

6 REPORTS

6.1 DELIBERATIONS FOR THE PROPOSED CHANGES TO THE RATING POLICY

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PURPOSE

The purpose of this report is to outline results from the consultation on proposed changes to the Rating Policy and make a recommendation to Council on these proposed changes for incorporation into the Long-term Plan 2021-51 (LTP).

RECOMMENDATIONS

That Te Puna Kōrero:

1. Receive the report.
2. Receive the submissions on the proposed changes to the Rating Policy.
3. Note that the submissions have been acknowledged and, after the Rating Policy is adopted on 16 December 2020, written responses will be provided to all submitters.
4. Agree to recommend that Council approve the proposed changes to the Rating Policy including the attached Funding and Impact Statement which will be incorporated in the Long-term Plan 2021-51.
5. Agree to recommend that Council approve Option Four as the preferred option which will be incorporated in the Long-term Plan 2021-51.
6. Agree to delegate to the Chief Executive the ability to make minor editorial changes.

Reports contain recommendations only. Refer to the meeting minutes for the final decision.

BACKGROUND

1. Council must undertake a review of the Rating Policy as part of the LTP process in accordance with s102(1) and 103 of the Local Government Act 2002.
2. In October 2020 Council agreed to public consultation following the principles set out in s82 of the Local Government Act 2002.
3. On 1 October 2020 Te Puna Kōrero approved the Statement of Proposal covering the proposed changes to the Rating Policy and consultation timetable. The consultation period ran from 2 October to 1 November 2020.
4. Meetings were held during the consultation period with the following groups:
 - a. Residential rating groups: Te Rauparaha Arena at 6:00pm on Monday 19 October (six attendees);
 - b. Rural rating groups: Judgeford Golf Club at 6:00pm on Tuesday 20 October (50-65 attendees);
 - c. Business rating groups: Porirua Club at 7.30am on Wednesday 21 October (one attendee);
 - d. Shopping Plaza management directly.

5. Hearings were held on 19 November 2020. 21 submissions were received, and four submitters spoke to their submissions.

DISCUSSION AND OPTIONS

INTRODUCTION

6. The following guiding principles have been used in developing the rating options:
- Fairness and equity to all ratepayers;
 - Transparency;
 - Sustainable to all ratepayers;
 - Aligned with Council's strategic vision and priorities;
 - Simple to understand and easy to administer.
7. Using the guiding principles the rating issues that primarily need to be addressed are the fairness and equity issues.

OPTIONS

Option one

8. Status quo. No change to current Rating Policy.

Option two

9. Acceleration of current staged changes to the differential into Year 1 of LTP Year 6 differential levels brought forward to Year 1 LTP (the 2021/22 rating year).

Option three

10. Inclusion of new targeted rate to fund repairs to private stormwater and wastewater pipes. The inclusion of the targeted rate has no financial impact as is an individual user pays scheme.

Option four

11. Acceleration of current staged changes to the differential into Year 1 of the LTP. Year 6 differential levels brought forward to Year 1 of the LTP (2021/22 rating year). Inclusion of new targeted rate to fund repairs to private stormwater and wastewater pipes.

DISCUSSION AND ANALYSIS

12. A summary of the submissions is provided below:
- Submissions by category:

Category		Submissions	
1.	Rural	2.	17
3.	Business	4.	4
5.	Residential	6.	0
7.	Total	8.	21

- Submissions by locality:

Suburb	Submissions
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9. Judgeford	10. 13
11. Paekakariki Hill	12. 1
13. Pauatahanui	14. 2
15. Porirua CBD	16. 4
17. Not specified	18. 1
19. Total	20. 21

13. A detailed analysis of the preferred options received on the Rating Policy is set out in the table below.

Decision Sought	Number of submitters	% of submitters	Business	Rural	Residential
21. Option 1	22. 9	23. 43%	24. 1	25. 8	26.
27. Option 2	28. 0	29. 0%	30.	31.	32.
33. Option 3	34. 6	35. 29%	36.	37. 6	38.
39. Option 4	40. 1	41. 5%	42. 1	43.	44.
45. Other	46. 2	47. 10%	48. 2	49.	50.
51. Did not specify	52. 3	53. 14%	54.	55. 3	56.
Total	21	100%	4	17	0

SUBMISSION THEMES

14. Detailed responses to each submission theme are provided in **Appendix I**. A summary overview is provided below.

RURAL

15. Submitters detailed rural ratepayers should pay a lower differential based on not connecting into the wastewater and potable water network and not receiving rubbish collection services.
- Wastewater and potable water charges are charged directly to users by way of targeted rate, rural ratepayers do not pay these charges. Rural ratepayers only pay a portion of wastewater and potable water general rates (refer to Table 1 for further detail).
 - Council does not provide or charge any ratepayers for rubbish collection services
16. Submitters detailed the change in differential being attributed to higher roading costs which was the rationale in the Long-term Plan 2018 and an unfair basis for change.
- Roading operational and maintenance costs are one of the factors which underpinned the change from 0.7 to 0.8 differential (refer to Table 2 for further detail).
17. Submitters detailed a lack of consultation around rural category splits adopted in the 2018 LTP for rural properties greater than 50 hectares.

