

Rates Resolution for the Period 1 July 2023 and Ending 30 June 2024



To: **Whakatāne District Council**

Date: **Wednesday, 21 June 2023**

Author: **Gary Connolly / CFO and GM of Business Partnering**

Authoriser: **S O'Sullivan / Chief Executive**

Reference: **A24439886**

1 Reason for the report - *Te Take mō tēnei rīpoata*

The reason for the report is for the Council to resolve the rates set and assessed for the period commencing 1 July 2023 and ending on 30 June 2024.

2 Recommendations - *Tohutohu akiaki*

1. **THAT** the Rates Resolution for the Period Commencing 1 July 2023 and ending 30 June 2024 report be received; and
2. **THAT** the Whakatāne District Council sets the rates noted in sections 4.1 to 4.12 of this report, under the Local Government (Rating) Act 2002, on rating units in the District for the financial year commencing on 1 July 2023 and ending on 30 June 2024, based Annual Plan rating requirement within the indicative funding impact statement of a 9.50% rates requirement provided for by the Council in its meeting of 14 June 2023.

3 Subject - *Kaupapa*

Setting of Rates for 2023/24 Financial Year

Section 23 of the Local Government (Rating) Act 2002 requires the Council to resolve the rates annually. Before the Council resolves to set rates for 2023/24 it must have adopted the Annual Plan, including the Funding Impact Statement for 2023/24. The following resolution provides for the setting and assessment of these rates.

The Annual Plan 2023/24 is set to be adopted on 21 June 2023.

4 Background - *He tirohanga whakamuri*

The Rates Resolution is prepared on a GST exclusive basis. The rates assessments issued will report the rates as GST exclusive with GST added to the total rates levied on the ratepayer.

All figures in this report are GST exclusive.

4.1 General Rates (Budgeted Revenue \$30,154,175)

The Council sets a general rate on the capital value of each applicable rating unit in the District on a stepped differential basis.

For properties valued over \$15 million the portion of the property valued under \$15 million will attract the first step. For any portion of the property valued over \$15 million, step two will apply.

The general rate is set based on capital value.

The rates (per dollar of capital value) for 2023/24 are:

	Per dollar of Capital Value	Rate \$
Step 1	District wide rateable properties capital value up to \$15 million	0.00114826
Step 2	District wide rateable properties capital value portion greater than \$15 million	0.00086119

In addition to the above Council sets a Uniform Annual General Charge on all applicable rating units in the District as a fixed amount per rating unit. In the 2023/24 year this charge is **\$782.89** per rating unit.

4.2 Roading Rates (Budgeted Revenue \$6,695,310)

The Council sets a targeted rate for roading as a fixed amount on applicable rating units and a rate on the capital value as follows:

Per dollar of Capital Value	Rate \$
All rateable properties	0.00037657

In addition to the above, Council sets a roading targeted rate of a fixed amount on all rating units in the district of **\$43.52**.

4.3 Community Board Rates (Budgeted Revenue \$382,717)

The Community Board rate is set to fund the costs of the four Community Boards.

The Council sets a Community Board targeted rate as a fixed amount on rating units within each of the following areas (locations):

Targeted Rate	\$
All rating units in the Whakatāne and Ōhope Community Board Area	23.22
All rating units in the Rangitāiki Community Board Area	17.87
All rating units in the Tāneatua Community Board Area	37.62
All rating units in the Murupara Community Board Area	46.12

4.4 Stormwater Rates (Budgeted Revenue \$4,213,107)

The Council sets a fixed targeted rate for stormwater and a rate on the capital value differentially as follows:

Fixed Amount per Scheme	\$
Whakatāne urban area	118.68
Whakatāne Commercial and Industrial	118.68
All rating units in the Matatā area	63.35
All rating units in the Ōhope area	74.73
All rating units in the Edgecumbe area	133.47
All rating units in the Tāneatua area	24.98
All rating units in the Murupara area	14.01
All rating units in the Te Mahoe Land Drainage area	74.08
All rating units in the Te Teko Land Drainage area	17.19

