Rating policy

Rates fund local government activities. The purpose of the Rating Policy is:

- To clarify how properties are categorised for rating purposes.
- To provide guidance on how Council allocates its rates requirements across differing property categories.
- To provide information to ratepayers about their rates.
- To establish clarity, certainty, and stability in allocating rates.
- To assist in setting rates lawfully, meeting the requirements of the Local Government Act 2002 (LGA 2002), the Local Government (Rating) Act 2002 (LGRA 2002) and the Rating Valuation Act 1998 (RVA 1998).

The rating policy should be read in conjunction with the Revenue and Financing Policy, the Funding Impact Statement, the Rates Resolution and Rates Remission and Postponement Policies.

Rating Units & Property Values

Rating Units

The unit of liability for rates is referred to as the rating unit. It is based on the concept of property ownership and generally one certificate of title is equal to one rating unit.

How properties are rated is determined by Council but the tools available to Council about how properties can be rated is set out in the LGRA 2002. This includes the kinds of rates that can be set and how they can be set. Rating units can be divided and rated separately at Council's discretion. This will occur where it is clearly identified that each part of a rating unit has a different property category.

Property Values

Property Value Values used for rating are determined by the RVA 2008 and are reviewed once every three years or if there is a significant change in a rating unit. Council is provided with three values: The land value, the improvement value and the sum of these being the capital value.

General Rates & Differential Rating Categories

General Rates

General rates are set under section 13 of the Act on all rateable rating units in the City of Wellington. The Council has set a general rate based on the capital value of each rating unit within the city.

The general rate is set on a differential basis, based on the use to which the land is put and/or the zoning. All rating units (or part thereof) will be classified for the purposes of general rates within one of the following differential rating categories.

Differentials

Differentials are a tool used to alter the incidence of rates. Differentials are used for the general rate. The value-based general rate is set on capital value and on a differential basis. Total rates revenue collected from the general rate for each rating category are detailed in the Funding Impact Statement.

There are three differential rating categories. These are as follows:

Base Differential

The Base differential rating category shall be applied to the following rating units:

a. Separately rateable land used 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.
b. Vacant land and derelict buildings, not subject to the vacant land / derelict buildings differential, zoned residential.
c. Land used as farmland and lifestyle blocks which is included in the rural activity area in the District Plan.
   Farmland is defined as land used exclusively or principally for agricultural, horticultural, pastoral, or silvicultural purposes, or for the keeping of bees or poultry or other livestock but excluding commercial dog kennels or catteries.
d. 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 benefit.

Commercial, Industrial and Business Differential

The Commercial, Industrial and Business differential rating category shall be applied to the following rating units:

e. Separately rateable land used for a commercial or industrial purpose.
f. Vacant land, not subject to the vacant land differential, zoned commercial, industrial or business.
g. Land used for offices, administrative and/or associated functions.
h. Land used for commercial accommodation for which a tariff is charged.
i. Every rating unit that is used for short-term accommodation, defined as the renting or availability to rent of entire houses or units on the rating unit [that could otherwise be used for residential purposes]:
    a. for periods of less than one month (whether or not they are rented as part of one arrangement for more than one month); and
    b. where that house or unit is or has been available to rent for more than 60 days of the financial year.
j. Land used for commercial accommodation for which a tariff is charged and where the principal purpose is the provision of short stay (28 days or less) accommodation.
k. Business-related premises used principally for private pecuniary benefit.
l. Any rating unit not otherwise categorised within the Base Differential or vacant land / derelict building differential.

Vacant Land / Derelict Building Differential

Vacant land / derelict buildings means land with an area of not less than $40m^2$ in the Downtown area (as defined for the purposes of the Downtown Targeted Rate) which is either vacant or which contains a building or other improvements which are derelict, and includes:

Land which is undeveloped and is not under active development;

a. Land which has no active or consented use (land will be treated as having a consented use if there is a current approved resource consent for development on it);

b. Land which comprises a building or other improvements which:
   (i) are unoccupied and/or in a poor state of repair because they have not been lived in or used for a substantial period of time;
   (ii) have been determined to be dangerous, affected, or insanitary for the purposes of Part 6 of the Building Act 2004, or earthquake prone for the purposes of Part 6A of the Building Act 2004.

Note: a building will not be treated as derelict if there is a current approved building consent for development or demolition of the building [and work has commenced, or progress towards commencing work can be demonstrated to the Council].

Differential Rating Category Conditions

- The differential apportionment for the Commercial, Industrial and Business differential is 3.7 times the rate per dollar of capital value payable by those properties in the Base differential.
- The differential apportionment for the Vacant land/ Derelict Building differential is 5.0 times the rate per dollar of capital value payable by those properties in the Base differential.
- Where a rating unit has more than one land use the rating unit may be 'divided' so that each part may be differentially rated based on the land use of each part.