- a. The additional category, Group 20 – Rural (50ha or greater), was adopted as a result of submissions received during the 2018 consultation process.
- 18. Submitters detailed that rural ratepayers subsidise residential ratepayers.
 - a. Rural ratepayers pay their proportionate share of general rates, based on underlying capital valuation system.
- 19. Submitters detailed that rural ratepayers have no real use of community facilities
 - a. Council must provide services/facilities that meet the wider public good of the city and desired social outcomes and wellbeings. Every ratepayer contributes to these services.
- 20. Submitters detailed when compared to Hutt City Council which has lower rural differential set at 0.747 that Porirua City Councils comparison to equivalent Councils isn't just.
 - a. Each Council sets and administers their rating policy based on their specific approach.
- 21. Submitters detailed questions relating to Significant Natural Areas, rezoning and the proposed District Plan.
 - a. The proposed District Plan is outside the scope of the Rating Policy proposal.
- 22. Submitters detailed questions and issues relating to the re-established of the quarry in Judgeford.
 - a. The quarry is outside the scope of the Rating Policy proposal.

SHOPPING PLAZAS

- 23. Submitters detailed that it was inappropriate to expect shopping plaza's ratepayers, during the current economic climate, to absorb the proposed changes and the differential should remain unchanged.
 - a. Council needs to consider the balance between each rating category and the City as a whole. The current proposal leads to provide the most balanced approach for the City.
- 24. Submitters detailed that the Shopping Plaza's category must provide and pay rates on carparks.
 - a. Carparks are provided to support the intended use of the properties and are a requirement under the district plan. The total capital value of a property is used to determine the proportion of rates payable.
- 25. Submitters detailed that the Shopping Plaza's category must pay for private rubbish removal at a significant cost.
 - a. Council does not provide or charge any ratepayers for rubbish collection services.
- 26. Submitters detailed that Nelson City Council, a comparable city in size, has an inner-city CBD differential.
 - a. Each Council sets and administers their rating policy based on their specific approach.
- 27. Submitters detailed motels across the city being utilised at higher occupancy rates than historically experienced and therefore the appropriateness of the current differentials is outdated.
 - a. The differential recognises the unique basis of the category and its demand on Council services/infrastructure. The primary use of a rating unit is determined by the category criteria in the Funding and Impact statement.

BUSINESS

- 28. 1 submission of the 21 broadly supported the current proposal.

29. Submitters detailed that business category ratepayers can deduct rates, where rural counterparts cannot, and therefore a higher threshold to cover rate increases and costs.
 - a. Council needs to consider the balance between each rating category and the City as a whole. The current proposal leads to provide the most balanced approach for the City.

OTHER

30. Submitters detailed that Capital Value is not a fair and equitable valuation system for the administration of rates.
 - a. Capital Valuation provides a uniform valuation system and transparent approach for the administration of rates.
31. Submitters detailed that alternatives to rate increases need to be considered including the affordability on rates. It was noted that rates have been significantly out of alignment with cost of living increases and incomes.
 - a. The LTP consultation process will provide the opportunity for ratepayers to make decisions around funding levels and operations. The rating proposal only addresses the financial mechanisms for the administration of rates. This is outside the scope of the Rating Policy proposal.
32. Submitters detailed the need for Council to support ratepayers with greater support through rates relief, rebate schemes and deferral of fees.
 - a. Porirua City Council routinely reviews all financial policies to ensure best practice and support to the needs of all ratepayers. This is outside the scope of the Rating Policy proposal.
33. Submitters detailed the need to provide greater detail and transparency on the existence of rating differentials and rationale.
 - a. Porirua City Council is reviewing the materials we provide (including the format of presentation) to provide more concise and meaningful documentation.

FURTHER DISCUSSION POINTS

34. Submitters questioned the influence the City's revaluation, in September 2019, had on Capital Values and as a result the additional rates the Council received.
 - a. The revaluation does not increase the total rate revenue received but the proportionate share of rates between rating categories and each ratepayer.

CONCLUSION

35. This report, and supporting appendices, detail the themes of the submissions received during consultation. Based on the analysis of the submissions it is recommended that the proposed changes to the Rating Policy are adopted and that Option Four be approved and incorporated in the draft LTP.
36. The Rating Policy will be adopted on the 16 December 2020 after which time it will be available on our website and all submitters will receive written responses to their submission.

SUPPORTING INFORMATION**CONTRIBUTION TO COUNCIL'S STRATEGIC DIRECTION**

The issues in this report contribute to the strategic priorities of:

- a. A growing prosperous and regionally connected city
- b. Children and young people at the heart of the city
- c. A great village and city experience
- d. A healthy and protected harbour and catchment

The Rating Policy is related to the Funding Impact Statement, which provides the application and rating impacts of the policy.

FINANCIAL CONSIDERATIONS**Financial Implications**

The Rating Policy will set the direction on how Porirua City Council distributes its rates across the various sectors of the city.

