

Tauākī pāpātanga tāhua āpiti atu ki ngā tāke kaunihera 2022–23

Funding impact statements including 2022–23 rates

Section A: Introduction

This Funding Impact Statement includes full details of how rates are calculated. It should be read in conjunction with Council's Revenue and Financing Policy (see section 4 of the 10-Year Plan), which sets out Council's policies in respect of each source of funding.

Summary of funding mechanisms and indication of level of funds to be produced by each mechanism

The Whole of Council Funding Impact Statement sets out the sources of funding to be used for 2022–23 and for subsequent years, the amount of funds expected to be produced from each source, and how the funds are to be applied. Details of user charges and other funding sources, and the proportion applicable to each activity, are included in the Council's Revenue and Financing Policy. Charges include GST unless otherwise noted.

Uniform annual general charge

Council has not set a uniform annual general charge (UAGC) for 2022–23.

Definition of separately used or inhabited part

For the purposes of any targeted rate set as a fixed amount per separately used or inhabited part (SUIP) of a rating unit, a SUIP is defined as:

- Any part of the rating unit separately used or inhabited by the owner or any other person who has the right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement.
- At a minimum, the land or premises intended to form the SUIP of the rating unit must be capable of actual habitation, or actual use by persons for purposes of conducting a business.

For the avoidance of doubt, a rating unit that has only one use (ie, it does not have separate parts or is vacant land) is treated as being one SUIP of a rating unit.

Section B: Rates for year

For 2022–23, and for subsequent years, the Council will set the following rates.

a. Water supply rate

A targeted rate will be set to meet the net operating costs of water supply and reticulation in the city. Lump sums will not be invited in respect of this rate.

Council has set the targeted rate for water supply on the basis of the following factors:

- a charge per SUIP of a rating unit that is connected to the water reticulation system and is not metered
- a charge of 50 per cent of the above charge per SUIP of a rating unit that is not connected to but is able to be connected to the water reticulation system
- a charge per rating unit that is connected to the water reticulation system and contains more than one SUIP, where a water meter has been installed to measure the total water consumed

provided that:

- rating units situated within 100m of any part of the water reticulation network are considered to be able to be connected (ie, serviceable)
- rating units that are not connected to the system, and that are not able to be connected, will not be liable for this rate
- where the owner of a rating unit with more than one SUIP has installed a water meter to measure the total water consumed, the owner will be liable to pay for water consumed as measured by the meter as set out in Council's Fees and Charges (see Appendix 1).

The charges for the 2022–23 rating year are as follows:

Category	Charge
Connected and unmetered	\$551.00 per SUIP
Serviceable but not connected	\$275.50 per SUIP
Connected and metered	\$551.00 per rating unit

b. Wastewater rate

A targeted rate will be set to meet the net operating costs of wastewater collection, treatment and disposal within the city. Lump sums will not be invited in respect of this rate.

Council will set the targeted rate for the wastewater function on the basis of the following factors:

- a charge per SUIP on a rating unit for all rating units connected to the wastewater system
- for rating units in the commercial categories, an additional charge of 50 per cent of the full charge for the second and each subsequent WC or urinal connected to the wastewater system from each rating unit

provided that:

- no charge is made to any rating unit not connected to the wastewater system.

The charges for the 2022–23 rating year are as follows:

Category	Charge
Connected – SUIP	\$593.00 each
For commercial rating units in the CMC, CMS, and UTN categories – second and each subsequent WC or urinal from each rating unit	\$296.50 each

c. Recycling collection targeted rate

A targeted rate will be set to meet 100 per cent of the costs of the recycling collection service. Lump sums will not be invited in respect of this rate.

For rating units in the Residential and Rural differential categories, the targeted rate will be set as a fixed amount per SUIP of each serviceable rating unit.

For Community Education facility rating units (those rating units that are 100% Non-Rateable under schedule 1 clause 6 of the Local Government (Rating) Act) and rating units in the CF1, CF2, or CF3 differential categories, ratepayers will be able to opt in to receive the recycling service. The targeted rate will be set as a fixed amount per SUIP of each rating unit that receives this service.

