



**Mackenzie**

DISTRICT COUNCIL

# Mackenzie District Council

## Rates Remission and Postponement Policy

The Rates Remission and Postponement Policy allows for rate remissions and postponements, including on Māori Freehold Land, in terms of sections 108, 109 and 110 of the Local Government Act 2002.

## Purpose

Rates remissions are a useful tool for the Council to address inequities and/or unintended consequences of its rating systems. This policy contains specific sub-policies that each outline objectives sought to be achieved by the use of remissions or postponements, and the conditions and criteria to be met in order for rates to be remitted or postponed.

This policy is made in accordance with sections 102, 109 and 110 of the Local Government Act 2002 and is applied per sections 85-90 of the Local Government (Rating) Act 2002.

## General provisions

- The Council may remit all or part of the rates covered by this Policy, provided both the general conditions and the specific conditions have been met.
- Nothing in this policy provides for the permanent remission or postponement of rates on any property.
- This policy applies to rates within the Mackenzie District levied and collected by the Mackenzie District Council and may include rates collected on behalf of Environment Canterbury subject to the contractual obligations between those two parties.

## General conditions

The granting of remissions or postponements available under this policy are subject to the following conditions:

1. Unless provided for in specific conditions and criteria, application must be made in writing, clearly identifying the property, the owner(s) of the property, and full reasons as to why the application for remission or postponement is being made.

Application may be sent to either of the following addresses;

- a. PO Box 52, Fairlie 7949
  - b. 53 Main Street, Fairlie 7925
  - c. Market Place, Twizel 7901
  - d. [rates@mackenzie.govt.nz](mailto:rates@mackenzie.govt.nz)
2. All applications will be considered under their own merit and will be granted only where it is considered fair and equitable to do so.
  3. In considering each application, the Council will consider the extent to which the social, cultural, economic and environmental wellbeing of the district will be promoted by the granting of remission or postponement of rates.
  4. Where an error has been made in the setting of rates on any property, or on the categories and factors used to assess the rates on any property, rates will be remitted as provided for in the Local Government (Rating) Act.

The Council has delegated the authority to consider rates remissions to certain Council officers, as stated in the Council's Delegations Manual. In the event of any dispute arising, the application may be referred to the Chief Executive.

## RATES REMISSION POLICY

### Policy Objectives

1. To facilitate the ongoing provision of non-commercial (non-business) community services or recreational opportunities for residents of the Mackenzie District.
2. To enable Council to remit penalties on rates where reasonable grounds exist;
3. To enable Council to act fairly and equitably with respect to rates on properties which are contiguous, in the same ownership, and used jointly as one rating unit for which services are utilised at the rate of a single rating unit.
4. To assist ratepayers who have excessive water charges due to a fault (leak) in the internal reticulation serving their rating unit whilst at the same time ensuring that consumers retain their responsibility for the maintenance of their private reticulation.
5. To assist ratepayers who experience extreme financial hardship as the result of the effects of a natural calamity on a rating unit.

### Conditions and Criteria

#### 1. Community, Sporting and Other Organisations

Council may remit a maximum of 50% of total rates levied in any one given year where an application meets all of the following criteria:

1. The land subject to the application is owned by Council or owned and occupied by a charitable organisation, which is used exclusively or principally for sporting, recreation, or community purposes.
2. The organisation is not operated for private pecuniary profit, nor does it charge commercial tuition fees.
3. It is not the primary purpose of the group or organisation to address the needs of adult members (over 18 years) for entertainment or social interaction, nor for the engagement in recreational, sporting, or community services as a secondary purpose only.

#### 2. Remission of Penalties

Council may remit penalties incurred pursuant to s.57 of the Local Government (Rating) Act where the application meets both of the following criteria:

1. An application is received from the ratepayer and there has been no previous history of late payment in the previous 2 years.
2. The ratepayer has joined a repayment plan such as easypay direct debit.

Council will backdate the policy to the start of the repayment plan where the ratepayer has a repayment plan with Council for rate arrears, they continue to make regular and static payments and have a good history of such payments for the previous three months.

### 3. Rating Units In Common Ownership

Council may remit targeted rates where an application meets the following criteria:

1. There is only one water and/or sewer connection servicing the combined rating units.

### 4. Excess Water Charges

Council may remit a maximum of 50% of the difference between the normal consumption and the actual water consumed within the period subject to the application where both of the following criteria are met:

1. A written application for the remission of water charges, signed by the owner of the rating unit, is made to Council and includes:
  - A report from a registered plumber confirming that the property has experienced a water loss as a result of a leak; or
  - Two subsequent meter readings demonstrating that the leak has been repaired.
2. The applicant has not been granted a remission of excess water charges within the previous three years.

Note: normal consumption will be calculated from the average consumption for the previous three annual meter readings for the rating unit concerned.

