

Attachment E: Draft Rates remission and postponement policy

Policy purpose and overview

The objective of this policy is to:

- provide ratepayers with some financial or other assistance where they might otherwise have difficulty meeting their obligations
- address circumstances where the rating system results in anomalies in the incidence of rates
- support the achievement of broader council policy objectives.

The council's remission and postponement policy is set out in three parts each containing a number of schemes.

Part 1 - Financial assistance and support

- remission of rates to top-up the rates rebate
- remission for residents who occupy Papakāinga housing under a licence to occupy
- remission of rates penalties
- postponement of rates for residential properties
- remission of accommodation provider targeted rate.

Part 2 - Addressing anomalies

- remission of rates for miscellaneous purposes
- remission of uniform annual general charges and targeted rates levied as uniform annual charges on certain rating units.

Part 3 - Other schemes

- postponement of rates for sports clubs in the district of the former Manukau City Council

Policy background

Section 102(5) of the Local Government Act 2002 provides that a council may have a rates remission and postponement policy.

Full details and criteria for the remission and postponement schemes

This section has the full details of each remission and postponement scheme, as well as outlining the objectives and criteria for each scheme.

Applications

The ratepayer or ratepayer's agent must apply to the council on the prescribed remission or postponement form. The application should show how the remission or postponement will support the objectives of the scheme and how the property fits within the objectives. For the rates to be remitted or postponed, the council may require evidence each year, by way of statutory declaration, to confirm that the rating unit still complies with the conditions and criteria of the scheme. The council can apply for the remission or postponement on behalf of the ratepayer, provided the council is certain that the property meets all the criteria of the scheme. The council reserves the right to seek further information if it deems it necessary.

The remission or postponement will apply from the beginning of the rating period in which the application is approved and will not be backdated to prior years, unless otherwise stated in the scheme.

Part 1 - Financial assistance and support schemes

Remission of rates to top-up the rates rebate

Objectives

The objective of this remission scheme is to enable the council to address the inequity that results from Auckland ratepayers being unable to include water and wastewater charges when applying for the central government's rate rebate scheme. This scheme allows the council to remit the difference between its rates rebate top-up calculation and the government's rates rebate scheme to include Watercare Services Limited's and Veolia Water Limited's (previously United Water Limited) water and wastewater charges in the calculation.

Conditions and criteria

To be eligible for the top-up remission, the ratepayer must meet the following criteria:

1. be a residential ratepayer and reside on the property
2. have resided on the property at the beginning of the rating year (1 July)
3. be an individual, rather than an organisation or trust. The amount remitted will vary according to the:
 - a. ratepayer's gross income, including any overseas income
 - b. amount of Auckland Council rates payable by the ratepayer
 - c. amount of water and wastewater charges payable by the ratepayer
 - d. number of children or other dependants that the ratepayer supports

- e. maximum rebate and threshold limits set by central government under its rebate scheme.

Central government updates thresholds for its rates rebate scheme each year. The council's extended rates rebate scheme is automatically updated for the new thresholds.

Remission for residents who occupy Papakāinga housing under a licence to occupy

Objectives

This remission scheme allows council to remit the uniform annual general charge for residents of Papakāinga housing who would otherwise qualify for central government's rate rebate scheme, except they occupy their property under a licence to occupy agreement.

The remission will be applied to the rates of the Papakāinga in which the applicant resides, where an agreement exists between the village operator and Auckland Council (see more below). The benefit of the rates remission will be passed to the resident.

Conditions and criteria

To be eligible for the licence to occupy remission, the applicant must meet the following criteria:

1. be a resident of Papakāinga housing under a licence to occupy agreement
2. reside in a unit or apartment that is identified by Auckland Council as a separately used or inhabited part of the Papakāinga housing to which a separate uniform annual general charge is applied
3. reside in Papakāinga housing that has entered into an agreement with Auckland Council to:
 - f. identify the rates for applicants to the scheme
 - g. pass the full benefit of any rates remission granted under this scheme to the successful applicant
4. have resided on the property at the beginning of the rating year (1 July)
5. be an individual, rather than an organisation or trust
6. only one application per unit or apartment will be accepted.

Granting of a remission will depend on:

1. the applicant's gross household income, including any overseas income
2. the share of Auckland Council rates payable by the applicant to Papakāinga housing in which the applicant resides
3. the maximum rebate and threshold limits set by central government under its rebate scheme.

Central government updates thresholds for its rates rebate scheme each year. The council's remission for residents of a "license to occupy" within Papakāinga housing is automatically updated for the new thresholds.

How to apply

The management of Papakāinga housing accepted into the scheme will provide application forms to their residents.

Remission of rates penalties

Objectives

The objective of this scheme is to enable the council to act fairly and reasonably in relation to penalties applied when rates have not been received by the due date.

Conditions and criteria

Penalties on rates may be remitted when one or more of the following criteria are met.