  A rating unit will be differentially rated where a division of the rating unit is established, based on the use to which the land is put and/or the zoning. A division will be established where:

  - a rating unit has a value of greater than $1,500,000 or
  - the minority use(s) account for more than 30 percent of the total capital value of the rating unit

  If neither of these criteria are met no division will take place, and the rating category will be established on the primary use of the rating unit.
- In any other case, the general rate differential is determined by principal use.
- In regard to the rates attributable to a rating unit during the transition period between two differential rating categories, a ratepayer may apply for a change in rating category at any time between the lodgement of a building consent application with the Council (on the condition that the principal prior use has ended) and the earlier of either:

  a) The time at which the Council gives final approval of the completed works, or
  b) The property is deemed (by the Council) to be available for its intended use.

- In situations where the change in land use does not require a Council consent, but warrants a change in differential rating category, the onus is on the ratepayer to inform the Council prior to the property being utilised under the new use.

- The differential rating category of all rating units must be set prior to the commencement of a rating year and will remain in place for that entire rating year. Any change in circumstances that results in a change of differential rating category during a rating year will apply from 1 July of the following rating year.

- Any property eligible for mandatory 50 percent non-rateability under Part 2, Schedule 1, of the Act, will be first classified under the appropriate general rate differential classifications and the non-rateability applied to that rate.

Uniform Annual General Charge

The Council does not assess a uniform annual general charge.

NON-RATEABLE LAND

Fully Non-Rateable

Any land referred to in Part 1, Schedule 1 of the Act is non-rateable with the exception of targeted rates solely for sewerage and water where the service is provided.

50 Percent Non-Rateable

All land referred to in Part 2, Schedule 1 of the Act is 50 percent non-rateable in respect of the rates that apply, with the exception of targeted rates for sewerage and water for which the land is fully rateable if the service is provided.

Targeted Rates

Targeted rates are set under section 16, 17, 18 and 19, and schedules 2 and 3 of the Act. The Council has not adopted any lump sum contribution schemes under part 4A of the Act in respect of its targeted rates and will not accept lump sum contributions in respect of any targeted rate.

The differential rating categories described above are unitised and referred to in a number of targeted rates.

The Vacant land / Derelict buildings differential rating category only applies for the purpose of the General Rate. For Targeted Rates, rating units that fall within the Vacant land / Derelict buildings differential rating category will be liable based on either belonging to the Base or Commercial, Industrial and Business differential categories.

Sewerage Targeted Rate

Targeted sewerage rates are to be apportioned 60 percent:40 percent of rates between properties in the Base differential and the Commercial, Industrial and Business differential in accordance with the Revenue and Financing Policy.

This rate is set to pay for the cost of the provision and maintenance of the sewage collection and disposal network, and sewage treatment facilities for the city. This rate is assessed on all rating units connected to the public sewerage drain.

For the purposes of these rates, the sewage collection and disposal and treatment service is treated as being provided to a rating unit if the rating unit is connected to a public sewerage drain (either directly or indirectly), irrespective of whether the property is considered fully rateable or is mandatory non-rateable or 50 percent non-rateable under Schedule 1 of the Act.

Sewerage targeted rate is calculated as follows:

For rating units in the Commercial, Industrial and Business differential rating category:

A rate per dollar of capital value on all rating units connected to a public sewerage drain, to collect 40 percent of the required rates funding, after having deducted the total dollar amount budgeted to be collected through Trade Waste Charges (excluding consent fees).

For rating units in the Base differential rating category:

A fixed amount per annum per rating unit, plus a rate per dollar of capital value on all rating units connected to a public sewerage drain, to collect 60 percent of the required rate funding.

Water Targeted Rate

A targeted rate for water is to be apportioned with the aim of achieving a 60 percent: 40 percent split between properties in the Base differential rating category and the Commercial, Industrial and Business differential rating category in accordance with the Revenue and Financing Policy.

This rate is set to pay for the provision and maintenance of water collection and treatment facilities, the water distribution network and water conservation for the city. This rate is assessed on all rating units connected to the public water supply.

For the purposes of these rates, the water service is treated as being provided to a rating unit if the rating unit is connected to the public water supply (either directly or indirectly), irrespective of whether the property is considered fully rateable or is mandatorily non-rateable or 50 percent non-rateable under Schedule 1of the LGRA 2002.Water targeted rate is calculated as follows:

For rating units in the Commercial, Industrial and Business differential rating category, either:

a) A consumption unit rate per cubic metre of water used for all rating units connected to the public water supply with a water meter installed, plus a fixed amount per annum per rating unit; or
b) A rate per dollar of capital value on all rating units connected to the public water supply, without a water meter installed.

The 40% of costs funded through the Commercial sector is drawn from a targeted rate primarily through a consumption charge per cubic metre of water consumed.

The balance of commercial properties without a water meter, pay their share of the targeted rate through a rate per dollar of capital value. The fixed amount reflects the fixed cost component of funding these activities.

The water targeted rate does not apply to ratepayers with whom Council has a separate agreement for a consumption charge.

