

# Council Funding Impact Statement

The Funding Impact Statement is made up of three parts:

- Rating Information for 2015/16
- Rates Samples for 2015/16
- The Whole of Council Funding Impact Statement for 2015/25

The Funding Impact Statement should be read in conjunction with the Revenue and Financing Policy and Rating Policy. Figures in this statement are GST inclusive.

## RATING INFORMATION FOR 2015/16

Council sets and assesses the following rates under the Local Government (Rating) Act 2002.

- General Rate
- Targeted Rates:
  - Transitional
  - Access Hamilton
  - Business Improvement District
  - Hamilton Gardens
  - Community Use Water
  - Community Use Sewerage
  - Community Use Refuse
  - Metered water
  - Commercial non-metered water
  - Horsham Downs Hall

Details of the amount of rates to be collected and the categories that will pay these rates are in this funding impact statement.

### GENERAL RATE

A general rate is set and assessed on the capital value of all rateable land in the City.

General rates are set on a differential basis on the categories of land identified below. The rating categories are defined in the Rating Policy. The differential basis is the use to which the land is put and in the case of the CBD Commercial differential, the location of the land. The different categories of rateable land are outlined in the table below.

This funding mechanism covers all services of Council. The total revenue sought is \$15.335 million.

Land described in Part 2 Schedule 1 of the Local Government (Rating) Act 2002 (broadly land owned or used by societies for arts or sports) will be assessed 50% of the general rate that applies to the land. The total revenue sought from the land is \$186,002.

The general rate set and assessed on a differential basis as follows:

SOURCE	DIFFERENTIAL CATEGORIES	DIFFERENTIAL FACTOR	PERCENTAGE OF TOTAL GENERAL RATES	GENERAL RATE IN THE DOLLAR OF CAPITAL VALUE (GST INCL)	RATES REVENUE (GST INCL)
General Rate	Residential	1.00	65%	0.00057355	\$9,967,780
	Commercial	1.79	25.82%	0.00091167	\$4,101,606
	CBD Commercial	1.70	8.18%	0.00086609	\$1,112,310
	Rural	0.42	1.0%	0.00023908	\$153,350

### Uniform Annual General Charge

Council does not use a uniform annual general charge.

## TARGETED RATES

Lump sum contributions are not sought or invited by Council in respect of targeted rates.

### Transitional Rate

The rate is set and assessed on the land value of all rateable properties in the City.

The transitional rates are set on a differential basis on the categories identified in the table below. The rating categories are defined in the Rating Policy. The differential basis is based on the use to which the land is put, the location of the land and/or area of the land.

The total revenue sought is \$138,015 million.

SOURCE	DIFFERENTIAL CATEGORIES	DIFFERENTIAL FACTOR	PERCENTAGE OF TOTAL TRANSITIONAL RATES	TRANSITIONAL RATE IN THE DOLLAR OF LAND VALUE (GST INCL)	RATES REVENUE (GST INCL)
Transitional Rate	Residential	1.0000	63.16%	0.01107862	\$87,176,516
	Commercial	2.3268	26.25%	0.02577722	\$36,229,892
	CBD Commercial	2.2104	7.75%	0.02448836	\$10,695,351
	Multi Unit Residential	1.4089	1.79%	0.01560892	\$2,470,814
	Rural Residential	0.4642	0.05%	0.00514303	\$62,694
	Rural Small	0.3362	0.75%	0.00372480	\$1,034,533
	Rural Large	0.1550	0.25%	0.00171736	\$345,621

The Transitional rate funds the following activities

- Planning Guidance & Compliance
- Animal Education and Control
- Stormwater Network
- Catchment Management
- Refuse Collection
- Waste Minimisation
- Landfill Site Management
- Arts Promotion
- City Planning
- Theatres
- Sewage Collection
- Sewage Treatment and Disposal
- Hamilton Gardens
- Economic Initiatives
- Libraries
- Museum
- Community Development
- Community Parks
- Gullies and native plantings
- Streetscapes
- Sports Parks
- Governance & Civic Affairs
- Environmental Health and Public Safety
- Water Treatment and Storage
- Water Distribution
- Transport Network
- Zoo
- Stadiums
- Claudelands
- Leisure Facilities
- Emergency Management

### Metered Water Rate

The rate is set and assessed for metered and restricted flow water supply on a differential basis to all metered rating units (as defined by Hamilton City Council's Water Supply Bylaw 2013).

