

Funding impact statement including rates for 2018/19

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)(ii) 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, 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 2018/19	Rate Revenue including GST 2018/19
Residential		
Group 01 – Residential and Other	1.00	\$32,727,000
Commercial		
Group 13 – Business*	3.41	\$11,364,000
Group 15 – Motels**	1.62	\$122,000
Group 16 – Shopping Plazas***	2.80	\$2,222,000
Rural		
Group 19 – Rural (less than 50ha)****	0.716	\$1,451,000
Group 20 – Rural (50ha or greater)*****	0.7	\$200,000
Group 21 – Rural (Hongoeka Community)*****	0.7	\$54,000

***Group 13 – Business**

The reduction in the differential for Group 13 – Business will be transitioned over six years from 2018/19. The new rate is set as a rate in the dollar based on the Capital Value of Group 13 – Business. The differential factors are as follows:

Year Applied	Previous Factor	New Factor
2018/19 (Year 1)	3.50	3.41
2019/20 (Year 2)		3.32
2020/21 (Year 3)		3.28
2021/22 (Year 4)		3.25
2022/23 (Year 5)		3.18
2023/24 (Year 6)		3.10

****Group 15 – Motels**

The reduction in the differential for Group 15 – Motels will be transitioned over six years from 2018/19. 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
2018/19 (Year 1)	1.72	1.62
2019/20 (Year 2)		1.55
2020/21 (Year 3)		1.53
2021/22 (Year 4)		1.52
2022/23 (Year 5)		1.47
2023/24 (Year 6)		1.42

*****Group 16 – Shopping Plazas**

The increase in the differential for Group 16 – Shopping Plazas will be transitioned over six years from 2018/19 and will match Group 13 – Business by 2023/24. 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
2018/19 (Year 1)	2.79	2.80
2019/20 (Year 2)		2.83
2020/21 (Year 3)		2.91
2021/22 (Year 4)		3.0
2022/23 (Year 5)		3.05
2023/24 (Year 6)		3.10

******Group 19 – Rural (less than 50ha)**

The increase in the differential for Group 19 – Rural (less than 50ha) will be transitioned over six years from 2018/19. 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
2018/19 (Year 1)	0.700	0.716
2019/20 (Year 2)		0.733
2020/21 (Year 3)		0.750
2021/22 (Year 4)		0.766

2022/23 (Year 5)		0.783
2023/24 (Year 6)		0.800

*******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
0.700	0.700

*******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
0.700	0.700

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

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: 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 "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.

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 Centre Development Rate that collected \$135,000 from 56 properties in the CBD in 2017/18 has been replaced by the City Development Rate and will collect approximately \$1 million after six years to 2023/24. 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 start at \$350,000 plus GST in 2018/19 (Year 1) and then increase progressively to \$1.04 million plus GST by 2023/24 (Year 6):

Year Applied	City Development Rates (excl GST)
2018/19 (Year 1)	\$350,000
2019/20 (Year 2)	\$590,000
2020/21 (Year 3)	\$640,000
2021/22 (Year 4)	\$695,000
2022/23 (Year 5)	\$870,000
2023/24 (Year 6)	\$1,040,000

The new 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>For the avoidance of doubt, "used principally for commercial and/or industrial purposes" does not include rating units:</p> <ul style="list-style-type: none"> • which Council defines as farmland; • used principally for residential accommodation; • used as a boarding house, motor camp or camping ground. <p>For the purposes of this definition "farmland" is property that is separately rated, and is used exclusively or principally for agricultural, horticultural, or pastoral purposes, or for the keeping of bees or poultry or other livestock.</p>
	<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 	
	<p>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).</p>	
Group 15 - Motels	<p>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.</p> <p>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.</p>	
Group 16 - Shopping Plazas	<p>All rating units:</p> <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). 	

Categories	Explanation
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 the Council operated water supply networks.
Serviceable	Any rating unit that is not connected to the 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 habitation 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>