

# Rates Remission and Postponement Policy



**Approved by:** Timaru District Council

**Date approved:** 2 March 2021

## 1. Purpose

1.1. The purpose of this policy is to:

- 1.1.1. Provide for rates remissions and postponements, including on Māori Freehold Land.
- 1.1.2. Details the objectives, conditions and criteria for each remission or postponement provided.
- 1.1.3. Promote Council's community wellbeing outcomes by providing a rating system that is both responsive and transparent to the community.

## 2. Background

2.1. The Local Government Act 2002 (LGA) allows for Council to adopt either or both a rates remission policy and a rates postponement policy, and requires Council to adopt a policy on the remission and postponement of rates on Māori freehold land.<sup>1</sup>

2.2. This document combines all Council's policies on remissions and postponements.

2.3. The LGA sets out the requirements of these policies including:<sup>2</sup>

- 2.3.1. The objectives sought to be achieved by the remission or postponement;
- 2.3.2. The conditions and criteria to be met in order for rates to be remitted or postponed; and
- 2.3.3. That the policies must be reviewed at least once every six years using a consultation process that gives effect to the requirements of section 82 of the LGA.

2.4. The Local Government (Rating) Act 2002 (LGRA) states that Council:

- 2.4.1. May remit all or part of the rates on a rating unit (including penalties for unpaid rates) if Council is satisfied that the conditions and criteria of this policy are met;
- 2.4.2. Must postpone the requirement to pay all or part of the rates on a rating unit (including penalties for unpaid rates) if the ratepayer has applied in writing, and Council is satisfied that the conditions and criteria of this policy are met.

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<sup>1</sup> Section 102 (2) and (3), Local Government Act 2002.

<sup>2</sup> Sections 108, 109 and 110, LGA.

- 2.5. Sections 2.3 and 2.4 above also apply to the remission and postponement of rates on Māori freehold land.

### 3. Definitions

**Māori Freehold Land** – land that has had the status determined as Māori Freehold Land by order of the Māori Land Court.

**Rates Postponement** – a delay of payment of rates to a date determined by this Policy.

**Rates Remission** – a reduction in the amount of rates to be paid, as determined by this Policy.

### 4. General Policy

- 4.1. Council has decided to remit all or part of the rates of rating units as detailed below provided that the criteria and conditions of this policy have been met.
- 4.2. Rates remissions will be provided for the following categories of rating units or under the following circumstances:
- i) Community halls; sporting organisations; branches of the arts; community care organisations; volunteer organisation;
  - ii) Land protected for natural, historical or cultural conservation purposes;
  - iii) Rating units with penalties;
  - iv) Dwellings that were subject to a special ratable value for the purpose of Timaru District Council Rating as at 30 June 2003;
  - v) School sewerage rates;
  - vi) Rating units with excess water charges;
  - vii) Low value properties;
  - viii) Land affected by natural calamity;
  - ix) Separate self-contained flats;
  - x) Urban residential development land; and
  - xi) Buildings undergoing earthquake strengthening.
  - xii) Māori Freehold Land
- 4.3. The objectives for these remissions, and the conditions and criteria to be met in order to receive the remission are detailed for each category below.

### 5. Delegations

- 5.1. Council has delegated authority to postpone or remit rates, in accordance with this policy, to the Chief Financial Officer, General Manager Commercial and Strategy, and the Rates Remission Subcommittee.

- 5.2. In the case of any appeal, where an application for a remission or a postponement has been decline or only partly remitted, Council has delegated decision-making authority to the Rates Remission Subcommittee.
- 5.3. Council has delegated authority to the following officers to approve remissions on rates penalties in accordance with this policy:
  - 5.3.1. Group Manager Commercial and Strategy
  - 5.3.2. Chief Financial Officer
  - 5.3.3. Senior Rates Officer
  - 5.3.4. Rates Officer
  - 5.3.5. Customer Services Manager
  - 5.3.6. Customer Services Team Leader.

