



Funding impact statement and rating policies



Funding impact statement and rating policies



Funding Impact Statement and Rating Policies

The Funding Impact Statement discloses the revenue and financing mechanisms selected under the LTCCP and is based on the Revenue and Financing Policy adopted by Council.

Revenue and financing mechanisms selected

The revenue and financing mechanisms selected were developed from an analysis of the Council activities and funding requirements under the Revenue and Financing Policy. The process and analysis includes:

- For operational expenditure:
 - The nature of the services supplied by each activity;
 - The period over which the services are supplied;
 - The gross cost and the allocation of this cost to the users of services and ratepayers;
 - The direct benefits of services and any charges made for these;
 - The allocation of the shortfall of user charges to ratepayers;
 - The allocation of costs to ratepayers by differential sectors and by targeted rates.
- For capital expenditure:
 - The gross cost;
 - The timing of the budget provision;
 - The funding sources including loans.

The Financial Overview on page 69 discloses the funding of operational and capital expenditure totals.

The Council has budgeted to receive revenue from a number of sources and mechanisms and these are detailed within that table (net of GST).

User charges and other direct revenues

These are developed from the various pricing policies under the Activity Management Plans for each service area of Council. Any charge made reduces the dependence on rates.

Development Contributions are set out under the Development Contributions Policy. In addition, the Council will receive grants, subsidies and other funds. It is the Council's intention to maximize revenue from these sources.

Capital financing

Capital expenditure is financed under the policy outlined in the Revenue and Financing Policy statement. The residual financing source is loans.

Rate setting policies

Rates are the residual funding source of operational expenditure. The Council has set rates totaling \$202.95 million in accordance with this LTCCP for the financial year 2006/07.

The Valuation System used for rating:

The valuation system used for rating is the Capital Value system.

The value of each rating unit is set by independent valuers and based on values as at 1 August 2004. A rating unit is the property which is liable for rates and is generally a separate property with its own certificate of title. The next revaluation will occur on 1 August 2007.

Inspection of rates information for each rating unit:

The Capital Values, the District Valuation Roll, and the Rate Information Database information and the estimated liability for rates for 2006/07 for each rating unit is available for inspection on the Council's Internet site (www.ccc.govt.nz) under the heading 'Ratesinfo' or by enquiry at any Council Service Centre.

Differential system used:

Differential rating will be used for general rates only. Each rating unit is assigned to a category, based on land use and City Plan zoning, and the sum of all categories is the basis of allocation of rates.



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The differential categories used are:

- Sector A - Business
- Sector B - Residential and other
- Sector C - Rural

The full text of the differential categories is detailed in the rating policy text beginning on page 255.

The categories used for differentiation are land use and zoning as allowed under Schedule 2, clauses 1, 2 and 3 of the Local Government (Rating) Act 2002.

Rates to be set as part of the LTCCP

Rates are set under Clause 10 of Schedule 10 of the Local Government Act 2002 and Section 23 of the Local Government (Rating) Act 2002. The same rate mechanisms are intended to be applied over the period of this plan.

The following rates will be set for 2006/07:

Rates

	2005/06 Decimals or charge former CCC only	2005/06 Rates \$000's CCC and BPDC	2006/07 Decimals or charge	2006/07 Rates \$000's	2007/08 Decimals or charge	2007/08 Rates \$000's	2008/09 Decimals or charge	2008/09 Rates \$000's	2009/10 Rates \$000's	2010/11 Rates \$000's	2011/12 Rates \$000's	2012/13 Rates \$000's	2013/14 Rates \$000's	2014/15 Rates \$000's	2015/16 Rates \$000's
General Rate by Differential Sectors															
Sector A - Business	0.00372429	34,397	0.00415687	39,212	0.00445496	42,645	0.00482346	46,846	-	-	-	-	-	-	-
Sector B - Residential	0.00253837	93,188	0.00285893	106,761	0.00313824	118,924	0.00349096	134,217	-	-	-	-	-	-	-
Sector C - Rural	0.00190377	4,871	0.00214420	4,349	0.00235368	4,844	0.00261822	5,467	-	-	-	-	-	-	-
	-	132,456	-	150,322	-	166,413	-	186,530	209,965	233,962	242,970	251,959	258,733	261,155	260,976
Uniform Annual General Charge															
Business	\$115	1,806	\$115	1,971	\$115	1,971	\$115	1,971	-	-	-	-	-	-	-
Residential	\$115	15,787	\$115	16,666	\$115	16,666	\$115	16,666	-	-	-	-	-	-	-
Rural	\$115	193	\$115	423	\$115	423	\$115	423	-	-	-	-	-	-	-
	-	17,786	-	19,060	-	19,060	-	19,060	19,061	19,061	19,061	19,061	19,061	19,061	19,061
Targeted Rates															
Water Supply Targeted Rate															
Full Charge	0.00035530	17,462	0.00037680	17,873	0.00038262	18,417	0.00039886	19,478	21,182	22,233	23,113	23,545	23,652	24,325	24,895
Half Charge	-	-	0.00018840	287	0.00019131	296	0.00019943	313	-	-	-	-	-	-	-
Land Drainage Targeted Rate	0.00030378	13,621	0.00018017	8,290	0.00017648	8,240	0.00018414	8,723	9,141	9,543	9,766	9,961	10,164	10,309	10,484
Sewerage Targeted Rate	0.00051415	25,320	0.00066505	32,302	0.00070589	34,793	0.00076970	38,490	41,591	44,470	46,859	49,096	51,271	53,090	54,010
Water Fire Connection Targeted Rate	\$100	70	\$100	78	\$100	78	\$100	78	78	78	78	78	78	78	78

