

3. RATING FOR 2003/04 – REMISSION, POSTPONEMENT AND OTHER RATES POLICIES

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The purpose of this report is to recommend a draft set of policies for rates remission, postponement and payment, some of which will be included in the draft Annual Plan for 2003/04. If approved by the Council, these will be released for consultation in the draft Annual Plan and if later adopted, they will come into force from 1 July 2003.

1. BACKGROUND

The new Local Government (Rating) Act 2002 (the “Act”) has changed the processes required for rating from 1 July 2003. The previous rating legislation provided specific legislative requirements for remission of rates. Some were mandatory and others were at the discretion of the Council. The mandatory requirements have now been removed and each Council must develop its own set of remission and postponement policies, and adopt these through the Annual Plan process.

Further, it is necessary that the Council resolve on rating and payment processes. A decision is requested now so that planning can proceed with some certainty. There may be changes as a result of the consultation under the Annual Plan and adjustments may need to be made. There will be some change in terms used to comply with the new Act. The terms will be discussed under each relevant section of this report.

It is recommended that in general past policies and processes continue. Where a change is recommended this will be highlighted. The one major change is that the rates remission policy can legally now apply to any ratepayer and for any reason. It is up to the Council to set the criteria for remissions or postponement of rates.

Further it is recommended that the types of rates assessed by the Council remain substantially the same. The rate types are:

- General Rate – a rate in the dollar of capital value
- Uniform Annual General Charge (UAGC) – applied to each rating unit
- Targeted rates for water, sewerage and land drainage
- And for excess water billing, an excess water supply targeted rate

The Act continues the distinction between rateable land being fully liable for all rates and non-rateable land being liable for water and sewerage rates only (and if we had a refuse rate, then that as well). The makeup of the non-rateable sector has changed. However, the effect will be generally the same as the current rateability of land subject to the Council adopting the remission of rates policy as proposed.

As there is no substantial change proposed in the rating system, the Funding Policy will not be reviewed at this time. This will need to follow enactment of the proposed Local Government Bill.

The policies and decisions to be made include:

- Rate remissions
- Rates postponement
- Special rateable values
- Rate penalties
- Rate arrears collection policy
- Due dates for payment of rates
- Payment of rates
- Differential rating
- Targeted rates for water, sewerage and land drainage
- Excess water supply targeted rate
- Multiple UAGC – per rating unit
- Remit additional UAGC for contiguous properties
- Rating units - Divisions and transitional arrangements
- Other delegations required

2. RATE REMISSIONS

Why Remit Rates?

When the Council remits rates, be they penalties or base rates assessed, they are cancelled and no longer payable. In future any ratepayer may now have a rate remission approved under the Act. However remissions are subject to a rate remission policy approved by the Council as part of the special consultative process and adopted with the Annual Plan.

Remissions are proposed for two broad sets of reasons:

- To mitigate individual circumstances e.g. remission of penalties, postponement for hardship:
 - Penalty and debt collection remissions;
 - Remission of rates to achieve a fair outcome of rating.
- The achievement of economic, social or environmental objectives
 - Remission of rates on Council land occupied by either Council or others;
 - Remission of rates on private land where occupied by approved entities for approved uses.

The policies should be developed and applied in a principled manner. In each case they should be:

- Linked to the objectives as defined in the Strategic Plan, Long Term Financial Strategy or Annual Plan;
- Complementary to the other programmes of assistance provided by the Council;
- Generic i.e. remissions policies should be phrased in terms of categories of rating units rather than referring to particular rating units;
- Open and transparent;
- Applications frequently reviewed;
- Clear and unambiguous.

Penalty Remission

The Council should adopt a penalty remission policy that encourages payment of the base rates but recognises the circumstances of ratepayers and their ability to pay. Penalties are imposed to facilitate collection of rates and therefore the remission of these is linked to collection strategies which:

- Are sensitive to the difficult financial circumstances that affects some ratepayers;
- Assist ratepayers in avoiding a growing level of arrears;
- Encourage payment by direct debit as the most cost-effective method of payment;
- Encourage payment proposals, in the case of arrears, by the use of automatic payments to clear existing arrears and current rates over an acceptable time frame, usually 12 months;
- Recognise a simple one-off late payment or inadvertent mis-match of the rates payments and due dates.

