



# DRAFT RATING POLICY

The overall purpose of this document is to set out rating policies applied by Council in order to determine the rates liability of a property. This version has been developed to support the 2018 consultation on the Revenue and Financing Policy

---

## CONTENTS

1. Introduction
2. Allocation of activities to rates
3. Description of differentials
4. Early payment of loan rates for subsequent financial years
5. Payment methods and places
6. Minimum economic rate
7. Rates penalties
8. Public availability of information
9. Disputes

## INTRODUCTION

The setting of rates is a complex process.

Council must comply with the requirements of the Local Government Act 2002 (LGA) and the Local Government (Rating) Act 2002 (LGRA).

In doing so, Council must produce the following in order to set a lawful rate.

- Have completed a s.101(3) analysis (see Funding Needs Analysis)
- Adopted a Revenue and Financing Policy (see the Long-term Plan)
- Adopted a Funding Impact Statement (see either an Annual or Long-term Plan)
- Adopt an Annual or Long-term Plan.
- Adopt a rates resolution, consistent with everything above.

In order to assist with this process Council has developed a number of policies that contribute to the rates system being clear and understandable. These are included in this rating policy.

In this version of the Policy as number of proposed changes are highlighted. This has been done to support the consultation on the Revenue and Financing Policy that is taking place in conjunction with the 2018-28 Long Term Plan process.

## ALLOCATION OF ACTIVITIES TO RATES

Council has, in the Funding Needs Analysis, determined the funding sources for each activity. In doing so it has determined whether an activity is to be funded from a general rate or a targeted rate, or combination thereof.

In order to accurately calculate the rates, Council has developed a precise formula to allocate the rate requirement for an activity to the rate or rates council consider it appropriate to use.

Appendix One shows the allocation of the rate requirement to each rate.

This allocation is prior to the section 101(3)(b) LGA overall considerations adjustments (see Revenue and Financing Policy)

### *Allocations of activities by the extent of service*

The following activities have the costs allocated to different wards based on the extent of service provided to each ward. Council has applied this to recognise the distance that some services are from residents. The allocation is based a ratios determined by Council. These ratios can be translated for example that for every \$1 a resident of Ahuriri pays a resident of Oamaru will pay \$4 toward the North Otago museum.

Activity	Ward Services Charge			
	Oamaru	Corriedale	Waihemo	Ahuriri
<b>North Otago museum</b>	5	3	1	1
<b>Forester gallery</b>	5	3	1	1
<b>Waitaki district libraries</b>	3	2	2	2
<b>Oamaru opera house</b>	5	3	1	1
<b>Waitaki aquatic centre</b>	5	3	1	1
<b>Oamaru public gardens</b>	4	3	2	2

**Proposed Change**

It is proposed that ratio for the Waitaki district libraries be aligned with the four other similar activities so that it changes to 5, 3, 1, 1.

**DESCRIPTION OF DIFFERENTIALS**

The following rates are rated differentially based on the use to which the land is put.

- Roothing and civil defence rate
- Lakes camping rate
- Oamaru business rate

The LGRA Schedule 2 allows councils to rate based on the use to which the land is put. Each Council is able to define that use and rate based on that use. A property may be described under different rates as having different uses.

Rate	Differential Name	Differential Description
<b>Roothing and civil defence rate</b>	Hydroelectric power generation installations	All rating units used primarily or predominantly for the generation of hydroelectric power from Lakes Aviemore, Benmore, Ohau or Waitaki. The basis is a fixed percentage contribution.
	Mining and mineral extraction	All rating units with an area greater than 30 hectares used primarily or predominantly for the purposes of mining or mineral extraction. The basis is a fixed percentage contribution.
	Other uses	All other rating units not described above.
<b>Lakes camping rate</b>	Hydroelectric power generation installations	All rating units used primarily or predominantly for the generation of hydroelectric power from Lakes Aviemore, Benmore, Ohau or Waitaki. The basis is a fixed percentage contribution.
	Other uses	All other rating units not described above.
<b>Oamaru business rate</b>	Residential	Any rating unit used exclusively as place where people live and would commonly call a home. It does not include temporary and commercial accommodation.
	Area A	See maps
	Area B	See maps

**Proposed Changes**

Two changes are proposed.

The first is to cease to use this rate to fund Civil Defence. The reason for this is the move to a regional service delivery model has altered the services Council is required to fund. Based on this change, this rate is no longer seen as an appropriate funding tool.

The other proposal is to add another differential category to the Roothing rate. This will be a differential on rating units used primarily or predominately for forestry purposes. The basis will be a multiple of the "Other uses" category. This change is proposed so that a separate fund can be create to help address roading issues primarily created by forestry activities.

## RATES BASED ON LOCATION

Council's revenue and financing policy has determined that rating policies are based on area of benefit. As such Council has established a number of rates based on the location of a rating unit. Rating boundaries have been drawn with the intention of including whole rating units. Should a rating unit be split, Council will rate the property based on the predominate use of the property.

The following areas have been determined and maps showing these areas are available.

- Wards
- Oamaru business areas A & B
- Oamaru urban area
- Local Amenity areas (14 townships)
- Public Hall areas (27 halls)
- Sewerage serviceable properties (9 sewerage schemes)

## SEPERATELY USED AND INHABITED PARTS

Council has elected to rate all uniform charges on the basis of separately used or inhabited parts of a rating unit.

Council must define the term in its funding impact statement in each Annual Plan or Long-term Plan.

## DIVISIONS

Council has elected not to undertake the division of rating units, except in exceptional cases. Rates based on use or location shall be calculated on a property's predominant use.