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Rates

	2005/06		2006/07		2007/08		2008/09		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	Decimals	Rates \$000's	Decimals	Rates \$000's	Decimals	Rates \$000's	Decimals	Rates \$000's	Rates \$000's	Rates \$000's	Rates \$000's	Rates \$000's	Rates \$000's	Rates \$000's	Rates \$000's
	former CCC only	CCC and BPDC													
Governors Bay Water Loan Uniform Rate	-	8	\$111	16	\$111	16	\$111	16	16	16	16	16	16	16	16
Governors Bay Sewer Loan Uniform Rate	-	13	\$176	24	\$176	24	\$176	24	24	24	24	24	24	24	24
Church Bay Water Loan Uniform Rate	-	21	\$495	21	\$495	21	\$495	21	-	-	-	-	-	-	-
Church Bay Sewer Loan Uniform Rate	-	48	\$1,106	48	\$1,106	48	\$1,106	48	-	-	-	-	-	-	-
	-	56,563	-	58,939	-	61,933	-	67,191	-	-	-	-	-	-	-
Total revenue sought from rates as set	-	206,805	-	228,321	-	247,406	-	272,781	301,058	329,388	341,886	353,741	362,999	368,057	369,545
<i>(GST Inclusive)</i>															
Rates penalties	-	1,350	-	1,512	-	1,512	-	1,512	1,512	1,512	1,512	1,512	1,512	1,512	1,512
Excess water supply targeted rates	-	2,081	-	2,975	-	3,213	-	3,465	3,785	3,854	3,974	4,058	4,136	3,886	4,275
Total rates income	-	210,236		232,808		252,131		277,758	306,355	334,754	347,372	359,311	368,648	373,455	375,332
Rates (net of GST) as set - see Financial Overview Page 75	-	183,827	-	202,952	-	219,916	-	242,472	267,607	292,789	303,899	314,436	322,666	327,162	328,484

Rate type descriptions

The allocation of rates to rate types is determined under the Revenue and Financing Policy. A full description of that policy begins on page 267.

General Rates

General rates are set on capital values on a differential basis for rating units liable for General rates under the Local Government (Rating) Act 2002. General rates [including the Uniform Annual General Charge, (UAGC)] provide for approximately 73% of the total rate requirement of the Council, being the net rate requirement after targeted rates are determined. General rates (and UAGCs) therefore fund all activities of the Council except those funded by targeted rates.

Most activity net rate requirements are on straight capital value, that is 80.67% to Residential and Rural, and 19.33% to Business sector. If straight capital value rating was followed for all rates there would be no difference in decimals for the sectors: all would pay the same rates value for value. The one exception is in General rates with 'Streets' activity allocated substantially to the Business Sector. As a result the Business sector pays more General rates than their

relative capital value share.

Council have concluded that the Rural sector should be charged less General rates than the Residential sector therefore a property in the Rural sector will be charged 75% of the General rate (excluding UAGCs) that a property in the Residential sector is charged.

Uniform Annual General Charge

The Council has decided a portion of General rates is to be assessed as a uniform annual general charge (UAGC) of \$115 per rating unit on each separately-used or inhabited part of a rating unit. This is not based on a calculation of part of any Activity costs but is assessed to be a reasonable amount to charge.

The uniform charge will modify the impact of rating on a city-wide basis ensuring all rating units are charged a fixed amount to recognize the costs, associated with each property, which are uniformly consumed by the inhabitants of the community.



Targeted Rates

Targeted rates are set to recover the net operating cost of Water Supply, Sewerage Collection and Disposal and Land Drainage respectively. A full definition of the rate types is contained in the rating policies text beginning on page 253. The main rate requirement for the targeted rates of Water, Sewerage and Land Drainage is assessed on the relative capital value of all liable rating units in the serviced area. There is no differential applying for these targeted rates.

A half rate is made for Water where the service is available but no connection is made.

In addition the Council will set the following targeted rates:

Water Supply Fire Connection - The targeted rate will be set on a uniform basis to the rating units serviced, at \$100 per fire service connection.

The Excess Water Supply Targeted Rate applies to other than private residential property within the water-supply serviced area and is assessed as the meters are read. Only Rating Units with consumption in excess of the allowance are charged.

These two water targeted rates fund part of the water supply activity costs.

The Uniform Targeted rates for loan servicing costs for the Church Bay and Governors Bay Water and Sewerage Schemes is a continuation of the original agreements to fund the capital costs of those schemes.

Estimated loan balances at 30 June 2006 are:

- Church Bay Sewer Loan – 43 ratepayers – loan balance estimated \$113,519
- Church Bay Water Loan – 42 ratepayers – loan balance estimated \$49,656

To be repaid by targeted rate over 3 years

- Governors Bay Sewer Loan – 138 ratepayers – loan balance estimated \$154,753
- Governors Bay Water Loan – 143 ratepayers – loan balance estimated \$100,765

To be repaid by targeted rate over 10 years.