Rating units in the Residential and Rural differential categories that are not able to be serviced by the system will not be liable for this rate. This could include:

- land that does not have improvements recorded
- land with a storage shed only
- land that cannot receive the service due to inaccessibility, as determined by the Council.

The charge for the 2022–23 rating year is as follows:

Category	Charge
Rating units in the Residential and Rural categories that can be serviced; or Community Education Facilities and Rating units in the CF1, CF2 or CF3 categories that choose to opt in	\$111.00

d. Refuse collection targeted rate

A targeted rate will be set to meet 100 per cent of the costs of the rubbish collection service. Lump sums will not be invited in respect of this rate.

Rating units in the Residential and Rural differential categories that are not able to be serviced by the system will not be liable for this rate. This could include:

- land that does not have improvements recorded
- land with a storage shed only

- land that cannot receive the service due to inaccessibility, as determined by the Council.

For Community Education facility rating units (those rating units that are 100% Non-Rateable under schedule 1 clause 6 of the Local Government (Rating) Act) and rating units in the CF1, CF2, or CF3 differential categories, ratepayers will be able to opt in to receive the refuse collection service.

The rate is set on a differential basis, based on provision or availability of the service.

The targeted rate will be set per SUIP based on extent of provision of service on each serviced rating unit as follows: Community Education Facility (those rating units that are 100% Non-Rateable under schedule 1 clause 6 of the Local Government (Rating) Act), CF1, CF2 and CF3 differential categories.

The targeted rate will be set per SUIP based on extent of provision of service on each rating unit able to be serviced in the Residential and Rural differential categories.

The standard refuse service includes one 120-litre bin (or equivalent). Rating units can opt to use an 80-litre or 240-litre bin instead of the standard service. Rating units in the Residential and Rural differential categories that are able to be serviced but opt not to be will be rated at the charge applying to the 80-litre bin.

The charges for the 2022–23 rating year are as follows:

Category	Provision or availability	Per SUIP
Residential, Rural, Community Education Facility, CF1, CF2 and CF3 rating units	80 Litre or equivalent	\$105.00
Residential, Rural, Community Education Facility, CF1, CF2 and CF3 rating units	120 Litre or equivalent	\$148.00
Residential, Rural, Community Education Facility, CF1, CF2 and CF3 rating units	240 Litre or equivalent	\$296.00
Residential and Rural rating units	Able to be serviced but not serviced	\$105.00

e. Green waste collection targeted rate

A targeted rate will be set to meet 100 per cent of the costs of the green waste collection service. Lump sums will not be invited in respect of this rate.

For Community Education facility rating units (those rating units that are 100% Non-Rateable under schedule 1 clause 6 of the Local Government (Rating) Act), and rating units in the CF1, CF2, CF3, Residential and Rural differential categories, ratepayers will be able to opt in to receive the green waste service. The targeted rate will be set as a fixed amount per SUIP of each rating unit that receives this service.

The charge for the 2022–23 rating year is as follows:

Category	Charge per SUIP
Provision of service determined by those that choose to opt in	\$101.00

f. Jackson Street Programme rate

A targeted rate, based on the capital value of each rating unit, will be set to raise revenue from rating units in the Commercial Suburban category and with a frontage to Jackson Street, Petone, between Hutt Road and Cuba Street. The revenue raised from this rate will be applied to meet the costs of the Jackson Street Programme, a community-based initiative to help reorganise and revitalise commercial activities in Jackson Street. Lump sums will not be invited in respect of this rate.

The charge for the 2022–23 rating year is as follows:

Category	Charge
Rating units (or part thereof) in the Commercial Suburban category having frontage to Jackson Street, Petone, between Hutt Road and Cuba Street	0.00079980 cents per \$ of capital value

g. General rate

A general rate will be set:

- to meet the costs of Council activities, other than those detailed above
- based on the capital value of each rating unit in the city
- on a differential basis, based on the use to which the land is put and its location.

Section C: Differential rating details

Each rating unit (or part thereof) is allocated to a differential rating category (based on land use and location) for the purpose of calculating the general rate and some targeted rates. Set out below are the definitions used to allocate rating units to categories, together with details of the differential rating relationships between each category of rating unit for the purposes of setting and assessing the general rate.

