

Remission and Postponement of Rates Policy

Group Responsible: Chief Financial Officer

Date Approved: 27 September 2017

Date Amended:

File No: r/16/10/17769

1.0 Purpose

Where it is considered fair and reasonable to do so, Southland District Council can grant a remission or postponement of certain rates. This policy specifies the circumstances under which rates will be considered for remission or postponement. The objectives of the policy are to:

- provide financial assistance and support to ratepayers where it is reasonable to do so.
- address rating anomalies.
- provide Council with the ability to act reasonably in administering its rating powers and policies.
- address other objectives as detailed in this policy.

Southland District Council's Remission and Postponement of Rates Policy has been developed in accordance with Sections 85 and 87 of the Local Government (Rating) Act (2002), and Sections 102(2), 109 and 110 of the Local Government Act (2002).

2.0 Definitions and Abbreviations

TERM	MEANING
Service Rates	Rubbish and Recycling Bins. Water and wastewater rates and loan charges.
Sports Associations	Sports associations include societies, clubs or association of persons (whether incorporated or not) for games or sports, except galloping races, harness races, or greyhound races.

3.0 Background

This policy is being updated for release in conjunction with the 10 Year Plan 2018-2028. The current policy provides additional clarity regarding the conditions and criteria under which rates will be remitted or postponed.

4.0 Policy Details

Rating of small community and sports associations with liquor licences

Council recognises the contribution that community, sports and other community associations make to their community and acknowledges that small associations may have limited financial resources.

Providing rates remission to small community and sports associations facilitates the ongoing provision of non-commercial recreational opportunities and makes participation accessible to our communities.

Conditions and criteria

Community and sports associations that hold a liquor licence may apply for partial remission of rates (other than services rates) as follows:

- community and sports associations with a membership of up to 75 full time member equivalents shall be entitled to a 25% remission.
- community and sports associations with a membership of not less than 75 and no greater than 100 full time member equivalents shall be entitled to a 12.5% remission.
- this policy applies to land owned by Council or owned and occupied by a charitable organisation, which is used exclusively or principally for sporting, recreation, or community purposes other than galloping races, harness races and greyhound races.
- this policy does not apply to organisations operated for private pecuniary profit.
- the sporting club or organisation must hold the liquor licence as an incidental activity to the primary purpose of occupancy.
- any restaurant, bar and gaming machines areas for Chartered Clubs are excluded from this remission and will be rated at the full commercial rating.
- the sporting club or organisation will be required to complete a yearly statutory declaration on or before 31 March, confirming that it meets the conditions and criteria under the policy.

In all cases, land that is used for the private pecuniary profit of any members of the society or association shall not be eligible for a rates remission.

Community facilities owned by persons, general clubs, societies or associations

Council owned public halls are not liable for rates under Schedule 1 of the Local Government (Rating) Act (2002). However, in addition to Council owned halls, there are a variety of organisations who own public halls, libraries, museums, art galleries or other similar institutions which provide a benefit to the community as a whole. This policy provides for 100% rates remission (with the exception of service rates) for these organisations.

Part 2, of Schedule 1 of the Rating Act also provides for 50% rates remission (with the exception of services rates) in respect of land owned or used by:

- a society incorporated under the Agricultural Pastoral Societies Act (1908), or

- a society or association (whether incorporated or not) for games or sports, except galloping races, harness races or greyhound races, or
- a society or association (whether incorporated or not) for the purpose of the arts.

Conditions and criteria

Rating unit(s) owned by a ratepayer other than Council and used for a public hall, library, museum, art gallery, or other similar institution may apply for a 100% remission on all rates other than service rates on that rating unit. Applications for remission will be considered if:

- community facilities do not operate for private pecuniary profit.
- community facilities do not receive any funding from government agencies or have any contracts for fee for service with government agencies. Community facilities which are rated for by Council are not considered to receive government funding under this policy.
- community facilities operate on a voluntary basis and have no full-time or part-time paid employees or contractors operating in this capacity.

Applications for a 50% rates remission will be considered if the land is owned or used by:

- a society or association of persons (whether incorporated or not) for the purpose of any branch of the arts;
- a society incorporated under the Agricultural and Pastoral Societies Act (1908) as a showground or place of meeting; or
- a society or association of persons (whether incorporated or not) for games or sports, except galloping races, harness races, or greyhound races.