For rating units rated in the Base differential rating category, either:

a) A consumption unit rate per cubic metre of water used for all rating units connected to the public water supply with a water meter installed, plus a fixed amount per annum per rating unit; or
b) A fixed amount per annum per rating unit, plus a rate per dollar of capital value on all rating units connected to the public water supply without a water meter installed.

The 60% residential share is funded through a targeted rate. The majority of properties (those that do not have a water meter) are charged a fixed amount, to reflect the fixed cost component of funding these activities, with the balance of the sector share funded through a rate per dollar of capital value. Those properties that have elected to have a water meter contribute to the targeted rate through a consumption charge.

Stormwater Targeted Rate

A targeted stormwater rate is to be apportioned 77.5 percent to the non-rural rating units in the Base differential and 22.5 percent to the non-rural rating units in the Commercial, Industrial and Business differential in accordance with the Revenue and Financing Policy.

This rate is set to pay for the provision and maintenance of the stormwater collection/disposal network for the city. Properties classified in the rural area in the Council's District Plan are excluded from the liability of this rate. Stormwater targeted rate is calculated as follows:

For the Commercial, Industrial and Business differential rating category:

A rate per dollar of rateable capital value to collect 22.5 percent of the required rates funding.

For the Base differential rating category:

A rate per dollar of rateable capital value to collect 77.5 percent of the required rates funding.

Base Sector Targeted Rate

This rate is set to pay for activities where the Council's Revenue and Financing Policy identifies that the benefit can be attributed to properties in the Base differential rating category.

This incorporates the following activities:

- 100 percent of the facilitation of cultural grants, facilitation of recreation partnerships and community advocacy activities.
- 95 percent of the provision of community centres and halls activities.

This rate is assessed on all properties in the Base differential rating category and is calculated on a rate per dollar of rateable capital value.

Commercial Sector Targeted Rate

This rate is set to pay for activities where the Council's Revenue and Financing Policy identifies that the benefit can be attributed to properties in the Commercial, Industrial and Business differential rating category.

This incorporates the following activity:

- Approximately 30 percent of the cost of the Wellington Regional Economic Development Agency (WREDA) and Venues. This is the equivalent of 100 percent funding of the events attraction and support activity within WREDA.

This rate is assessed on all properties in the Commercial, Industrial and Business differential rating category and is calculated on a rate per dollar of rateable capital value.

Waste collection targeted Rate

This rate is set (starting from year 4 of the LTP) to pay for our organics and rubbish collection using wheelie bins.

This rate is assessed on all properties in the base differential rating category, except for non-serviceable properties and calculated at a fixed amount per annum per rating unit.

While the service is primarily provided and limited to residential households, we will allow community facilities (e.g., clubs, marae) to opt in on a case-by case basis.

Downtown Targeted Rate

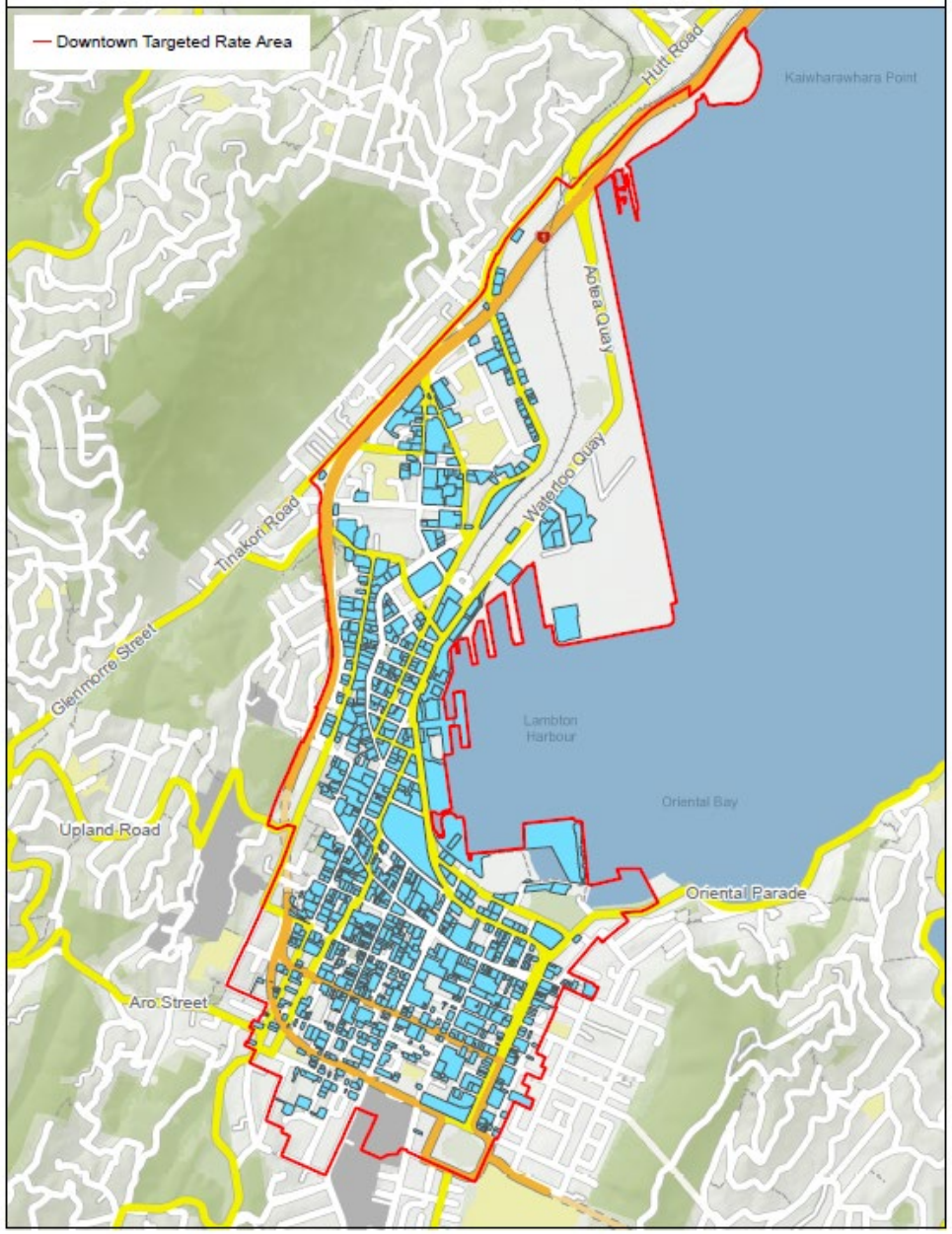
This rate is set to pay for tourism promotion.

