

11.2. 20-165 Rate Setting Report for 2020/21



20-165

Title: Rate Setting Report for 2020/21
Section: Finance & Affordability
Prepared by: Fiona Scragg - Revenue Team Leader
Meeting Date: 25 June 2020

| | | |
|------------|----------------|-----------------------------|
| Legal: Yes | Financial: Yes | Significance: Medium |
|------------|----------------|-----------------------------|

Report to COUNCIL for decision

PURPOSE

The purpose of this report is to set the rates for the 2020/21 financial year after the 2020/21 Annual Plan (AP) has been approved.

SUMMARY

Report **20-141** being the Annual Plan 2020/21 Adopting Report asks Council to adopt the 2020/21 Annual Plan (AP). After the AP is adopted, Council must then set the rates under section 23 of the Local Government (Rating) Act 2002.

The rates requirement for 2020/21 is \$61.8m plus GST or \$71m including GST. There is an overall rates revenue increase of 3.26% in the rating requirement for 2020/21 when compared to 2019/20.

This report includes the schedule of rates excluding GST to be set for the 2020/21 financial year.

The decisions or matters in this report are considered to be of **Medium** significance in accordance with the Council's Significance and Engagement Policy.

RECOMMENDATIONS

That the Council

1. Resolves for the financial year commencing 1 July 2020 and ending 30 June 2021, in accordance with Council's Funding Impact Statement and as set out in the schedule of rates:
2. To set and assess the rates on rating units in the Gisborne District and
3. Set the due dates for the payment of rates and penalties for unpaid rates.

Authorised by:

Pauline Foreman - Chief Financial Officer

Keywords: Rates, rating units, funding impact statement, schedule of rates, 2020/21 annual plan, 2018-2028 LTP

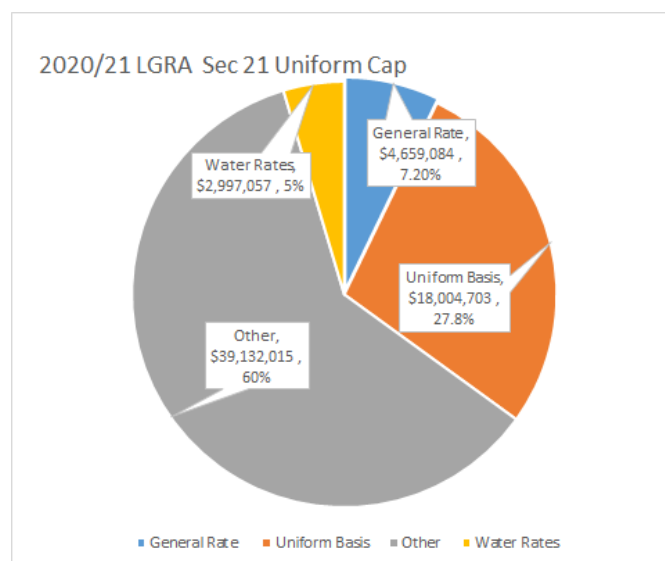
BACKGROUND

1. The 2020/21 Annual Plan (AP) must be approved before 30 June 2020. After the 2020/1 AP is approved, and under section 23 of the Local Government (Rating) Act 2002 (LGRA), Council must set the rates by Council resolution in accordance with Council's 2018–2028 Long Term Plan (LTP) and the provisions of the Funding Impact Statement in the 2020/21 AP.
2. The Financial Strategy for the 2018–2028 LTP proposed a limit of overall rate revenue increases of 5% for the duration of the ten years. The budget for the 2020/21 AP is within the financial parameters.

DISCUSSION

3. A full schedule of rates definitions, rates charges, due dates and penalty dates for rates and water rates are provided in paragraphs 10 to 16.
4. The LGRA section 21 has a limit on the revenue sought by Council from targeted rates set on a uniform basis and the Uniform Annual General Charge (UAGC). This is referred to as the 30% cap.
5. The LGRA section 21 cap for 2020/21 is 27.8%. The cap is made up of the UAGC being \$15.3m (85%) and other fixed targeted rates of \$2.6m (15%). This is shown below in Table 1.

Table 1



Uniform Annual General Charge (UAGC)

6. The UAGC for 2020/21 is \$679.36 plus GST or \$781.26 including GST. The UAGC is a fixed charge on all properties in the district unless a specific remission applies. The UAGC is made up of the following rates as set out in Council's Revenue and Financing Policy and 2020/21 AP Funding Impact Statement.

Table 2

| UAGC Activity | 2020/21 |
|--|-----------------|
| District Civil & Corporate expenses | 14.33 |
| Roading | 114.11 |
| Civil Defence | 34.42 |
| Environmental and Public Health Protection | 89.39 |
| Public Toilets | 78.15 |
| Strategic Planning and Engagement (Community Services) | 64.60 |
| Mayor and Councillor representation costs (Governance) | 120.62 |
| Economic Development & Tourism | 3.20 |
| Managing Solid Waste and Transfer Stations | 91.67 |
| Litter bins and cleaning public public areas | 13.08 |
| Cemeteries | 15.86 |
| Tairāwhiti Museum | 40.99 |
| Libraries | 100.84 |
| | \$781.26 |