The 50% remission is on all rates other than service rates on that rating unit. Under the Local Government (Rating) Act (2002) Schedule 1, Part 2, land used for the private pecuniary profit of any members of the society or association is excluded from this form of remission. If the land is subject to a licence under the **Sale and Supply of Alcohol Act 2012** it is not eligible for this form of remission.

Remission of penalties

Penalties applied to outstanding rates instalments and the amount outstanding at the end of each financial year may be applied in accordance with Sections 57 and 58 of the Local Government (Rating) Act (2002). Southland District Council recognises that applying penalties may exacerbate financial hardship and that in some instances there may be a fair and reasonable explanation for delays in payment.

Penalties may be remitted in accordance with Section 109 of the Local Government Act (2002) and Section 85 of the Local Government (Rating) Act (2002). This policy provides for a discretionary right to remit total penalties on rates, or a portion thereof in circumstances which the Council considers it reasonable to do so.

Conditions and criteria

The practice of a penalty for non-payment of rates by due date is an accepted standard practice for local authorities and delay in mail delivery does not constitute justification for remission. Remission of penalties will be considered under the following conditions and criteria.

Late payments

A payment has been received after the date fixed for imposition of a late penalty charge, provided that none of the previous four instalments were similarly received late.

Council has discretion to remit one instalment penalty in any one rating year for lateness where payment is made within five working days of the due date. In such cases, consideration will be given to the history of payments by the ratepayer.

Payment arrangement made for arrears

Remission will be considered if a ratepayer makes satisfactory arrangements for regular and substantial reduction of arrears. Remission will only occur if arrangements are fully met. If arrangements are not met, penalties may be re-applied.

Significant family disruption

Remission will be considered if a ratepayer provides sufficient information which, if considered genuine and if substantiated with reasonable excuse for late payment, would justify remission for late payment penalty charges. Remission will be considered in the case of death, illness or accident of a family member.

Missing payments

Remission of one instalment penalty in any one rating year may be granted where it is considered that a cheque or credit card deduction slip may have gone missing through no fault of the ratepayer.

Applications to remit penalties under this section will only be considered providing the missed instalment is paid within seven days of the application.

Payment misallocation

Remission of instalment penalties may be granted where instalment payments have been received by Council and applied to an incorrect internal account.

Where payments are repeatedly receipted to incorrect internal accounts due to ratepayer action (such as internet banking errors), Council will advise the ratepayer of the correction necessary for future payments and may refuse to remit any further penalties for this reason.

Penalties on Small Overdue Balances

When a small balance which is uneconomical to collect is overdue, Council may write off the balance and penalties as it considers appropriate.

Extreme financial hardship - remission of rates

Southland District Council understands that some ratepayers face extreme financial hardship. Section 109 of the Local Government Act (2002) and Section 85 of the Local Government (Rating) Act (2002) provides for the Council to remit part of the rates owing on the rating unit in cases of extreme hardship. This policy allows for the remission of rates in cases of extreme financial hardship, due to any range of factors including, but not limited to illness and natural calamity.

Conditions and criteria

Each application for remission due to extreme financial hardship will be considered on its own merits. However, the following conditions and criteria must be met before any remission is granted:

- the applicant must be the owner of the property;
- the applicant must reside at the property and the property must be classified as residential. Companies, trusts and other similar ownership structures of these properties do not qualify for this remission;
- the ratepayer has no assets except a low value property upon which rates are owed and where the ratepayer relies on supplementary benefits;
- the applicant must declare total household income and their total financial position;
- Council must be satisfied that the ratepayer will not have sufficient funds remaining after the payment of rates, health care and normal living expenses. In considering the ratepayers position the Council may seek independent verification from a budget advisor or other agency working with the ratepayer.
- applications for remission of rates due to extreme financial hardship will be assessed independently from the Government Rates Rebate Scheme. The Council shall consider whether postponement of rates is a more suitable option.

Rates remission for school sewerage charges

This form of remission intends to provide relief and assistance to educational establishments that are subject to multiple pan charges for wastewater services as defined in the since repealed Rating Powers (Special Provision for Certain Rates for Educational Establishments) Amendment Act (2001).