This incorporates the following activities:

- 50 percent of the cost of the Wellington Regional Economic Development Agency (WREDA) and Venues activities
- 40 percent of the cost of the Wellington Convention Centre activity
- 70 percent of the visitor attractions activity
- 25 percent of galleries and museums activity.

This rate is assessed on all properties in the Commercial, Industrial and Business differential rating category in the downtown area and is calculated on a rate per dollar of rateable capital value. For the purposes of this rate, the downtown area refers to the area within the red boundary, as depicted on the following Downtown Targeted Rate map:

Downtown Targeted Rate



Tawa Driveways Targeted Rate

This rate is set to pay for the maintenance of a specified group of residential access driveways (properties with billing categories TW1, TW2 and TW3) in the suburb of Tawa, overseen by the Council.

This rate is assessed on a specific group of rating units that have shared access driveway that are maintained by Council.

The rate is calculated at a fixed amount per annum per rating unit.

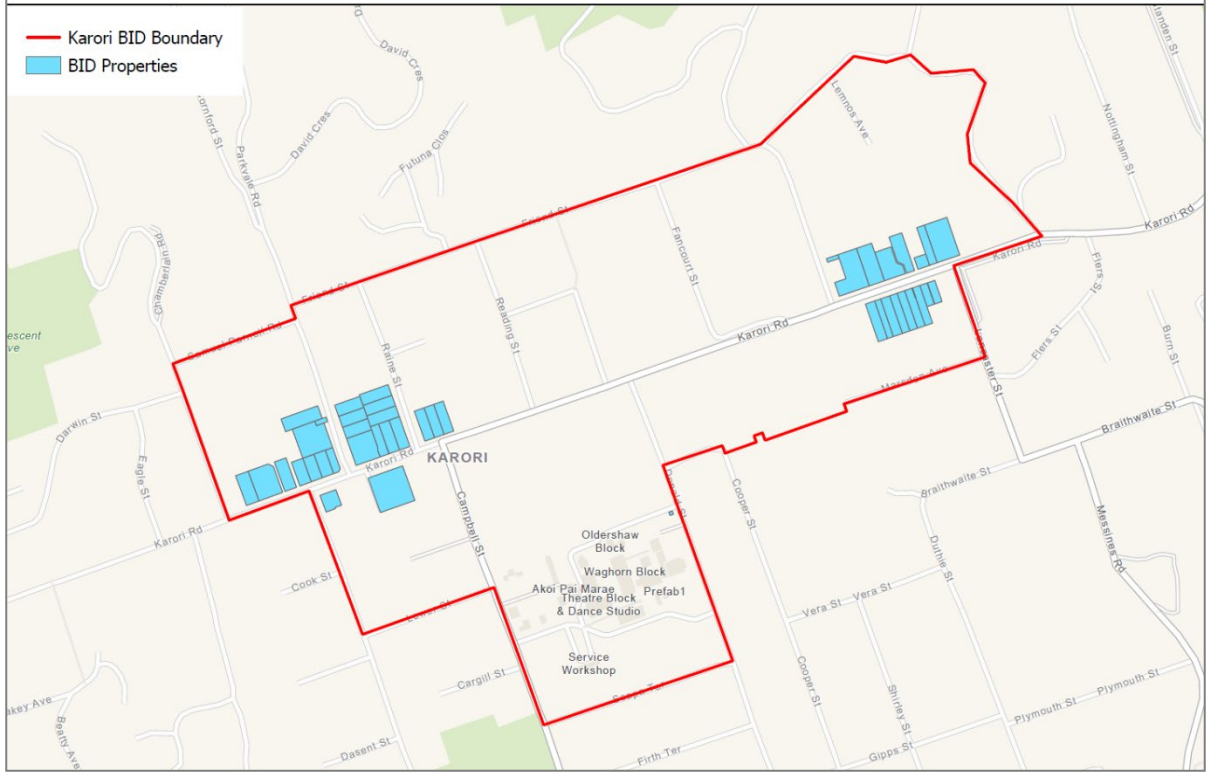
Karori Business Improvement District Targeted Rate

This rate is set by Council to fund the Business Improvement District activities of the Karori Business Association.