STATUTORY REQUIREMENTS

The Rating Policy is a key requirement of the Local Government Act 2002. As part of the LTP process, the Rating policy including Funding Impact Statement must be adopted by the Council.

TREATY CONSIDERATIONS

There are no Treaty implications identified in relation to the issues in this report.

SIGNIFICANCE

As part of the LTP, the Rating Policy and the Funding Impact Statement will be assessed against the Council's Significance Policy. This is in terms of any significant change of the strategic direction, long term financial strategy or major programmes of work set in the LTP.

The proposed changes to the Rating Policy and the Funding Impact Statement do trigger the Council's Significance Policy.

ENGAGEMENT AND COMMUNICATIONS

Te Puna Kōrero approved the following consultation timeline:

- a. Submissions open 2 October 2020
- b. Submissions close 1 November 2020
- c. Hearing took place and submitters presented to Council 19 November 2020
- d. Te Puna Kōrero deliberates and provides recommendation 3 December 2020
- e. The proposed Rating Policy is adopted by Council on the 16 December 2020

The documents suite was made available through our public consultation website.

This proposal was publicly notified by:

- f. Website 2 October 2020
- g. Kapi-Mana 13 October 2020

- h. Facebook notification 2 October 2020
- i. Facebook events were created for each of the public consultation meetings.

Meeting were held during the consultation period with the following groups:

- j. Residential Rating groups: Te Rauparaha Arena at 6:00pm on Monday 19 October;
- k. Rural Rating groups: Judgeford Golf Club at 6:00pm on Tuesday 20 October;
- l. Business Rating groups: Porirua Club at 7.30am on Wednesday 21 October.
- m. Shopping Plaza management directly.

ATTACHMENT

1. **Funding Impact Statement - Long-term Plan 2021-51** [↓](#)

APPENDIX I

DETAILED SUBMISSION ANALYSIS

Rural

37. 6 submissions detailed that rural ratepayers should pay a lower differential based on the number of services received. The basis being rural ratepayers do not receive wastewater or potable water services both are handled privately onsite with no connection into the City infrastructure.
- Council as part of the differential consideration must consider the different demands of different rating categories and balance between each group. The differential applies to general rates. Targeted rates relating to Wastewater and potable Water are charged to serviced/connected rating units. Rating units which are not connected to the wastewater or water supply system are not charged these rates.
 - Wastewater:
 - 85% is charged directly to end-users through targeted rates; and
 - 15% is covered by general rates capturing wider public benefit. The 15% is then split over the entire ratepayer base of roughly 19,000 rating units from which rural ratepayers would still pay 0.8 differential compared to residential counterparts.
 - Potable Water
 - 80% is charged directly to end-users through targeted rates; and
 - 20% is covered by general rates capturing wider public benefit. The 20% is then split over the entire ratepayer base of roughly 19,000 rating units from which rural ratepayers would still pay 0.8 differential compared to residential counterparts.
 - The table below shows a comparison of the rates payable for a property with a capital valuation of \$1,000,000 in the 2020/21 rating year for a rural and residential ratepayer.

Table 1

	Rural	Residential	% Rural vs Residential
Property Valuation: CV	\$1,000,000	\$1,000,000	
Total rates	57. \$3,107.02	58. \$4,733.34	59. 66%
Total: General rate	60. \$3,107.02	61. \$3,883.78	62. 80%
General rate: Wastewater	63. \$88.87	64. \$113.36	65.
Targeted rate: Wastewater	66.	67. \$449.46	68.
Total Wastewater	69. \$88.87	70. \$562.82	71. 16%
General rate: Potable Water	72. \$89.94	73. \$114.72	74.
Targeted rate: Potable Water	75.	76. \$400.10	77.
Total Potable water	78. \$89.94	79. \$514.82	80. 17%

38. 3 submissions detailed Rural ratepayers pay for their rubbish collection which can come at a considerable cost and higher to urban counterparts.
- Council does not provide rubbish collection services as they are handled privately throughout the city. Council does not provide or charge any ratepayers for rubbish collection services.

39. 3 submissions detailed the increase in differentials being attributed to proportionate higher roading operational and maintenance costs of Rural ratepayers which was commented on specifically as part of the Long-term Plan 2018. These submissions outlined how many of the roads are arterial and are subject to significant thoroughfare.
- a. As part of the Long-term Plan 2018 consultation a calculation was undertaken to compare the equivalent roading cost per length of metre between rural and residential ratepayers. The underlying basis for comparison is that there is more length of road to support each rural ratepayer than that of a residential ratepayer. This remains underlying criteria which supports the movement in the differential. A comparison of the rural and residential equivalent roading charge is provided below. Roding operational and maintenance costs are one of the factors which underpinned the change from 0.7 to 0.8 differential.