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Comparative Rates Due by Ratepayers

	2005/06 Actual	2006/07 Plan	% Change	2007/08 Plan	% Change	2008/09 Plan	% Change
	\$	\$	over prev. year	\$	over prev. year	\$	over prev. year
CCC rates only							
Residential							
Sample capital values							
80,000	412	441	7.17%	467	5.84%	502	7.54%
100,000	486	523	7.60%	555	6.16%	599	7.93%
200,000	857	931	8.62%	996	6.92%	1,084	8.85%
Ave. Resident \$260,000	1,080	1,176	8.89%	1,260	7.12%	1,374	9.09%
300,000	1,228	1,339	9.02%	1,436	7.22%	1,568	9.20%
400,000	1,600	1,747	9.24%	1,876	7.38%	2,052	9.39%
500,000	1,971	2,155	9.37%	2,317	7.48%	2,537	9.51%
600,000	2,342	2,564	9.46%	2,757	7.54%	3,021	9.58%
800,000	3,084	3,380	9.58%	3,638	7.63%	3,990	9.69%
1,000,000	3,827	4,196	9.65%	4,518	7.68%	4,959	9.75%

Business							
Sample capital values							
80,000	507	545	7.60%	573	5.00%	609	6.37%
100,000	605	653	7.96%	687	5.22%	733	6.64%
200,000	1,095	1,191	8.80%	1,259	5.73%	1,350	7.25%
300,000	1,584	1,729	9.12%	1,831	5.92%	1,968	7.47%
400,000	2,074	2,267	9.28%	2,403	6.02%	2,585	7.59%
500,000	2,564	2,804	9.39%	2,975	6.08%	3,203	7.67%
600,000	3,054	3,342	9.46%	3,547	6.12%	3,821	7.72%
800,000	4,033	4,418	9.55%	4,691	6.18%	5,056	7.78%
1,000,000	5,013	5,494	9.60%	5,835	6.21%	6,291	7.82%



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2005/06 Actual	2006/07 Plan	% Change	2007/08 Plan	% Change	2008/09 Plan	% Change
\$	\$	over prev. year	\$	over prev. year	\$	over prev. year

CCC rates only

Rural

Excl targeted rates

Sample capital values

80,000	267	287	7.20%	303	5.85%	324	6.98%
100,000	305	329	7.87%	350	6.36%	377	7.55%
200,000	496	544	9.70%	586	7.70%	639	9.03%
300,000	686	758	10.51%	821	8.29%	900	9.67%
400,000	877	973	10.97%	1,056	8.61%	1,162	10.02%
500,000	1,067	1,187	11.27%	1,292	8.82%	1,424	10.24%
600,000	1,257	1,402	11.47%	1,527	8.97%	1,686	10.39%
800,000	1,638	1,830	11.74%	1,998	9.16%	2,210	10.59%
1,000,000	2,019	2,259	11.91%	2,469	9.27%	2,733	10.72%

Note: 2005/06 rates excludes BPDC, whereas future years are city wide.

Notes:

- (1) Residential and Business rates are those on fully serviced properties, and include a single uniform annual charge of \$115 per property, excluding the Central City targeted rate.
- (2) Rural properties are assumed not to pay Water, Sewerage or Land Drainage Targeted rates. They include a uniform annual charge of \$115 per property.
- (3) Rates include GST but do not include the Canterbury Regional Council Rates.
- (4) Some properties may also be liable for the additional targeted rates of Fire connection, excess water and Church and Governors Bay uniform loan servicing rates.
- (5) The City Council is the rate collecting agent for Environment Canterbury (the Canterbury Regional Council). Their rates are in addition to those above. Combined assessments and invoices will be issued by the City Council as in the past.
- (6) The comparison with BPDC rates is not shown. Each former BPDC ratepayer may compare the proposed rate with that assessed last year.

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Detailed Information about Rate Types

General Rates

General Rate by differential sector:

The General Rate is set under Section 13(2)(b) of the Local Government (Rating) Act 2002 and is set differentially on the following sectors:

Sector A - Business

Sector B - Residential and Other

Sector C - Rural

All liable rating units will be assigned to a differential rate sector.

The liability of the rating unit will be the capital value times the decimal (multiplier) applicable for the differential sector applying to the rating unit.

Purpose of General Rate:

To fund the general operations of the Council beyond that funded by user charges, other revenue, the Uniform Annual General Charge, and targeted rates as detailed below.

The detail of the requirement is contained within the Financial Overview on page 69 and the Revenue and Finance Policy Summary on page 275.

Uniform Annual General Charge of \$115

The Uniform Annual General Charge is assessed on each separate rating unit or, if relevant, on each separately used or inhabited part of a rating unit.

It is set under Section 15(1)(b) of the Local Government (Rating) Act 2002.

Purpose of the Uniform Annual General Charge:

To fund the general operations of the Council beyond that funded by user charges, other revenue, general rates and targeted rates as detailed below.

Targeted Rates

These rates are set under Sections 16 (3)(b), 18(1), Schedule 2 Clause 5, and Schedule 3 Clause 8 of the Local Government (Rating) Act 2002.

