

# Rating Policy



## Rating Policy

Rates are used by Council to fund the balance of its costs once all other funding sources are taken into account.

Christchurch City Council sets rates under Section 23 of the Local Government (Rating) Act 2002.

### Valuation system used for rating

Some of Council's rates are in the form of fixed charges, but most are charged in proportion to each rating unit's rating valuation, where:

- A rating unit is the property which is liable for rates (usually a separate property with its own certificate of title), and
- Rating valuations are set by independent valuers, based on property market conditions as at a specified date (currently 1 November 2013) – their purpose is to enable Council to allocate rates equitably between properties across the District; they are *not* intended to be an indication of current market value or cost of construction.

The Council uses capital value for rating purposes (commonly thought of as the value of the land plus any improvements).

Where parts of a rating unit can be allocated to different categories (Standard, Business, and Rural (Farming & Forestry)), the Council may apportion the rateable value of that rating unit among those parts in order to calculate the overall liability for the rating unit.

The current 2013 rating valuations were set under the requirements of the Canterbury Earthquake (Rating Valuation Act – Christchurch City Council) Order 2013, which enabled valuations to be updated despite the extent of earthquake damage

and unpaid insurance entitlements still existing across the city. This Order requires that:

- The independent valuers' assessment of market conditions includes sales where insurance benefits have been transferred to the new owner,
- Rating valuations for each rating unit exclude the effects of any earthquake damage to that unit, and
- Objections to rating valuations cannot be made on the grounds that the valuation has been assessed using the above methodology.

Legislation requires that rating valuations be updated at least every three years, so that the distribution of value-based rates reasonably reflects property market conditions. It is anticipated that updated rating valuations (based on the standard, non-earthquake methodology) will be based on market conditions in late 2016, to be applied to rates from 1 July 2017.

### Re-assessing rates within the rating year

The Canterbury Earthquake (Rating) Order 2012 allows the Council to re-assess rates on properties as the value of that property changes throughout the year as the result of demolition, new building, or subdivision. This means that, as a property is demolished, constructed or improved, or subdivided, rates would be reassessed on the new value from the first of the following month.

### Inspection of rates information

The capital values, the District Valuation Roll, and the Rating Information Database information, along with liability for current-year rates for each rating unit are available for inspection on the

Council's Internet site ([www.ccc.govt.nz](http://www.ccc.govt.nz), under the heading 'Rates info') or by enquiry at any Council Service Centre.

## Rates for 2015/16

All of the rates and amounts set out in this Policy are proposed to apply to the rating year commencing 1 July 2015 and ending 30 June 2016, and include GST of 15 percent.

### General rates

The general rate is set on capital values on a differential basis for rating units liable for the general rate under the Local Government (Rating) Act 2002.

#### *Purpose of general rate:*

The general rates, including the Uniform Annual General Charge (UAGC), provide for the majority of the total rate requirement of the Council, being the net rate requirement after targeted rates are determined. The general rates (including the UAGC) therefore fund all activities of the Council except those funded by targeted rates.

As a result of the series of Canterbury earthquakes Council has budgeted for an operating deficit each year since 2011/12. 2015/16 is the final year in which a deficit will be budgeted for. The borrowing is repaid by a 1.93 per cent special earthquake charge. The special earthquake charge forms part of the 2015/16 General rate.

### Differential rates

Differentials are applied to the value-based general rate. The objective of these differentials is to collect more from identified Business properties and less from identified Remote Rural properties than would be the case under an un-differentiated general rate, in accordance with Council's Revenue & Financing Policy.

The differential categories are defined as follows:

#### Standard

Any rating unit which is:

- (a) used for residential purposes (including home-ownership flats); or
- (b) a Council-operated utility network; or
- (c) land not otherwise classified as Business or Rural (Farming & Forestry).

#### Business

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, commercially-owned and operated utility networks, and quarrying operations); 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.

