Rates Remission and Postponement Policy

Te Kaupapa Here hei Tinakuhia i kā Rēti

These policies are prepared pursuant to Sections 102, 109 and 110 of the Local Government Act 2002.

Remission policies

COMMUNITY, SPORTING AND OTHER ORGANISATIONS

Objective

To facilitate the ongoing provision of community services or recreational opportunities for the residents of the Queenstown Lakes District Council.

The purpose of granting rates remission to an organisation is to:

- assist the organisation's survival
- make membership of the organisation more accessible to the general public, particularly children, youth, young families, aged people and economically disadvantaged people.

Conditions and criteria

The land must be owned by the Council or owned, occupied or leased by an organisation (with liability for rates), and used exclusively or principally for sporting, recreation or community purposes. The organisation must not operate for private pecuniary profit. The application for rate remission must be made to the council prior to 15 July of the rating year in question. New applications received during a rating year will be applicable from the commencement of the following year. Applications will not be backdated.

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

- Statement of objectives
- Full financial accounts
- Details of any leases (where applicable)
- Information on activities and programmes
- Details of membership or clients.

Application

Generally, the policy will 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.

Remissions to any qualifying organisation shall be on the basis of 100% reduction in rates and charges except that no remission will be granted on targeted rates/ charges for water supply, sewerage disposal or refuse collection or areas used for bars.

The policy shall apply to the ratepayers who meet the relevant criteria as jointly approved by the Chair of the Community and Services Committee and the Finance Manager.

LAND PROTECTED 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 with rating units which have some feature of cultural, natural or historic heritage which is 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 2002 and is liable only for targeted rates covering water supply, sewage disposal or refuse collection will not qualify for remission under this part of the policy.

Application

Applications must be in writing and should be supported by documentary evidence of the protected status of the rating unit, e.g. a copy of the covenant or other legal mechanism. This may include areas of land protected under the District Plan as significant indigenous vegetation or heritage buildings classified as QLDC Category 1.

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

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

The extent of any remission shall be determined by the Community and Services Committee on a case-by-case basis.

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 as there are no statutory rights of objection or appeal for valuations of this nature.

In granting remissions under this part of the policy, the 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 the conditions are violated.

LAND AFFECTED BY NATURAL CALAMITY

Objective

To enable rate relief to be provided where the use that may be made of any land has been detrimentally affected by natural calamity.

Conditions and criteria

The Council may remit wholly or in part, any rate or charge made and levied in respect of the land, where it considers it to be fair and reasonable to do so.

Application

The extent of any remission shall be determined by the Community and Services Committee on a case-by-case basis.

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 as a result of the natural calamity. Ratepayers should note that the valuation service provider's decision is final as there are no statutory rights of objection or appeal, for valuations of this nature.

UNIFORM ANNUAL CHARGES AND TARGETED RATES ON CONTIGUOUS RATING UNITS IN SEPARATE OWNERSHIP, USED JOINTLY AS A SINGLE ENTITY

Objective

To limit the incidence of multiple charges where a farming or other business entity consists of a number of contiguous rating units with different owners.

Conditions and criteria

Each rating unit must be leased to the operator for a term not less than five years. The operator must provide the Council with a statutory declaration confirming that each unit will be operated as part of the entity. The ratepayer will remain liable for at least one uniform annual general charge and one set of each type of targeted rate calculated as a fixed amount per rating unit.

Application

The policy shall apply to the ratepayers who meet the relevant criteria as approved by the Finance Manager.

RATE PENALTIES

Objective

To enable the Council to remit penalties where:

- payment has not been received by the penalty date, due to circumstances outside the ratepayer's control; or
- it is deemed equitable to remit the penalty for other reasons.

Conditions and criteria

Each application will be considered on its merits and remission may be granted where it is considered just an equitable to do so.

The Council will consider remission of rate penalties where an application is made and meets any of the following criteria:

- Payment has been late due to significant family disruption [significant family disruption would include death, illness, or accident]; or
- The ratepayer is able to provide evidence that their payment has gone astray in the post, or the late payment has otherwise resulted from matters outside their control; or
- Penalties have arisen through processing errors in the Council's records or an outstanding balance has arisen as a result of a shortfall caused by the operation of an agreed payment plan; or
- The ratepayer provides a reasonable explanation of the circumstances which caused the late payment, and this is the first occasion on which late payment has occurred; or
- The ratepayer has history of regular punctual payment over the previous 12 months and payment is made within a reasonable time of the ratepayer being made aware of the non-payment; or
- The rates instalment was issued in the name of a previous property owner; or
- The full payment of arrears of rates is made in accordance with an agreed repayment programme.