Water Supply Targeted Rate – Full Charge and half charge:

Rate Factor used: this targeted rate is assessed on every separately rated property to which water is supplied and the half charge to rating units situated within 100 metres of any part of the waterworks where the connection is not made. The liability is calculated on the capital value of the rating unit times the decimal (multiplier).

Purpose of Water Rates:

To recover the water supply costs.

Land Drainage Targeted Rate:

Rate Factor used: this targeted rate is assessed on every separately rated property which is in the serviced area. The serviced area is that of the current land drainage area extended to include all developed land within the city or where there is a land drainage service and also includes:

- the areas of the Peninsula zoned:
 - Akaroa Hillslopes
 - Boat Harbour
 - Industrial
 - Lyttelton Port
 - Papakaianga
 - Recreation Reserve
 - Residential
 - Residential Conservation
 - Small Settlement
 - Town Centre



- Those Land Drainage areas in Okains Bay and Purau that have been charged Land Drainage Targeted rates

The liability is calculated on the capital value of the rating unit times the decimal (multiplier).

Purpose of Land Drainage Targeted Rate:

To recover the land drainage utility costs.

Sewerage Targeted Rate:

Rate Factor used: this targeted rate is assessed on every separately rated property which is in the serviced area. The liability is calculated on the capital value of the rating unit times the decimal (multiplier).

Purpose of Sewerage Targeted rate:

To recover the sewer drainage and sewage treatment costs.

Loan Servicing Targeted Rates:

- Church Bay Sewerage Loan Targeted Rate – 2006/07 charge \$1,106
- Church Bay Water Supply Loan Targeted Rate – 2006/07 charge \$495
- Governors Bay Sewerage Loan Targeted Rate – 2006/07 charge \$176
- Governors Bay Water Supply Loan Targeted Rate – 2006/07 charge \$111

Rate Factor used: these targeted rates are assessed on every separately rated property which is in the serviced area. The rates are uniform charges and one charge for each rate is assessed to liable rating units.

Purpose of loan servicing targeted rates:

To recover the annual costs of loan servicing from the rating units who have entered into a commitment to service the loans by way of annual uniform charges under the former Banks Peninsula District Council.

The Church Bay rate ends on 30 June 2009 and the Governors Bay rate ends 30 June 2016.

Water Supply Fire Connection Targeted Rate:

Assessed as a uniform charge of \$100 per connection for those rating units which have a connection.

Rate Factor used: this targeted rate is assessed on every separately rated property which has one or more of these connections.

Purpose of the Water Supply Fire Connection Targeted rate:

To recover costs of water supply fire connection on a per-connection basis.

Excess Water Supply Targeted Rate

This targeted rate is assessed as the water meters are read on every separately rated liable property as defined by the Bylaw (see below) which has a metered water supply, and invoiced after each reading.

This targeted rate is set under Section 19(2) (b) of the Local Government (Rating) Act 2002, in addition to Sections 16 (3)(b), 18(1), Schedule 2 Clause 5, and Schedule 3 Clause 8 of the Local Government (Rating) Act 2002.

Purpose of the Excess Water Supply Targeted rate:

To recover water-supply costs beyond those included in the water-supply rates.

Excess Water Supply Targeted Rate – Further Information

Section 19(2)(b) of the Local Government (Rating) Act 2002 allows for a scale of charges. Invoices are raised for this rate as the result of water-meter readings on liable properties. The Christchurch City Water Related Services Bylaw 2001 outlines the intention to charge.

The water allowance is determined following the annual rates assessment and is expressed as a daily allowance, that is the total water allowance for the rating unit divided by 365 with a

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minimum of .6986 cubic meters per day.

The water allowance is determined by dividing the Water Supply Targeted Rate assessed on the rating unit by an allowance factor. The allowance factor unit rate will be determined by Council resolution from time to time and is now 45 cents. The water allowance is 1 cubic meter for each complete 45 cents (the factor) of the targeted water rate assessed.

Water used in excess of the water allowance, will be charged at the rate of 45 cents per cubic meter to all consumers having an extraordinary supply, as defined in the Christchurch City Water Related Services Bylaw 2001. These are the liable rating units.

The daily allowance shall continue until the next rates assessment is issued for the rating unit.

Rating units having an ordinary supply as defined in the Christchurch City Water Related Services Bylaw 2001, i.e. non-commercial consumers being principally residential single units on a rating unit, will not be charged an excess water supply targeted rate.

Where two or more rating units share a water meter and have, in the opinion of the Council, a common usage, the readings and allowances may be aggregated, notwithstanding the charge is payable by the ratepayer of the rating unit to which the meter is attached.

The annual rates assessment identifies those ratepayers who are potentially liable for excess water charges. It does not include the calculated liability as the water reading does not coincide with the assessment. Water meters are read progressively throughout the year. Following each reading, a water-excess charge invoice is issued for those rating units which are liable. The invoice will refer to the assessment and will bill for the consumption for the period of the reading. The latest water allowance will be used, calculated on a daily basis.

Differential System Used

Differential rating is used for general rates only. Other targeted rates are set without differentials.

The quantum of general rates required from each differential sector is based on the Revenue and Financing Policy and Funding Impact Statement calculations on an activity-by-activity

basis, giving the Council-wide rate requirement.

