



Otago Regional Council

Rates Remissions and Postponements Policy

March 2021

 The logo for Otago Regional Council, consisting of a stylized yellow mountain range above three white wavy lines representing water, all set against a dark blue square background. To the right of this icon, the words "Otago Regional Council" are written in a dark blue, sans-serif font, stacked vertically.	Document Name: Rates Remissions and Postponements Policy
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1. PURPOSE

The Otago Regional Council carries out its rating function in accordance with the requirements of the Local Government (Rating) Act 2002, and the Local Government Act 2002.

This document provides the policy framework for granting remissions and postponing the payment of rates.

2. REMISSIONS POLICY

2.1. Application for Remission of Rates

Remission of rates will be considered on receipt of an application (on the prescribed form), for remission the application should include the following documentation as appropriate:

- Information on activities
- Financial information, e.g. financial statements
- Details of membership

2.2. Delegated Authority

The General Manager Corporate Services and the Finance Manager (severally) have delegated authority to consider and decide upon all applications received for remission of rates, and to determine the amount of remission that may be granted.

Council's functions under this policy may be carried out by the General Manager Corporate Services and the Finance Manager (severally).

2.3. Rate Remission: Rates - Late payment and arrears penalties

Penalties of 10% are charged to all unpaid rate account balances twice a year.

Circumstances may arise where it is fair and appropriate to remit some, or all of the penalties charged to a ratepayers account.

Objective

Council charges penalties for late payment of rates and for rates arrears, in accordance with sections 57 and 58 of the Local Government (Rating) Act 2002.

The objective of this remission is to enable Council to be fair and reasonable in considering all circumstance that may give rise to non-payment of penalties that have been charged to a ratepayers account and to encourage ratepayers to clear arrears and keep their payments up to date.

Conditions and criteria

Council will consider remitting late payment penalties in the following circumstances:

- a. One-off ratepayer error (including timing differences arising from payments via regular bank transactions).
 - i. This may only be applied once in any three-year period.
 - ii. Applications must state the reason for late payment, and deliberate non-payment will not qualify for remission.
 - iii. Applications must be in writing using the prescribed form.
 - iv. Payment of all outstanding rates (other than the penalties to be remitted) is required prior to the remission being granted.
- b. Inability to pay (including illness, accident, bereavement, financial hardship):

- i. Penalties imposed in the last two-year period may be remitted, where this would facilitate immediate payment of all outstanding rates (remission of penalties over a longer time period may be considered, if the amount of arrears is large).

Where an acceptable arrangement to pay arrears and future rates over an agreed time period is to be implemented, providing the arrangements are complied with, then any penalties that would otherwise have been imposed over this time period may be remitted.

Applications must be in writing using the prescribed form.

Remissions of penalties for circumstances other than those mentioned above, where it is considered fair and equitable for the remission to be applied (for example: council error, property sale) may be granted at the sole discretion of the Finance Manager.

2.4. Rates Remission: Rating units in common ownership

Section 20 of the Local Government (Rating) Act 2002 provides for two or more rating units to be treated as 1 unit for setting a rate if those units are:

- a. owned by the same person or persons; and
- b. used jointly as a single unit; and
- c. contiguous or separated only by a road, railway, drain, water race, river or stream.

However, sub-divided land owned by a developer while contiguous is not held for the same purpose as each lot can be sold separately to a different purchaser.

Objective

To provide for relief from uniform charges on land held or what was formerly a single property but is now treated as two or more properties and properties to which the ratepayer is the same.

Conditions and criteria

Rating units that meet the criteria above under this policy may qualify for a remission of uniform annual general charges and any targeted rate set on the basis of a fixed dollar charge per rating unit. The ratepayer will remain liable for at least one set of each type of charge.

The rating units on which remission is made must to all intents and purposes have the same ratepayer as the owner. Only one of the units may have any residential dwelling situated on the rating unit.

A remission will apply from no later than the beginning of the next rating year commencing 1st July from which the application is made until the ratepayer who is the occupier no longer meets the criteria above. Applications will not be backdated.

Applications must be in writing using the prescribed form.

2.5. Rate Remission: Extreme Financial Hardship

Objective

To assist ratepayers experiencing extreme financial hardship which affects their ability to pay rates and it is considered that the Postponement Policy for the same purpose is not appropriate.

