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## **2006/07 RATES RESOLUTION**

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### **1. PURPOSE OF REPORT**

To recommend to Council that it set the rates for Wellington City for the year commencing on 1 July 2006 and ending on 30 June 2007, under the Local Government (Rating) Act 2002.

### **2. RECOMMENDATIONS**

It is recommended that Council:

- 1. Receive the information.*
- 2. Agrees under section 23 and 24 of the Local Government Rating Act to set the rates for the year commencing on 1 July 2006 and concluding on 30 June 2007, in accordance with the 2006/07 Long Term Council Community Plan (which includes the funding impact statement for 2006/07), as described in section 4 of this report.*
- 3. Under section 57 of the Local Government Rating Act agree to authorise penalties to be added to rates that are not paid by the due date, as set out in section 4.6 of this report which states how the penalty is calculated, and the date that the penalty is to be added to the amount of the unpaid rates.*
- 4. Delegate the Chief Financial Officer the power to impose penalties under section 58 of the Local Government Rating Act.*

### **3. BACKGROUND**

The Strategy and Policy Committee resolved to recommend to Council the adoption of the 2006/07 Annual Plan and Long Term Council Community Plan at its meeting of 20 June 2006 to 22 June 2006.

A separate report recommending the approval of the Annual Plan and Long Term Council Community Plan will be considered by Council on 28 June 2006 (prior to the consideration of this report).

Under section 23 of the Local Government (Rating) Act 2002, the Council is now required, by way of resolution, to set rates for the year commencing on 1 July 2006 and ending on 30 June 2007.

## **4. RATES RESOLUTION**

### **4.1 SETTING OF RATES FOR 2006/07**

Pursuant to the Local Government (Rating) Act 2002 and all other Acts and powers enabling on that behalf, the Wellington City Council sets the rates for the period commencing on 1 July 2006 and concluding on 30 June 2007 as follows:

All rates specified within this resolution are GST inclusive.

All references within this resolution to LGRA mean the Local Government (Rating) Act 2002.

#### **(a) General Rate**

A differential general rate is set under section 13 and 14 of the LGRA as an amount per dollar of rateable capital value on each rating unit as follows:

- a rate of 0.174357 cents per dollar of rateable capital value on every rating unit in the “Base” differential rating category.
- a rate of 0.767181 cents per dollar of rateable capital value on every rating unit in the “Commercial, industrial and business” differential rating category.

#### **(b) Targeted rate for water supply**

A targeted rate for water supply is set under section 16 and section 19 of the LGRA on each rating unit connected to the city water supply as follows:

- For rating units incorporated in the Base differential, either:
  - i) a fixed water meter charge of \$1.37 per cubic meter of water used on all rating units and/or property connected to the public water supply with a water meter installed and an administrative charge of \$84.38 per annum, or
  - ii) a fixed amount of \$112.50 per rating unit and a rate of 0.044266 cents per dollar of rateable capital value on all rating units connected to the public water supply without a water meter installed.
- For rating units incorporated in the Commercial, Industrial and Business differential, either:
  - i) a fixed water meter charge of \$1.37 per cubic meter of water used on all rating units and/or property connected to the public water supply with a water meter installed and an administrative charge of \$84.38 per annum, or
  - ii) a rate of 0.285727 cents per dollar of rateable capital value on all rating units connected to the public water supply, without a water meter installed.

### **c) Targeted rate for sewerage**

A targeted rate for sewerage is set under section 16 of the LGRA on each rating unit connected to the Council sewerage system as follows:

- For rating units incorporated in the Base differential:
  - i) a fixed amount of \$112.50 and a rate of 0.045572 cents per dollar of rateable capital value on all rating units connected to a public sewerage drain.
- For rating units incorporated in the Commercial, Industrial and Business differential:
  - i) a rate of 0.191564 cents per dollar of rateable capital value on all rating units connected to a public sewerage drain.

### **d) Targeted rate for storm water**

A targeted rate for stormwater is set under section 16 of the LGRA as follows:

- For rating units incorporated in the Base differential:
  - i) a rate of 0.038650 cents per dollar of rateable capital value on every rating unit in the “Base” differential rating category, but excluding those rating units classified as “rural under the Council’s operative District Plan.
- For rating units incorporated in the Commercial, Industrial and Business differential:
  - i) a rate of 0.035961 cents per dollar of rateable capital value on every rating unit in the “Commercial, industrial and business” differential rating category, but excluding those rating units classified as “rural under the Council’s operative District Plan.