### Rural (Farming & Forestry)

- (a) Any rating unit which is zoned Rural in the City Plan administered by the Council, and where:
  - i. the area of the rating unit is 5 hectares or greater, *AND/OR*
  - ii. the rateable Land Value is more than two-thirds of the rateable Capital Value
- (b) Any rating unit which is zoned in the City Plan administered by the Council as Akaroa Hillslopes, Conservation, Lake, Open Space, Papakaianga, Special Purpose (Ferrymead Park), or Special Purpose (South Halswell), and where:
  - i. the area of the rating unit is 5 hectares or greater, *AND*
  - ii. the rateable Land Value is more than two-thirds of the rateable Capital Value

For the purposes of clarity it should be noted that the Rural (Farming and Forestry) category does not include any rating unit which is:

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

For the purposes of these differential sector definitions, 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.

Liability for General Rates is calculated as a number of cents per dollar of capital value:

Differential category	Rate decimal (cents / \$)	Differential factor	Revenue (\$000)
Standard	0.302786	1.000	196,037
Business	0.502625	1.660	86,403
Rural	0.227090	0.750	7,262

### Uniform Annual General Charge (UAGC)

A portion of the general rate is assessed as a UAGC, which is set as a fixed amount per separately-used or inhabited part of a rating unit (as defined below). This is not based on a calculation of part of any activity costs but is assessed to be a reasonable amount to charge.

A separately used or inhabited part of a rating unit is defined as a part which can be separately let and permanently occupied; where the occupancy is an accessory to, or is ancillary to, another property or part thereof, then 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 or without 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.

The UAGC is set under section 15(1)(b) of the Local Government (Rating) Act 2002.

**Purpose of the UAGC:**

The uniform charge modifies 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.

**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.

**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. In addition, 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 Council has determined that a building consent will not be issued for the primary use of the land (under the City Plan).

Liability for the UAGC is calculated as a uniform amount for each separately used or inhabited part of a rating unit (SUIP):

Category	Rates (\$)	Revenue (\$000)
SUIP	117.56	21,018

**Targeted rates**

Targeted rates are set under sections 16, 18, and 19, and schedules 2 and 3 of the Local Government (Rating) Act 2002. The Council does not accept Lump Sum contributions (as defined by Section 117A of the Local Government (Rating) Act 2002) in respect of any targeted rate.

For all targeted rates except the Active Travel targeted rate, the rate is not uniformly imposed on all rating units, but only on those rating units that either receive the specified service or are located within the specified geographic area. The definition and objective of each of the Targeted rates is described below.

***Water Supply Targeted Rate – full charge and half charge:***

The purpose of this rate is to (in conjunction with the separate targeted rates for Restricted Water Supply, Fire Connection, and Excess Water Supply

described below) recover the cash operating cost of water supply, plus a portion of the expected depreciation cost over the planning period. It is assessed on every separately rated property to which water is supplied through the on-demand water reticulation system. The half charge is assessed on rating units which are serviceable, i.e. situated within 100 metres of any part of the on-demand water reticulation system, but which are not connected to that system.

Liability for the Water Supply Targeted Rate is calculated as a number of cents per dollar of capital value.

Categories	Rates decimal (cents / \$)	Revenue (\$000)
Connected	0.042770	35,057
Serviceable	0.021385	739

**Restricted Water Supply Targeted Rate:**

The purpose of this rate is to contribute to the cost recovery of the activities described as being funded by the Water Supply Targeted Rate (above), by charging a uniform amount to properties receiving a restricted water supply. It is assessed on every rating unit receiving the standard level of service as defined by the City Water and Waste unit manager. Where a rating unit receives multiple levels of service, they will be assessed multiple Restricted Water Supply Targeted Rates.

Liability for the Restricted Water Supply Targeted Rate is calculated as a uniform amount for each standard level of service received by a rating unit.

Categories	Rates (\$)	Revenue (\$000)
Connected	175.00	148

**Water Supply Fire Connection Rate**

The purpose of the Water Supply Fire Connection Rate is to contribute to the cost recovery of the activities described as being funded by the Water Supply Targeted Rate (above), by charging a uniform amount to properties benefitting from a fire service connection. It is assessed on all rating units connected to the service on a per-connection basis.

