
REPORT 2
(1215/11/IM)

SETTING OF RATES FOR 2008/09

1. Purpose of Report

To recommend to Council that it set the rates for Wellington City for the year commencing on 1 July 2008 and ending on 30 June 2009, under the Local Government (Rating) Act 2002.

2. Recommendations

It is recommended that Council:

- 1. Receive the information.*
- 2. Having adopted the 2008/09 Annual Plan and the 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 2008 and concluding on 30 June 2009, as described in section 4 of this report.*

3. Background

The Strategy and Policy Committee resolved to recommend to Council the adoption of the 2008/09 Annual Plan at its meeting of 18 June 2008.

A separate report recommending the approval of the 2008/09 Annual Plan will be considered by Council on 27 June 2008 (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 2008 and ending on 30 June 2009.

4. Rates resolution

4.1 Setting of Rates for 2008/09

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 2008 and concluding on 30 June 2009 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 0.166209 cents per dollar of rateable capital value on every rating unit in the “Base” differential rating category.
- a rate of 0.631565 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 \$1.58 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 0.042356 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 \$1.58 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 0.240007 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 0.038314 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 0.144003 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 0.032397 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 0.028592 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 0.019361 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 0.020931 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 0.147884 cents per dollar of rateable capital value.

h) Targeted rate for the Indoor Community Sport Centre

A targeted rate to fund a portion of the cost of the proposed Indoor Community Sports Centre under section 16 of the LGRA as follows:

- For rating units incorporated in the Base differential:
 - i) a rate of 0.002826 cents per dollar of rateable capital value on every rating unit in the “Base” differential rating category.
- For rating units incorporated in the Commercial, Industrial and Business differential:
 - i) a rate of 0.002893 cents per dollar of rateable capital value on every rating unit in the “Commercial, industrial and business” differential rating category.

i) 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.

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 0.126100 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 indoor community sports centre 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 3.8

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:

| Instalment Number | Due date |
|--------------------------|------------------|
| Instalment One | 1 September 2008 |
| Instalment Two | 1 December 2008 |
| Instalment Three | 1 March 2009 |
| Instalment Four | 1 June 2009 |

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 Street

Payment can also be made at any PostShop or selected New Zealand Post outlets using a bar coded rates invoice.

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 2008/09 year are set out in the table below:

| <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) |
| General Rate | Capital Value | Base differential use | \$35,048,760,000 | ¢0.166209 | 58,254 |
| | Capital Value | Commercial, industrial & business use | \$10,794,766,000 | ¢0.631565 | 68,176 |
| | TOTAL | | | | 126,430 |
| Sewerage Rate | Fixed charge | Base differential use / connection status | 63923 properties | \$112.50 | 7,191 |
| | Capital Value | Base differential use / connection status | \$36,750,829,000 | ¢0.038314 | 14,081 |
| | Capital Value | Commercial, industrial and business use / connection status | \$9,340,196,000 | ¢0.144003 | 13,450 |
| | TOTAL | | | | 34,722 |
| Water rate | Fixed charge | Base differential use/connection status | 57985 properties | \$112.50 | 6,523 |
| | Capital Value | Base differential use/connection status | \$30,949,910,000 | ¢0.042356 | 13,109 |
| | Consumption unit charge | Base differential use/connection status | n/a | \$1.58 / m ³ | 394 |
| | Capital Value | Commercial, industrial and business use /connection status | \$924,397,000 | ¢0.240007 | 2,219 |
| | Consumption unit charge | Commercial, industrial and business use /connection status | n/a | \$1.58 / m ³ | 11,132 |
| | TOTAL | | | | 33,377 |
| Stormwater rate | Capital Value | Base differential use (excluding rural) | \$34,537,488,000 | ¢0.032397 | 11,189 |
| | Capital Value | Commercial, industrial and business use (excluding rural) | 9,783,482,000 | ¢0.028592 | 2,797 |
| | TOTAL | | | | 13,986 |

| <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) |
| Indoor Community Sports Centre rate | Capital Value | Base differential use | \$35,048,760,000 | ¢0.002826 | 991 |
| | Capital Value | Commercial, industrial and business use | \$9,783,482,000 | ¢0.002893 | 283 |
| | TOTAL | | | | 1,274 |
| Base sector targeted rate | Capital Value | Residential use | \$35,048,760,000 | ¢0.020931 | 7,336 |
| Commercial sector targeted rate | Capital Value | Commercial, industrial & business use | \$10,794,766,000 | ¢0.019361 | 2,090 |
| Downtown levy | Capital Value | Commercial, industrial & business use / central city location | \$7,567,062,000 | ¢0.147884 | 11,190 |
| Tawa driveways levy | Fixed charge | Shared residential access driveways in the suburb of Tawa and maintained by the Council | 251 properties | \$100.00 | 25 |
| Marsden Village levy | Capital Value | Commercial, industrial & business use located in Marsden shopping village | \$12,453,000 | ¢0.126100 | 16 |
| TOTAL RATES REQUIREMENT (INCLUDING GST) | | | | | 230,446 |

