

Rates Postponement Scheme





***“If you
don’t pay
rates,
imagine
what
else you
could do
with that
money.”***

You’re sick and tired of paying rates. You’d love to have that money to spend on other things.

Well, now you can through Ashburton District Council’s “Rates Postponement Scheme”.

The scheme has been developed by Council primarily to give home-owners aged 65* and over the opportunity to cease paying rates for the rest of their lives. It means that you have a choice of carrying on paying them as you do now, or leaving them for your estate to take care of.

It’s a choice which will appeal in particular to those on limited incomes, because it means you can enhance your quality of life with the money that you would otherwise be using to pay your rates.

*Applications by home owners under 65 years of age will be considered on a case by case basis.

The background

Councils throughout New Zealand can now be as flexible as they like in setting a rates postponement policy.

This is due to the Local Government (Rating) Act 2002 and the Local Government Act 2002 which changed the law to allow them to postpone the payments of rates for residential ratepayers. Previously those rates could only be postponed if the ratepayer proved hardship.

In Ashburton District, Council has elected to offer a scheme that will be available exclusively to residential ratepayers aged 65 and over. (Residential ratepayers under 65 years of age will be considered on a case by case basis)

The aim is to give these ratepayers a choice of paying their rates now or later.

Under the scheme, people have the option to postpone payment of all, or a portion of their rates, for a fixed or indefinite period. This is subject to the full cost of postponement being met by the ratepayer (i.e. interest charges and administrative costs), and Council being satisfied that the risk of loss in any case is minimal.

How do I qualify?

1. Confirming your eligibility

As a first step, you are required to fill out an eligibility form. (There is one on page 8 of this booklet.)

Council will then do its sums to check that there is little risk of any shortfall when postponed rates and accrued charges are ultimately paid. If we find there is not enough value in the property for full rates postponement, we will offer you part postponement instead.

We will then send you a conditional Letter of Offer. At the same time we will send you contact details for Presbyterian Support, the independent organisation which we have chosen to help you with your decision-making.

2. Making the decision

You will be required to have at least one “decision facilitation” interview with a Presbyterian Support counsellor, whose role is to help you arrive at a decision that is in your interests.


3. Applying for the scheme

You do this by signing the conditional Letter of Offer and returning it to Council with all required documentation.

"Decision facilitation"- what's that all about?

One of the conditions of joining our scheme is that you must have at least one “decision facilitation” interview with a counsellor from Presbyterian Support. For your first appointment, you will be required to bring proof of your age (e.g. driver’s licence, passport or birth certificate).

While “decision facilitation” may sound somewhat tedious, in reality it’s a simple procedure.



Its purpose is to help you make an informed and appropriate decision in your own best interests. It is also to protect Council from any suggestion of undue influence.

You are welcome to bring family member(s) or an adviser with you to your interview.

It is important that the people who may inherit your home are kept in the picture and understand what is happening. (Where similar schemes exist overseas, there have been instances of the heirs finding out from the estate that the family property has a substantial liability on it, and then seeking to argue that the liability should be voided because of the possibility that the owners might have been misled or not properly advised).

What if I still have a mortgage?

If you have a mortgage, you can still apply for the scheme. However, you will need to have written agreement from the financial institution which funds your mortgage.

When will my postponed rates actually be payable?

You can pay your postponed rates - the full amount or a portion of them - any time you like, without penalty. Otherwise, Council will require them to be paid:

- After you have died or, in the case of couples, the second partner has died. Council is aware that it can take time to settle an estate, and will allow up to 12 months for payment.
- When you cease to be the owner of the property. (However, if you sell your property and buy another one within the Ashburton District, Council will consider transferring the outstanding balance, or as much as is needed, to facilitate the purchase, provided it is satisfied that there is adequate security in the new property for eventual repayment).

Who pays the costs of the scheme?

The costs of operating the scheme will be paid only by those whose rates are being postponed. Council is adamant there will be no subsidy from other ratepayers.

You won't be required to pay any costs up-front - they are not payable until the postponed rates are recovered.

As well as annual rates, the costs are:

- An interest cost per annum (at Council's borrowing rate).
- An annual levy of 1% to cover external management and costs of the scheme.
- An annual reserve fund levy of 0.25% to meet any unrecovered money.
- An annual \$50 Council administration fee.
- A contribution to the cost of "decision facilitation". This will be a one-off fee of \$300, which will be paid by Council to Presbyterian Support.

What if my home is owned by a family trust, or I live in a retirement village can I still apply?

