



Te Kaunihera o
Te Awa Kairangi ki Uta
 Upper Hutt City Council

Workshop agenda

Friday 6 September 2024, 1.00 pm – 3.00 pm

Venue: Council Chambers, Civic Building, Level 2, 838 - 842 Ferguson Drive, Upper Hutt.

Public excluded agenda item

Item	Time	Duration	Subject	Page
			Local Water Done Well - Update	N/A
			Facilitator: Gunther Wild, Acting Director of Asset Management and Operations	
Item 1	1.00 pm	1 hour	Confidential briefing: Reason for withholding information under Local Government Meetings and Information Act 1987 Section 7(2)(b) To protect information which if made public would, <ul style="list-style-type: none"> i. disclose a trade secret; or ii. unreasonably prejudice the commercial position of the person who supplied or who is the subject of the information. 	

Public agenda item

Item	Time	Duration	Subject	Page
Item 2	2.00 pm	1 hour	Rates Review – Workshop one	2
			Facilitator: Kate Thomson, Director of Finance Risk and Digital Solutions.	

Concludes at 3.00 pm



Rates Review Workshop one

6 September 2024

Presentation content

- What is a rates review?
- Legal reference point
- Existing Principles
- Why are we completing a review?
- Current rates
- What are general rates & targeted rates?
- Rates remissions and Postponements – reviewed 2024-34 LTP
- Input – exercise and feedback from everyone if time today
- Process and next steps

What is a rates review?

An effective rating review:



Enables council to agree on the appropriate allocation of rates for ratepayer categories



Achieves balance among the funding principles, transparency and simplicity



Enables the community to share their views on the proposal with Council



Allows Council to set a lawful rate

It is about considering the proportion of rates each ratepayer should pay.

Legal context: Section 101 (3) Local Government Act

(3) The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of,—

(a) in relation to each activity to be funded,—

- (i) the community outcomes to which the activity primarily contributes; and
- (ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and
- (iii) the period in or over which those benefits are expected to occur; and
- (iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
- (v) the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and

(b) the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.

Existing Principles

- Rates is UHCC main source of income (page 23, 2024-34 LTP)
- Lawful: The kind of rates that may be set are covered in sections 13-20 of the LG (Rating) Act.
- UHCC general rates are currently based on the **capital value** of a property.
- UHCC levies more than 50% of its rates via targeted rates
- UHCC does not use S15 - Uniform Annual General Charge (UAGC). Recently removed high value differential.
- The rating burden across Upper Hutt city is 'fair' and 'reasonable' to the different sectors (water rates disrupt this principle)
- Costs and benefits and user pays – are **equitable from a whole of city perspective**
- Differentials are based on property use, the benefits of service (LG Rating Act) and the incidence of cost.

Why undertake a Rates review

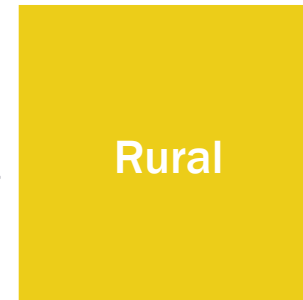
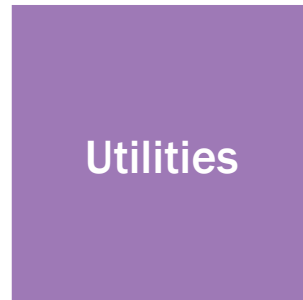
- Recent Community feedback....
- Shift in land use – rural versus lifestyle?
- Recent growth – increase in population and housing areas?
- Changing nature of the city?

Reference points:

- the allocation is in line with the ‘bigger picture’ objectives for any equity split of ratepayer contributions?
- rates should largely reflect the benefits received – however the distribution of rates is not an exact science, and the analysis required is complex.

