

RATING INFORMATION

Rating Policy is based on the Funding Policy

The application of the Funding Policy determines the allocation of rates to sectors and therefore the rates on each property. For information on the Funding Policy please refer to the relevant section in the Strategic Statement.

Rating Overview

The rating system provides the net funding requirement for the Council's programme as set out in this Financial Plan.

Rates are levied as a tax on property in compliance with the statutory provisions of the Rating Powers Act (1988).

Property values were revised in September 1998. The next revaluation is in September 2001 and these will apply to the 2002/03 year.

Rates of \$139.29M (exclusive of GST) will be levied for 2001/02. This is an overall increase in the rate requirement of 2.20% over 2000/01 after taking into account the growth in the rating base.

Rate Types

It is planned to levy the following rates. (The figures noted below are exclusive of GST):

- General rates \$89,428,239
- A Uniform Annual General Charge \$12,415,200 (\$105 per property)
- Separate rates for:
 - Water \$11,573,032
 - Sewerage \$16,423,399
 - Land and Stormwater Drainage \$8,847,141
 - Central City \$600,000

Rate Type Descriptions

General Rates

General Rates are levied on capital values according to the Funding Policy. General rates (including the Uniform Annual General Charge) provide for approximately 73.12% of the total rate requirement of the Council, being the net rate requirement after separate rates are determined.

Uniform Annual General Charge

A portion of general rates is levied as a uniform annual general charge of \$105 per rateable assessment, payable irrespective of property values.

The uniform charge is levied to recover costs which have been determined in the funding policy to:

- provide benefits which are people related;
- have a reasonable correlation between the number of properties and the spread of benefits in the community; and
- to be uniformly consumed by the inhabitants of the community.

Separate Rates

Separate Water Rate. This rate is levied on properties in the serviced area to recover the costs of water supply. Connected properties pay full water rates, non connected pay half rates.

User Charges based on metered consumption are also made for water consumed by properties, other than private residential properties. An allowance is made for the amount of water rates charged.

Separate Sewerage Rate. This rate is levied to recover

the costs of sewerage on all properties within the serviced area.

Separate Land Drainage Rate. This rate is levied to recover the costs of land drainage from ratepayers within the land drainage district.

Separate Central City Rate. It is proposed to levy this rate on the Central City Business Area. Funds collected from this rate will be used for marketing and promotion and strategic planning for the Central City business area.

Differential Rating

Differential rating is applied to both General Rates and Separate Rates levied on Capital Values. The quantum of rates required from each sector (Residential, Commercial/Industrial, Rural, and Non Rateable) is based on the Funding Policy allocation which is derived from an analysis of each Council output. The sector requirement for each rate type is then applied to properties within each sector, based on the relative capital values.

The differential sectors are:

Sector A - Residential and other property including vacant land

Sector B - Commercial and Industrial Property including vacant land (the Central City Business area is part of this sector)

Sector C - Properties used for farming

Sector D - Institutions, not for profit entities and charities

Rates for 2001/02 will be shared among the ratepaying sectors as follows:

Sector A - Residential	68.85%
Sector B - Commercial/Industrial	28.66%
Sector C - Rural	1.44%
Sector D - Institutions	1.05%

Rating by Instalments

The Council provides for rates to be paid in four instalments, with instalment one generally equal to the previous year's instalment four. A ratepayer may elect to pay the whole of the year's rates in one sum before instalment two due date without additional charges.

Additional Charges

An additional charge of 10% will be added to each instalment which remains unpaid after its due date. Previous years' rates which are unpaid will have 10% added firstly in October 2001 and, if still unpaid, again in April 2002.

Additional Charges may be remitted in accordance with the following criteria:

- (a) All applications must be in writing.
- (b) All rates must be paid in full, as a general rule, before remission is considered.
- (c) Remission will generally be given where late payment has arisen due to sickness, death, age or other acceptable genuine reasons.
- (d) No additional charge will be added where payment is received over the counter on the day following due date or through the mail on the second day following the due date.
- (e) Remission of second and subsequent additional charges where satisfactory arrangements are in place for regular payment of arrears.

RATING INFORMATION

- (f) Remission on payments made within five working days of due date, where there is no substantiated reason for remission, up to a maximum of one such remission every two years.
- (g) Remission in respect of commercial, professional or industrial properties will generally not be granted other than once every five years.
- (h) The remission of penalty on current year's rates may be granted where an agreed arrangement for payment is in place which is in excess of the current year's rates.

Postponement of Rates

Statutory provision exists for the Council to remit or postpone rates in cases of extreme financial hardship. The Council has a policy of considering the postponement of rates where hardship exists. Postponed rates are a charge against the property and must be paid either at the end of the postponement term or when the property is sold.

Generally applicants will be over age 65 but consideration will be given in other special circumstances of need.

Interest will be charged on postponed rates for new applicants at the Council's cost of capital rate, currently 7.2%, without incurring additional charges.

Environment Canterbury

The Council acts as agent for the collection of rates

for the Environment Canterbury (Canterbury Regional Council) which determines its own rate levels. This policy does not refer to those rates.

Funding Policy

The Funding Policy allocates rates to the four sectors referred to earlier.

The factors considered when making such an allocation include:

- general benefits which go to the community
- direct benefits which can be directly attributable to persons or categories of person
- where there is a need to control negative effects (eg pollution)
- modifications. In order to avoid significant adjustment difficulties, the Council may adjust the amount which a sector has to pay.

The different rating sectors will experience changes to their rates over the 2000/01 rate as follows:

- Residential	+ 2.27%
- Commercial/Industrial (excluding the separate Central City rate)	+ 0.81%
- Rural	+ 11.14%
- Institutions	+ 31.19%

For further information on the Funding Policy refer to the Strategic Statement.

Rates Payable - 2000/01 Actual and Draft 2002 Financial Plan Compared

Capital Value \$	2000/01 Actual ⁽³⁾ \$	2002 Plan ⁽³⁾ \$	Difference \$
Residential⁽¹⁾			
80,000	471	480	9
120,000	654	668	14
160,000	836	855	19
200,000	1,019	1,043	24
260,000	1,294	1,324	30
300,000	1,476	1,512	36
400,000	1,934	1,981	47
Commercial⁽¹⁾			
100,000	824	830	6
160,000	1,256	1,265	9
200,000	1,544	1,555	11
300,000	2,263	2,281	18
500,000	3,701	3,731	30
Commercial Central City⁽¹⁾⁽⁴⁾			
100,000	824	882	58
200,000	1,544	1,660	116
500,000	3,701	3,992	291
1,000,000	7,298	7,878	580
Rural⁽²⁾			
100,000	306	340	34
200,000	506	576	70
300,000	707	811	104
400,000	907	1,046	139
500,000	1,108	1,282	174

- Notes: (1) Fully serviced properties, and includes a Uniform Annual General Charge of \$105 per property.
 (2) Not paying Water, Sewerage or Land Drainage rate. Includes a Uniform Annual General Charge of \$105 per property.
 (3) Includes GST but does not include the Canterbury Regional Council Rates.
 (4) Includes proposed Central City Rate.