Application

The policy shall apply to the ratepayers who meet the relevant criteria as approved by the Finance Manager.

SUNDRY REMISSIONS

Objective

To remit rates and charges that are the result of fundamental errors; or where the balance owing is considered uneconomic to recover; or where the amount levied is unable to be recovered pursuant to Sections 67-76 of the Local Government (Rating) Act 2002, or where the Council or its delegated officer(s) consider the levy impractical to recover.

Conditions and criteria

The policy shall apply to the ratepayers who meet the relevant criteria as approved by the Financial Services Team Leader or Finance Manager.

Application

The policy shall apply to the ratepayers who meet the relevant criteria as jointly approved by the Financial Services Team Leader or Finance Manager.

POLICY FOR REMISSION AND POSTPONEMENT OF RATES ON MĀORI FREEHOLD LAND

Section 102(4)(f) of the Local Government Act 2002 requires the council to adopt a policy on the remission and postponement of rates on Māori freehold land; section 108 and Schedule 11 set out the matters to be considered.

Objective

To recognise that certain Māori freehold land may have particular conditions, features, ownership structures or other circumstances

that make it appropriate to provide for remission from certain rates and to avoid further alienation of Māori freehold land.

Conditions and criteria

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 remission under this policy. Council will consider remission of rates on land that comes within the following criteria:

- The land is unoccupied and no income is derived from that land; and/or
- The land is better set aside for non-use (whenua rāhui) because of its natural features; and/or
- The land is inaccessible and unoccupied.

Application

The policy shall apply to ratepayers who meet the relevant criteria as approved by the Finance Manager.

REMISSION OF POSTPONED RATES

Objective

The Council has adopted a number of policy statements that grant a postponement of rates to ratepayers under certain circumstances. A number of these policies contain a provision that allow the postponed rates to be written off or remitted after a predetermined period, subject to the terms and conditions of the policy being complied with. This policy statement provides the power for those postponements to be remitted in accordance with the postponement policies.

Conditions and criteria

1. The conditions that gave rise to the postponement of the rates must have been fully complied with over the term of the postponement period.

2. Subject to the conditions and criteria being complied with as set out in (1) above, Council will remit the applicable postponed rates without any further applications being required from the ratepayer.

3. This policy statement will only apply to those rate postponement policy statements that provide for the rates to be remitted after a predetermined period of time.

Application

The policy shall apply to the ratepayers who meet the relevant criteria as approved by the Finance Manager.

REMISSION OF RATES ON LAND THAT HAS MADE LUMP SUM CONTRIBUTIONS

Objective

A number of water and sewerage schemes have been developed using loans. In certain cases the ratepayers were offered the opportunity to make a lump sum contribution rather than paying an annual loan rate. Because some ratepayers made the lump sum contributions it would be inappropriate to charge them any costs relating to these loans. The most appropriate solution to resolving this problem would be to offer these ratepayers a remission of rates equal to the amount of the rate that they were previously exempt from paying. This policy statement provides the authority to make the necessary remissions.

Conditions and criteria

1. Rating unit must have previously paid a lump sum contribution in lieu of paying a loan rate.

2. The amount of the remission must not exceed the amount of the exemption from paying the loan rate.

3. The remission will only apply for so long as the underlying loan which gave rise to the loan rate remains in existence.

Application

The policy shall apply to the ratepayers who meet the relevant criteria as approved by the Finance Manager.

RATING OF SEPARATELY USED OR INHABITED PARTS OF A RATING UNIT

Objective

To limit the incidence of multiple charges on a property containing separate uses or separate inhabitants, where it is equitable to do so.

Conditions and criteria

Where rates are calculated on each separately used or inhabited part of a rating unit, the following definitions will apply:

- Any part of a rating unit that is used or occupied by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement
- Any part or parts of a rating unit that is used or occupied by the ratepayer for more than one single use.

The following are considered to be separately used parts of a rating unit:

- Individual flats or apartments
- Separately leased commercial areas which are leased on a rating unit basis
- Vacant rating units
- Single rating units which contain multiple uses such as a shop with a dwelling or commercial activity with a dwelling
- A residential building or part of a residential building that is used, or can be used, as an independent residence.

An independent residence is defined as a liveable space with its own kitchen, living and toilet/bathroom/laundry facilities that can be deemed to be a secondary unit to the main residence. Note: the definition of a kitchen comes from the District Plan.

The following are not considered to be separately used parts of a rating unit:

- A residential sleep-out or granny flat that does not meet the definition of an independent residence
- A hotel room with or without kitchen facilities
- A motel room with or without kitchen facilities
- Individual storage garages/sheds/portioned areas of a warehouse
- Individual offices or premises of business partners.

