

# RATES REMISSION & POSTPONEMENT POLICY



## INTRODUCTION

In order to provide rates relief where it is considered fair and reasonable to do so, the Council is required to adopt policies specifying the circumstances under which rates can be considered for remission or postponement.

There are various types and circumstances under which a remission or postponement can be considered. The conditions and criteria relating to each type of remission or postponement are set out below, together with the objectives of the policy. This Policy is made of up the following nine parts:

- Part 1 Rates Remission on Māori Freehold Land
- Part 2A Rates Remission or Postponement for Business & Economic Development
- Part 2B Commercial Rates Postponement
- Part 3 Rates Remission for Land Subject to Natural Calamity
- Part 4 Rates Remission for Community, Sporting and Recreational Non-Commercial Use
- Part 5 Rates Remission for Penalties on Unpaid Rates
- Part 6 Rates Remission for Properties Affected by Weather Tightness Claims
- Part 7 Rates Remission for Residential Development in the Central Business District
- Part 8 Rates Postponement for Farm Land
- Part 9 Rates Postponement to Fund Repairs to Private Stormwater and Wastewater Pipes

## STATUTORY FRAMEWORK

This Policy is prepared in accordance with section 102(3), 109 and 110 of the Local Government Act 2002.

This Policy is also prepared in accordance with the Local Government (Rating) Act 2002, where all land is rateable unless specified in this Act or another Act states that land is non-rateable. Non-rateable land is still liable to pay targeted rate for water supply, sewage disposal, or refuse collection.

## APPLICATION OF POLICY

In order for an application to be considered, all applications must be in writing and must include the relevant supporting information as outlined in each type of remission or postponement.

Applications must be received prior to the commencement of the rating year (1 July – 30 June), unless stated. Successful applications received during a rating year will be applicable from the commencement of the following year. No applications will be backdated.

Remissions or postponements are only applicable to ratepayers identified in the Council's rating information database not the occupant of the property.

Remissions or postponements are limited to rates set and assessed by the Council. The Council collects rates on behalf of the Wellington Regional Council and therefore the Council has no authority to remit or postpone such rates other than by specific approval of that Council.

The approval of any remission or postponement is at the absolute discretion of the Council or its delegated officer.

# PART 1 – REMISSION ON MAORI FREEHOLD LAND

## Policy objectives

Objectives of this policy are to:

- support the use of the land by the owners for traditional purposes;
- recognise and support the relationship of Māori and their culture and traditions with their ancestral lands;
- avoid further alienation of Māori freehold land;
- facilitate the wish of the owners to develop the land for economic use
- recognise and take account of the presence of waahi tapu that may affect the use of the land for other purposes;
- recognise and take 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);
- recognise and take account of the importance of the land for community goals relating to: the preservation of the natural character of the coastal environment; the protection of outstanding natural features; and; the protection of significant indigenous vegetation and significant habitats of indigenous fauna;
- recognise the level of community services provided to the land and its occupiers;
- recognise matters related to the physical accessibility of the land.

## Conditions and criteria

Under the Local Government (Rating) Act 2002 Māori freehold land is defined as land whose beneficial ownership has been determined by the Māori Land Court by freehold order. Only land that is the subject of such an order may qualify for remission under this policy. The Council may remit rates where the application meets the following conditions and criteria:

- a. the land is unoccupied and no income is derived from the use or occupation of that land;  
or
- b. the land is better set aside for non-use because of its natural features, or is unoccupied; or
- c. the land is inaccessible and/or is unoccupied;
- d. only a portion of the land is occupied;
- e. the land has limited use and/or economic value from its actual use.

## Council's consideration

The Council may give remission of up to 100% of all rates where the application meets the relevant policy objectives and conditions/criteria outlined in this policy.

Application for this remission should be made prior to commencement of the rating year.