1. The ratepayer has paid after the penalty date, but has not received a rates penalty remission under this policy within the past two years.
2. A new ratepayer for a rating unit has not received the rates instalment notice due to the notice of the sale or transfer of the rating unit not being received by the council prior to the issue of the instalment notice
3. The penalties incurred on the first instalment of each new financial year will be automatically remitted if the ratepayer pays the total amount of rates due for the year, excluding the penalty on the first instalment, but including any arrears owing at the beginning of the financial year, by the second instalment due date.
4. Where the ratepayer meets the payment conditions agreed with the council to resolve a rates arrears, the council can remit any part of the penalties already incurred in the current rating year, or yet to be incurred.

The remission will apply from the beginning of the rating period in which the application is approved and will not be backdated to prior years.

Treatment of penalties on small overdue balances

When a small balance is overdue, which it is uneconomical to collect, council officers may write off the balance in line with other council procedures. Penalties will not be applied in these circumstances.

Postponement of rates for residential properties

Objectives

The objective of this scheme is to assist residential ratepayers who want to defer the payment of rates by using the equity in their property. This scheme also applies to those who may have financial difficulties or unusual circumstances, as long as they have the required equity in their property.

Criteria

The ratepayer must meet the following criteria to be considered for rates postponement:

1. The ratepayer must be the current owner of the rating unit and owned the property for at least two years.
2. The rating unit must be used solely by the ratepayer as his or her residence.
3. The postponed rates will not exceed 80 per cent of the available equity in the property. The available equity is the difference between the council's valuation of the property (the capital value at the most recent triennial revaluation) and the value of any encumbrances

against the property, including mortgages or loans, if the ratepayer has insured the property for its full value. Otherwise, the available equity will be the 80 per cent of council's valuation of the land less any encumbrances against the property.

4. The ratepayer or the ratepayer's authorised agent must apply to the council on the prescribed form.

Conditions

1. The council recommends that ratepayers considering postponing their rates seek advice from a financial adviser on the financial impacts and appropriateness of postponing their rates.
2. The council will postpone payment of the residual rates (what is left after any optional payment) if the ratepayer meets the above criteria.
3. The council may add a postponement fee each year to the postponed rates. The fee will cover the period from when the rates were originally due to when they are paid. The fee will not exceed the council's administrative and financial costs of the postponement.
4. The postponement will apply from the beginning of the rating year in which the application for postponement is made, although the council may backdate the postponement application, depending on the circumstances.
5. Once the postponed rates are equal to, or greater than, 80 per cent of the available equity in the property, no further rates will be postponed. Any postponement will apply until one of the situations listed below occurs, at which time the postponed rates (and any postponement fee) will be immediately payable:
 - a. the ratepayer's death
 - b. the ratepayer no longer owns the rating unit
 - c. the ratepayer stops using the property as his or her residence
 - d. a date set by the council in a particular case.
6. All or part of the postponed rates may be paid at any time.
7. The applicant can choose to postpone the payment of a lesser amount of rates than the full amount that they would be entitled to postpone under this policy.
8. Postponed rates will be registered as a statutory land charge on the rating unit's title.
9. For the rates to be postponed, the council will require evidence each year, by way of statutory declaration, of the ratepayer's property insurance and the value of encumbrances against the property, including mortgages and loans.

Remission of accommodation provider targeted rate

Objectives

The objective of this scheme is to promote fairness in the application of the Accommodation provider targeted rate by allowing the council to remit the rate in circumstances where it is equitable to do so.

Criteria and conditions

The council may remit the accommodation provider targeted rate, where the application meets one of the following criteria:

1. The ratepayer owns no more than two rating units that attract the Accommodation provider targeted rate, and which are under contract to be used as serviced apartments, and where the applicant can demonstrate that they have
 - a. entered into a contractual arrangement regarding the use of the rating unit as commercial accommodation prior to 1 June 2017
 - b. no contractual or relational/negotiating means of managing the additional costs of the rate
 - c. no ability to exit, terminate or renegotiate the contract prior to the start of the rating year in which remission is applied for.

2. Where the applicant has contracted some or all of their commercial accommodation capacity to Work and Income New Zealand or other central government agency for the purpose of emergency housing.

Amount of rate to be remitted

For remissions granted under criterion 1 of this scheme:

- 100 per cent of the Accommodation provider targeted rate for the qualifying rating units in 2018/2019, with the amount of remission declining in equal steps until 2027/2028 when 10 per cent of the Accommodation provider targeted rate will be remitted. This remission scheme will expire on 30 June 2028.
- the amount of remission will be reduced on a proportional basis where the applicant is able to exit, terminate or renegotiate the contract during the rating year.