## **6. Policy on Remission for Community Halls; Sporting Organisations; Branches of the Arts; Community Care Organisations; Volunteer Organisations**

### **Objective**

- 6.1. The remission of rates for community, sporting and other organisations is to facilitate the ongoing provision of non-commercial community services and non-commercial recreational opportunities for the residents of Timaru District.
- 6.2. The purpose of granting rates remission to an organisation is to:
  - i) Recognise the public good contribution made by such organisations.
  - ii) Assist the organisation's survival.
  - iii) Make membership of the organisation more accessible to the general public, particularly disadvantaged groups. These include children, youth, young families, aged people, and economically disadvantaged people.

### **Conditions and Criteria**

- 6.3. The remission of rates will apply to land which is used exclusively or principally for sporting, recreation, or community purposes. The policy does not apply to organisations operated for pecuniary profit.
- 6.4. The policy does 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, or who engage in recreational, sporting, or community services as a secondary purpose only.
- 6.5. Organisations making application should include the following documents in support of their application:
  - i) Statement of objectives.
  - ii) Financial assets.
  - iii) Information on activities and programmes.
  - iv) Details of membership or clients.

### **Remissions**

- i) 100% remission on non-service rates
- ii) 50% remission on water charges, except water charged by the meter;
- iii) Recreational Organisations, excluding chartered clubs receive 50% remission on sewer charges.

## **7. Remission of Rates on Land Protected for Natural Historical or Cultural Conservation Purposes**

### **Objective**

- 7.1. Rates remission is provided to preserve and promote natural resources and heritage by encouraging the protection of land for natural, historic or cultural purposes.

### **Conditions and Criteria**

- 7.2. Ratepayers who own rating units which have some feature of cultural, natural or historic heritage which is voluntarily protected may qualify for remission of rates under this policy.
- 7.3. Land that is non-rateable under section 8 of the Local Government (Rating) Act 2002 and is liable only for rates for water supply, sewerage disposal and waste collection will not qualify for remission under this part of the policy.
- 7.4. Applications should be supported by documented evidence of the protected status of the rating unit, for example, a copy of the covenant or other legal mechanism.
- 7.5. In considering any application for remission of rates under this part of the policy, the Council will consider the following criteria:
- i) The extent to which the preservation of natural, cultural or historic heritage will be promoted by granting remission of rates on the rating unit.
  - ii) The degree to which feature of natural, cultural and historic heritage are present on the land.
  - iii) The degree to which features of natural, cultural and historic heritage inhibit the economic utilisation of the land.
  - iv) The extent to which the preservation of natural, cultural and historic heritage will be promoted by granting remission of rates on the rating unit.
  - v) The degree to which features of natural, cultural and historic heritage will be promoted by granting remission of rates on the rating unit.
  - vi) The degree to which feature of natural, cultural and historic heritage are present on the land.
  - vii) The degree to which features of natural, cultural and historic heritage inhibits the economic utilisation of the land.

### **Remissions**

- 7.6. 100% remission on non-service rates.
- 7.7. 50% remission on water charges, except water charged by the meter

## **8. Remission on Penalties**

### **Objective**

- 8.1. The remission of penalties is to allow the Council to act fairly and reasonably in its consideration of rates which have not been received by the Council by the penalty date due to circumstances outside the ratepayer's control.

### **Conditions and Criteria**

- 8.2. Remission of the penalty will be granted if the ratepayer by written explanation satisfies the Council that the late payment was due to circumstances outside the ratepayer's control.
- 8.3. Each application will be considered on its merit and will be granted where it is considered fair and equitable to do so. This includes:
  - i) Humanitarian grounds.
  - ii) Address problems which resulted in the rate account going to the wrong address.
  - iii) The ratepayer did not receive an account.
  - iv) Due to a procedure at the bank that delayed or prevented payment.
  - v) The Council made a mistake.
  - vi) A property has changed ownership and the invoice has been issued in the name of the previous owner and/or timing issues associated with the change.
  - vii) Monies received on time but credited to a different rate account due to a ratepayer supplying an incorrect reference number.
  - viii) Where no penalty has been remitted in the last two years and that ratepayer provides a reasonable explanation for the delayed payment.
- 8.4. In cases where ratepayers are in arrears with their rates, but have made acceptable arrangements for the payment of the current year's rates together with reduction in the level of arrears, further penalties being incurred will be remitted under this policy.
- 8.5. Where the Council has accepted an application for payment by direct debit that will clear the rates by 30 June in the current rating year, the property will not be charged penalties.
- 8.6. The Council accepts responsibility for the amount of the debit being set at the correct level to clear the rates and any arrears.
- 8.7. It is the ratepayers' responsibility to ensure that there are sufficient funds available in the specified account to enable the debit to be processed.
- 8.8. The Council may, at its discretion, cancel a direct debit arrangement, with advice to the ratepayer.