### **e) Targeted rate for the commercial, industrial and business sector**

A targeted rate for activities where the Council’s Revenue and Financing Policy identifies that the benefit can be attributed to the commercial, industrial and business sector and where the activity is not incorporated in other service related targeted rates is set under section 16 of the LGRA as follows:

- For rating units incorporated in the Commercial, Industrial and Business differential:
  - i) a rate of 0.018575 cents per dollar of rateable capital value on every rating unit in the “Commercial, industrial and business” differential rating category.

#### **f) Targeted rate for the base sector**

A targeted rate for activities where the Council's Revenue and Financing Policy identifies that the benefit can be attributed to rating units incorporated in the Base differential sectors and where the activity is not incorporated in other service related targeted rates is set under section 16 of the LGRA as follows:

- For rating units incorporated in the Base differential:
  - ii) a rate of 0.023129 cents per dollar of rateable capital value on every rating unit in the "Base" differential rating category.

#### **g) Targeted rate for Downtown Area**

A targeted rate for the Downtown Area is set under section 16 of the LGRA on each rating unit incorporated in the Commercial, industrial and business differential and located within the area designated as the "Central Area" under the operative Wellington City District Plan as follows:

- A rate of 0.183954 cents per dollar of rateable capital value.

#### **h) Targeted rate for Tawa Driveways**

A targeted rate for Tawa Driveways is set under section 16 of the LGRA on each rating unit identified as being one of a specific group of rating units with shared residential access driveways in the suburb of Tawa, that are maintained by the Council as follows:

- A fixed amount of \$100 per rating unit.

#### **i) Targeted rate for Marsden Village**

A targeted rate set under section 16 of the LGRA on all rating units incorporated in the Commercial, industrial and business differential that are located in the Marsden shopping village as follows:

- A rate of 0.140380 cents per dollar of rateable capital value.

## 4.2 DIFFERENTIAL CATEGORIES

Under section 14 and 17 of the LGRA the Council adopts the following as definitions for its differential categories for the 2006/07 rating year for the purposes of:

- the general rate
- the targeted water rate
- the targeted sewerage rate
- the downtown levy
- the Marsden Village targeted rate
- the Tawa driveways targeted rate

### (a) Base differential

This includes:

- i) Separately rateable land used solely for one or more household units; excluding those properties that provide short stay (28 days or less) commercial accommodation for which a tariff is charged
- ii) Vacant land zoned residential
- iii) Rural land (including farmland and lifestyle blocks) under the District Plan that is administered by Council, but excluding any rating unit that is used for rural industrial purposes
- iv) Separately rateable land occupied by a charitable organisation, which is deemed by the Council to be used exclusively or principally for sporting, recreation or community purposes and that does not generate any private pecuniary profit.

This category has a general rate differential rating factor of 1.0

### (b) Commercial, Industrial and Business differential

This includes:

- i) Separately rateable land used for a commercial or industrial purpose
- ii) Vacant land zoned commercial, industrial or rural industrial under the District Plan administered by the Council
- iii) Land used for offices, administrative and/or associated functions
- iv) Land used for commercial accommodation for which a tariff is charged, where the principal purpose is the provision of short stay accommodation
- v) Business-related premises used principally for private pecuniary benefit
- vi) Utility networks

vii) Any property not otherwise categorised within the Base differential.

This category has a general rate differential rating factor of 4.4

### **4.3 NON-RATEABLE LAND**

#### **(a) Non-rateable**

Having first been classified under the Base or Commercial, industrial and business differential under section 16 of the LGRA, any land referred to in Part 1, Schedule 1 of this Act is non-rateable for all rates except for sewerage and water supply targeted rates to which the full rate applies under section 9(a) of the LGRA.

#### **(b) 50 percent non-rateable**

Having first been classified under the Base or Commercial, industrial and business differential under section 16 of the LGRA, any land referred to in Part 2, Schedule 1 of this Act is 50% non-rateable in respect of all rates except for sewerage and water supply targeted rates to which the full rate applies under section 9(a) of the LGRA.

### **4.4 DIVISION OF A RATING UNIT**

The separate parts of a rating unit may be differentially rated where the Council deems that a part of the property is non-rateable or the property fits under more than one rating differential and either:

- a) the total rateable capital value of the rating unit is above \$500,000, *or*
- b) the minority use(s) account for more than 30 percent of the total rateable capital value of the rating unit.

In any other case, or where the Council, in particular circumstances considers it appropriate, the General rate differential is determined by principal use.

### **4.5 DUE DATE FOR PAYMENT OF RATES**

With the exception of targeted water rates where charged via a water meter, all rates will be payable in four instalments due on:

<b>Instalment Number</b>	<b>Due date</b>
Instalment One	1 September 2006
Instalment Two	1 December 2006
Instalment Three	1 March 2007
Instalment Four	1 June 2007

Targeted water rates that are charged via water meter on rating units incorporated under the Commercial, industrial and business differential will be invoiced on a one, two or three-month cycle.