The rating differential categories used are:

Sector A - Business Properties

Any rating unit 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) Land zoned Business, Central City, Commercial, Industrial or Rural-Industrial (or equivalent zoning) in the City Plan administered by the Council, situated anywhere in the city, except where the predominant use is residential.

Sector B - Residential and Other Properties

Includes any rating unit which is:

- (a) Used for residential purposes (including home-ownership flats); or
- (b) Land zoned Living, Residential (or equivalent zoning) or Rural-Residential, Small Settlement, Papakainga, Akaroa Hill Slopes, Residential Conservation or Boat Harbour in the City Plan administered by the Council, and is within the sewered area and used other than for a commercial or industrial purpose (including travellers and special-purpose accommodation, offices and administrative and associated functions); or
- (c) A Council-operated utility network; or
- (d) Land not otherwise classified under sectors A or C.

Sector C - Rural Properties

Includes any rating unit which is:

- (a) Zoned Rural (or any equivalent zoning) in the City Plan administered by the Council, or
- (b) Zoned residential or rural-residential in the City Plan administered by the Council and situated outside of the sewered area, and where the rating unit is:



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- (i) Used solely or principally for agricultural, horticultural, pastoral or forestry purposes or the keeping of bees or poultry; or
- (ii) Vacant land not otherwise used.

Does not include any rating unit which is:

- (i) Used principally for industrial (including quarrying) or commercial purposes (as defined in sector A above); or
- (ii) Used principally for residential purposes (including home-ownership flats).

Note: for the purposes of the differential sector definitions in this part of the LTCCP, the City Plan means the operative City Plan of the Christchurch City Council and any parts of the transitional or proposed district plans of any former local authority that are operative.

Uniform Annual General Charge

Multiple Uniform Annual General Charge per Rating Unit

The Council will charge multiple uniform charges against each separately-used or inhabited part of a rating unit provided such UAGC is not subject to a rate remission under the policy.

The basis of a unit of occupancy is that which can be separately let and permanently occupied. For the purposes of this charge, where the occupancy is an accessory one or is ancillary to another property or part thereof no separately used part exists. For example:

- Not separately used parts of a rating unit include:
 - A residential sleep-out or granny flat without independent kitchen facilities;
 - Rooms in a hostel with a common kitchen;
 - A hotel room with or without kitchen facilities;
 - Motel rooms with kitchen facilities;
 - Individual storage garages/sheds/partitioned areas of a warehouse;
 - Individual offices/premises of partners in a partnership.

- Separately used parts of a rating unit include:
 - Flats/apartments;
 - Flats which share kitchen/bathroom facilities;
 - Separately leased commercial areas even though they may share a reception.

Uniform Annual General Charge (UAGC) for Common Usage Rating Units

Section 20 of the Act precludes the Council from charging UAGCs where contiguous land is in common usage and in the same ownership.

The Council has resolved on a remission policy that will allow it to remit the additional UAGCs on contiguous land in common usage where the rating units are not in the same ownership name.

Also remission of the charge will be considered where the Council has determined that a building consent will not be issued for the primary use of the land (under the City Plan).

Rate Payments

The instalments due dates are:

Area One	Instalment One	15 August 2006
Area One	Instalment Two	15 November 2006
Area One	Instalment Three	15 February 2007
Area One	Instalment Four	15 May 2007
Area Two	Instalment One	15 September 2006
Area Two	Instalment Two	15 December 2006
Area Two	Instalment Three	15 March 2007
Area Two	Instalment Four	15 June 2007
Area Three	Instalment One	31 August 2006
Area Three	Instalment Two	30 November 2006
Area Three	Instalment Three	28 February 2007
Area Three	Instalment Four	31 May 2007

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The rate areas will continue generally as in the past and are published on each annual rate assessment.

Where a due date falls on a day that is not a working day the next working day convention applies.

The due date for excess water supply rates will be the 20th of the month following the invoice date. The due date for any amended rates invoice issued outside of the normal dates shall be specified on that rate invoice as determined by the Council.

The imposition of the current penalty occurs two business days after the due dates above.

Rate penalties

Where rates are not paid on time, penalties will be imposed to provide incentives for payments by due dates.

- Current penalties - A penalty of 10% on so much of any instalment that has been invoiced after 1 July 2006 and which is unpaid after the due date plus two working days;
- First arrears penalty - A further penalty of 10% on so much of any rates (including penalties) assessed in any previous financial year and which are unpaid as at 1 October 2006; and
- Second arrears penalty - A further penalty of 10% on any rates to which the first arrears penalty has been added and which remain unpaid as at 1 April 2007.

Dates for penalties will be adjusted annually thereafter.

Penalties will not be imposed on rates postponed or on current year's rates where payment is being made by monthly direct debit, on any excess water supply targeted rate, or where the Council believes a remission will be granted.

Once imposed, penalties become rates and may be subject to rates remissions. Where the penalty imposition date falls on a day that is not a working day the next working day convention applies.