Table 2

	Rural	Residential	% rural vs residential
Property Valuation: CV	\$1,000,000	\$1,000,000	
Total rate	\$3,059.17	\$4,832.25	63%
General rate: Roding	\$387.95	\$507.68	76%

40. 2 submissions detailed a lack of consultation around rural category splits adopted in the 2018 LTP for rural properties greater than 50 hectares and that there should be no separate category for such farms and it is not for purpose. 1 submission of the 21 detailed the ongoing need to keep the greater than 50 hectares split to recognise the intended use of the land.
- a. The additional category, Group 20 – Rural (50ha or greater), was adopted as a result of submissions received during the 2018 consultation process. This was a point of substantive submission in the 2018 consultation, recognises the unique use of the land and provides alignment with other comparable councils regionally.
41. 1 submission detailed that rural ratepayers subsidise residential ratepayers.
- a. The differential approach address the balances of general rate charges over different rating categories and equity between different categories. Rural ratepayers pay their proportionate share of general rates, based on underlying capital valuation system, as applied to the differential charge and do not subsidise other rating groups. The capital valuations of each rating group factors into the overall splits of associated rates.
42. 1 submission detailed that rural ratepayers have no real use of community facilities.
- a. Council must provide services/facilities that meet the wider public good of the city and desired social outcomes and wellbeings. Every ratepayer contributes to these services.
- b. As part of the Revenue and Financing Policy Council must follow a two-step process, Section 101(3) Local Government Act 2002, to address the distribution of benefits to the public or individual users. There are ratepayers within all rating groups which utilise these facilities. The service/facilities are not limited to community facilities but include libraries, city events and aquatic centres and all ratepayers contribute to these budgets.
43. 1 submission of the 21 detailed a comparison to Hutt City Council which has lower rural differential set at 0.747 and Porirua City Councils comparison to equivalent Councils isn't just.
- a. Each Council sets and administers their rating policy based on their specific approach. A part of the process undertaken by Porirua City Council as part of the rating policy review looks at the consistency in approach with other councils to provide ratepayers

ease in comparison and transparency. In reviewing neighbouring councils the approach and differential differ across the region. The differential range from 0.7 to 1.0. The current proposal leads to address the differential split and balance between different rating categories.

44. 2 submissions detailed questions relating to Significant Natural Areas, rezoning and the proposed District Plan.
 - a. The proposed District Plan is currently out for consultation and formal submission process and provides the public with the ability to comment on the proposed District Plan. Once the proposed District Plan becomes operative any changes to classification will be reflected in the ensuing rating year. The proposed District Plan is outside the scope of the Rating Policy proposal.
45. 2 submissions detailed questions and issues relating to the re-established of the quarry in Judgeford.
 - a. The quarry is deemed outside the scope of the current rating proposal and will be addressed through a separate consultation process where ratepayers will have their opportunity to comment.

SHOPPING PLAZA'S

46. 2 submissions detailed that it was inappropriate to expect shopping plaza's ratepayers during the current economic climate to absorb the proposed changes and the differential should remain unchanged.
 - a. Council needs to consider the balance between each rating category and the City as a whole. The current proposal leads to provide the most balanced approach for the City.
 - b. The Business differential group has been subsidising the Shopping Plazas differential for around 18 years. The lower differential was originally introduced as an incentive to encourage business development in the commercial sector and had a finite life. Providing parity within the business sector provides each category to create a level playing field for the two main commercial differential groups. This differential is locked at this level for the first 3 years of the LTP to provide as much certainty as possible.
47. 2 submissions detailed that the Shopping Plaza's category pays rates on car parks they have to provide and incur ongoing maintenance costs, pay for rubbish removal and are restricted in shop size.
 - a. Car parks are provided to support the intended use of the properties and are a requirement under the district plan. Car parks are provided to ensure the destinations attractive for the intended use (rather than as a public amenity) and mitigate traffic flows and mitigate effects. The total capital value of a property is used to determine the proportion of rates payable.
48. 1 submission compared the proposed differential structure to the current differential structure of Nelson City Council, a city of comparable size, which has an inner-city CBD differential.
 - a. The current proposal provides equalisation of the differentials between the business sector to provide parity and competition within the business sector. This moves away from a historic initiative to incentivise growth within the Shopping Plaza sector. The Shopping Plaza sector has received the benefit of this initiative for the last 18 years. This difference has historically been subsidised by other ratepayers.
 - b. Each Council develops a Rating Policy which addresses the specific demands and needs of the city. Council needs to consider the balance between each rating category and the City as a whole. The current proposal leads to provide the most balanced approach for the City. In comparing Porirua City Council's approach the current

differential provides alignment within the commercial sector and consistency within the Wellington region.

49. 1 submission detailed motels across the city being at utilised at higher occupancy rates than historically experienced and therefore the appropriateness of the current differentials is outdated.
 - a. As no changes have been included in the current rating proposal the motel differential will reach the desired policy outcome of 1.42 differential in Year 1 of the LTP. The differential recognises the unique basis of the category, its demand on Council services/infrastructure and the importance these properties provide to domestic tourism within the city and region. We routinely review the primary use of each rating unit and its category allocation. The Funding and Impact statement outlines the criteria classification by category. If the primary use of any properties changes then the category classification is updated for the following rating year.

