

# Funding impact statements including rates for 2021/22

## 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), 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 2021/22 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.

### Uniform annual general charge

Council has not set a uniform annual general charge (UAGC) for 2021/22.

### 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 2021/22, 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 section 6).

The charges for the 2021/22 rating year are as follows:

Category	Charge
Connected and unmetered	\$520.00 per SUIP
Serviceable but not connected	\$260.00 per SUIP
Connected and metered	\$520.00 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 of 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 above charge for the second and each subsequent WC or urinal connected to the wastewater system

provided that:

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

The charges for the 2021/22 rating year are as follows:

Category	Charge
Connected – SUIP	\$559.00 each
For commercial properties: second and each subsequent WC or urinal per rating unit	\$279.50 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 from residential and rural properties. Lump sums will not be invited in respect of this rate.

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

Rating units 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 2021/22 rating year is as follows:

Category	Charge per SUIP
Rating units in the Residential and Rural categories that can be serviced	\$105.00

### New refuse and green waste collection targeted rates

As part of the Council's changes to its waste collection services and introduction of new green waste service options, two new targeted rates will be introduced from the 2021/22 year:

#### d) Refuse collection targeted rate

A targeted rate will be set to meet 100 per cent of the costs of the rubbish collection service from residential and rural rating units that are serviced or able to be serviced. Lump sums will not be invited in respect of this rate.

Rating units 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 targeted rate will be set per SUIP on each serviced or serviceable rating unit in the Residential and Rural differential categories, differentiated by extent of provision of service.

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 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 2021/22 rating year are as follows:

Category	Provision or availability	Per SUIP
Residential and Rural rating units	80 Litre or equivalent	\$105.00
Residential and Rural rating units	120 Litre or equivalent	\$144.00
Residential and Rural rating units	120 Litre or equivalent	\$288.00
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.

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 2021/22 rating year is as follows:

Category	Charge per SUIP
Provision of service determined by those that choose to opt in	\$95.00

### 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 2021/22 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	0.00074897 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.

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.

## Definition of rating categories

Category	Description
Residential (RES)	All land that is: <ul style="list-style-type: none"> <li>used for residential purposes, excluding land categorised as rural; or</li> <li>used or set aside for reserve or recreational purposes (other than East Harbour Regional Park); and</li> <li>not otherwise categorised in the Definition of Rating Categories table</li> </ul>
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"> <li>Community Facilities;</li> <li>Commercial Suburban;</li> <li>Utility Networks.</li> </ul>
Commercial Central (CMC)	All land used for commercial and/or industrial purposes, and located within the Central Commercial Area as defined in the operative District Plan, excluding land categorised as: <ul style="list-style-type: none"> <li>Community Facilities;</li> <li>Utility Networks.</li> </ul>
Commercial Suburban (CMS)	All land used for commercial and/or industrial purposes, excluding land categorised as: <ul style="list-style-type: none"> <li>Community Facilities;</li> <li>Commercial Central;</li> <li>Utility Networks.</li> </ul>
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"> <li>100 per cent non-rateable in terms of the Local Government (Rating) Act 2002, Schedule 1, Part 1</li> <li>50 per cent non-rateable in terms of the Local Government (Rating) Act 2002, Schedule 1, Part 2.</li> </ul>
Community Facilities 2 (CF2)	All land occupied by charitable trusts and not-for-profit organisations that either: <ul style="list-style-type: none"> <li>use the land for non-trading purposes for the benefit of the community; or</li> <li>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.</li> </ul>
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

## 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 10-year plan, 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 (including 2020/21 as a comparator):

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 2021/22 to give effect to the approach.

The general rate differentials based on capital values are:

Rating category	2021/22 Differential	Charge per \$ of capital value
Residential	1.000	0.257612 cents
Rural	0.747	0.192436 cents
Commercial Central	2.997	0.772187 cents
Commercial Suburban	2.781	0.716327 cents
Utility Networks	2.842	0.732137 cents
Community Facilities 1	1.000	0.257612 cents
Community Facilities 2	0.500	0.128806 cents
Community Facilities 3	2.344	0.603842 cents

## Section D: Other information

### Summary of revenue required by differential group in 2021/22

Differential group	Total rates by category 2021/22 \$000 GST inclusive	Proportion of total rates
Residential	111,902	72.8%
Rural	922	0.6%
Utility Networks	4,919	3.2%
Commercial Central	7,993	5.2%
Commercial Suburban	26,438	17.2%
Community Facilities 1	1,076	0.7%
Community Facilities 2	307	0.2%
Community Facilities 3	154	0.1%
Total rates set	153,711	100%

### Summary of total revenue required from 2021/22 rates

Rate	Amount (inclusive of GST) \$000	Amount (exclusive of GST) \$000
General Rate	94,475	83,891
Targeted Rates:		
Water Supply	21,368	18,581
Wastewater	24,571	21,366
Jackson Street	167	145
Refuse	6,196	5,388
Recycling	4,324	3,760
Green waste	609	530
Total rate revenue	153,711	133,661

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 2021
Two	20 October 2021
Three	20 December 2021
Four	21 February 2022
Five	20 April 2022
Six	20 June 2022

### 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 20 August 2021
- 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 21 February 2022.

\*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.

## 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:

2021 (Actual)	2022	2023	2024	2025	
42,787	43,258	43,733	44,215	44,701	
2026	2027	2028	2029	2030	2031
45,193	45,690	46,192	46,700	47,214	47,734

## Examples of rates on a range of typical properties

The examples below show how a range of properties are affected by the rates for 2021/22.

