

## ***Rates Remission and Postponement Policy***

This policy is prepared under section 109 and 110 of the Local Government Act 2002 using the special consultative procedure laid down in section 83 of that Act.

### **Remissions of Rates for Community, Sporting and Other Organisations**

#### ***Objective***

To facilitate the provision of non-commercial (business) community services, facilities and recreational opportunities for the residents of the Ashburton District Council.

The purpose of granting rate 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, including: children, youth, young families, aged people, and economically disadvantaged people.

#### ***Conditions and Criteria***

This policy will apply to rating units owned by the Council or owned and occupied by a charitable organisation, which are used exclusively or principally for sporting, recreation, or community purposes.

The policy does not apply to organisations operated for private pecuniary profit, or which charge a commercial tuition fee, or commercial rent.

The application for rate 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. No applications will be backdated.

Organisations making application should include the following documents:

1. Statement of objectives
2. Information on activities and programmes and any fees charged

The maximum rate remission (other than for community halls) will be 50% of total rates (including targeted rates such as water and sewerage, but excluding water by meter charges). Note: The holding of a liquor licence will not disqualify an organisation from receiving a rate remission.

Halls owned by the community are identified as playing a special role in the district's communities and shall therefore receive a 100% rate remission.

Decisions on remission of rates will be delegated to officers as set out in the Council's delegation manual.

A list of rating units granted rate remission under this policy will be forwarded annually to the Finance and Community Services Committee.

Remissions under this policy will be subject to a five yearly review.

## **Remissions of Penalty Rates**

### ***Objective***

To enable Council to act fairly and reasonably in its consideration of rates not received by Council by the penalty date, and where there are circumstances outside the ratepayer's control or circumstances where it would be unduly harsh to enforce the penalty provisions.

### ***Conditions and Criteria***

Remission of one penalty will be considered in any one rating year where payment has been late due to significant family disruption, death, illness, accident, or genuine mistake.

Written applications will be required setting out the circumstances leading to the late or missed instalment payment.

Each application will be considered on its merits and remission will be granted where it is considered just and equitable to do so.

Small balances due to cash rounding may be remitted.

Penalties will be remitted if they result from mismatches in the timing of monthly / two monthly automatic payments and direct debit payments. Penalties resulting from Council processing errors will be remitted.

Penalties may be remitted as part of an agreed repayment plan for ratepayers with significant arrears as a result to financial hardship or difficulties.

Decisions on remission of penalties will be delegated to officers as set out in Council's delegation manual.

A summary of the number of rating units granted rate remission under this policy will be forwarded annually to the Finance and Community Services Committee.

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

### ***Objective***

To promote the protection of land or buildings for natural, historic or cultural purposes.

### ***Conditions and Criteria***

Ratepayers owning rating units with some feature of cultural, natural or historic heritage which is voluntarily protected may qualify, as well as rating units identified in Council's District Plan as having cultural, natural or historic heritage attributes.

Applications must be made in writing, supported by documentary evidence of the protected status of the rating unit, e.g. a copy of the covenant or other legal mechanisms.

In considering any application for remission of rates under this part of the policy, the Council will consider the following criteria:

- the extent to which the preservation of natural, cultural or heritage features will be promoted by granting of remission of rates on the rating unit
- the degree to which features of natural, cultural or historic heritage are present on the land
- the degree to which features of natural, cultural or historic heritage inhibit the economic utilisation of the rating unit.

Council will consider the level of rate remission on a case by case basis, with the maximum remission being 50%. (This excludes targeted rates such as water and sewerage rates, and water by meter charges).

In granting remissions under this 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 these conditions are not adhered to.

## **Remission of Some Uniform Annual General Charges and Targeted Rates**

### ***Objective***

To provide the possibility of rate remission on rating units used for residential purposes and which include a separately inhabited part occupied by a dependent member of the family of the owner of the rating unit.

### ***Conditions and Criteria***

The rating unit must be used as a residence but may also contain a minor flat or other residential accommodation unit which is inhabited by a member of the owner's family dependent on the owner for financial support (e.g. a granny flat).

The owner of the rating unit must complete and provide to Council a statutory declaration outlining the conditions above, and this declaration will be effective for three years or until the conditions cease, whichever is earlier. A fresh declaration must be completed after each three-year period.

The remission will be for a maximum of the additional inhabited unit (the minor flat or other residential accommodation unit) and includes targeted rates such as water and sewerage.

Decisions on remission of rates under this policy will be delegated to officers as set out in the Council's delegation manual.

