

Our draft annual plan: striking the right balance

Commercial FAQs

What is a 10 Year Plan and Annual Plan?

Our 10 Year Plan (also known as the Long Term Plan) and Annual Plan work together in a series. The 10 Year Plan sets out the vision for our city over the following decade, and outlines key projects and budgets for that period. The first year of the 10 Year Plan also serves as the Annual Plan for that year.

We work closely with our communities when we develop the 10 Year Plan, because it's important to get it right. It needs to reflect their aspirations and priorities, and make sure we're spending public money transparently and effectively.

In the two years following a 10 Year Plan, we have an Annual Plan each year; you can think of them like chapters two and three of the Long Term Plan. The Annual Plan follows what was laid out in the 10 Year Plan, and consultation with the community isn't required if we stick to what we developed together in the 10 Year Plan. If we do need to make changes, we have to give you an opportunity to have your say on those proposals.

Then, three years into the 10 Year Plan, we take a look again at the decade ahead with a new 10 Year Plan, and the cycle continues.

Our plans are for the financial year, 1 July to 30 June.

What's changed in the draft Annual Plan 2023-24?

Economic conditions have changed since we developed our 10 Year Plan in 2021. So, while we aren't changing our key priorities, we are taking a look at this year's budget with the economic climate and cost of living front of mind.

We've delayed some projects and reduced budgets where we can, and we're increasing debt levels responsibly to pay for infrastructure and vital projects set out in the 10 Year Plan.

We're consulting on the larger changes in our draft Annual Plan for 2023-24 – you can read more about those changes at hutt.city/annualplan2023.

How can I give feedback?

Read about the challenges we're facing in the year ahead and the changes we're proposing to our draft Annual Plan, then click through to the survey to share your thoughts: hutt.city/annualplan2023.

Fill out the survey contained in the physical consultation document (available from Community Hubs and the Hutt City Council offices at 30 Laings Road) by 30 April 2023.

Kōrero with your elected members directly: hutt.city/councillors.

How long is the consultation period?

Consultation is open from 31 March to 30 April 2023.

When will Council make a final decision?

Council will make final decisions before the Annual Plan is adopted on 30 June 2023.

What do the changes in the draft Annual Plan mean for my rates?

To deliver the proposals set out in our draft Annual Plan 2023-2024, we're proposing a rates revenue increase of 9.9% (after growth), up from our planned rates rise of 5.9% for this year.

This means an average increase of \$5.02 per week per household, or \$261 per year. Investment in water infrastructure makes up about half (\$126) of the average \$261 rise. The remaining \$135 covers cost increases for all the other services we provide (including roads and footpaths, parks, community facilities, rubbish, recycling etc).

Here are the indicative average rates increases per property category:

Property category	Average change %	Average change, \$ per week	Average change, \$ per year
Residential	8.5%	\$5.02	\$261
Commercial (central)	16.4%	\$51.52	\$2,679
Commercial (suburban)	13.0%	\$36.03	\$1,874
Rural (no water or wastewater)	15.0%	\$5.84	\$304
Utilities	10.0%	\$40.40	\$2,101

You can see exactly how this will affect your rates bill from 1 July by using our interactive [rates calculator](#) and entering your property address.

Have you considered a lower rates increase?

This draft Annual Plan is about striking the right balance. We need to continue to invest in our infrastructure and community while continuing to manage our finances responsibly.

We've pushed out projects and cut costs, and we're also taking on some more debt. Our next option is to increase our revenue.

We've done what we can to limit the impact on ratepayers, which is why there are a number of changes to consider as part of our consultation.

What about Council debt levels?

We have a financial strategy that we set during our last 10 Year Plan. This is a guide for decision-making and helps us ensure that we make good sustainable financial choices – now and into the future.

Our financial strategy includes measures around debt, to make sure we're taking on affordable levels of debt and so we can return to a balanced budget. You can find more information about our financial strategy and our outlook for 2023-24 and beyond [here](#).

Do residents and businesses across Lower Hutt pay the same amount of rates?

General rates are used to help fund activities where the Council has concluded that the whole community or city benefits. In these cases, all ratepayers pay towards the cost of the activity.

What each ratepayer pays depends on the capital value of their property relative to the value of other properties, and the share of the general rate that has been allocated to each sector of the community (residential, commercial and utilities).

Each of those categories of property (residential, commercial, and utilities) pays a different share of the general rate. This is called a differential rate.

This means, for example, if you own a home and a business, you will pay different rates on each property.

As part of the 10 Year Plan there was a review of the allocation of rates between property rating categories. There were a range of factors considered in this review such as impacts of previous policy settings, property value changes over the long term, services impacted more directly by commercial users (e.g. roading and stormwater networks) and affordability of rates. As a result of this review there were changes made to the rating policy, specifically the allocation of rates and the rates differentials. Further information on these proposed rating differentials for 2023-24 is available in the Draft Annual Plan 2023-24.

What fees and charges are increasing and why?

Rising costs across many of our projects and services had to be considered while preparing the draft Annual Plan. One of the ways we offset these cost pressures is to increase fees and charges, to help make sure the users of services are contributing to cover the cost as much as possible.

The full list of proposed fees and charges can be found at hutt.city/fees2023, and you can provide feedback on any of these fees through our consultation. Head to hutt.city/annualplan2023 for more information about our proposed changes and to click through to our survey.