The Current Discretionary Remission Policies

- (a) The current penalty remission policies are similar to that proposed.
- (b) The current discretionary remissions policies to promote public good outcomes are:
 - Not for profit organisations occupying Council land for the purposes of games and sports (other than horse or dog racing) are subject to a 100% remission from rates and charged only for water consumption – no change is proposed.
 - Not for profit organisations occupying private land for the purposes of games and sports (other than horse or dog racing) are to be rated only for water sewerage and water, subject to a 50% remission, and that the standard charges for excess water be payable.
 - Council occupation of land for public good be subject to a 100% remission – no change is proposed.
 - Not for profit organisations generally may apply for and will be granted remission on their merits subject to the discretion by the Council – it is proposed to treat these similar to sports clubs.

- Churches are granted a remission of rates in excess of the first \$200 of rates plus 25% thereafter – it is proposed to treat these similarly to community organisations.

The Policies Proposed

The draft policies are attached (Appendix A).

The proposed policies follow the practice of the past in respect of penalty remission.

For those seeking remission on the grounds of hardship, the proposed solution will be penalty remission and where appropriate, rates postponement. For those ratepayers seeking remission based on the community benefits that the occupation of the land provides and where it warrants special rate treatment, remission is recommended on a common basis. The equal treatment avoids picking preferred activities over others.

The extent of public benefits provided will be based on subjective judgments by the Council and the extent of remission applicable will be influenced by that judgment as:

- Not all organisations with a charitable objective deliver public benefits.
- Some use the property for administrative purposes and not associated with service delivery.
- Many are full fee charging for direct benefits and hence are commercial in nature.

The Council will develop guidelines to assist in assessing applications in a consistent manner. It is proposed that should any applicant appeal the decision, the appeal be heard by the Strategy and Finance Committee. This should ensure equitable treatment for all applicants.

The Act allows Councils to have a policy for remission and/or postponement of rates on Maori freehold land. As there is only one land parcel in this definition in Christchurch and the lessee pays the rates in full, it is recommended that no specific policy is warranted. The Council's ordinary rating policies should therefore continue to apply to this land.

Some ratepayers with current remissions will face a rate increase. These ratepayers may apply for an additional remission to phase out the current status. Each case will be considered on its merits.

As a result of the draft remission policy applied to the changed ratable status of land, there will be some issues of potential significance. These are:

- The treatment of churches in common with other community organisations for water and sewerage rates will benefit some and others will pay more rates. Those with a capital value over \$550,000 will pay more, up to \$1,300 rate increase (the Cathedral), and a further eight will have an increase of \$300 to \$650. In total, a third of the churches will face an increase. The net change for all churches combined is an increase of only \$2,000.
- Sports and community organisations on their own land as compared to those on Council land get a lower remission (they pay rates). Those on Council land get a full 100% remission whilst those on their own land will pay 50% rates for water, sewerage and some will pay 50% land drainage. All will pay excess water charges where applicable. The reason is that the enhanced community benefits from occupying Council land warrant the reduced rates.

Recommended Delegation to Staff to Implement the Remissions

Decisions to implement the policy can be made in the context of clearer policies and an obligation to both budget for and report on the extent of remissions granted. It is recommended that staff have delegated authority to grant remissions in accordance with the policies approved by the Council. In the past there was a mix of delegations to staff and to staff and the Chair of the Strategy and Finance Committee.

The past delegations were:

- Penalty remissions and debt collection – delegated to staff.
- Hardship postponement – Delegated to staff plus Chair of the Strategy and Finance Committee.
- Discretionary remissions to community organisations – not delegated – full Council decision.

- Rating sales action – not delegated – full Council decision.

