



# FEDERATED FARMERS

SUBMISSION ON:

Waimate District Council Draft Annual Plan 2010/11

# SUBMISSION

**TELEPHONE** 0800 327 646 | **WEBSITE** WWW.FEDFARM.ORG.NZ

---

**TO:** Waimate District Council  
PO Box 122  
Waimate 7960

**SUBMISSION ON:** Waimate District Council Draft Annual Plan 2010/11

**FROM:** Glenavy, Waimate Districts and St Andrew Branches of Federated Farmers of NZ South  
Canterbury Provincial District Inc

**DATE:** 31 March 2009

**CONTACT:** Colin Hurst  
Chairman, Waimate Districts Branch  
Federated Farmers South Canterbury  
PO Box 665  
Timaru 7940

P 03 688 4096  
E dcooper@fedfarm.org.nz

**WE WISH TO BE HEARD IN SUPPORT OF THIS SUBMISSION**

# 1. KEY SUBMISSIONS

---

- While Council is clearly aware of the necessity of keeping rates increases to a minimum, a rates increase of 6.3% means hundreds of dollars extra in rates for our members with no ability to pass these additional costs on. We encourage Council to further cut the rates take for 2010/11 and to utilise a broader basket of rating tools to create a better alignment between community expectation and the costs of meeting these expectations.
- Federated Farmers recommends that Council continues to advocate to central government for meaningful reform of local government funding.
- Council's current approach to funding roading expenditure remains a significant bone of contention for our members. We encourage Council to adopt and implement a Roding Cost Allocation Model outlined in the submission, rather than relying on the current arbitrary approach. Failing this, we ask Council to adopt a uniform, per property targeted rate for a portion of the roading network to reflect the community benefit and access to the District's roading network and distribute the costs of meeting community expectations for roading more equitably.
- We note that the agricultural sector pays for the promotion of their own product, while other commercial operations receive ratepayer funding for their promotional activity. We ask that Council introduce a targeted rate on accommodation and entertainment businesses to fund Tourism marketing and related economic development.
- Federated Farmers reiterates our concerns about the inequitable split between urban and rural ratepayers. We ask that Council engage in a robust funding policy review, including sufficient community consultation for amendments to be made prior to the 2011 Annual Plan consultation process.
- Federated Farmers asks that WDC create a better alignment between the amount paid in rates and the benefit received by the ratepayer, by adopting uniform targeted rates for "per person" activities and more equitable splits in funding for other areas, for instance public toilets.

## 2. THE BOTTOM LINE: RATES INCREASES

---

- 2.1 While Council is well aware of the need to keep rates constrained (as indicated by the message from the Mayor and Chief Executive) and has maintained rates increases to within the level indicated in the 2009/19 LTCCP, the impact that even a 6.3% increase in rates can have on a farmer's bottom line is significant. Once the cumulative effects of rates increases are taken into account - increases are forecast to stay consistently stay around 3% above the forecast rate of inflation until 2014 – the picture looks even bleaker.
- 2.2 Federated Farmers realises that Council is often the meat in a sandwich between increasing expectations from communities and the amount these services cost, and increased responsibility delegated from central government without the appropriate funding (for example, increased drinking water standards).
- 2.3 However, we strongly encourage Council to ask itself “what can we do with the same amount of rates money as last year” rather than “what is an acceptable rates increase for the year ahead”. This approach would be a fairer reflection of the genuine financial constraints ratepayers are facing.
- 2.4 As well as reducing overall expenditure, we ask that Council create a better alignment between benefit received from Council expenditure and the amount each ratepayer pays in rates. Not only does this lead to more equitable outcomes, but it provides those expecting a higher level of Council service the ability to better understand the cost of these expectations. We support Council adopting a wider use of targeted rates aimed at those ratepayers who can be deemed to benefit relatively more from a Council activity. We also support Council's decision to slightly increase user charges as a method of recovering costs where they lie.