Rates Definitions and Schedule of Rates Charges for 2020/21

Rates Definitions

7. Council uses land use classifications as defined by Council's rating valuer to determine Differential Rating Groups. Land use classification is based on a "highest and best use" assessment. However, where a rating unit assessed as "residential" is actually used for commercial or industrial purposes, its land use classification shall be deemed consistent with its actual use for rates assessment purposes. In such cases any relevant targeted rates shall apply.
8. As part of the rate setting process, the rating differential areas and a full schedule of the rates charges need to be stated in full and are shown below.
9. In the following rating definitions, Differential Rating Areas (DRAs) such as DRA1, DRA2 etc and Inner and Outer Zones are defined in accordance with the system of Differential Rating established by Special Order on 27 June 1991, the district was split into six (6) differential areas. Except for DRA5 these areas were established on 27 June 1991 and maps detailing the boundaries are available at Council's Administrative Offices, Fitzherbert Street, Gisborne. DRA4 was split into two areas, a new DRA5 and residual DRA4 by way of a Special Order on 16 May 2001. They are as follows:

| | | |
|---|---|--|
| DRA1 | Former Gisborne City Council boundaries excluding Rural Farm Land – DRA1. | - Residential & Other - Commercial & Industrial |
| DRA1A | All Rural Farm Land within previous Gisborne City boundaries and the area surrounding the City including Wainui and Makaraka – DRA1A. | - Residential & Other - Commercial & Industrial |
| DRA2 | Turanganui a Kiwa/Poverty Bay Flats including fringe hill properties including Makorori and Tatapouri. | -Residential, Rural & Other |
| DRA3 | That area which is within reasonable and currently exercised commuting distance to Gisborne, including the localities of Whangara, part Waerenga-o-kuri; and Ngatapa, Whatatutu and Te Karaka. | - All Other Properties - Rural Townships |
| DRA4 | The inland rural area beyond DRA3, up to boundary of DRA5. Tolaga Bay and Matawai. | - All Other Properties - Rural Townships |
| DRA5 | The whole of the East Cape area from a line running inland from a point in the vicinity of Mangatuna north of Tolaga Bay Township, to the tip of East Cape; and Hicks Bay, Te Araroa, Tikitiki, Ruatoria, Waipiro Bay. | - All Other Properties Rural Townships |
| Inner Zone is defined as the total land area of DRA1 + DRA1A + DRA2. Outer Zone is defined as the total land area of DRA3 + DRA4 + DRA5. | | - Urban & Rural - Rural & Rural Townships |

Schedule of Rates

10. Schedule of Rates for 2020/21. All rates and amounts are GST exclusive.

| Rate | Rating Group | Description | Dollar value excluding GST | Basis |
|--|-------------------|--|----------------------------|---|
| General Rate | All Rateable land | Under Sections 13 of the Local Government (Rating) Act 2002 a General Rate on the rateable capital value of all land for Economic Development & Tourism, Animal & Plant Pests, Planning, Rivers Control, Stormwater, and Treasury. | 0.00044846 | per dollar of Capital Value |
| General Rate - Uniform Annual General Charge | All Rateable land | Under Section 15 of the Local Government (Rating) Act 2002. | 679.36000000 | per Separately Used or Inhabited Part of a Rating Unit (SUIP) in accordance with Council Policy |
| Targeted Rates | | | | |
| Under sections 16, 17, 18 (and Schedule 3) of the Local Government (Rating) Act 2002. | | | | |
| Aquatic and Recreational Facilities | Inner Zone 1.0 | A differential targeted rate on the rateable Capital Value of rateable properties in the Inner Zone and the Outer Zone. | 0.00018127 | per dollar of Capital value |
| | Outer Zone 0.3 | | 0.00005438 | per dollar of Capital value |
| Theatres | Inner Zone 1.0 | A differential targeted rate on the rateable Capital Value of rateable properties in the Inner Zone and the Outer Zone. | 0.00011199 | per dollar of Capital value |
| | Outer Zone 0.3 | | 0.00003360 | per dollar of Capital value |
| Building Services | Inner Zone 85% | A differential targeted rate on the rateable capital value of the inner zone and the outer zone. | 0.00008182 | per dollar of Capital Value |
| | Outer Zone 15% | | 0.00002789 | per dollar of Capital Value |
| Non Subsidised Local Roads | Inner Zone 85% | A differential targeted rate on the rateable capital value of the inner zone and the outer zone. | 0.00002897 | per dollar of Capital Value |
| | Outer Zone 15% | | 0.00000987 | per dollar of Capital Value |
| Resource Consents | All Rateable land | A uniform targeted rate on the land value of all land. | 0.00034634 | per dollar of Land Value |

