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**REPORT 7**  
*(1215/11/IM)*

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## **SETTING OF RATES FOR 2011/12**

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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 2011 and ending on 30 June 2012, under the Local Government (Rating) Act 2002.

### **2. Recommendations**

Officers recommended that Council:

- 1. Receive the information.*
- 2. Having adopted the 2011/12 Annual Plan and adopted the 2011/12 Funding Impact Statement, resolve under section 23 and 24 of the Local Government Rating Act to set the rates for the year commencing on 1 July 2011 and concluding on 30 June 2012, as described in section 4 of this report.*
- 3. Agree to include in the 2011/12 Annual Plan Funding Impact Statement the Rates Funding Statement as per the attached Appendix 1.*
- 4. Note that the rates for the year commencing 1 July 2011 and concluding on 30 June 2012 are set excluding GST.*

### **3. Background**

The Strategy and Policy Committee resolved to recommend to Council the adoption of the 2011/12 Annual Plan at its meeting of 16 June 2011. The 2011/12 Annual Plan is year 3 of the 2009/10 to 2018/19 Long Term Council Community Plan adopted by Council at its meeting of 16 June 2009.

A separate report recommending the approval of the 2011/12 Annual Plan will be considered by Council on 29 June 2011 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 2011 and ending on 30 June 2012.

Rates for the 2011/12 year have been set on a GST exclusive basis.

## **4. Rates Resolution**

### **4.1 Setting of Rates for 2011/12**

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 2011 and concluding on 30 June 2012 as follows:

All rates specified within this resolution are GST exclusive.

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 0.189762 cents per dollar of rateable capital value on every rating unit in the 'Base' differential rating category.
- a rate of 0.531076 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 as follows:

- For rating units incorporated in the Base differential, either:
  - i) a fixed water meter charge of \$1.715 per cubic meter of water used on rating units and/or property connected to the public water supply with a water meter installed and an administrative charge of \$100.00 per annum, or
  - ii) a fixed amount of \$119.75 per rating unit and a rate of 0.045784 cents per dollar of rateable capital value on 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 \$1.715 per cubic meter of water used on rating units and/or property connected to the public water supply with a water meter installed and an administrative charge of \$100.00 per annum, or

- ii) a rate of 0.278021 cents per dollar of rateable capital value on 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 \$100.00 and a rate of 0.033110 cents per dollar of rateable capital value on rating units connected to a public sewerage drain.
- For rating units incorporated in the Commercial, Industrial and Business differential:
  - i) a rate of 0.130523 cents per dollar of rateable capital value on 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 0.037773 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 0.039066 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 0.040534 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 0.017315 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 Wellington City shown on Map 32 as reprinted on 2/11/2005 and operative as at that date.

A rate of 0.149517 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 \$133.33 per rating unit.

**j) 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 0.121538 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 2009/10 rating year for the purposes of:

- the general rate
- the targeted water rate
- the targeted sewerage rate
- the targeted stormwater rate
- the base sector targeted rate
- the commercial, industrial and business sector targeted rate
- the downtown targeted rate
- 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 2.80

#### **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 \$800,000, *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 2011
Instalment Two	1 December 2011
Instalment Three	1 March 2012
Instalment Four	1 June 2012

Targeted water rates that are charged via a 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 a 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:

- By cash, cheque or eftpos at the City Service Centre, 101 Wakefield Street, 9am to 5pm Monday to Friday.
- By cash or cheque any PostShop or selected New Zealand Post outlets using a bar coded rates invoice, 9am to 5pm Monday to Friday.
- By posting a cheque through our processing centre to PO Box 40345 Upper Hutt.
- Using our “rates easipay” direct debit system. Quarterly, monthly, fortnightly and weekly options are available by phoning 499 4444 for a set-up form or download from the Council website.
- Through internet banking and telephone banking options.
- Online using Visa or Mastercard – see the Council website for details.

#### **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

# APPENDIX 1

The Council's rates and charges for the 2011/12 year are set out in the table below:

<b>2011/12</b>					
<b>RATES FUNDING STATEMENT (excluding GST)</b>					
<i>Rate</i>	<i>Factor</i>	<i>Differentiation</i>	<i>Total Value of Factor</i>	<i>Rate/charge</i>	<i>Rates yield GST Exclusive</i>
<b>General Rate</b>	Capital Value	Base differential use	\$35,282,217,000	¢0.189762	\$66,952,241
	Capital Value	Commercial, industrial & business use	\$10,820,666,000	¢0.531076	\$57,465,960
	<b>TOTAL</b>				<b>\$124,418,201</b>
<b>Sewerage Rate</b>	Fixed charge	Base differential use / connection status	65652 properties	\$100.00	\$6,565,200
	Capital Value	Base differential use / connection status	\$37,281,680,000	¢0.033110	\$12,343,964
	Capital Value	Commercial, industrial and business use / connection status	\$9,214,443,000	¢0.130523	\$12,026,967
	<b>TOTAL</b>				<b>\$30,936,132</b>
<b>Water rate</b>	Fixed charge	Base differential use/connection status (without water meter)	58721 properties	\$119.75	\$7,031,840
	Capital Value	Base differential use/connection status (without water meter)	\$30,738,060,000	¢0.045784	\$14,073,113
	Consumption unit charge	Base differential use/connection status (water meter)	n/a	\$1.715 / m <sup>3</sup>	\$418,382
	Fixed charge	Base differential use/connection status (water meter)	n/a	\$100.00	\$69,500
	Capital Value	Commercial, industrial and business use /connection status( without water meter)	\$831,232,000	¢0.278021	\$2,311,000
	Consumption unit charge	Commercial, industrial and business use /connection status (water meter)	n/a	\$1.715 / m <sup>3</sup>	\$11,789,375
	Fixed charge	Commercial, industrial and business use /connection status (water meter)	n/a	\$100.00	\$294,300
	<b>TOTAL</b>				<b>\$35,987,510</b>
<b>Stormwater rate</b>	Capital Value	Base differential use (excluding rural)	\$34,821,035,000	¢0.037773	\$13,152,950
	Capital Value	Commercial, industrial and business use (excluding rural)	9,775,821,000	¢0.039066	\$3,819,022
	<b>TOTAL</b>				<b>\$16,971,972</b>
<b>Base sector targeted rate</b>	Capital Value	Residential use	\$35,282,217,000	¢0.017315	\$6,109,116
<b>Commercial sector targeted rate</b>	Capital Value	Commercial, industrial & business use	\$10,820,666,000	¢0.040534	\$4,386,049
<b>Downtown levy</b>	Capital Value	Commercial, industrial & business use / central city location	\$7,541,627,000	¢0.149517	\$11,276,014
<b>Tawa driveways levy</b>	Fixed charge	Shared residential access driveways in the suburb of Tawa and maintained by the Council	251 properties	\$133.33	\$33,467
<b>Marsden Village levy</b>	Capital Value	Commercial, industrial & business use located in Marsden shopping village	\$11,540,000	¢0.121538	\$14,025
<b>TOTAL RATES REQUIREMENT (excluding GST)</b>					<b>230,132,485</b>