**Recommendation: That Council look to further cut the rates take for 2010/11 and create a better alignment between community expectation and the costs of meeting these expectations by adopting a more equitable approach funding activities.**

### 3. REFORM OF LOCAL GOVERNMENT FUNDING

- 3.1 The primary concern for Federated Farmers is that modern local government is broadly empowered in terms of its roles and responsibilities yet is restricted to a narrow, archaic funding base made up of property value rates and property charges. Property value rates bear no direct relationship to either 'ability to pay' or use of a service. Rates therefore prevent communities from truly assessing the costs and benefits of council activities. For farmers this means a heavy tax on their key asset (land) to pay for all manner of community services, many of which they rarely if ever use.
- 3.2 The Federation submits that rating policy is vital to the achievement of community outcomes and the community's ability to assess the value of council activities while ensuring that councils are focused on needs, not wants. Federated Farmers is a consistent submitter to council draft annual and long term plans. In recent years we have consistently submitted to over 65 of the 85 councils as well as providing support to individual members making their own submissions. The Federation's local efforts are focused on improving council rating systems and reducing the rates burden on farms.
- 3.3 This local experience has given Federated Farmers a unique perspective on local government funding issues which was invaluable to our interaction with the 2007 Independent Inquiry into Local Government Rates (the 'Rates Inquiry').
- 3.4 Federated Farmers wants meaningful progress in the funding of local government and it is keen to work with local government in putting the case for reform. The Federation has proposed the following changes to reform local government funding to substantially reduce the reliance on property value rates:
1. Councils to make greater use of user charges for private good activities.
  2. Councils to make greater use of uniform annual charges, and Government to abolish the 30% cap and consider whether councils should be able to charge a residents' tax.
3. Councils to make greater use of targeted rates, and Government to provide more guidance on their use.
  4. Government to increase the financial assistance rate for the funding of local roads.
  5. Government to abolish rating exemptions on Crown land.
  6. Government to provide greater guidance on appropriate roles and responsibilities for local government and provide funding to councils where it is imposing new or additional roles and responsibilities.
  7. Government to provide a general revenue share (e.g., 1% of GST) and councils to reduce their general rates accordingly.
  8. Government to streamline requirements for planning and decision-making.
  9. Councils to report information consistently for performance benchmarking.
  10. Councils to provide ratepayers with itemised rates assessments – where the cost of every significant activity is detailed on the rates bill. Congratulations to those councils that already do this.
  11. Government to establish a rates review office.
- 3.5 These eleven ideas would in our view improve local government by providing it with more sustainable income sources from a broader base. These reforms would increase the visibility of the cost of local government – widening the interest in what councils do and thereby enhancing local governance.

**Recommendation: Federated Farmers recommends that Waimate DC continues to advocate to central government for meaningful reform of local government funding.**

## 4. ALLOCATING ROADING EXPENDITURE BASED ON ROAD USAGE

- 4.1 As highlighted in our submission to Council's 2009/19 LTCCP, members are unhappy with Council's approach to allocating roading costs to ratepayers by allocating 11% of the residual (after NLTF funding) roading costs to the urban sector and 89% to the rural sector simply because that is where the roading assets are situated. This approach either assumes that urban ratepayers do not use or benefit from rural roads, or that despite the benefit received by urban ratepayers, rural ratepayers should foot the bill.
- 4.2 If Council is happy with the position that proximity to a Council asset equates to better use of, and an obligation to pay for, that asset, why is this approach not used more readily for other WDC assets (for instance, public toilets and libraries)? The same "community benefit" or "ability to use" arguments that see rural ratepayers picking up the tab for urban assets are applicable for urban funding of the rural roading network.
- 4.3 WDC's approach to splitting the costs of the District's roading network on this basis does not reflect the fact that those in the urban areas will expect a higher level of service in relation to their rural counterparts. There is no clear indication of whether proposed Capital Expenditure in the District is in line with this rural/urban rating approach. However, members believe the \$474,000 on safety improvements, the \$30,000 to be spent on the Queen St upgrades and the \$40,000 per annum to be spent over 8 years on footpath construction is of significantly more benefit to the urban population than the rural population, yet this is not reflected in the approach to funding.
- 4.4 The Federation submits that one of the key drivers for this increased level of service is the effective subsidisation of the roading network by rural ratepayers. While the rural ratepayer continues to shoulder the cost of the District's roading network in such an inequitable manner, urban ratepayers can happily argue for increased levels of service, knowing they will foot only a portion of the cost of meeting these expectations. We ask that Council fundamentally review the approach used to fund the District's roading network.
- 4.5 Federated Farmers believes that roads should be funded by users, not by property owners. To this end the Federation is actively advocating for Government to lift the Financial Assistance Rate (FAR) from the current average level of approximately 50% up to a 90% level of roading expenditure. Central Government receives revenue from Road User Charges (RUCs) and fuel tax which is at this time the most efficient method of capturing road network usage.
- 4.6 However, in the absence of any increase in the FAR we ask that Council take the matter into its own hands and adopt a transparent and robust Roothing Cost Allocation Model (RCAM) for the purpose of allocating roading expenditure based on actual road usage, rather than using property value as the primary basis to allocate roading costs.
- 4.7 Property value has no correlation to road usage and is an inequitable and inefficient manner of sourcing ratepayer funding for roading costs. This has been recognised, for example, in the 1997 report of the Roothing Advisory Group to the Ministry of Transport which observed that:
- "Rates are based on the value of property, and have no relationship to road use. Property owners can therefore subsidise other road users. Rates can be an unfair means of charging for road use because there is no link between payment and consumption. For example, in forestry areas ratepayers have to meet the cost of damage to lightly built local roads caused by logging trucks."*<sup>1</sup>