The recommended new delegations are to named staff for penalty, hardship, and discretionary remissions, and for debt collection actions excluding rating sales.

Note: It is not proposed to delegate the power to approve rating sales. This decision will remain with the Council.

GST on Remitted Rates is Still an Issue

There is a possibility that GST will be payable on remitted rates. Section 86 implies remissions must be by a payment of rates on behalf of the ratepayer. If this is still an issue by March 2003 then alternate processes and policies may be recommended.

The reason for the concern is that the tax invoice for rates is issued to the ratepayer and needs to be withdrawn following remission by a subsequent remission credit note. If the Council cannot issue a credit note, the Council will not have a tax invoice to support a GST claim, and therefore must treat the remission as a GST exempt grant payment. In excess of \$180,000 GST is potentially at issue. It is likely that this is an accident of law drafting. The Council is seeking a IRD ruling and if adverse then a further report will be made to outlining alternatives.

Accounting Treatment of Remissions

The accounting treatment of remissions offers two options. Under the Act, remissions must be shown as paid on behalf of the ratepayer and therefore may become an expense on the rest of the city ratepayers or a reduction in rates income. The impact of the two options is discussed in the following paragraphs.

Option 1 - Remissions are treated as an operating expense of Council outputs

Any rates remitted would effectively become a grant to the organisation crediting directly against their rates and an operating expense of the Council. Because Section 122XA 4(a) of the Local Government Act requires a statement of “the objectives sought to be achieved by remission of rates”, the cost of remission would be included with the costs of the most appropriate Council function. This treatment is inferred from the words of the Act.

The impact of this option is that rates income will rise by say \$3m (illustration only) from \$145m to \$148m and that operating expenditure will rise by \$3m (net of GST).

Secondly, for Council-owned land where the Council is the ratepayer and a remission is granted, the cost to the Council output will be the same whether or not the remission is granted. Either the rates are paid without remission or the remission expense is disclosed. The cost to the output (and to the unit) is the same.

This option generates several transactions. However, the net effect is that the Council now pays rates on its own land where previously it did not.

Option 2 - Remissions are netted off against rate income

This option is based on the premise that rates remitted are rates ‘cancelled’. Recording is an after the event function.

Rates remitted would be a reduction of rates income and the credit note offset against income. The transaction in this option would not go through the unit output codes. For example for Council land the unit pays less rates when and if there is a remission. For land outside of Council ownership, remissions would reduce rates income and not be shown as a unit output expense.

The decision on the applicability of remissions is the same in either option and would be made by the Council or staff as per the delegations approved.

The disadvantage with option 2 is that the units will not show the remission expense directly linked to their outputs. This may encourage a more liberal remission policy. On the other hand it would avoid problems where particular remissions do not clearly link to one specific output.

On balance option 2 is recommended because it is:

- A more direct approach;
- Accountability can be met by disclosure of the remissions against Council objectives;
- The net rate revenue does show a rates increase simply due to remissions.

The choice is constrained by a decision on the GST treatment of remissions and Audit Office expectations.

The recommended Rates Remission Policy is attached.

Regional Council Remissions

The remissions referred to in this report are those of the City Council rates. Following this report the Council will request the Regional Council to offer similar rate treatment for their rates in the city area.

They are a separate rating entity and may choose their own policies. However, ECan staff have indicated they will seek a compatible rate treatment.

3. RATES POSTPONEMENT

Postponed rates have the due date for collection delayed until, as defined by the policy or statute, there are changed circumstances or a deadline passes when they are remitted on a rolling basis. Postponed rates may have a fee attached, effectively an interest rate to compensate the Council for a delay in its cashflow.

Rates may be postponed for any reason the Council resolves. Once a policy is adopted then complying applications must be granted postponement.

The requirements under the Act are:

- The postponement is in compliance with the adopted Rates Postponement Policy;
- There needs to be a ratepayer application;
- The Council needs to be satisfied the criteria have been met;
- Penalties are not charged on postponed rates;
- A fee (based on the administrative and finance costs) may be charged.

