

# APPENDIX ONE

## Funding Impact Statement - Rating Mechanisms

### RATES

Rates are assessed under the Local Government (Rating) Act 2002 (the Act) on all rateable rating units in the Rating Information Database. Where rates are based on value, the capital value of the property as assessed by Quotable Value New Zealand Limited will apply. The latest city-wide revaluation was carried out as at 1 September 2009. This revaluation remains effective for the 2012/13 rating year, except where subsequent maintenance valuations have been required under valuation rules or Council's rating policies. City wide revaluations are performed every three years. The next city-wide revaluation will be carried out as at 1 September 2012 and will be effective for the 2013/14 rating year and the two consecutive rating years (subject again to subsequent maintenance valuations).

Our Revenue and Financing Policy details the policy objectives in relation to setting our rates.

### GENERAL RATES

General rates are set under section 13 of the Act on all rateable rating units in the City of Wellington.

The Council proposes to set a general rate based on the capital value of each rating unit within the city.

The general rate will be set on a differential basis, based on land use. All rating units (or part thereof) will be classified for the purposes of general rates within one of the following rating differentials:

### DIFFERENTIAL RATING CATEGORIES

#### NON-RATEABLE

Includes any land referred to in Part 1, Schedule 1 of the Act. This land is non-rateable with the exception of targeted rates for sewerage and water where rates are applicable.

#### 50 PERCENT NON-RATEABLE

Includes all land referred to in Part 2, Schedule 1 of the Act. This land is 50 percent non-rateable in respect of the rates that would have applied had the property not been classified as non-rateable, with the exception of targeted rates for sewerage and water for which the land is fully rateable.

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## **BASE DIFFERENTIAL**

This includes:

- a) Separately rateable land used solely for one or more household units; excluding those properties that are used principally to provide short stay (28 days or less) commercial accommodation for which a tariff is charged
- b) Vacant land zoned residential
- c) Rural land (including farmland and lifestyle blocks) under the District Plan that is administered by Council, but excluding any rating unit that is zoned rural industrial
- d) 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.

## **COMMERCIAL, INDUSTRIAL AND BUSINESS DIFFERENTIAL**

This includes:

- a) Separately rateable land used for a commercial or industrial purpose
- b) Vacant land zoned commercial, industrial or rural industrial under the District Plan administered by the Council
- c) Land used for offices, administrative and/or associated functions
- d) Land used for commercial accommodation for which a tariff is charged and where the principal purpose is the provision of short stay accommodation
- e) Business-related premises used principally for private pecuniary benefit
- f) Utility networks
- g) Any property not otherwise categorised within the Base differential.

## **ANNUAL UNIFORM GENERAL CHARGE**

The Council does not assess a Uniform Annual General Charge.

## **DIFFERENTIAL RATING CATEGORY CONDITIONS**

- In accordance with our Revenue and Financing Policy, the Council will modify the differential apportionment so that the commercial, industrial and business sector pay 2.8 times the General rate per dollar of capital value payable by those properties incorporated under the Base (Residential) differential.

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- The separated parts of a rating unit will be differentially rated where a part of the property is non-rateable or the property fits under one or more rating differential and either:
  - a) The total capital value of the rating unit is above \$800,000 or
  - b) Minority use(s) account for more than 30 percent of the total capital value of the rating unit.

In any other case, the General rate differential is determined by principal use.

- In regard to the rates attributable to a rating unit during the transition period between two differential rating categories, a ratepayer may apply for a change in rating category at any time between the lodgement of a building consent application with the Council (on the condition that the principal prior use has ended) and the earlier of either:
  - a) The time at which the Council gives final approval of the completed works, or
  - b) The property is deemed (by the Council) to be available for its intended use.

In situations where the change in land use does not require a Council consent, but warrants a change in differential rating category, the onus is on the ratepayer to inform the Council prior to the property being utilised under the new use.

- The rating differential classification of all rating units must be set prior to the commencement of a rating year and will remain in place for that entire rating year. Any change in circumstances that results in a change of differential classification during a rating year will apply from 1 July of the following rating year.
- Any property eligible for mandatory 50 percent non-rateability under Part 2, Schedule 1, of the Act, will be first classified under the appropriate General rate differential classifications and the non-rateability applied to that rate.