## EARLY PAYMENT OF LOAN RATES FOR SUBSEQUENT FINANCIAL YEARS

Council will allow early payment of loan rates by lump sum for subsequent financial years. Council will accept early payment of construction charge rates by lump sum at any time.

Council will specify in the Annual Plan the amount of the lump sum required to fully discharge each loan construction charge rate and assessed by Council. This charge will apply for each period from 1 July to 30 June of the following year.

The amount of the lump sum required to fully discharge each construction charge rate set and assessed by Council will be recalculated annually.

The annual calculation will take account of the prevailing interest rate and the estimated remaining ratepayers paying the loan.

## PAYMENT METHODS AND PLACES

Rates will be collected by quarterly instalments due on the following due dates of each year or the first working day thereafter:

- 25 August
- 25 November
- 25 February
- 25 May

Rates may be paid by any of the following methods:

- Cash
- EFTPOS
- Automatic payment
- Cheque
- Internet Banking
- Credit Card
- Direct debit

Rates may be paid at Customer Service Centres:

- Waitaki District Council Headquarters, 20 Thames Street, Oamaru between the hours of 8.30am to 5.00pm Monday to Friday except Thursday 8.30am to 4.00pm.
- Waihemo Service Centre, 54 Tiverton Street, Palmerston between the hours of 8.30am to 5.00pm Monday to Friday except Thursday 9.30am to 5.00pm.

Any payments received for rates are applied to the oldest debt first.

## MINIMUM ECONOMIC RATE

Council will not collect the rates payable on a rating unit if the sum of those rates is so small as to be uneconomic to collect. Council has determined that it is uneconomic to collect rates owing on any rating unit of less than \$10.00 (including GST) per annum.

## RATES PENALTIES

Council must set its rates penalties as part of its rates resolution.

Generally Council will resolve the following penalties:

1. A 10% penalty is added on the next business day to so much of any instalment not paid by due date.
2. A 10% penalty will be added to rates that remain unpaid from previous years. This will be added on 1 July of each year, or 5 working days after Council has passed the rates resolution (whichever is the later).
3. A further 10% penalty will be added to rates that remain unpaid from previous years. This will be added 6 months after the penalty made in 2 above.

Council notes that the penalties imposed under 2 and 3 above amount to the equivalent of 21% per annum as each subsequent penalty is on the full amount outstanding including previous penalties.

Any payments received for rates are applied to the oldest debt first.

Penalties will be remitted on any account where a current direct debit is in place and an outstanding balance is created by the timing of the processing of the direct debit.

## PUBLIC AVAILABILITY OF INFORMATION

Council will charge a fee for supplying any person with a copy of information from the rating information database, except when requested in person at Council's Customer Service Centres in Oamaru and Palmerston.

The fee for this is shown in Council's Fees and Charges.

## DISPUTES

Any dispute over the officers' application of any of these rating policies must be in writing to the Chief Executive. Should the Chief Executive be unable to reach agreement with the ratepayer the matter shall be decided by Council or any such committee or sub-committee it so delegates.

## APPENDIX 1: ALLOCATION BY ACTIVITY TO RATES

This allocation is prior to the section 101(3)(b) LGA overall considerations adjustments (see Revenue and Financing Policy). Changes are being considered to the highlighted items. For further details on what is proposed see the Council website.

	General Rates			Targeted Rates											
	No Rate Requirement	General Rate	UAGC	District services rate	Ward services rate	Ward services charge	Community board rate	Oamaru business area rate	Oamaru urban area rate	Roading and Civil Defence Rate	Lakes camping rate	Local amenity rate	Public hall rates	Sewerage rates	Water rates
Oamaru harbour - coastal protection				20%					80%						
Oamaru harbour -port operations		30%							70%						
Roads and bridges										100%					
Off-street carparks								100%			?				
Noxious plants		100%													
Residual waste disposal	X														
Refuse collection (transfer stations)	X														
Closed landfills			100%												
Waste minimisation			100%												
Waste water														100%	
Stormwater												100%			
Water supplies															100%
Economic development		50%		50%											
Tourism development and visitor services			90%					10%							
Commercial property				100%											
Forestry	X														
Operational property	X														
Oamaru airport	X														
North Otago museum and Forrester Gallery						90%		10%							
Waitaki district libraries (current)						92%		8%							
Waitaki district libraries (proposed)						90%		10%							

Oamaru opera house			90%	10%
Community safety, development and grants	100%			
Otago museum grant	100%			
Waitaki aquatic centre			90%	10%
Oamaru public gardens			90%	10%
Reserves and open spaces			100%	
Sports grounds	25%	75%		
Cemeteries	100%			
Public halls and community centres				100%
Waitaki lakes camping (current)				100%
Waitaki lakes camping (proposed)			100%	
Waitaki community recreation centre	30%	70%		
Community housing		100%		
Public toilets (current)	90%			10%
Public toilets (proposed)	100%			0%
Town centre services township works			100%	
Christmas decorations		40%		60%
Animal control	X			
Building control	100%			
Environmental health	100%			
Environmental monitoring and hazardous substances	100%			
Liquor licensing	100%			
Parking enforcement				100%
Civil defence (current)		50%		50%
Civil defence (proposed)		100%		0%
Rural fire (to be removed, not required)			100%	
Resource consents and district planning	60%	40%		
Council	60%	40%		
Community boards	60%	40%		
Waihemo service centre			40%	60%

## **APPENDIX 2: RATING MAPS**

Rating maps are available on request and will be also be available on Council's website.