

# RATES RELIEF POLICY

## Remission and Postponement of Rates Policy - Brief Statement

Council proposes to adopt remission of rates policies, (and a grant in lieu of remission policy), pursuant to the Local Government (Rating) Act 2002, as follows:

- a) Remission of penalties on current overdue instalments;
- b) Remission of penalties on arrears (including past overdue instalments);
- c) Remission of rates for extreme financial hardship;
- d) Postponement of rates for hardship.
- e) Remission of rates on land used for certain purposes;
- f) Policy for grants in lieu of rate remissions (for 2004/2005)
- g) Remission of targeted rates for sewage disposal from schools;
- h) Remission of rates for land affected by natural calamity;
- i) Remission of rates on Maori freehold land;
- j) Postponement of rates on Maori freehold land;
- k) Remission of rates for rating units held in a single subdivision block;
- l) Remission of rates for residential rating units with special rateable values;
- m) Remission of rates in exceptional circumstances;

Council will delegate to Council officers authority to consider and approve all applications for remission or postponement of rates pursuant to Council's policies. As a general rule and where practicable documentary evidence or statutory declaration should be provided in support of a written application.

Applications for remission or postponement, or a grant in lieu of remission, should be in writing.

## Remission of Penalties on Current Overdue Instalments

### Policy objective

The objective of this remission policy is to enable Council to act fairly and reasonably in its consideration of penalties on rates where payments have not been received by Council by due date due essentially due to circumstances outside the ratepayer's control.

### Conditions and criteria for remission of penalties on overdue instalments

Council will remit a penalty on the first instalment when the full year's rates are paid before the penalty date for the second instalment.

Council will consider remission of penalties on current overdue instalments when the late payment has resulted from:

- a) significant family disruption, including death, illness, or accident to a family member as at the due date; or
- b) matters outside the ratepayer's control, including payments going astray in the post, non receipt of the instalment notice before penalty date, the late issue of a sale notice, and a late clearance payment by the solicitor on a property settlement.

Council may also consider remission of a penalty when the late payment has apparently been inadvertent and the ratepayer has a good payment history.

All remissions will be considered on their merits and remission will only be given where Council considers it just and equitable to do so. Applications for remission must be in writing.

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

## Remission of Penalties on Arrears

(arrears includes non-current overdue instalments)

### Policy objective

The objective of this remission policy is to enable Council to act fairly and reasonably in its consideration of penalties on rates that are in arrears, other than the current instalment, due essentially to financial hardship.

### Conditions and criteria for remission of penalties on arrears in cases of hardship

Council will consider remission of penalties on arrears in cases of hardship when:

- a) a request for remission has been made in writing; and
- b) the request includes full supporting reasons and evidence satisfactory to Council; and
- c) the remission contributes to prompt settlement in full of the remaining debt or to sale of the property and clearance of the debt in the short term.

### Conditions and criteria for remission of future penalties on arrears and on future instalments in cases of severe hardship

Council will consider remission of future penalties on arrears in cases of severe hardship when:

- a) a request for remission has been made in writing; and
- b) the request includes full supporting reasons and evidence satisfactory to Council; and
- c) the purpose of the request is for the ratepayer to reach and maintain a fully paid status; and
- d) the ratepayer enters into a rates settlement arrangement that provides for collection of both current rates and arrears in full over an acceptable timeframe, provided that:
  - (i) the arrangement will be annulled if the applicant does not adhere to it; and
  - (ii) Council may vary the arrangement on request; and
  - (iii) Council may in extreme cases elect to also remit some or all of the penalty arrears existing at the time the arrangement was entered into if the arrangement has been adhered to and this brings about settlement in full.

All remissions will be considered on their merits and remission will only be given where Council considers it just and equitable to do so. Applications for remission must be in writing.

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

## Remission of Rates for Extreme Financial Hardship

### Policy objective

The objective of this remission policy is to assist ratepayers experiencing extreme financial hardship which affects their ability to pay rates.

### Conditions and criteria for remission of rates for extreme financial hardship

Council will consider, on a case by case basis, all applications received that meet its criteria.

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

Formal application must be made by the ratepayer or the ratepayer's authorised agent on the application form provided by Council for the purpose, providing full information as required by the application form.

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 and 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.

## Postponement of Rates for Hardship

### Policy objective

The objective of this postponement policy is to assist ratepayers experiencing extreme financial hardship which affects the ability to pay rates.

### Conditions and criteria for postponement of rates for hardship

Council will consider, on a case by case basis, all applications received that meet its criteria.

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

Formal application must be made by the ratepayer or the ratepayers authorised agent on the application form provided by Council for the purpose, providing full information as required by the application form.