Definition of rating categories:

Category	Description
Residential (RES)	All land that is: <ul style="list-style-type: none"> • used for residential purposes, excluding land categorised as rural; or • used or set aside for reserve or recreational purposes (other than East Harbour Regional Park); and • not otherwise categorised in the Definition of Rating Categories table
Rural (RUR)	All land located in the Rural zone in the Council's operative District Plan, excluding land categorised as : <ul style="list-style-type: none"> • Community Facilities; • Commercial Suburban; • Utility Networks.
Commercial Central (CMC)	All land used for commercial and/or industrial purposes, and located within the Central Commercial Area as defined in the Council's operative District Plan, excluding land categorised as: <ul style="list-style-type: none"> • Community Facilities; • Utility Networks.
Commercial Suburban (CMS)	All land used for commercial and/or industrial purposes, excluding land categorised as: <ul style="list-style-type: none"> • Community Facilities; • Commercial Central; • Utility Networks.
Utility Networks (UTN)	All land comprising all or part of a utility network.
Community Facilities 1 (CF1)	All land that is: <ul style="list-style-type: none"> • 100% non-rateable in terms of the Local Government (Rating) Act 2002, Schedule 1, Part 1 • 50% non-rateable in terms of the Local Government (Rating) Act 2002, Schedule 1, Part 2.
Community Facilities 2 (CF2)	All land occupied by charitable trusts and not-for-profit organisations that either: <ul style="list-style-type: none"> • use the land for non-trading purposes for the benefit of the community; or • would qualify as land that is 50% non-rateable in accordance with Part 2 of Schedule 1 of the Local Government (Rating) Act 2002 if the organisation did not have a liquor licence.
Community Facilities 3 (CF3)	All land occupied by not-for-profit community groups or organisations whose primary purpose is to address the needs of adult members for entertainment or social interaction, and which engage in recreational, sporting, welfare or community services as a secondary purpose

For the purposes of these definitions:

- Rating units that have no apparent land use (or where there is doubt as to the relevant use) will be placed in a category which best suits the activity area of the property under the District Plan.
- Rating units that have more than one use will be 'divided' so that each part may be differentially rated based on the land use of each part.

For the avoidance of doubt, 'commercial purposes' includes rating units used:

- as a hotel, motel, inn, hostel or boarding house
- primarily as licensed premises
- as a camping ground
- as a convalescent home, nursing home, rest home or hospice operating for profit
- as a fire station
- by a government, quasi-government or local authority agency for administration or operational purposes
- as an establishment similar to any of the kinds referred to above, except to the extent that any such rating unit is non-rateable land in terms of the Local Government (Rating) Act 2002.

A 'utility network' includes:

- a gas, petroleum or geothermal energy distribution system
- an electricity distribution system
- a telecommunications or radio communications system
- a wastewater, storm water or water supply reticulation system.

Subject to the right of objection set out in section 29 of the Local Government (Rating) Act 2002, it shall be at the sole discretion of Council to determine the use or primary use of any rating unit in the city.

Relationships of differential categories

The general rate payable on each category of property is expressed as a rate in the dollar of capital value.

These different rates in the dollar for different property categories are known as 'differential factors', and are agreed following the completion of step two of the section 101(3) funding needs analysis process (which is designed to allow the Council to apply its judgement on the overall impact of the allocation of liability for revenue needs on the current and future social, economic, environmental and cultural wellbeing of the community).

Following a review Council undertook for the Long Term Plan 2021–2031, the general rate will be apportioned between residential, commercial and utility categories based on a percentage applied to each category group.

The indicative percentages to be applied under the new policy are as follows (and 2021–22 for comparison):

Rating category	2020–21 percentage	2021–22 percentage	2022–23 percentage	2023–24 percentage
Residential	63%	62%	61%	60%
Commercial Central	7.2%	7.5%	7.8%	8.0%
Commercial Suburban	23.3%	23.9%	24.5%	25.3%
Utility Networks	5.2%	5.4%	5.4%	5.4%

The following table sets out the differential factors that Council will apply across all differential categories in 2022–23 to give effect to the approach.