Indicative rates for 2008/09

The tables below provide a guide for rates for 2008/09 (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)

| 2008/09 Capital Values \$ | 2008/09 Rates \$ | Percentage change in capital value from last year | | | |
|-------------------------------------|------------------------|---|-----|-----|-----|
| | | 5% | 10% | 15% | 20% |
| Expected percentage change in rates | | | | | |
| 200,000 | 831 | 1% | 4% | 8% | 12% |
| 300,000 | 1,134 | 1% | 5% | 9% | 13% |
| 400,000 | 1,437 | 1% | 5% | 9% | 14% |
| 500,000 | 1,740 | 1% | 5% | 10% | 14% |
| 600,000 | 2,043 | 1% | 5% | 10% | 15% |
| 700,000 | 2,346 | 1% | 5% | 10% | 15% |
| 800,000 | 2,649 | 1% | 5% | 10% | 15% |
| 900,000 | 2,952 | 1% | 6% | 10% | 15% |

Indicative suburban commercial property rates (with water meter)

| 2008/09 Capital Values \$ | 2008/09 Total Rates \$ | Percentage change in capital value from last year | | | |
|-------------------------------------|------------------------------|---|-----|-----|-----|
| | | 5% | 10% | 15% | 20% |
| Expected percentage change in rates | | | | | |
| 250,000 | 2,066 | -8% | -2% | 4% | 9% |
| 500,000 | 4,132 | -8% | -2% | 4% | 9% |
| 750,000 | 6,198 | -8% | -2% | 4% | 9% |
| 1,000,000 | 8,264 | -8% | -2% | 4% | 9% |
| 1,500,000 | 12,396 | -8% | -2% | 4% | 9% |
| 2,000,000 | 16,528 | -8% | -2% | 4% | 9% |
| 5,000,000 | 41,321 | -8% | -2% | 4% | 9% |
| 10,000,000 | 82,641 | -8% | -2% | 4% | 9% |

Total Rates 2008/09 (including GST)

| | Base (residential) share \$000 | Commercial share \$000 | Total Rates \$000 |
|--|--------------------------------------|------------------------------|-------------------------|
| General Rate | 58,254 | 68,176 | 126,430 |
| Water Rate (incl. water meters & UAC) | 20,026 | 13,351 | 33,377 |
| Sewerage Rate (incl. UAC) | 21,272 | 13,450 | 34,722 |
| Stormwater rate | 11,189 | 2,797 | 13,986 |
| Targeted sector rates | 7,336 | 2,090 | 9,426 |
| Downtown Levy | - | 11,190 | 11,190 |
| Indoor Community Sports Centre targeted rate | 991 | 283 | 1,274 |
| Tawa driveways | 25 | | 25 |
| Marsden Village | | 16 | 16 |
| Total Rates | 119,093 | 111,353 | 230,446 |

Indicative downtown commercial property rates (without water meter)

| 2008/09 Capital Values \$ | 2008/09 Total Rates \$ | Percentage change in capital value from last year | | | |
|-------------------------------------|------------------------------|---|-----|-----|-----|
| | | 5% | 10% | 15% | 20% |
| Expected percentage change in rates | | | | | |
| 250,000 | 3,036 | -8% | -2% | 3% | 9% |
| 500,000 | 6,072 | -8% | -2% | 3% | 9% |
| 750,000 | 9,107 | -8% | -2% | 3% | 9% |
| 1,000,000 | 12,143 | -8% | -2% | 3% | 9% |
| 1,500,000 | 18,215 | -8% | -2% | 3% | 9% |
| 2,000,000 | 24,286 | -8% | -2% | 3% | 9% |
| 5,000,000 | 60,715 | -8% | -2% | 3% | 9% |
| 10,000,000 | 121,431 | -8% | -2% | 3% | 9% |

Indicative downtown commercial property rates (with water meter)

| 2008/09 Capital Values \$ | 2008/09 Total Rates \$ | Percentage change in capital value from last year | | | |
|-------------------------------------|------------------------------|---|-----|-----|-----|
| | | 5% | 10% | 15% | 20% |
| Expected percentage change in rates | | | | | |
| 250,000 | 2,436 | -7% | -2% | 4% | 10% |
| 500,000 | 4,871 | -7% | -2% | 4% | 10% |
| 750,000 | 7,307 | -7% | -2% | 4% | 10% |
| 1,000,000 | 9,743 | -7% | -2% | 4% | 10% |
| 1,500,000 | 14,614 | -7% | -2% | 4% | 10% |
| 2,000,000 | 19,486 | -7% | -2% | 4% | 10% |
| 5,000,000 | 48,715 | -7% | -2% | 4% | 10% |
| 10,000,000 | 97,430 | -7% | -2% | 4% | 10% |