Liability for the Water Supply Fire Connection Rate is calculated as a uniform amount for each rating unit:

Categories	Rates (\$)	Revenue (\$000)
Connected	109.56	107

**Excess Water Supply Targeted Rate**

The purpose of the Excess Water Supply Targeted Rate is to contribute to the cost recovery of the activities described as being funded by the Water Supply Targeted Rate (above), by assessing additional charges on those properties placing an unusually high demand on the water supply system. It 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 of the Local Government (Rating) Act 2002, in addition to sections 16 and 18, and schedules 2 and 3 of the Local Government (Rating) Act 2002.

Liability for the Excess Water Supply Targeted Rate is calculated as a number of cents per cubic metre of water consumed in excess of the ordinary supply:

Categories	Rates (\$ per m <sup>3</sup> of excess water supplied)	Revenue (\$000)
Liable	0.71	3,197

Rating units having an ordinary supply as defined in the Water Related Services Bylaw 2008, i.e. non-commercial consumers being principally residential single units on a rating unit, will not be charged an excess water supply targeted rate.

Consumers having an extraordinary supply are the liable rating units for this rate. For the purposes of this policy extraordinary supply is defined as water that is not ordinary supply as defined in the

Water Related Services Bylaw 2008 and includes water supplied to:

- (a) land under single ownership on a single certificate of title and used for three or more household residential units
- (b) boarding houses
- (c) motels
- (d) rest homes
- (e) fire protection systems

Each liable rating unit has a water allowance. Water used in excess of this allowance will be charged at the rate of 71 cents per cubic metre.

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 71 cents. The water allowance is 1 cubic metre for each complete 71 cents (the factor) of the targeted water rate assessed. It 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 minimum of 0.6986 cubic metres per day. The daily allowance shall continue until the next rates assessment is issued for the rating unit.

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.

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.

**Land Drainage Targeted Rate:**

The purpose of this rate is to recover the cash operating cost of waterways and land drainage, plus a portion of the expected depreciation cost over the planning period. It is assessed on every separately rated property which is within 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 Banks 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

Liability for the Land Drainage Targeted Rate is calculated as a number of cents per dollar of capital value.

Categories	Rates decimal (cents / \$)	Revenue (\$000)
Within serviced area	0.024423	19,887

**Sewerage Targeted Rate:**

The purpose of this rate is to recover the cash operating cost of wastewater collection, treatment and disposal, plus a portion of the expected depreciation cost over the planning period. It is assessed on every separately rated property which is in the serviced area.

Liability for the Sewerage Targeted Rate is calculated as a number of cents per dollar of capital value.

Categories	Rates decimal (cents / \$)	Revenue (\$000)
Within serviced area	0.065595	55,737

**Waste Minimisation Targeted Rate:**

The purpose of this rate is to recover the cash operating cost of the collection and disposal of recycling and organic waste, plus a portion of the depreciation cost over the planning period.

The Full Charge is assessed on every separately used or inhabited part of a rating unit, as defined by the UAGC definition, in the serviced area.

The charge will be made to non-rateable rating units where the service is provided.

The charge will not be made to rating units in the serviced area which do not receive the service as defined by the City Water and Waste unit manager. These may include:

- rating units (land) on which a UAGC is not made,
- land which does not have improvements recorded,
- land with a storage shed only and the capital value is less than \$30,000,
- CBD properties (as defined by the CBD refuse map).

Where ratepayers elect and Council agrees, additional levels of service may be provided. Each additional level of service will be rated at the Full Charge and will be invoiced separately (per the Fees & Charges Schedule).

For rating units outside the kerbside collection area, where a limited depot collection service is available, a uniform targeted rate of 75% of the full rate will be made (referred to as a “part charge”).

Liability for the Waste Minimisation Targeted Rate full charge and part charge is calculated as a uniform amount for each separately used or inhabited part of a rating unit receiving service.