Per Dollar of Capital Value per Scheme	Differential	Rate \$
Whakatāne Urban properties	1.0	0.00036804
Whakatāne Commercial and Industrial properties	2.2*	0.00080969
Matatā	1.0	0.00036804
Ōhope	1.0	0.00016598
Edgecumbe	1.0	0.00052272
Tāneatua	1.0	0.00021061
Murupara	1.0	0.00023908
Te Mahoe Land Drainage	1.0	0.00075121
Te Teko Land Drainage	1.0	0.00023765

* a differential targeted rate calculated on capital value is charged for Whakatane Commercial and Industrial rating units, due to the greater level of impermeable surfaces putting greater pressure on stormwater systems.

4.5 District Growth Rates (Budgeted Revenue \$981,444)

Council sets a targeted rate on the capital value for all commercial and industrial properties outside the Whakatāne urban area.

Per dollar of Capital Value	0.00044073
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Council sets a targeted rate on the capital value for all commercial and industrial properties within the Whakatāne urban area.

Per dollar of Capital Value	0.00088145
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In addition, Council set as a targeted rate of a fixed amount of **\$398.31** per rating unit for all commercial and industrial properties within the District.

4.6 Epic Targeted Rate (Budgeted Revenue \$83,232)

A targeted rate has been set on the budgeted revenue to be allocated to EPIC (Events Promotions Initiatives Community). The rate is based on the capital value of the rateable units identified as the Whakatāne Central Business District in the Whakatāne District Plan.

Per dollar of Capital Value	0.00059765
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4.7 Refuse Removal Rates (Budgeted Revenue \$3,750,805)

The Council sets a targeted rate to fund the collection and disposal of Council approved refuse and recycling.

This targeted rate is set as a fixed amount where a service is **available** to the rating unit. Residential rating units are charged a minimum of one refuse charge.

A rating unit can apply for more than one service and will be charged accordingly.

General waste is a weekly collection service, green waste and recycling is collected fortnightly.

The service applicable to each category is:

Residential – refuse, recycling, and green waste

Rural and Commercial – refuse and recycling

The Council targeted fixed rates **per service** for 2023/24 are:

1. Residential	\$269.15
2. Rural/Commercial	\$235.06
3. Residential Ōhope	\$271.85
4. Commercial Ōhope	\$237.76

The Council provides an additional three recycling collections during the summer holiday period for Ōhope.

4.8 Water Rates (Metered and Non-Metered) (Budgeted Revenue \$8,261,138)

The Council sets targeted rates to fund water supplies for each of the following individual water supply schemes in the District:

1. Whakatāne
2. Ōhope
3. Edgecumbe
4. Matatā
5. Tāneatua
6. Murupara
7. Rūātoki
8. Waimana
9. Plains /Awakeri Extension
10. Te Mahoe
11. Ruatāhuna

These rates are set on a differential basis based on provision of service, land use and location.

The targeted rates are set as a fixed amount per connection. Targeted rates are also set based on the volume of water supplied. All water by meter consumption that is invoiced during the current rating year will be calculated on the charges below.

The differential categories of service for the targeted rate for water supply are:

- **Connected** – any rating unit that is connected directly or indirectly to a Council operated waterworks
- **Availability** – any rating unit that is not connected to a Council operated waterworks but is within 100 metres of such waterworks.

The connected and metered charge is applicable to the water invoice for properties connected and metered.

Whakatāne, Ōhope, Edgecumbe, Matatā, Tāneatua, Rūātoki, Waimana, Te Mahoe (Budgeted Revenue \$6,316,957)	
\$617.93	fixed amount per connection connected and non- metered
\$229.58	fixed amount per rating unit availability – non connected (capable of connection)
\$229.58	fixed amount per connection connected and metered
\$1.77	per cubic metre of all water supplied to each rating unit connected and metered