A list of rating units granted rate remission under this policy will be forwarded annually to the Finance and Community Services Committee.

## **Remission and Postponement of Rates on Maori Freehold Land**

Council may remit rates on Maori freehold land if this is in line with its policy. Maori freehold land is defined as "land whose beneficial ownership has been determined by the Maori Land Court by freehold order. Ashburton District has only one rating unit meeting this definition, and therefore Council's policy is to not remit or postpone rates on Maori freehold land, unless the application meets Council's other remission or postponement policies.

## **Remission on Excess Water Rates**

### ***Objective***

To standardise procedures to assist ratepayers who have excess water rates due to a fault (leak) in the internal reticulation serving their rating unit.

### ***Conditions and Criteria***

The policy will apply to applications from ratepayers who have excess water rates due to a fault (leak) in the internal reticulation.

All applications are to be made in writing setting out the circumstances of the fault and evidence of the corrective action having been taken.

The ratepayer will still be liable for the full charge of normal consumption as calculated from past pattern of water consumption.

An adjustment may be made for one meter reading period only, so as to encourage early remedial action by the ratepayer.

Decisions on remission of rates under this policy will be delegated to officers as set out in the Council's delegation manual.

A list of rating units granted rate remission under this policy will be forwarded annually to the Finance and Community Services Committee.

### **Postponement of Rates - Extreme Financial Circumstances**

#### ***Objective***

To assist ratepayers experiencing extreme financial circumstances which affects their ability to pay rates.

#### ***Conditions and Criteria***

Only rating units used solely for residential purposes (as defined by Council) will be eligible for consideration for rates postponement for extreme financial circumstances.

Only a person entered as the ratepayer or their authorised agent can apply for postponement under this policy.

The application should set out all relevant details, including evidence of hardship, current and projected financial circumstances, age, any disabilities, injury illness or family circumstances giving rise to the financial hardship, and these factors will be considered by the Council in deciding eligibility for postponement of rates.

Any postponed rates will be postponed until:

- The death of the ratepayer
- The ratepayer ceases to be the owner or occupier of the rating unit
- The ratepayer ceases to use the property as his / her residence
- A date specified by Council.

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 circumstances.

Postponed rates will be registered as a statutory land charge on the rating unit and the cost of this registration will be added to the postponed rate total.

Decisions on postponement of rates under this policy will be delegated to officers as set out in the Council's delegation manual.

A list of rating units granted rate postponement under this policy will be forwarded annually to the Finance and Community Services Committee.

### **Postponement of Rates Based on Expected Equity in Home after Rates**

#### **Postponement**

#### ***Objective***

To provide the option of paying rates at a later date subject to the full cost of postponement being met by the ratepayer and Council being satisfied that the risk of loss in any case is minimal.

#### ***Conditions and Criteria***

Only rating units defined as residential and used as the principal place of residence by the ratepayer applicant(s) will be eligible for consideration for rates postponement under this policy.

The applicant(s) must have been in residence in the rating unit for no less than one year before making application.

All financial and administrative costs will be added to postponed rates. These costs will be added annually. The financial cost will be the interest Council will incur at the rate of Council's cost of borrowing for funding postponed rates, plus a margin to cover other costs.

Council must be satisfied, on reasonable assumptions, that the risk of any shortfall when postponed rates and charges ultimately fall due is negligible. To determine this, a model developed by an actuary will be used. The model will forecast, on a case by case basis, expected equity when payment falls due. If that is likely to be less than 20% the Council may offer partial postponement, set at a level expected to result in final equity of not less than 20%.

The rating unit must be insured to its full value and evidence of this produced annually.

Rates under this provision will be postponed until:

- The death of the ratepayer(s) (rates fall due within three months after grant of probate or letters of administration); or
- The ratepayer(s) ceases to be the owner of the rating unit; or
- The rating unit ceases to be the principal place or residence of the ratepayer(s); or
- In the case of a ratepayer(s) under the age of 65 at the time of application, a date specified by Council.

An applicant must obtain independent advice from an appropriately qualified and trained person, as determined by Council. A certificate confirming this will be required before postponement is granted.

Postponed rates, or any part therefore, may be paid at any time. The applicant may elect to postpone a lesser sum than that which they would be entitled to under 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.

Applications must be on the required form which is available from council offices.

### **Notification of Decision to Remit or Postpone Rates**

Applicants seeking remission or postponement of rates will be notified in writing within 30 days of application advising them of the outcome of their application.

### **Review or Suspension of the Policy**

This policy is in place indefinitely but can be reviewed, subject to the requirements of the Local Government Act 2002, at any time.