Payment of Rates

- The Council has resolved on the acceptable payment methods.
- Payments by cash will be accepted at any Council service centre office, however the Council may modify this in the future.
- Rates are payable during normal business hours by cash, EFT/POS, or cheque made out to the Council.
- Cheques may be posted to the Council prior to the due date as evidenced by the postmark.
- Payment by credit card will be accepted under specific circumstances.
- Payments by direct debit will be facilitated and encouraged.
- Payment by direct credit or automatic payment will be facilitated.
- Rate payments will be allocated pro rata to the oldest rates due to the Regional Council and City Council unless specifically directed in writing by the ratepayer.





Rates Remissions Policy

Rates remissions may apply where there is significant public good in the use of the land. In addition there are grounds for remission where penalties have been imposed but there is a reasonable excuse for late payment, or it is just and reasonable to do so.

Postponement will be considered where the ratepayer is experiencing financial hardship.

1. Remission of current year's rate penalties due to one-off non-payment or where there are timing mis-match issues

Remission statement

Business ratepayers may be allowed one current-year rate-penalty remission in five years and all other ratepayers may be allowed one current-year rate-penalty remission in two years where the ratepayer can illustrate that a genuine error or oversight has occurred.

Objective of the remission

To avoid penalising ratepayers:

- (a) Who have paid their rates late due to a genuine mistake; or
- (b) Who are paying by regular bank transaction and where minor penalties occur due to timing differences.

Conditions and criteria for the remission

- (a) Written applications will generally be required for other than the minor timing mismatch issues;
- (b) Staff may waive the written application provided they are satisfied the full details of the application are recorded;
- (c) The reason for the late payment must be stated and must not be deliberate non-payment;

- (d) It is appropriate that the Council show consideration to ratepayers who have made genuine mistakes provided that it is not a repetitive omission;
- (e) Business ratepayers will be allowed one remission in five years and all other ratepayers will be allowed one remission in two years;
- (f) It is expedient to remit penalties where there are minor mis-matches of payments and due dates e.g. direct debit mis-matches;
- (g) The outstanding rates (excluding the penalties to be remitted) must be paid in full for the remission to be granted.

Remission applies to

All ratepayers, although with different criteria.

2. Remission of rates penalties imposed where there is an inability to pay

Remission statement

The remission may apply to properties that are the residence of the ratepayer, and applies under the following circumstances:

- (a) To penalties which have been imposed in the last two-year period, and/or where payment has been overlooked due to sickness, death or significant financial hardship or generally where it is considered to be just and equitable to do so;
- (b) Where such action would facilitate immediate payment of all outstanding rates;
- (c) Where there is an acceptable arrangement to pay existing arrears and annual rates over an agreed time frame.

Objective of the Remission

To encourage ratepayers who are in arrears due to financial difficulty or other genuine unusual circumstances to make arrangements to clear arrears and keep their payments up to date.

Funding impact statement and rating policies



Conditions and criteria for the remission

- (a) Remissions shall be based on written applications. This may be waived in limited circumstances at the discretion of officers;
- (b) Remission of penalties in the latest two-year period in the case of residential properties where payment has been overlooked due to sickness or death or generally where it is considered to be just and equitable to do so;
- (c) Remission of penalties may be considered where there is an offer for immediate settlement of all rates outstanding which can be facilitated by the remission of arrears penalties in addition to remission of the current penalties. This would apply where there are substantial arrears;
- (d) Remission of penalties incurred during the agreed payment time.

Remission applies to

All ratepayers where the rating unit is the primary residence.

3. Remission of current penalties where there is payment in full for the year

Remission statement

Remission of current year penalties where there is payment in full for the year once the full year's rates have been assessed.

Objective of the remission

To encourage payment of current rates in a lump sum or the balance of the current rates where non-payment of an instalment has occurred.

Conditions and criteria for the remission

The remission applies where a ratepayer chooses to make payments different from the instalment

due dates, typically paid in full on an annual one-payment basis:

- (a) Where the total current year's rates are paid on instalment 2;
- (b) Rates must be paid in full.

Remission applies to

All ratepayers.

4. Remission of rates where the land is used by not-for-profit clubs, associations and churches, for sport or for community benefit other than horse or dog racing

Remission Statement

- A. 100% remission of all rates (except excess water supply targeted rate) may be made for not-for-profit organisations occupying Council land under lease where there is a predominant community benefit.
- B. Remission of rates on other than Council-owned land where it is used by not-for-profit community or sports organisations may be granted on the basis of:
 - (a) Up to 100% remission of general rates and uniform annual general charge; and
 - (b) Up to 50% (i.e. of the rates that would be payable if they were fully rateable) remission of targeted rates for water supply, sewerage, and land drainage rates;
 - (c) The remission does not apply to any excess water supply targeted rate or targeted water supply fire connection rate.

Objective of the remission

To encourage the sustainability of community-based organisations and the benefit they provide to community good by part-remitting rates.



Conditions and criteria for the remission

- (a) All remissions are at the discretion of the Council and will be assessed on a case-by-case basis;
- (b) The remission applies where the land is used by qualifying entities, predominantly those that are fully or partially non-rateable under Schedule 1 of the Local Government (Rating) Act 2002;
- (c) The remission may include land over which a liquor licence is held provided this is incidental to the primary purpose of occupancy;
- (d) The distinction between those occupying Council land and those on their own land recognises the benefits of independent ownership that accrue to the private land owners;
- (e) The rates payable after the remission are 50% of the full service rates of water, sewerage and land drainage if the rating unit is in the serviced area;
- (f) Applications for the remissions must be in writing. The Council reserves the right to require annual applications to renew the remission or require certification from the applicant that the property is still eligible for the remission and that the land use has not changed;
- (g) It is a precondition of remission that the residual rates are paid in full;
- (h) The remission may be phased in over several years.