The current postponements are:

- Hardship postponement - currently 29 ratepayers receive this postponement.
- The old Act provides for farms in the urban area to apply for postponement of the rates on the residential value which is in excess of that payable on farm land value, There are currently 21 ratepayers receive this postponement. Also in this case there is remission of the rates postponed after a five year period.
- Commercial land in rural areas – the special rateable values and rates postponement of the balance continue until the next revaluation.
- Residential land in commercial areas - the special rateable values and rates postponement of the balance continue until the next revaluation.

The old Act was prescriptive and allowed (or directed) that the Council consider cases associated with land use rather than the circumstances of the ratepayer. Generally, where the land has high value and the ratepayer can sell down there is little justification for postponement other than for economic reasons. Secondly there is a contradiction between the rating policies and the City Plan. The underlying zoning and land use should not be contradicted by compensating rating provisions.

Postponement in the Future

It is recommended that the Council adopt a policy for postponement only in the case of hardship and then only where the rating unit is the private residence of the applicant. Postponement for other reasons should be discontinued.

Generally applicants will be over 65 years of age but consideration will be given to younger ratepayers in hardship.

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 capital, currently 6.50%. This percentage is published every year as part of the Annual Plan.

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.

Transitional provisions are provided in the Act for:

- Urban farm postponement continue until change of circumstances,
- Commercial land in rural areas – the special rateable values and rates postponement of the balance continue until the next revaluation,
- Residential land in commercial areas - the special rateable values and rates postponement of the balance continue until the next revaluation.

Once they properties end the time period or change the circumstances the transitional provisions cease.

The recommended policy is detailed in Appendix A.

4. RATE PENALTIES

Rate penalties are an important feature of the rating system to provide incentives for payments by due dates. A continuation of the current policy is proposed.

It is recommended that rate penalties under Section 57 will be imposed on rates unpaid as follows:

- 'Current' penalties - A penalty of 10 per cent on so much of any instalment that has been invoiced after 1 July 2003 and which is unpaid after the due date plus two business days;
- 'First arrears penalty' - A penalty of 10 per cent on so much of any rates (including penalties) levied, or invoiced, or imposed in any previous financial year and which remain unpaid as at the following 1 October; and
- 'Second arrears penalty' - A further penalty of 10 per cent on any rates to which the 'first arrears penalty' has been added and which remain unpaid as at the following 1 April.

Penalties will not be imposed on rates postponed or on current years rates where payment is being made by monthly direct debit nor on any excess water supply targeted rate. 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 then the next business day convention applies i.e. Interpretation Act 1999 Section 35(6) applies.

5. RATES ARREARS COLLECTION POLICY

It is recommended that the Council continue with the current rate arrears collection policy modified where necessary by the legal requirements now in the Act. The objective is to minimise the outstanding rates at end of year, subject to exploring all avenues with the ratepayer to pay or put in place an acceptable payment programme.

Rates are a property tax and are a charge against the rating unit and are subject to collection, unless remitted.

The Council has recourse to rating sale action as the final rate collection tool. This is used sparingly and rarely eventuates. Typically those with extensive rates arrears are also indebted elsewhere. Forced land sales occur as a result of mortgagee sale action and therefore rates collection occurs on settlement.

The collection action to facilitate payment occurs in several distinct steps administered by the rates staff.

A description of the recommended process is attached.

It is recommended that the Council continue to delegate to staff all action, short of commencement of High Court action for a rating sale.

6. DUE DATES FOR PAYMENT OF RATES

The Council may now issue rates invoices in any frequency it resolves. It is recommended that the Council continue with instalment rating with four instalment invoices over three areas and with rates payment due dates as in the past. Therefore the instalments and due dates are:

- Area One, Instalment One – 15 August
- Area One, Instalment Two – 15 November
- Area One, Instalment Three – 15 February
- Area One, Instalment Four – 15 May
- Area Two, Instalment One – 15 September
- Area Two, Instalment Two – 15 December
- Area Two, Instalment Three – 15 March
- Area Two, Instalment Four – 15 June
- Area Three, Instalment One – 31 August
- Area Three, Instalment Two – 30 November
- Area Three, Instalment Three – 28 February
- Area Three, Instalment Four – 31 May

Where a due date falls on a day that is not a working day then the next business day convention applies i.e. Interpretation Act 1999 applies.

