

RATES POSTPONEMENT AND REMISSION POLICY

Effective from XX XXXXXX 2020
(Draft for consultation period)

Purpose and Overview

The objective of this policy is to:

- Provide ratepayers with some financial or other assistance where they might otherwise have difficulty meeting their obligations
- Address circumstances where the rating system results in anomalies in the incidence of rates
- Support the achievement of broader council policy objectives.

The council's postponement and remission policy is set out in two parts each containing a number of schemes.

Financial assistance and support

- 1.1 Postponement of rates for residential properties
- 1.2 Postponement of rates in the event of pandemic, epidemic or natural disaster
- 1.3 Remission of penalties
- 1.4 Remission of rates for community, sporting and other organisations
- 1.5 Remission of rates for economic development
- 1.6 Remission of rates on land protected for natural, cultural or historic conservation purposes

Policy Background

Section 102(5) of the Local Government Act 2002 provides that a council may have a rates remission policy and a postponement policy. This policy pulls together Council policies on remission and postponement.

For clarity:

Rates postponement is a mechanism which allows the ratepayer to defer the date on which the rates will be paid, but the rates still remain and continue to be a priority charge against the property.

Remission means that the rate is not paid by the ratepayer, but is paid by council, on behalf of the ratepayer. The ratepayer's debt is written off.

Applications

The ratepayer or ratepayer's agent must apply to the council on the prescribed remission or postponement form. The application should show how the remission or postponement will support the objectives of the scheme and how the property fits within the objectives. For the rates to be remitted or postponed, the council may require evidence each year, by way of declaration or statutory declaration, to confirm that the rating unit still complies with the conditions and criteria of the scheme. The council can apply for the remission or postponement on behalf of the ratepayer, provided the council is certain that the property meets all the criteria of the scheme. The council reserves the right to seek further information if it deems it necessary.

The postponement will apply from the beginning of the rating period in which the application is approved and will not be backdated to prior periods, unless otherwise stated in the scheme.

Delegation of Decision-Making

Decisions relating to the remission or postponement of rates payments will be made by council officers.

Full details and criteria for the remission and postponement schemes

This section has the full details of each remission and postponement scheme, as well as outlining the objectives and criteria for each scheme.

1.1 Postponement of rates for extreme financial hardship

Objectives

The objective of this scheme is to assist ratepayers experiencing extreme financial circumstances which effect their ability to pay rates.

Conditions and Criteria

1. Only rating units used solely for residential purposes (as defined by Council) will be eligible for consideration for rates postponement for extreme financial circumstances.
2. Only the person entered as the ratepayer, or their authorised agent, may make an application for rates postponement for extreme financial circumstances. The ratepayer must be the current owner of, and have owned for not less than five years, the rating unit which is the subject of the application. The ratepayer must not own any other rating units or investment properties (whether in the district or in another district).

The ratepayer (or authorised agent) must make an application to Council on the prescribed form (copies can be obtained from Council offices, or from the Bluff Service Centre).

Council will consider, on a case by case basis, all applications received that meet the criteria described in the first two paragraphs under this section. Council will delegate authority to approve applications for rates postponement to particular officers.

When considering whether extreme financial circumstances exist, all of the ratepayer's personal circumstances will be relevant including the following factors: age, physical or mental disability, injury, illness and family circumstances.

Before approving an application Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after the payment of rates, for normal health care, proper provision for maintenance of his/her home and chattels at an adequate standard as well as making provision for normal day to day living expenses.

Where Council decides to postpone rates the ratepayer must first make acceptable arrangements for payment of future rates, for example by setting up a system for regular payments.

Any postponed rates will be postponed until:

- The death of the ratepayer(s); or
- Until the ratepayer(s) ceases to be the owner of the rating unit; or
- Until the ratepayer(s) ceases to use the property as his/her residence; or
- Until a date specified by Council.

Each ratepayer who has successfully applied for postponement will be the subject of review every three years.

Council will charge an annual fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover Council's administrative costs.

Council will charge interest on the total amount postponed. The interest will be assessed annually and calculated using the average interest rate incurred by Council on its overdraft.

The policy will apply from the beginning of the rating year in which the application is made although Council may consider backdating past the rating year in which the application is made depending on the circumstances.

The postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed pursuant to this policy.