## TARGETED RATES

Targeted Rates are set under section 16 of the Act.

### SEWERAGE RATE

A targeted sewerage rate is to be apportioned 60 percent: 40 percent between properties incorporated under the Base differential and the Commercial, Industrial and Business differential in accordance with the Revenue and Financing Policy. This rate pays for the cost of the provision of the sewerage treatment facilities for the city.

For the purposes of these rates the sewerage collection and disposal service is treated as being provided if the rating unit is connected to a public sewerage drain (either directly or indirectly), irrespective of whether the

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property is considered fully rateable or is mandatory non-rateable or 50 percent non-rateable under Schedule 1 of the Act.

The targeted Sewerage rate is calculated as follows:

*For rating units incorporated in the Commercial, Industrial and Business differential:*

A rate per dollar of capital value on all rating units connected to a public sewerage drain, to collect 40 percent of the required rates funding, after having deducted the total dollar amount budgeted to be collected through Trade Waste Charges (excluding consent fees).

*For rating units incorporated in the Base differential:*

A fixed amount of \$100 (+ GST) and a rate per dollar of capital value on all rating units connect to a public sewerage drain, to collect 60 percent of the required rate funding.

## **WATER RATE**

A targeted rate for water is to be apportioned with the aim of achieving a 60 percent: 40 percent split between properties incorporated under the Base differential and the Commercial, Industrial and Business differential in accordance with the Revenue and Financing Policy.

This rate pays for water collection and treatment facilities, the water distribution network and water conservation for the city.

This rate is set on all rating units serviced by a water connection.

For the purposed of these rates, the water service is treated as being provided if the rating unit is connected to the public water supply (either directly or indirectly), irrespective of whether the property is considered fully rateable or is mandatorily non-rateable or 50 percent non-rateable under Schedule 1 or 2 of the Act.

The targeted Water rate is calculated as follows:

*For rating units incorporated in the Commercial, Industrial and Business differential, either:*

a) A fixed water meter charge of \$1.784 (+ GST) per cubic meter of water used by all rating units connected to the public water supply with a water meter installed, plus an administrative charge of \$103.50 (+ GST) per annum

Or

b) A rate per dollar of capital value on all rating units connected to the public water supply, without a water meter installed.

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*For rating units rated incorporated in the Base differential, either:*

a) A fixed water meter charge of \$1.784 (+ GST) per cubic meter of water used by all rating units connected to the public water supply with a water meter installed, plus an administrative charge of \$103.50 (+ GST) per annum

Or

b) A fixed amount of \$127.25 (+ GST) per rating unit and a rate per dollar of capital value on all rating units connected to the public water supply without a water meter installed, to collect the required Base differential contribution.

## **STORMWATER NETWORK RATE**

A targeted stormwater rate is to be apportioned 77.5 percent to the non-rural rating units incorporated under the Base differential and 22.5 percent to the Commercial, Industrial and Business differential in accordance with the Revenue and Financing Policy. This rate pays for the cost of the provision of the stormwater collection/disposal network for the city.

Properties classified as “rural” under the Council’s operative District Plan are excluded from the liability of this rate.

The targeted Stormwater network rate is calculated as follows:

*For non-rural rating units incorporated in the Commercial, Industrial and Business differential:*

A rate per dollar of capital value to collect 22.5% percent of the required rates funding.

*For non-rural rating units incorporated in the Base differential:*

A rate per dollar of capital value to collect 77.5% percent of the required rates funding.

## **COMMERCIAL, INDUSTRIAL AND BUSINESS SECTOR TARGETED RATE**

This rate pays 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. This incorporates the following activities:

- 100% of the cost of the events attraction and support activity.
- 50% of the destination Wellington activity

This rate is levied on all properties incorporated in the commercial, industrial and business sector and is calculated on a rate per dollar of rateable capital value.

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## **BASE SECTOR TARGETED RATE**

This rate pays for activities where the Council's Revenue and Financing Policy identifies that the benefit can be attributed to properties incorporated under the Base differential rating category (incorporating residential ratepayers). This incorporates the following activities:

- 100% of the facilitation of community environmental initiatives, cultural grants, facilitation of recreation partnerships and community advocacy activities.
- 95% of the provision of community centres and halls activities.