Remission Applies to:

All incorporated sport and recreation clubs, associations and community organisations (which includes places of religious worship or used for any branch of the arts) which have within their constitution appropriate clauses to qualify them as charities or where there are clauses which ensure they are not-for-profit and where there is, in the opinion of the Council, significant public good which results from the occupation of the land for the purpose of their sport or recreation.

The Council (at its absolute discretion) shall determine the extent of public benefits that are provided to the community. This determination shall be the basis of the extent of the remission.

The remission does not apply to rating units owned or occupied by:

- (a) Chartered clubs – except that a sports area may qualify provided it is significant and is set aside exclusively for that use;
- (b) Political parties;
- (c) Trade unions and associated entities; and
- (d) Any other entity where the benefits are restricted to a class or group of persons, and not to the public generally.

5. Remission of all rates on land occupied and used by the Christchurch City Council for community benefit

Remission statement

The Council may remit all rates other than excess water supply targeted rate or targeted water supply fire connection rate on land owned by or used by the Christchurch City Council and which is used:

- (a) For a public garden, reserve, or children's playground;
- (b) For games and sports (except galloping races, harness races, or greyhound races);
- (c) For a public hall, community centre, library, art gallery, or other similar institution;
- (d) For swimming pools;
- (e) For public conveniences; and
- (f) For any other community benefit use excluding infrastructural asset rating units.

This remission does not apply to land leased to others where the use is not by the Council.

Remission of all rates on land owned by or used by the Christchurch City Council which is used for rental housing.

Funding impact statement and rating policies



Objective of the remission:

To encourage the sustainability of such facilities in the community by remitting rates.

Conditions and criteria for the remission:

To all Council-owned and/or used land where the use is for the purposes above.

Remission applies to:

All land owned and/or used by the Council and used for the purposes outlined.

The remission does not extend to land used as Council offices or yards, infrastructural asset rating units, or leased for commercial purposes.

6. Remission of uniform charges and excess water supply targeted rate or any rate where the Council considers it just and equitable to do so

(Note: Generally the rates discussed below would not be assessed for the affected properties.)

Remission statement

Remission of additional uniform charges where Section 20 of the Act would apply except for the prerequisite of common ownership.

Remission of any uniform charge where the Council has determined that a building consent will not be issued for the primary use of the land (under the City Plan).

Remission of any excess water supply targeted rate that would be offset by unused water allowance from contiguous properties in common usage or where the excess consumption was outside of the control of the ratepayer.

Remissions of any rate where the Council by specific resolution considers it just and equitable to do so.

Objectives of the remission

To allow an equitable application of uniform charges and excess water charges where several rating units are used as one, but where there are several different ownerships. To allow remission of the UAGC where, because of some significant impediment, the rating unit cannot be used for the primary use under the City Plan.

Remission of any rate will allow the Council to correct anomalies.

Conditions and criteria for the remission

The remission applies where ratepayers are related parties and the land is contiguous and is used in common or where the rating unit suffers from a natural feature which renders it unsuitable for building.

The balance of the rates must be paid in full without arrears.

The remission of any rate under the latter objective will be by specific resolution of the Council after ratepayer application.

Remission applies to

All ratepayers.



Rates Postponement Policy

Postponement of rates on land which is the private residence of the ratepayer where the ratepayer is experiencing financial hardship.

Postponement statement

Up to 100% of rates may be postponed for a period determined by the Council where the ratepayer is experiencing financial hardship.

Objective of the postponement

To encourage the owner-occupation of land used in whole or part as the primary residence of the ratepayer where the ratepayer does not have the financial capacity to meet the rates as assessed or the payment of the rates assessed would create financial hardship.

Conditions and criteria for the postponement

The postponement applies where the land is the primary residence owned and occupied by the ratepayer; and:

- (a) The ratepayer can demonstrate financial hardship; and
- (b) The ratepayer is over 65 years (generally but not exclusively); and
- (c) Where the applicant, being generally over 65 years of age, has experienced a significant increase in rates following revaluation causing hardship.

Younger ratepayers may apply and will be considered on their merits.

Postponement will be considered on individual merits following a written application.

A postponement fee expressed as an annual percentage will be applied to the rates outstanding. The fee will be treated as a rate assessed. The fee will be the Council's estimated cost of borrowing as published in its Annual Plan. Rates penalties will not be applied or will be remitted for any rates that have been postponed.

Funding impact statement and rating policies



Rates remain a charge against the property until the property ceases to be the place of residence of the applicant or the criteria no longer apply, at which time the outstanding rates must be paid.

There must be a written application and declaration of eligibility.

The postponement will continue to apply until:

- (a) The ratepayer ceases to be the owner or occupier of the rating unit; or
- (b) The ratepayer ceases to use the property as their residence; or
- (c) Until a date specified by the Council,

whichever is the sooner.

Postponement applies to

Any land owned and occupied by the ratepayer as their primary residence.

Transitional arrangements imposed by statute will continue.