Postponed rates will be registered as a statutory land charge on the rating unit title. This means that Council will have first call on the proceeds of any revenue from the sale or lease of the rating unit.

1.2 Postponement of rates where financial hardship is caused by pandemic, epidemic or natural disaster

Objectives

The objective of this scheme is to assist ratepayers who are financially disadvantaged by an epidemic or natural disaster (hereafter referred to as the event). Such events have a sudden and potentially long term impact on property owners who may lose income for a period of time.

Criteria

The ratepayer must meet the following criteria to be considered for rates postponement:

1. The ratepayer must be the current owner of the rating unit.
2. The ratepayer must have suffered a 20% loss of income as a result of the event
3. The ratepayer or the ratepayer's authorised agent must apply to the council on the prescribed form.

Conditions

1. The postponement may apply from the first rates instalment following the start of the event and extend for the following three instalments (one twelve month period in total), at the ratepayers request.
2. All or part of the postponed rates may be paid at any time.
3. The applicant can choose to postpone the payment of a lesser amount of rates than the full amount that they would be entitled to postpone under this policy.
4. The rates postponed will be charged an interest rate of 3.5% per annum calculated on a daily basis for the period of the postponement.
5. A ratepayer may elect to have the postponed rate converted to a targeted rate for the repayment of the postponed rates to assist in paying postponed rates at the end of the postponement period.
6. If a ratepayer elects to have the postponed rate converted to a targeted rate the targeted rate will be set on the basis of the amount of the rates postponed plus accrued interest at the time of the election. The targeted rate will be in place for three years, or until the property is sold. The targeted rate will be applied to reduce the postponed rates.
7. If the ratepayer chooses not to convert to a targeted rate at the end of the postponement period the postponed rates and interest must be paid in full to Council.
8. The ratepayer may choose to pay off the postponed rate at an earlier time than the full postponement period.
9. Any postponed rates will be postponed until:
 - The death of the ratepayer(s); or
 - Until the ratepayer(s) ceases to be the owner of the rating unit; or
 - Until the ratepayer(s) ceases to use the property as his/her residence; or
 - Until a date specified by Council;At which point the postponed rates and interest must be paid in full to Council.

1.3 Remission of Penalties

Objective

The objective of this scheme is to enable Council to act fairly and reasonably in its consideration of rates which have not been received by Council by the penalty date due to circumstances outside the ratepayer's control.

Conditions and Criteria

Automatic remission of the penalties incurred on instalment one will be made where the ratepayer pays the total amount due for the year on or before the penalty date of the second instalment.

Remission of one penalty will be considered in any one rating year where payment has been late due to significant family disruption. Remission will also be considered in the case of death, illness, or accident of a family member.

Remission of the penalty will be granted if the ratepayer is able to provide evidence that their payment has resulted from matters outside their control. Each application will be considered on its merits and remission will be granted where it is considered just and equitable to do so.

The Director of Finance and Corporate Services shall have the authority to remit penalties under this section.

1.4 Remission of Rates for Community, Sporting and other Organisations

Objective

The objective of this scheme is to facilitate the ongoing provision of not for profit community services, sporting and recreational opportunities for the residents of the district.

The purpose of granting rates remission to an organisation is to:

- Assist the organisation's survival; and
- Make membership of the organisation more accessible to the general public, particularly disadvantaged groups. These include children, youth, young families, aged people, those with disabilities and economically disadvantaged people.

Conditions and Criteria

This scheme applies to land owned and occupied by a community, sporting or charitable organisation, which is used exclusively or principally for sporting, recreation, or community purposes.

The policy will not apply to groups or organisations whose primary purpose is to address the needs of adult members (over 18 years) for entertainment or social interaction.

The remission is set at 50% of all rates with the exception of targeted rates for water supply, sewage disposal or refuse collection. Properties used for community residential purposes will be set at 100% except for targeted rates for water supply, sewage disposal or refuse collection. Council will, however, decide the amount of rates to be remitted on a case by case basis.

Applications for remission must be made on the prescribed form (available from Council offices or from the Bluff Service Centre).

The application for rates remission must be made to Council prior to the commencement of the rating year. Applications received during a rating year will be applicable from the commencement of the following rating year. Applications will not be backdated.

Organisations making application should include the following documents in support of their applications:

- Statement of objectives; and
- Financial accounts; and
- Information on activities and programmes; and
- Details of membership or clients.

