

# RATING POLICY



**WAIROA**  
DISTRICT COUNCIL

<b>Approved by:</b>	
<b>Department:</b>	Finance
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## PURPOSE AND SCOPE

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.

This policy gives effect to the principles contained in those above. The factors and thresholds applied can be reviewed by Council as necessary to allow for significant changes in land use, valuations and so on.

## DEFINITIONS AND TERMS

### 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. There are exceptions to this, particularly for pastoral property where a rating unit may consist of multiple certificates of title. In establishing what is a rating unit the RVA 2008 and rules set by the Valuer General must be considered and adhered to.

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 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. For rating Council uses the capital value of each rating unit as the basis for allocating a General Rate.

### Rating Categories

Council has chosen to differentiate the General Rate into four rating categories:

- a. Residential
- b. Commercial.
- c. Rural.
- d. Forestry.

Residential rating units are differentiated between properties under a capital value \$399,999.00 and over a capital value of \$399,999.00.

### Rating Categories and Property Category Codes

Rating Valuation Rules classify land based on its use and property category. Often land use and property categories will be the same but there are instances where land use data and property category data are different. Council uses the categories set out in the Rating Valuation Rules to determine which rating category a rating unit belongs to.

Table 1.1 in Appendix 1 details how Council allocates each Property Category to a Rating Category.

Should Council become aware that the use of a property may be inconsistent with a rating category it will investigate the matter and consider which rating category is appropriate.

### General Rates

General rates are used in instances where Council believes that the community as a whole should pay for an activity or believes that there is minimal or no benefit in rating activities separately. General rates are collected in the form of either:

- A value based general rate, and
- A Uniform Annual General Charge (UAGC).

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 is detailed in the Funding Impact Statement.

### 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 five differential categories, each carry a different weighting. For the year ending 30 June 2022. These are as follows:

Rating Category	Differential 2021/22
Residential	1
Residential, capital value greater than \$399,999.00	0.8
Commercial.	1.6
Rural.	0.7
Forestry.	4

Council confirms its rating differential factors when adopting the Funding Impact Statement in each annual plan. These differential factors could change.

The general rate includes 10% of district-wide water, sewerage, stormwater and waste management costs which recognizes the benefit the community as a whole gets from these activities and supports rates affordability for lower value rating units. The balance these activities are collected by rates are funded by targeted rates.

Overall, the general rate may contribute to the funding of the following activities:

<b>Group of Activities</b>	
Water Supply	10% as described above
Stormwater	10% as described above
Wastewater	10% as described above
Waste Management	10% as described above
<b>Group of Activities</b>	<b>Activity</b>
Transport	Land Transport Airport

Community Facilities	Cemeteries Library Community Support
Planning and Regulatory	Resource Planning Environmental Health Building Compliance Liquor Control Bylaw Compliance Emergency Management
Leadership and Governance	Community Representation Māori Relationships Economic Development Visitor Information Gaiety Theatre
Corporate Functions	Property Management Treasury Functions Corporate Support Services

### **Uniform Annual General Charges (UAGC)**

A portion of general rates is assessed as a UAGC. The UAGC is set under section 15(1)(b) of the LGRA 2002. A UAGC is set as a flat dollar charge for each separately used or inhabited part (SUIP) of a rating unit. The UAGC is a fixed charge regardless of value of a property. The UAGC is not a direct allocation the cost of a single activity or targeted at a single rating category, it is allocated equally to all SUIP's of all rating units. The definition of a SUIP is contained in the Funding Impact Statement.

A Uniform Annual General Charge will not be charged on each division of a rating unit unless it is evident that the divided rating unit is separately used or inhabited.

Revenue collected from the UAGC for all rateable properties is set out in the Funding Impact Statement. The amount of rates revenue collected from the UAGC is limited to a maximum of 30% the total rates revenue collected as prescribed by the LGRA 2002. This must be adhered to.