| Rate | Rating Group | Description | Dollar value excluding GST | Basis |
|-------------------------------------|---|---|----------------------------|--|
| Environmental Health -Noise Control | DRA1, 1A Residential and DRA2 | A Uniform Targeted Rate per separately used or inhabited part of a rating unit within the Inner Zone (DRA1, DRA1A and DRA2) Residential Differential Rating Group. | 3.36000000 | per Separately Used or Inhabited Part of a Rating Unit |
| Dog Control | Residential DRA1,DRA1A and DRA3, DRA4 & DRA5 (Residential Rural Townships) | A Uniform Targeted Rate per separately used or inhabited part of a rating unit within the DRA1, DRA1A Residential and DRA 3, DRA4, DRA5 Rural Townships Residential Differential Rating Groups. | 27.76000000 | per Separately Used or Inhabited Part of a Rating Unit |
| Passenger Transport | DRA1 Residential | A Uniform Targeted Rate per separately used or inhabited part of a rating unit within the DRA1 Residential Differential Rating Group. | 28.55000000 | per Separately Used or Inhabited Part of a Rating Unit |
| Animal & Plant Pests | DRA1, DRA1A, DRA2 (20% Inner Zone) DRA3, DRA4, DRA5 (80% Outer Zone) | A Differential Targeted Rate on the rateable land value of all land in the respective Differential Rating Areas. | 0.00003500 | per dollar of Land Value |
| | | | 0.00015669 | per dollar of Land Value |
| Soil Conservation – Advocacy | DRA1, DRA1A & DRA2 DRA3 & DRA4 DRA5 | A Differential Targeted Rate on the rateable land value of all land in the respective Differential Rating Areas. | 0.00005915 | per dollar of Land Value |
| | | | 0.00012791 | per dollar of Land Value |
| | | | 0.00074090 | per dollar of Land Value |
| Soil Conservation –Land Use | DRA1, DRA1A & DRA2 DRA3 & DRA4 DRA5 | A Differential Targeted Rate on the rateable land value of all land in the respective Differential Rating Areas. | 0.00001951 | per dollar of Land Value |
| | | | 0.00004217 | per dollar of Land Value |
| | | | 0.00024427 | per dollar of Land Value |
| Water Conservation | Inner Zone 70% | A Differential Targeted Rate on the rateable land value of all land in the respective Differential Rating Areas. Inner Zone (DRA1, DRA1A, DRA2) and the Outer Zone (DRA3, DRA4, DRA5). | 0.00032476 | per dollar of Land Value |
| | Outer Zone 30% | | 0.00015576 | per dollar of Land Value |

| Rate | Rating Group | Description | Dollar value excluding GST | Basis |
|---|---|---|----------------------------|--|
| Parks & Reserves | Inner Zone 85% | A Differential Targeted Rate per rating unit in a defined area of the District to cover the costs of maintaining Parks & Reserves within these areas. | 319.42000000 | per rating unit |
| | Outer Zone 15% | | 160.99000000 | per rating unit |
| Rural Transfer Stations | Within scheme areas. Maps are available at Customer Services and on Council's website. | A Uniform Targeted Rate to properties per Separately Used or Inhabited Part of a rating unit within 15km of a Rural transfer Station. | 139.04000000 | per Separately Used or Inhabited Part of a rating unit |
| Uniform Waste Management Charge – Gisborne District Refuse Collection | Within scheme refuse collection areas - currently Gisborne City and environs and Ruatoria. Maps are available at Customer Services and on Council's website. | <p>A Uniform Targeted Rate per separately used or inhabited part of a rating unit on properties for refuse collection for which Council is prepared to provide that service.</p> <ul style="list-style-type: none"> • Gisborne City (Residential and Non Commercial). • Areas of the Turanganui a Kiwa/Poverty Bay Flats from Gisborne City in the South to Ormond in the North and bounded by the Waipaoa River in the West and the foothills in the East. • Wheatstone Road, Sponge Bay, Wainui, Okitu, Makarori, Turihaua, Makaraka, Papatu Road/SH2, Manutuke, Waihirere, Ormond, Waituhi, Patutahi and Muriwai. • Ruatoria Township. | 106.75000000 | per Separately Used or Inhabited Part of a rating unit |
| Commercial Recycling Charge | Non-residential properties in the central business district which elect to receive the service. | A Uniform Targeted Rate per separately used or inhabited part of a rating unit on non-residential properties in the central business district which elect to receive the recycling collection service for which Council is prepared to provide that service. | 53.35000000 | per Separately Used or Inhabited Part of a rating unit |

| Rate | Rating Group | Description | Dollar value excluding GST | Basis |
|--------------------------------------|--|---|----------------------------|-----------------------------|
| Business Area Patrols | Commercial Properties within the CBD Area: Non-residential properties on both sides of the roads bounded by Carnarvon Street, Childers Road, Reads Quay and Palmerston Road and all roads inside this area and also that part of Grey Street as far as the skateboard park and Customhouse Street as far as the Waikanae Cut. | A Targeted Rate on the rateable capital value of all commercial rating units within the Central Business District (CBD) Area for the cost of patrolling the CBD Area. The defined areas to be rated were confirmed by Council on 1 June 2000. | 0.00032543 | per dollar of Capital Value |
| City Centre Management and Promotion | Commercial Properties within the CBD Area: Non-residential properties on both sides of the roads bounded by Cobden Street, Childers Road, Reads Quay and Palmerston Road and all roads inside this area and also that part of Grey Street as far as the Skateboard Park and Customhouse Street as far as the Waikanae Cut and also all non-residential properties within the blocks bounded by Carnarvon Street, Childers Road, Palmerston Road and Cobden Street. | A Targeted Rate on the rateable capital value of all non-residential properties within the defined Central Business District (CBD) Area for City Centre Management and Promotion. The areas to be rated were confirmed by Council on 17 April 2003. | 0.00073054 | per dollar of Capital Value |
| Economic Development and Tourism | All Industrial, Commercial, Retail and Accommodation Properties. | A Targeted Rate on the rateable capital value of all rating units as classified in the District Valuation Roll of Industrial, Commercial, Retail and Accommodation categories, to contribute to the cost of economic development. | 0.00037095 | per dollar of Capital Value |

