



# Early Payment of Rates Policy

Annual Plan 2017-2018

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## Document Revision

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## 1. Purpose

This Policy is to provide ratepayers with the opportunity to extinguish their liability to pay specified rates sooner than under a long term rating option, and at a discount to the amount payable over time. This policy also clarifies the position of Southland District Council (Council) on the receipt of other rates as early payments.

## 2. Definitions

“Specified rates” means any one of the following targeted rates:

- Edendale Sewerage Loan - 10 years (including connection cost),
- Edendale Sewerage Loan - 15 years (including connection cost),
- Edendale Sewerage Loan - 25 years (including connection cost),
- Edendale Sewerage Loan - 10 years (excluding connection cost),
- Edendale Sewerage Loan - 25 years (excluding connection cost).
- Edendale Water Loan - 10 years,
- Edendale Water Loan - 15 years,
- Edendale Water Loan - 25 years.
- Gorge Road Sewerage Loan.
- Oban Sewerage - Loan Charge Extension.
- Sandy Brown Road Utility Loan.
- Tuatapere Sewerage Loan Charge - 15 years,
- Tuatapere Sewerage Loan Charge - 25 years.
- Wallacetown Sewerage Loan Charge - 15 years,
- Wallacetown Sewerage Loan Charge - 25 years.
- Wyndham Sewerage Loan - 10 years (including connection cost),
- Wyndham Sewerage Loan - 15 years (including connection cost),
- Wyndham Sewerage Loan - 25 years (including connection cost),
- Wyndham Sewerage Loan - 10 years (excluding connection cost),
- Wyndham Sewerage Loan - 15 years (excluding connection cost),
- Wyndham Sewerage Loan - 25 years (excluding connection cost).
- Wyndham Water Loan - 10 years,
- Wyndham Water Loan - 15 years,
- Wyndham Water Loan - 25 years.

## 3. Background

### 3.1 Paying specified rates for subsequent financial years

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Under Section 56 of the Local Government (Rating) Act 2002, councils may adopt a policy on the payment of rates for subsequent financial years. Council has decided to adopt this Policy for the specified rates listed in section 2 above.

### 3.2 Paying other rates for subsequent financial years

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Under Section 56 of the Local Government (Rating) Act 2002, councils may adopt a policy on the payment of rates for subsequent financial years.

In accordance with Section 55 of the Local Government (Rating) Act 2002, which empowers councils to accept early payment of rates, Council will accept payment of rates, other than specified rates, for subsequent financial years. However, early payment of these rates will attract neither a discount, nor interest on the sum paid.

### 3.3 Paying rates for the current financial year

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In accordance with Section 55 of the Local Government (Rating) Act 2002, which empowers councils to accept early payment of rates, Council will accept payment in full of all rates assessed in the current year on or before the due date for the first instalment of the year. Early payment of these rates will attract neither a discount, nor interest on the sum paid.

## 4. Policy Details

### Paying all specified rates for subsequent financial years

#### 4.1 Conditions and criteria

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As long as a Rating Unit is subject to one of the specified rates, the ratepayer may, at any time before the due date for the last instalment of rates payable in that financial year, pay an amount calculated in accordance with this Policy to clear the rating unit's liability for the specified rate for all future years.

The sum to clear the Rating Unit's liability will equal principal outstanding amount (excluding GST) applying to that specified rate, divided by the number of rating units liable for the targeted rate in the financial year (plus GST).

#### 4.2 Liability per unit

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Each financial year, the amount of the payment to clear a Rating Unit's liability will be updated to reflect the Council's current interest rate charged in accordance with the relevant Annual Plan/Long Term Plan. A schedule outlining the liability outstanding for each specified rate will be updated annually and adopted as part of the Long Term Plan/Annual Plan process.

## 4.3 Payment

Elections to pay specified rates early must be notified verbally or in writing to a Council Finance Officer or the Finance Manager. This will ensure Council can appropriately allocate the payments against the relevant liability. Failure to notify Council of an early payment of a specified rate will result in the payment being allocated to an appropriate rates account.

The discount offered by electing to make a payment in accordance with this Policy equals the Council's estimate of the cost of interest (plus GST) over the remaining term of the specified rate.

## 5. Roles and Responsibilities

Party/Parties	Roles and Responsibilities
Finance Officer	Accept notifications/requests for early repayment of rates on behalf of Council.  Calculate and update the schedule of specified rates on an annual basis.
Finance Manager, Chief Financial Officer	Accept notifications/requests for early repayment of rates on behalf of Council.  Oversee the early payment of specified rates.

## 6. Associated Documents

- Early Payment of Specified Rates - Liability Schedule for the year ending 30 June 2018 (R/16/10/17875)
- Local Government (Rating) Act 2002
- Southland District Council Revenue and Financing Policy.