<sup>1</sup> Road Reform – The Way Forward, Roothing Advisory Group Final Report, November 1997.

4.8 The Ministry of Transport Surface Transport Costs and Charges Study also outlined the inequity of using property value based rates:

*“Rates are fixed charges based on property values and bear no relationship to the use of the roading network by property owners. While it can be argued that most ratepayers use public transport and/or drive cars, using rates to contribute to the costs of roads creates equity issues, particularly as the demography of New Zealand’s population is changing.”<sup>2</sup>*

4.9 Federated Farmers consistently encourages Councils to use a broad range of tools to create more equitable outcomes by adopting rating tools which align the funding of council activities with those who receive the direct benefit of that expenditure. Appended to this submission (please see **Appendix 1: Roading Cost Allocation Model and FAQs**) is an example Roading Cost Allocation model the Federation has developed. The aim is to provide Council with a basis to move towards a robust quantitative basis for calculating and attributing roading expenditure.

4.10 There are significant benefits to Council and Ratepayers in using a model to allocate roading

costs. A transparent and equitable model creates a more robust method of allocating costs associated with road usage and moves away from the blunt tool of property value as the primary basis for allocating roading costs. By using a robust cost allocation model Council will ensure that those who use the roading network pay for this use.

4.11 In the absence of an assessment of road use from Council, we strongly recommend that roading expenditure be funded at least in part by a flat per property targeted rate to reflect the fact that the Waimate District’s entire roading network is of benefit to all users.

**Recommendation: That Council adopt and implement the Roading Cost Allocation Model (RCAM) outlined in Appendix 1, using this model as a basis for funding roading costs rather than relying the current arbitrary basis. Failing this, we ask that Council adopt a uniform, per property targeted rate for a portion of the roading network to reflect the community benefit and access to the District’s roading network, and to distribute the costs of meeting community expectations for roading more equitably.**

---

<sup>2</sup> Surface Transport Costs and Charges: Summary of Main Findings and Issues, Ministry of Transport, March 2005.