The due date for excess water supply rates should 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 staff delegated as below.

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

Instalment one will be calculated in accordance with Section 50, i.e. it will be based on up to 25% of rates payable in the previous rating year, as it will not be possible to issue an assessment based on the new year's Annual Plan prior to the issuing of the instalment one rate invoice.

It is recommended that the Council delegate the determination of extraordinary due dates for invoice payment to staff, to any one of:

- Transaction Manager
- Rates Policy Manager
- Gems System Accountant
- Financial Services Manager
- Associate Director of Finance
- Director of Finance

7. PAYMENT OF RATES

The Council may resolve on acceptable payment methods. Payments by cash must be accepted at any public office of the Council. All other methods are at the discretion of the Council.

The following are the recommended payment methods:

- Rates are payable at any service centre of the Council during normal business hours by cash, EFT/POS cash flow, or cheque made out to the Council or
- Cheques may be posted to the Council prior to the due date as evidenced by the postmark
- Payment by credit card will not be accepted.
- Payments by direct debit will be facilitated and encouraged.
- Payment by direct credit or automatic payment will be facilitated.
- Rate payments will be allocated to the oldest rates due and prorated to the Regional Council and City Council rates due unless specifically directed in writing by the ratepayer.

8. COUNCIL NOT TO COLLECT SMALL AMOUNTS

The Act allows the Council to resolve not to collect small amounts and to remove them from liability of the ratepayer. We do however have to inform the ratepayer of this action.

It is recommended that the amount limit be \$20 per annum and applied at the discretion of the Rates Policy Manager. It is possible that there are several rating units in common usage with small amounts due and therefore it is reasonable to collect the small amount from these other rating units.

9. DIFFERENTIAL RATING

It is recommended that the Council continue with the current differential definitions modified where necessary for the 2003/04 year.

The different categories of rateable land must use the matters referred to in Schedule 2 of the Act. The current definition used is supported by the new Act. Differential rating is applied to both general rates and targeted rates assessed 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 that is derived from an analysis of each Council output. The differential sector requirement for each rate type is then applied to properties within each differential sector, based on the relative capital values.

The differential sectors are defined in the annual rating resolution. The proposed definition modified for the new terms is attached.

10. TARGETED RATES FOR WATER SUPPLY, SEWERAGE AND LAND DRAINAGE

The Council should continue the targeted rates for specific services which have a service area smaller than the boundaries of the Council. It is recommended that the following continue to apply:

- Water targeted rate – Full charge – for properties connected to the Council's water system.
- Water targeted rate – Half charge – for properties within the serviced area but not connected to the Council's water system.
- Sewerage targeted rate – for properties within the serviced area where a service connection is available.
- Land drainage targeted rate –for properties within the serviced area.

In all cases the serviced area is defined by a map of the extent of services maintained and amended periodically by the Council.

In addition, annual water charges for fire connections are best assessed as targeted rates. These have previously been charged as a Council fee. Therefore new water supply targeted rates should be introduced for:

- Targeted water supply fire connection 1 rate - on a uniform basis for a single fire connection - the charge of \$100 per annum applies;
- Targeted water supply fire connection 2 rate - on a uniform basis for a double fire connection - the charge of \$200 per annum applies;
- Targeted water supply fire connection 3 rate - on a uniform basis for a triple or more fire connection - the charge of \$300 per annum applies.

The charges for water supply as measured by water meter are in addition to these rates. The water allowance will be based on the water targeted rate assessed each year – see below.