Conditions and criteria

This part of the policy will apply only to educational establishments as defined in the repealed Rating Powers (Special Provision for Certain Rates for Educational Establishments) Amendment Act (2001). The Policy does not apply to any school house, or any part of a school used for residential purposes.

The calculated number of pans of any educational establishment in any one year subject to the relevant wastewater targeted rate will be the lesser of:

- the **actual** number of toilet pans in the establishment; or
- the **notional** number of toilet pans in the establishment. The notional number is calculated as one pan per 20 pupils/staff. A part thereof a notional pan will attract no charge.

Once the number of pans has been established as per the above methodology, the charging regime to apply to these educational establishments will be the same as for commercial ratepayers with multiple pans. That is a fixed amount per Separately Used or Inhabited Part of the education establishment will apply for the first two pans, with the third or more pans attracting a charge for each pan at 50 percent of the corresponding fixed amount.

Grants in lieu of remissions of rates

Where the application for remission does not meet other criteria listed above for remissions, but there is a community benefit gained from providing a remission, the Council or the respective Community Board/Community Development Area Subcommittee or Committee of Council, may pay the rates on behalf of the ratepayer.

Conditions and criteria

Where such an application is made to Council or the respective Community Board or Committee of Council the appropriate body of elected representatives may resolve to pay the rates on behalf of the applicant or pay a grant to the applicant for the amount of the rates.

Such applications will be considered on a case by case basis. Applicants must demonstrate that rates cannot fairly and reasonably be expected to be funded from other sources and that providing a grant to fund rates will result in public benefit.

Any payments made as grants in lieu of remissions of rates shall be recorded as an expense against Council or the respective Community Board or Committee of Council.

Remission of rates in exceptional circumstances

Southland District Council recognises that there may be other instances where the collection of rates is not reasonable. This policy allows for the remission of rates or penalties in exceptional circumstances on a case by case basis.

Conditions and criteria

Some criteria for consideration for remission of rates in exceptional circumstances include, but are not limited to instances where:

- adjustments are required to rates assessments that cannot then be collected under the Local Government (Rating) Act (2002).
- penalties are related to rates that have been remitted.
- collection of rates is uneconomic.

There are special circumstances in relation to the rating unit, or the incidence of the rates (or a particular rate) assessed for the rating unit, which mean that the units rates are disproportionate to those assessed for comparable rating units.

Where a rating unit has been completely destroyed by fire, Council may remit all or part of any rate or charge where it considers it fair to do so. Application of the remission will apply from the first of the month following the fire.

Council may of its own volition investigate and grant remission of rates or penalties on any land in the District. Discretion to decide whether to grant a rates remission under this policy is delegated to the parties noted in Section 6 of this policy.

Remissions approved under this policy do not set a precedent and will be applied for each specific event and only to properties directly affected by the event.

Remission of roading rates on other utilities with no primary address

Some rating units classified as 'Other Utilities' do not have a primary address. These rating units include infrastructure assets such as district water, wastewater and stormwater supply as well as utility and railway networks. Because of the nature of these rating units, many have high capital value and no recorded land value.

Council will remit roading rates for these rating units because their capital values may not correlate with the demands they place on the roading network. Further, these rating units supply services and infrastructure which benefit the community and district as a whole. Council has taken the view that applying additional charges to these rating units is likely to result in costs being passed on to consumers.

Conditions and criteria

To be considered for remission of the roading rate, rating units must:

- be classified by Quotable Value as ‘Other Utilities’; and
- have no primary address.

Remission of rates for cancellation or reduction of wheelie bin service

Where a ratepayer has been charged a rate for wheelie bin services and decides to cancel or reduces this service, to no less than the minimum of one rubbish bin and one recycling bin per rating unit, they may be eligible for a remission. This form of remission reflects the part of the year where the service is cancelled or reduced. A reduction in service refers to instances in which a ratepayer has elected to reduce the number of bins being collected during the year (eg moving from three to two).

Conditions and criteria

To be eligible for this form of remission a ratepayer must inform Council of the cancellation or reduction in wheelie bin service. This must be confirmed by Council’s contractor.

A remission will apply from the first day of the month after the wheelie bin has been returned to Council’s contractor. Remissions will be automatically offset against the ratepayers account.

Remission of rates for natural disasters and emergencies

In order to provide relief to ratepayers where a natural disaster or other type of emergency affects one or more rating units’ capacity to be inhabited, used or otherwise occupied for an extended period of time, Council may remit all or part of any rate or charge where it considers it fair to do so.