The policy shall apply to such organisations as approved by Council as meeting the relevant criteria. Council may delegate the authority to make such approvals to particular Council officers as specified by a resolution of Council.

In granting remissions under this part of the policy Council may specify certain conditions before remission will be granted. Applicants will be required to agree in writing to these conditions and to pay any remitted rates if the conditions are violated.

1.5 Remission of Rates for Economic Development

Objective

The objective of this scheme is intended to support economic development. Rates relief is tangible evidence of this commitment.

Conditions and Criteria

Council favours developments that directly or indirectly have the potential to boost employment opportunities in the district in the long term. This can be new building developments or the alteration of existing buildings. Residential development is not included in this policy.

Specifics

- (i) The development cost should be at least \$100,000 for the following industries:
 - (a) Downstream industries (eg forest products, aluminium, fishing).
 - (b) Industries unaffected (largely) by freight costs (eg high tech, information collection and distribution and education).
 - (c) Tourism related activities.
Council also has discretion to consider applications under \$100,000 in special circumstances.

- (ii) The development cost for all other activities must be at least \$250,000.

- (iii) Rates may be remitted for up to three years and Council may impose conditions as to the completion of the development.
- (iv) Developments which in Council's opinion are in direct competition with other operational businesses will not be eligible, however relief may be granted during the construction period.

Consideration of Other Matters

Each application will be treated on its merits and Council will have regard to:

- (i) The financial advantage to the district, including job creation.
- (ii) The extent to which the viability of the development is reliant on rates relief and whether such relief would expedite the development.
- (iii) The provision of any free public amenities or public facilities (other than those required by another Act), such as public viewing areas and restrooms, landscaping and environmental improvement, fountains and outdoor sculptures.
- (iv) Other issues specific to the application including:
 - The ability of the applicant to pursue sound business practices.
 - The better utilisation of the city's infrastructural assets.
 - Promotional factors of benefit to the city.

Applications for the remission for economic development should be made at the planning stage and will be considered by the Finance and Policy Committee of Council. In considering applications Council may decide to seek independent verification of any information provided on an application.

Council will decide what amount of rates will be remitted on a case by case basis. For the purposes of this part of the policy, a project will be viewed as having commenced when a building consent is issued.

In granting remissions under this part of the policy Council may specify certain conditions before remission will be granted. Applicants will be required to agree in writing to these conditions and to pay any remitted rates if the conditions are violated.

1.6 Remission of Rates on Land Protected for Natural, Cultural or Historic Conservation Purposes

Objective

The objective of this scheme is to preserve and promote natural resources and heritage to encourage the protection of land for natural, cultural or historic purposes.

Conditions and Criteria

Ratepayers who own rating units which have some feature of natural, cultural or historic heritage which is voluntarily protected may qualify for remission of rates under this part of the policy.

This policy applies only to property over which a protection order or covenant has been issued under the following Acts:

Section 6	Historic Places Act 1993
Section 39	Heritage New Zealand Pouhere Taonga Act 2014
Section 22	Queen Elizabeth the Second National Trust Act 1977
Sections 76 and 77	Reserves Act 1977
Section 27	Conservation Act 1987

Land that is non-rateable under Section 8 of the Local Government (Rating) Act and is liable only for rates for water supply, sewage disposal or refuse collection will not qualify for remission under this part of the policy.

Applications must be made in writing. Applications should be supported by documentary evidence of the protected status of the rating unit (eg a copy of the covenant or other legal mechanism).

The Director of Finance and Corporate Services shall have the authority to remit rates under this section. Remissions may be granted subject to conditions. Applicants will be required to agree in writing to any conditions and to pay any remitted rates if the conditions are violated.

Monitoring and Auditing:	The Risk and Assurance Committee will monitor the application of this Policy via reports from Executive Staff.
Revision History:	Replaces the 2014 Rates Postponement Policy and 2014 Rates Remission Policy
Reference Number:	
Effective Date:	xx xxxxxx 2020
Review Period:	This Policy will be reviewed every six (6) years, unless earlier review is required due to legislative changes, or is warranted by another reason requested by Council.
Supersedes:	xx
New Review Date:	xx
Associated Documents/References:	Rates Postponement and Remission Application (A2987167)
Policy Owner:	Invercargill City Council