

## Rates Policy

### Introduction

Council operates three financial divisions to facilitate the operation of Council and the collection of rates. The financial divisions recognise the three areas of the District with Community boards (Otorohanga Community and Kawhia Community) and the Rural area.

The existence of financial divisions ensures that activities not benefiting the whole of the District or impacting areas of the District differently are considered in an appropriate forum and that identifiable areas of benefit pay for the benefit received. Activities that are considered to benefit all areas of the District are included in the District wide rate and/or UAGC and are not allocated to the three financial divisions.

The rates received within each financial division are generally spent in that area. The Community rating areas are under the control of a Community Board.






### Rates levied on the value of properties vs Uniform Annual General Charge (UAGC)/Uniform Targeted Rate.

A number of Council activities are people related in that the benefits of those activities are equally available to all residents of the District. However as Council does not have the ability to rate individuals it considers that the activities are therefore equally available to each property. In these circumstances it is considered appropriate to have each property pay the same amount for the benefit received or available to them. This can be achieved through Uniform Annual General Charges or Uniform Targeted Rates.

Other Council activities are generally property related with the extent of benefit, or potential benefit directly relating to the size and corresponding value of the property. In these circumstances it is appropriate for Council to levy rates based on the value of properties.

The levying of rates on the value of properties or Uniform Targeted Rates can be considered as two starting points between which a number of factors can be accommodated by way of using a combination of rates levied on the Value of properties and Uniform Annual General Charges/ Uniform Targeted Rates.

Factors that should be taken into account when considering a combination of rates levied on the value of property and Uniform Annual General Charges/ Uniform Targeted Rates are:

-  *Should all properties make a reasonable contribution to the cost of the activity?*  
If so, then there should be some degree of Uniform Annual General Charge /Uniform Targeted Rate.
-  *Should those who have a greater ability to pay, pay more towards the cost of the activity?*  
If so, then a significant amount of the rate should be levied on the value of properties.
-  *Is it desirable for the Community to encourage the use of a service or facilities by those who may not otherwise be able to afford it?*  
If so, then a significant amount of the rate should be levied on the value of properties.
-  *Should a property with a larger number of occupants pay more than a property with fewer occupants?*  
If so, then a significant amount of the rates should be levied on the value of properties.
-  *Is there both benefit to people and to property?*  
If so, then some of the rate should be levied by Uniform Annual General Charge/Uniform Targeted Rate to recognise the

benefit to people and some of the rate should be levied on property value, to recognise the benefit to property.

The Local Government (Rating) Act 2002 sets out the methods by which local authorities can rate and the detailed criteria around their uses.




The Local Government Act 2002 sets out processes and policies that local authorities must apply in the establishment of their rating systems, including the provisions of information to communities.

#### Maximum Revenue from Certain Rates

Subject to Section 21 of the Local Government (Rating) Act 2002 certain rates must not exceed 30% of total rates revenue.

The rates revenue sought by a local authority in any one year from the rates described in subsection (2) must not exceed 30% of the total revenue from all rates sought by the local authority for that year.

The rates are:

-  Uniform Annual General Charges that are set in accordance with section 15; and
-  Targeted Rates that are set on a uniform basis and are calculated in accordance with section 18(2) or clause 7 of Schedule 3.
-  Subsection (2) does not apply to targeted rates that are set solely for water supply or sewage disposal.

Currently Otorohanga District Council's maximum revenue from certain rates is set at 20.83% of the maximum.