Conditions and criteria

Remissions of rates in part or in whole may be given in cases of extreme financial hardship where it is considered by Council that the Postponement Policy for the same purpose is not appropriate.

The rating unit which is the subject of the application must be the ratepayers domestic residence owned and occupied by them, and the ratepayer must not own (or have any interest in) any other property.

The ratepayer does not have the financial capacity to pay their rates or the payment of the rates instalment would create extreme financial hardship for the ratepayer.

The remission will apply for the rating year in which the application is made.

The ratepayer must not be arrears from a previous rating year.

Applications must be in writing using the prescribed form.

2.6. Rate Remission: Community, Sporting and Other Organisations

Objective

Certain types of land use are classified as “non-rateable” under Section 8 of the Local Government (Rating) Act 2002, including schools, churches, and land used for some conservation or recreational purposes. Such land may be either fully or 50% “non-rateable”.

The objective of this remission is to provide relief to Otago community-based organisations (including some that may be classified as non-rateable under section 8), to support the benefit they provide to the wellbeing of Otago residents.

Conditions and criteria

For non-profit community-based organisations (including charitable groups and non-profit sporting organisations) which the Council considers deliver a predominant community benefit:

- A. Where the organisation occupies Council land under lease, up to 100% remission of all rates.
- B. Where the organisation owns and occupies other land:
 - i. Up to 100% remission on general rates (including the uniform annual general charge),
 - ii. Up to 50% remission of the other rates that would be payable if they were fully rateable

Organisations must operate on a non-commercial basis.

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

- a. statement of objectives,
- b. full financial accounts,
- c. details of any leases (where applicable),
- d. information on activities and programmes, and
- e. details of membership or clients.

The ratepayer may apply in writing (using the prescribed form) for the remission of rates by 30 June for it to be applied to the next rating year.

Remission applies to

Any community-based not-for-profit organisation whose activities, in the opinion of the Council, provide significant public good as a result of its occupation of the property.

The remission may (at Council's absolute discretion) include property over which a liquor licence is held, provided this is incidental to the primary purpose of occupancy. This inclusion may also apply to those organisations classified as "non-rateable" under Section 8 of the Local Government (Rating) Act 2002.

The remission is not available to property owned or used by chartered clubs, political parties, trade unions (and associated entities), dog or horse racing clubs, or any other entity where the benefits are restricted to a class or group of persons and not available to the public generally.

Any remission will only apply to the portion of the property used for the purpose for which the remission is granted.

2.7. Rate Remission: Land used for natural, historic or cultural conservation purposes

Objective

To preserve and promote natural resources and heritage to encourage the protection of land for natural, historic or cultural purposes.

Conditions and criteria

Ratepayers who own rating units which have some feature of cultural, natural or historic heritage which are voluntarily protected may qualify for remission of rates under this part of the policy.

Land that is non-rateable under section 8 of the Local Government (Rating) Act will not qualify for remission under this part of the policy.

Applications must be made in writing using the prescribed form. Applications should be supported by documentary evidence of the protected status of the rating unit, for example a copy of the Covenant or other legal mechanism.

In considering any application for remission of rates under this part of the policy, Council will consider the following criteria:

- a. the extent to which the preservation or natural, cultural or historic heritage will be promoted by granting remission of rates on the rating unit
- b. the degree to which features of natural, cultural or historic heritage are present on the land
- c. the degree to which features of natural, cultural or historic heritage inhibit the economic utilisation of the land

Council will decide what amount of rates will be remitted on a case by case basis and will review no longer than every three years.

If an application is approved, the Council may direct its valuation service provider to inspect the rating unit and prepare a valuation that will take into account any restrictions on the use that may be made of the land imposed by the protection mechanism. Ratepayers should note that the valuation service provider's decision is final.

In granting remissions under this part of the policy, Council may specify certain conditions before remission will be granted. Applicants will be required to agree in writing to these conditions and to pay any remitted rates if any of the conditions are breached. Non-compliance with any condition will result in remissions being stopped.

The land must not be used for grazing, farming, residential or commercial purposes and must have discernible natural, historical or cultural features.

Remissions will not be granted retrospectively.