### **Remissions**

- 8.9. All penalties incurred will be remitted. No penalties previously incurred will be remitted.

## **9. Partial Remission on Dwellings Subject to a Special Rateable Value**

### **Objective**

- 9.1. The remission of general rates is to provide relief for rating units in commercial, residential or industrial zones and must be used as the private residential dwelling of the ratepayer or the private dwelling of a tenant of the ratepayer and, in the opinion of Council's valuation service provider, the rateable land value of the rating unit has been inflated due to the location of the property in relation to surrounding properties zoning and land uses.

### **Conditions and Criteria**

- 9.2. Rating units must be situated in commercial, residential or industrial zones and must be used as the private residential dwelling of the ratepayer or the private dwelling of a tenant of the ratepayer and in the opinion of Council's valuation service provider the rateable land value of the rating unit has been inflated due to the zoning of the property.
- 9.3. Applications for remission must be made to Council prior to the commencement of a rating year. Applications received during a rating year will apply from the commencement of the following rating year.
- 9.4. Where an application is approved, the Council will direct its valuation service provider to inspect the rating unit and prepare a valuation that will treat the rating unit as if it were a comparable rating unit elsewhere in the district.
- 9.5. Values allocated under this policy are final and there is no right of objection or appeal against the level of valuation.
- 9.6. This policy will apply to all properties to which special rateable values applied at 30 June 2003 provided the use of the property has not changed.

### **Remissions**

- 9.1. Remissions will be granted on all rates that are levied on the rateable land value of the rating unit, and the remission will be the difference between the rates that would have been struck on the rateable land value and the rates struck under the special land value allocated under this policy.

## **10. Remission of School Sewerage Charges**

### **Objective**

10.1. To provide relief and assistance to education establishments as defined in the Rating Powers (Special Provision for Certain Rates for Educational Establishments) Amendments Act 2001 in paying sewerage charges.

### **Conditions and Criteria**

10.2. The remission will apply to the following educational establishments:

- i) Established as a special school under section 98(1) of the Education Act 1964; or
- ii) A state school under section 2 (1) of the Education Act 1989; or
- iii) An integrated school under section 2 (1) of the Private Schools Conditional Integrated Act 1975; or
- iv) A special institution under section 92 (1) of the Education Act 1989; or
- v) An early childhood centre under section 308 (1) of the Education Act 1989, but excluding any early childhood centre operated for a profit.

10.3. The policy does not apply to school houses occupied by a caretaker, principal or staff.

10.4. The sewage disposal rate in any one year may not exceed the amount calculated in the clause immediately below.

10.5. The sewage disposal rate is the rate that will be levied using the same mechanism as is applied to other separately rateable rating units within the District, the number of toilets determined will be charged with the full charge.

10.6. For the purpose of the clause immediately above, the number of toilets for separately rateable units occupied for the purposes of an educational establishment is 1 toilet for every 20 students or staff or part thereof.

10.7. The number of students in an educational establishment is the number of students on its roll on 1 March immediately before the year to which the charge relates.

10.8. The number of staff in an educational establishment is the number of administration and teaching staff employed by the educational establishment on 1 March immediately before the year to which the charge relates.

### **Remissions**

10.9. Educational institutions will be levied for sewerage disposal on the basis of one charge per 20 pupils and staff or part thereof.