The owners who have applications approved by the Council for remission should make contact with the Council immediately if the circumstance or a status of the land changes. All approved remissions will be subject to annual review or at least every 3 years to validate the remissions approved.

Applications made after the commencement of the rating year may be accepted at the discretion of the Council.

The Policy shall apply to owners of Māori freehold land who meet the relevant criteria as approved by the Chair of the Council Committee with responsibility for managing Council finances (at the time of adopting this Policy this is the Chair of the City Direction Committee), and the General Manager Corporate Services & Chief Financial Officer.

The administration of this Policy may be sub-delegated to a Council officer as appropriate.

## **PART 2A – REMISSION OR POSTPONEMENT FOR BUSINESS AND ECONOMIC DEVELOPMENT**

### **Policy objective**

To promote economic development and new business investment within the City by offering rates remission to:

- encourage developments that assist new businesses to become established in the city, or
- encourage developments that assist existing businesses in the city to expand and grow.

### **Conditions and criteria**

To be eligible for remissions or postponement for business and economic development purposes, applications must meet all of the criteria in Part 1 (A) and Part 1 (B):

- Part 1 (A)
  - New commercial and/or industrial developments that involve the construction of any new building or buildings intended to be used for industrial, commercial or administrative purposes; or
  - Existing commercial and/or industrial developments that involve substantial alterations or renovations to the existing building or buildings intended to be used for industrial, commercial or administrative purposes.
- Part 1 (B)
  - The new investment must increase the rateable value of the rating unit (or units) on which the development takes place by not less than \$1 million per rateable unit.

### **Council's considerations**

Any rates remission or postponement covering the General rate, the Uniform Annual General Charge, and the City Development rate to any individual development granted is subject to:

- A maximum period of three financial years.
- The Council's final determination of the size and length of any remission or postponement. Generally it will not be of a size that results in an absolute reduction of the rates derived by the Council from the rating unit.
- Meeting the agreed conditions which the Council considers appropriate in relation to the approval of a remission or postponement. Failure to comply with such conditions may lead either to the suspension of the remission or postponement for a period to be determined by the Council, or termination of the remission or postponement, at the Council's discretion.

All applications will be submitted to the City Direction Committee for consideration and a decision on the level of remission/postponement.

## **PART 2B – COMMERCIAL RATES POSTPONEMENT**

### **Policy objective**

The purpose of this policy is to support the business sector's recovery from the impact of Covid-19 pandemic and provide rate relief from immediate financial burdens. This policy change is targeted at assisting business recovery and is designed to be rates neutral (it will be fully self-contained and not place any cost on Council or ratepayers other than those who postpone rates under it).

### **Conditions and criteria**

Eligibility for this postponement of 2020/21 rates is limited to ratepayers in respect of rating units that fall within Porirua City's business sector. The business sector is defined as rating units in the following rating categories:

- Business (Category 13);
- Motels (Category 15); and
- Shopping Plazas (Category 16).

Ratepayers seeking the benefit of the rates postponement policy need to apply in writing to the Council. Applications must be received by 14 July 2020 to be considered for postponement.

### **Council's considerations**

The policy change enables those business ratepayers who have experienced financial hardship as a direct result of the Covid-19 Pandemic to (if they so elect to) postpone either 100% or 50% of their 2020/21 rate payment and spread the postponed rates equally over 3 years commencing 1 July 2021.

The commercial rates postponement scheme will function as follows:

