

7 December 2022

File Ref: OIAP-7-26710

Tēnā koe [REDACTED]

### **Request for information 2022-228**

I refer to your request for information dated 16 November 2022, which was received by Greater Wellington Regional Council (Greater Wellington) on 29 November 2022. You have requested the following:

*"I have spoken to a few other homeowners asking if their new rates payments have been adjusted to the decrease in house prices? It seems that the council is very prompt to increase rates when the house prices go up, but nothing has happened yet to reflect the rates payments with the decrease in house prices.*

*I would like to know when the council is going to reflect the decrease in house prices in rates payments?*

#### **Greater Wellington's response follows:**

Thank you for your enquiry regarding your rates in relation to your house prices.

It is a common misunderstanding that rates are driven by the value of properties. That is, Ratepayers are often concerned that when house prices increase, so do rates. This is not the case.

The revenue raised for by Council is not based on property prices, but rather the expense to deliver the activity and levels of services agreed too. In recent years, you will have seen your property value increase rapidly, however rates did not match that increase.

Each year, Council sets the annual budget, which is outlined in the Annual Plan or Long Term Plan, to pay for the activities the council conducts. Generally, these activities and budget aligns with the Long Term Plan, but sometimes the activities planned change, and therefore the budget may change. When this happens, a public consultation is held (usually in March) to inform the public about their options for investment.

The Revenue and Financing Policy ([here](#)) is used to outline who pays for what, and how they pay. In this Policy, you will notice that all rate payers contribute to general rates.

To determine how much each rate payer contributes to the General Rate, the Capital Value (CV) of their property is used to calculate their proportion to pay. *(Note: Targeted rates are also used to collect revenue, but these can vary in funding methods (e.g., a fixed rate, or area of river on your property etc) and these also depend on where in the region you are located.)*

What this means is the CV determines how much each ratepayer contributes (pay ) compared to other ratepayers. The overall amount of rates needed is determined by the budgeting process and rates requirement calculated by each Council. Due to factors like inflation and increasing interest costs paid by Councils, rates almost always increase by some amount year on year.

Council works through a vigorous process each year to work through their budget and prioritise spending while carefully considering the impacts to their rate payers. They do this to keep rates as low as possible, unfortunately the pressures for investment, adding inflation and dealing with unforeseen circumstances such as earthquakes or the COVID 19 pandemic, costs to Council increase.

If you have any concerns with the decision(s) referred to in this letter, you have the right to request an investigation and review by the Ombudsman under section 27(3) of the Local Government Official Information and Meetings Act 1987.

Please note that it is our policy to proactively release our responses to official information requests where possible. Our response to your request will be published shortly on Greater Wellington's website with your personal information removed.

Nāku iti noa, nā



Sue McLean  
Kaiwhakahaere Matua Ratonga Rangapu | General Manager Corporate Services