Current Rate Categories⁸

Over the years, members decided to set the general rate using categories and applying the differentials:



Forestry



Correctional
Facilities



Residential/
Standard



Vacant Land

Rate category definitions⁹

These are a summary based on the LG (Rating) Act 2002, and full definitions are in the 2024-34 LTP (pages 294-296:

Category	Definition
Business	<i>Any land that is used primarily for commercial or industrial purposes</i>
Utilities	<i>Any rates assessment identified on the district valuation roll as a utility for the provision of services including, but not limited to, reticulated water supply, reticulated sewerage network, stormwater network, electricity, telecommunications, or postage.</i>
Rural	<i>Any land that is situated in a rural zone and has an area of 30 hec or more*</i>
Forestry	<i>Any land that is used primarily for forestry industry. (This excludes indigenous and protected forestry that is not harvested)</i>
Correctional Facilities	<i>Any land used for the detention of prisoners under the Corrections Act 2004</i>
Residential/ Standard	<i>All land not mentioned above. This land includes Lifestyle properties and may include any rateable interests in protected or indigenous forestry that is not harvested.</i>
Vacant Land	<i>Any land within the 'walkable catchment' which has either a zero improvement value or has a positive improvement value with no permitted or consented activity or are unused/derelict.</i>

Rate Differentials

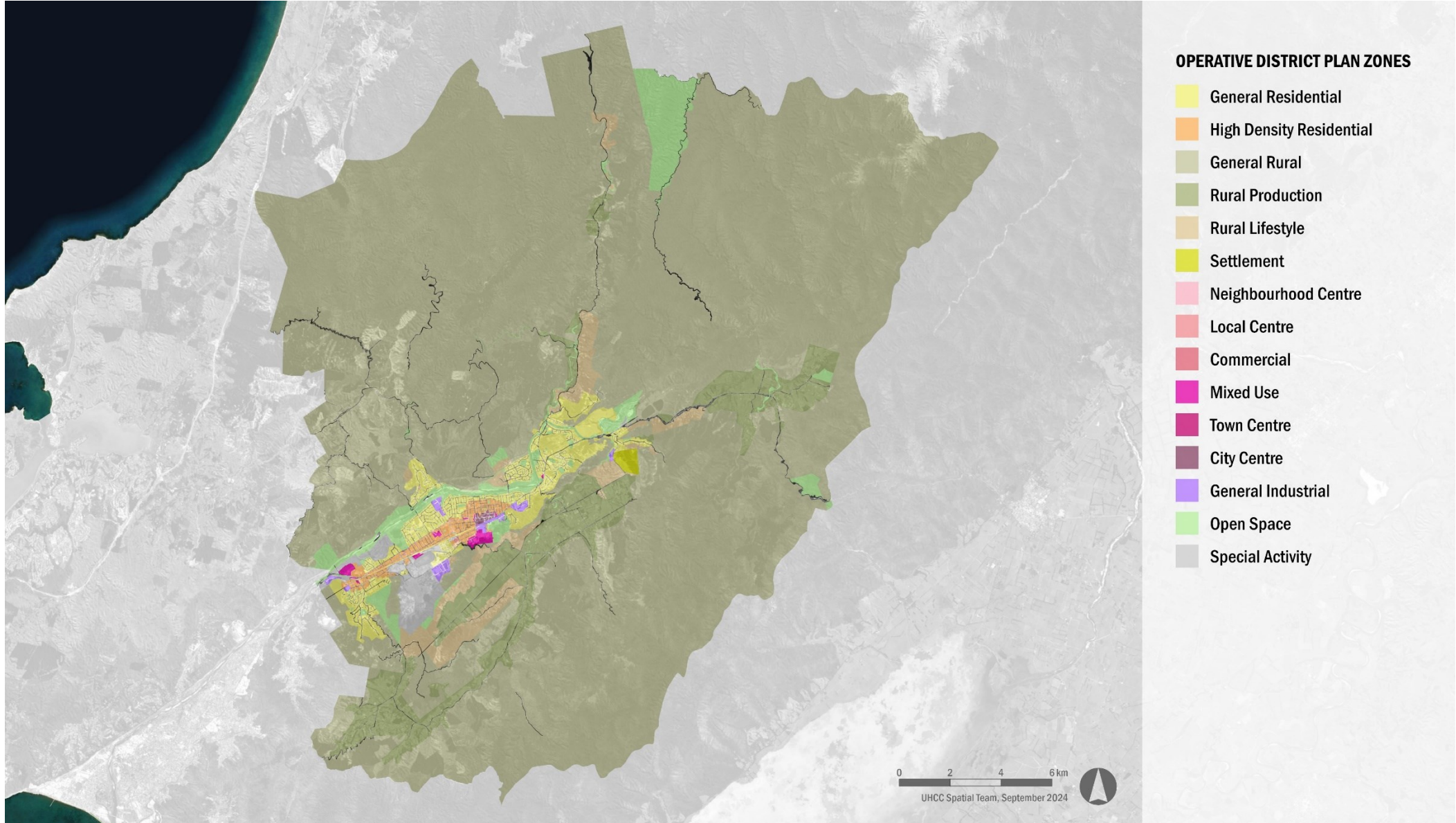
Category	Previous Factor	Consulted Factor	Current factor
Residential or Standard	100	100	100
Residential High-value	90	Removed	-
Rural (> 30 Ha.)	75	75	75
Business	290	290	290
Utilities (incl. 3 Waters)	290	300	300
Correctional Facilities	290	350	350
Commercial Forestry (NEW)*	-	500	290
Vacant Land (NEW)	-	500	500