11. EXCESS WATER SUPPLY TARGETED RATE - CHARGES FOR METERED SUPPLY

The Council may and should continue the charges for water supply as measured by water meter with an allowance sourced from the water targeted rate assessed on the rating unit. The invoices raised are rates under the Act, with all the benefits and constraints that that entails. Section 19(2)(b) of the Act allows for a “scale of charges”. The Christchurch City Water Related Services Bylaw 2001 outlines the intention to charge. The Act provides the billing mechanism.

The scale of charges recommended for the excess water supply targeted rate is:

- Water used in excess of the allowance, be charged to all consumers having an extraordinary supply, as defined in the Christchurch City Water Related Services Bylaw 2001.
- The allowance is determined annually by dividing the water 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 currently 27 cents. The water allowance is currently 1 cubic metre for each complete 27c (the factor) of the targeted water rate assessed.
- The allowance is determined following the rates assessment and is expressed as a daily allowance, that is the total allowance for the rating unit divided by 365.
- 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 rates assessment issued annually will identify and inform the ratepayers who are potentially liable for excess water charges. It will not, however, be able to include the calculated liability as the water reading will not coincide with the assessment. Water meters will be read progressively throughout the year. Following each reading a water excess charge invoice will be issued for those rating units liable. The invoice will refer to the assessment and will ‘bill’ for the consumption for the period of the reading. The relevant water allowance/s applicable to the reading period will be used, calculated on a daily basis.

12. MULTIPLE UNIFORM ANNUAL GENERAL CHARGE PER RATING UNIT

The current practice is to charge one UAGC per rating unit. It is now permissible to charge more than one uniform annual general charge per rating unit, against each separately used or inhabited part of a rating unit. The recent Privy Council court case confirmed the process for some commercial properties. We are now proposing to extend it to all with more than one unit of occupancy.

This change is recommended as there is currently an anomaly where several occupiers of a rating unit are charged on the basis of a single UAGC. Each occupancy represents a rate paying consumer of Council services and as such is closer to the intention of the Funding Policy where the concept of units of consumption of services is used. A separate dwelling unit, even where it is a flat in a house converted into flats, or multiple tenancies in a commercial building will qualify.

For example it has meant that a large shopping mall, in one Certificate of Title (therefore a single rating unit), is charged one \$105 UAGC for the whole mall while a single ownership flat is charged the same, \$105. It is unfair to treat both the same. In the future the shopping mall will be liable for, say, 50 UAGCs; the block of 6 shops, 6; the block of 4 flats on one title, 4 and the stand-alone dwelling, one.

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 ancillary to another property or part thereof no separately used part exists. For example:

- Not separately used parts of a rating unit:
 - 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
- These are separately used parts of a rating unit:
 - Flats/apartments
 - Flats which share kitchen/bathroom facilities
 - Separately leased commercial areas even though they may share a reception

The officers will draw up guidelines and the database will need checking to confirm the quantum. This will occur prior to June 2003.

The determination of the number of separate parts of a rating unit will be based on the facts of each case. It is recommended that the Council delegate the determination to staff, with any one of the following authorised to determine the number of separate parts of a rating unit following the guidelines:

- Rates Policy Manager
- Gems System Accountant
- Financial Services Manager
- Associate Director of Finance
- Director of Finance

13. UNIFORM ANNUAL GENERAL CHARGE FOR COMMON USAGE RATING UNITS

Section 20 of the new Act precludes the Council from charging UAGCs where contiguous land is in common usage and in the same name. Under the old Rating Powers Act there was a similar provision but common ownership was not a precondition, merely contiguous land in common usage.

This practice should be allowed to continue, and therefore it is recommended that the Council grant the power to remit the additional UAGCs on contiguous land in common usage but not the same name.

The combination of section 12 and 13 of this report is that a UAGC will be charged for each unit of occupancy whether or not this is matched by a rating unit.

It is recommended that authority to remit UAGCs be delegated to officers where there is contiguous land in common usage, to any one of:

- Rates Policy Manager
- Gems System Accountant
- Financial Services Manager
- Associate Director of Finance
- Director of Finance

14. RATING UNITS - DIVISIONS AND TRANSITIONAL ARRANGEMENTS

The Act has redefined the basis of rating to a 'rating unit', generally based on a certificate of title. The old rating apportionments for multiple-leased properties cease and the owner now becomes the ratepayer.