The rate is:

- i. a fixed amount based on the nature of the connection as follows:
  - \$422 for all metered rating units(except rural receiving a restricted flow supply);
  - \$312 for rural rating units receiving a restricted flow supply.
- ii. a charge per unit of water consumed or supplied on every metered connection in accordance with the following scale:
  - All metered rating units (except rural receiving a restricted supply) - \$1.76 per kilolitre of water supplied after the first 240 kilolitres of consumption or supply;

- rural rating units receiving a restricted flow supply - \$1.30 per kilolitre of water supplied after the first 240 kilolitres of consumption or supply.

The rates contribute to the funding of the Water Distribution and Water Treatment and Storage activities.

The total revenue sought is \$9.132 million.

### Commercial Non-metered Water Rate

The rate is set and assessed on non-metered Commercial and Rural properties which are connected to or have a water supply available. The rate is \$422 per separately used inhabited part of the rating unit.

The rates contribute to the funding of the Water Distribution and Water Treatment and Storage activities. The total revenue sought is \$254,150.

Properties in the Waikato District Council and Waipa District Council supplied with water under contractual arrangements will be charged according to Council's Fees and Charging schedule.

### **Access Hamilton Rate**

The rate is set and assessed at a uniform rate per dollar of capital value on all rating units in the City (excluding 100% non-rateable and 50% non-rateable properties).

The rate is \$0.00024156 per dollar of capital value. The total revenue sought is \$5,750,000.

The Access Hamilton rate funds the work programmes and/or financing costs relating to this project as part of the Transport Network activity.

### **Business Improvement District Rates (BID)**

The rate is set and assessed on all separately used or inhabited part of commercial rating units in the BID area as mapped in the Rating Policy. The rate is:

- a) BID Fixed rate: a fixed amount of \$230 per separately used or inhabited parts of a rating unit within the defined area; and
- b) BID CV Rate: a rate per dollar of capital value required to meet the total revenue (after allowing for the total revenue raised by the fixed amount of \$230 per rating unit or separately used portion of a rating unit, is \$0.00003757

The rate provides funding to the Economic Initiatives activity. The total revenue sought is \$322,000.

### **Hamilton Gardens Rate**

The rate is set and assessed as a fixed amount on all separately used or inhabited part of each rating unit within the City. The rate is set at \$11.50.

The rate contributes funding to develop themed gardens and infrastructure as part of the Hamilton Gardens activity.

The total revenue sought is \$701,500.

### **Community Use Water Rate**

The rate is set and assessed on properties as defined as a community use (see Rating Policy) and which are connected to the water supply.

- a) a fixed amount of \$422 per separately used or inhabited part of a rating unit; and
- b) a rate per dollar of land value of the rating unit, set at \$0.00262289

The rate provides funding towards the water distribution and water treatment and storage activities.

The total revenue sought is \$121,288.

### **Community Use Refuse Rate**

The rate is set and assessed on properties defined as a community use (see Rating Policy) and which are provided with refuse collection service. The rate is:

- a) a fixed amount of \$150 per separately used or inhabited part of a rating unit; and
- b) a rate per dollar of land value) per rating unit set at \$0.00095798

The rate provides funding towards the refuse collection activity.

The total revenue sought is \$45,736.

### **Community Use Sewerage Rate**

The rate is set and assessed on properties defined as a community use (see Rating Policy) and which are connected to the sewerage network. The rate is:

- a) a fixed amount of \$412 per separately used or inhabited part of a rating unit; and
- b) The rate per dollar of land value set at \$0.00277746.