Note: Where the rating unit is owned or used by and for the purposes of the Queen Elizabeth the Second National Trust it is non-rateable under the Local Government (Rating) Act 2002

2.8. Review of Remissions

All remissions will be reviewed to ensure that the circumstances under which the remissions were granted continues to exist.

Notification of any change in the circumstances of a rating unit, e.g. change of ownership, will also give rise to the review of any remissions applying to that rating unit, at the time of notification of the change.

3. POSTPONEMENT POLICY

3.1. Review of Postponement of Rates

All postponements of rates will be reviewed on a six-monthly basis, to ensure that the conditions under which any postponement of rates were granted, are being complied with.

3.2. Delegated Authority

The General Manager Corporate Services and the Finance Manager (severally) have the delegated authority to consider and decide upon all applications received for postponement of rates.

3.3. Postponement for Financial Hardship

Objective

The objective of this part of the policy is to assist ratepayers who are experiencing extreme financial hardship, which temporarily affects their ability to pay rates.

Conditions and Criteria

The rating unit which is the subject of the application must be the residence owned and occupied by the ratepayer who must not have any other interest in any other property.

The postponement will apply for the rating year in which the application is made.

The ratepayer must not be in arrears from a previous rating year.

The ratepayer will be required to apply in writing for the postponement of rates, on the prescribed form.

When considering whether extreme financial circumstances exist, all of the ratepayer's personal circumstances will be relevant including the following factors:

- a. assets and liabilities
- b. income and expenditure
- c. age
- d. physical or mental disability
- e. injury
- f. illness
- g. family circumstances

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 paid if any of the following events:

- The death of the ratepayer
- The ratepayer ceases to be the owner or occupier of the rating unit
- The ratepayer no longer uses the rating unit as his or her residence;
- The ratepayer recovers the ability to pay
- a date specified by the Council at the time of granting the postponement

OR

- Some other time as determined by the General Manager Corporate Services.

A postponement will apply from the beginning of the rating year in which the application is made, and will end at the conclusion of the rating year.

Penalties will not be applied or will be remitted for any rates that have been postponed.

The Council may require a ratepayer to make an application each year for continued postponement.

A postponement fee to cover administration and financial costs may be charged on postponed rates, in accordance with Section 88 of the Local Government (Rating) Act 2002.

The ratepayer agrees to meet any Council costs associated with granting the postponement.

Postponed rates will be registered as a statutory land charge on the rating unit title. This means that the Council will have first call on the proceeds of any revenue from the sale or lease of the rating unit. All costs associated with the statutory land charge, including but not limited to preparation and registration of the statutory land charge, will be met by the ratepayer.

POLICY ON REMISSION AND POSTPONEMENT OF RATES ON MĀORI FREEHOLD LAND

1. PURPOSE

The Council has recognized that certain Maori freehold land have particular conditions, ownership structures or other circumstances which make it appropriate to remit or postpone rates for defined periods of time.

The Council and the community benefit through more efficient use of staff time and the removal of that rates debt which is considered noncollectable.

The Council is required to consider every application for remission and/or postponement of rates on Maori freehold land pursuant to Section 108 of the Local Government Act 2002 and will then consider the most appropriate tool, if any, either remission or postponement to assist in making ownership and occupancy of the land feasible.

2. REMISSIONS OF RATES ON MĀORI FREEHOLD LAND

Objective

The matters that the local authority must consider under section 108(4) are:

- a) the desirability and importance within the district of each of the Objectives listed below; and
- b) whether, and to what extent, the attainment of any of those objectives could be prejudicially affected if there is no remission of rates or postponement of the requirement to pay rates on Māori freehold land; and
- c) whether, and to what extent, the attainment of those objectives is likely to be facilitated by the remission of rates or postponement of the requirement to pay rates on Māori freehold land; and
- d) the extent to which different criteria and conditions for rates relief may contribute to different objectives.