This rate is assessed on all rating units within the Karori Business Improvement District area (see map) which are subject to the Commercial, Industrial and Business differential rating category. Blue shaded properties subject to the BID are indicative only, as property use might change.

This rate is calculated as a rate per dollar of rateable capital value.

Karori BID


Karori BID Boundary
BID Properties
KARORI
Karori Rd
Campbell St
Reading St
Fancourt St
Raine St
Darwin St
Eagle St
Cook St
Cargill St
Dasent St
Firth Ter
Lemnos Ave
Nottingham St
Piers St
Burn St
Chester St
Braithwaite St
Cooper St
Duthie St
Messines Rd
Vera St
Shirley St
Plymouth St
Gipps St
Oldershaw Block
Waghorn Block
Akoi Pai Marae
Theatre Block & Dance Studio
Prefab1
Service Workshop

Miramar Business Improvement District Targeted Rate

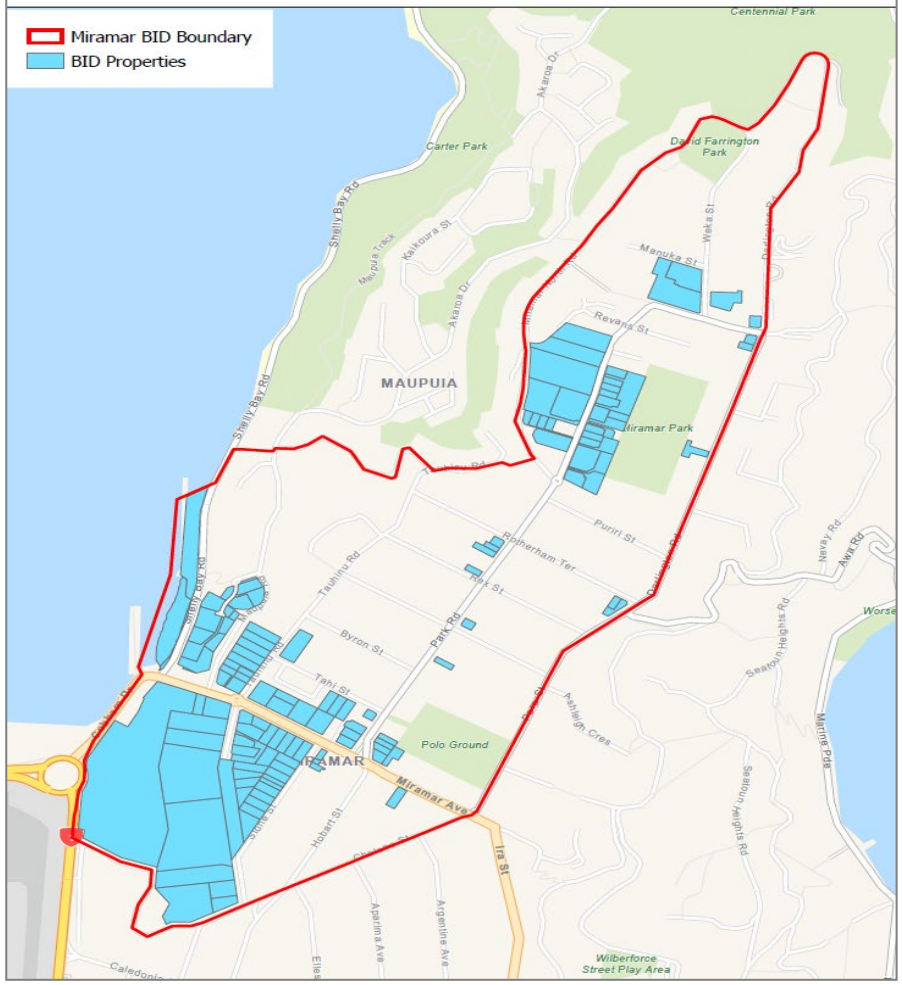
This rate is set by Council to fund the Business Improvement District activities of Enterprise Miramar Peninsula.

This rate is set is on all rating units within the Miramar Business Improvement District (see map) which are subject to the Commercial, Industrial and Business differential rating category. Blue shaded properties subject to the BID are indicative only, as property use might change.

This rate is calculated as a fixed amount per rating unit, plus a rate per dollar of rateable capital value. Setting the fixed and variable rates components is done in consultation with Enterprise Miramar Peninsula.