Categories	Rates (\$)	Revenue (\$000)
Full charge	137.86	21,613
Part charge	103.40	188



**Active Travel Targeted Rate**

The purpose of this rate is to contribute to the operating cost of the Active Travel Programme (and particularly the cycleways projects).

The charge is assessed on every separately used or inhabited part of a rating unit, as defined by the UAGC definition, within the District.

Liability for the Active Travel Targeted Rate is calculated as a uniform amount for each separately used or inhabited part of a rating unit:

Category	Rates (\$)	Revenue (\$000)
SUIP	20.00	3,576

**Uniform Targeted Rates for loan servicing costs for the Governors Bay water and sewerage schemes**

The Uniform Targeted rates for loan servicing costs for the Governors Bay water and sewerage schemes is a continuation of the original agreements between liable ratepayers and the Banks Peninsula District Council to fund the capital costs of those schemes. It is assessed on those rating units where the ratepayer elected to pay the capital contribution over time rather than as a lump sum.

These rates will end on 30 June 2016.

Liability for the Uniform Targeted Rates for loan servicing for the Governors Bay water & sewerage schemes is calculated as a uniform charge per rating unit:

Categories	Rates (\$)	Revenue (\$000)
Liable rating units: sewerage loan	179.91	28
Liable rating units: water supply loan	113.47	18



### Indicative rates

The following tables show the impact of Christchurch City Council rates for 2015/16 against those for the 2014/15 financial year.

**Note: the tables below include GST at 15 percent; they do not include any late payment penalties, excess water rates, or rates assessed by Environment Canterbury and collected by the Council on Environment Canterbury's behalf.**

Standard	Capital Value	2014/15 Actual	2015/16 Draft	% change
		Rates (incl. GST) \$	Rates (incl. GST) \$	
	200,000	1,081	1,147	6.1%
	300,000	1,475	1,582	7.3%
	350,000	1,672	1,800	7.7%
median 2013	380,000	1,790	1,931	7.9%
	400,000	1,869	2,018	8.0%
avg 2013	441,655	2,033	2,199	8.2%
	450,000	2,066	2,235	8.2%
	500,000	2,263	2,453	8.4%
	550,000	2,460	2,671	8.6%
	600,000	2,657	2,889	8.7%
	650,000	2,854	3,107	8.9%
	700,000	3,051	3,324	9.0%
	800,000	3,445	3,760	9.2%
	900,000	3,839	4,196	9.3%
	1,000,000	4,233	4,631	9.4%

<b>Business</b>	<b>Capital Value</b>	<b>2014/15 Actual Rates (incl. GST) \$</b>	<b>2015/16 Draft Rates (incl. GST) \$</b>	<b>% change</b>
	200,000	1,440	1,546	7.4%
	300,000	2,014	2,182	8.3%
	400,000	2,587	2,817	8.9%
	500,000	3,161	3,452	9.2%
	600,000	3,735	4,088	9.5%
	700,000	4,308	4,723	9.6%
	800,000	4,882	5,359	9.8%
	900,000	5,456	5,994	9.9%
	1,000,000	6,029	6,630	10.0%
avg 2013	1,293,000	7,710	8,491	10.1%
	2,000,000	11,766	12,984	10.4%
	5,000,000	28,975	32,046	10.6%

<b>Rural</b>	<b>Capital Value</b>	<b>2014/15 Actual Rates (incl. GST) \$</b>	<b>2015/16 Draft Rates (incl. GST) \$</b>	<b>% change</b>
(not water, sewerage, or drainage rates, but includes part waste minimisation rate)				
	200,000	662	695	5.0%
	300,000	866	922	6.4%
	400,000	1,071	1,149	7.4%
	500,000	1,275	1,376	8.0%
	600,000	1,479	1,603	8.4%
	700,000	1,683	1,831	8.8%
	900,000	2,091	2,285	9.2%
	1,000,000	2,295	2,512	9.4%
avg 2013	1,041,000	2,379	2,605	9.5%
	2,000,000	4,337	4,783	10.3%
	3,000,000	6,378	7,054	10.6%