## **11. Remission of Rates and Charges on Land and/or Improvements Affected by Natural Calamity**

### **Objective**

- 11.1. The objective of this part of the policy is to assist ratepayers experiencing extreme financial circumstances which affect their ability to pay rates.

### **Conditions and Criteria**

- 11.2. Only rating units, where the use that may be made of the land or improvements has been detrimentally affected by erosion, subsidence, submersion or other natural calamity will be eligible for consideration for rates remission.
- 11.3. Only the person entered as the ratepayer or their authorised agent may make an application for remission of rates and charges on land or improvements affected by natural calamity.
- 11.4. The ratepayer must be the current owner of the rating unit which is subject to the application. The application should be supported by documented evidence that the rating unit has been detrimentally affected by natural calamity.
- 11.5. All applications will be considered on a case by case basis.
- 11.6. When considering whether extreme financial circumstances exist, all of the ratepayer's personal and business circumstances will be relevant including the following factors: age, physical or mental disability, injury, illness and family circumstances.
- 11.7. 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.

### **Remissions**

- 11.8. Council may, where it considers it to be fair and reasonable to do so, remit wholly or in part, any rate or charge made and set in respect of the land and/or improvements.

## **12. Remission of Excess Water Charges**

### **Objective**

- 12.1. To standardise procedures to assist ratepayers who have excessive water rates due to a fault (leak) in the internal reticulation serving their rating unit, having acted promptly in remedying the fault.

### **Conditions and Criteria**

- 12.2. The Council may remit all or part of the excess water rates where the application meets the following criteria:
- i) The policy will apply to applications from ratepayers who have excess water rates due to a fault(s) in the internal reticulation;
  - ii) That all applicants are requested to submit their application in writing;
  - iii) That proof of the repairs to the internal reticulation be submitted for verification (i.e. plumbers repair account);
  - iv) That proof be submitted for verification of the repairs being carried out promptly once the existence of a fault has been identified;
  - v) That the ratepayer be charged the full amount for normal consumption;
  - vi) That part or all of the excess amount be remitted.

### **Remission**

- 12.3. The rate payer will be charged the full amount for normal consumption of water, and the excess amount will be remitted.

### 13. Remission on Rates for Low Value Properties

#### Objective

- 13.1. To assist ratepayers who own more than one property in the district, at least one of which is of very low value.

#### Conditions and Criteria

- 13.2. Council may partially remit the Uniform Annual General Charge (UAGC) for ratepayers who own more than one property in the district.
- 13.3. The ratepayer must have paid at least one full UAGC, and any remission will only apply to subsequent low value properties.

#### Remissions

- 13.4. The remission will be based on:

<u>Capital Value (\$)</u>	<u>UAGC</u>
0 – 20,000	\$30 contribution to UAGC
20,001 – 26,000	70% remission
26,001 – 30,000	50% remission
30,001 – 55,000	30% remission
Over 55,001	Full UAGC

- 13.5. Council may remit the UAGC where the Capital Value of a property is \$5,000 or less.

## **14. Remission on Separate Self-Contained Flats**

### **Objective**

- 14.1. To assist ratepayers who own properties with separate inhabitable unit/self-contained flat used only for private, non-profit purposes.
- 14.2. To remit multiple use differential on value based rates and additional service charges for separately used or inhabitable part of rating unit.

### **Conditions and Criteria**

- 14.3. The Council may remit the rates where the application meets the following criteria:
  - i) The ratepayer has submit a statutory declaration stating that the separate inhabitable unit/self contained flat is used for extended family members or private use only and is not leased, or rented for any period of the previous year and not intended so for the next rating year.
  - ii) An application has to be submitted on or before 31 May of each year to apply for following rating year. Applications received during a rating year will apply from the commencement of the following rating year.
- 14.4. Where an application is approved, the Council could direct its valuation service provider to inspect the rating unit to confirm the status of the property.

### **Remission**

- 14.5. Where an application is approved Council may partially remit general rates, water, sewer and refuse charges, and the property will be rated as a single residential unit.