BUSINESS

50. 1 submission broadly supported the current proposal.
51. 1 submission detailed that business category ratepayers can deduct rates, where rural counterparts cannot, and therefore a higher threshold to cover rate increases and costs
 - a. The business community has detailed the changing economic climate and uncertainty as it faces the ongoing influence of the Covid-19 pandemic. Section 101 (3) of the LGA 2002 requires Council to consider the overall impact of any proposed changes on the group of ratepayers or the community as a whole. The current proposal leads to reach the desired outcomes across rating categories and not introduce any additional or new charges.
 - b. Financial management must consider the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals.

OTHER

52. 1 submission detailed that Capital Value is not a fair and equitable valuation system for the administration of rates.
 - a. In developing a rating policy a fair and common point for comparison must be developed. Capital Valuation provides a uniform valuation system and transparent approach for the administration of rates. The rate in the dollar of the general rate set on the capital value in respect of any specified category of property in Porirua City.
 - b. Sections 13 of the Rating Act and clauses 20(3)(a) and (b) of Schedule 10 outlines the criteria of rateable value.
53. 1 submission detailed considerations on the affordability on rates and how they have been significantly out of alignment with cost of living increase and incomes.
 - a. The LTP consultation process will provide the opportunity for ratepayers to address the City's future and make decisions around funding levels and operations. The rating proposal only addresses the financial mechanisms and rating tools used for the administration of rates.
54. 2 submissions detailed alternatives to rate increases such as budget savings/reductions, taking on additional debt, investigating alternative funding options, review of user fees and charges and potential for additional targeted rates.
 - a. As part of the LTP we are reviewing the operating budgets and model of the Council to ensure a lean and efficient operating model. Porirua City Council is currently developing its consultation items and themes and will be addressed as part of the

consultation process for the LTP. The rating proposal only addresses the financial mechanisms and rating tools used for the administration of rates.

55. 1 submission detailed the need for Council to support ratepayers with greater support through rates relief, rebate schemes and deferral of fees.
 - a. Porirua City Council routinely reviews all financial policies to ensure best practice and fit the needs of all ratepayers. During Covid-19 a Commercial postponement policy was adopted to provide support to the business community. The current proposal was developed through learning in the last three-year cycle and the current economic climate. The current proposal leads to accelerate the differential change into Year 1 of the LTP to reach the desired policy objectives.
56. 1 submission detailed the need to provide greater detail and transparency on the existence of rating differentials and rationale.
 - a. Porirua City Councils approach to funding mechanisms, valuation systems and differentials are outlined in the Funding Impact Statement. These documents lay out the approach and underlying calculation basis for how we set and administer our rates. Following the public meetings held during the consultation process, Porirua City Council is reviewing the materials we provide (including the format for presentation) to provide more concise and meaningful documentation.

FURTHER DISCUSSION POINTS

57. During public meetings various comments were made which questioned the influence the City's revaluation, in September 2019, had on Capital Values and as a result the additional rates the Council received. The City had experienced the highest increase in capital values in its history.
 - a. The revaluation process is undertaken once every 3 years and reviews the Capital valuation of each property within the city. The revaluation does not increase the total rate revenue received but the proportionate share of rates between rating categories and each ratepayer. The revaluations realign the proportionate share based on market changes within the last 3 year cycle. Further detail on the revaluation process and valuation system is outlined on the Porirua City Council website.

Funding Impact Statement 2021 Long- term Plan

Funding impact statement

The Funding Impact Statement is developed to disclose the rating mechanisms the Council intends to use and the level of funds produced by each rating tool as required by Clause 20 of Schedule 10 of the Local Government Act 2002 (LGA) and the Local Government (Rating) Act 2002 (Rating Act). The system of differential rating is also defined in the Funding Impact Statement.

Key features

A Funding Impact Statement must consider the following matters including the intended use of rating mechanisms in order to achieve compliance with legislation:

Matters	Local Government Act legislation
The valuation system and basis of setting the general rate and the Uniform Annual General Charge.	Sections 13 and 15 of the Rating Act and clauses 20(3)(a) and (b) of Schedule 10
The categories that would be used for differentiating the general rate.	Section 14 of the Rating Act and Clause 20(3)(c) of Schedule 10
The activities or group of activities for which a targeted rate will be set.	Section 16 of the Rating Act and Clause 20(4)(a) of Schedule 10
The categories of land that will be used to set a targeted rate.	Section 17 of the Rating Act and Clause 20(4)(b) of Schedule 10
Any factor or factors that will be used to calculate liability for a targeted rate.	Section 18 of the Rating Act and Clause 20(4)(c) of Schedule 10
The Council's definition of Separately Used or Inhabited Part of a rating unit if a charge is to be calculated on that basis.	Clauses 20(3)(b)(i) and 20(4)(c)(ii) of Schedule 10

Application

The Council will use a mixture of the following rating mechanisms to cover the estimated expense of the Council for the period of the plan:

- General Rates
- A Uniform Annual General Charge
- Targeted Rates for Water Supply, Wastewater, Pumped Pressure Sewerage and Water Reticulation for Pāuatahanui Village, Repairs to Private Stormwater and Wastewater Pipes, Kerbside Recycling Collection, and City Development
- Fees and Charges
- Subsidies and Grants
- Interest Income
- Development Levy Contributions
- Reserves Funds
- Loan Funds
- Working Capital

General rates

A valuation system on which the general rates will be assessed, the Council will set a general rate based on the capital value of all ratable land in the city.

