes the point that capital value as a better correlation to ability to pay is flawed, because it doesn't account for owners indebtedness.

5.2.2. Federated Farmers

Federated Farmers provided a written and oral submission, focused on transparency of rate setting, rating equity, levels of service for key responsibilities and both the overall and relative cost of local government to agriculture and commended council for initiating and following through with this rating policy review.

The submission supported some of the changes proposed and the reasoning that supports them, and recommended that the Revenue and Finance Policy include:

- UAGC be used to the fullest extent (30%)
- Differentials be applied to the General rate to reflect the urban/rural population proportions (66%/34% or 70%/30%)
- Roading be split 50/50 between the General rate and a Targeted district-wide rate

Six additional community submissions indicated support for this.

5.2.3. Group Submission

One group submission was received on behalf of nine members of the community which gave commentary and asked questions on the proposed policies but did not offer a definite position.

5.2.4. Martinborough Community Board

Martinborough Community Board noted that a rating system based on capital value overall would be a more equitable approach, however suggested those who are asset rich and income poor be able to access a rates remission or postponement. The submission noted concern with about the proposed funding option for infrastructure and water and requested further information about the objectives and detail for providing private landowners with a subsidy for “culturally significant” land.

5.2.5. Martinborough School Board of Trustees

The Board of Trustees from Martinborough School submission requested Council consider including a remission on target rates for “toilet tax” that schools currently pay and encouraged the inclusion of schools in Section 4.2 of the Remission of Rates Policy. The submission noted that many schools are experiencing financial hardship and no longer expect donations from students.

5.3 Officer Submission

At the recommendation of Phillip Jones, Council finance officers have made a submission to the consultation process. This submission was not included in the hearings report and can be found in Appendix 2.

6. Next Steps

At the conclusion of deliberations, council officers will be tasked with preparing the final drafts of the Remissions Policy, Remission of Rates on Māori Freehold Land Policy and Revenue and Financing Policy. These policies will be put forward for consideration at the Council meeting on 22 November 2023.

7. Summary of Considerations

7.1 Significant risk register

☒Relationship with iwi, hapū, Māori
☒Climate Change
☒Emergency Management
☒IT architecture, information system, information management, and security
☒Financial management, sustainability, fraud, and corruption
☒Legislative and regulative reforms
☒Social licence to operate and reputation
☒Asset management
☒Economic conditions
☒Health and Safety

8. Appendices

Appendix 1 – Further Feedback on Draft Revenue and Finance Policy

Appendix 2 – Officer Submission on Revenue and Finance Policy

Contact Officer: Amanda Bradley, General Manager; Policy and Governance
Reviewed By: Russell O'Leary, Acting Chief Executive

Appendix 1 – Further Feedback on Draft Revenue and Finance Policy

Q10 Further Feedback?Council is interested to hear any other ideas you may have on the proposed rating model that may not have already been captured.Do you have other further feedback on the draft Revenue and Financing Policy?