Conditions and criteria

Individual events causing a disaster or emergency to a community or communities within our district are to be identified by Council resolution. Council will determine the criteria for the remission at that time and those criteria may change depending on the nature and severity of the event and available funding at the time.

Remissions approved under this policy do not set a precedent and will be applied for each specific event and only to properties directly affected by the event.

Extreme financial hardship - postponement of rates

Southland District Council recognises that the postponement (in total or part) of rates and/or penalties in cases of hardship may be the most appropriate course of action. This policy allows for the postponement of rates in cases of financial hardship where this is the most appropriate option.

Conditions and criteria

A ratepayer may apply for postponement of rates and/or penalties in cases of financial hardship, due to any range of factors including, but not limited to illness and natural calamity. Each application for postponement due to financial hardship will be considered on its own merits. When rates are no longer eligible to be postponed on the property, all postponed rates will be payable immediately.

Postponement of rates due to financial hardship may be considered if:

- the ratepayer is the property owner
- the property is used by the ratepayer as his or her permanent place of residence
- the property is used solely for residential purposes
- the ratepayer has not less than 25% equity in the property
- the ratepayer provides a statutory declaration:
 - confirming that they do not own any other property or have a significant interest in a business or shares;
 - detailing the value of the ratepayers property insurance and the value of encumbrances against the property including mortgages and loans.

A postponement fee shall be added to all postponed rates to cover, but not exceed the administrative and financial costs of postponement to Council. Postponement fees must be treated as part of the rates on a rating unit. Postponement fees will be set annually as part of the rates resolution.

All postponed rates shall be registered as a charge on the land under the Statutory Land Charge Registration Act (1928). No dealing with the land may be registered by the ratepayer while the charge is registered, except with the consent of Council.

Process and period of postponement

Rates may be postponed:

- until the death of the ratepayer.
- until the ratepayer ceases to own the rating unit.
- for a specified period so defined by Council.
- until the postponed rates equate to 80% of the available equity in the property.
- until a date when the applicant/occupier ceases to use the property as his/her permanent place of residence; or to use the property solely for residential purposes.

Rates postponement agreements shall not exceed six years, but the ratepayer may apply for a continuation of the postponement at the termination of the agreement.

When an application for postponement is approved, the following provisions will apply:

- postponement will first apply in the year a completed application is received.
The amount of rates postponed will not incur additional charges.
- instead of the Council requiring payment of the full annual rates bill in the year in which it falls due, the ratepayer will be required to pay to the Council an appropriate minimum amount determined by the Finance Manager.

- any rates postponed shall be registered as a charge on the land.

Not less than once annually every ratepayer whose rates have been postponed under this policy, will be provided with a statement showing the total annual rates currently due. This will be itemised to show year by year the total amount of the postponed rates and postponement fees.

Following the end of the financial year, a schedule of rates postponed will also be provided to the Council (annually), listing all the properties for which rates postponements have been granted and which remain outstanding.

Any part of postponed rates can be paid at any time

The applicant may elect to postpone the payment of a lesser sum than that which they would otherwise be entitled to have postponed under this policy. Any part of the postponed rates and/or any additional charges may be paid at any time.

5.0 Making an Application

Written applications for remissions or grants in lieu of rates must be made 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. Applications will not be backdated. Applications for postponement of rates due to financial hardship can be made at any time.

All decisions made under this policy by Council, Southland District Council staff and committees of Council are final.

The following table outlines supporting documents which should accompany applications for remissions, postponement or grants in lieu of remission. Additional information may also be requested.

APPLICATION TYPE	SUPPORTING DOCUMENTATION REQUIRED AND PERIOD OF REMISSION
Small community and sports associations with liquor licences	<ul style="list-style-type: none"> • a statement of objectives. • financial accounts. • information on activities and programmes. • details of membership or clients. <p>Remission ceases where a property is sold or ownership transferred or there is a change in operations. Applicants are responsible for notifying Council if their circumstances and eligibility for remission change.</p>
Community facilities owned by persons, general clubs, societies or associations	<ul style="list-style-type: none"> • statement of objectives. • constitution or trust deed. • full financial accounts. • information showing extreme financial hardship and operating position.