For remissions granted under criterion 2 of this scheme:

- A proportion of the Accommodation provider targeted rate calculated as follows:

$$\frac{\text{Number of rooms or units under contract X number days under contract}}{\text{Total number of rooms or units in motel or hotel X 365}}$$

Part 2 - Addressing anomalies in schemes

Remission of rates for miscellaneous purposes

Objectives

The objective of this scheme is to enable the council to remit rates in circumstances that are not specifically covered by other schemes in the rates remission and postponement policy, but where the council considers it appropriate to do so.

Conditions and criteria

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

1. 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 unit's rates are disproportionate to those assessed for comparable rating units

2. The circumstances of the rating unit or the ratepayer are comparable to those where a remission may be granted under the council's other rates remission policies, but are not actually covered by any of those policies
3. There are exceptional circumstances that the council believes that it is equitable to remit the rates. The council has the final discretion to decide whether to grant a rates remission under this policy.

Remission of uniform annual general charges and targeted rates levied as fixed charges on rating units

Objectives

The objective of this scheme is to promote fairness in the application of rating by allowing the council to remit fixed charges in circumstances where it is equitable to do so.

Conditions and criteria

The council may remit uniform annual general charges and targeted rates levied as fixed charges, where the application meets one of the following criteria:

1. The rating unit is used solely for vehicle parking in conjunction with a building on a rating unit in the same ownership, and no car parking is available on the main property.
2. The rating unit is used jointly with one or more units as a single farm or horticultural entity and the group of rating units would otherwise be treated as a single rating unit, except that:
 - a. the units are not strictly contiguous (for example, a farm run-off block).
 - b. the occupier of all the rating units is the same but the occupier does not own the rating units or does not own all the rating units.
3. The rating unit is Māori land used jointly with one or more Māori land units as a single entity and the group of rating units would otherwise be treated as a single rating unit, except that:
 - a. the units are not strictly contiguous
 - b. the occupier of all the rating units is the same but the occupier does not own the rating units or does not own all the rating units.
4. The rating unit is classed by the council as a remote island that is uninhabitable or cannot be used for any practical use.

A remission will not apply to any rate that is levied for a:

- a. separate residential dwelling or business located on the rating unit
- b. service actually provided to the rating unit.

Owners wishing to claim a remission under this policy may be required to make a written application or declaration and to supply such evidence as may be requested to verify that a remission should be granted under this policy.

Part 3 - Other schemes

Postponement of rates for land described as Lot 2 DP 476554 or Lot 2 DP 510763

Objectives

To provide continued relief for three years to the two rating units that had rates postponed under the former Auckland Council rates postponement scheme "Postponement of rates for sports clubs in the district of the former Manukau City Council".

Postponement had previously been granted to sports clubs where the rateable value of land that was owned and used for sports was significantly attributable to potential residential development or subdivision. Postponement of rates will not be available to any other land under this scheme.

Conditions and criteria

1. For the purposes of this scheme
 - a. 'sports' means any organised outdoor sport but excludes horse or dog racing of any kind and 'sporting' has a corresponding meaning
 - b. to be eligible the land used for sports must not be less than 5 hectares and must be part of the land described as Lot 2 DP 476554 or Lot 2 DP 510763
2. The rates postponement value is to be determined:
 - a. so as to exclude any potential value that, at the date of valuation, the rating unit may have for non-sporting uses
 - b. so as to preserve the uniformity and equitable relativity with comparable parcels of land within the district of the former Manukau City Council and used for sporting purposes, the values of which do not contain any such potential value
3. There will be no right of objection to the rates postponement value determined under clause 2(a) and (b), except to the extent that it is proved that the rates postponement value does not preserve uniformity with existing District Valuation roll values for comparable rating units (used for sporting purposes) within the district of the former Manukau City Council having no potential value for non-sporting development.
4. Where a rates postponement value has been determined, the payment of rates will be deemed to have been postponed for the portion of the rates for any rating period of an amount equal to the difference between the amount of the rates for that period calculated according to the rateable value of the rating unit and the amount of the rates that would be payable for that period if the rates postponement value of the rating unit were its rateable value.
5. All rates whose payment has been postponed under this scheme will become due and payable immediately:
 - a. on the rating unit ceasing to be used for sporting purposes
 - b. where the ratepayer parts with possession of the rating unit or assigns or attempts to assign the rating unit in any way or for any purpose other than the giving of security for funds intended to be used for the further development of the rating unit for sporting purposes
 - c. where the rating unit or part of the rating unit is developed for any purpose other than sports
6. The postponement will generally apply from the beginning of the rating period in which the rate postponement value is determined.
7. Postponed rates will be registered as a statutory land charge on the title of the rating unit.
8. The council will add a postponement fee to the postponed rates for the period between the due date and the date they are paid. This fee will not exceed an amount which covers the council's administration and financial costs (an annual interest rate to be set by the council).
9. No further rates may be postponed under this scheme after 30 June 2021.



Delegation of decision-making

Decisions relating to the remission or postponement of rates payments will be made by council officers.

Adoption and amendment of this policy

The council must use the special consultative procedure set out in the LGA 2002 to adopt and amend this policy.