Answered: 50 Skipped: 101

#	RESPONSES	DATE
1	We believe that SWDC needs to adopt a rating differential policy for special purpose facilities that in themselves provide a level of service and amenity to rate payers and are distinctly different in terms of their make up verse a standard residential dwelling. While a differential policy should apply regardless of whether land or capital value is used, this differential becomes even more critical should the council progress with a move to using capital values. In particular we note that a retirement village is distinctly different from a standard residential dwelling in two significant ways: • The occupancy of a standard retirement unit is 1.3 persons, while the average for a standard New Zealand household is 2.7 persons i.e. there is less impact on council infrastructure. • Retirement villages invest in and provide a high level of services and amenities for their residents i.e. there is less reliance and consumption of council services. In summary retirement village dwellings do not have the same impact on council infrastructure and retirement village residents do not consume or utilise services at the same level as a standard residential dwelling. There needs to be a recognition of this in the rating process which SWDC can achieve by having a specific differential rating policy which provides for properties such as Greytown Orchards. By way of example we note that the UAGC specifically includes senior housing and community activities. When Greytown Orchards is already providing for these needs at its own cost it would seem grossly unfair to then be contributing rates at the same level as a standard residential dwelling, which is what will occur under the proposed policy. We propose that a 50% differential is applied to Greytown Orchards reflecting the factors above, which would still result in a total rates bill (once the development is complete) of $527k verse $442k under the existing rating policy, an increase of nearly 20.0%. We welcome the opportunity to engage with council to allow them to better understand the special character of a retirement village and how a differential policy will provide a fairer and more equitable outcome.	10/18/2023 12:24 PM
2	1. Commercial differential You propose to remove the x2 differential for commercial properties. There is no reason given for doing this. I do not know the previous rationale other than maybe commercial properties were shown to access more services or more often and can pass the charge onto customers. But, I'm just guessing. By removing this differential, the shortfall will be picked up by individual ratepayers. This was not added as a specific consultation question and so has not been highlighted with a rationale for consideration. Your argument that commercial have a higher average capital value is irrelevant as they also have a higher average land value. I would suggest the differential is kept in place to avoid additional pressure on individual ratepayers who cannot pass the charge onto customers. Water Treatment and Supply 2. Water treatment and supply is proposed to be 100% from target connections. The whole premise of the move to one single general rate argues that the whole district benefits from the supply of services. This is shown in things like cycle trails, council facilities, camping areas libraries, cemeteries and senior housing etc and as a community we all pay on capital value (General Rate) or equally based on a single amount (UAGC). It seems reasonable then to consider the supply of water to our main urban and some rural areas is a service beneficial to all in the community who have access to the benefits that the urban areas provide. I would suggest 70% target and 30% district – in effect the target users still get charged twice, in the target rate and the district rate so carry over 70% of the cost. It may also make sense to model and fund different shares for capital and operational costs. 3. Economic Development You suggest an 80% target/20% district rate for Economic Development. I believe most of this goes to support Destination Wairarapa a member organisation, and the WEDS for promotion of the district. Therefore, I would suggest it should be a 100% charge to commercial. Ratepayers already pay for the council provided services that make our district attractive to visitors in effect supporting tourism and economic growth in their rates already. 4. Animal Control Animal control has been funded, after fees, by rural in the past, and the proposal is to change to 100%	10/18/2023 12:21 PM