Rates revenue from UAGC's funds the following activities:

- Administrative Property
- Commercial Property
- Enterprise Building
- Council
- Māori Relationships
- Visitor Information Centre
- Economic Development

Gaiety Theatre  
Community Centre  
Community Support  
Library

Council may review these allocations from time to time to reflect consumption of Council activities.

### **Targeted Rates**

Targeted rates are set in accordance with sections 16, 18, and 19, and schedules 2 and 3 of the LGRA 2002. Targeted rates are rates used to fund an activity or group of activities and may be set on a single rating category or multiple rating categories. Targeted rates may be applied either uniformly on all rating units or at different amounts for different groups of rating units. One or more of the requirements of Schedule 2 of the LGRA 2002 must be used when defining a category to set targeted rates differentially.

Targeted rates are used to fund the following activities which Council feels all, or part of, the cost of an activity is best met by a defined category. Targeted rates are used to fund drainage, wastewater, water supply, waste management and sewerage disposal activities:

- Drainage – Wairoa urban area
- Drainage – Mahia township area
- Rural wastewater charge
- Water supply – Wairoa supply area (including Frasertown and Peri-urban supply), Mahanga supply area, Tuai supply area.
- Waste management
- Sewerage disposal – Wairoa, Tuai, Mahia (including Opoutama)

Total rates revenue collected from each targeted rate is detailed in the Funding Impact Statement. The flat dollar rate amount of each rate is stated in the Rates Resolution, this includes charges for rating units to which water can be supplied and sewerage disposal services can be provided but are not.

### **Water Supply Targeted Rate**

A water rate is assessed as a flat dollar amount on each SUIP of a rating unit located within the serviced area. The purpose of this rate is to recover the cost of water supply activities and including a portion of expected cost relating to maintenance, renewal and replacement. The serviced area includes all SUIP's that are connected to the on-demand water reticulation system or are within 100 meters of any part of the on-demand water reticulation system. A SUIP that is not connected but capable of being connected to the on-demand water reticulation system will incur a half charge.

On-demand reticulated water systems are in the Wairoa, Mahanga and Tuai areas. The Wairoa supply area includes Frasertown and the Peri-Urban area. The flat dollar rate is different for each supply area and reflection of the cost of operating each supply area.

### **Sewerage Disposal Targeted Rate**

The sewerage disposal rate is assessed as a flat dollar amount on each SUIP of a rating unit located within the serviced area. The purpose of this rate is to recover operating costs of wastewater collection, treatment and disposal, plus a share of the expected cost relating to maintenance, renewal and replacement. It is assessed on every SUIP of a rating unit located within the serviced area, where the serviced area includes all rating units that are actually connected to the wastewater network or are available to be connected to a wastewater network.

### **Drainage Targeted Rate**

The drainage rate is assessed as a flat dollar amount on each a rating unit (not each SUIP of a rating unit) located within the serviced area and differentiated by location. This applies to vacant land and land that has improvements on it. The purpose of this rate is to fund the operating cost of land drainage and a share of the expected cost of relating to maintenance, renewal and replacement. The Wairoa urban area and the Mahia Beach settlement area have targeted rates for drainage. The flat dollar amount is different for the Wairoa Urban area and the Mahia Beach Settlement area.

Appendix 2 contains maps of:

1. The Wairoa supply area – water supply (including Frasertown and Peri-urban supply)
2. The Wairoa supply area – sewerage disposal and Wairoa township drainage
3. The Mahanga – water supply
4. The Tuai supply arear – water supply and sewerage disposal
5. The Mahia Township settlement area - Mahia township drainage, sewerage disposal
6. The Opoutama settlement area – sewerage disposal

### **Water Supply Rate – Metered.**

The purpose of this rate is to recover the cost of water supply activities and a portion of expected cost relating to maintenance, renewal and replacement. A metered water supply rate applies to rating units who meet criteria of being a water supply targeted rate rating unit user who are likely to consume more than what is equivalent to the flat dollar amount. Council will rate water supply consumption on a fixed charge per unit of water consumed and according to a scale of charges. The fixed charge and scale of charges is detailed in the Funding Impact Statement and the Rates Resolution.

