

**Targeted Rate Proposal for the Akaroa Community
Health Trust
Hearings Panel
MINUTES ATTACHMENTS**

Date: Tuesday 16 April 2019
Time: 10.01am
Venue: The Gaiety, Rue Jolie, Akaroa, 7520
And
Date: Wednesday 17 April 2019
Time: 11.03am
Venue: Committee Room 1, Civic Offices, 53 Hereford Street
And
Date: Wednesday 8 May 2019
Time: 2.39pm
Venue: Committee Room 1, Civic Offices, 53 Hereford Street

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Request for further information

Hearings Panel – Proposed Akaroa targeted rate

Date	08.05.2019	Time	2:30 – 5:00	Venue	M2.03
Panel	Councillor Raf Manji (Chair), Councillor Andrew Turner, Community Board Member Tori Peden				

Information provided by:

Gavin Thomas, Tara King, Andrew Jefferies

The Hearings Panel heard submissions on the proposal to provide grant funding to the Akaroa Community Health Trust and to recover the cost through a targeted rate on all properties within the Akaroa subdivision of the Banks Peninsula ward.

After hearing all submissions the Panel requested further information from Council staff on the following:

Rates:

1. Can the targeted rate be levied on a per household basis rather than per separately used or inhabited portion of a rating unit?
2. Could a rates rebate be used to better align the levying of a rate to households?
3. Can a lump-sum payment option be included? If not, why not?
4. How will the rate be concluded to ensure the best alignment between funds required and funds received? What sort of wash-up process might be applied?

Consultation:

5. How does the submission response for this proposal compare to other consultation processes undertaken by the Council?
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Staff responses:

Rates:

1. Targeted rate per household

- 1.1 Rates cannot be levied on a per household basis.
- 1.2 The Local Government (Rating) Act 2002 (LGRA) limits the methods that can be used for calculating and setting targeted rates. Sections 16 to 18 and schedule s 2 and 3 are most relevant. Clause 7 of Schedule 3 allows the Council to calculate liability for targeted rates using the number of separately used or inhabited parts (SUIPs) of the rating unit. Council currently sets all fixed charges on this "per SUIP" basis. The legislation does not empower the Council to rate on a "per household" basis.
- 1.3 In general, each piece of land that has a certificate of title is a rating unit and each rating unit has at least one SUIP. There are exceptions to this general rule. Quotable Value NZ (QV) defines the rating units. In some cases QV joins multiple certificates of title together into a single rating unit. QV will do this if the properties are owned by the

same person, are used jointly as a single unit, and are contiguous (next door to each other or separated only by a road, water race etc). In some cases Council treats multiple rating units as a single SUIP, but this is relatively rare (outside of the old CERA properties).

- 1.4 The Council's remission policy provides (remission 4) for the uniform annual general charge (UAGC) to be remitted where parcels of land under different ownership are contiguous (i.e. sharing a boundary and in common usage, such that they should reasonably be treated as a single unit). No remissions are currently granted in this category.