District Plan definition of a kitchen:

Means any space, facilities and surfaces for the storage, rinsing preparation and/ or cooking food, the washing of utensils and the disposal of wastewater, including a food preparation bench, sink, oven, stove, hot-plate or separate hob, refrigerator, dishwasher and other kitchen appliances.

Application

The policy shall apply to the ratepayers who meet the relevant criteria as approved by the Finance Manager.

Postponement policies

RESIDENTIAL LAND SUBJECT TO ZONE CHANGES

Objective

To ensure that owners of residential rating units which are rezoned are not unduly penalised by an increase in rates as a result of the zone change.

Conditions and criteria

To qualify for postponement under this part of the policy, the rating unit must:

- be situated within the area of land that has been rezoned
- be listed as a 'residential' property for differential rating purposes.

In addition, the ratepayer must:

- have been the property owner prior to the zone change being initiated

- reside permanently in the rating unit
- not have actively sought rezoning.

Postponement of rates will apply to the change in land value only of the property as a result of zoning changes.

Any postponed rates will be postponed until:

- the death of ratepayer(s); or
- until the 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 determined by the Council in any particular case.

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 per this policy by paying the postponed rates or any part thereof.

Postponed rates will be registered as a Statutory Land Charge on the rating unit's title.

The Council will add to the postponed rates all financial and administrative costs to ensure neutrality. The financial cost will be the interest the Council will incur at the rate of Council's cost of borrowing for funding rates postponed, plus a margin to cover other costs (these will include the Council's own in-house administrative costs).

Application

The application for rate postponement must be made to the council prior to 15 July of the rating year in question. New applications received during a rating year will be applicable from the commencement of the following year. Applications will not be backdated. If 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. Ratepayers should note that the valuation service provider's decision is final as there are no statutory rights of objection or appeal, for valuations of this nature.

The policy shall apply to the ratepayers who meet the relevant criteria as approved by the Finance Manager. The extent of any postponement will be based on valuations supplied by its valuation service provider.

POSTPONEMENT POLICY – EXTREME FINANCIAL HARDSHIP

Objective

To assist ratepayers experiencing extreme financial hardship.

Conditions and criteria

The ratepayer must make written application to the Council.

When considering whether extreme financial circumstances exist, all of the ratepayer's personal circumstances will be relevant.

The Council must postpone rates in accordance with the policy where the application meets all of the following criteria:

- The ratepayer must be the current owner of the rating unit
- Generally, this policy will apply to rating units used for residential purposes
- The Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over after the payment of rates, for normal health care, appropriate 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
- The ratepayer must not own any other rating units or investment properties or other realisable assets
- The ratepayer must make acceptable arrangements for payment of future rates, for example by setting up a system for regular payments.

The Council may add a postponement fee to the rating year in which the application is made although the council may consider backdating past the rating year in which the application is made depending on the circumstances.

Any postponed rates will be postponed until:

- the death of ratepayer(s); or
- until the 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 determined by the Council in any particular case.

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 to this policy by paying the postponed rates or any part thereof.

Application

Postponed rates will be registered as a Statutory Land Charge on the rating unit's title. The policy shall apply to the ratepayers who meet the relevant criteria as jointly approved by the Chair of the Community and Services Committee and the Finance Manager.

POLICY FOR RATE POSTPONEMENT FOR FARMLAND

Objective

To ensure that owners of rural rating units used as farmland but with the potential for non-farming development are not unduly penalised by rating valuations which reflect in some measure the potential use to which the land may be put.

Conditions and criteria

The policy will apply to the rating units that are:

- actively farmed by the ratepayer as an economic farming unit and be the primary source of income for the property owner
- ten hectares in area or more
- farmland whose rateable value in some measure is attributed to the potential use to which the land may be put for residential, commercial, industrial, or other non-farming development.

The application for rate postponement must be made to the Council prior to 15 July of the rating year in question.

New applications received during a rating year will be applicable from the commencement of the following year. Applications will not be backdated.

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

- Details of ownership of the rating unit
- Full financial accounts
- Information on the farming activities.

Application

If an application is approved, the Council will request its Valuation Service Provider to determine a rates-postponement value of the land. The purpose of this requirement is to exclude any potential value that, at the date of valuation, the land may have for residential purposes, or for commercial, industrial or other non-farming use in order to preserve uniformity and equitable relativity with comparable parcels of farmland whose valuation do not contain any such potential value.

The rates postponed for any rating period will be an amount equal to the difference between the amount of the rates for that period calculated according to the rateable land value of the property and the amount of the rates that would be payable for that period if the rates postponement land value of the property were its rateable land value.

No objection to the amount of any rate-postponement value determined by the Council and its Valuation Service Provider will be upheld.