Options for calculating the targeted rates are set out in our BID policy.

Miramar BID

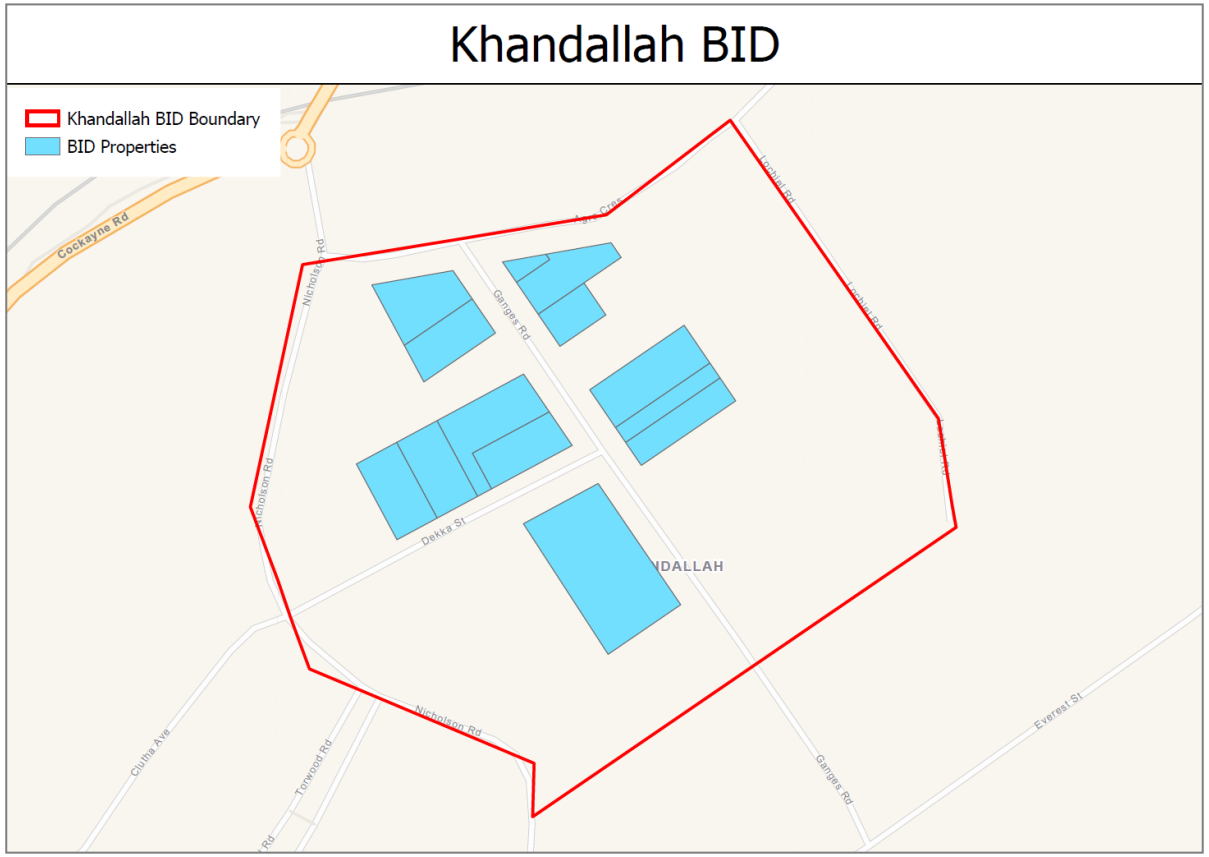

Miramar BID Boundary
BID Properties
Centennial Park
Carter Park
David Farrington Park
Shelly Bay Rd
Maupua Track
Kaikoura St
Akaroa Dr
Waka St
Manuka St
Revans St
MAUPUIA
Miramar Park
Purirl St
Rotherham Ter
Park St
Park Rd
Teuhiru Rd
Byron St
Tahi St
Polo Ground
Miramar Ave
Hobart St
Ira St
Ashleigh Cres
Seatoun Heights Rd
Navay Rd
Awa Rd
Marine Pde
Wilberforce Street Play Area
Aparima Ave
Argentine Ave

Khandallah Business Improvement District Targeted Rate

This rate is set by Council to fund the Business Improvement District activities of the Khandallah Village Business Association.

This rate is assessed on all rating units within the Khandallah Business Improvement District (see map) which are subject to the Commercial, Industrial and Business differential rating category. Blue shaded properties subject to the BID are indicative only, as property use might change.

This rate is calculated as a rate per dollar of rateable capital value.



Kilbirnie Business Improvement District Targeted Rate

This rate is set by Council to fund the Business Improvement District activities of the Kilbirnie Business Network.

This rate is set on all rating units within the Kilbirnie Business Improvement District (see map) which are subject to the Commercial, Industrial and Business differential rating category. Blue shaded properties subject to the BID are indicative only, as property use might change.