Input sought

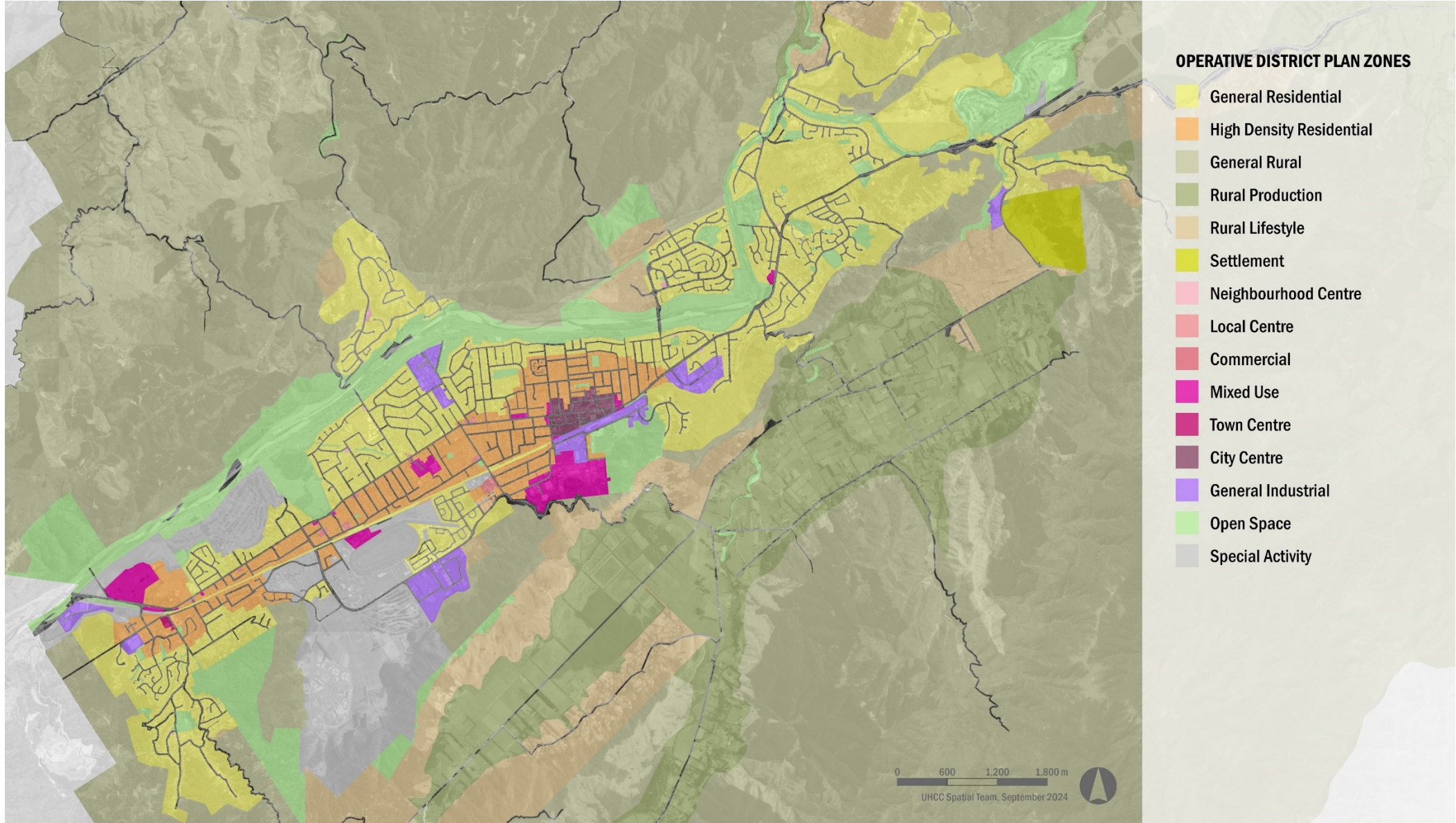
- Want your ideas before we commence the work and where to expend the effort.
- Think about: What principles (and objectives) should be reviewed and/or added? – ‘public good, transparency, equity’
- Think about: Is the focus on the allocation of the General Rate? – which is the preferred Rateable Value – the current Capital Value or Land Value.
- What scenarios should be modelled?

