

What is being proposed?

Council is proposing a new scheme to support people experiencing financial hardship as a result of epidemics, pandemics and natural disasters. It is proposed that this new scheme will be included within a new combined Rates postponement and remissions policy which will replace the existing separate policies.

The scheme would provide the ability for ratepayers whose income has been reduced by 20% or more to postpone their rates by a year, after which they will have the opportunity to convert this to a targeted rate to allow for up to an additional three years prior to repayment. Under the proposed scheme an interest of 3.5% would apply and all rates would need to be repaid at the end of the postponement period. The full text of the proposed scheme is included on the next page.

Why is this being proposed?

These changes are proposed as part of Council's response to Covid-19 which is creating unique challenges for the community. In addition, it is proposed to create a combined policy to enable greater ease of use.

What will be the impact of the proposed policy on Council finances?

The proposed changes to the rates postponement provisions in this policy would have an effect on cashflow but not on the ability of Council to balance the budget. While the quantum of required postponements is not possible to forecast, provision has been made to allow for \$10m in postponed rates to be funded by debt for the period required (between one and four years, depending on the options chosen by individual ratepayers). For information, 10% of the rate take is equivalent to \$5,500,000. The cost of borrowing is forecast to be 2%. However, the postponement policy does have an interest charge which leaves Council cost neutral.

Why is Council consulting?

Council wants to know the views of the community on this proposed policy and also wants to be able to respond quickly to the needs of the community. A period of consultation is required under the Local Government Act.

What can ratepayers do if they are experiencing financial hardship while the consultation is still ongoing?

If ratepayers are experiencing financial challenges during the time of the consultation, they should call Council and speak to a rates officer who will be able to remit rates penalties for those who meet the criteria.

How do I have my say on this proposal?

Please provide your feedback on this proposed policy to Council by **Friday 29 May** via online form or by post.

Online: Complete an online submission form via the link at www.icc.govt.nz

Post: Submission – Rates Postponement and Remissions Policy
Invercargill City Council
Private Bag 90104
Invercargill 9840

Can I talk to the Mayor and Councillors about this proposal?

Hearings are not planned for these consultations due to the challenges presented by Covid-19. While the opportunity to speak to your submission as part of this process is not legally required, Councillors are interested in hearing from you if you would like to share your views orally. Please understand though that our ability to facilitate this may depend upon circumstances.

How do I get further information?

You can view the proposed policy on the Council website www.icc.govt.nz

Or contact Rhiannon Suter, Manager – Strategy and Policy,

Email: rhiannon.suter@icc.govt.nz - **Phone:** 0211 221 121.

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Rates Postponement

Where 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.