- The ratepayer can elect to postpone either 100% or 50% of their 2020/21 rates.
- If 100% of the rates are postponed, the postponed rates will become payable in the 2021/22 rating year and will be payable over the 2021/22, 2022/23 and 2023/24 rating years.
- If 50% of the rates are postponed, the ratepayer will still be required to pay the last two instalments of rates (for Q3 and Q4) in respect of the 2020/21 rating year. The postponed rates (being the balance of the rates in respect of the 2020/21 rating year) will be payable over the 2021/22, 2022/23 and 2023/24 rating years.
- The Council will add a postponement fee to the postponed rates which will be made up of two parts:
  1. an establishment charge of \$250 plus GST to cover the Council's administrative costs to operate the scheme; and
  2. the financial costs to the Council of the postponement (calculated using the Council's average interest rate of 3.58%).
- The relevant postponed rates in respect of the 2020/21 rating year will become payable over 3 years from 1 July 2021.
- The establishment charge part of the postponement fee will be payable in four equal instalments in the 2021/22 rating year (the same rating year that the postponed rates become payable).
- The part of the postponement fee that relates to the financial costs to the Council of the postponement will become payable in the 2021/22 rating year and will be payable over the subsequent 3 rating years beginning 1 July 2021.

- The postponement fee will be treated by the Council as part of the rates on the relevant rating unit, in accordance with the Local Government (Rating) Act 2002 and will be invoiced accordingly.
- Council may register a notice of charge over the relevant rating unit in respect of which the rates have been postponed until the postponed rates are paid.

The Council expects that any ratepayers that pass the cost of rates onto their tenants would also pass on the benefit of the rates postponement (although this is not part of the conditions and criteria for the postponement).

Under the scheme the amount of rates postponed in 2020/21 would be replaced by Council increased borrowing, but as the cost of postponed rates will be recovered by the Council through the postponement fee (made up of the establishment charge and charge for the financial cost to the Council). On this basis, the scheme will be fiscally neutral for the Council and rate neutral to other ratepayers.

This Commercial Rates Postponement scheme only relates to the 2020/21 financial year and is a clear recognition of the importance of the business sector to Porirua City, and that a strong and vibrant business sector provides benefits to all residents and ratepayers of Porirua.

This commercial postponement policy will be fully self-contained and will not put any cost on non-business ratepayers, any other ratepayer sectors, or any ratepayers who do not apply for it and therefore will be rate neutral due to the ability to recover the postponement fee from ratepayers with postponed rates (which includes the Council's financial and administrative costs).

## **PART 3 – REMISSION FOR LAND SUBJECT TO NATURAL CALAMITY**

### **Policy objective**

To assist property owners with rates relief where the use of the rating unit has been detrimentally affected by erosion, subsidence, submersion, fire or other natural calamity.

### **Conditions and criteria**

A rates remission of the base general rate may be granted to rating units that are:

- Used principally for residential purposes and are subject to one of the following: erosion; subsidence; submersion; fire; or other natural calamity that had the effect of rendering the residence uninhabitable or unusable, such as earthquake related.
- Uninhabitable or unusable for a period of greater than one month.

### **Council's considerations**

To be considered for rates remission:

- Application must be made within 12 months of the event.
- Application must include the following supporting information: details of the property; the description of the natural calamity; steps taken or will be taking to return the rating unit to inhabitable or usable state; and; an estimate of the time the rating unit is expected to be affected.
- Up to 100% of all rates and charges including charges made for water and wastewater services may be remitted for the period during which the buildings are uninhabitable or unusable.

The Policy shall apply to owners of the property who meet the relevant criteria as approved by the Chair of the Council Committee with responsibility for managing Council finances (at the time of adopting this Policy this is the Chair of the City Direction Committee), and the General Manager Corporate Services & Chief Financial Officer.

The administration of this Policy may be sub-delegated to a Council officer as appropriate.

## **PART 4 – REMISSION FOR COMMUNITY, SPORTING AND RECREATIONAL NON-COMMERCIAL USE**

### **Policy objective**

To provide remission to:

- Facilitate the ongoing provision of non-commercial community services that meet the needs of the residents of the city;
- Support ongoing provision of non-commercial sporting and recreational opportunities for the residents of the city;
- Assist the organisations' survival
- Encourage membership of the organisations making them more accessible to the general public, particularly disadvantaged groups, such as children, youth, young families, aged people, and economically disadvantaged people.