### 5. Natural Calamity

Council may remit wholly, or in part, any rate or charge or targeted rate made and set in respect of land or improvements, where an application meets all of the following criteria:

1. Land or improvements have been detrimentally affected by erosion, subsidence, submersion or other natural calamity, excluding drought.
2. An application for the remission of rates and charges on land or improvements affected by a natural calamity described in (1) has been received from the registered ratepayer, or their authorised agent and includes:
  - Documented evidence that the rating unit has been detrimentally affected by a natural calamity and the extent of that effect.
3. Council is satisfied that the ratepayer is unlikely to have sufficient funds left, after the payment of rates, for normal healthcare, proper provision for maintenance of his/her home and chattels to an adequate standard, as well as making provision for normal day to day living expenses.

## RATES POSTPONEMENT POLICY

### Policy Objectives

To provide Council with discretion to postpone the payment of rates as a method of providing relief to ratepayers who are experiencing extreme financial hardship, subject to the full cost of postponement being met by the ratepayer and there being minimal risk of loss to Council.

### Conditions and Criteria

1. The Council may postpone rates on the grounds of extreme financial hardship upon being satisfied, after full inquiry, that extreme financial hardship exists or would be caused by non-postponement of the whole or part of the rates.
2. In considering the application of this policy, Council will consider the following factors:
  - Background to the ratepayer's situation, including illness and family circumstances; and
  - The likely period before the ratepayer's position could be expected to improve; and
  - The potential for the ratepayer's situation to deteriorate further; and
  - A report from a budget advisor.
3. Prior to approving an application for remission of rates under this policy, Council will require evidence that:
  - The applicant has had access to independent financial advice and understands the effects of rates postponement on their equity in the property; and
  - All joint property owners agree to rates postponement; and
  - Where there is a mortgage on the property, the mortgagee agrees to rates postponement.
4. Wherever possible, rates shall be postponed for a finite period, and a payment plan shall be set up to clear the debt within this time.
5. Other than in exceptional circumstances, rates postponement will only be considered for rating units that are used as the residence of the applicant.
6. If the postponement is for other than a residential rating unit, rates will be postponed for a finite period not exceeding 5 years.
7. Postponed rates will become payable on the earliest of the following dates:
  - a. When the ratepayer ceases to be the owner/occupier of the rating unit; or
  - b. When the ratepayer ceases to use the rating unit as his/her residence; or
  - c. At a date specified by Council at the time the application is approved; or
  - d. In the event of a change in the ratepayer's circumstances, on written notice by Council.
8. Where rates are postponed, the ratepayer will still be required to pay a minimum of \$500 towards the annual rates, in addition to any government rebate which may be available in respect of the property.
9. Rates postponement will apply from the beginning of the rating year in which the application is made although Council may consider extending the postponement to include arrears from previous years.
10. At the start of any rating year, where a rates postponement arrangement is in place, Council will send an annual statement showing:
  - a. the total amount of postponed rates outstanding; and
  - b. the interest rate charged for the year; and
  - c. accrued interest; and
  - d. any fees charged during the year.

11. Where rates are postponed, Council will require annual confirmation that the dwelling on the property has appropriate insurance cover.
12. Penalty charges (pursuant to s.57 of the Local Government (Rating) Act) will not be added to postponed rates.
13. The amount of any rates postponed, including postponement fees, where applicable will be secured by a Statutory Land Charge on the Certificate of Title of the Rating Unit.
14. Pursuant to Section 88 of the Local Government (Rating) Act, a postponement fee will be charged on the amount of rates postponed. The amount of the fee will be calculated on the outstanding daily balance applying between the date each instalment is due and the date that the rates are paid using a rate equal to the over interest rate charged by Council's bankers at the commencement of each financial year.
15. The administrative cost of setting up the postponement, including any costs of registering and releasing the postponement on the Certificate of Title, will be met by the applicant at the time the application is approved or added to the amount postponed.
16. Council will notify the Canterbury Regional Council of any postponement of rates.

## RATES REMISSION AND POSTPONEMENT ON MĀORI FREEHOLD LAND POLICY

### Introduction

This policy aims to ensure the fair and equitable collection of rates from all sectors of the community recognising that certain Maori owned lands have particular conditions, features, ownership structures or other circumstances which make it appropriate to provide relief from rates.

### Definitions

Māori Freehold Land – land whose beneficial ownership has been determined by the Māori Land Court by freehold order.

### Policy Objectives

1. To recognise and support the relationship of Māori and their culture and traditions with their ancestral lands;
2. To recognise and take into account the presence of wāhi tapu sites of cultural significance or other cultural values that may affect the use of the land for other purposes;
3. To avoid further alienation of Māori Freehold Land as a result of pressures that may arise from the imposition of rates on unoccupied land;
4. To recognise and take into account the importance of land in providing economic and infrastructure support for marae and associated papakāinga housing;
5. To recognise and take into account the importance of land for community goals relating to:
  - a. The protection of outstanding natural features;
  - b. The protection of significant indigenous vegetation

and significant habitat of indigenous fauna.

### Conditions and Criteria

1. Māori Freehold Land is not subject to the general rate unless such land is used for commercial purposes.
2. Targeted rates for Water, Sewer, and Solid Waste services will apply to all Māori Freehold Land for which these services are provided.

Note: There is currently no Māori Freehold Land within the Mackenzie District.

**Rates Remission and Postponement Policy**

Adopted by: Finance Committee

Adopted date: 23 November 2017