When considering whether extreme financial circumstances exist, all of the ratepayer's personal circumstances will be relevant and considered. Council will only postpone rates or a portion thereof when it considers there is no acceptable alternative.

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 ratepayer(s) ceases to be the owner or occupier of the rating unit; or
- until the ratepayer(s) ceases to use the property as his/her residence; or
- until a date specified by the Council,

as determined by Council in any particular case. 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 and financial costs and may vary from year to year. The fee that will be charged in the 2004/2005 financial year is \$50.

Even if rates are postponed, as a general rule the ratepayer will be required to pay the first \$500 of the rate account.

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.

## Remission of Rates on Land Used for Certain Purposes

### Policy objective

To facilitate the ongoing provision of non-commercial community services and non-commercial 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 services 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 for remission of rates on certain types of land

This part of the policy will apply to land owned or occupied by a charitable, sports or recreation organisation, and which is used exclusively or principally for sporting, recreation or community purposes. For the purposes of this policy the terms "occupied" means exclusive use of all or part of a rating unit.

The policy does not apply to organisations operated for private pecuniary profit.

Applications for remission must be made on the prescribed form (available from the Council offices). Application for rate remission should be made to the Council prior to the commencement of the rating year.

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

- Statement of objectives; and
- Constitution or rules or equivalent; 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 the Council as meeting the relevant criteria.

For the 2004/2005 rating year, Council will continue to approve remissions to organisations that qualified for remission in the 2002/2003 year provided the qualifying criteria still apply.

No remission will be granted on targeted rates for water supply, sewage disposal or refuse collection.

Council may at its discretion utilise the interim policy for grants in lieu of rate remissions, in place of and instead of this remission policy.

## Policy for Grants in Lieu of Rate Remissions

This policy is not part of Rotorua District Council's rate remission policies, but is included here as part of Council's community assistance programme. Its purpose is so that organisations which will no longer be entitled to rate remission (because they are no longer the ratepayer under the Local Government [Rating] Act 2002) can receive an equivalent grant so that the net effect on them is similar in 2004/2005 to what it was or would have been in 2002/2003 (under the Rating Powers Act 1989).

### Policy Objective

To provide assistance in lieu of rates relief to organisations who lease properties and who use their properties for welfare, education, community service, social, cultural or recreation purposes.

To avoid or mitigate any adverse financial impact of the provisions in the Local Government (Rating) Act 2002 on affected organisations due to their no longer being eligible for rate remission.

### Conditions and criteria for grants in lieu of rate remissions

This policy will apply to groups which were entitled to a discretionary rate remission in 2003/2004, but which no longer have access to such remission because they do not own the land they use and occupy. The policy applies to properties of the categories previously granted remission pursuant to the second schedule, Part I, of the Rating Power Act 1988.

The organisations will be charitable and the land will be used exclusively or principally for sporting, recreation, or community purposes.

Applications for remission must be made on the prescribed form (available from the Council offices). Application for a grant in lieu of rate assistance should be made to Council prior to the commencement of the rating year.

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

- Statement of objectives; and
- Constitution or rules or equivalent; 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. For the 2004/2005 rating year, Council will approve grants in lieu of remission to organisations that qualified for remission in the 2002/2003 and 2003/2004 years provided the qualifying criteria still apply.

No assistance will be granted on targeted rates for water supply, sewage disposal or refuse collection.

## Remission of Targeted Rates for Sewerage Disposal from Schools

### Policy objective

The objective of this remission policy is to enable Council to fairly and reasonably rate schools for sewerage disposal having regard to the number of water closets and urinals needed for the number of pupils and staff rather than for the actual number of water closets and urinals available.

### Conditions and criteria for remission of targeted rates for sewerage disposal from schools

Targeted rates for sewerage disposal from schools will be remitted to the extent that they exceed the rates on the deemed number of water closets and urinals:

- a) The deemed number of water closets and urinals will be the lesser of one water closet and urinal for every 20 persons (teachers and students) or part thereof on the roll at 1 April in the preceding financial year, and the actual number of water closets and urinals.

- b) A school is defined as a state school under section (2) (1) of the Education Act 1989, or an integrated school under section (2) (1) of the Private School Conditional Integration Act 1975.

Schools will be required to file an annual return of teacher and student numbers in the prescribed form in order to qualify for the remission.

## Remission of Rates for Land Affected by Natural Calamity

### Policy objective

The objective of this remission policy is to enable Council to act fairly and reasonably in its consideration of remission of rates on land affected by natural calamity.

### Conditions and criteria for remission of rates for land affected by natural calamity

Council will consider remissions of rates on land affected by natural calamity:

- a) when applied for in writing, and
- b) where the use that may be made of the land has been detrimentally affected by erosion, subsidence, submersion, or any other natural calamity.

