

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 pages 17 and 18.

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 1998. These new values will be first applied in the 1999/00 rating year.

Rates of \$139.5M (including GST) will be levied for 1999/00. This is an overall increase in the rate requirement of 1.96% over 1998/99 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 74.07% 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 1999/00 Funding Policy calculations indicate that a Uniform Annual General Charge of \$151 should apply. In order to avoid significant adjustment difficulties, the full impact of the Uniform Annual General Charge will be phased in gradually. For 1999/00 the Uniform Annual General Charge will remain at \$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 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 - Commercial and Industrial Property including vacant land
- Sector B - Residential and other property including vacant land
- Sector C - Properties used for farming
- Sector D - Institutions, not for profit entities and charities

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 1999 and, if still unpaid, again in April 2000.

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.
- (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.

RATING INFORMATION

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 6.6%, 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

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.

Rates Payable - 1998 Plan and 1999 Plan Compared

Capital Value adjusted for revaluation ⁽⁴⁾ \$	1998 Actual ⁽³⁾ \$	1999 Plan ⁽³⁾ \$	Difference \$
Residential ⁽¹⁾			
80,000 → 88,000	481	498	17
120,000 → 132,000	669	695	26
160,000 → 176,000	857	892	35
200,000 → 220,000	1,045	1,088	43
260,000 → 286,000	1,327	1,383	56
300,000 → 330,000	1,515	1,580	65
400,000 → 440,000	1,984	2,072	88
Commercial ⁽¹⁾			
100,000 → 106,000	928	850	-78
160,000 → 169,600	1,421	1,297	-124
200,000 → 212,000	1,750	1,595	-155
300,000 → 318,000	2,573	2,340	-233
500,000 → 530,000	4,218	3,830	-388
Rural ⁽²⁾			
100,000 → 115,000	309	340	31
200,000 → 230,000	512	576	64
300,000 → 345,000	716	811	95
400,000 → 460,000	919	1,046	127
500,000 → 575,000	1,123	1,281	158

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⁾ Valuation adjustment based on the average increase for each sector - Residential +10%; Commercial +6%; Rural +15%.