	general rates shared by all. I agree with this proposal but would have liked to see it as part of the consultation questions not hidden in the material. The fact that 80% of dog control and 90% of stock control comes from fees was surprising to me, very surprising, thanks for the information. 5. Stormwater Stormwater is currently charged 100% to properties accessing the system only and your proposal is for 90% urban/10 district. Given urban will pay through the target rate and the district rate I would suggest 80%/20% would better achieve the stated aim of sharing the cost across the district as again, we all benefit from our towns not flooding after storms. 6. UAGC The change to UAGC is not clear to me in the material. I think I now understand it. UAGC used to fund specific activities, it has changed to being a % of a general rate pool. Thanks for answering my previous questions on this. As I now understand it, costs for activities that are funded through general rates will be pooled together, and then 20-30% funded through a flat UAGC, the rest through the general rate based on capital value. Given there is quite a large % range proposed, I think that closer to 30% would be preferable as the change to capital value is already putting a heavier burden on those with high capital value properties, not necessarily high-income people. The UAGC charges a flat rate on rateable properties and so smoothes the difference between capital values somewhat. 7. Refuse and Recycling Currently refuse and recycling is shared 40% in the UAGC across the district and the rest target to users. The proposal is that recycling is charged to users 100% and refuse 90% target users and 10% district. I see no rationale for doing this in the proposal. I think there is some community benefit to recycling and refuse collection so would propose that the split be 80% target user and 20% district for both services. 8. Wastewater Waste water reticulation and treatment is currently funded 100% from users of the system. It remains so in this in the proposal. There is a benefit to the whole district to have waste water handled well. I understand uncertainty with government involvement in water but keeping the burden of 100% on urban is unfair even for the next rating period and this should be a shared cost similar to other charges such as water supply 80% target/20% district. 9. Inhabited unit The proposal is to charge an additional UAGC charge for each additional inhabited unit on a property. This is quite a significant change and yet was not highlighted in the consultation questions. It is difficult to submit meaningfully when the definition of “separate used or inhabitable part” has not been attempted in the proposal. The definition is key to this proposal and to suggest the definition will be firmed up later means consultation on this issue is a bit moot. No answer does not mean acceptance or lack of support. I would support the concept, it is a simple definition	
3	No	10/15/2023 9:09 PM
4	I believe that there should be more examples, tables comparisons to show what the changes proposed will have on ratepayers.	10/15/2023 9:00 PM
5	Not only should funding policies be fair they should be consistent and coherent. With a small rating-base, rates should be spread over as many properties as possible and be as equitable as possible.	10/15/2023 8:54 PM
6	As requested how have ratepayers been communicated with about the Council draft policies?	10/15/2023 1:49 PM
7	The Rural , Urban Rating split is a constant conflict in the Community.	10/15/2023 1:47 PM
8	i would like council to look at how this and other significant consultation documents are presented to the public - publicly held meetings would create an opportunity to ask questions, and learn from others present. The current format is not appropriate to the preferences and needs of all members of our community. The documents could be presented in a more engaging format, visual presentations could be an option (on line and in person) Sharing information more openly could reduce the amount of time spent by council officers answering individual questions	10/15/2023 1:45 PM
9	No.	10/14/2023 7:41 PM
10	Whatever you decide to go with I request that you consider increase in rates and how it impacts on residents. We are paying 50% more rates now than 2 years ago. This is unsustainable if it continues and we would regretfully be looking in other council areas to see what options we have. I have heard of other people considering the same, and it seems counter productive to have people leaving the area.	10/14/2023 3:25 PM
11	We support the federated farmers submission.	10/14/2023 1:46 PM
12	Yes. Stop spending unnecessary money on personal agenda item projects that cost $$$. Keep to core business and reflect that in your policies.	10/14/2023 10:05 AM
13	I feel the process has not been well communicated. SWDC appears to not have engaged via	10/14/2023 2:29 AM