Targeted water rates that are charged via water meter on rating units incorporated under the Base differential will be invoiced on a three-month cycle.

## **4.6 PENALTIES**

Pursuant to section 57 and 58 of the LGRA, the Council delegates the authority to the Chief Financial Officer to apply the following penalties on unpaid rates:

- a) A penalty of 10 percent on the amount of any instalment unpaid after the due date. No discounts are offered for early/full payment of rates.
- b) An additional penalty of 10 percent on 1 October on any rates due but unpaid at the end of each financial year (30 June), and still unpaid on 1 October.
- c) A further additional penalty of 10% on rates to which a penalty has already been added under paragraph (b) on rates due but unpaid at the end of each financial year (30 June) still unpaid on the 1 April following.
- d) A 10 percent penalty may be applied to water meter charges unpaid one month after the invoice date. An additional 10 percent penalty may be applied on 1 October on charges that were unpaid at the end of the financial year (30 June) and remain unpaid on 1 October. Further additional penalties may be applied six-monthly thereafter.

## **4.7 PAYMENT OF RATES**

Rates payments can be made at any of the following:

City Service Centre, 101 Wakefield Street  
Mervin Kemp Library, 158 Main Road, Tawa  
Newtown Library and Service Centre, 13 Constable Street  
Kilbirnie Library and Service Centre, 101 Kilbirnie Crescent  
Johnsonville Library and Service Centre, 5 Broderick Road

## **4.8 COMPLIANCE**

Pursuant to section 23 (5) of the Local Government (Rating) Act 2002, within 20 working days of the making of this resolution, a copy will be sent to the Secretary of Local Government.

## TOTAL RATES REQUIREMENT

The Council's rates and charges for the 2006/07 year are set out in the table below:

<b>2006/07 ANNUAL PLAN</b>					
<b>RATES FUNDING STATEMENT</b>					
<i>Rate</i>	<i>Factor</i>	<i>Differentiation</i>	<i>Total Value of Factor</i>	<i>Rate/charge</i>	<i>Rates yield GST Inclusive</i>
					<i>(\$000's)</i>
<b>General Rate</b>	Capital Value	Base differential use	\$27,321,707,588	¢0.174357	47,637
	Capital Value	Commercial, industrial & business use	\$8,203,597,094	¢0.7671810	62,937
	<b>TOTAL</b>				<b>110,574</b>
<b>Sewerage Rate</b>	Fixed charge	Base differential use / connection status	61971 properties	\$112.50	6,972
	Capital Value	Base differential use / connection status	\$28,644,325,914	¢0.045572	13,054
	Capital Value	Commercial, industrial and business use / connection status	\$6,969,177,607	¢0.191564	13,350
	<b>TOTAL</b>				<b>33,376</b>
<b>Water rate</b>	Fixed charge	Base differential use/connection status	56581 properties	\$112.50	6,365
	Capital Value	Base differential use/connection status	\$24,056,709,761	¢0.044266	10,649
	Consumption unit charge	Base differential use/connection status	n/a	\$1.37 / m <sup>3</sup>	394
	Capital Value	Commercial, industrial and business use /connection status	\$758,305,420	¢0.285727	2,166
	Consumption unit charge	Commercial, industrial and business use /connection status	n/a	\$1.37 / m <sup>3</sup>	9,439
	<b>TOTAL</b>				<b>29,013</b>



<i>Rate</i>	<i>Factor</i>	<i>Differentiation</i>	<i>Total Value of Factor</i>	<i>Rate/charge</i>	<i>Rates yield GST Inclusive</i>
					(\$000's)
<b>Stormwater rate</b>	Capital value	Base differential use (excluding rural)	\$26,971,262,767	¢0.038650	<b>10,424</b>
	Capital value	Commercial, industrial and business use (excluding rural)	7,247,036,929	¢0.035961	<b>2,606</b>
	<b>TOTAL</b>				<b>13,030</b>
<b>Base sector targeted rate</b>	Capital Value	Residential use	\$27,321,707,588	¢0.023129	<b>6,319</b>
<b>Commercial sector targeted rate</b>	Capital Value	Commercial, industrial & business use	\$8,203,597,094	¢0.018575	<b>1,524</b>
<b>Downtown levy</b>	Capital Value	Commercial, industrial & business use / central city location	\$5,518,395,967	¢0.183954	<b>10,151</b>
<b>Tawa driveways levy</b>	Capital Value	Commercial, industrial & business use / central city location	256 properties	\$100.00	<b>26</b>
<b>Marsden Village levy</b>	Capital Value	Commercial, industrial & business use / central city location	\$10,016,665	¢0.140380	<b>14</b>
<b>TOTAL RATES REQUIREMENT (INCLUDING GST)</b>					<b>204,027</b>

## Indicative rates for 2006/07

The tables below provide a guide for rates for 2006/07 (inclusive of GST). Indicative rates are shown for different types of property's depending on the increase in the property's value since last year. Residential rates include a Uniform Targeted Rate of \$225 (including GST) per property for water and sewage. This assumes you have no water meter - if you do have a water meter, your rates bill will not include the Uniform Targeted Rate for water. Greater Wellington - The Regional Council rates are excluded from these figures.

