

House of Representatives
Supplementary Order Paper

Tuesday, 29 June 2004

Local Government Law Reform Bill (No 3)

Proposed amendment

Jim Peters, in Committee, to move the following amendment:

New clause 63AA

To insert, after clause 63 (after line 9 on page 51), the following clause:

63AA New heading and sections 56A and 56B inserted

The principal Act is amended by inserting, after section 56, the following heading and sections:

“Lump sum contribution policies

“56A Policy for lump sum contributions

- “(1)** In this section and **section 56B**, unless the context otherwise requires, a **lump sum contribution** means a payment made in respect of a particular rating unit’s liability for the costs of a specified project, work or loan that is being funded, or would otherwise be funded, by a targeted rate.
- “(2)** A local authority may adopt a policy for the payment of lump sum contributions in respect of a specified project, work, or loan.
- “(3)** A policy adopted under **subsection (2)**—
- “(a)** must be adopted using the special consultative procedure; and
- “(b)** may be included in the long-term council community plan.
- “(4)** If a lump sum contribution is paid in accordance with a policy adopted under **subsection (2)**, the payment extinguishes the liability of a rating unit to which the payment relates for all or so much of the targeted rate in respect of the specified project, work, or loan.

- “(5) Every election to pay a lump sum contribution is binding on all persons who are or may become ratepayers in respect of the rating unit.
- “(6) A lump sum contribution set under a policy adopted under **subsection (2)** is to be treated for all purposes as if it were a targeted rate.

“56B **Contents of policy for lump sum contributions**

- “(1) A policy adopted under **section 56A** must determine the method or methods by which the amount of any lump sum contribution is to be calculated for every rating unit which is, or would otherwise be liable, for the targeted rate.
- “(2) In determining the method of calculation referred to in **subsection (1)**, the local authority must have regard to the interests of those ratepayers who will elect to pay the lump sum contribution and the interests of those ratepayers who will not make such an election.
- “(3) A policy adopted under **section 56A** must provide for—
- “(a) the procedure by which the local authority will inform ratepayers of the availability of a lump sum contribution election; and
 - “(b) the timeframes within which ratepayers may elect to pay their lump sum contributions and when the lump sum contributions must be paid; and
 - “(c) the consequences of non-payment or late payment of any lump sum contribution; and
 - “(d) the basis for any recalculation or late payment of a lump sum contribution; and
 - “(e) the consequences of subdivision or other relevant change to a rating unit in respect of which an election has been made to pay a lump sum contribution; and
 - “(f) any other relevant conditions applying to the payment of lump sum contributions.
- “(4) A policy adopted under **section 56A** must not make lump sum contributions mandatory in any particular case.”

Explanatory note

This Supplementary Order Paper amends the Bill by inserting new provisions in the Local Government (Rating) Act 2002 to allow local authorities to have a lump sum contribution policy. A lump sum contribution policy will enable local authorities to fund capital works by offering ratepayers the option of making a lump sum contribution towards those capital works. A lump sum contribution will be instead of rates payments to fund those works.

The proposed amendment reinstates a simplified lump sum contribution provision *in addition to* the early payment provisions in sections 55 and 56 of the

Local Government (Rating) Act 2002. What is proposed is two new sections relating to lump sum contributions policies. These sections explain the effects of such a policy and outline the contents of a policy. If enacted, the new provisions do not make the policy mandatory nor do they make the choice of a lump sum contribution mandatory. However the new provisions make more explicit and appropriate provision (than is contained in sections 55 and 56) for lump sum contribution policies if councils want to continue to use that option which used to be provided in the Rating Powers Act 1988.