	email or direct mail on the proposal. The time frames are short and it feels like a decision is made with the SWDC token consulting on the way through. Media channels that are easily missed seem to have been used for comms and feedback gathering which will result in a very low submissions to respond too. I feel it is a project that could have been put on hold until a new CEO gets into the role. With a council in disarray, without a CEO it makes no sense to engage in large decision making like how a council is funded while it is leaderless.	
14	I applaud the Federated Farmers submission, even though I do not agree with them on a move to CV from Land Value	10/13/2023 2:14 PM
15	Yes. Further to question 9: visitors come to our towns, expecting to find hospitality venues open and staffed. However every house used as short-term accommodation for such visitors is a house which is denied to workers (especially hospitality) for long-term accommodation. In many parts of the world such businesses are being charged a special rate, to provide an incentive to release some of the short-term accommodation for long-term accommodation. For example, Victoria, Australia, will soon charge a 7.5% levy on revenue collected by short-stay accommodation providers such as Airbnb. That revenue is earmarked to provide social housing in Victoria, but SWDC could use it to provide accommodation for vineyard or hospitality workers, or for any other purpose.	10/12/2023 10:38 PM
16	The council should be working for the community and not the other way around. Prudent management and appropriate long term planning is the key.	10/12/2023 9:04 PM
17	Carterton District Council more informative in general. Read SWDC facebook page for future info on what people think. Council making conclusions based on your very limited info to ratepayers will lead to uninformed responses. Good luck with that.	10/11/2023 8:07 PM
18	Frankly, it seems that Council has already made up it's mind before this consultation and likely to be a done deal already. Our advice is that it is about time that Council actually and honestly got tough on its spending. Rates are now becoming unaffordable to many. Pushing more to the wealthy will not solve the problem. Questions such as 'does this spending item actually make a difference in most people's lives' need to be asked. Funding again and again because that's what always been done must come to an end.	10/11/2023 12:23 PM
19	NO	10/11/2023 9:18 AM
20	None of the stated policies are of any benefit to the rate payer. I do not see a single proposal that of any benefit to the taxpayer.	10/10/2023 6:06 PM
21	No	10/10/2023 3:07 PM
22	I don't know why we pay so much to Greater Wellington? What do we get for it - clean rivers???? Nope.....	10/10/2023 1:55 PM
23	It is disappointing to see Council notifying on social media well before closing date the percentage of submissions for and against on parts of its draft Revenue & financing policy. This smacks of manipulation of outcomes and suggests that decisions will be made on a numbers basis rather than on the merits of each submission. Please adopt a considered approach to these important issues.	10/9/2023 10:12 PM
24	I doubt anything will come of this feedback as your minds will be already made up as they have been before. Your consultation process has shown it is flawed before so lets see if it has changed now!	10/9/2023 8:43 PM
25	It is too expensive to live in South Wai.	10/9/2023 8:17 PM
26	No	10/9/2023 4:25 PM
27	Keep up the good mahi team we appreciate all you do for our benefit	10/9/2023 12:31 PM
28	Concerns that the rates will only increase to pay for the additional layers of compliance.	10/8/2023 6:48 AM
29	Shouldn't make changes just because it seems a good idea. Need to work and be fair to all the rate payers	10/5/2023 9:27 AM
30	Consider General Rates based on number of adults occupying a property.	10/3/2023 11:38 AM
31	Yes here is a solution instead of picking on urban and rural ratepayers why don't you change the vineyards from Agricultual rating to Commercial rating as they bring in the tourists. See how much revenue that brings in.	10/3/2023 8:54 AM