### **Conditions and criteria**

To be eligible for rates remission for a proportion for the General rates, the rating unit must be:

- Used for educational purposes as defined in clause 6 of Part 1 of Schedule 1 of the Local Government (Rating) Act 2002; or
- Used for religious purposes as defined in clause 9 of Part 1 of Schedule 1 of the Local Government (Rating) Act 2002; or
- Land used as a marae or meeting house as defined in clauses 12 (a) and 13 of Part 1 of Schedule 1 of the Local Government (Rating) Act 2002; or
- Land owned or used for games or sports as defined in clause 2 of Part 2 of Schedule 1 of the Local Government (Rating) Act 2002, whether or not the land has a club licence under the Sale of Liquor Act 1989; or
- Land owned or used for the purpose of any branch of the arts as defined in clause 3 of Part 2 of the Local Government (Rating) Act 2002; or
- Land used primarily or exclusively for community health or public health purposes and occupied by a registered charitable trust or incorporated society; or
- Land used primarily or exclusively for youth work, support, education or development and occupied by a registered charitable trust or incorporated society; or
- Land occupied by a registered charitable trust or incorporated society and used primarily or exclusively for the gathering and assembly of people to promote community well-being. Examples include RSA clubs and associations that encourage people to recognise and retain ethnic, cultural or religious affiliations; or
- Land that, while not used primarily for any of the purposes above, is used primarily or exclusively for a combination of those purposes

To be eligible for rates remission for a proportion of the sewerage pan charges to the rating unit must:

- Be land used exclusively or principally for community, sporting and recreational non-commercial purposes
- Have a water meter connected to the property for a rating year prior to the year in which a remission is granted

### **Council's considerations**

- The Council may remit up to 50% of General rates for rating units that are used principally for community, sporting and recreational non-commercial purposes.
- Remissions for community or other non-commercial purposes will be assessed using the formula:

Actual Charge – Calculated Charge; where

Actual Charge = The actual charge for sewage disposal assessed against the rating unit, and

Calculated Charge = The annual water consumption for the rating unit (measured in cubic metres) for the previous financial year divided by 220m<sup>3</sup>, multiplied by the charge per pan set by the Council for the financial year in which rates assessed.

The Policy shall apply to an organisation who meets the relevant criteria as approved by the Chair of the Council Committee with responsibility for managing Council finances (at the time of adopting this Policy this is the Chair of the City Direction Committee), and the General Manager Corporate Services & Chief Financial Officer.

The administration of this Policy may be sub-delegated to a Council officer as appropriate.



## **PART 5 – REMISSION OF PENALTIES ADDED TO UNPAID RATES**

### **Policy objective**

To enable Council to act fairly and reasonably in its consideration of penalties on rates which have not been paid by the due date.

### **Conditions and criteria**

Remissions are limited to ratepayers who:

- Wishes to pay his or her rates at regular intervals that are different from the Council's instalment dates.
- Has fallen into arrears, the Council may remit or postpone penalties as part of a programme of agreed payments designed to eliminate the arrears over a reasonable timeframe.
- Occasionally, unusual circumstances arise which cause a ratepayer to be late with a payment. These can range from family problems to simple oversight. So long as such instances are once every 3 years.

### **Council's considerations**

To be considered for rates remission:

- Application for this remission should be within one month of notification of the penalty incurred.
- Applications must include the following supporting information: details of the property; and the reason for late payment.
- The Council reserves the right to impose conditions on the remission of penalties. Conditions may relate to: completion of agreed payment schedules; and; the taking of other actions needed to resolve ratepayer liability matters.
- Rates should be paid before penalty is remitted, or an agreed payment plan is in place (i.e. a direct debits set up).

The Policy shall apply to ratepayers who meet the relevant criteria as approved by the General Manager Corporate Services & Chief Financial Officer.

The administration of this Policy may be sub-delegated to a Council officer as appropriate.