## 5. ECONOMIC DEVELOPMENT AND TOURISM PROMOTION

- 5.1 Economic Development and Promotion is one clear area where Council's funding approach does not reflect the relative benefit to the urban ratepayers, resulting in rural ratepayers subsidising costs for predominantly urban benefit.
- 5.2 Economic Development is currently 94% Ratepayer funded, with 61% of this funding coming from Rural ratepayers, 39% from the Urban ratepayer category. This is clearly not a reflection of the benefit received from the activity, or the contribution to the need for the activity.
- 5.3 The Annual Plan indicates the General Rates contribution to Economic Development and Promotions expenditure will be \$183,000 in 2011. Rural ratepayers are contributing \$111,630 to Economic Development and Promotions for which they can be expected to receive less benefit from than those in the urban category, who are paying \$71,370. Urban residential ratepayers should also consider this split inequitable, given the direct benefit of the expenditure can be reasonably expected to rest with commercial operations in Waimate.
- 5.4 Commercial interests in Waimate, for example accommodation and retail, can expect to have an increase in revenue from any successful promotional campaign, while the rural areas receive only an indirect benefit. Under the current funding structure these commercial operators receive what amounts to a subsidisation from the rural ratepayer. This is not ideal for the rural ratepayer, but it is also less than optimal for those benefiting from the activity, as the level of promotion is governed by ratepayer affordability rather than the urban commercial or tourism sector's need for promotion.
- 5.5 Should Council decide to fund Economic Development and Promotion expenditure more equitably, it could join the increasing number of councils, including Waitaki DC and Dunedin CC, utilising targeted rates for tourism promotion and/or economic development expenditure. By striking a targeted rate for these activities, not only will Council be funding the activities more equitably but it will allow those who directly benefit from the expenditure more control over the level of service they need.
- 5.6 Where funding is under threat from concerns around ratepayer affordability, the Tourism Industry Association of New Zealand (TIANZ) have indicated they are not opposed to targeted tourism rates - provided that the funding is ring-fenced for use only for the purpose of tourism promotion, that the funding mechanism is transparent and equitable, and that those contributing the funding are sufficiently able to provide direction for expenditure. Below is an excerpt from the TIANZ submission to Tasman District Council's LTCCP 2009-19:
- 5.7 *"In an environment where local authorities are under increasing pressure to cap rates increases and concentrate on funding core activities, the ongoing funding of Nelson Tasman Tourism is by no means guaranteed. Furthermore, Nelson Tasman Tourism funding sourced entirely from the general rating base, (as has been in the case in Tasman), is unlikely to result in increased tourism funding given the pressures on local authority expenditure."*<sup>3</sup>
- 5.8 New Zealand's agricultural sector contributes substantial amounts of industry funding to promote their own products, and farmers don't ask tourism businesses to pay these levies. The continued insistence on funding tourism promotion through ratepayer funds sticks in the craw of many farmers, who bear an inordinate amount of the cost because of the property value basis for rating.
- Recommendation: That council introduce a targeted rate on accommodation, retail and entertainment businesses to fund tourism marketing and related economic development expenditure.**

<sup>3</sup> TIANZ's submissions to local government can be found at: <http://www.tianz.org.nz/main/local-government/>

## 6. FUNDING FOR COUNCIL ACTIVITIES

---

- 6.1 The Rural/Urban split for rating purposes continues to be an issue for rural ratepayers who feel that the current 39% Urban, 61% Rural split is inequitable and arbitrary. The District's farmers continue to dispute the basis for this split, an issue exacerbated by the continued lack of community consultation around Council's funding policy.
- 6.2 As we indicated in our submission to the 2008 draft Annual Plan and again to the 2009/10 draft LTCCP, the share ratios published reflect neither the true urban/rural split as now applicable in the District, nor are they based on the latest available census figures. We feel that where rates are set on an urban/rural population base the appropriate ratio is Urban share 55%, Rural share 45% which is a more accurate indication of the population split of Waimate District.

**Recommendation: Federated Farmers reiterates our concerns about the inequitable split between urban and rural ratepayers. We ask that Council engage in a robust funding policy review, including sufficient community consultation for amendments to be made prior to the 2011 Annual Plan consultation process.**