Murupara (Budgeted Revenue \$390,132)	
\$474.35	fixed amount per connection connected and non-metered
\$194.34	fixed amount per rating unit availability – non connected (capable of connection)
\$194.34	fixed amount per connection connected and metered
\$1.27	per cubic metre of all water supplied to each rating unit connected and metered
Plains (Budgeted Revenue \$1,554,049)	
\$329.95	fixed amount per connection connected and metered
\$0.41	per cubic metre of all water supplied to each rating unit connected and metered.
<p>The Council sets an additional targeted rate for any excess water consumed that is over and above the purchased entitlement for each property connected to the Plains water supply scheme. An overuse targeted rate is set for the excess volume consumed over and above the purchased entitlement of \$0.90 per cubic metre.</p> <p>Note: where properties meet the definition of being contiguous either under legislation or Council policy, the entitlements for such properties will be aggregated prior to an imposition of the overuse penalty.</p>	

4.9 Sewerage Rates (Budgeted Revenue \$5,456,647)

The Council sets targeted rates of a fixed amount per connection to fund sewerage disposal for each of the following individual sewerage schemes in the district:

- Whakatāne
- Ōhope
- Edgecumbe
- Tāneatua
- Murupara
- Te Mahoe

These rates are set on a differential basis based on land use and provision of service. Land use is either residential, rural or commercial/industrial. Commercial/industrial is classed as any property for which the principal undertaking is any commercial/industrial activity or zoned commercial/industrial. Commercial/industrial properties are charged per pan. Residential properties are all other properties that are not commercial/industrial properties. Residential and rural properties are charged a fixed amount per separately used or inhabited part (SUIP) of a rating unit.

The different categories of service are:

- **Connected**—any rating unit that is connected directly or indirectly to a public sewerage drain.
- **Available**—any rating unit that is not connected to a public sewerage drain but is within 30 metres of such a drain.

The rates for the 2023/24 year are shown below:

Whakatāne, Ōhope, Edgecumbe, Tāneatua, Te Mahoe (all schemes excluding Murupara) (Budgeted Revenue \$5,128,483)	
\$437.47	per residential or rural rating unit connected to a public sewerage drain.
\$437.47	per pan commercial / industrial rating unit connected
\$218.74	per rating unit availability (capable of connection)
Murupara (Budgeted Revenue \$328,163)	
\$426.74	per residential or rural rating unit connected to a public sewerage drain.
\$426.74	per pan commercial / industrial rating unit connected
\$213.37	per rating unit availability (capable of connection)

Rating units which are not connected to the scheme or not serviceable are not liable for these rates.

4.10 Instalment Due Dates

4.10.1 Rates

There will be four equal instalments (GST Exclusive) for the 2023/2024 rates. A 10% penalty will be added to any part of the rates instalment that remains unpaid by the due date as shown in the table below as provided for in Section 57 and 58(1)(a) of the Local Government (Rating) Act 2002.

	Due Date	Penalty Date
Instalment 1	Friday, 25 August 2023	Wednesday, 30 August 2023
Instalment 2	Friday, 24 November 2023	Wednesday, 29 November 2023
Instalment 3	Friday, 23 February 2024	Wednesday, 28 February 2024
Instalment 4	Friday, 24 May 2024	Wednesday, 29 May 2024

A further 10% penalty will be added on 1 October 2024 to any rates that were set prior to 1 July 2024 which are unpaid at 1 July 2024 and which remain unpaid at 30 September 2024, as provided in Section 58(1)(b)(i) of the Local Government (Rating) Act 2002.

4.10.2 Water Rates Due Dates

Targeted rates for metered water supply will be invoiced separately from other rates invoices. A 10% penalty will be added to any part of the water rates that remain unpaid by the due date as shown in the table below as provided for in Section 57 and 58(1)(a) of the Local Government (Rating) Act 2002.

Period	Scheme	Due Date	Penalty Date
1	Plains	Friday, 27 October 2023	Wednesday, 1 November 2023
2	All metered schemes	Friday, 26 January 2024	Wednesday, 31 January 2024
3	Plains	Friday, 26 April 2024	Wednesday, 1 May 2024
4	All metered schemes	Friday, 26 July 2024	Wednesday, 31 July 2024

4.11 Discount For Prompt Payment

The Council sets a discount on an annual basis for ratepayers who pay the total rates levied on the rates assessment by the due date for the first instalment. The discount rate for 2023/2024 is 2.5%.