## **PART 6 – RATES REMISSION FOR PROPERTIES AFFECTED BY WEATHERTIGHTNESS CLAIMS**

### **Policy objective**

To enable Council to provide remission for situations where properties are uninhabitable for period of time while the property is being repaired or rebuilt.

### **Conditions and criteria**

To be eligible for rates remission the applicant's property must be subject to:

- An approved weathertightness claim
- Be partially or fully uninhabitable for a period of longer than 1 month.
- Remission will only apply up to the point the Council issues the code of compliance certificate

### **Council's considerations**

Application must be made within 12 months of remedial work starting.

The amount of rates remission approved will be based on the non-land portion of the total value of the property.

The Policy shall apply to ratepayers who meet the relevant criteria as approved by the General Manager Corporate Services & Chief Financial Officer.

The administration of this Policy may be sub-delegated to a Council officer as appropriate.

## **PART 7 – RATES REMISSION FOR RESIDENTIAL DEVELOPMENT IN THE CENTRAL BUSINESS DISTRICT**

### **Policy objective**

To enable Council to provide rates remissions to encourage Residential Development in the Central Business District.

### **Conditions and criteria**

1. To qualify the development must:-
  - a. Include at least two residential units, each of at least 40m<sup>2</sup> of floor area
  - b. Meet basic quality and amenity standards for the residents
  - c. Meet the minimum standards for noise insulation to ensure appropriate indoor noise levels

### **Council's considerations**

The remission that is available for a qualifying development is a 100% waiver of General rates including Uniform Annual General Charges and the City Development rate for a period of five years from the time of uplifting a Building Code of Compliance Certificate.

All applications for rates remission for Residential Development in the Central Business District will be submitted to the City Direction Committee for consideration.

## **PART 8 – RATES POSTPONEMENT FOR FARM LAND**

### **Policy objective**

To preserve the City's rural landscapes by providing rates postponement for rateable units (or part of) that are principally used for farming purposes.

### **Conditions and criteria**

A rates postponement of the base general rate may be granted to rating units that are classified as rural under the District Plan and principally used for farming purpose. Under this policy "principally used for farming purposes" is defined as where:

- The rating unit is classified as rural under the District Plan and/or falls within the "Rural" differential rating classification; and;
- Principally used for farming purposes where land that is used exclusively or principally for agricultural, horticultural or pastoral purposes, or for the keeping of bees, poultry or other livestock excluding forestry, commercial dog kennels or catteries ; and;
- Has a land area of not less than 40 hectares.

### **Council's considerations**

Any rates postponement provided is subject to:

- The applicant paying the additional valuation fees the Council incurs in assessing the rates postponement value of the rating unit.
- The rating units meeting the above conditions and criteria.
- A maximum of 50% of the base general rate may be remitted.
- If at any time before the rates are postponed, subdivision for non-farming purposes occurs, or the land use is changed to a non-farming use, the postponement shall be nullified, and the rates assessed shall become due and payable.

The postponed rates shall be registered against the title of the rating unit by whatever legal instrument Council chooses and all costs of registration, subsequent de-registration and any other dealing with the title shall be entirely at the expense of the owner.

In each year the sum postponed shall be calculated as the difference between the rates that were assessed and the rates that would have been assessed had the rating unit not had some part of its value attributable to the potential use of the land for residential, industrial, commercial or other non-farming use.

Farmland rates are postponed after five years if a property is not subdivided, sold or changed to a non-farming use. Postponed farmland 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 the proceeds of that sale.

The Policy shall apply to owners of farm land who meet the relevant criteria as approved by the Chair of the Council Committee with responsibility for managing Council finances (at the time of adopting this Policy this is the Chair of the Finance Committee), and the General Manager Corporate Services & Chief Financial Officer.

The administration of this Policy may be sub-delegated to a Council officer as appropriate.