A Uniform Annual General Charge (UAGC) will be set and calculated as a fixed amount per separately used or inhabited part of a rating unit.

The general rate will be set on a differential basis based on land use; location or both land use and location.

Objectives of the general rate

The rate in the dollar of the general rate set on the capital value in respect of any specified category of property in Porirua City must vary from the rate in the dollar in respect of any other specified category of property according to the following categories and factors:

Categories and Groups	Factor 2021/22
Residential	
Group 01 – Residential and Other	1.00
Commercial	
Group 13 – Business*	3.10
Group 15 – Motels**	1.42
Group 16 – Shopping Plazas***	3.10
Rural	
Group 19 – Rural (less than 50ha)****	0.8
Group 20 – Rural (50ha or greater)*****	0.7
Group 21 – Rural (Hongoeka Community)*****	0.7

***Group 13 – Business**

The reduction in the differential for Group 13 – Business will be implemented in Year 1 of the Long-term Plan 2021-51. The new rate is set as a rate in the dollar based on the Capital Value of Group 13 – Business. The differential factors is as follows:

Year Applied	Previous Factor	New Factor
2021/22 (Year 1)	3.25	3.10
2022/23 (Year 2)	3.18	3.10
2023/24 (Year 3)	3.10	3.10

****Group 15 – Motels**

The reduction in the differential for Group 15 – Motels will be implemented in Year 1 of the Long-term Plan 2021-51. The new rate is set as a rate in the dollar based on Capital Value for Group 15 – Motels. The differential factors are as follows:

Year Applied	Previous Factor	New Factor
2021/22 (Year 1)	1.52	1.42
2022/23 (Year 2)	1.47	1.42
2023/24 (Year 3)	1.42	1.42

***Group 16 – Shopping Plazas

The increase in the differential for Group 16 – Shopping Plazas will be implemented in Year 1 of the Long-term Plan 2021-51. The new rate is set as a rate in the dollar based on Capital Value of the properties for Group 16 – Shopping Plazas. The differential factors are as follows:

Year Applied	Previous Factor	New Factor
2021/22 (Year 1)	3.00	3.10
2022/23 (Year 2)	3.05	3.10
2023/24 (Year 3)	3.10	3.10

****Group 19 – Rural (less than 50ha)

The increase in the differential for Group 19 – Rural (less than 50ha) will be implemented in Year 1 of the Long-term Plan 2021-51. The new rate is set as a rate in the dollar based on Capital Value on the properties for Group 19 – Rural (less than 50ha). The differential factors are as follows:

Year Applied	Previous Factor	New Factor
2021/22 (Year 1)	0.766	0.80
2022/23 (Year 2)	0.733	0.80
2023/24 (Year 3)	0.80	0.80

*****Group 20 – Rural (50ha or greater)

Those rural properties 50 hectares and greater including those properties that are less than 50 hectares but are farmed as one farming operation with a total land area of 50 hectares or greater will retain the 0.7 rural differential factor. The rate is set as a rate in the dollar based on Capital Value on the properties for Group 20 – Rural (50ha or greater). The differential factor is as follows:

Previous Factor	New Factor
0.70	0.70

*****Group 21 – Rural (Hongoeka Community)

Those properties in the Hongoeka Community as per GIS map reference #5417592 (21/12/2017) will retain the 0.7 rural differential factor. The rate is set as a rate in the dollar based on Capital Value on the properties for Group 21 – Rural (Hongoeka Community). The differential factor is as follows:

Previous Factor	New Factor
0.70	0.70

The general rate will be calculated as follows:

- The total capital value of each differential category is multiplied by the factor for that differential category. Differential category totals are summed to give a total "adjusted capital value" of all rating units in Porirua City.
- The total general rate requirement for the relevant year is divided by the total adjusted capital value to give the Base Rate.
- The Base Rate is then multiplied by each differential category factor to give the rate for that differential category.

- Each differential category rate is multiplied by the total capital value of that differential category to give the total rates to be paid by the differential category.

Targeted Rates¹

Water Supply: water charged by quantity consumed

The Council will set a targeted rate for water supply that is based on the volume of water supplied to all rating units in the city that are classed as receiving an extraordinary water supply as defined by the Council's Water Bylaw. This charge will be set on a scheme basis. The schemes are:

Schemes	Explanation
1	Those rating units in the Judgeford area that are supplied water by meter directly from the Wellington Regional Council supply line. The rate is calculated as a fixed charge per cubic metre of water consumed.
2	Those rating units that are supplied water by meter indirectly from the Wellington Regional Council supply line via a Porirua City reservoir. The rate is calculated as a fixed charge per cubic metre of water consumed.
3	All rating units other than those included in Scheme 1 or 2 above, that are supplied water by meter through Porirua City's water supply system. The rate is calculated as a fixed charge per cubic metre of water consumed.

