

OPEN

MINUTE ITEM

ATTACHMENTS

**Ordinary meeting of the
Nelson City Council**

**Thursday 22 June 2017
Commencing at 9.00am
Council Chamber**

Civic House

110 Trafalgar Street, Nelson

TABLE OF CONTENTS

PAGE

Adoption of the Annual Plan 2017/18

A. A1777629 - pages 72 to 74 - Annual Plan 2017/18

2

A charge for the quantity of water provided set under Section 19 of the Local Government (Rating) Act 2002 according to the following scale. These charges are invoiced separately from the rates invoices.

The cost per cubic metre is set out in the table below:

WATER CHARGES – RESIDENTIAL, COMMERCIAL AND INDUSTRIAL INCLUDING GST

| Amount/type | Cost (\$ per m3) 2016/17 | Cost (\$ per m3) 2017/18 |
|--|--------------------------|--------------------------|
| Usage up to 10,000m ³ per year | 2.036 | 1.964 |
| Usage from 10,001 to 100,000m ³ per year | 1.517 | 1.550 |
| Usage over 100,000m ³ per year | 1.198 | 1.222 |
| Summer irrigation usage over 10,000m ³ per year | 1.776 | 1.757 |

The water rates represent an average decrease of 3.6% for the 2017/18 year for an average water user.
Note: an average residential water user uses 160m³ per annum.

Lump sum contributions will not be invited in respect of any targeted rate.

Payment methods for rates

Payment for rates can be made by Cash, Cheque, EFTPOS, Direct Debit, Direct Credit, Internet Banking, Telephone Banking and Credit Card (via our website only).

Penalty on unpaid rates (excluding water volumetric rates)

In accordance with Sections 57 and 58 of the Local Government (Rating) Act 2002, a penalty of 10% is added to each instalment or part thereof that is unpaid after the last date for payment. The penalty dates are 21 August 2017, 20 November 2017, 20 February 2018 and 21 May 2018. Previous year's rates that remain unpaid will have a further 10% penalty added on 1 July and 1 January.

Penalty on unpaid water volumetric rates

In accordance with Sections 57 and 58 of the Local Government (Rating) Act 2002, a penalty of 10% is added to each water account or part thereof that is unpaid after the last date for payment. The penalty is added three working days after the last day for payment.

Penalty remission on full payment of yearly rates

The total annual rates may be paid in one lump sum by 20 November 2017 and any first instalment penalty already incurred will be remitted.

Discount for early payment of rates

In accordance with Section 55 of the Local Government (Rating) Act 2002, a discount of 2% of the total year's rates, excluding water volumetric rates, will be allowed where they are paid in full on or before 21 August 2017.

Differentials

Differentials are adjustments to the rates of particular property types to better reflect the services provided by Council. Commercial properties pay higher rates to reflect additional services such as street cleaning and car parks. Properties classified as rural have a negative differential to reflect the fewer Council services provided to those properties.

CATEGORIES OF DIFFERENTIALS BASED ON LAND USE

These differential categories are defined in accordance with the provisions of Schedule Two of the Local Government (Rating) Act 2002. The same definitions are also used to define the liability for some rates. The differential categories are as follows:

General Rate

Residential – all rating units that are used primarily for residential purposes.

Multi Residential – all rating units that contain more than one residential dwelling that are capable of being used primarily for residential purposes.

Commercial – any rating unit which is used primarily for commercial use. Properties that have a portion of residential use shall have a reduced commercial differential.

Inner City Commercial – any rating unit which is used primarily for commercial use that is located within the Inner City Zone, as defined in the Nelson Resource Management Plan. Properties that have a portion of residential use shall have a reduced inner city commercial differential.

Stoke Commercial – any rating unit which is used primarily for commercial use that is located within the Stoke commercial zone, as defined in the Nelson Resource Management Plan. Properties that have a portion of residential use shall have a reduced Stoke commercial differential.

Rural – any rating unit having an area greater than 15 hectares which is used primarily for dairy, fattening and grazing, quarries, forestry or horticultural use and is recorded as rural on the District Valuation Roll.

Small Holding – any rating unit which is primarily used as a small holding and having an area greater than 0.5 hectares but is less than 15 hectares and is recorded as a small holding on the District Valuation Roll.

Rating categories

Council has adopted the following differentials:

- Single residential with non-rateable portion and Multi Residential have an additional 10% general rate differential
- Rural have a negative 35% general rate differential
- Small holdings have a negative 10% general rate differential
- Commercial rates are set to collect 25.1% of the total rates excluding water annual charge and water volumetric rate, Clean Heat Warm Homes and Solar Saver charges. 28.817% of this is funded from inner city commercial properties, 1.910% from Stoke commercial properties while 69.273% is funded from commercial excluding inner city and Stoke commercial properties. This would result in commercial properties paying a total of \$17,198,501 (including water annual charge) in rates for the 2017/18 rating year compared to \$16,421,836 the previous year. The commercial zones of inner city and Stoke are defined in the Nelson Resource Management Plan.

DIFFERENTIAL RATES FOR THE GENERAL RATE

Council's general rate is assessed on a differential basis.

| Class 2017/18 | Differential % | Cents in the dollar |
|--|----------------|---------------------|
| Residential – single unit | 0.0 | 0.69042 |
| Residential empty section | 0.0 | 0.69042 |
| Single residential unit forming part of a parent valuation, the remainder of which is non-rateable | 10.0 | 0.75946 |
| Multi Residential | 10.0 | 0.75946 |
| Rural | -35.0 | 0.44877 |
| Small holding | -10.0 | 0.62138 |
| Commercial – excluding inner city and Stoke commercial | | |
| 100% commercial and industrial (occupied and empty) | 152.7 | 1.74470 |
| 25% residential/75% commercial | 114.5 | 1.48096 |
| 50% residential/50% commercial | 76.4 | 1.21791 |
| 75% residential/25% commercial | 38.2 | 0.95416 |
| Commercial – inner city | | |
| 100% commercial and industrial (occupied and empty) | 266.3 | 2.52902 |
| 25% residential/75% commercial | 199.7 | 2.06920 |
| 50% residential/50% commercial | 133.2 | 1.61007 |
| 75% residential/25% commercial | 66.6 | 1.15024 |
| Commercial – Stoke | | |

| | | |
|---|-------|---------|
| 100% commercial and industrial (occupied and empty) | 249.8 | 2.41510 |
| 25% residential/75% commercial | 187.4 | 1.98427 |
| 50% residential/50% commercial | 124.9 | 1.55276 |
| 75% residential/25% commercial | 62.5 | 1.12194 |

The categories that are to be used for applying the general rate differential and the amount of total revenue to be collected from each category, for 2017/18, is as follows:

| Category | Total Revenue to be collected (\$) |
|--|---|
| Residential | 49,103,853 |
| Multi-residential | 3,362,603 |
| Commercial (Inner City, Stoke and other) | 17,198,501 |
| Rural | 450,136 |
| Small holding | 1,613,694 |

Properties that have more than one use identified above will be placed into a rating category subject to the rating unit's majority use as determined by Council. The neutral base from which differentials are calculated is a residential property with a single dwelling.

Note: Objections to the Rating Information Database under Section 28 of the Local Government (Rating) Act 2002 will be reviewed by Council and Council is the sole determiner of rating categories.