Linkage to the District Plan?

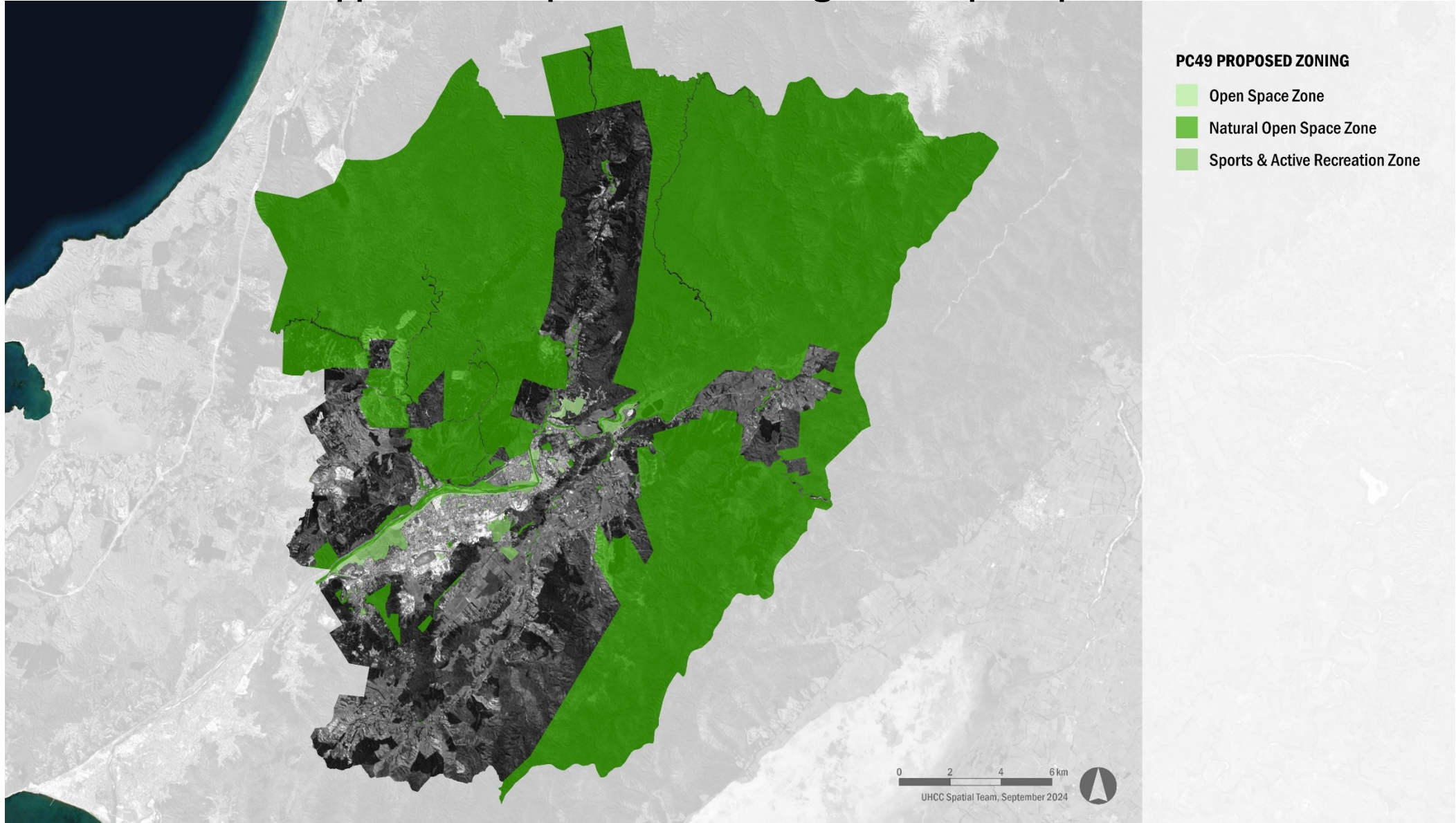
Upper Hutt Operative District Plan Zones