| Rate | Rating Group | Description | Dollar value excluding GST | Basis |
|--|--|--|-------------------------------|-----------------------------|
| Provision of Roads and Footpaths | | | | |
| Subsidised Local Roads | Residential/Lifestyle Blocks 1.0 | A differential targeted rate on the rateable capital value of all land in the respective differential rating groups. For the purposes of the differential roading rate, horticulture and pastoral farming rating units with land area less than 5 hectares will be assessed as lifestyle blocks. | 0.00055335 | per dollar of Capital Value |
| | Industrial and Commercial 2.0 | | 0.00110670 | per dollar of Capital Value |
| | Horticulture & Pastoral Farming 1.5 | | 0.00083003 | per dollar of Capital Value |
| | Forestry 7.5 | | 0.00415013 | per dollar of Capital Value |
| Flood Damage & Emergency Reinstatement | Residential/Lifestyle Blocks 1.0 | A differential targeted rate on the rateable capital value of all land in the respective differential rating groups. For the purposes of the differential roading rate, horticulture and pastoral farming rating units with land area less than 5 hectares will be assessed as lifestyle blocks. | 0.00003265 | per dollar of Capital Value |
| | Industrial and Commercial 2.0 | | 0.00006531 | per dollar of Capital Value |
| | Horticulture & Pastoral Farming 1.5 | | 0.00004898 | per dollar of Capital Value |
| | Forestry 7.5 | | 0.00024491 | per dollar of Capital Value |
| Stormwater Drainage | | | | |
| Stormwater | DRA1 & DRA1A Residential properties includes Sponge Bay,Wainui & Okitu | A Differential Targeted Rate per rating unit in the defined areas to cover the costs of maintaining stormwater within these areas. | 176.15000000 | per rating unit |
| | All Rural Townships including Manutuke and Patutahi | | 93.26000000 | per rating unit |
| | DRA1 &DRA1A All Commercial and industrial properties | | 0.00053807 | per dollar of Capital Value |

| Rate | Rating Group | Description | Dollar value excluding GST | Basis |
|---|---|--|---|---|
| Wastewater Sewerage and the treatment and disposal of sewage | | | | |
| Gisborne City Wastewater | <p>Within scheme areas not connected</p> <p>Pan charges in addition to the above charges for connections</p> <p>Maps are available at Customer Services and on Council's website.</p> | <p>The targeted rates will be applied to every serviced property within the Gisborne scheme area.</p> <p>a) A Uniform Targeted Rate per rating unit.</p> <p>b) A Uniform Targeted Rate per rating unit within Gisborne City and Sponge Bay which is situated within 30 metres of a public sewerage drain to which it is capable of being effectively connected, either directly or through a private drain, but which is not connected.</p> <p>c) A Uniform Targeted Rate per water closet or urinal connected either directly or through a private drain to a public sewerage drain. PROVIDED THAT every separately used or inhabited part of a rating unit used exclusively or principally as the residence of not more than one household shall be deemed to have not more than one water closet or urinal (Schedule 3 of the Local Government (Rating) Act 2002).</p> | <p>439.27000000</p> <p>219.64000000</p> <p>194.00000000</p> | <p>per rating unit</p> <p>per rating unit</p> <p>per water closet or urinal connected</p> |

| Rate | Rating Group | Description | Dollar value excluding GST | Basis |
|----------------------|---|--|----------------------------|--|
| Te Karaka Wastewater | Within scheme areas connected (a) | A Uniform Targeted Rate for the purpose of providing sewerage drainage. | | |
| | Within scheme areas not connected (b) | a) Per rating unit within the defined Te Karaka Urban Drainage Area connected to the sewerage systems either directly or indirectly through a private drain to a public drain. | 552.58000000 | per rating unit |
| | | b) Per rating unit within the defined Te Karaka Urban Drainage Area situated within 30 metres of a public sewerage which is capable of being effectively connected either directly or through a private drain, but which is not connected. | 276.29000000 | per rating unit |
| | Maps are available at Customer Services and on Council's website. | | | |
| Water | | | | |
| Uniform Water Charge | Within scheme areas connected | a) A Uniform Targeted Rate for the ordinary supply of water per separately used or inhabited part of a rating unit within Gisborne scheme area, being the City, Sponge Bay, Manutuke, Papatu Road, Te Arai Valley, Matawhero, Makaraka and Bushmere. Te Karaka and Whatatutu Supply areas. | 264.75000000 | per Separately Used or Inhabited Part of a rating unit |
| | | b) A Uniform Targeted Rate per separately used or inhabited part of a rating unit to which water can be supplied but is not supplied (being a rating unit situated within 100 metres from any part of the waterworks). | 132.37000000 | per Separately Used or Inhabited Part of a rating unit |
| | Maps are available at Customer Services and on Council's website. | | | |