32	You need to consult those directly effected not idiots who obviously think the grass is so much greener than it actually is. This seems like another ill-informed attack on Martinborough residents. Our rates in the 20/21 year were $2,869 per year. They are now $4,788. That's over 65% more. If we could subdivide our barely rural 6,000 m2 section with its own water and sewerage options (that we now physically struggle to maintain) as has been talked about by Council for years now you'd have 3 properties to rate!	10/2/2023 3:05 PM
33	Easy read info so people understand things- this is crucial.	10/2/2023 10:26 AM
34	How are you eating unlicensed businesses operating without consent?	10/2/2023 7:24 AM
35	Consider this: In Martinborough and its vicinity, there are approximately 400 Airbnb listings. This is a very substantial number, especially when contrasted with the so many local families who are struggling to secure long-term accommodations. These families are an integral part of our community, contributing to our local economy, yet they find it incredibly challenging to find a place to call home while they work and invest in Martinborough. It's high time for the council to take decisive action in this regard. Balancing the interests of all residents – those who contribute to the local economy and those seeking permanent housing – should be a top priority! It’s worth noting that a significant number of Airbnb owners don't even contribute to the local economy themselves. Many of them don't reside in Martinborough and choose to spend their earnings generated here elsewhere, which is a missed opportunity for our community. It's essential to consider the implementation of a robust rating system for these short-term accommodation providers to ensure accountability. The demand for accommodation in Martinborough and the South Wairarapa is undeniable. Many people dream of relocating and working in this beautiful region, and we need staff to grow, but their aspirations are hindered by the challenge of finding suitable housing. This issue affects not only newcomers but also local residents who struggle to secure accommodation. Striking the right balance is crucial – it's time for our council to take proactive measures that benefit both our community and those who wish to be a part of it. It’s disheartening to acknowledge that a significant number of individuals fail to even disclose their Airbnb income to the IRD, and as a result, they might not see the need to self-declare for other purposes either. What we truly require is a comprehensive, professionally managed register that aligns with platforms like Airbnb or Book a Bach. Additionally, implementing a notification system for any changes or new holiday houses would be incredibly beneficial. They all must contribute.	10/1/2023 9:43 PM
36	Please curb spending, there is no more money to go around - you need to stay within the budget and not rely on never-ending rate increases.	10/1/2023 6:23 PM
37	No	10/1/2023 5:26 PM
38	This looks to be 'clutching at straws' after years and years of mismanagement of rates, fees and funds Stop penalising good honest rate payers	10/1/2023 2:56 PM
39	Thanks for genuinely consulting on this - some big decisions to be made.	10/1/2023 2:33 PM
40	You should bring more jobs in-house, I have worked for Councils in the UK and that was one method to reducing costs. You should aim for rates rises in single digits and look at reducing the workforce to the lower numbers Council previously worked with.	9/30/2023 9:30 AM
41	It appears the rural ratepayers have been significantly lobbying to get some changes in the policy. To me it is understandable to someone who does not benefit from water infrastructure does not pay for it (like rural ratepayers do not pay for water and the WWTP and as proposed stormwater) but that also goes the other way. Rural infrastructure, mostly the roads, are mostly and in some areas we can say soly for the benefit of rural ratepayers. But in this proposal the urban ratepayers are expected to pick up the bill because costs are getting higher. Nobody expects the rural ratepayers to pay for the extra costs for the water infrastructure that has to be paid because of years of mismanagement by the councils and staff, so why would urban ratepayers pay to maintain roads they barely ever use? I also note that some damaging land-uses, in particular to our roads, have a reduction in rates in the proposed policy. For example forestry and quarrying activities use heavy machinery and trucks which have a significant impact on roads and berms. I recommend the council to consider a targeted “road” rate for these type of activities. I note that the policy inadvertently benefits people who do not look after their properties, the capital value decreases when walls and roofs are in poor condition for example. This is specifically a concern to me in relation to the unsafe (last storm our volunteers were securing some buildings for example), neglected and empty buildings in the mainstreet of Featherston. I assume this is not what the council is after. Would there be an option to include a targeted rate for empty and or buildings in poor condition. If QV identifies	9/29/2023 8:24 PM