## **15. Remission of Rates for Development Land**

### **Objective**

- 15.1. To assist ratepayers who undertake significant development of land.
- 15.2. To ensure that unsold development land which is in more than one parcel, but has separate valuation assessment numbers, does not pay more than one Uniform Annual General Charge (UAGC).

### **Conditions and Criteria**

- 15.3. The Council may remit the rates where the application meets the following criteria:
  - i) Ratepayers who apply in writing providing details of the multiple lot subdivision.
  - ii) An application is submitted on or before 31 May of each year to apply for following rating year. Applications received during a rating year will apply from the commencement of the following rating year.
  - iii) The remission will only apply to development (defined as one deposited plan) where there are more than 2 allotments.
  - iv) The remission will be for a maximum period of three rating years.
  - v) The remission shall cease for any allotment if:
    - Any interest in the land is passed by the developer to another party, or
    - An application for a building consent is granted, or
    - The land is developed in some other way.

### **Remissions**

- 15.4. The ratepayer will receive a 100% remission on the UAGC on the second and subsequent allotments.

## **16. Remission on Buildings Undergoing Earthquake Strengthening**

### **Objective**

- 16.1. To assist ratepayers who are unable to occupy their property while earthquake strengthening is being undertaken.

### **Conditions and Criteria**

- 16.2. Only the person entered as the ratepayer or their authorised agent may make an application for remission of rates and charges on buildings undergoing earthquake strengthening.
- 16.3. Only properties where buildings have been determined by Council to be an Earthquake Prone Building will be eligible for a remission.
- 16.4. While receiving any remission, the property (rating unit) must not be used for any purpose, apart from the earthquake strengthening work and will not generate any revenue stream.
- 16.5. An application needs to be submitted on or before 31 May of each year to apply for following rating year. Applications received during a rating year will apply from the commencement of the following rating year.
- 16.6. The remission will only be available for a maximum of two rating years.

### **Remissions**

- 16.7. A remission of up to 75% of the general rate will be granted.

## 17. Remission of Rates on Māori Freehold Land

### Objectives

- 17.1. To ensure the fair and equitable collection of rates from all sectors of the community recognising that certain Māori-owned lands have particular conditions, features, ownership structures or other circumstances which make it appropriate to provide relief from rates.
- 17.2. The remission of rates on Māori freehold land is to:
- i) Recognise situations where there is no occupier or person gaining an economic or financial benefit from the land.
  - ii) Set aside land that is better set aside for non-use because of its natural features (whenua rahui).
  - iii) Recognise matters related to the physical accessibility of the land.
  - iv) Recognise and take account of the presence of wāhi tapu that may affect the use of the land for other purposes.
  - v) Grant remission for the portion of land not occupied where part only of a block is occupied.
  - vi) Facilitate the development or use of the land where Council considers rates based on actual land value make the actual use of the land uneconomic.
  - vii) Recognise and take account of the importance of land in providing economic and infrastructure support for marae and associated papakainga housing.
  - viii) Recognise and take into account the importance of the land for community goals relating to:
    - The preservation of the natural character of the coastal environment.
    - The protection of outstanding natural features.
    - The protection of significant indigenous vegetation and significant habitat of indigenous fauna.

### Conditions and Criteria

- 17.3. Māori freehold land is defined in the Local Government (Rating) Act 2002 as land whose beneficial ownership has been determined by a freehold order issued by the Māori Land Court. Only land that is the subject of such an order may qualify for remission under this policy.
- 17.4. Owners or trustees making application should include the following information in their applications:
- i) Details of the property.
  - ii) The objectives that will be achieved by providing a remission.
  - iii) Documentation that proves the land, which is the subject of the application, is Māori freehold land.

- 17.5. Council will maintain a register titled the Māori Land Rates Relief Register (the register) for the purpose of recording properties on which it has agreed to remit rates pursuant to this policy. The register will comprise two category lists, these being:
- i) The Māori Land General Remissions List.
  - ii) The Māori Land Economic Adjustment Remissions List.
- 17.6. Council will review the register annually and may add properties that comply, or remove properties where circumstances have changed and they no longer comply.
- 17.7. Remissions are applied at the sole discretion of Council and may be cancelled and reduced at any time.