Transitional postponements

There are transitional postponement provisions provided for in the Act and generally these cease on revaluation or change of circumstances. The Council will only apply the requirements of the Act, but no further unless the ratepayer qualifies under other policy conditions.

Postponement – general issues

The postponed rates will remain a charge against the property and must be paid either at the end of the postponement term or when the property is sold. Postponed rates may include rate arrears owing from a previous financial year.

A fee (effectively interest) will be charged annually where rates have been postponed at the end of each rating year on the accrued rates postponed (including any fees) outstanding at the beginning of that financial year, at the Council's estimated cost of borrowing. This percentage is published every year as part of the Annual Plan.





Remission and Postponement of Rates on Maori Freehold Land

Remission statement

The City contains a number of Multiple Owned Maori Freehold Land properties which are unoccupied and unimproved. In some cases these are creating a significant rating burden on the Maori owners who often do not have the means nor, in some cases, the desire to make economic use of the land. Often this is because of the nature of the ownership or because the land has some special significance which would make it undesirable to develop or reside on, or is isolated and marginal in quality. In addition, it is recognised that significant rate arrears can act as a disincentive to any new occupation of the Multiple Owned Maori Freehold Land, where a new occupier could become responsible for the payment of any arrears of rates on the land.

The Council has recognised that the nature of this Maori land is different to General Land and has therefore formulated this policy to deal with some of the issues that this raises.

Objective of the policy

The Council has recognised that certain Maori-owned lands have particular conditions, ownership structures or other circumstances which make it appropriate to remit or postpone rates for defined periods of time.

The Council and the community benefit through the improved collection of rates that are collectable and the removal from the rating debt of that debt which is considered non collectable. The Council is required to consider every application for remission and/or postponement of rates on Maori Owned Land pursuant to Section 114 of the Local Government (Rating) Act 2002 and will then consider the most appropriate tool if any, including either remission or postponement, to assist in making ownership and occupancy of the land feasible.

Conditions and criteria for postponement or remission

General:

- The rating units must be Maori land, (as defined in Te Ture Whenua Act 1993 Part VI Section 92 Part 3 of the Local Government (Rating) Act 2002);
- Council will have the sole discretion on whether to grant the remission or postponement and may seek such additional information as they may require before making their final decision;
- The policy does not provide for the permanent remission or postponement of rates on the property concerned;
- If the status of the land changes so that it no longer complies with the criteria the remission or postponement ceases;
- Council expects that any rating relief will be temporary, each application will be limited to a term of three years however the Council may consider renewing the rate relief upon the receipt of further applications from the owners;
- In the event that subsequent applications for rating relief are made by only one or a minority of owners, the Council may require that these are signed or supported by such greater proportion of owners as may be required from time to time;
- The land must have, in the opinion of the Council, historical, ancestral or cultural significance.

Policy applying to unoccupied land

The rating unit must be unoccupied. Section 96 of the Local Government (Rating) Act 2002 defines occupation where a person/persons do one or more of the following for his or her profit or benefit:

- Resides upon the land;
- Depastures or maintains livestock on the land;
- Stores anything upon the land; or
- Uses the land or any improvement thereon in any way.

Funding impact statement and rating policies



Land not in occupation under the definition above is deemed to be unoccupied.

In general, the criteria for granting rates relief would include some or all of the following:

1. Unoccupied and Unimproved

The land is unoccupied and has no or minimal improvements.

2. The Land is Land Locked

Much Maori land is land locked, i.e. does not have legal access to the Council or National Roding Network.

3. Fragmented Ownership

Ownerships vary in number and individual share proportions. Owners are scattered throughout the country and even worldwide. Attempts to contact a majority representation are often painstaking and difficult.

4. The Land has Particular Conservation Value

Because of their remoteness and inaccessibility, much Maori Land has a high conservation value, which Council or the community may wish to preserve.

5. Unsecured Legal Title

Many land titles have not been surveyed, therefore they cannot be registered with the District Land Registrar. Owners seeking finance for development of their land are restricted, as mortgages cannot be registered against the title.

6. Isolation and Marginal in Quality

The lands are geographically isolated and are of marginal quality.

7. No Management Structures

Lands have no management or operating structures in place to administer matters.

8. Rating Problems

Because of the above factors there is a history of rate arrears and/or a difficulty in establishing who is/should be responsible for the payment of rates.

Policy applying to occupied land

- The new occupier must enter into an agreement in writing to keep the current and future rates up to date whilst they are in occupation of the land;
- The rates are paid within one month of the due date;
- Burden of proof of eligibility is on the owner/s of the property;
- Where land is in multiple ownership a copy of the minutes authorising individuals to act for owners should be enclosed if available;
- In the event of the land or any portion of the land being sold within that three-year period a claw-back provision applies to enable the Council to recover the rates postponed for the applicable period. This claw back may, at the Council's sole discretion, relate to the whole property or only to that portion of the land that has been sold;
- The Council or duly-designated officers are given approval to undertake periodic inspection of land to confirm unoccupied status;
- The Council reserves the right to seek further information e.g. Schedule of Owners, if the Council deems it necessary.

Remission applies to

Owners, or authorised agents of the owners, of Multiple-Owned Maori Freehold Land, with different conditions applying to occupied or unoccupied land.