	certain aspects of a house to be poor, the owner could be given a grace period to rectify, otherwise a targeted rate would apply (this is a problem beyond the mainstreet and the proposed policy disadvantages people looking after their properties) Personally I think pools should be paid on a use basis, pools are nice to have and it is unfair to request the same contribution from a commuter or pensioner that barely uses the facilities as a community member that uses the pools almost on a daily basis. I also realised that pools are paid by ratepayers via their rates but it free for all external visitors. Non-ratepayers should at least be charged for the use of the pools, staff is already on site so there seems to be no need for extra staffing to organise this payment. Two businesses appear to particularly benefit from this arrangement namely the TOP10 in Martinborough and the Greytown campsite, probably other accommodation providers at walking distance as well. I recommend that there is a targeted “pool” rate for accommodation providers within 10 minute walking distance from the public pools if no arrangement can be made to have individual pool users pay for the privilege of using the facilities.	
42	I would like to speak if required, as possible. However, your meetings are normally during the working day which is very hard for people who don't work locally as they're unable to get the time off, if you want people to have a say, I'd suggest you make these meetings in an evening after 6pm to ensure people can attend if required.	9/27/2023 8:00 PM
43	My main issue is how rates are allocated across the community. The ratepayer base is too small and too interdependent to say "Rural - you pay a value-based rate for the unsubsidised portion of the roading bill, Commercial - you pay a value-based rate for economic development, Urban - sorry, we have to split the unsubsidised cost of water/sewerage as a fixed rate because otherwise it would be unfair on some people who live in very expensive houses". Having decided not to charge a development levy or lump sum contribution to fund 3Waters over the last 40 years, it is unfair to make 3Waters a user-pays system now. Fairness requires the Council to introduce development/lump sum contributions and allocate costs of capital investment across the wider district. Yes, it might increase the rates bill for ratepayers with "higher-than-average value properties but that is what a fair rating system is designed to do. Has there been no advice from Council officers on the impacts of allocating infrastructure costs on a district-wide basis? If advice exists, it should be made available to the public. It would be fairer to share all infrastructure costs across all ratepayers using CV then use a flat rate for 3waters. Council says it is unfair to use CV on high-value urban properties. This statement ignores the appalling impact a fixed rate has on people who live in lower-value properties. What information did the Council use to make this decision? What is the impact of using CV on urban residential properties that are 3 x the value of the lower value properties referred to in the Rates Example? It is the residents of lower-value properties who would benefit most from rates relief, not the relatively privileged people who live in high-value homes. If the Council adopt a fixed rate for infrastructure costs, it should provide rates remission for people who can demonstrate financial hardship by having a rates bill that is higher than their house insurance bill.	9/26/2023 6:15 PM
44	Nil. We appreciate this is complex.	9/22/2023 9:26 AM
45	I'm not sure who has it out for Featherston and South Wairarapa community in general, but whoever you are, please piss off to where-ever you came from. This was the best place in New Zealand to live in - please stop trying to turn it into regulatory shithole or a laughing stock of the nation. We're already hurting with the speed limit changes on the highway, the rates hike you forced on people, and the overall uncertainty over all the further proposals that are going to turn this town into some urban sludge.	9/19/2023 8:53 PM
46	Would joining up the three Councils in Wairarapa have any impact on this?	9/19/2023 7:47 PM
47	I've found in the past that talking to a submission to previous SWDC Mayor & Councilors is a waste of time. Everything was pre determined and the previous admin were not interested in residents views.	9/19/2023 3:01 PM
48	People should pay more water and sewerage charges the more toilets there are at a property. A 4 bedroom home that sleeps 6 people uses way more than a home with 2 people. Start looking at getting more income through the air bnb's than charging the people that live here and can't afford the most expensive rates.	9/18/2023 9:54 PM
49	Yes, I am appalled on your proposals. That SWDC have miss managed our rates payers money for yrs.	9/18/2023 6:32 PM
50	Living alone Single person rates should be lower to reflect waste and water usage	9/18/2023 3:21 PM

Appendix 2 – Officer Submission on Revenue and Finance Policy

SWDC Officers rating review submission October 2023

Officers' submission mainly relates to requesting clarity so that the policies can be modelled and administered.

Rating the Uniform Annual General Charge (UAGC) on Separately Used or Inhabitable Part (SUIP) basis

Below suggestions are from officers, but Council must take ownership. Who do you want to charge?

Examples of property characteristics that could trigger SUIP consideration, could include a separate entrance, facilities that enable occupation separately from the primary rating unit (includes residential & businesses rather than using the word dwelling), e.g., but not limited to kitchen/cooking facilities & bathroom/WC. Does SUIP include individual flats or apartments, does it include a sleep out or granny flat for immediate family (i.e., extension of the main dwelling).

For commercial and industrial rating units SUIPs could use characteristics such parts of a property or building that are, intended to be, or can be, separately tenanted, leased, or subleased for commercial purposes. This would capture situations such as a building that has been separated into different commercial operations, thus separately benefiting from council services and infrastructure.

What exclusions could be considered? E.g., should SUIPs occupied by immediate family be excluded? Should short-stay lets be included or excluded?

Below is taken from 2021-31 LTP – does this still apply?

> ### Separately Used or Inhabitable Part of a Rating Unit
>
> The following definition applies to the levying of all targeted rates by South Wairarapa District Council where the Council has determined that the rate shall apply to each separately used or inhabitable part of a rating unit.
>
> A separately used or inhabitable part of a rating unit includes any portion of any separate rating unit used or inhabitable by any person, other than the ratepayer (as defined by clause 11 of the Local Government (Rating) Act 2002), having the right to use or inhabit that portion by virtue of a tenancy, lease, license or other agreement.

