

7 Confirmation of the Setting of Annual Rates and Uniform Annual Charges 2020-2021 (310/07-001)

Report from Chief Financial Officer dated 19 June 2020.

RESOLVED

C 200305(5)

- (i) That Council, pursuant to section 23 of the Local Government (Rating) Act 2002, resolves to set the rates for rating units in the city of Upper Hutt for the rating year commencing 1 July 2020 and finishing on 30 June 2021 (“the financial year”) as follows:

General Rate

1. A general rate, set pursuant to Section 13(2) (b) of the Local Government (Rating) Act 2002, on the capital value of rating units in the City, assessed on a differential basis as follows (including GST at the prevailing rate at the time of supply):

Differential	Rateable Capital Value	Factor	Cents in \$
Standard	9,586,124,600	100	0.2179
High Value	See table A below		
Business	936,191,700	290	0.6318
Utilities and Three Waters Utilities	471,665,000	290	0.6318
Rural over 30 ha	133,197,000	73	0.1590
Total Remissions Group Properties	60,622,000		

2. High Value Category of Rateable Units (residential and rural). The High Value sub-group formula used to determine the relevant factor is as follows.

For high value properties the Council will set the following values each year for general rating purposes:

1. A trigger value (x)
2. A rural 33 minimum eligibility value (y)
3. An excess percentage (z)
4. The factor to be used for general rating purposes will be applied on a step basis. The range of each step will be determined annually by the council.

The minimum value of the first high value step will be \$1,000 more than the standard trigger value.

The factor to be applied to high value properties for general rating purposes will be determined by a formula, $T/Q \times 100$ where:

1. $T = Q-S$
2. $S = R \times Z$
3. $R = Q - X$
4. Q = Minimum value of each step into which the capital value of a high value property fits into.

For the 2020-2021 rating year the Council proposes to set the following values:

1. Trigger value = \$1,199,000 (based on a rating unit capital value of \$1,200,000 less 1,000).
2. Rural 33 minimum eligibility value = \$1,650,000

3. Excess percentage = 0.9
4. High value step range = \$25,000.

Table A – this table illustrates the application of the High Value sub-group formula to the high value sub groups. It is only indicative.

High Value Sub-groups	Capital Value Range		Rateable Capital Value	Differential Factor	Cents in \$
	From	To			
136	1,200,000	1,224,999	12,050,000	99.93	0.2177
141	1,225,000	1,249,999	4,930,000	98.09	0.2137
146	1,250,000	1,299,999	10,210,000	96.33	0.2099
151	1,300,000	1,399,999	21,600,000	93.01	0.2026
156	1,400,000	1,449,999	8,480,000	87.08	0.1897
161	1,450,000	1,474,999	5,800,000	84.42	0.1839
166	1,475,000	1,499,999	2,970,000	83.16	0.1812
167	1,500,000	1,524,999	3,030,000	81.94	0.1785
171	1,525,000	1,549,999	0	80.76	0.1760
176	1,550,000	1,649,999	12,780,000	79.62	0.1735
181	1,650,000	1,699,999	0	75.40	0.1643
186	1,700,000	1,749,999	3,430,000	73.48	0.1601
191	1,750,000	1,849,999	3,560,000	71.66	0.1561
196	1,850,000		13,530,000	68.33	0.1489
236	1,200,000	1,224,999	24,285,000	99.93	0.2177
241	1,225,000	1,249,999	9,880,000	98.09	0.2137
246	1,250,000	1,299,999	24,120,000	96.33	0.2099
251	1,300,000	1,399,999	25,490,000	93.01	0.2026
256	1,400,000	1,449,999	12,735,000	87.08	0.1897
261	1,450,000	1,474,999	7,310,000	84.42	0.1839
266	1,475,000	1,524,999	7,490,000	83.16	0.1812
271	1,525,000	1,549,000	3,060,000	80.76	0.1760
276	1,550,000	1,649,999	11,050,000	79.62	0.1735
281	1,650,000	1,699,999	4,951,000	75.40	0.1643
286	1,700,000	1,749,999	3,440,000	73.48	0.1601
291	1,750,000	1,849,999	1,780,000	71.66	0.1561
296	1,850,000		5,490,000	68.33	0.1489

Note: The “100” series of High Value sub groups apply to qualifying properties in the Standard differential. The “200” series of High Value sub groups apply to qualifying properties in the Rural 31 and 32 differentials but only sub-groups 281 and higher apply to qualifying properties in the Rural 33 differential.

5. The revenue sought from this rate is \$30,040,481 (inclusive GST). The purposes to which this revenue will be applied are to meet the costs of land transport, parks and

reserves, environmental services, community services and amenities, libraries, economic development, democratic participation, and management support of Council activities.