Water Supply: water charged by fixed charges

For properties that are not charged for water by meter, the Council will set a targeted rate for water supply on the basis of a targeted rate per separately used or inhabited part of a rating unit in the city which are either connected to the water supply system or for which connection is available. This charge will be set on a differential basis based on use and based on the availability of service (the categories are "connected" and "serviceable" where "serviceable" will be charged a half charge). The charge is calculated as a fixed amount per separately used or inhabited part of a rating unit. "Connected" separately used or inhabited parts of a rating unit will be charged a full charge and "serviceable" separately used or inhabited parts of a rating unit will be charged a half charge. Rating units which are not connected to the water supply system and are not serviceable will not be liable for this rate.

Note: refer to the section on differential matters and categories below, for the matters and categories used to determine the differentials.

Wastewater

The Council will set a targeted rate for wastewater on the basis of a targeted rate per each water closet or urinal connected directly or through a private drain to a public sewerage drain. This charge will be set based on the availability of service (the category is "connected"). The Council does not differentiate the rate. The charge is calculated as a fixed amount for each water closet or urinal connected directly or through a private drain to a public sewerage drain.

All rating units used exclusively or principally as a residence of not more than one household shall be deemed to have not more than one water closet or urinal. Rating units which do not have any water closets or urinals connected directly or through a private drain to a public sewerage drain are not serviceable and will not be liable for this rate.

Wastewater and Water: pumped pressure sewerage and water reticulation for Pāuatahanui Village

A targeted rate for Pumped Pressure Sewerage and Water Reticulation for Pāuatahanui Village, set under section 16(3)(b) and (4)(b) of the Local Government (Rating) Act 2002, which equates to a 50% share of the total capital costs that relate to the construction of the Pāuatahanui Water Supply and Sewerage Schemes. It will apply to those properties that are defined by Drawing PCC#1078116-v1 (25/09/2014), held by the Council and are connected to the scheme. The scheme is defined as the

¹ The Council does not accept lump sum contributions in respect of any targeted rate.

"pumped pressure systems" for Pāuatahanui Village connecting to the public sewer system at Joseph Banks Drive and connecting to the existing public water supply system in Pāuatahanui.

The Council does not differentiate the rate. The charge is calculated based on 50% of the total capital cost that relates to the construction of the Pumped Pressure Sewerage and Water Reticulation for Pāuatahanui Village and will be a fixed charge of \$779.31 (GST inclusive) per annum for 25 years for every unit able to be connected or serviced by the scheme.

Rating units which have any water closets or urinals connected directly or through a private drain to the scheme will be liable for sewage disposal targeted rates.

Rating units that are connected or serviceable to the water supply, and not charged for by meter, will be liable for water supply targeted rates.

The Council's share of the capital cost of the scheme will form part of the Pumped Pressure Sewerage and Water Reticulation for Pāuatahanui Village Scheme for the targeted rate calculation that is applied to all applicable rating units.

Wastewater and Stormwater Financial Assistance: Repairs to Private Stormwater and Wastewater Pipes

The Council will set a targeted rate to fund the repayment of financial assistance provided to ratepayers for replacement of wastewater and stormwater pipes located on their property. This rate is set under section 16(3)(b) and (4)(a) of the Local Government (Rating) Act 2002. The rate will apply to rating units where the ratepayer has volunteered to receive financial assistance from the Council (and for the targeted rate to apply).

This voluntary targeted rate will only be available to rating units within the Group 01 – Residential Group 13 – Commercial, Group 15 – Motels or Group 16 – Shopping Plazas categories.

To be liable for this targeted rate, ratepayers will need to enter into a contract with the Council recording the exact terms and conditions of the assistance provided. The liability for the rate will be calculated as the amount of the financial assistance provided to the relevant ratepayer.

The payment of this rate can be extended over several years in accordance with the Council's rates postponement policy.

The Council does not differentiate the rate.

Solid Waste: kerbside recycling

The Council will set a targeted rate for the kerbside recycling collection service on the basis of a targeted rate per separately used or inhabited part of a rating unit in the city to which the kerbside recycling collection service is provided. This charge will be set based on the availability of service (the category is "serviceable"). The Council will not differentiate the rate. The charge is calculated as a fixed amount per separately used or inhabited part of a rating unit.

Rating units which are not provided with a kerbside recycling collection service are not serviceable and will not be liable for this rate.

Economic Development: City Development Rate

The City Development Rate is assessed on all rating units in the commercial sector i.e. Group 13 – Business, Group 15 – Motels and Group 16 – Shopping Plazas.

The City Development Rate will fund City Development covering a proportion of costs for City Growth and City Centre and Strategic Property activities. Also included in City Development Rate are improvements to existing infrastructure (debt servicing and operating costs of the improvements – not the capital expenditure) for Stormwater that enables further commercial development in existing commercial areas.

