

FACT SHEET #1 RATES

JULY 2021



**SOUTH WAIRARAPA
DISTRICT COUNCIL**
Kia Reretahi Tātau

Rates are a legislated charge against your property, also known as a rating unit, and are set by your region's local and regional councils.

Rates are reassessed for every urban household, lifestyle unit, commercial, industrial and rural property each year and are payable either annually or quarterly to your local council.

Rates meet the costs of most of the products and services councils provide.

This fact sheet aims to provide details that will help you understand what rates are made up of and how the charges are arrived at.

'Sample' Annual rates calculations for the rating year 1 July 2021 to 30 June 2022

Description	Matters of Differentiation	Value of Factor	Rate per Factor	Total Rates
Martinborough Urban	Land Value	350,000	0.00181760	636.16
Uniform Annual General Charge	Fixed \$	1	777.00000	777.00
Sewerage - serviced	Fixed \$	1	643.00000	643.00
Water - serviced	Fixed \$	1	818.00000	818.00
Refuse	Fixed \$	1	194.00000	194.00
Reserves & Amenities - Urban	Fixed \$	1	565.00000	565.00
Total South Wairarapa District Council Rates				3,633.16

Description	Matters of Differentiation	Value of Factor	Rate per Factor	Total Rates
GWRC General Rate	Capital Value	580,000	0.0003843	222.89
GWRC Public Transport - Urban	Capital Value	580,000	0.00020332	117.93
GWRC WRS - Residential	Fixed \$	1	16.10000	16.10
Lower Wairarapa Valley - Sb	Fixed \$	1	48.59872	48.60
Total Greater Wellington Regional Council Rates				405.52
Total Annual Rates (includes GST)				\$4,038.68

From sample rates letter

How are rates determined?

Rates for South Wairarapa District Council (SWDC) are determined in two separate stages.

- Budgets are built from the bottom-up, i.e., SWDC determines what services and facilities need to be delivered and how much this will cost. Elected members, that is our Councillors, review these draft budgets, and, where appropriate, determine what should and shouldn't be funded, with assistance of the information from the community consultation process.
- Once the budget figure has been set for each activity, the SWDC's approved rating model is applied to calculate how much each ratepayer's share will be.

SWDC's rating model is based on rating units and land values, independently valued by Quotable Value (QV) every three years.

Most SWDC rates are split evenly per applicable rating unit. The cost of supplying drinking water is based on the number of water connections to each rating unit.

For the 2021/22 year:

- Cost = \$3.55million (including GST)
- Connections receiving this service = 4,340
- $\$3.55\text{million}/4,340 = \818

Therefore, each connection is rated \$818 to pay for drinking water.

The same method applies to pay for wastewater, and 60% of refuse/recycling costs, calculated per rating unit receiving those services.

SWDC does not work backwards and allocate a deemed amount per ratepayer and then work out how to spend this amount.

There are several components to rates, and these are explained below.

Uniform Annual General Charge

The Uniform Annual General Charge (UAGC) is also set on a rating unit basis, and for 2021/22 is \$777 per rating unit across the whole district.

The UAGC pays for (on a summary level) the district's:

- Libraries
- Cemeteries
- Senior housing
- Economic & community activities
- Elements of public protection (building, bylaws, environmental health) that are not covered by income from fees such as alcohol licences and building consent fees.

The UAGC also funds 40% of refuse/recycling, and 52% of the district's governance costs.

Uniform Annual Charge

The Uniform Annual Charge (UAC) is another rating unit-based rate, which pays for the district's parks, reserves, swimming pools, community buildings, and public toilets. It is described as Reserves & Amenities on your statement.

The cost of these activities is split between urban and rural rating units, resulting in charges of \$565 and \$283 respectively for the 2021/22 year.

General rate

The final class of rate charged by SWDC, the General Rate, is the only SWDC rate that is based on land value.

The General Rate pays for the district's roads, stormwater drainage, the remainder of the district's governance costs, and elements of resource management (district planning) and

animal control that are not covered by income from fees such as planning consent and dog registration fees.

For this rate, a 'differential' is applied, to each dollar of rateable land value, to determine the cost per rating unit. This is where an above average increase in land value would result in an above average increase in the General Rate applied.

The result of the revaluation completed in September 2020 was that urban land values had increased more than rural land, except for lifestyle blocks which had a significantly high increase.

Therefore urban, commercial, industrial, and lifestyle units have had above average increases in their General Rates.

Greater Wellington Regional Council rates

The other element of rates collected by SWDC is the Greater Wellington Regional Council (GWRC) rates. SWDC does not influence or determine GWRC budgets, we simply collect their rates and pass them straight on to GWRC.

Some of GWRC's rates are on a per rating unit basis, some are based on capital value i.e. value of land plus improvements. The difference in increase of capital value between urban and rural properties was not as pronounced as with land value, but lifestyle, residential, commercial, and industrial properties did have a higher percentage increase than farming and forestry properties. This again results in properties with a higher than average increase in capital value receiving a higher than average increase in any of the GWRC rates.

Impact of land and capital value changes

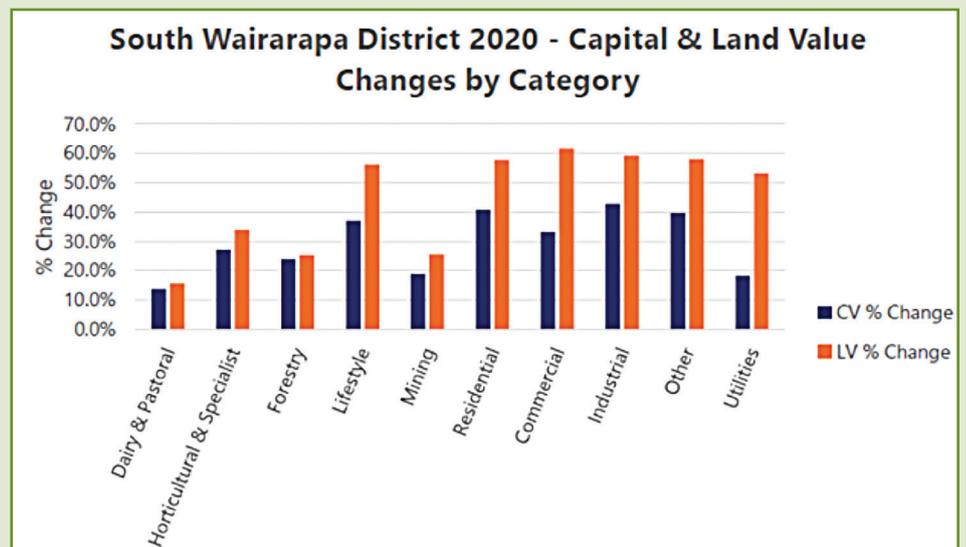
The below chart shows the percentage increases in capital and land values by category of property.

The measure used to express the increase in rates for the Long Term Plan (LTP) is the increase in the amount paid by a property of the average value in the district.

For the first year of the 2021-31 LTP the average urban land value is \$350,000. A property with this land value would have been paying \$8.73 per week less in rates last year compared to the 2021/22 rating year, an increase of 14.28%.

This is the comparative measure used by all councils and was checked by Audit New Zealand as part of their review of SWDC's LTP.

This measure more directly reflects the change in amount a council is spending, but does not take into consideration that a property with the current land value of \$350,000 would almost certainly have had a lower value prior to the general revaluation.



Want to know more?

Email enquiries@swdc.govt.nz | Call 06 306 9611 | Visit www.swdc.govt.nz