Targeted rates

Water

6. A targeted rate for water supply, set under section 16 (3)(b) and (4)(a) of the Local Government (Rating) Act 2002, being a charge of either:
 - a. \$418.70 (including GST at the prevailing rate at the time of supply) on each separately used or inhabited portion of a rating unit to which water is supplied ("a serviced property"); or
 - b. \$209.35 (including GST at the prevailing rate at the time of supply) on every rating unit that can be, but is not supplied with water, and is situated within 100 meters of any part of the waterworks ("a serviceable property").
7. The targeted rates in 6 apply to the ordinary supply of water as defined in the Upper Hutt City Council Water Supply Bylaw 2008 and the expressions, "serviced property" and "serviceable property" have the same meaning given in the targeted water rates definition in the Council's Funding Impact Statement.
8. The revenue sought from this rate is \$7,140,845 (Inclusive of GST) and is to contribute approximately 66 percent of the total requirement needed for the costs of water supply.

Water Fire Protection Rate

9. A targeted rate for water supply for fire protection purposes, set under section 16(3) (b) and (4)(b) of the Local Government (Rating) Act 2002, being a rate of:
 - a. 0.02273 cents (including GST at the prevailing rate at the time of supply) per dollar of capital value on each separately used or inhabited portion of a rating unit which is connected to the water supply ("serviced property"); and
 - b. 0.01136 cents (including GST at the prevailing rate at the time of supply) per dollar of capital value on every rating unit that can be, but is not supplied with water and is situated within 100 metres of any part of the waterworks ("serviceable property").
10. The revenue sought from this rate is \$2,167,125 (inclusive of GST) (and is to contribute 20 percent of the total requirement needed for the costs of water supply).

Stormwater Rate

11. A targeted rate for stormwater control, set under section 16(3)(b) and (4)(b) of the Local Government (Rating) Act 2002, on the capital value of every rating unit in that part of the city benefiting from the provision of stormwater drainage and flood protection services, assessed on a differential basis as follows (including GST at the prevailing rate at the time of supply):

Differential Group	Capital Value	Factor	Cents in \$
Business	780,129,700	140	0.03862
Other	8,691,218,700	100	0.02758

12. The revenue sought from this rate is \$2,720,636 (GST inclusive) and is to contribute to the costs of stormwater drainage and flood protection of the city.

Wastewater

13. A targeted rate for wastewater disposal, set under section 16(3)(b) and (4)(a) of the Local Government (Rating) Act 2002, as a charge for each water closet (pan) or urinal connected to a public sewage drain. The charge is to be \$411.30(including GST at the prevailing rate at the time of supply) for the first pan or urinal and for every second pan or urinal thereafter.
14. For the purposes of 13 a rating unit used primarily as a residence for one household will not be treated as having more than one water closet or urinal.
15. The number of whole charges payable by schools under the “Wastewater” targeted rate will be calculated using the methodology set out in the Council’s Funding Impact Statement.
16. The revenue sought from this charge is \$7,562,181 (GST inclusive) and is to be applied towards the cost of the sewerage reticulation and disposal of bulk sewage schemes.

Rates on Defence Land

17. The rates described in 3, 9 and 11 take into account the requirement to ensure that Defence Department land is not paying a higher amount of rates than would be payable under a land value rating system. This is in accordance with section 22 of the Local Government (Rating) Act 2002.

1. Dates that rates are payable

18. All rates will be levied by five instalments.
19. The last date for payment for each instalment (allowing for cyclical billing) and the penalty date from which an additional charge of 10 percent will be added in accordance with sections 57 and 58(1)(a) will be:

	Due Date	Penalty Date
Instalment One	31 August 2020	1 September 2020*
Instalment Two	31 October 2020	3 November 2020*
Instalment Three	15 January 2021	18 January 2021*
Instalment Four	28 February 2021	2 March 2021*
Instalment Five	30 April 2021	3 May 2021*

The penalty date for an instalment will be the penalty date for the next instalment if the recorded due date for an instalment is less than 14 days from the actual delivery date of that instalment invoice.

2. *Goods and Services Tax*

20. All the foregoing rates, charges and revenue required are inclusive of Goods and Services Tax at the prevailing rate (as prescribed pursuant to the Goods and Services Tax Act 1985, as amended).

3. *Penalties*

21. Pursuant to section 57 of the Local Government (Rating) Act 2002, the Council resolves to authorise penalties to be added to rates that are not paid by the due date as follows:

- a. A penalty of 10 percent of rates set for the 2020-2021 year which are unpaid after the last days for payment listed in 19 will be added to each instalment of rates levied in the financial year and which remain unpaid immediately following the last day of payment of the instalment concerned as detailed in paragraph 19 above (section 58(1)(a)).
- b. A further penalty of 10 percent of rates set for any previous financial year that is unpaid 5 working days after the date of this resolution. (Section 58(1)(b)).
- c. A further penalty of 10 percent on rates to which a penalty has been added under paragraph 21 (b) if the rates are unpaid six [6] months after the penalty in paragraph 21 (b) was added. (Section 58(1)(c)).

4. *Valuation roll and rates records*

22. The valuation roll and rates records for the city are available for inspection at the office of the Upper Hutt City Council during normal office hours

Moved His Worship the Mayor / Cr Swales

CARRIED