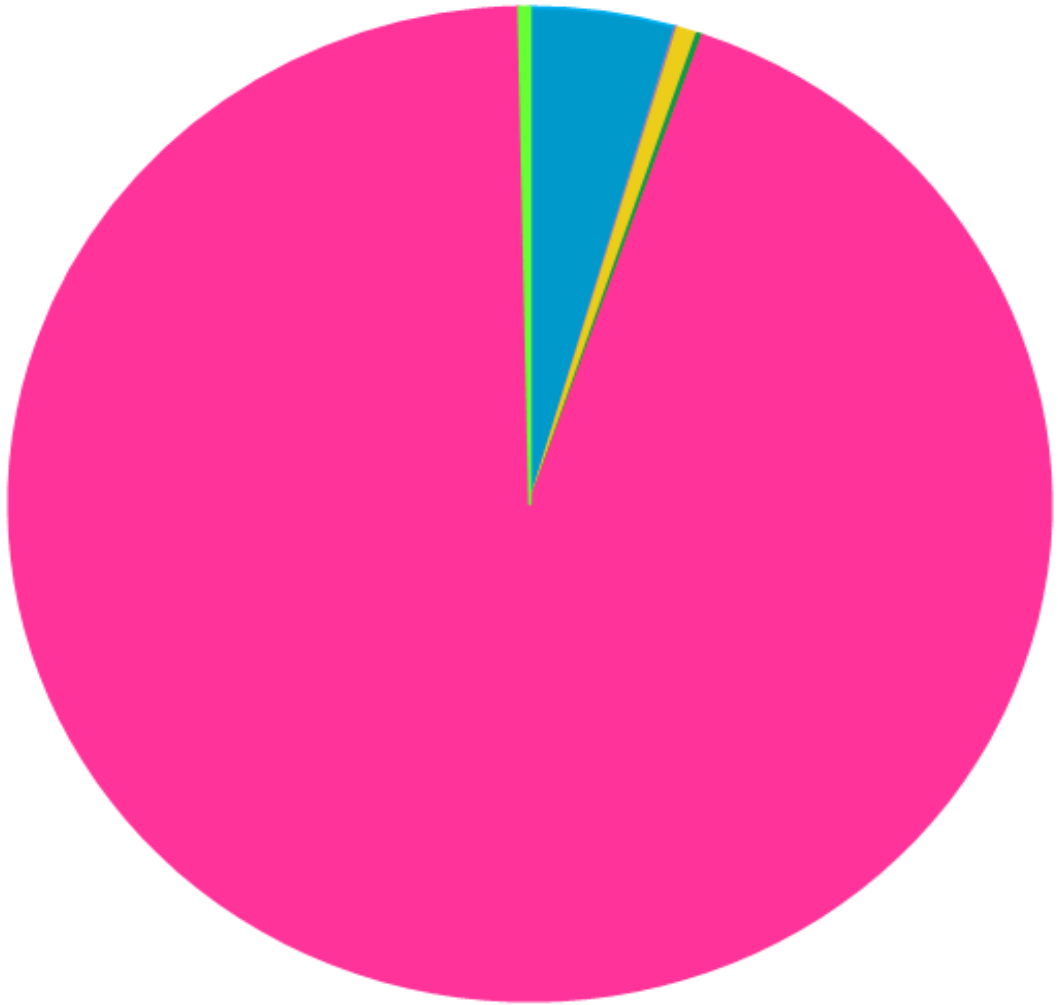
Upper Hutt Operative District Plan Zones - Detail