All rates whose payment has been postponed and which have not been written off become due and payable immediately on:

- the land ceasing to be farmland
- the land being subdivided

- the value of the land ceasing to include a portion of its value attributable to the potential use to which the land may be put for residential, commercial, industrial, or other non-farming development

- the interest of the person who was the ratepayer at the date on which the rates postponement land value was entered on the council's Rating Information Database becoming vested in another person other than the ratepayer's spouse, the executor/ administrator of the ratepayer's estate, or where the ratepayer was the proprietor of the interest as a trustee or a new trustee under the trust.

Postponed rates may be registered as a charge against the land so that in the event that the property is sold, the Council has first call against any of the proceeds of that sale.

The policy shall apply to the ratepayers who meet the relevant criteria as approved by the Finance Manager.

POLICY FOR RATE POSTPONEMENT FOR ELDERLY

Objective

To give ratepayers 65 years of age and over a choice between paying rates now or later subject to the full cost of postponement being met by that ratepayer and Council being satisfied that the risk of loss in any case is minimal.

General approach

Only rating units defined as residential or country dwelling and resided in permanently by the applicant(s) will be eligible for consideration of rates postponement under the criteria and conditions of this policy.

Current and all future rates may be postponed indefinitely if at least one ratepayer (or, if the ratepayer is a family trust, at least one named occupier) is 65 years of age or older, until one of the conditions A-C (under Conditions) becomes applicable.

Owners of units in retirement villages will be eligible provided that the Council is satisfied payment of postponed rates can be adequately secured.

The Council will add to the postponed rates all financial and administrative costs to ensure neutrality.

The Council will establish a reserve fund out of which to meet any shortfall between the net realisation on sale of a property and the amount outstanding for postponed rates and accrued charges, at the time of sale. This will ensure, that neither the ratepayer(s) nor the ratepayer(s') estate will be liable for any shortfall.

Conditions and criteria

A. Eligibility

Ratepayers are eligible for postponement provided that the following criteria are met by the ratepayer(s):

- Be at least 65 years of age

- Reside permanently in the residence and use for personal residential purposes

- Be a New Zealand citizen

- Own no other property

- The rateable property must be classified as 'residential' or 'country dwelling' in the council's rates database.

B. Risk

The Council must be satisfied, on reasonable assumptions, that the risk of any shortfall when postponed rates and accrued charges are ultimately paid is negligible. To determine this, a financial model has been developed that will forecast expected equity when the payment falls due. Eligibility for full postponement is dependent upon remaining equity forecast by this model being acceptable to the council. If it is not, the Council will adjust its postponement offer to bring it within an acceptable level.

C. Insurance

The property must be insured for its full value and evidence of this produced annually.

Conditions

Any postponed rates (under this policy) will be postponed until:

A. the death of the ratepayer(s) or named individual or couple; or

B. until the ratepayer(s) ceases to be the owner or occupier of the rating unit (if the ratepayer sells the property in order to purchase another within the Council's district, Council will consider transferring the outstanding balance, or as much as is needed, to facilitate the purchase, provided it is satisfied that there is adequate security in the new property for eventual repayment); or

C. until the ratepayer(s) ceases to use the property as his/her residence.

The 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 financial cost will be the interest the Council will incur at the rate of the Council's cost of borrowing for funding rates postponed, plus a margin to cover other costs (these will include the Council's own in-house costs, a 1% p.a. levy on outstanding balances to cover external management and promotion costs, and a reserve fund levy of 0.25% p.a., and a contribution to cover the cost of counselling).

To protect the Council against any suggestion of undue influence, applicants will be asked to obtain advice from an appropriately qualified and trained counsellor.

A counsellor's certificate confirming this will be required before postponement is granted. This service will be provided by a council approved and suitably qualified organisation.

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 the council will have first call on the proceeds of any revenue from the sale or lease of the rating unit.

Review or suspension of policy

The policy is in place indefinitely and can be reviewed subject to the requirements of the Local Government Act 2002 at any time. Any resulting modifications will not change the entitlement of people already in the scheme. This includes the suspension while the ratepayers having to pay future rates but not previously postponed rates, until the ratepayer is required under conditions (A-C) to make payment.

The Council reserves the right not to postpone any further rates once the total of postponed rates and accrued charges exceeds 80% of the rateable value of the property as recorded in the Council's rating information database.

The policy consciously acknowledges that future changes in policy could include withdrawal of the postponement option.

Application

Applications for rate postponement must be made on the required application form which will be available from the QLDC offices.

The application must be made to the council prior to 15 July of the rating year in question. New applications received during a rating year will be applicable from the commencement of the following year. Applications will not be backdated.