### **Waste Management Charge.**

The waste management charge is assessed as a flat dollar amount on each SUIP of each rating unit in the Wairoa District. The purpose of this rate is to recover operating costs of landfill operations, the collection and disposal of recycling and organic waste and to fund a share of the expected cost relating to maintenance, renewal and replacement of operations associated with waste management. These targeted rates are differentiated between urban and rural rating units to reflect the proportional cost which each area contributes to waste management in the district.

### **Rural wastewater charge.**

The waste management charge is assessed as a flat dollar amount on each SUIP of each rating unit which is not connected a reticulated sewerage disposal system. This rates applies to each SUIP of a Rating Unit described as ‘Flat, Dwelling, Bach, Cottage, Cafeteria, Accommodation, Building, Cabin, Camping Ground, Tavern, Hall, Office, Hotel, Sleepout, Orchard or Shop’ in Council’s Rating Information Database. The purpose of this rate is to fund a share of the expected cost of the treatment of matter from non-connected sewerage systems (septic tanks) once emptied into the Wairoa sewerage treatment system.

### **Lump Sum Contributions and targeted rates**

Part 4A of the Rating Act enables Council to offer Lump Sum Contributions (LSC).

LSC can only be used to fund the capital costs of identified projects (including loan repayments) and cannot be offered in respect of an operating cost. The lump sum payment is not a rate, it is essentially a prepayment of the rates that a ratepayer would have to pay as their share of a cost a particular capital project.

Ratepayers can elect not to a pay lump sum but rather incur the cost as a targeted rate over time, as defined in a Capital Funding Plan, through their rates assessment.

Council currently has targeted rates for the capital repayment of the Mahia Beach Community Sewerage Scheme and the Opoutama Beach Community Sewerage Scheme capital costs. These rates are only for rating units subject to the Lump Sum Contribution arrangement where an election was made to pay these



costs by a targeted rate. The rates for each applicable rating unit differ based on the scheme cost attributable to the rating unit. Targeted rates (based on repayment periods) are in place ranging from three to thirty years depending on the election made. An option exists to clear future targeted rates. This is contained in our rates remission and postponement policy: Early Payment of Rates Policy – Early payment of Mahia and Opoutama Wastewater scheme targeted rates.

### **Separately used or inhabited part**

The Council has elected to assess UAGC's and other fixed targeted rates (except drainage rates) based on each separately used or inhabited part of a rating unit.

The Council defines a separately used or inhabited part of a rating unit in the Funding Impact Statement in its Annual Plan or Long-Term Plan.

### **Divisions of a rating unit**

The Council has elected to undertake division of rating units, where a rating unit is divided into one or more part because a rating unit clearly consists of more than one rating category.

The division is a separation of a property record in the Rating Information Database into two or more parts. A division is done only for the purpose of assessing rates correctly. Where a division is required, the Council in conjunction with its Valuation Service Provider will determine the area and corresponding rating value of each division of the rating unit.

Each rating division will be deemed a separately used or inhabited part of a rating unit for the purpose of assessing rates. A divided rating unit may not attract a Uniform Annual General Charge if it is clear that the rating unit is incapable of being used separately (but consists of 2 rating categories) or a rates remission or postponement applies to a divided part of the rating unit.

### **Rates payable by instalment**

Rates are payable in four equal instalments. A ratepayer may elect to pay rates weekly, fortnightly, monthly, quarterly or annually.

Direct debits are available as a payment method over these frequencies. Additionally, payments may be made via the internet or in person at the Council's offices.

Any payments received for rates are applied to the oldest debt first.