The general rate differentials and charge per dollar of capital value are:

Category	2022–23 Differential	Charge per \$ of capital value
Residential	1.000	0.267188 cents
Rural	0.747	0.199589 cents
Commercial Central	3.125	0.835066 cents
Commercial Suburban	2.954	0.789150 cents
Utility Networks	2.997	0.800668 cents
Community Facilities 1	1.000	0.267188 cents
Community Facilities 2	0.500	0.133594 cents
Community Facilities 3	2.344	0.626288 cents

Section D: Other information

Summary of revenue required by differential group in 2022–23

Differential group	Total rates by category 2022–23 \$000 GST inclusive	Proportion of total rates
Residential	120,706	72.9%
Rural	863	0.5%
Utility Networks	5,632	3.4%
Commercial Central	8,853	5.3%
Commercial Suburban	28,831	17.4%
Community Facilities 1	216	0.1%
Community Facilities 2	309	0.2%
Community Facilities 3	153	0.1%
Total rates set	165,563	100%

Summary of total revenue required from 2022–23 rates

Rate	Amount \$000 GST inclusive	Amount \$000 GST exclusive
General Rate	103,505	90,004
Targeted Rates:		
• Water Supply	23,338	20,294
• Wastewater	26,872	23,367
• Jackson Street	179	155
• Refuse	6,712	5,836
• Recycling	4,476	3,892
• Green waste	479	416
Total rate revenue	165,563	143,968

Note: The total rate revenue includes rates charged on Council-owned properties, rate refunds and rate remissions.

Rates instalment details

The rates above are payable in six equal instalments on the following dates:

Instalment number	Due date
One	20 August 2022
Two	20 October 2022
Three	20 December 2022
Four	20 February 2023
Five	20 April 2023
Six	20 June 2023

Rating base

Based on the projected increase of 1.1 per cent in the rating base each year, the following table shows the projected number of rating units in the city as at 30 June:

2022 (Projected)	Estimated 2023
41,376	41,830

The following table shows the projected capital and land value as at 30 June 2022:

Land value	Capital value
\$16,888,076,000	\$30,483,834,100

Penalties on unpaid rates

The Council resolves, pursuant to sections 57 and 58 of the Local Government (Rating) Act 2002, except as stated below*, that:

- A penalty of 10 per cent will be added to the amount of any instalment remaining unpaid by the relevant due date above.
- A penalty of 10 per cent will be added to the amount of any rates assessed in previous years remaining unpaid on 7 July 2022. The penalty will be added on 22 August 2022.
- A further penalty of 10 per cent will be added to the amount of any rates to which a penalty has been added under b) above and which remain unpaid on 22 February 2023.

*No penalty shall be added to any rate account if:

- A direct debit authority is in place for payment of the rates by regular weekly, fortnightly or monthly instalments, and payment in full is made by the end of the rating year.
- Any other satisfactory arrangement has been reached for payment of the current rates by regular instalments by the end of the rating year.

Examples of rates on a range of typical properties

The examples below show how a range of properties are affected by the rates for 2022–23.

Property category	Rateable value as at 1 July 2022 \$	2021–22 rates \$	2022–23 rates \$	Change amount \$
Average Residential	\$630,000	\$2,951	\$3,086	\$135
Average Commercial Central	\$1,782,000	\$15,119	\$16,321	\$1,202
Average Commercial Suburban	\$1,644,000	\$13,135	\$14,414	\$1,279
Average Rural (no services)	\$886,000	\$1,954	\$2,027	\$73