2021 - 2022 rates	2020/21 rates		2021/22 rates		
Property category	Rateable value as at 1 July 2020 (\$)	At current rates (\$)	Rateable value as at 1 July 2021 (\$)	Rates (\$)	Change amount (\$)
Average Residential	\$825,042	\$2,599	\$828,500	\$2,947	\$339
Average Commercial Central	\$1,690,799	\$13,628	\$1,740,915	\$14,802	\$1,174
Average Commercial Suburban	\$1,625,545	\$11,812	\$1,642,500	\$13,124	\$1,312
Average Rural (no services)	\$867,386	\$1,608	\$872,000	\$1,678	\$70

Property category	Rateable value as at 1 July 2021 (\$)	General rate (\$)	Water (\$)	Wastewater (\$)	Rubbish and recycling (\$)	Total (\$)
Residential	400,000	\$1,030	\$520	\$559	\$249	\$2,358
Residential	600,000	\$1,546	\$520	\$559	\$249	\$2,874
Residential	800,000	\$2,061	\$520	\$559	\$249	\$3,389
Residential	1,000,000	\$2,576	\$520	\$559	\$249	\$3,904
Residential	1,200,000	\$3,091	\$520	\$559	\$249	\$4,419
Commercial Suburban	500,000	\$3,582	\$520	\$839	\$0	\$4,941
Commercial Suburban	900,000	\$6,447	\$520	\$839	\$0	\$7,806
Commercial Suburban	1,400,000	\$10,029	\$520	\$839	\$0	\$11,388
Commercial Central	420,000	\$3,243	\$520	\$839	\$0	\$4,602
Commercial Central	950,000	\$7,336	\$520	\$839	\$0	\$8,695
Commercial Central	1,800,000	\$13,899	\$520	\$839	\$0	\$15,258
Commercial Central (Queensgate)	295,000,000	\$2,277,952	\$7,540	\$15,373	\$0	\$2,300,865
Utility Networks	2,630,700	\$19,260	\$0	\$0	\$0	\$19,260
Rural	660,000	\$1,270	\$0	\$0	\$249	\$1,519
Rural	840,000	\$1,616	\$0	\$0	\$249	\$1,865
Rural	970,000	\$1,867	\$0	\$0	\$249	\$2,116
Community Facilities 1	663,118	\$1,708	\$520	\$839	\$0	\$3,067
Community Facilities 2	1,396,351	\$1,799	\$520	\$839	\$0	\$3,158
Community Facilities 3	3,371,667	\$20,360	\$520	\$839	\$0	\$21,719

Residential suburbs: average rateable value	Rateable value as at 1 July 2021	General rate (\$)	Water (\$)	Wastewater (\$)	Rubbish and recycling (\$)	Total (\$)
Alicetown	\$661,500	\$1,704	\$520	\$559	\$249	\$3,032
Avalon	\$605,500	\$1,560	\$520	\$559	\$249	\$2,888
Belmont	\$711,000	\$1,832	\$520	\$559	\$249	\$3,160
Boulcott	\$736,500	\$1,897	\$520	\$559	\$249	\$3,225
Days Bay	\$990,000	\$2,550	\$520	\$559	\$249	\$3,878
Eastbourne	\$930,000	\$2,396	\$520	\$559	\$249	\$3,724
Epuni	\$651,500	\$1,678	\$520	\$559	\$249	\$3,006
Fairfield	\$617,000	\$1,589	\$520	\$559	\$249	\$2,917
Harbour View	\$687,000	\$1,770	\$520	\$559	\$249	\$3,098
Haywards	\$405,000	\$1,043	\$520	\$559	\$249	\$2,371
Hutt Central	\$858,500	\$2,212	\$520	\$559	\$249	\$3,540
Kelson	\$645,000	\$1,662	\$520	\$559	\$249	\$2,990
Korokoro	\$786,000	\$2,025	\$520	\$559	\$249	\$3,353
Lowry Bay	\$1,270,000	\$3,272	\$520	\$559	\$249	\$4,600
Manor Park	\$580,000	\$1,494	\$520	\$559	\$249	\$2,822
Maungaraki	\$688,000	\$1,772	\$520	\$559	\$249	\$3,100
Melling	\$539,000	\$1,389	\$520	\$559	\$249	\$2,717
Moera	\$506,000	\$1,304	\$520	\$559	\$249	\$2,632
Naenae	\$493,500	\$1,271	\$520	\$559	\$249	\$2,599
Normandale	\$661,000	\$1,703	\$520	\$559	\$249	\$3,031
Petone	\$754,000	\$1,942	\$520	\$559	\$249	\$3,270
Point Howard	\$905,000	\$2,331	\$520	\$559	\$249	\$3,659
Stokes Valley	\$486,000	\$1,252	\$520	\$559	\$249	\$2,580
Taitā	\$488,000	\$1,257	\$520	\$559	\$249	\$2,585
Wainuiomata	\$461,000	\$1,188	\$520	\$559	\$249	\$2,516
Waiwhetu	\$621,500	\$1,601	\$520	\$559	\$249	\$2,929
Waterloo	\$696,000	\$1,793	\$520	\$559	\$249	\$3,121
Woburn	\$953,000	\$2,455	\$520	\$559	\$249	\$3,783
York Bay	\$850,000	\$2,190	\$520	\$559	\$249	\$3,518