### **Penalties on rates**

Penalties for late payment of rates are set on in the rates resolution and, along with rates due dates, are clearly displayed on rates assessment notices and rates invoices. Council has the following penalty regime:

- A 10% penalty is applied on the next working day to any balance of any instalment not paid by the due date.
- A 10% penalty is applied to any unpaid balance from previous years. This is added on 1 July of each year, or five working days after Council has passed the rates resolution (whichever is later).

Any payments received for rates are applied to the oldest debt first.

Suppression of penalties remain in place when an arrangement to pay rates has been made.

Council has adopted a penalty remission policy, this is contained in Council's rates remission and postponement policies.

### **General Revaluation**

Council is required to revalue each rating unit at least once every three years. This is set out in the RVA 1998. Along with decisions made by Council values established under General Revaluation are used for assessing and setting rates.

The next effective date of General Revaluation for the Wairoa District is 1 August 2021, these values will be used for setting rates for a three-year period commencing 1 July 2022.

Rating values with an effective date of General Revaluation of 1 August 2018 will be used to assess and set rates in year one of the Long-term Plan (from 1 July 2021). Rating values with an effective date of General

Revaluation of 1 August 2021 will be used to assess and set rates in year two of the Long-term Plan (from 1 July 2022).

### **Calculating differentials following General Revaluation**

Following General Revaluation Council may consider changes to differentials used for each rating category when assessing and setting rates in the year following (from 1 July 2022).

### **Inspection of Rating Information Database**

The Rating Information Database is available for inspection at Council's municipal building during business hours and on Council's website.

The publicly available Rating Information Database does not include rating unit owner name(s) and postal addresses. A member of the public may request rating unit owner name(s) and postal address details unless the owner has requested to withhold these details.

Bulk collection of the names or postal addresses (or both) of people included in the Rating Information is prohibited.

## APPENDIX 1

Property Category Code	Property Category Description	Rating Category
AI	Land which has irrigation available	Rural
AN	Land which has no irrigation available	Rural
CA	Accommodation such as motels	Commercial
CC	Cinema, theatre	Commercial
CE	Elderly rest homes	Commercial
CH	Health Operations of a small scale	Commercial
CK	Educational type uses including pre-school, primary, secondary	Commercial
CL	Liquor outlets including taverns	Commercial
CM	Motor vehicle sales or service	Commercial
CO	Office type uses	Commercial
CP	Parking buildings, and unit titles car parks which are likely to sell for commercial use	Commercial
CR	Retailing use	Commercial
CS	Service stations	Commercial
CT	Tourist type attractions as well as other amenities with an emphasis on leisure of a non-sporting type	Commercial
CV	Vacant land, or land with low value of improvements, which when developed is likely to have a commercial use	Commercial
CX	Other commercial uses or where there are multiple uses	Commercial
D	Milk is supplied for milk products	Rural
FE	Exotic forests	Forestry
FI	Indigenous forests	Commercial
FP	Protected forests of any type	Rural
FV	Vacant land suitable for planting	Rural
HB	Berry fruits	Rural
HC	Citrus	Rural
HF	Flowers	Rural
HG	Glasshouses	Rural
HK	Kiwifruit	Rural
HM	Market garden	Rural
HP	Pip fruit	Rural
HS	Stone fruit	Rural
HV	Vineyard	Rural
HX	Other horticultural uses or where there is more than one use and no use is predominant	Rural
IF	Food processing or specialised food storage	Commercial
IH	Heavy, large-scale manufacturing, including vehicle manufacturing, aluminium and steel production	Commercial
IL	Light Manufacturing	Commercial