| Rate | Rating Group | Description | Dollar value excluding GST | Basis |
|---|--|--|----------------------------|-----------------------------|
| Flood Protection And Control Works | | | | |
| Coastal Property Protection Scheme | Rateable Properties within the defined area band A within the Hazard Area. | A Differential Targeted Rate in the following defined areas to cover the costs of maintaining coastal protection works within these areas. | 0.00118553 | per \$ of Capital Value |
| | Rateable Properties within the defined area - band B within the Hazard Area. | | 0.00118553 | per \$ of Capital Value |
| | Rateable Land within the defined area band C within the Hazard Area. Map of scheme area is available at Customer Services and on Council's website. | | 0.00118553 | per \$ of Land Value |
| Wainui Foredune Capital Works | Rateable Land within the Hazard Area Map of scheme area is available at Customer Services and on Council's website. | A Targeted Rate on the land area of rating units within the hazard area for the cost of rock protection capital works. | 20978.77000000 | per hectare |
| Te Karaka Flood Control | Non Residential | A Differential Targeted Rate on the rateable capital value of all rating units within the defined Te Karaka Land Drainage Area for the purpose of contributing to the cost of land drainage in the respective Residential and Non Residential Areas. | 0.00076592 | per dollar of Capital Value |
| | Residential Map of scheme area is available at Customer Services and on Council's website. | | 0.00115537 | per dollar of Capital Value |

| Rate | Rating Group | Description | Dollar value excluding GST | Basis |
|---|---|---|----------------------------|-----------------------------|
| Waipapu River Erosion Protection Scheme | Direct Beneficiaries within the defined area | A Differential Targeted Rate in the defined areas to cover the operating costs of the scheme: | 0.00052330 | per dollar of Capital Value |
| | Indirect Beneficiaries within the defined area | | 0.00001761 | per dollar of Capital Value |
| | Contributors within the defined area Map of scheme area is available at Customer Services and on Council's website. | | 0.06153853 | per hectare |
| Waipaoa River Flood Control Scheme | Waipaoa River Flood Control Scheme classes A – F Map of scheme area is available at Customer Services and on Council's website. | A Targeted Rate on the rateable capital value of all land within the Waipaoa River Flood Control Scheme District in accordance with the classification list for the purpose of payment of loan charges and maintenance costs. | 0.00004599 | per dollar Capital Value |
| Drainage Rates – Direct Beneficiaries | Drainage Scheme maps available on Council website or at Council offices. 1 - Ormond 2 - Eastern Taruheru 3 - Western Taruheru 4 - Willows 5 - Waikanae Creek 6 - City/Wainui 7 - Taruheru Classes A-D A - Waipaoa B - Patutahi C - Ngatapa D - Manutuke E - Muriwai | A Targeted Rate per hectare on the defined area of all rating units within the Drainage Differential Rating Areas to fund drainage work. | 29.02199621 | per hectare |

| Rate | Rating Group | Description | Dollar value excluding GST | Basis |
|-------------------------------|---|--|----------------------------|-----------------|
| Drainage Rates - Contributors | Eastern Hill Catchment 8 and Western Hill Catchment F (see maps of scheme areas on Gisborne District Council website www.gdc.govt or at Council offices) | A Targeted Rate per hectare on the defined area of all rating units within the Drainage Differential Rating Areas to fund drainage work. | 0.60121896 | per hectare |
| Water Metering | Water by meter | Under Section 19 of the Local Government (Rating) Act 2002 a fixed charge per unit of water consumed or supplied per cubic metre will apply for the supply of water to extraordinary users and ordinary rural domestic users. Water by meter has 300 cubic metre no charge domestic allowance for ordinary rural domestic users. | \$1.44 | per cubic metre |

Due Dates and Penalty Dates for Rates

11. All due dates, penalty dates and when penalty dates are applied, are required by law to be published and details of these are set out below.
12. Under section 24 of the LGRA the Council's rates for the 2020/21 year will become due and payable at the Administrative Centre, 15 Fitzherbert Street, Gisborne by four instalments on the dates below.
13. Under sections 57 and 58 of the LGRA, Council will charge a penalty of 10% on any part of each respective instalment that remains unpaid after the due date. The dates the penalty will be applied are set out below.

| Rates Instalment Dates | Rates Due Date | Rates Penalty Date | Rates Penalty Debiting Date |
|------------------------|------------------|-----------------------------------|-----------------------------|
| Instalment 1 | 20 August 2020 | 21 August 2020 - Penalty 10% | 24 August 2020 |
| Instalment 2 | 20 November 2020 | 23 November 2020 - Penalty 10% | 25 November 2020 |
| Instalment 3 | 22 February 2021 | 23 February 2021 - Penalty 10% | 25 February 2021 |
| Instalment 4 | 20 May 2020 | 21 May 2021 - Penalty 10% | 25 May 2021 |

P2 Penalty - July 2020

14. The P2 Penalty is a penalty that is imposed on any outstanding rates balance as at the end of the financial year. This includes any penalties previously applied to the ratepayers outstanding balances.
15. The P2 penalty under section 58 of the LGRA, has a maximum amount of 10% interest that can be applied to overdue balances.
16. The P2 penalty is not included in the rates setting decision for 2020/21 financial year,
17. This is to reduce financial impacts of ratepayers who may be financially affected as a result of COVID 19. This is also consistent where in Level 4 of lockdown, all penalties were remitted for instalment 4 of the 2019/20.
18. The use of P2 Penalty in future years will be reviewed for the 2021/2022 rating year.

