

# STATEMENT OF RATING POLICY

## Rating Policy

The rating system provides for the net funding requirement of the Council's programme as stated in the Annual Plan.

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

Property values were revised in September 1995. The revised values will be first applied for rates calculation in the 1996/97 year. Values will be next revised in 1998.

The existing rate differential system will continue for 1996/97. Changes in rates for individual properties reflect both the rate requirement increase of 2.77% and capital value movements.

## Rate Types

The following rates are levied:

- General rates
- A Uniform Annual General Charge of \$100
- Separate rates for:
  - Water
  - Sewerage
  - Land and Stormwater Drainage

## Rate Descriptions

### General Rates

General Rates are levied on capital values according to the differential rating system as outlined below. General rates (including the Uniform Annual General Charge) provide for approximately 68.16% 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 are levied as a uniform annual general charge of \$100 per rateable assessment, payable irrespective of property values.

The uniform charge is levied to:

- Provide a minimum rate from all properties
- Moderate to a small degree the rate incidence in the residential sector recognising that valuation based rating is not a perfect reflection of ability to pay.
- Make a modest charge for availability of services which have an element of private benefit and where it is impractical to apply specific user charges.

### Separate Rates

Separate Water Rates are 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 Rates are levied to recover the costs of sewerage on all properties within the serviced area.

Separate Land Drainage Rates are levied to recover the costs of land drainage from ratepayers within the land drainage district.

## Differential Rating

A differential loading is applied to Commercial and Industrial properties and a reduction is applied to rural farming properties. The differential loading on commercial and industrial properties is

130% and the negative differential on rural properties is 20%. Residential and other properties pay the base rate. This has not changed from last year.

Differential rating is applied only to part of the rates being the General Rate levied on Capital Value. These are approximately 58.15% of the total rate requirement of the Council. The effect of the Commercial/Industrial differential on only part of the rates is that these properties, as compared to residential, have a loading of between 56% and 76% depending on valuation.

The total amount raised from the Commercial/Industrial sector is 43.54% more than would be raised if there was no differential rating or uniform annual general charge.

The differential is applied under three groups which are defined in the Council resolution of 6 April 1993. These groups are:

Group A - Commercial and Industrial Property including vacant land

Group B - Residential and other property including vacant land

Group C - Properties used for farming

The purpose of the differential on Commercial/Industrial properties is to:

- counteract the reduction in rates from this sector which would otherwise result from the Uniform Annual Charge.
- recover from the business sector a greater share of costs relating to:
  - economic development and promotion
  - city amenities which enhance tourism and retailing
  - more intensive roading and traffic requirements
  - extra capacity requirements for drainage and water supply
- partially recognise the benefit of tax deductibility available to business.

The negative differential for rural agricultural properties is to reflect generally their remote location from Council services and in some respects the limited service provided to these properties as compared to urban property.

## 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 1996 and, if still unpaid, again in April 1997.

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.

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- (e) Remission of second and subsequent additional charges where satisfactory arrangements are in place for regular payment of arrears.
- (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.

### Remission and 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 8.0%, without incurring additional charges.

### Canterbury Regional Council

The Council acts as agent for the collection of rates for the Canterbury Regional Council who determine their own rate levels. This policy does not refer to those rates.