APPLICATION TYPE	SUPPORTING DOCUMENTATION REQUIRED AND PERIOD OF REMISSION
	<ul style="list-style-type: none"> information on activities and programmes. information on funding sources. <p>Remission ceases where a property is sold or ownership transferred or there is a change in operations. Applicants are responsible for notifying Council if their circumstances and eligibility for remission change.</p>
Remission of penalties	<p>As requested by delegated parties.</p> <p>Council staff determine the term of the remission based on the circumstances.</p>
Extreme financial hardship - Remission of rates	<p>Remission of rates, or a portion thereof, may only be made after the Finance Manager is satisfied of the ratepayer's true financial position. A review of the ratepayer's financial records and commitments and a declaration from the ratepayer of their financial position should accompany any request made for this form of remission. Applications must be re-submitted on an annual basis.</p>
Remission of rates for school sewerage charges	<p>A written confirmation from the educational establishment of the number of pans or notional number of pans in the establishment. A confirmation for the relevant calendar year must be received on or before 30 April each year. Applications must be re-submitted on an annual basis.</p>
Grants in lieu of remissions of rates	<p>Applications must state the reasons a grant is required and provide any supporting documentation appropriate. Applications should include a review of the ratepayer's financial records and commitments. Applications must also detail the public benefit which would be gained from providing a grant in lieu of remitting rates. Applications must be re-submitted on an annual basis.</p>
Remission of rates in exceptional circumstances	<p>Applications must be in writing and include evidence from the ratepayer of the exceptional circumstances, to a level that is considered satisfactory by the delegated party. Applications must be re-submitted on an annual basis.</p>
Remission of roading rates on other utilities with no primary address	<p>Confirmation from the rating information database that the property is classified "other utilities".</p> <p>Remission ceases when a property's classification ceases to be "other utilities".</p>
Remission of rates for cancellation or reduction of wheelie bin service	<p>Applications must be made verbally or in writing to an appropriate member of Council staff. Confirmation of the bin being returned to the contractor or no longer available is required from the contractor before the remission will be applied.</p>

APPLICATION TYPE	SUPPORTING DOCUMENTATION REQUIRED AND PERIOD OF REMISSION
	Remissions apply from the first day of the month following the confirmation of the return to the contractor and apply until 30 June of the following year.
Remission of rates for natural disasters and emergencies	As requested by delegated parties. Applications must be re-submitted on an annual basis.
Financial hardship - Postponement of rates	Postponement of rates, or a portion thereof, may only be made after the Finance Manager is satisfied of the ratepayer's true financial position. Written applications should include a review of the ratepayer's financial records and commitments and a declaration from the ratepayer of their financial position.

6.0 Roles and Responsibilities

PARTY/PARTIES	ROLES AND RESPONSIBILITIES
Southland District Council Water and Waste Department	Staff from Southland District Council's Water and Waste Department are responsible for providing information to Finance Officers regarding remissions for rating units that have the capacity to be connected to water and sewerage systems, but do not have a physical connection. These staff will also advise when remissions for rubbish and recycling bins are required.
Finance Officer	The Finance Officers will have delegated authority to make decisions regarding the remission of rates and penalties up to \$100 per request. The Finance Officers also have delegated authority to apply remission terms as stated in the appropriate finance guidelines.
Finance Manager	The Finance Manager has delegated authority to make decisions regarding the remission of rates and penalties up to \$5,000 per request. The Finance Manager also has delegated authority to establish the appropriate remission guidelines. The Finance Manager also has authority to request any further information and documentation required to make a decision regarding the remission or postponement of rates or penalties.
Chief Financial Officer	The Chief Financial Officer has delegated authority to make decisions regarding the remission or postponement of rates and the application of postponement fees.

PARTY/PARTIES	ROLES AND RESPONSIBILITIES
	Recommendations to Council regarding the calculation of postponement fees should be made by the Chief Financial Officer.
Council, appropriate committee of Council, Community Board or Community Development Area Sub-committee	Southland District Council, the appropriate committee of Council, Community Board or Community Development Area Subcommittee may consider applications relating to grants in lieu of rates remission.

7.0 Associated Documents

- Remission and Postponement of Rates on Māori Freehold Land Policy.
- Local Government (Rating) Act (2002).
- Local Government Act (2002).