Water Meter Charges and Penalties

19. Under sections 57 and 58 of the LGRA, Council will charge a penalty of 10% on water by meter rates.

| | | | |
|---------------------------|-----------------|---------------------------|-----------------------|
| Invoiced Annually | | | |
| Month of Invoice | Due Date | Date Penalty Added | Penalty Amount |
| Jun-20 | 22-Jul-20 | 21-Jul-20 | 10% |
| Invoiced 6-monthly | | | |
| Month of Invoice | Due Date | Date Penalty Added | Penalty Amount |
| Jun-20 | 22-Jul-20 | 21-Jul-20 | 10% |
| Dec-20 | 20-Jan-21 | 21-Jan-21 | 10% |
| Invoiced Quarterly | | | |
| Month of Invoice | Due Date | Date Penalty Added | Penalty Amount |
| Jun-20 | 20-Jul-20 | 21-Jul-20 | 10% |
| Sep-20 | 20-Oct-20 | 21-Oct-20 | 10% |
| Dec-20 | 20-Jan-21 | 21-Jan-21 | 10% |
| Mar-21 | 20-Apr-21 | 21-Apr-21 | 10% |
| Invoiced Monthly | | | |
| Month of Invoice | Due Date | Date Penalty Added | Penalty Amount |
| Jun-20 | 20-Jul-20 | 21-Jul-20 | 10% |
| Jul-20 | 20-Aug-20 | 21-Aug-20 | 10% |
| Aug-20 | 21-Sep-20 | 22-Sep-20 | 10% |
| Sep-20 | 20-Oct-20 | 21-Oct-20 | 10% |
| Oct-20 | 20-Nov-20 | 23-Nov-20 | 10% |
| Nov-20 | 21-Dec-20 | 22-Dec-20 | 10% |
| Dec-20 | 20-Jan-21 | 21-Jan-21 | 10% |
| Jan-21 | 22-Feb-21 | 23-Feb-21 | 10% |
| Feb-21 | 22-Mar-21 | 23-Mar-21 | 10% |
| Mar-21 | 20-Apr-21 | 21-Apr-21 | 10% |
| Apr-21 | 20-May-21 | 21-May-21 | 10% |
| May-21 | 21-Jun-21 | 22-Jun-21 | 10% |

20. Models of rates impact to the 2020/21 AP have been run and trend information is provided in **Attachment 1**.
21. A district-wide heat map of rates movements compared to 2020/21 is included in **Attachment 1**.

ASSESSMENT of SIGNIFICANCE

Impacts on Council's delivery of its Financial Strategy and Long Term Plan

Overall Process: Low Significance

This Report: Low Significance

Inconsistency with Council's current strategy and policy

Overall Process: Low Significance

The effects on all or a large part of the Gisborne district

Overall Process: Medium Significance

This Report: Low Significance

The effects on individuals or specific communities

Overall Process: Medium Significance

This Report: Low Significance

The level or history of public interest in the matter or issue

Overall Process: Medium Significance

This Report: Low Significance

22. The decisions or matters in this report are considered to be of Medium significance in accordance with Council's Significance and Engagement Policy.
23. The rate setting process is an important component in Council's ability to deliver on the 2020/21 AP which is year three of the 2018–2028 LTP.

TANGATA WHENUA/MAORI ENGAGEMENT

24. With the global COVID-19 situation we were unable to hold community meetings throughout the region.

COMMUNITY ENGAGEMENT

25. The draft annual plan for 2020/21 was consulted on in March and April 2020. The rates increase approved for consultation was 4.87%. Due to the COVID-19 level restrictions in place at the time, consultation was provided on Council's Facebook and website. Submissions were received via Council website and email.
26. At an online Extraordinary Council meeting held on 23 April 2020, Council resolved to reduce the rates increase for 2020/21 from the draft Annual Plan of 4.87% to 3.26% as forecast in year three of the 2018–2028 LTP.

CLIMATE CHANGE – Impacts / Implications

27. Climate change affects many local authority functions and responsibilities. Some of the functions and responsibilities are funded from Council rates by the community. The Tairāwhiti 2050 spatial plan outcome 2 'Resilient Community' recognises the impacts of climate change in our district. There is a portion of rate funding for at risk activities like water security, coastal communities and natural ecosystems.

CONSIDERATIONS

Financial/Budget

28. The adoption of the 2020/21 Annual Plan budget estimates will enable Council to collect rates revenue to fund its operations as set out in the Funding Impact Statement.

Legal

29. This rates resolution is made under the Local Government Act 2002 and the Local Government (Rating) Act 2002. Section 23 of the Local Government Rating Act 2002 requires Council to set the rates by Council resolution.

POLICY and PLANNING IMPLICATIONS

30. The recommendation proposed is detailed in the Funding Impact Statement in the 2020/21 AP.
31. The decision is not expected to directly affect any of the community outcomes or strategic challenges.

RISKS

32. The risks associated with the setting of the rates for the 2020/21 year are financial (which are covered in paragraphs above).

NEXT STEPS

| Date | Action/Milestone | Comments |
|--------------|--|---------------------------------------|
| 25 June 2020 | Council sets rates for 2020/21 | |
| July 2020 | Send ratepayers rate assessments and rates invoices for instalment one | Due date for payment 20 August 2020 |
| October 2020 | Send ratepayers rates invoices for instalment two | Due date for payment 20 November 2020 |
| January 2020 | Send ratepayers rates invoices for instalment three | Due date for payment 22 February 2021 |
| April 2020 | Send ratepayers rates invoices for instalment four | Due date for payment 20 May 2021 |

ATTACHMENTS

1. Attachment 1 - 2020 Rates Setting Report [20-165.1 - 4 pages]

Attachment 1

Modelled Rates Trends for 2020/21

The overall rates increase from last year to the Annual Plan 2020/21 is 3.26%.