The Objectives (referred to in the above paragraph) are:

- a) supporting the use of the land by the owners for traditional purposes:
- b) recognising and supporting the relationship of Māori and their culture and traditions with their ancestral lands:
- c) avoiding further alienation of Māori freehold land:
- d) facilitating any wish of the owners to develop the land for economic use:
- e) recognising and taking account of the presence of waahi tapu that may affect the use of the land for other purposes:
- f) recognising and taking account of the importance of the land in providing economic and infrastructure support for marae and associated papakainga housing (whether on the land or elsewhere):
- g) recognising and taking account of the importance of the land for community goals relating to—

- (i) the preservation of the natural character of the coastal environment:
 - (ii) the protection of outstanding natural features:
 - (iii) the protection of significant indigenous vegetation and significant habitats of indigenous fauna:
- h) recognising the level of community services provided to the land and its occupiers:
- (i) recognising matters related to the physical accessibility of the land.

Conditions and criteria

This policy applies only to land whose beneficial ownership has been determined by the Maori Land Court by freehold order and is either:

- i. non-income producing
 - ii. in its natural state or undeveloped state
 - iii. not occupied
 - iv. in multi ownership
- a. Council will have the sole discretion on whether or not to grant the remission and may seek such additional information as may be required before making its final decision.
 - b. If the status of the land changes so that it no longer complies with the criteria then remission ceases unless further relief is granted in accordance with this policy below.
 - c. Any rating relief will be temporary and each application will be limited to a term of three years. However the Council may consider renewing the rate relief upon the receipt of further applications from the ratepayer. Council may also, at its sole discretion, renew the rating relief without application.
 - d. In the event that subsequent applications for rating relief are made by only one or a minority of the owners who are the ratepayers, Council may require that these are signed or supported by such greater proportion of owners as may be required from time to time.
 - e. The ratepayer will be required to apply in writing for consideration of remission by 30th June each year.
 - f. Remission will be applied annually to those properties where remission has been previously granted, until the applicable criteria is no longer met. 'Use' of land will be continually monitored.
 - g. If any part of the land is or becomes used or occupied that portion may be demarcated and treated as a rating unit for the purpose of assessing rates.
 - h. Applications must be written using the prescribed form.

Delegated Authority

The General Manager Corporate Services has the delegated authority to consider and decide upon all applications received for remission of rates for Maori freehold land, and to determine the amount of remission that may be granted.

Council's functions under this policy may be carried out by the General Manager Corporate Services.

3. POSTPONEMENT OF RATES ON MĀORI FREEHOLD LAND

Objective

To facilitate the development and use of the Maori freehold land for economic use where Council considers utilisation would be uneconomic if full rates are required during the years of development and establishment of pasture or crop.

Conditions and criteria

Council will consider postponement of rates where previously unoccupied land is subject to clearing, development, and the growing of crops.

Application should be made prior to commencement of the clearing, development and the growing of crops. Applications made after the commencement of the development may be accepted at the discretion of Council.

Applications must be in writing, using the prescribed form, by the 30th June for it to be applied to the next rating year.

Applications should include the following information in their applications:

- a. details of the property
- b. the objectives that will be achieved by providing postponement
- c. details of the proposed development

Council will consider postponement for each individual application according to the circumstances of that application.

Council may also, at its discretion, partially remit rates that are otherwise subject to postponement.

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 paid if any of the following events:

- The death of the ratepayer
- The ratepayer ceases to be the owner or occupier of the rating unit
- The ratepayer no longer uses the rating unit as his or her residence;
- The ratepayer recovers the ability to pay
- a date specified by the Council at the time of granting the postponement

OR

- Some other time as determined by the General Manager Corporate Services.

A postponement will apply from the beginning of the rating year in which the application is made, and will end at the conclusion of the rating year.

Penalties will not be applied or will be remitted for any rates that have been postponed.

The Council may require a ratepayer to make an application each year for continued postponement.

A postponement fee to cover administration and financial costs may be charged on postponed rates, in accordance with Section 88 of the Local Government (Rating) Act 2002.

The ratepayer agrees to meet any Council costs associated with granting the postponement.

Postponed rates will be registered as a statutory land charge on the rating unit title. This means that the Council will have first call on the proceeds of any revenue from the sale or lease of the rating unit. All costs associated with the statutory land charge, including but not limited to preparation and registration of the statutory land charge, will be met by the ratepayer.

Delegated Authority

The General Manager Corporate Services has been given the delegated authority to consider and decide upon all applications received for postponement of rates for Maori freehold land, and to determine the terms under which the postponement may be granted.

Council's functions under this policy may be carried out by the General Manager Corporate Services.