In both cases, yes.

Houses in trusts

The issue with trusts is that the trust is technically the legal ratepayer. If you live in a house owned by a trust, or you have a life tenancy/remainder arrangement, you are eligible to apply. However, Council must be satisfied that all people with an ownership interest in the property have agreed to be part of the scheme. As well as a trustee(s) this may also include beneficiaries depending on the terms of the trust deed.

Council will require a letter from the trust's lawyers to confirm that all parties whose consent is required have in fact consented, and that they have the legal authority to do so. Council's conditional Letter of Offer will also need to be signed by both the applicant(s) and all parties whose consent is required.

Retirement villages

The issue with retirement villages is that the retirement village owner is technically the legal ratepayer. However, as an occupier, you will indirectly pay rates through a licence fee passed on from the village owner.

You will be able to apply for rates postponement with the agreement of the retirement village owner. Council will send a conditional Letter of Offer to both you and the village owner. This will need to be signed by both parties and returned to Council.



Holiday homes

Holiday homes can qualify for rates postponement if they are used primarily for residential purposes for a qualifying occupant.

Other frequently asked questions

Why is Ashburton District Council offering rates postponement?

The law now allows councils to offer rates postponements to residential ratepayers. Our Council has made the decision to offer people over 65, many of whom are on limited incomes, a choice as to when they can pay their rates.

What happens about the rates I pay to Environment Canterbury? Can they also be postponed?

Yes. Traditionally, you have paid your regional council rates at the same time as your district rates. We collect them both. We have an arrangement with the regional council which means that payment of their rates will also be postponed.

What are the benefits for me?

If you don't have to pay rates each year, you'll have that extra money to do things that you really want to do. A holiday, treats for the family... it's your choice. For a lot of people, not having to pay rates can considerably ease the financial pressure.

How will I know what the accumulating costs are likely to be over time?

Council has developed a financial model for the scheme. Whenever you request it, we will give you a "snapshot" of the total accumulated costs compared to the value of your property at that time.


Will I get myself so far into debt that it can't be repaid?

No. If the total postponed charges reach 80% of the value of your property, future postponement will cease. From then on you will be required to begin paying your rates up-front again.

However, this will not affect postponements that have already been made.

The postponed rates will continue to accrue, along with the associated costs, and will still be repayable when you sell the property, or when you die.





You can be assured there will never be liability on you (or your estate) beyond the value of your property. Any shortfall when the house is sold (for example, due to unexpected falling property values) will be covered by a reserve fund levy.

What about insurance?

If you have insurance for your property when you apply, you will be required to keep it insured and to produce evidence of this each year.

If you don't have insurance, you will be required to obtain insurance for the property before being eligible for the rates postponement scheme.

Insurance is to protect you if your home is substantially damaged or destroyed. It means that the postponed rates debt will not affect the re-building or replacement of your home.

Do I have to postpone all of my rates or can I postpone part of them (just the amount I need)?

The scheme is extremely flexible so, yes, you can apply to postpone all or part of your rates. Once you are in the scheme, you can vary the amount you postpone depending on your financial situation. This is something you will need to discuss with Council staff.

Does the Council get an ownership right in my house?

No, you retain full ownership. Council simply has first claim on your estate (or proceeds from the sale of your property), for the amount that has accumulated.

Do I need to consult a lawyer about this?

If you think you should. However, there is no need for your lawyer to be involved. If you choose to see a lawyer, your legal fees can be added to your postponed rates.

Can the scheme be reviewed or suspended?

Council's scheme is in place indefinitely, although it can be reviewed at any time subject to the requirements of the Local Government Act 2002. If there were to be changes they would not affect the entitlement of people already in the scheme to continue postponement of future rates.

Council reserves the right not to postpone any further rates once the total of postponed rates and accrued charges exceeds 80% of the rateable value of the property.

Eligibility form

I would like to confirm my eligibility for rates postponement ☐ (please tick)

First applicant name: _____

Date of birth: _____

Second applicant name (if applicable) _____

Date of birth: _____

Owner(s) of property (if different from above): _____

Please specify name of trust or retirement village if applicable: _____

Address of property: _____

Council property number: _____

Signed: _____ Date: _____

Is the property used for personal residential purposes ☐ Yes ☐ No (please tick)

Type of postponement sought (if known) ☐ Full ☐ Partial (please tick)

Send this completed form to:

Rates Postponement Scheme
Ashburton District Council
PO Box 94
Ashburton 7740