## Remission of Rates on Multiple-owned Maori Freehold Land

### Policy objectives

The objectives of this remission policy are:

- a) to recognise situations where there is no occupier or person gaining an economic or financial benefit from the land;
- b) to set aside land that is better set aside for non-use because of its natural features (whenua rahui);
- c) to recognise matters related to the physical accessibility of the land;
- d) the rating unit or part thereof is unoccupied and no-one is receiving a benefit from it;
- e) where part of a block is occupied, to grant remission to the portion of land not occupied;
- f) to enable Council to act fairly and reasonably where utilisation is considered to be uneconomic if rates are payable as assessed.

## Conditions and criteria for remission of rates on Multiple-owned Maori freehold land

Council will remit in whole or in part, rates on Multiple-owned Maori freehold land that comes within the following criteria:

- a) the land is unoccupied and no income is derived from the use or occupation of that land; or
- b) the land is better set aside for non-use (whenua rahui) because of its natural features and is so set aside; or
- c) the land is inaccessible and is unoccupied; or
- d) the land is the unoccupied portion of a block where only a portion is occupied.

Council will consider remission in part of rates on Multiple-owned Maori freehold land, having regard to the circumstances, when:

- a) applied for in writing; and
- b) the land value exceeds the value that is relevant for the purpose for which the land is or will be used; and
- c) remission of part of the rates assessed will enable the land to be utilised.

## Postponement of rates on Multiple-owned Maori freehold land

Council's policy in respect of postponement of rates on Multiple-owned Maori freehold land follows past policy. This is to not postpone rates but to use the remission policy where appropriate, or the general policy on postponement of rates for hardship, where appropriate.

## Remission of Rates for Rating Units Held in a Single Subdivision Block

### Policy Objective

The objective of this remission policy is to support the development and holding of subdivision land for residential lots.

### Conditions and criteria for remission of rates for rating units held within a single subdivision block

Council will remit the uniform annual general charge plus targeted rates for the availability of a Council service on all but one rating unit where all these rating units are:

- a) owned by the same person or persons; and
- b) held as the unsold rating units of a development subdivision;
- c) originally contiguous or separated only by a road, railway, drain, water race, river, or stream.

## Remission of Rates for Residential Rating Units which have had Special Rateable Values

### Policy Objective

This is a transitional policy.

The objective of this remission policy is to continue to allow general rates relief on those residential properties in areas where rating values are influenced by demand for multi-unit residential housing or where these residential properties are subject to commercial / industrial zoning.

### Conditions and criteria for remission of general rates for rating units which have had special rateable values.

This remission will apply only to those rating units with special rateable values recorded as at 1 July 2002.

The amount of relief to be granted will be based on the proportion that the special rateable value was in the previous rating year to the rateable value.

## Remission of Rates in Extraordinary Circumstances

### Policy Objective

It is recognised that not all situations in which the Council may wish to remit rates will necessarily be

known about in advance and provided for in Council's specific policies.

The purpose of this part of the policy is to provide for the possibility of rates remission in circumstances which have not been specifically addressed but in which, for the reasons set out below, Council considers it appropriate to remit rates.

### Conditions and criteria for remission of rates in extraordinary circumstances

Council may remit rates on a rating unit where it considers it just and equitable to do so because:

- a) Extraordinary circumstances have arisen by virtue of the transition from the Rating Powers Act 1988 to the Local Government (Rating) Act 2002 that means it would be fair and equitable to grant relief (including relief granted on a transitional basis); or
- b) The property is in the business rural rating category and would be subject to hardship that could cause a loss of a beneficial service to the local community; or
- c) Extraordinary circumstances have arisen by virtue of transition to the new rating policy for 2004/2005; or
- d) The property was entitled to a remission pursuant to Council's previous policy in respect of the Queen Elizabeth II National Trust open space covenant.

The amount of any such relief will be determined by Council having regard to the quantum of additional rates caused by the extraordinary circumstances.

## Discount for Early Payment of Rates

A discount will be allowed for early payment of rates in compliance with the following conditions:

- a) The discount will be allowed to any ratepayer who pays the total annual rates as specified on the rates assessment by the due date for the first instalment;
- b) The discount will not apply to charges for water by meter;
- c) The discount will be at a rate fixed annually by resolution.

## Delegation of Decision-making

Decisions relating to rating and to applications for remission and postponement of rates will be delegated to officers as set out in Council's Delegation Manual, which is being updated to reflect the provisions of the Local Government (Rating) Act 2002. A further penalty will be added on rates still owing 6 months after the above further penalty was added. The penalty will be 10% of the unpaid amount.