## 7. FUNDING FOR COUNCIL ACTIVITIES

---

- 7.1 The change in the approach to funding the Resource Management activity (now funded 90% from rural ratepayers, 10% from urban ratepayers, shifted from a 85% rural, 15% urban basis) indicates that Council is willing to run the rule over activities, assess where the benefit or contribution to the need for the activity lies, and change funding policy as a result.
- 7.2 Federated Farmers fully supports Council taking this approach each and every year, and where necessary creating a better alignment between the method of funding and direct benefit received. To that end we encourage Council to make amendments to the following activities using similar justification as that used to justify the change in the Resource Management funding. These include:
- 7.3 **Property and Investments**, which should be funded on the basis of a uniform targeted per property rate. This activity is undertaken on behalf of the District as a whole, and has no relevance to property value.
- 7.4 **Community representation** should also be funded from a flat targeted per property rate to recognise the “per person” nature of the activity. Community representation is without doubt of equal benefit to all ratepayers. Where the benefit received is “per person” in nature we strongly encourage the use of a uniform targeted rate per property as the best possible proxy for a “per person” rate.
- 7.5 **Public Toilets** both the positioning of and use of the District’s public toilets dictate that public toilets are of significantly more benefit to the urban ratepayer base than rural ratepayers. These facilities provide a service for those who are visiting the area as tourists, and also provide motivation for traffic that may otherwise have travelled through Waimate to stop and discover what the district has to offer. Public toilets have direct and identifiable benefits for businesses in that it offers a better experience to shoppers and tourists. If Council can justify a change in the way Resource Management is funded on the basis that “the amount of actual resource management work conducted is more heavily in the rural area” it should be prepared to make the same assessment for Public Toilets.
- Recommendation: Federated Farmers asks Council to create a better alignment between the amount paid in rates and the benefit received by the ratepayer, by adopting uniform targeted rates for “per person” activities and more equitable splits in funding for other areas, for instance public toilets.**

## 8. IMPORTANCE OF AGRICULTURE TO THE ECONOMY

---

- 8.1 Agricultural and horticultural commodities make a massive contribution to the national economy, accounting for well over \$20 billion per annum and over half of our goods exports. MAF's report Situation and Outlook for New Zealand Agriculture and Forestry (SONZAF) states that for the year to June 2009, particularly large contributions were made by dairy (\$11,323 million, up 8% on 2008), lamb (\$2,523 million, up 21%), and beef (\$1,969 million, up 26%).
- 8.2 SONZAF reveals that the wider agricultural sector generated \$23,148 million in gross revenue for the year ended March 2009. Much of this gross revenue would have been spent in cities and towns, with consumption of farm inputs of \$12,598 million. A further \$2,663 million was paid to employees as wages and salaries and \$4,385 million paid out as interest on loans.
- 8.3 According to Statistics New Zealand's Business Demography Statistics, as at February 2009 approximately 79,900 people were directly employed in agriculture (4.2% of all employees). Of this total, around 20,500 were employed on grain, sheep and beef cattle farms and 23,700 on dairy farms.
- 8.4 Agriculture sector productivity growth and economic growth have both outpaced that in the New Zealand economy as a whole. Over the past decade, agricultural sector multi-factor productivity has grown at a rate of 1.8% per year, double the rate for the economy as a whole. This is important because in the longer term productivity is what determines economic growth and competitiveness internationally.
- 8.5 However, despite farming's huge contribution to the economy and boasting a superior productivity performance, farmers increasingly feel that they are not receiving adequate reward for their efforts. Over recent years there has been an insidious margin squeeze with farmers caught between remorselessly high inflation for their farm inputs and incomes that are at the mercy of fluctuations in commodity prices and the exchange rate.
- 8.6 For the year ended March 2009, net agricultural income before tax was \$1,442 million, around \$23,000 per farm. This is just 6.2% of gross revenue, down from 16.5% in 2007/08 (the year of Fonterra's super-payout) and 7.4% in 2006/07. Although a slight recovery (to 8.4%) is forecast for 2009/10, this sliver is all that's left over to pay income tax, to repay debt, to invest in the business, and to feed the family. This helps to explain why farmers have had to increasingly resort to borrowings, with agricultural debt doubling over the past five years.
- 8.7 Agriculture is the mainstay of Waimate's economy. If agriculture is to grow and lead Waimate to greater things then somehow we need to get that percentage up on a more sustained basis. Farmers cannot afford for this squeeze to continue which is why we take such a close interest in local government issues.

## 9. ABOUT THE FEDERATION

---

9.1 Federated Farmers welcomes the opportunity to comment on the Waimate District Council's 2010 draft Annual Plan.

9.2 Federated Farmers of New Zealand is a voluntary, member-based organisation that represents farming and other rural businesses. Federated Farmers has a long and proud history of representing the needs and interests of New Zealand farmers.

9.3 The Federation aims to add value to its members' farming businesses. Our key strategic outcomes include the need for New

Zealand to provide an economic and social environment within which:

- Our members may operate their business in a fair and flexible commercial environment;
- Our members' families and their staff have access to services essential to the needs of the rural community; and
- Our members adopt responsible management and environmental practices.