2. Rates remission option

- 2.1 Yes, the Council could amend its Rates Remission Policy to allow remissions to be granted to reduce the number of fixed Akaroa Health Centre charges imposed on a ratepayer. The Council would need to consult on any change to the policy. The consultation could commence reasonably shortly, and even if the new policy was adopted by the Council part way through 2019/20, ratepayers could apply for the new remission at that point and receive a remission for the 2019/20 rates year.
- 2.2 Ratepayers must apply for rates remission each year by filling in a form and either mailing it or delivering it to a service centre. Forms can also be downloaded from the Council website, printed, manually filled in, scanned and emailed. Applications for rates remission can involve significant effort on the part of the ratepayer in providing evidence that they meet the qualification criteria. Many ratepayers who are eligible to apply for a remission do not apply.
- 2.3 If Council decided to consult on a new remission category, the remission could be designed as follows (this is an example). The remission could apply specifically to the Akaroa Health Centre rate (but not other rates). It could be available in respect of rating units that meet all the following criteria:
 - a. Owned by the same person
 - b. Have a rural use
 - c. Are used as a single unit
 - d. Do not have a dwelling.
- 2.4 There would be no requirement that the properties be contiguous. Council staff would expect some evidence to be provided of the rural use of the property and the use of the properties as a single unit.
- 2.5 There would be some costs associated with the introduction of a new remission. Some involvement from the Council's IT unit would be required. We have not quantified the costs. We expect they would be relatively minor, but still potentially significant compared with the total remissions granted under the new remission category.
- 2.6 Arguments against a new remission category include:
 - **Implementation and administration costs**, including the costs of community consultation
 - **Inconsistency with UAGC** and other fixed rates. The Council's policy and practice for the UAGC is that the two properties must be contiguous if relief is to be granted. This policy is also applied to other fixed rates: e.g. Active Travel and Cathedral rates. If a new Akaroa remission was allowed in some cases for non-contiguous properties, it might be difficult to justify why the UAGC and other fixed rates are not similarly remitted. It might be fairer and more defensible to have a single policy for all fixed rates, and to apply that consistently.

- The **application process can be difficult** for ratepayers to negotiate due to the fact that the process is not yet fully online, and appropriate evidence of eligibility can be difficult to put together and deliver to Council. Applications must be made each year. Typically, only a subset of those entitled to the remission will apply for it.

3. Lump-sum payment option

- 3.1 Under section 56 of the Local Government (Rating) Act 2002 a local authority may adopt a policy for the payment of rates in advance for subsequent years. However, the Council does not have any such policy. In practice, if rates are paid in advance, a credit is applied to the ratepayer's account. This credit would not be applied specifically to one rate (the Akaroa Health Centre rate). Rather it would be a credit on the subsequent rates invoice as a whole. There is no mechanism in the rates system to record lump sum payments of a particular rate.

4. Approach to concluding rating period

- 4.1 As the end of the rating period (e.g. four or ten years) approaches, Council will have a clear picture of how much has been collected towards the grant (including interest revenue earned). If appropriate, the rate can be reduced in the final year(s) to gather the correct overall amount. Any over- or under-rating is expected to be immaterial, so a wash-up process is unlikely. The rate would not be continued beyond the rating period initially set.

Consultation:

5. Comparative analysis

- 5.1 In comparison to the consultation on a number of other projects, the response rate (27.4 %) with 811 submissions for the Akaroa targeted rate project is significantly higher than for the majority of other Council consultations. Considering the relatively small size of the affected community this affected community, this represents a significant response.
- 5.2 Below is a list of other results:

Name of project	No. of submissions
Proposed changes to Denton Park	1457
Proposed \$10 million grant for Christchurch Cathedral	1066
Levis skate park Sumner	1006
Proposal to set a targeted rate to provide funding to the Akaroa Community Health Trust	811
The new Linwood-Woolston pool	481
Proposed changes to Cranford Street and the surrounding area	417
Draft annual plan 2017-2018	383
Lincoln Road and Moorhouse Avenue bus priority improvements	277
Speed limit review – Banks Peninsula	273
Akaroa wastewater project	244
Proposal for baches at Taylors mistake and Bays	172
Prestons subdivision – speed limit change	171
The future of heritage	158
Proposed landscape plan for Governors Bay	65
Christchurch Botanic Gardens Spatial Plan	44
Naval Point development plan	14

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- 5.3 It should also be noted that the Akaroa area opinion survey 2019 carried out by the Akaroa Ratepayers and Residents Association Incorporated (which targeted permanent residents in Akaroa) received feedback from 162 people, which is considerably less than the 811 submissions received on this project.
- 5.4 In general the more contentious a project the more motivated residents are to participate in the process, which is why the submission numbers in relation to Denton Park, the Christchurch Cathedral and Levi's skate park in Sumner had high submission numbers. All of these projects were very contentious and gained a lot of media coverage.
- 5.5 Due to the extensive community interest in the Health Centre and the media attention it has received, and due to every ratepayer affected being posted out information on this project, we believe that the community has had every reasonable opportunity to have their say.