IN	Noxious or dangerous industrial uses such as oil refinery and natural gas conversion type industries and fuel tank farms would be included	Commercial
IS	Services that usually have an interface with the general public as direct clients	Commercial
IV	Vacant land, or land with low value of improvements, which when developed will have an industrial type use	Commercial
IW	Warehousing with or without associated retailing	Commercial
IX	Other industrial uses or where there are multiple uses	Commercial
LB	Bare or substantially unimproved land, which is likely to be subdivided into smaller lifestyle lots	Rural
LI	Improved to the extent that there is some residential accommodation sited on the land	Rural
LV	Vacant or substantially unimproved land without immediate subdivision potential	Rural
MC	Coal fields	Commercial
MG	Gas	Commercial
ML	Limestone quarries	Commercial
MO	Oilfields	Commercial
MP	Precious metal mining sites	Commercial
MR	Rock, shingle, or sand pits extraction	Commercial
MX	Multiple mining activities or not otherwise specified	Commercial
OA	Assembly Halls	Residential
OE	Educational type uses including pre-school, primary, secondary, and tertiary	Commercial
OH	Health and other public medical uses of large a large scale, including hospitals	Commercial
OM	Maori sites including marae and other meeting houses and including Maori burial sites	Rural or Residential
OP	Passive reserves including wilderness and conservation reserves as well as regional and national parks	Rural
OR	religious uses including places of worship	Commercial
OS	Sports grounds including racecourses, golf courses, ski fields, squash courts	Commercial
OV	Vacant land without obvious use	Rural or Residential
OX	Other uses or where there are multiple uses	Commercial
PF	Finishing land suitable for livestock, and breeding	Rural
PG	Grazing land for livestock	Rural
PR	High country runs	Rural
PS	Stud properties where the principal use is the breeding of stud stock for sale	Rural
RA	Apartments which are in multi-story buildings	Residential or Commercial
RB	Bare or substantially unimproved land, which is likely to be subdivided into dwelling house sites	Residential

RC	Converted dwelling houses which are now used as rental flats and have two or more units of use	Residential
RD	Dwelling houses of a fully detached or semidetached style situated on their own clearly defined piece of land	Residential
RF	Ownership home units which do not have the appearance of dwelling houses	Residential
RH	Home and income. The dwelling is the predominant use and there is an additional unit of use attached to, or associated with, the dwelling house which can be used to produce income	Residential
RM	Vacant or substantially unimproved land on which it is likely that multiple housing units will be built	Residential
RN	There is more than one principal dwelling house	Residential
RP	Unit-titled car park which is likely to sell for residential use	Residential
RR	Rental flats which have been purpose-built for rental purposes and have two or more units of use	Residential
RV	Vacant or substantially unimproved land on which it is likely that a single dwelling house will be built	Residential
SA	Aquaculture, including all types of fish farming	Rural
SD	Deer farming	Rural
SH	Horse studs and training operations	Rural
SP	Poultry	Rural
SS	Pigs	Rural
SX	All other specialist livestock	Rural
UC	Civic, including storm water, sewerage, and water reticulation	Commercial
UE	Energy, including electricity and gas distribution networks and supporting facilities	Commercial
UG	Generating and processing sites or plants that support utility networks	Commercial
UP	Post boxes	Commercial
UR	Rail network corridors	Commercial
UT	Telecommunication networks and supporting facilities	Commercial