# APPENDIX 1:

## EXAMPLE ROADING COST ALLOCATION MODEL (RCAM)

### MODEL FAQ

#### How does this type of modelling work?

The model attributes roading costs to actual road use. It is a travel demand impact model for land transport/roading expenditure. The model derives a land use targeted rate differentiated by capital value.

#### How do we derive the data?

In all cases, data is derived from published research, surveys or Council databases. Data sources commonly used are:

##### Number of trips and fleet composition:

- Can be automated using traffic counts/classifiers or surveys
- NZTA Reports
  - Trip and Parking Related to Land Use 2001 Report 209 (considers seasonal adjustments).
  - Heavy Vehicle Limit Reports (2001)

##### Trip length:

- National Trips and Parking Database Bureau
- NZTA NZ Household Trip Surveys
- Specific Driver Surveys

##### Property Values and Land uses:

- Council Rating Databases

##### Cost Allocation:

- The attributable causes of roading expenditure are taken from the Review of the Cost Allocation Model (RCAM) 2001. The cost allocation model is used to determine road user charges and was reviewed in 2001 by a working group chaired by the Ministry of Transport. Changes to the CAM were recommended in 2009 by the Road User Charges Review, chaired by the Ministry of Transport.

#### How do we ensure data/model is reliable?

The model remains as reliable as the data being analysed. Reliability will increase where efforts are focused on improving the understanding of actual road use.

#### What is the benefit to council in moving from a capital value rate to a modelled user pays rating system for funding district roading?

The benefit of using this model is a transparent and equitable method of paying for road usage. The model removes any uncertainty around road rating simply being a tax.

#### How does the model fit different roading networks?

The model fits all rate funded roading networks.

#### How does the model work for trips that originate in the district but finish outside the district and vice versa?

A 'Through Traffic' demand driver is included within the model to apportion travel impacts not directly related to a land use. The resulting rates impact can be apportioned evenly across all rateable properties using a Uniform Annual General Charge (UAGC). See example.

#### Does the model accurately reflect benefit for isolated rural properties at the end of the road where there are only one or two residents?

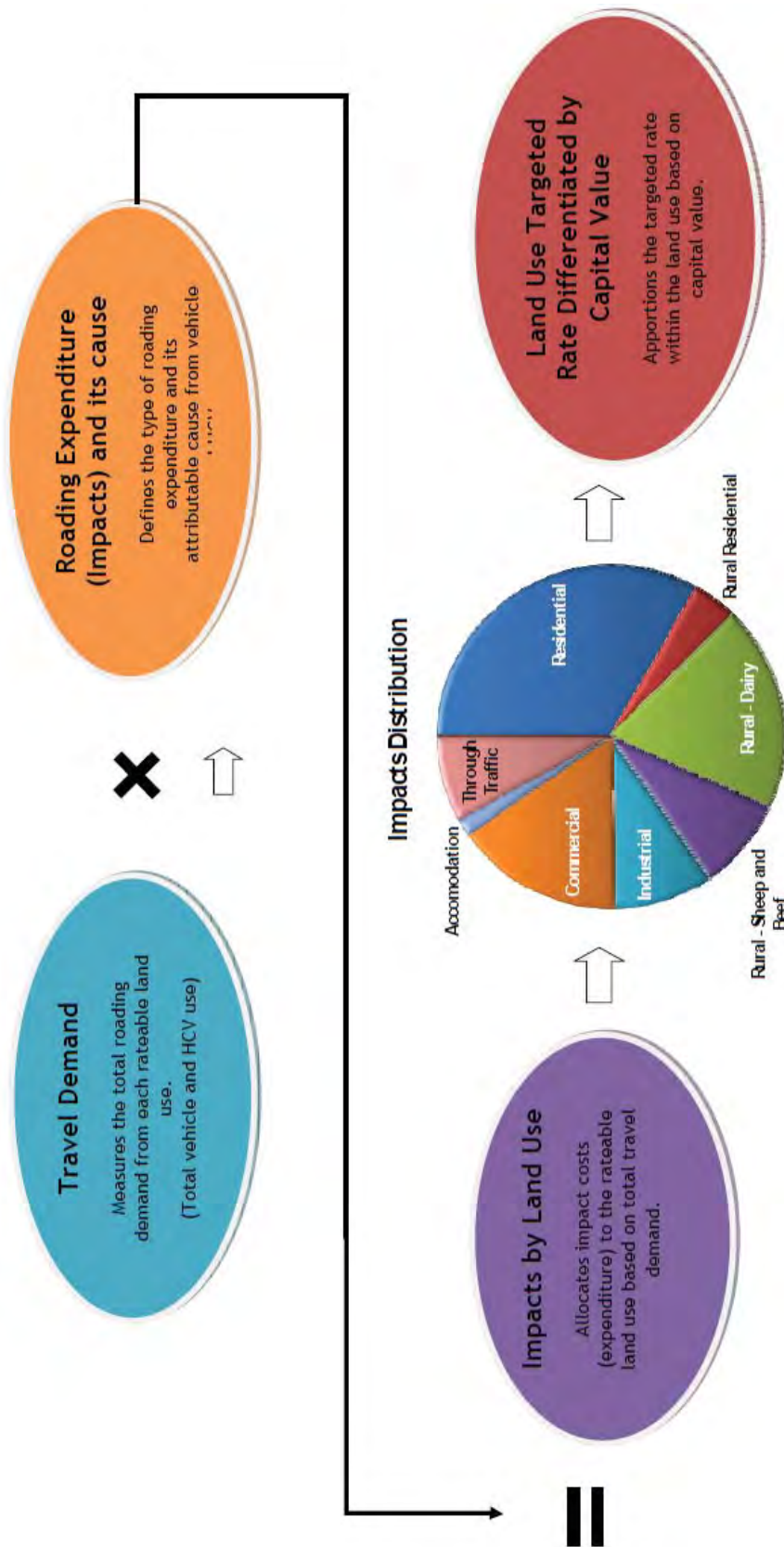
No. It is a network model, encompassing all outliers and takes no account of specific properties. Council has the ability to modify rates via submission/remission functions.