Common Trends for 2020/21 compared to 2020/20

DRA1 – City

The city residential rate payer will have on average, an increase of 4.58% to rates or \$127.

Drivers mainly attributed to fixed charge increases include:

- Sewerage Uniform Charge \$90.12 (increase in fixed targeted rate)
- Stormwater \$14.73 (increase in fixed targeted rate)
- Water Uniform Charge per connection \$11.89 (Increase in fixed targeted rate)
- Parks and Reserve rate \$9.04
- UAGC \$9.17
- Resource Consents is a driver for properties over \$100k land value

On average for the commercial/industrial rate payer will have **2.93%**.

DRA1A - Average increase is 1.4%

- 74% or 1,111 properties move in the **0 - 2%** range. The average increase in this group is \$45 compared to last year's rates.
- 180 properties increase to more than **3.26%**. This is attributed to increases in resource consents, capital value changes, newly connected services (Wheatstone Rd, Sponge Bay). The average increase is \$127.
- In the targeted group that contribute to the Coastal protection scheme, the average increase is **4.31%** or \$254. Drivers in this group are also resource consents **42%** of increase (\$107) Coastal Protection scheme **13%** of increase (\$163). This varied depending on the value of the property its property banding (e.g. how close the property was to the sea).

DRA2 - Average increase is 3%

- The average increase for **79%** of properties is \$32 compared to last year's rates
- 46 properties or **1.9%** increase more than **3.26%**. These increases are due to self-generated changes, remissions, subdivisions, property sales, contiguous properties and resource consents movements.

DRA3- Average increase is 2.18%

- **66%** of properties have an increase of up to \$50
- 157 or **12%** of properties increase more than **3.26%**. These increases are due to self-generated changes, remissions, subdivisions, property sales, contiguous properties and resource consents movements.

DRA4- Average increase is 4% * Increase due to self generated changes

- **54%** have an increase of up to \$50 with a further **28%** either staying the same or receiving a decrease
- **9% (150 properties)** increase more than **3.26%**. *

*These increases are mostly driven by self-generated capital improvements, subdivisions, changes in remissions, contiguous properties and resource consents movements.

DRA5- Average increase is 2.75%

- **90%** of properties have an increase of less than \$50 or have a rate's decrease
- The average increase is **2.75%**. But when excluding outliers of 23 properties, the average increase drops to **1.24%** or \$30 (The top 23 properties that all changed due to lease changes and contiguous remissions, for example, a uniform Annual General Charge would now be payable)
- 18% of properties increase more than **3.26%** these are mainly due to self-generated changes such as subdivisions, capital value changes, and property lease arrangements where properties are no longer contiguous and uniform annual general charges are payable

Outliers

- There are 131 properties that increase over \$1000. Self-generated changes account for nearly **70%** of these outliers including subdivisions new dwellings, new services, capital value changes or RID maintenance for property such as sales, remissions, and changes/corrections to lease arrangements.

Sectors Trends**Residential**

- The city residential rate payer on average will have a **4.58%** rates increase or \$127. Drivers are mainly attributed to fixed charge increases as described above for DRA1

Commercial and Industrial

- The average increase for the commercial/industrial rate payer will have **2.93%**. Drivers are mainly attributed to fixed charge increases as described above for DRA1

Horticulture and Pastoral

- The average increase for the sector is **2.24%** with **79%** of properties increasing **3.5%** or less.
- **52%** or 1,052 properties increase less than \$50
- The primary driver increase is from Resource Consents (**44.44%**) in line with budget changes

Forestry

- The average increase is 0.12% or \$17
- The primary drivers of change are decreased general rates and increases in Resource Consents.