#### **Māori Land General Remissions List**

- 17.8. Council will consider remission of rates on land that comes within the following criteria:
- i) The land is unoccupied and no income is derived from the use or occupation of that land, or
  - ii) The land is better set aside for non-use (whenua rahui) because of its natural features, or is unoccupied, and no income is derived from the use or occupation of that land.
  - iii) The land is inaccessible and is unoccupied.
  - iv) Only a portion of the land is occupied.

#### **Māori Economic Adjustment Remissions List**

- 17.9. Council will consider remission for land that carries a best potential use value that is significantly in excess of the economic value arising from its actual use.
- 17.10. The remission for land recorded in the *Māori Land Economic Adjustment Remissions List* will be the difference between the rates as assessed and the rates that would be assessed based on the actual use of the land.

#### **Remissions**

- 17.11. A full remission of any rates except targeted rates made for water supply, sewerage disposal or waste management.



## **18. Postponement of Rates on Māori Freehold Land**

### **Objective**

- 18.1. To facilitate the development and use of Māori Freehold Land for economic use.
- 18.2. The policy will be applied where Council considers utilisation would be uneconomic if full rates were required during the years of development and establishment.

### **Conditions and Criteria**

- 18.3. Māori Freehold Land is defined in the Local Government (Rating) Act 2002 as land whose beneficial ownership has been determined by a freehold order issued by the Māori Land Court. Only land that is subject of such an order may qualify for postponement under this policy.
- 18.4. Council will consider postponement of rates where previously unoccupied land is subject to clearing, development and commercial use where Council considers utilisation would be uneconomic if full rates were required during the years of development and establishment.
- 18.5. Application should be made prior to commencement of the development. Applications made after the commencement of the development may be accepted at the discretion of Council.
- 18.6. Owners or trustees making application should include the following information in their applications:
  - v) Details of the property.
  - vi) The objectives that will be achieved by providing postponement.
  - vii) Details of the proposed development.
- 18.7. Council may also, at its discretion, partially remit rates that are otherwise subject to postponement.

## **19. Rates Postponement Policy**

### **Objective**

- 19.1. The objective of this part of the policy is to assist ratepayers experiencing extreme financial circumstances which affect their ability to pay rates.

### **Conditions and Criteria**

- 19.2. Only rating units used solely for residential purposes will be eligible for consideration.
- 19.3. Only the person entered as the ratepayer, or their authorised agent, may make an application for rates postponement for extreme financial circumstances.
- 19.4. 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.
- 19.5. The person entered on Council's rating information database as the "ratepayer" must not own any other rating units or investment properties (whether in the district or in another district).
- 19.6. The ratepayer (or authorised agent) must make an application to Council.
- 19.7. Council will consider, on a case by case basis, all applications received that meet this criteria.
- 19.8. 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.
- 19.9. 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.
- 19.10. 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.
- 19.11. Any postponed rates will be postponed until:
  - i) The death of the ratepayer(s); or
  - ii) Until the ratepayer(s) ceases to be the owner or occupier of the rating unit; or
  - iii) Until the ratepayer ceases to use the property as his/her residence; or
  - iv) Until a date specified by the Council.
- 19.12. The policy will apply from the beginning of the rating year in which the application is made although the Council may consider backdating depending on the circumstances.
- 19.13. 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.

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

**Fees and Charges**

- 19.1. Council will charge an annual administrative fee of \$100 on postponed rates for the period between the due date and the date they are paid.
- 19.2. The ratepayer will be required to pay the first \$1,000.00 of the rate account.

## Delegations, References and Revision History

### Delegations

Identify here any delegations related to the policy for it to be operative or required as a result of the policy

Delegation	Delegations Register Reference

### References

Include here reference to any documents related to the policy (e.g. operating guidelines, procedures)

Title	Document Reference
Text	

### Revision History

Summary of the development and review of the policy

Revision	Owner	Date Approved	Approval By	Next Review	Doc Ref
1	Chief Financial Officer/Management Accountant/Senior Rates Officer	2 March 2021	Council	3 yearly	1396950