#### How do we account for different size of property or frequency of road use within each category?

Road usage assimilates where land use classifications are distinct (e.g. Rural – Dairy, Rural – Sheep and Beef, Rural - Viticulture) and is a key requirement. Variations in property size are accounted for by distributing rates based on capital value.

# ATTACHMENT 1:

## DISTRIBUTION OF IMPACTS OVERVIEW



# ATTACHMENT 2: DISTRIBUTION OF IMPACTS - DETAILED EXPLANATION

**Table 2 - Roading Expenditure (Impacts) and its Cause**

- Divides all roading expenditure into use or non-use related work types i.e. Resurfacing, Bridge Renewals, Carriageway Lighting.
- Apportion the vehicle characteristics attributable to the expenditure type.
- Work types will most likely reflect Council cost centre /ledger structure.

Expenditure Type(s)	Cost Allocation by Expenditure		Cause of Expenditure (As specified by MoT - non)		Cost Allocation by Expenditure Type	
	Council Roading Expenditure (Table 1) (as \$'000's)	% of expenditure related to CV (as %)	% of expenditure related to CV (as %)	% of expenditure non-use related (Residual)	WOT Expenditure (Table 3) (as \$'000's)	Residual non-use related Expenditure (Total is used in Table 2)
Bridge Renewals	\$ 1,500,000	55.5%	54.8%	10.0%	\$ 832,500	\$ 150,000
Carriageway Lighting	\$ 500,000	0.0%	0.0%	100.0%	\$ -	\$ 500,000
Maintenance	\$ 2,900,000	18.0%	67.0%	15.0%	\$ 510,000	\$ 420,000
Pavement Smoothing	\$ 1,800,000	12.5%	82.8%	5.0%	\$ 225,000	\$ 90,000
Professional Services	\$ 200,000	40.0%	50.0%	10.0%	\$ 80,000	\$ 20,000
Road Reconstruction	\$ 2,000,000	73.0%	17.0%	10.0%	\$ 1,400,000	\$ 200,000
Sea Protection	\$ 1,200,000	23.0%	67.0%	10.0%	\$ 276,000	\$ 50,000
<b>TOTAL</b>	<b>\$ 10,000,000</b>				<b>\$ 3,377,500</b>	<b>\$ 1,500,000</b>

**Table 1 - Travel Demand**

- Describes the actual roading demand for each rateable land use i.e. Who is using the roads?
- Relative demand is assessed for an average/median property within the land use.
- By...
  - Council may need to complete trip surveys for a selection of average/median properties within a land use group.

