

## RATING INFORMATION

### Rating Policy is now based on the Funding Policy

The major change for 1998/99 is the introduction of a Funding Policy prepared in accordance with recent amendments to the Local Government Act. The application of the Funding Policy now determines the allocation of rates to sectors and therefore the rates for each property. For additional information please refer to the Funding Policy in Volume 1).

### Rating Overview

The rating system provides the net funding requirement for the Council's programme as set out in this 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. Values will be next revised in October 1998 and the new values will be first applied in the 1999/00 rating year.

Rates of \$135M (including GST) will be levied for 1998/99. This is an increase in the rate requirement of 1.95% over 1997/98 after taking into account the growth in the rating base.

### Rate Types

The following rates are levied:

- General rates
- A Uniform Annual General Charge of \$105
- Separate rates for:
  - Water
  - Sewerage
  - Land and Stormwater Drainage

### 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 68.84% 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.

The Funding Policy calculations indicate that a Uniform Annual General Charge of \$130 should apply. The Council resolved that this be phased in over four years and that the 1998/99 Uniform Annual General Charge be \$105.

#### 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

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 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 purpose of the differential is to allow the Funding Policy to distinguish between sectors as defined in the Groups A to C. In addition there is the Non Rateable sector (or institutions) defined in the Rating Powers Act made up of not-for-profit entities and charities.

The differential 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

A detailed resolution defining the differential scheme and group definitions consistent with the Funding Policy will be separately notified and confirmed by Council following the adoption of the Funding Policy.

### 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 1998 and, if still unpaid, again in April 1999.

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.

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- (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 8.3%, without incurring additional charges.

### Canterbury Regional Council

The Council acts as agent for the collection of rates for the Canterbury Regional Council which determines its own rate levels. This policy does not refer to those rates.

### Funding Policy

Included in the Strategic Statement (Volume 1) is the Council's funding policy. This policy allocates the rates funding requirement to the four rating sectors.

The Funding Policy sector allocations changed as a result of:

- The Annual Plan Working Party recommendation to spread the cost of economic development more evenly throughout the community.
- Changes in the relative numbers of properties between the residential, commercial, rural and institutional sector during the course of the year.
- Given the significance of these changes the Council resolved to modify the impact in order to:
  - achieve a greater degree of fairness and equity
  - respect the obligation to act in the interest of all residents
  - avoid significant adjustment difficulties for the residential sector which would come from a change to the advertised 1.88% to a suggested 3.64% increase.

The revised expected sector increases are:

Commercial/Industrial Properties	+ 2.18%
Residential Properties	+ 2.45%
Rural Properties	- .54%
Institutions (Non-rateable)	- 32.98%

### Rates Payable - 1997 Plan and 1998 Plan Compared

Capital Value \$	1997 Actual <sup>(3)</sup> \$	1998 Plan <sup>(3)</sup> \$	Difference \$
<b>Residential <sup>(1)</sup></b>			
80,000	467	481	14
120,000	651	669	18
160,000	834	857	22
200,000	1,018	1,045	27
260,000	1,293	1,327	33
300,000	1,477	1,515	37
400,000	1,936	1,984	48
<b>Commercial <sup>(1)</sup></b>			
100,000	908	928	20
160,000	1,392	1,421	29
200,000	1,715	1,750	35
300,000	2,523	2,573	50
500,000	4,138	4,218	48
<b>Rural <sup>(2)</sup></b>			
100,000	314	309	-6
200,000	529	512	-17
300,000	743	716	-28
400,000	958	919	-38
500,000	1,172	1,123	-49

**Notes:**

- <sup>(1)</sup> Fully serviced properties, and includes a Uniform Annual General Charge of \$100 per property.
- <sup>(2)</sup> Not paying Water, Sewerage or Land Drainage rate. Includes a Uniform Annual General Charge of \$105 per property.
- <sup>(3)</sup> Includes GST and does not include the Canterbury Regional Council Rates.