Indicative residential property (without a water meter)					
2006/07 Capital Values \$	2006/07 Rates \$	Percentage change in capital value from last year			
		5%	10%	15%	20%
Expected percentage change in rates					
200,000	877	1%	5%	9%	13%
300,000	1,203	1%	6%	10%	14%
400,000	1,529	1%	6%	10%	15%
500,000	1,855	2%	6%	11%	15%
600,000	2,181	2%	6%	11%	15%
700,000	2,507	2%	6%	11%	16%
800,000	2,833	2%	6%	11%	16%
900,000	3,159	2%	6%	11%	16%

Indicative suburban commercial property rates (with water meter)					
2006/07 Capital Values \$	2006/07 Total Rates \$	Percentage change in capital value from last year			
		5%	10%	15%	20%
Expected percentage change in rates					
250,000	2,533	-9%	-3%	3%	8%
500,000	5,066	-9%	-3%	3%	8%
750,000	7,600	-9%	-3%	3%	8%
1,000,000	10,133	-9%	-3%	3%	8%
1,500,000	15,199	-9%	-3%	3%	8%
2,000,000	20,266	-9%	-3%	3%	8%
5,000,000	50,664	-9%	-3%	3%	8%
10,000,000	101,328	-9%	-3%	3%	8%

Total Rates 2006/07 (including GST)			
	Base (residential) share \$000	Commercial share \$000	Total Rates \$000
General Rate	47,637	62,936	110,574
Water Rate (incl. water meters & UAC)	17,408	11,605	29,013
Sewerage Rate (incl. UAC)	20,026	13,350	33,376
Stormwater rate	10,424	2,606	13,030
Targeted sector rates	6,319	1,524	7,843
Downtown Levy	-	10,151	10,151
Tawa driveways	25	-	25
Marsden Village	-	14	14
<b>Total Rates</b>	<b>101,839</b>	<b>102,187</b>	<b>204,027</b>

Indicative downtown commercial property rates (without water meter)					
2006/07 Capital Values \$	2006/07 Total Rates \$	Percentage change in capital value from last year			
		5%	10%	15%	20%
Expected percentage change in rates					
250,000	3,707	2%	8%	13%	18%
500,000	7,415	2%	8%	13%	18%
750,000	11,122	2%	8%	13%	18%
1,000,000	14,830	2%	8%	13%	18%
1,500,000	22,244	2%	8%	13%	18%
2,000,000	29,659	2%	8%	13%	18%
5,000,000	74,148	2%	8%	13%	18%
10,000,000	148,296	2%	8%	13%	18%

Indicative downtown commercial property rates (with water meter)					
2006/07 Capital Values \$	2006/07 Total Rates \$	Percentage change in capital value from last year			
		5%	10%	15%	20%
Expected percentage change in rates					
250,000	2,993	-4%	2%	7%	13%
500,000	5,986	-4%	2%	7%	13%
750,000	8,979	-4%	2%	7%	13%
1,000,000	11,972	-4%	2%	7%	13%
1,500,000	17,959	-4%	2%	7%	13%
2,000,000	23,945	-4%	2%	7%	13%
5,000,000	59,862	-4%	2%	7%	13%
10,000,000	119,724	-4%	2%	7%	13%

## **Supporting Information**

**1) Strategic Fit / Strategic Outcome**

*This report fits within the LTCCP deliberations and is therefore a key part of the Council's strategic planning process.*

**2) LTCCP/Annual Plan reference and long term financial impact**

*This report fits within the LTCCP deliberations and is a requirement of the Local Government (Rating) Act 2002.*

**3) Treaty of Waitangi considerations**

*There are no specific Treaty considerations.*

**4) Decision-Making**

*Where significant decisions are required, a range of options have been presented, with rationale for the option recommended.*

**5) Consultation**

**a) General Consultation**

*Once adopted, the policies will be included in the final LTCCP, which was consulted on as part of the draft LTCCP deliberations.*

**b) Maori Consultation**

*Once adopted, the policies will be included in the final LTCCP, which was consulted on as part of the draft LTCCP deliberations.*

**6) Legal Implications**

*Council's lawyers have been consulted as appropriate during the development of this report.*

**7) Consistency with existing policy**

*This report does not recommend material change to existing Council policy.*