How to identify potential SUIPs?

If using the rating database then what categories of the improvements (as designated by QV) are classified as a SUIP or Dwelling e.g., Cabin, sleepout, bach, shop, office, etc. Councils can determine what classifications to use i.e., follow QV's their 'nature of improvements' and from that be certain QV's data is correct. Revaluation notices include this information and ratepayers can challenge QV directly. Again, this cannot be determined until the current triennial QV audit not due until 2024, which makes modelling for 1 July 2024 very challenging.

If using some other data source then would involve significant set-up administration as flags are manually set up in the rating database, and then some method of linking/manually administering changes to the other data source with the rating database.

Forestry

If a differential for Roading rate for Forestry is suggested, please define forestry e.g., include dairy blocks with stands of pine? Considerations/pushbacks could come from the frequency of dairy tankers and stock trucks use on roads compared to forestry trucks. Logging trucks passing through the district are more likely to be using SH2 & SH53, which is maintained by Waka Kotahi. Is it roading use damage that is the concern or slash?

Economic Development rate (EDR)

Inclusion of the EDR rate for short-stay accommodation (SSA)– define short term accommodation, does it include bach/cabin - see SUIP above.

If applying EDR to SSA on CV basis then those properties would need to have an apportionment of the properties made with QV, where the main dwelling would be on one plate, and the SSA on another, and only the SSA plate would be liable for the EDR. Would be a lot of administration in Y1 of rate model being enacted. Need instructions for QV on how to apportion.

If the proposal is changed to charging SSAs by SUIP then properties could be affected by multiple UAGCs as well as EDR rate.

Capital vs Land Value

Capital vs Land Value – as the new valuations won't be publicly available until the end of Feb 2024 (at earliest) most people won't know the impact on them and may not be keen on making a submission on this. Modelling for the LTP 24-34 Consultation Document will be on existing property values and therefore may change significantly between consultation in March and setting the rates in July 2024.

Is it possible to implement the change to and capital value based rates (if this is what council agree to) to take effect from 1 July 2025 (2025/26 rating year) instead of 2024/25 rating year? Or even delay implementation of the whole rating review to the 2025/26 rating year?

Water Usage charges

Reduce water wastage and recover more of the cost of high users. In Martinborough there are not water meters currently on all properties, so can't measure excess or recover additional costs, no motivation to manage water usage.

The allowance has not been reviewed for several years (maybe a decade) with water allowance being 350m^3 a year and with excess charged at \$1.84 per m^3 over that. Using the 2023-24 figures, the \$1038 per household per water supply for 350m^3 of water works out to be \$2.96 per m^3, and excess charge of \$1.84 per m^3 therefore hasn't increased with inflation. Officers suggest that water threshold be reduced, and excess water m^3 charge is increased and linked to the Local Government Cost Index (LGCI) for water.

For comparison, Carterton's 2023-24 allowance is 250 m^3, and excess at \$2.25 per m^3.

New owners of properties currently get a new 350m^3 allowance, regardless of how far through the year they purchase. Propose that the usage at settlement should be considered and pro-rata on settlement by solicitors.

Footpath and Stormwater Targeted Rates

Although easy to administer, using urban zoning as a proxy for which parts of the district benefit from footpaths & stormwater drainage doesn't allow for growth of the network, unless the zoning boundaries are regularly reviewed. Potential to link to the asset database would require minor investment (approx. $15k setup & $10k annual fee) in software that supports this modelling and administration.

Funding Needs Analysis (FNA) vs funding sources table from Revenue & Financing Policy

Putting fixed percentages (derived from the FNA) of funding to come from each source in the table in the Revenue & Financing Policy is problematic from budgeting and setting of rates & fees perspective. Please either don't specify proportions, just sources for each activity, or use ranges rather than absolute percentages. This allows for flexibility and avoids having to resolve each year when the aims aren't achieved.