Upper Hutt Proposed Plan Change 49 – Open Spaces

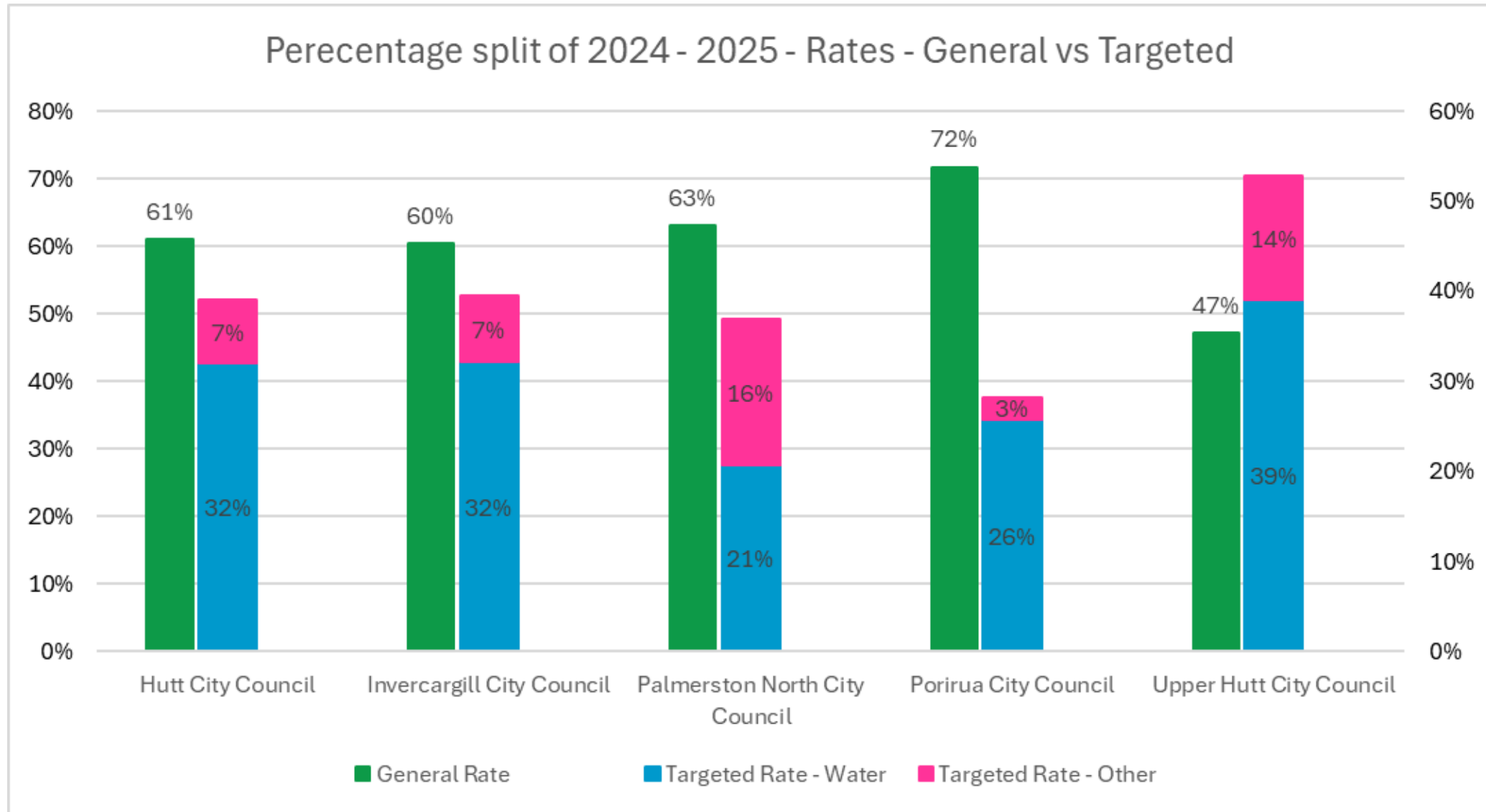


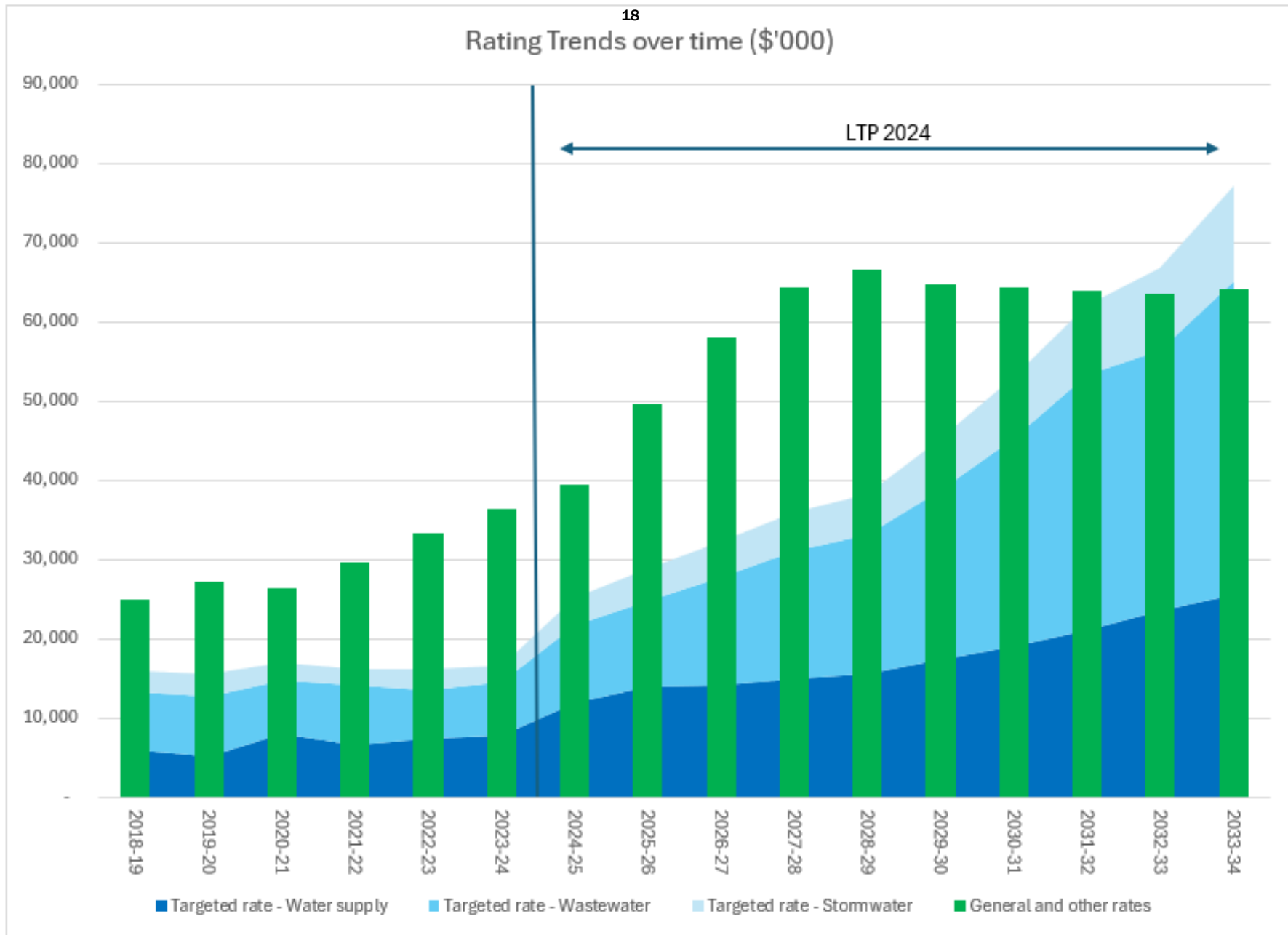
2024 - 2025 Rateable Properties by category



Business	816
Utilities	15
Rural	113
Forestry	33
Corrections	2
Residential	17,109
Remissions/Non-relatable	61

Business Utilities Rural Forestry Corrections Residential Remissions





Targeted rates in existence

- Transparency: Three waters – 3 separate rates
 - Transparency: Transport Rate (introduced 2024-34 LTP)
 - Transparency: Compliance Rate (introduced 2024-34 LTP)
- Are there any matters to consider on targeted rates?

Remissions and Differentials

The role of remissions – how much remission does the council wish to cover

- e.g. Hardship remission over and above Central Govt amount?
- Economic Development as a differential not remission?

Input sought

- We want your ideas before we commence the work and where to expend the effort.
- What principles (and objectives) should be reviewed and/or added?
- Is the focus on the allocation of the General Rate? – that is differentials/categories?
- Targeted rates: Water calculations work against the principles of fairness?


- What scenarios should be modelled?