Examples of rates on a range of typical properties

Property category	Rateable value as at 1 July 2022 \$	General rate \$	Water \$	Waste water \$	Rubbish and recycling \$	Total rates \$
Residential	\$400,000	\$1,069	\$551	\$593	\$259	\$2,472
Residential	\$600,000	\$1,603	\$551	\$593	\$259	\$3,006
Residential	\$800,000	\$2,138	\$551	\$593	\$259	\$3,541
Residential	\$1,000,000	\$2,672	\$551	\$593	\$259	\$4,075
Residential	\$1,200,000	\$3,206	\$551	\$593	\$259	\$4,609
Commercial Suburban	\$500,000	\$3,946	\$551	\$890	\$0	\$5,386
Commercial Suburban	\$900,000	\$7,102	\$551	\$890	\$0	\$8,543
Commercial Suburban	\$1,400,000	\$11,048	\$551	\$890	\$0	\$12,489
Commercial Central	\$420,000	\$3,507	\$551	\$890	\$0	\$4,948
Commercial Central	\$950,000	\$7,933	\$551	\$890	\$0	\$9,374
Commercial Central	\$1,800,000	\$15,031	\$551	\$890	\$0	\$16,472
Commercial Central (Queensgate)	\$320,000,000	\$2,672,210	\$7,990	\$16,308	\$0	\$2,696,507
Utility Networks	\$2,630,700	\$21,063	\$0	\$0	\$0	\$21,063
Rural	\$660,000	\$1,317	\$0	\$0	\$259	\$1,576
Rural	\$840,000	\$1,677	\$0	\$0	\$259	\$1,936
Rural	\$970,000	\$1,936	\$0	\$0	\$259	\$2,195
Community Facilities 1	\$663,118	\$1,772	\$551	\$890	\$0	\$3,212
Community Facilities 2	\$1,396,351	\$1,865	\$551	\$890	\$0	\$3,306
Community Facilities 3	\$3,371,667	\$21,116	\$551	\$890	\$0	\$22,557

Example of rates for residential suburbs: average rateable value

Suburbs	Rateable value as at 1 July 2022 \$	General rate \$	Water \$	Waste water \$	Rubbish & Recycling \$	Total rates \$
Alicetown	\$661,500	\$1,767	\$551	\$593	\$259	\$3,170
Avalon	\$605,500	\$1,618	\$551	\$593	\$259	\$3,021
Belmont	\$711,000	\$1,900	\$551	\$593	\$259	\$3,303
Boulcott	\$736,500	\$1,968	\$551	\$593	\$259	\$3,371
Days Bay	\$990,000	\$2,645	\$551	\$593	\$259	\$4,048
Eastbourne	\$930,000	\$2,485	\$551	\$593	\$259	\$3,888
Epuni	\$651,500	\$1,741	\$551	\$593	\$259	\$3,144
Fairfield	\$617,000	\$1,649	\$551	\$593	\$259	\$3,052
Harbour View	\$687,000	\$1,836	\$551	\$593	\$259	\$3,239
Haywards	\$405,000	\$1,082	\$551	\$593	\$259	\$2,485
Hutt Central	\$858,500	\$2,294	\$551	\$593	\$259	\$3,697
Kelson	\$645,000	\$1,723	\$551	\$593	\$259	\$3,126
Korokoro	\$786,000	\$2,100	\$551	\$593	\$259	\$3,503
Lowry Bay	\$1,270,000	\$3,393	\$551	\$593	\$259	\$4,796
Manor Park	\$580,000	\$1,550	\$551	\$593	\$259	\$2,953
Maungaraki	\$688,000	\$1,838	\$551	\$593	\$259	\$3,241
Melling	\$539,000	\$1,440	\$551	\$593	\$259	\$2,843
Moera	\$506,000	\$1,352	\$551	\$593	\$259	\$2,755
Naenae	\$493,500	\$1,319	\$551	\$593	\$259	\$2,722
Normandale	\$661,000	\$1,766	\$551	\$593	\$259	\$3,169
Petone	\$754,000	\$2,015	\$551	\$593	\$259	\$3,418
Point Howard	\$905,000	\$2,418	\$551	\$593	\$259	\$3,821
Stokes Valley	\$486,000	\$1,299	\$551	\$593	\$259	\$2,702
Taitā	\$488,000	\$1,304	\$551	\$593	\$259	\$2,707
Wainuiomata	\$461,000	\$1,232	\$551	\$593	\$259	\$2,635
Waiwhetū	\$621,500	\$1,661	\$551	\$593	\$259	\$3,064
Waterloo	\$696,000	\$1,860	\$551	\$593	\$259	\$3,263
Woburn	\$953,000	\$2,546	\$551	\$593	\$259	\$3,949
York Bay	\$850,000	\$2,271	\$551	\$593	\$259	\$3,674