This rate is levied on all properties incorporated under the Base differential rating category and is calculated on a rate per dollar of rateable capital value.

## **DOWNTOWN LEVY**

This rate pays for tourism promotion (PWT) and 99% of the retail support (free weekend parking). It also pays for 70% of the visitor attractions activity, 50% of the Destination Wellington activity, 40% of the Convention Venues activity and 25% of galleries and museums (WMT) activity.

The rate is levied on all commercial, industrial and business properties in the downtown area and is calculated on a rate per dollar of rateable capital value.

For the purpose of this rate, the downtown area refers to the area as described by the following Downtown Levy Area map:

(map to be inserted – see end of rating mechanisms section)

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## TAWA DRIVEWAYS LEVY

This rate pays for the maintenance of a specified group of residential access driveways in the suburb of Tawa, overseen by the Council. This rate is levied on a specific group of rating units in the former Tawa Borough at a fixed amount of \$133.33 (+ GST) per annum.

## MARSDEN VILLAGE LEVY

This rate pays for 1% of the retail support activity (which specifically relates to a rolling programme of improvements at the Marsden Village in Karori). This rate is collected by the Council on behalf of the Marsden Village Association on all commercial, industrial and business properties in the Marsden shopping village and is calculated on a rate per dollar of capital value.

## RATES REMISSION AND POSTPONEMENT POLICIES

Refer to the Council Rates Remission and Postponement Policies.

## INDICATIVE RATES

The following table shows the indicative residential and commercial property rates exclusive of GST for a selection of billing categories:

INDICATIVE RESIDENTIAL PROPERTY RATES EXCLUSIVE OF GST (FOR PROPERTIES WITHOUT A WATER METER)		INDICATIVE SUBURBAN COMMERCIAL PROPERTY RATES EXCLUSIVE OF GST (FOR PROPERTIES WITHOUT A WATER METER)		INDICATIVE DOWNTOWN COMMERCIAL PROPERTY RATES EXCLUSIVE OF GST (FOR PROPERTIES WITHOUT A WATER METER)		INDICATIVE MARSDEN VILLAGE COMMERCIAL PROPERTY RATES EXCLUSIVE OF GST (FOR PROPERTIES WITHOUT A WATER METER)	
Capital Values \$	2012/13 Total Rates \$	BILL CODE C1 Capital Values \$	2012/13 Total Rates \$	BILL CODE J1 Capital Values \$	2012/13 Total Rates \$	BILL CODE Y1 Capital Values \$	2012/13 Total Rates \$
200,000	897	250,000	2,598	250,000	3,002	200,000	2,321
300,000	1,232	500,000	5,196	500,000	6,003	300,000	3,482
400,000	1,568	750,000	7,793	750,000	9,005	400,000	4,643
500,000	1,903	1,000,000	10,391	1,000,000	12,007	500,000	5,803
600,000	2,238	1,250,000	12,989	1,250,000	15,008	600,000	6,964
700,000	2,573	1,500,000	15,587	1,500,000	18,010	700,000	8,125
800,000	2,908	1,750,000	18,185	1,750,000	21,011	800,000	9,285
900,000	3,243	2,000,000	20,782	2,000,000	24,013	900,000	10,446
		2,250,000	23,380	2,250,000	27,015	1,000,000	11,607
		2,500,000	25,978	2,500,000	30,016	1,100,000	12,767
		2,750,000	28,576	2,750,000	33,018	1,200,000	13,928
		3,000,000	31,173	3,000,000	36,020	1,300,000	15,089
		3,250,000	33,771	3,250,000	39,021	1,400,000	16,249
		3,500,000	36,369	3,500,000	42,023	1,500,000	17,410
		3,750,000	38,967	3,750,000	45,024	1,600,000	18,570
		4,000,000	41,565	4,000,000	48,026	1,700,000	19,731
		4,250,000	44,162	4,250,000	51,028	1,800,000	20,892
		4,500,000	46,760	4,500,000	54,029	1,900,000	22,052
		4,750,000	49,358	4,750,000	57,031	2,000,000	23,213
		5,000,000	51,956	5,000,000	60,033		