The rate provides funding towards the sewage distribution and sewage treatment and storage activities.

The total revenue sought is \$904,778.

### **Horsham Downs Hall Rate**

The rate is set and assessed as a fixed amount of \$25 per rating unit located within the Horsham Downs Hall rating area.

The rate provides funding to the Community Development activity. The total revenue sought for is \$1,550.

### **FUTURE RATES**

Council intends to set and assess rates from the sources listed above in each year of the plan except:

- a) The Hamilton Gardens rate is budgeted to stop after the 2017/18 rating year.

### **SEPARATELY USED OR INHABITED PART OF A RATING UNIT (SUIP) - DEFINITION**

Any part of a rating unit that is, or is able to be, separately used or inhabited by the ratepayer, or by any other person or body having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement.

For example, this means that each flat within a block of flats, or each shop within a block of shops, for example, would be charged the relevant targeted rate. The same would apply to a farm with more than one dwelling, (i.e. worker accommodation), or a residential property with a separate fully self-contained unit available for visitor accommodation.

Each use that involves a different activity that is conducted by a person, company, or organisation different to the ratepayer is considered to be a separate use. For example, if a photographic processing franchise operated within a store is operated by the store's staff, it is not a separate use. However if the same franchise is operated by a person, company, or organisation different to the store operator, it is considered a separate use.

### **INSPECTION OF RATING INFORMATION DATABASE**

In accordance with the Local Government (Rating) Act 2002, the District Valuation Roll and Rates Records are available for public inspection at the Council Offices, Garden Place, Hamilton, between the hours of 8.00am and 4.45pm on all business days of the week.

2015/2016 PROPOSED RATES - SAMPLE PROPERTIES												
Differential	SUIPs	Land Value	Capital Value	2014/15 RATES			2015/2016 PROPOSED RATES			Total Rates Change (\$)	Total Rates Change (%)	
				General Rate	Targeted Rates	Total Rates	Land Value Transitional Rate	Capital Value General Rate	Targeted Rates			Total Rates
<b>RESIDENTIAL SECTOR</b>												
Vacant	1	200,000	200,000	2,360	61	2,422	2,216	115	60	2,390	-31	-1.30%
Modest	1	100,000	200,000	1,180	61	1,242	1,108	115	60	1,282	41	3.28%
Medium	1	200,000	400,000	2,360	111	2,472	2,216	229	108	2,553	81	3.29%
High	1	250,000	800,000	2,950	211	3,162	2,770	459	205	3,433	272	8.59%
Multi Unit	4	300,000	800,000	4,905	246	5,151	4,683	459	239	5,381	230	4.47%
<b>RURAL SECTOR</b>												
Vacant	1	400,000	400,000	1,608	111	1,719	1,490	96	108	1,694	-25	-1.47%
Medium	1	800,000	1,200,000	3,215	311	3,526	2,980	287	301	3,568	42	1.18%
High	1	2,000,000	2,300,000	3,639	586	4,225	3,435	550	567	4,552	327	7.73%
<b>COMMERCIAL SECTOR</b>												
Low	1	100,000	200,000	2,713	61	2,775	2,578	182	60	2,820	45	1.63%
Medium	1	250,000	500,000	6,783	136	6,919	6,444	456	132	7,032	113	1.63%
High	1	500,000	1,500,000	13,566	386	13,952	12,889	1,368	374	14,630	678	4.86%
CBD Medium	1	300,000	800,000	7,733	473	8,206	7,347	693	465	8,504	298	3.63%
CBD High	4	500,000	1,500,000	12,888	1,401	14,289	12,244	1,299	1,385	14,928	640	4.48%

