

12. 7. 2001

NOTICES OF MOTION

1. DIFFERENTIAL RATING RESOLUTION 2001/02

The following resolution for differential rating should be adopted to give effect to the rating scheme for 2001/02 and the future.

The rate requirement for the City Council is developed from the funding needs as outlined in the CCC Financial Plan and Programme : 2002 Edition. The allocation of rates to rate types and sectors is outlined in the Funding Policy.

The allocation of rates to sectors and rate types changes each year as the net cost of each Council output changes. This necessitates an amendment to the differential system of rating each year. The definition of each sector remains constant.

The figures as set out below reflect the budget after taking account of all the changes made by the working party. These figures will however change if during the course of the meeting additions or deletions are made by the Council. Such changes take time to put through the Funding Policy model and it is recommended that the Director of Finance be approved to make such changes after the Council meeting.

The formal resolution is as follows:

"ALTERATION OF SYSTEM OF DIFFERENTIAL RATING

That the Christchurch City Council, pursuant to the provisions of the Local Government Act 1974 and the Rating Powers Act 1988, resolves by way of Special Order as follows:

1. (a) *That pursuant to sections 84 and 85 of the Rating Powers Act 1988, the Christchurch City Council alters the system of differential rating adopted by the Council on 12 September 2000, to the system set out in this special order.*
(b) *That the system of differential rating set out in this special order shall come into force with effect from 1 July 2001.*
2. *That all capital value rates made and levied by the Christchurch City Council over the whole of its district shall be subject to the system of differential rating, including separate rates for land drainage, sewerage and water.*
3. *The rate in the dollar made and levied on any specified category of property for each rate type excluding the uniform annual general charge shall be made and levied in the following proportions:*

Categories/Sectors		Proportions
General Rate		
Sector A	<i>Commercial and Industrial Properties</i>	31.88
Sector B	<i>Residential and Other Properties</i>	66.45
Sector C	<i>Rural Properties</i>	1.67
Sector D	<i>Institutions (Non-Rateable)</i>	.0
		100%

Categories/Sectors		Proportions
Water Rate		
Sector A	<i>Commercial and Industrial Properties</i>	18.31
Sector B	<i>Residential and Other Properties</i>	75.92
Sector C	<i>Rural Properties</i>	0.73
Sector D	<i>Institutions (Non-Rateable)</i>	5.04
		100%

1 Cont'd

Categories/Sectors		Proportions
Land Drainage		
Sector A	Commercial and Industrial Properties	19.72
Sector B	Residential and Other Properties	78.52
Sector C	Rural Properties	1.76
Sector D	Institutions (Non-Rateable)	.0
		100%

Categories/Sectors		Proportions
Sewerage		
Sector A	Commercial and Industrial Properties	18.86
Sector B	Residential and Other Properties	76.27
Sector C	Rural Properties	0.45
Sector D	Institutions (Non-Rateable)	4.42
		100%

Categories/Sectors		Proportions
Total		
Sector A	Commercial and Industrial Properties	28.27
Sector B	Residential and Other Properties	69.30
Sector C	Rural Properties	1.45
Sector D	Institutions (Non-Rateable)	0.98
		100%

4. The following statement is made pursuant to section 84(1)(c) of the Rating Powers Act 1988.

(i) **Matters taken into Account in Altering the System of Differential Rating**

The following matters have been taken into account in altering the differential rating system:

- (a) The Council has adopted a Funding Policy which identifies the allocation of costs. This includes an assessment of the rates required to finance the Annual Plan, to be applied to the sectors A, B, C and D (above).
- (b) The differential rating special order resolution gives effect to the Funding Policy and Annual Plan.
- (c) The reasons for the allocation of rates to each sector are outlined in the Funding Policy and Annual Plan.

(ii) **Categories of Property - Defined**

That for the purpose of the differential rating system, every separately rateable property within the City of Christchurch shall be classified into one of the following sectors:

Sector A — Commercial and Industrial Properties

Any separately rateable property which is:

- (a) used for a commercial or industrial purpose (including travellers and special purpose accommodation, offices and administrative and associated functions, and commercially owned and operated utility networks); or
- (b) vacant land zoned commercial, industrial or rural industrial under the transitional district plan administered by the Council.

Sector B — Residential and Other Properties

Includes any separately rateable property which is:

- (a) used for residential purposes (including home ownership flats); or
- (b) vacant land zoned residential or rural residential under the transitional district plan administered by the Council; or
- (c) land not otherwise classified under sectors A, C or D; or
- (d) Council operated utility networks.

1 Cont'd

Sector C — Rural Properties

Includes any separately rateable property which is:

- (a) *used solely or principally for:*
 - (i) *agricultural or horticultural or pastoral purposes; or*
 - (ii) *for the keeping of bees or poultry; or*
- (b) *zoned rural under the transitional district plan administered by the Council, but does not include any separately rateable property which is:*
 - (i) *zoned rural industrial or rural residential under the transitional district plan administered by the Council; or*
 - (ii) *zoned rural and used principally for residential purposes (including home ownership flats).*

Sector D — Institutions (Non-Rateable)

These are properties which are deemed not to be rateable properties pursuant to Sections 4, 5 and 6 of the Rating Powers Act 1988

Although this sector is exempt from paying general rates, it is still liable for separate rates for water and sewerage.

(iii) **General Effect on the Incidence of Rates between Groups of Ratepayers**

- (a) *The sectors as a whole pay rates either more or less than they would otherwise pay if there was no differential as is indicated by the following percentages:*

<i>Sector A — Commercial/Industrial properties</i>	<i>+31.50%</i>
<i>Sector B — Residential and Other properties</i>	<i>-7.08%</i>
<i>Sector C — Rural properties</i>	<i>-36.05%</i>
<i>Sector D — Institutions (Non-Rateable)</i>	<i>-6.50%</i>

This comparison assumes a Uniform Annual General Charge of \$105 will be applied.

- (b) *The change for each sector from the 2000/01 rates requirement after allowing for the impact of capital growth is:*

<i>Sector A — Commercial/Industrial properties</i>	<i>+1.54%</i>
<i>Sector B — Residential and Other properties</i>	<i>+2.33%</i>
<i>Sector C — Rural properties</i>	<i>+9.85%</i>
<i>Sector D — Institutions (Non-Rateable)</i>	<i>+10.42%</i>

Individual properties may experience an increase or decrease in rates payable which is greater or less than the average for the sector to which they belong. This will be a consequence of factors other than the amendment to the differential system (for instance, as a result of changes in valuation and the uniform annual general charge).

- 5. *That after the required public notices have been given, this resolution by way of special order be submitted for confirmation to an ordinary meeting of the Council to be held in the Council Chambers, 163-173 Tuam Street, Christchurch on Monday 17 September 2001 commencing at 2.45pm."*

Recommendation:

- 1. That the foregoing resolution be adopted.
- 2. That the Director of Finance be authorised to make any changes to the figures in the resolution.