There are transitional arrangements and some limited capacity for the lessee of the whole rating unit to remain the ratepayer. Applications to the Council are expected to be based on a statutory declaration from the owner that the transitional arrangements apply.

There is capacity under section 27(5) of the Act for a single rating unit to be split into two or more parts to allow for the different rating treatment of each part eg commercial/industrial on one part and residential for the other.

For example the Arts Centre Trust owns the land of the Arts Centre and becomes the ratepayer for the single rating unit. The rating unit has a mix of non-rateable and fully rateable property. The assessment should be split into two because of the different rating treatment of each part, one for the rateable land and one for the non-rateable parts. The split would be based on information supplied by the Trust, but determined by the Council. Both parts of the assessment will be in the name of the Trust. The Trust will recover the rates from their tenants if their lease agreement allows it.

Delegated authority is sought from the Council to allow staff to implement rating splits under Section 27(5) of the Act.

It is recommended that any one of the following be authorised to determine the rate assessment split under Section 27(5) and the acceptance of the ratepayer transitional arrangements:

- Transaction Manger
- Rates Policy Manager
- Gems System Accountant
- Financial Services Manager
- Associate Director of Finance
- Director of Finance

15. OTHER DELEGATIONS NECESSARY TO OPERATE THE RATING SYSTEM

The new Act imposes several administrative tasks on the Council.

It is recommended that these tasks (in addition to those covered elsewhere in this report) be delegated to staff charged with the role of efficient management of the system:

The additional delegations recommended are:

- Decision whether disclosure of the name of any person is necessary to identify a rating unit – Section 28(2); (this will rarely occur as the property address and legal description will in most cases suffice)
- Authority to determine objections to the Rate Information Database – Section 29; (ie to fix errors)
- Authority to remove names from the Rate Information Database – Section 35(b) – (rarely used);
- Authority to determine objections to the Rate Record – Section 39;
- Authority to correct errors in the Rate Information Database and Record – Section 40.

The delegation is made to any one of:

- Transaction Manager
- Gems System Accountant
- Rates Policy Manager (the primary administrator of the rates records)
- Financial Services Manager
- Associate Director of Finance
- Director of Finance

Recommendation: 1. That the Council approve the following:

- (a) Rate remissions accounting treatment as outlined in the report - being nett off income.
- (b) Rate remissions as outlined in Appendix A.
- (c) Rates postponements as outlined in Appendix A.
- (d) Rate penalties as outlined in the report for current and arrears penalties.

- (e) Rate arrears collection policy outlined in Appendix A.
- (f) Due dates for payment of rates as detailed in the report for rate instalments, water accounts and other rates invoices.
- (g) Payment of rates methods as outlined in the report.
- (h) The non-collection of small amounts less than \$20 p.a. subject to the Rates Policy Manager's discretion.
- (i) Differential rating as defined in Appendix A.
- (j) Targeted rates for water, sewerage and land drainage as outlined in the report.
- (k) Multiple UAGCs per rating unit as outlined in the report.
- (l) UAGCs on land in common usage.
- (m) Rating units - Divisions and transitional arrangements as outlined in the report.
- (n) Excess water supply targeted rate as outlined in the report.
- (o) Treatment of the special rateable valued rating units.

2. That the delegations as outlined in the report and Appendix A be approved for:

- (a) Rate remissions as per Appendix A.
- (b) Rates postponement as per Appendix A.
- (c) Rate arrears collection policy as per Appendix A.
- (d) Small amounts collection discretion as outlined in the report.
- (e) Due dates for payment for invoices other than instalments as outlined in the report.
- (f) Multiple UAGCs per rating unit as outlined in the report.
- (g) UAGCs on land in common usage as outlined in the report.
- (h) Rating units - Divisions and transitional arrangements as outlined in the report.
- (i) Under the heading of "other delegations required" as outlined in the report.