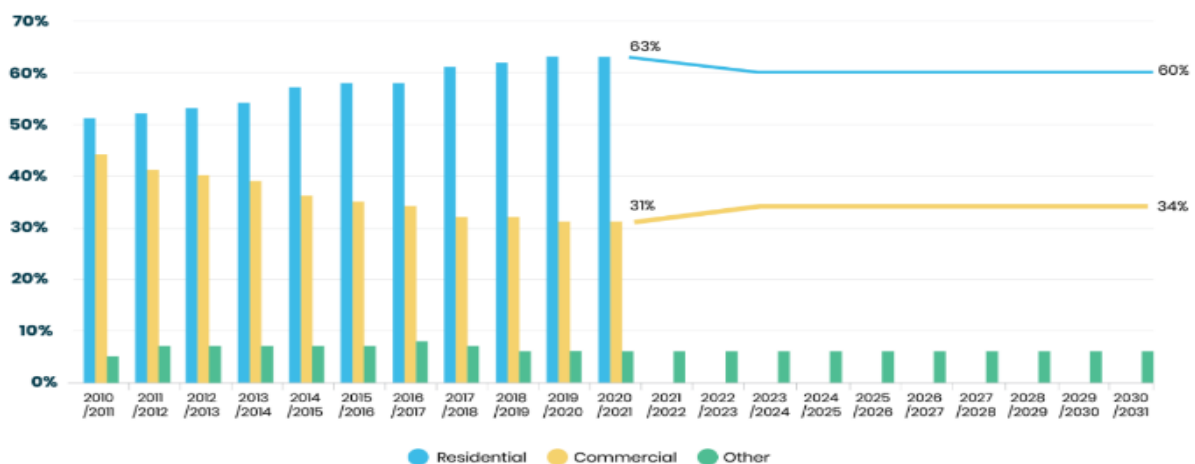
Why are commercial rates increases higher?

There are two key factors in the draft Annual Plan 2023-24 which impact commercial rates increases.

1. Rating policy settings and the allocation of rates between residential properties and commercial properties:

We distribute the general rate between the different rating categories (residential, commercial and utilities) based on percentages.

During the review process as part of the 10 Year Plan, we identified that the share of residential rates had increased over time. Council agreed to partially reverse this trend by reducing the residential share by 1% each year over a three year period (2021-2024), and increasing the commercial share by 1% to offset this. This 1% increase is a key driver for the higher rates increase for commercial versus residential properties in 2023-24. This will be reviewed again in the next 10 Year Plan 2024-2034.



Graph 1: Change over the last ten years in the allocation of rates charges between property rating categories and the approach for the 10-year plan

2. Property revaluation impacts from the three yearly revaluation that took place 1 September 2022:

There are two commercial rating categories (suburban and central).

Commercial central properties: The average property capital value has increased with this recent valuation by 32% (from \$1.782 million to \$2.350 million). Queensgate Shopping Centre, however, did not increase, mainly due to increases being recorded in prior years whilst the rebuild took place. This means that the rates for Queensgate are projected to decrease for 2023-24 whilst the other properties in the commercial central category will pay a higher share. The reverse situation has occurred over the prior two years when Queensgate paid a higher share and the other properties in the rating category benefitted and picked up a lower share.

Commercial suburban: The average commercial suburban property value has increased in this recent revaluation from \$1,644 million to \$2,418 million (an average increase of 47%). The rates increase for this category is lower than the central property category mainly due to there being a larger base within which to distribute the share of general rates across.

Do you have a quick summary list of changes you're making that apply to commercial ratepayers?

The key areas that are relevant to commercial ratepayers are:

- Transport: micromobility, Cross Valley Connections, Eastern Hutt Road, Tupua Horo Nuku (Eastern Bays Shared Path) and parking fee increases
- Three Waters: valley floor waters infrastructure, Wellington Water operating costs, commercial water charges
- Solid waste: Silverstream landfill
- Consent fees and charges

You can read more about all of these proposed changes at hutt.city/annualplan2023.

What are businesses getting for their increased rates?

Council provides a wide range of services (such as three waters, transport, city planning and development etc.) which are funded by rates revenue from all ratepayers.

We're continuing to focus on getting the basics right for our city, but recently the cost of delivering the basics has gone up by a lot. We've delayed some projects and reduced budgets where we can, and we're increasing debt levels responsibly to pay for infrastructure and vital projects set out in the 10 Year Plan.

We're proposing to continue increased investment in key projects like the valley floor water infrastructure to support more housing and development in that area. We are also continuing with RiverLink which will stimulate greater economic growth and development, allow more housing, and revitalise our city centre, as well as providing commercial opportunities for our local businesses to be involved in building RiverLink in the years to come.

What's happening in my area / around my place of business in the year ahead? How can I stay updated on that?

There is a significant amount of infrastructure work underway around the city, including transport projects, water infrastructure upgrades and economic development, like the Riverlink project.

You can keep up to date on these projects by visiting our [website](#), or following us on social media.

Where can I find more information about the draft Annual Plan?

Read about the challenges we're facing in the year ahead and the changes we're proposing to our draft Annual Plan: hutt.city/annualplan2023.

Printed copies of the consultation document and survey will be available to view at our Neighbourhood Hubs.

You can also join us for a Facebook live with Mayor Campbell Barry on 3 April – keep an eye on our [Facebook page](#) for updates.

Kōrero with your elected members directly: hutt.city/councillors.

What is a revaluation and how does it affect my rates?

Under the law, we're required to update our record of rating values across the city every three years. We've just completed this process. Your updated rating value will be used to calculate your rates bill in the next financial year, which starts on 1 July 2023.

Revaluation helps us work out everyone's share of rates, but it doesn't increase the total amount of rates that Hutt City Council collects.

You can find out more, including a helpful explainer video at: hutt.city/revaluation.

How can I pay my rates?

We have a few options for you to pay your rates - direct debit, online banking, automatic payment or credit card. Council's preferred option is by direct debit and this can help spread the cost weekly, fortnightly, monthly or on the due date. For more information visit huttcity.govt.nz/rates.