4.12 Payments

All rates shall be payable at the Whakatāne District Council Civic Centre, Commerce Street, Whakatāne, or Murupara Service Centre, Pine Drive, Murupara.

The payment facilities available at the Council offices are cash, credit card or EFTPOS. Council also accepts payment of rates by credit card, via our online facility at www.whakatane.govt.nz. Telephone and internet banking payments are also accepted. Alternatively, the Council has direct debit or automatic payment options available.

5 Options analysis - *Ngā Kōwhiringa*

Council considered options for alternate rating values within the presented indicative Funding Impact Statement in its meeting of 14 June 2023 and agreed to proceed with the rating requirement of 9.50%. Therefore no other rating requirement options are provided for within this report.

Council considered alternative impacts of UGAC through workshops in April and May. Based on the feedback within those workshops the Uniform Charges rate has been maintained at 24% and no other rating structure options are provided for in this report.

6 Significance and Engagement Assessment - *Aromatawai Pāhekoheko*

6.1 Assessment of Significance

The recommended option of this report is assessed to be of moderate significance in accordance with the Council's Significance and Engagement Policy. This is due to likely increased community interest, the fact that the rates increase would be above the limits set in the Council's Financial Strategy, and the departure from the 'smoothed' approach agreed through the LTP 2021-31. Engagement and community views

On 30 March 2023, the Council resolved that formal public consultation on the draft Annual Plan budget for 2023/24 was not required.

The proposed communication approach in relation to the Annual Plan 2023/24, including the rates resolution, will be an informing exercise for communities. The Council will be open, honest, and clearly articulate to communities the extraordinary circumstances Council is facing with inflation and rising costs and the reasons for selecting its preferred option.

7 Considerations - *Whai Whakaaro*

7.1 Financial/budget considerations

The budget considerations associated with the recommendations of this report reflect the projected revenue from rates within the adoption of the Annual Plan 2023/24. The Annual Plan previously presented for adoption in this meeting incorporates revenue based on the recommend setting of rates at the rating requirement of 9.50%.

7.2 Strategic alignment

No inconsistencies with any of the Council's policies or plans have been identified in relation to the recommended option in this report.

If the Council elects to adopt a revised rates resolution at 9.50%, this will be inconsistent with the rates increase limits set in the Council's Financial Strategy. Section 80 of the Local Government Act requires the Council to identify when it is making a decision that is significantly inconsistent with, or is anticipated to have consequences that will be significantly inconsistent with, any policy or plan. Setting the rates requirement at 9.50% has not been assessed to be a significantly inconsistent decision, as the key drivers for increased costs are inflation and interest rates.

7.3 Climate change assessment

The decisions and matters of this report are assessed to have low climate change implications and considerations, in accordance with the Council's Climate Change Principles

7.4 Risks

The main risks associated with the matters of this report identified by management relate to engagement and financial and have are assessed in accordance with the councils Enterprise Risk Framework of likelihood and consequence.

Engagement: On the basis that the recommended rate setting option in this report is based on the rating requirement of 9.50% and is above the rating limits indicated in the Long-Term Plan 2021-2031, the risk of significant impact on ratepayer and public engagement has been assessed by management as medium-low, (i.e., it is not anticipated that this decision would resolution in significant national media coverage).

Financial: Should Council not collect the rating income reflected in this report it would have implications for the delivery of a balanced budget and /or Council services. The main driver of risk in non-collection has been identified by management as being associated with current economic conditions and revenue collectability based on higher-than-normal inflation and interest rates. These economic conditions have been in place for the last 24 months, and to date our monitoring has not indicated any material adverse impact on collections. Given that, and that the economic conditions appear to be stabilising and projected to decrease in future, this risk has been assessed by

management as low (i.e. it is not anticipated that the increase in rates to 9.50% from the LTP limit if 6.93% would result in additional non-collections exceeding \$50,000).

Attached to this report:

Appendix 1: Indicative rating examples for 2023-24 (9.50%)