References & Source Material

- Long Term Plan 2024-2034
- Local Government (Rating) Act 2002
- Taituarā (SOLGM) LG Sector Good Toolkit



Version
as at 23 December 2023



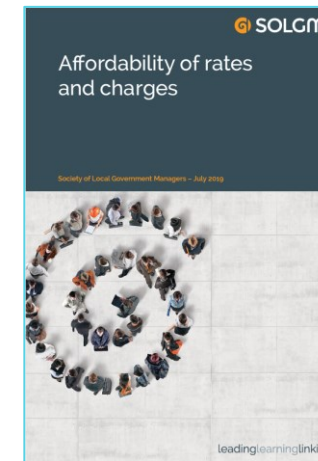
Local Government (Rating) Act 2002

Public Act 2002 No 61
Date of enactment 10 March 2002
Commencement see section 2

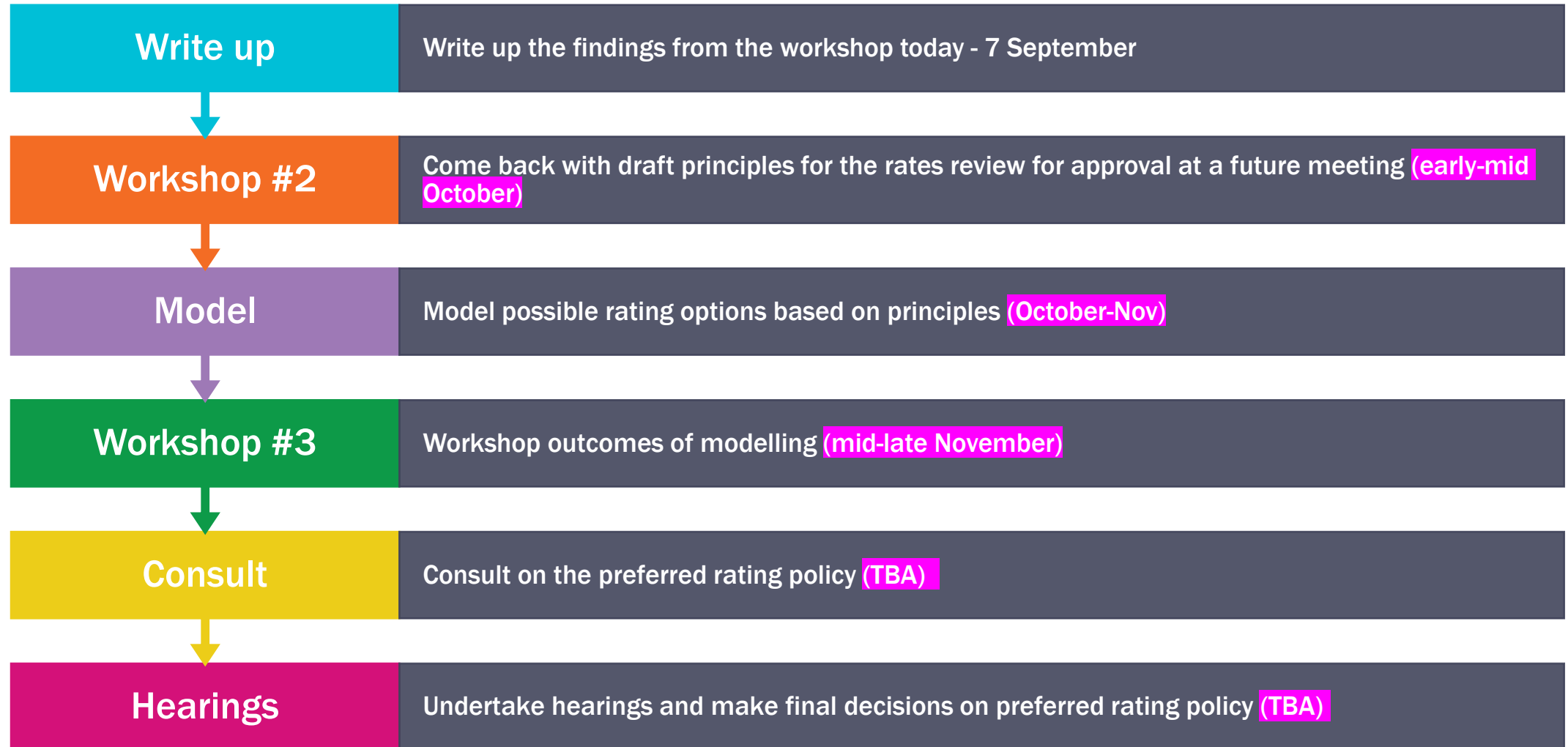
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Note:
The Parliamentary Counsel Office has made editorial and format changes to this version using the powers under section 128(1) of the Legislation Act 2012.
None of the editorial or format changes is a substantive change to the law.
This work is administered by the Department of Internal Affairs.



Process



Questions