Other activities to be funded by the City Development Rate include Village Planning that enhances facilities in the suburban areas. It will only fund a proportion of the debt servicing and operating costs of these improvements (not the capital expenditure) that would be incorporated in the City Development Rate.

The City Development Rate will be increased to \$1.04 million plus GST in 2021/22 (Year 1 LTP) and remain at this level for the first 3 years of the Long-term Plan.

Year Applied	Current charge – City Development Rates (plus GST)	Propose charge – City Development Rates (plus GST)
2021/22 (Year 1)	\$695,000	\$1,040,000
2022/23 (Year 2)	\$870,000	\$1,040,000
2023/24 (Year 3)	\$1,040,000	\$1,040,000

The rate is set as a rate in the dollar based on Capital Value of the commercial sector i.e. Group 13 – Business, Group 15 – Motels and Group 16 – Shopping Plazas.

Differential matters and categories

Where councils assess rates on a differential basis they must use one or more matters specified in Schedule Two of the Rating Act to define the categories of rateable land. The Council is required to state which matters will be used for defining the categories of rateable land for each targeted rate.

Differentials based on land use and/or location

The Council will use the matters of land use and/or location to differentiate the general rate. The differential categories for the purposes of the general rate are as follows and all property in Porirua City must be allocated to one of the following categories:

Services, activities and facilities provided by the Council

Categories	Explanation
Group 01 - Residential and other	All rating units not otherwise included in Groups 13, 15, 16, 19, 20 or 21. For the avoidance of doubt, this category includes Porirua City owned utility networks such as water and drainage systems and all retirement villages and rest homes unless the retirement village or rest home are included in Group 19, 20 or 21.
Subcategories	Explanation
Group 13 - Business	<p>All rating units located in the following areas as defined in the District Plan:</p> <ul style="list-style-type: none"> in the City Centre Zone; but excluding rating units used for residential accommodation; the Industrial Zone; but excluding rating units: <ul style="list-style-type: none"> included in Groups 15 or 16; located at 9 Kapuni Grove; used as retirement villages or rest homes. <p>All other rating units in the city used principally for commercial and/or industrial purposes: but excluding rating units:</p> <ul style="list-style-type: none"> included in Groups 15 or 16; used as retirement villages or rest homes

Categories	Explanation
	All rating units that comprise network utility systems such as water, gas or petroleum energy distribution systems, electricity distribution systems, postal distributions systems and telecommunications or radio communications systems but not including Porirua City owned utilities (which are included in Group 01).
Group 15 - Motels	All rating units used principally for short-term motel, hotel, motor hotel, or backpacker accommodation, but not including a boarding house, motor camp or camping ground. For the purpose of this definition "accommodation" includes residential accommodation and garaging facilities and may include facilities, including restaurant facilities, reasonably ancillary to the short-term accommodation.
Group 16 - Shopping Plazas	All rating units: <ul style="list-style-type: none"> Used as a self-contained shopping plaza, in particular those rating units known collectively as the North City Shopping Centre (more particularly defined by reference to Drawing 4/E/346 dated 22/03/99 (PCC#1078172-v1), held by the Council); and Comprising a bulk retailing centre and adjacent rating units (more particularly defined by reference to Drawing 4/E/354 dated 08/02/00 (PCC#1078175-v1 & PCC#1090420-v1), held by the Council).
Group 19 – Rural (less than 50ha)	All rating units less than 50 hectares in any rural zone, other than rating units included in any of Groups 13, 15, 16, 20 or 21.
Group 20 – Rural (50ha or greater)	All rating units 50 hectares or greater in any rural zone, other than rating units included in any of Groups 13, 15, 16, 19 or 21.
Group 21 – Rural (Hongoeka Community)	All rating units in the Hongoeka Community as shown in Map no. 5417592 dated 21/12/2017.

Notes to the above Funding Impact Statement:

1. All references in the definitions to zones are references to zones defined in the Porirua City District Plan.
2. Subject to the right of objection to the rating information database set out in section 29 of the Rating Act 2002 the Council is the sole determiner of the categories.
3. "Retirement village" has the same meaning as in the Retirement Villages Act 2003.
4. "Rest home" has the same meaning as in the Health and Disability Services (Safety) Act 2001.

Availability of service

The differential categories for the water supply rate are:

Categories	Explanation
Connected	Any rating unit that is connected to Council operated water supply networks.
Serviceable	Any rating unit that is not connected to Council operated water supply networks but is within 100 metres of such networks.
Definition of "Separately Used or Inhabited Part" of a Rating Unit	<p>"Separately used or inhabited part" of a rating unit includes any part of a 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.</p> <p>At a minimum, the land or premises intended to form the separately used or inhabited part of the rating must be capable of actual inhabitation or actual use by persons for the purposes of conducting a business.</p> <p>For the avoidance of doubt, a rating unit that has only one use (i.e. it does not have separate parts or is vacant land) is treated as being one separately used or inhabited part.</p>