This rate is calculated as a fixed amount per rating unit, plus a rate per dollar of rateable capital value. Setting the fixed and variable rates components is done in consultation with the Kilbirnie Business Network.


N
BID Boundaries
BID Parcels
Kilbirnie BID Expansion
0
100
200
300
Meters

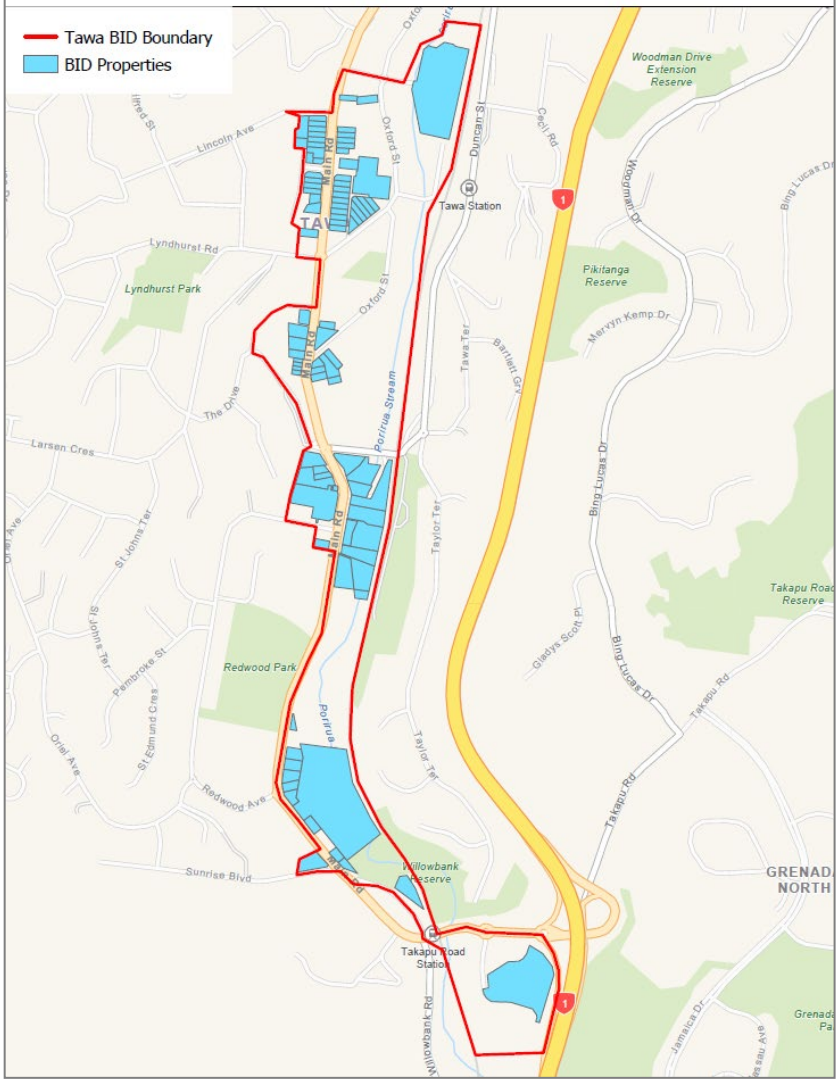
Tawa Business Improvement District Targeted Rate

This rate is set by Council to fund the Business Improvement District activities of the Tawa Business Network.

This rate is assessed on all rating units within the Tawa Business Improvement District area (see map) which are subject to the Commercial, Industrial and Business differential rating category. Blue shaded properties subject to the BID are indicative only, as property use might change.

This rate is calculated as a fixed amount per rating unit, plus a rate per dollar of rateable capital value. Setting the fixed and variable rates components is done in consultation with the Tawa Business Network.