The Funding Needs Analysis should be recognised as the desired state, rather than reality. The following statements outline where the proposed FNA percentages deviate from actual proportions of funding. By including the proportions directly in the R&F policy table council is stifling the ability of officers to raise funds in any other way, and ties level of fees into fixed proportions of activity costs, which may be unrealistic and legally unachievable.

FNA for Wastewater Treatment is 20% whole district, which is inconsistent with rating 100% from targeted rate. Either adjust the FNA or change the rates model so that 20% of treatment plant cost is coming from general rates.

FNA for Senior Housing is 80% from rent income but rent income only covers approximately 30% of operating costs. Need to either adjust expectations of FNA or significantly increase rental income. Suggest range of 30% to 50% to give room to grow income and reduce expense.

FNA for Investment Properties is 100% from rent income but rent income insufficient for periodic repairs & maintenance costs. Need to either adjust expectations of FNA or increase rental income. Suggest range of 90% to 100% and that we aim to include a buffer in the rent that builds up a balance in the reserve to cover maintenance.

FNA for Community Buildings is 15% from venue hire income but income only covers approximately 4% of operating costs. Need to either adjust expectations of FNA or significantly increase venue hire income. Suggest range of 5% to 15%.

FNA for District Plan states that 10% of income should be from private plan changes but there's no guarantee of private plan changes in any one year. Would be better to have a range with 0% to 10% so that years without private plan changes don't breach the policy.

FNA for RMA Monitoring & Compliance – has 50% from private income but the costs & income are not separated out, so we have no way of budgeting/monitoring compliance with the policy.

Noise, health, public nuisance states 100% from general rates but a range (e.g., 0% to 10%) would allow officers to fund some costs from private income e.g., compliance penalties.

Safe & sanitary buildings – costs & income are not separated out, so we have no way of budgeting/monitoring compliance with the policy.

Dog control & stock control have different district:private splits but costs are not separated out, so we suggest the same split for both activities. Income from last two years only covered approximately 45% to 50% of operating costs. Need to either adjust expectations of FNA or significantly increase dog registration prices. Suggest range of 50% to 80% from private & remainder from general rates.

Alcohol license income from last two years covered approximately 55% to 60% of operating costs. Need to either adjust expectations of FNA or increase alcohol license rates. Suggest range of 55% to 75% from private & remainder from general rates.

Food safety income from last two years only covered approximately 12% to 15% of operating costs. Need to either significantly adjust expectations of FNA, increase fees, or reduce costs. Suggest range of 10% to 25% from private & remainder from general rates.

Building consents – suggest a range for years where expense planned to exceed income, also need to add other building control activities with some benefit to whole district. Building control income from last two years only covered approximately 75% to 85% of operating costs. Suggest range of 75% to 95% from private & remainder from general rates.

Cemeteries – FNA states 20% from fees. Cemetery income from last two years covered approximately 18% to 25% of operating costs. Suggest range of 15% to 30% from private & remainder from general rates.

Campgrounds – FNA states 100% from private income but income from last two years only covered approximately 25% to 45% of operating costs. Need to either significantly adjust expectations of FNA, increase fees, or reduce costs. Suggest range of 25% to 50% from private & remainder from general rates.

Camping areas – 10% from income - costs & income are not separated out so we have no way of budgeting/monitoring compliance with the policy. We also don't have any income sources from the camping areas. Suggest range of 0% to 10% from private & remainder from general rates to allow for planning of grants income etc.

Refuse & recycling – FNA lists different splits for waste collection, closed landfill, transfer stations, and recycling, but costs & income are not separated out to this level. Suggest a range that covers all activities. Income from fees & bag sales for last two years only covered approximately 25% to 30% of operating costs. Need to either adjust expectations of FNA or significantly increase bag and transfer prices. Suggest range of 25% to 35% from private & remainder from general rates.