# COUNCIL FUNDING IMPACT STATEMENT

## Forecast for the year ended 30 June 2016-2025

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	125,459	13,265	27,687	43,453	60,663	79,405	99,783	121,911	145,906	171,887	199,991
Targeted rates	15,068	133,369	125,484	116,558	105,902	94,658	82,127	68,217	52,830	35,858	17,191
Subsidies and grants for operating purposes	4,426	4,657	4,724	5,062	5,580	5,436	5,476	5,749	5,818	5,949	6,585
Fees and charges	37,260	37,915	39,274	40,228	41,459	42,823	43,832	44,869	46,537	48,812	50,547
Interest and dividends from investments	2,143	2,143	2,144	2,145	2,146	2,147	2,149	2,150	2,152	2,154	2,155
Local authorities fuel tax, fines, infringement fees, and other receipts	3,603	3,596	3,682	3,771	3,868	3,973	4,086	4,209	4,340	4,482	4,635
<b>Total operating funding</b>	<b>187,960</b>	<b>194,944</b>	<b>202,995</b>	<b>211,217</b>	<b>219,619</b>	<b>228,444</b>	<b>237,454</b>	<b>247,104</b>	<b>257,583</b>	<b>269,142</b>	<b>281,104</b>
<b>Application of operating funding</b>											
Payments to staff and suppliers	120,822	127,728	133,777	139,878	142,510	144,843	149,176	157,970	159,604	165,560	172,111
Finance costs	24,887	23,703	24,636	25,916	26,896	27,558	28,106	28,696	29,531	30,258	30,035
Other operating funding applications	1,587	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding</b>	<b>147,297</b>	<b>151,431</b>	<b>158,413</b>	<b>165,794</b>	<b>169,406</b>	<b>172,401</b>	<b>177,283</b>	<b>186,667</b>	<b>189,134</b>	<b>195,817</b>	<b>202,146</b>
<b>Surplus (deficit) of operating funding</b>	<b>40,663</b>	<b>43,513</b>	<b>44,582</b>	<b>45,424</b>	<b>50,213</b>	<b>56,043</b>	<b>60,172</b>	<b>60,438</b>	<b>68,449</b>	<b>73,325</b>	<b>78,958</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	11,157	4,147	4,771	4,964	8,263	8,367	10,202	8,405	7,551	6,815	7,327
Development and financial contributions	7,571	9,500	9,027	9,141	9,215	9,464	9,734	10,025	10,339	10,677	11,041
Increase (decrease) in debt	9,445	7,575	11,154	17,699	13,680	7,531	10,332	8,484	18,249	4,832	(12,037)
Gross proceeds from sale of assets	108	139	137	145	149	151	157	159	166	172	175
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	1,713	1,757	1,805	162	168	171	177	183	189	195
<b>Total sources of capital funding</b>	<b>28,281</b>	<b>23,074</b>	<b>26,846</b>	<b>33,754</b>	<b>31,469</b>	<b>25,681</b>	<b>30,596</b>	<b>27,250</b>	<b>36,488</b>	<b>22,685</b>	<b>6,701</b>
<b>Application of capital funding</b>											
Capital expenditure	9,164	25,988	30,068	36,452	36,902	33,260	39,488	30,855	40,556	38,912	25,243
- to meet additional demand	28,979	7,643	7,058	5,491	6,178	8,745	5,787	6,082	13,462	12,608	17,046
- to improve the level of service	29,760	32,955	34,420	37,393	38,861	40,010	45,794	51,046	51,638	45,109	43,799
- to replace existing assets	62	1	(118)	(158)	(260)	(292)	(301)	(296)	(720)	(619)	(430)
Increase (decrease) in reserves	979	0	0	0	0	0	0	0	0	0	0
Increase (decrease) of investments	68,944	66,587	71,428	79,178	81,681	81,723	90,768	87,687	104,937	96,010	85,659
<b>Total applications of capital funding</b>	<b>(40,663)</b>	<b>(43,513)</b>	<b>(44,582)</b>	<b>(45,424)</b>	<b>(50,213)</b>	<b>(56,043)</b>	<b>(60,172)</b>	<b>(60,437)</b>	<b>(68,449)</b>	<b>(73,325)</b>	<b>(78,958)</b>
<b>Surplus (deficit) of capital funding</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>