Tawa BID

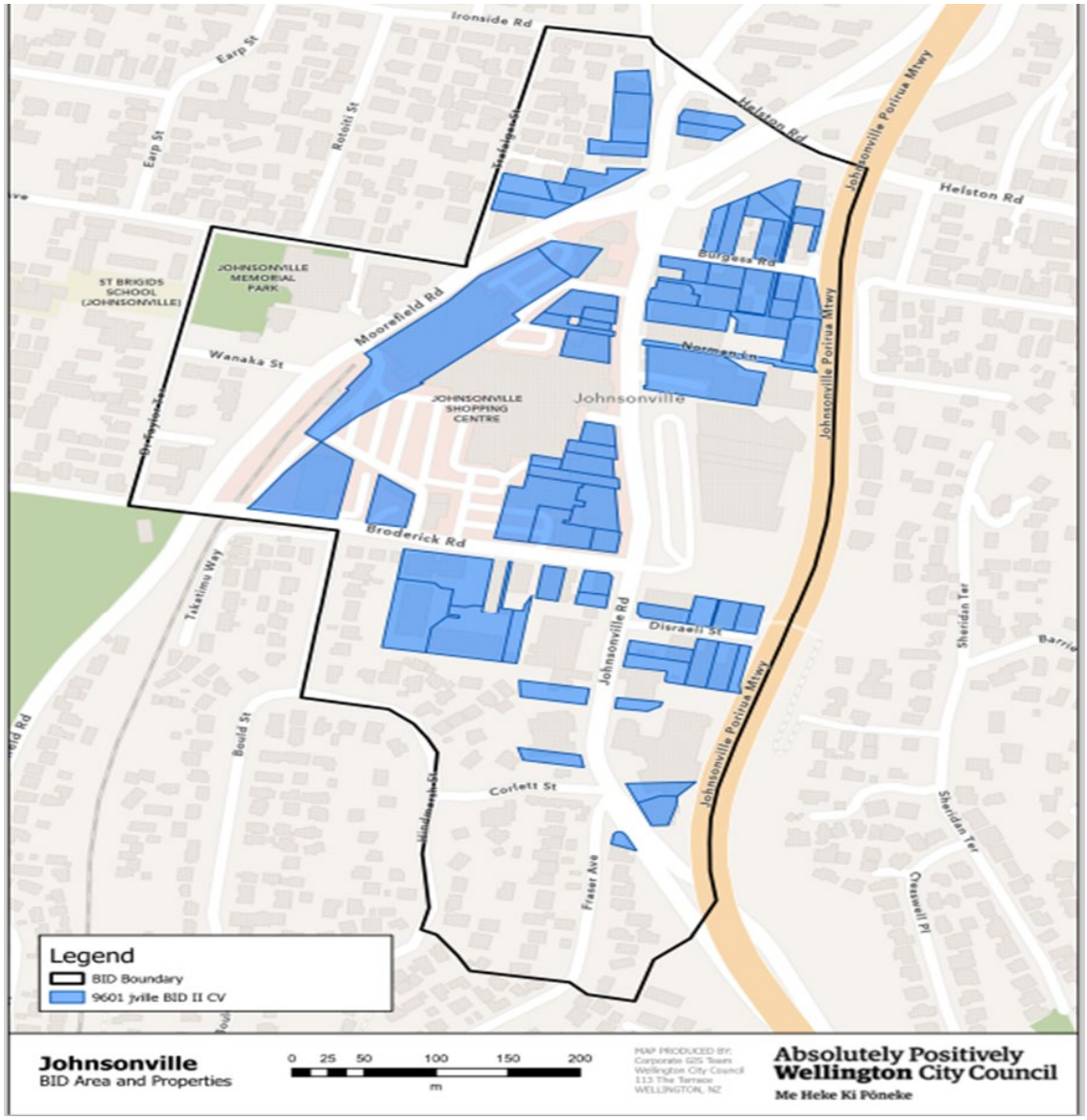

Tawa BID Boundary
BID Properties
Woodman Drive Extension Reserve
Lincoln Ave
Main Rd
Oxford St
Duncan St
Cecil Rd
Tawa Station
Lyndhurst Rd
Lyndhurst Park
Pikitanga Reserve
Mervyn Kemp Dr
Tawa Ter
Bartlett Gr
Porirua Stream
The Drive
Larsen Cres
Taylor Ter
Bing Lucas Dr
St Johns Ter
Takapu Road Reserve
Gladys Scott Pl
Redwood Park
Pembroke St
St Edmund Cres
Takapu Rd
Orlel Ave
Redwood Ave
Sunrise Blvd
Willowbank Reserve
Takapu Road Station
GRENADA NORTH
Jamaica Dr

Johnsonville Business Improvement District Targeted Rate

This rate is set by Council to fund the Business Improvement District activities of the Johnsonville Business Network.

This rate is assessed on all rating units within the Johnsonville Business Improvement District area (see map) which are subject to the Commercial, Industrial and Business differential rating category. Blue shaded properties subject to the BID are indicative only, as property use might change.

This rate is calculated as a fixed amount per rating unit, plus a rate per dollar of rateable capital value. Setting the fixed and variable rates components is done in consultation with the Johnsonville Business Network.



Revaluation

The latest city-wide revaluation was carried out as of 1 September 2021. This revaluation remains effective for the 2024/25 rating year, except where subsequent maintenance valuations have been required under valuation rules or the Council's rating policies.

City-wide revaluations are performed every three years. The next city-wide revaluation will be carried out as of 1 September 2024 and will be effective for the 2025/26 rating year and the two consecutive rating years, 2026/27 and 2027/28 (subject again to subsequent maintenance valuations).

References

The Funding Needs Analysis provides the background and analysis to explain the funding decisions made by Council. It is guided by the funding principles and choices of funding sources documented in the Revenue and Financing Policy.

The Revenue and Financing Policy states Council's policies regarding funding operating and capital expenditure and shows how Council has complied with section 101(3).

The Funding Impact Statement is included in each Long-Term Plan and Annual Plan as required by clauses 15 or 20 of schedule 10 of the LGA. It shows the results of the detailed rates calculation for the first year of the plan.

The Rates Remissions and Postponements Policy provides information on rates that are remitted or postponed implementing policy objectives affecting the liability for rates a rating unit has.