**Table 1.1**  
**Allocation of Property Categories to a Rating Categories.**

## APPENDIX 2 MAPS

### THE WAIROA SUPPLY AREA - WATER SUPPLY (INCLUDING FRASERTOWN AND PERI-URBAN SUPPLY)

Wairoa/Frasertown Water Supply Area





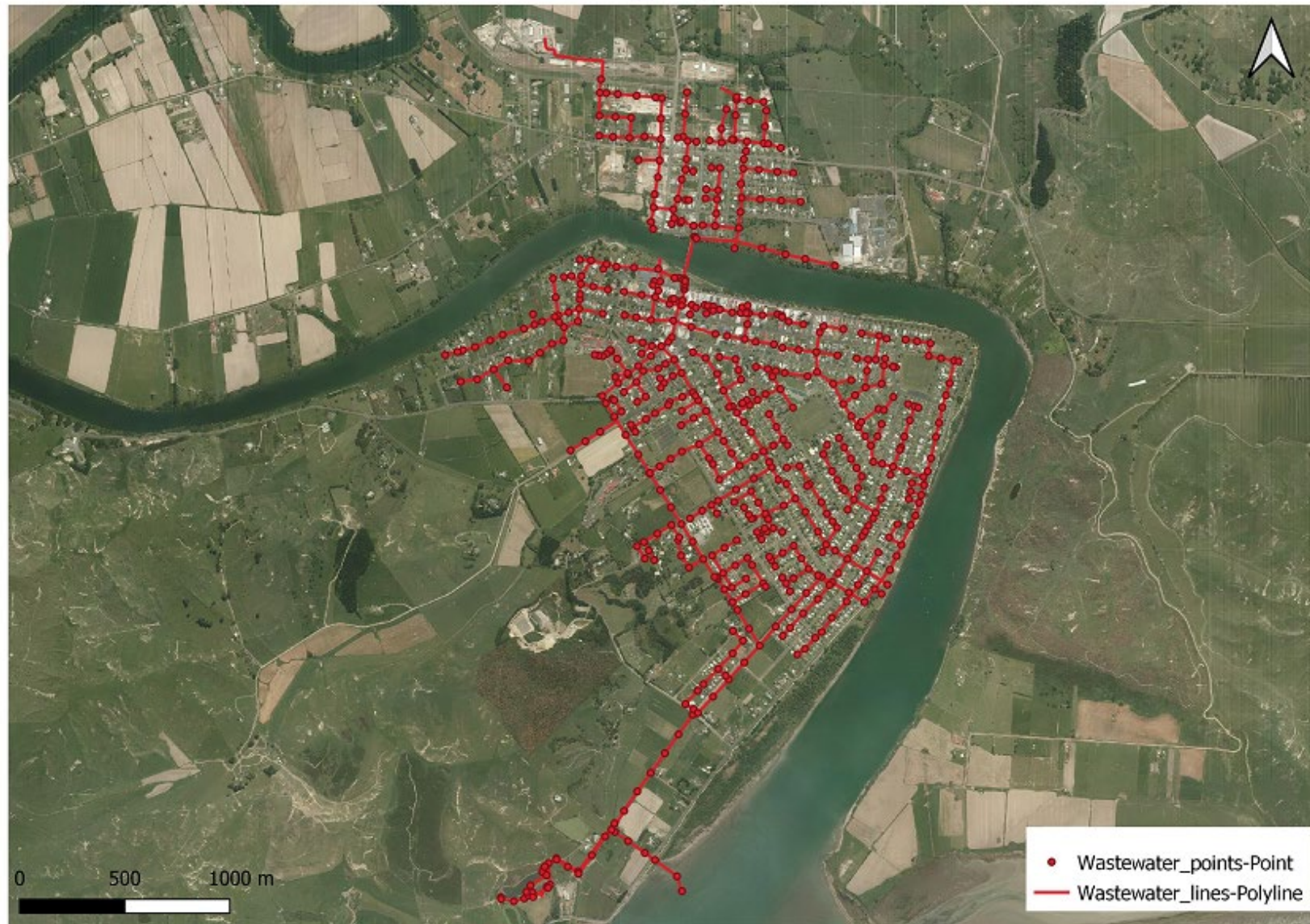
## THE WAIROA SUPPLY AREA – SEWERAGE DISPOSAL AND WAIROA TOWNSHIP DRAINAGE

Wairoa Drainage Area





### Wairoa Sewage Disposal Area





## THE MAHANGA SUPPLY AREA – WATER SUPPLY



## THE TUAI SUPPLY AREA – WATER SUPPLY AND SEWERAGE DISPOSAL







## THE MAHIA TOWNSHIP SETTLEMENT AREA - MAHIA TOWNSHIP DRAINAGE, SEWERAGE DISPOSAL



## THE OPOUTAMA SETTLEMENT AREA - SEWERAGE DISPOSAL

### Opoutama Sewage Disposal Area