## **PART 9 – RATES POSTPONEMENT TO FUND REPAIRS TO PRIVATE STORMWATER AND WASTEWATER PIPES**

### **Policy objective**

The purpose of this policy is to provide financial assistance to fund repairs to private wastewater and stormwater pipes that may be causing leaks, overflows and cross-connections.

The policy is designed to be rates neutral (it will be fully self-contained and not place any cost on Council or ratepayers other than those who postpone rates under it).

### **Conditions and criteria**

Eligibility for this postponement of rates is limited to ratepayers who:

- (a) have repairs to private stormwater and/or wastewater pipes on their land paid for by the Council; and
- (b) elect to be liable for a voluntary targeted rate which is used to fund the repairs by Council to the ratepayer's private pipes; and
- (c) sign the "Financial assistance private stormwater and wastewater repairs" contract and application form setting out the terms under which Council will pay for the repairs.

The postponement would apply to any rating units within the Group 01 – Residential Group 13 – Commercial, Group 15 – Motels or Group 16 - Shopping Plazas category who elect to utilise the scheme.

Ratepayers seeking the benefit of the rates postponement policy need to enter into a contract recording the exact terms, obligations and assistance provided.

### **Council's considerations**

Where a ratepayer is notified that repairs and maintenance to private pipes are required the ratepayer may:

- organise and pay for the required repairs to meet the Building Code or
- authorise the Council to undertake the works to meet the to meet Building Code.

Where the ratepayer authorises Council to undertake the works on their behalf the following funding options are made available:

- the ratepayer pays directly to the contractor for the actual costs of repair; or
- the ratepayer elects to receive financial assistance from Council and volunteers to repay the amount by way of targeted rate.

This Rates postponement policy will function as follows:

- The formal terms of the arrangement will include the following:
  1. The wastewater and stormwater financial assistance targeted rate will be postponed in accordance with this Postponement Policy and the contract. The amount of the voluntary targeted rate will be the actual cost of undertaking the works for repairing the pipes to meet Building Code;
  2. A postponement fee will be added to the postponed voluntary targeted rate which will be made up of two parts:
    - an establishment charge of \$250.00 plus GST to cover Council's administrative costs of the postponement; and
    - the financial costs to Council of the postponement (calculated using Council's average cost of borrowing at time of postponement).
- The contract entered into between Council and the ratepayer will also be the written application for postponement of rates under this policy as required by the Local Government (Rating) Act 2002.

- Option 1: The wastewater and stormwater financial assistance targeted rate plus the postponement fee will be payable in the first rating year as defined in the contractual terms and in accordance with the Council's Rating Policy except as described in this Policy. The wastewater and stormwater financial assistance targeted rate will be postponed except for the amount of \$500.00 plus GST per annum. This amount will be payable along with other rates assessed. Each year, another \$500.00 plus GST of the postponed wastewater and stormwater financial assistance targeted rate will become payable. If in any rating year the outstanding amount of rates postponed under this policy is less than \$500.00 plus GST, then the full outstanding amount will be payable in that rating year.

or

- Option 2: The postponed Wastewater and stormwater financial assistance targeted rate will become payable over the next 5 to 10 rating years. The postponed wastewater and stormwater financial assistance targeted rate will be payable in 5 to 10 equal instalments. The balance of the postponed rates (which are not payable in any given rating year) will be postponed as part of terms outlined in the contract.
- The full amount of postponed rates will become payable in full if the relevant rating unit is sold or transferred.
- The postponement fee will be treated by Council as part of the rates on the relevant rating unit, in accordance with the Local Government (Rating) Act 2002.
- Council may register a notice of charge over the relevant rating unit in respect of which the rates have been postponed until the postponed rates are paid.

Where a property owner wishes to repay any amounts in excess of the payable amount in any rating year such repayment will be offset against any future payable amounts.

For the purposes of this Policy repairs to drinking water pipes are excluded and trade waste issues are covered by the Trade Waste Bylaw.