- 95% of the sector have an increase of less \$50

Table 1: Rates Movement Dollars

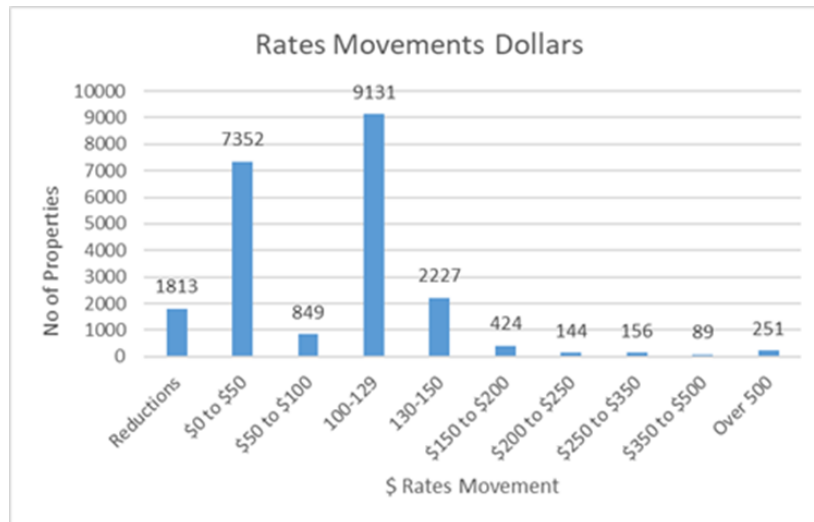
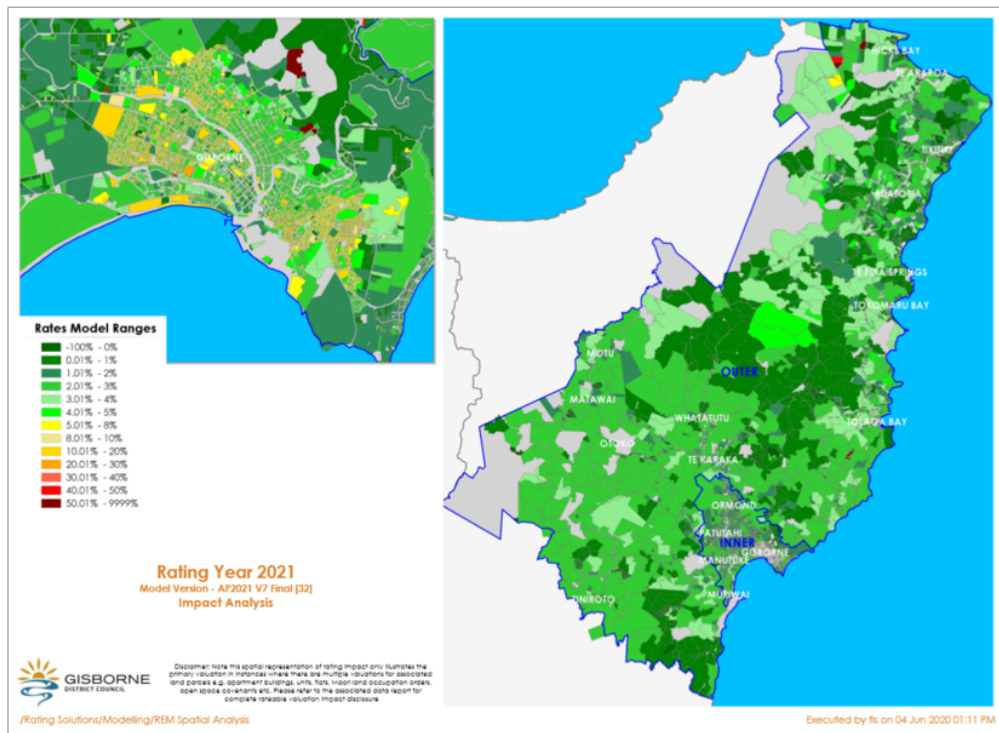


Table 2: Rating examples

| 2020/21 Proposed Rates for sample properties in Gisborne (GST included). | | | | | | | | |
|---|----------------|-------------------------------------|-----------------------------------|---|-----------------------------------|----------------------|---------------|--|
| District & Category | Last Valuation | Capital Value of property 2019/2020 | Capital Value of property 2020/21 | 2020/21V4 proposed rates 3.26% smoothed | 2019/20 Current Annual Rates (\$) | Movement in \$ terms | Movement %age | |
| City Elgin | Jul-17 | 142,000 | 142,000 | \$2,864.44 | \$2,720.61 | 143.83 | 5.3% | |
| City Lytton West | Jul-17 | 351,000 | 351,000 | \$3,295.37 | \$3,145.92 | 149.45 | 4.8% | |
| City Kaiti | Jul-17 | 200,000 | 200,000 | \$2,989.01 | \$2,843.56 | 145.45 | 5.1% | |
| City Whataupoko | Jul-17 | 327,000 | 327,000 | \$3,273.46 | \$3,123.07 | 150.40 | 4.8% | |
| City Commercial | Jul-17 | 2,010,000 | 2,010,000 | \$10,041.09 | \$9,820.26 | 220.82 | 2.2% | |
| City Industrial | Jul-17 | 868,000 | 868,000 | \$6,249.80 | \$6,042.27 | 207.53 | 3.4% | |
| Lifestyle Makaruri | Jul-17 | 730,000 | 730,000 | \$3,179.65 | \$3,144.87 | 34.78 | 1.1% | |
| Horticultural Patutahi | Jul-17 | 5,640,000 | 5,640,000 | \$17,682.29 | \$17,308.16 | 374.13 | 2.2% | |
| Pastoral Tiniroto | Jul-17 | 2,970,000 | 2,970,000 | \$8,341.26 | \$8,118.95 | 222.31 | 2.7% | |
| Pastoral Ruatoria | Jul-17 | 600,000 | 600,000 | \$3,058.79 | \$2,982.50 | 76.29 | 2.6% | |
| Pastoral Tolaga Bay | Jul-17 | 915,000 | 915,000 | \$3,303.55 | \$3,251.68 | 51.86 | 1.6% | |
| Forestry Motu | Jul-17 | 6,320,000 | 6,320,000 | \$42,511.56 | \$42,443.26 | 68.30 | 0.2% | |
| Forestry Ruatoria | Jul-17 | 1,155,000 | 1,155,000 | \$9,669.59 | \$9,584.11 | 85.48 | 0.9% | |
| Rural Town Te Karaka | Jul-17 | 140,000 | 140,000 | \$2,634.42 | \$2,621.80 | 12.62 | 0.5% | |
| Rural Town Hicks Bay | Jul-17 | 229,000 | 229,000 | \$1,797.88 | \$1,781.95 | 15.93 | 0.9% | |
| Cautionary Note: These properties are a sample of the total properties and do not cover all situations for rateable properties in the district. | | | | | | | | |

District Heat Map of AP 2021 3.26%



The heat map shows the level of increases across the district.