Travel Demand by Land Use	Data from Network Traffic Model or Council Survey (e.g. only)				
	Average daily trips	% of trips made by HOV's	No. of People	Annual VMT (vehicle kilometers travelled)	% of all VMT (for Table 3)
Residential	5.5	6.7	7500	130,969,375	37.5%
Rural Residential	4.9	13.6	800	19,458,880	5.6%
Rural - Dairy	6.3	43.5	300	36,063,625	10.0%
Rural - Sheep and Beef	5.3	43.5	350	29,452,763	8.4%
Industrial	27.2	8.7	300	25,954,448	7.4%
Commercial	55.7	8.7	500	86,477,899	25.3%
Accommodation	14.5	13.5	150	10,796,700	3.1%
Through Traffic	500.0	7.0%	-	9,125,000	2.6%
<b>TOTAL</b>			<b>9,950</b>	<b>348,258,158</b>	<b>100.0%</b>

**Table 3 - Impacts by Land Use**

- Allocates impacts (expenditure \$) to each land use.
- Multiplying Travel Demand (Table 1) with Roading Impacts by cause (Table 2) using vehicle characteristics as the common denominator.

Overall Impacts by Land Use	Total Use Related		Roading Benefits (\$)		TOTAL
	% of all VMT Traffic (from Table 1)	WOT Expenditure (from Table 2)	HOV Costs (WOT cost per vehicle km multiplied by HOV's from Table 2)	% of Use Related Total Roading expenditure from Table 2	
Residential	37.5%	\$ 1,266,720	\$ 1,507,200	\$ 57,600	\$ 3,377,820
Rural Residential	5.6%	\$ 183,177	\$ 165,048	\$ 55,815	\$ 483,075
Rural - Dairy	10.0%	\$ 335,975	\$ 1,263,000	\$ 261,000	\$ 1,900,975
Rural - Sheep and Beef	8.4%	\$ 284,820	\$ 451,300	\$ 129,204	\$ 865,448
Industrial	7.4%	\$ 200,100	\$ 55,675	\$ 136,304	\$ 538,304
Commercial	25.3%	\$ 892,620	\$ 482,600	\$ 295,700	\$ 1,567,920
Accommodation	3.1%	\$ 104,430	\$ 25,788	\$ 26,961	\$ 157,169
Through Traffic	2.6%	\$ 88,340	\$ 61,200	\$ 37,667	\$ 767,607
<b>TOTAL</b>	<b>100.0%</b>	<b>\$ 3,377,500</b>	<b>\$ 5,122,500</b>	<b>\$ 1,500,000</b>	<b>\$ 10,000,000</b>

**Table 4 - Land Use Targeted Rate Differentiated by Capital Value**

- Allocates the impacts (rates) of each land use based on \$ of capital value.
- Simplified by calculating the rates proportion of residential rates per CV (Differentials).

Land Use	Targeted Rate Differentiated by Capital Value	Roading Impacts (rates) Distribution (Table 3 Total)	Rateable Property CV (\$'000)	Rates per CV	Road Rating Differentials (Rates per Land Use)
Residential	\$ 3,321,882	\$ 418,170	\$ 2,550,000	\$0.00163	1.00
Rural Residential	\$ 1,822,370	\$ 940,000	\$ 312,000	\$0.00134	1.03
Rural - Dairy	\$ 885,448	\$ 525,000	\$ 460,000	\$0.00165	1.27
Industrial	\$ 1,587,024	\$ 360,000	\$ 40,000	\$0.00448	3.44
Accommodation	\$ 157,169	\$ 45,000	\$ 10,000	\$0.00546	2.86
Through Traffic	\$ 767,607	\$ 300,000	\$ 5,072,000	\$0.00546	3.44
<b>TOTAL</b>	<b>\$ 10,000,000</b>	<b>\$ 5,072,000</b>			

**Impacts Distribution**

- Apportion total roading expenditure (\$) to the land uses that generate the impacts.

