

Policies on Remissions and Postponements

Significant change to the Remission Policy and their effects

As was the case with the previous Long-term Plan we have had a number of representations and submissions about our contiguous rating policy over the past two years. Under the Local Government Rating Act 2002 two adjoining properties that are used for the same purpose and owned by the same exact person could be treated as contiguous. Contiguous properties only have to pay one lot of Uniform Annual Charges (UACs) that would normally be charged to separate properties. If a farm had three separate properties but was deemed to be contiguous the ratepayer would only have to pay one set of UACs instead of three. Based on the LTP in the 2015-16 year this would mean the ratepayer would pay only \$93.72 for the common UACs instead of \$281.16.

Contiguity under the Act does not apply if there are dwellings on the separate properties nor does it apply to subdivisions that have been carried out or yet to be sold. Also the person who owns the property has to have the exact same name. For example a farm may be farmed by the one person as one farm, but the two properties might be owned by different entities (eg. one property is owned by the couple farming but the other property is owned by their family trust. In this case both properties are charged UACs. Another example is a forestry block with 15 properties that may be farmed as one forest but owned by different owners. Again in the forestry example contiguity does not apply.

In 2010 we introduced a non-contiguous rural rate remission that gave farms that were owned by the same person (exactly) and farmed as one unit but were not contiguous (say there was a runoff paddock a kilometre up the road) a rate remission to reduce the number of UACs paid to what would be paid if the properties were contiguous.

In the 2012-22 LTP we extended the rate remission to include contiguous unsold subdivisions if the properties are owned in the exact same name and contiguous forestry blocks being forested as one but in different owner names.

In this Long-term Plan we have further extend the contiguous rate remission to include:

(extract from 2015-25 Long Term Plan Document)

- Contiguous farms being farmed as one but in different owner names.
- A dwelling on a motel site that is occupied by the person responsible for the day to day management of those motels.

It is difficult to estimate the financial impact of the changes as we do not know how many properties would be eligible for these new remissions nor the number of those properties that would apply for the remission. (Remissions are only granted from the year they are applied for, onwards.) Past experience has also shown that property owners are slow to take up these remissions meaning the full impact takes up to five years to occur.

It is roughly estimated that, over the next five years, other ratepayers, UACs in total will increase between \$1.00 to \$2.00 when extensions to the contiguous rate remissions are adopted.

In addition to this major change we made two minor changes to the remaining remission policies:

- The Chief Executive is allowed to write off rate arrears on properties that have been deemed eligible for Māori Land rate remissions. Under the current policy Council had to make this decision. We consider that the write off of arrears is an administrative function best suited to the CE rather than Council meetings.
- We will remove the Rates Remission Policy for Environmental Works as we have not been granting such remissions for a number of years. Instead we have been providing grants to support such works and will continue to do so.

1. Rates Remission Policy

A. General

- a. Application
This policy is prepared under Sections 102 and 109 of the Local Government Act 2002 for consultation using the special consultative procedure laid down in Section 83 of the same Act.
- b. Pre-existing remissions
Where ratepayers received discretionary rate remissions from Horizons Regional Council for River and Drainage Scheme rates up until 30 June 2005, these will continue, provided their circumstances fit within the conditions and criteria of this Remissions Policy.
- c. Review of remissions
All remissions will be reviewed on at least a three-yearly basis to ensure that the circumstances under which the remissions were granted continue to exist. Notification of any change in the circumstances of a rating unit, eg. 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.

B. Remission of penalties

- a. Objective
The objective of this part of the Remission Policy is to enable the Council to act fairly and reasonably in its consideration of rates which the Council has not received by the penalty date. This may be due to circumstances outside the ratepayer's control, or because the ratepayer has opted to spread payments over the year rather than pay the single annual invoice amount.
- b. Conditions and criteria
Remission of one penalty will be considered in any one rating year where payment has been late due to significant family disruption. Remission will be considered in the case of death, illness, or accident of a family member as at the due date.

Remission of the penalty will be granted if the ratepayer is able to provide evidence that his/her payment has gone astray in the post or the late payment has otherwise resulted from matters outside his/her control. Each application will be considered on its merits and remission will be granted

where it is considered just and equitable to do so. Ratepayers wishing to claim this remission will need to make an application on the form prescribed by Horizons Regional Council.

Remission of the penalty, with a possible deduction for financing and administration charges, will be made where the ratepayer elects to spread payment of a single annual amount due for the year over two or more payments. The amount of the financing and administration charge will be set annually as part of the rate resolution, and will consist of a percentage of the annual amount together with a flat charge.

Decisions on remission of penalties will be delegated to the chief financial officer as set out in the Council's delegations resolution.

C. Remission of uniform charges on non-contiguous rural rating units owned by the same owner

- a. Objective of the policy
To provide for relief from uniform charges for rural land which is non-contiguous, farmed as a single entity and owned by the same ratepayer.
- b. Conditions and criteria
Rating units that meet the criteria 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 non-contiguous rating units on which remission is given must be owned by the same ratepayer, must each be classified as "rural" for differential purposes, and must be farmed as a single entity. Only one of the units may have any residential dwelling situated on the rating unit.

Ratepayers wishing to claim a remission should make an application on the form prescribed by Horizons. The onus will be on the ratepayer to demonstrate that s/he meets the conditions and criteria set.

Decisions on remission of uniform charges will be delegated to the chief financial officer as set out in the Council's delegations resolution. In addition the remission will be reviewed every three years.

D. Remission of uniform charges on contiguous unsold subdivisions units owned by the same owner

- a. Objective of the policy
To provide for relief from uniform charges for unsold subdivisions that are owned by the same ratepayer.
- b. Conditions and criteria
Rating units that meet the criteria 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.

This remission applies for financial years starting from 1 July 2012 onwards.

The contiguous rating units on which remission is given must be owned by the same ratepayer, must be available for sale, must not be used for different purposes or by different occupiers while awaiting sale nor rented as separate properties. Only one of the units may have any residential dwelling situated on the rating unit.

Ratepayers wishing to claim a remission should make an application on the form prescribed by Horizons. The onus will be on the ratepayer to demonstrate that s/he meets the conditions and criteria set.

Decisions on remission of uniform charges will be delegated to the chief financial officer as set out in the Council's delegations resolution. In addition the remission will be reviewed every three years.

E. Remission of uniform charges on contiguous forestry units owned by the same owner or different owners

- a. Objective of the policy
To provide for relief from uniform charges for forests that are owned by the same ratepayer or different ratepayers.
- b. Conditions and criteria
Rating units that meet the criteria 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.

This remission applies for financial years starting from 1 July 2012 onwards.

The contiguous rating units on which remission is given can be owned by the same ratepayer or different ratepayers and must be used as a single forestry business, must not be used for different purposes nor rented as separate properties. Only one of the units may have any residential dwelling situated on the rating unit.

Ratepayers wishing to claim a remission should make an application on the form prescribed by Horizons. The onus will be on the ratepayer to demonstrate that s/he meets the conditions and criteria set.

Decisions on remission of uniform charges will be delegated to the chief financial officer as set out in the Council's delegations resolution. In addition the remission will be reviewed every three years.

F. Remission of uniform charges on contiguous farms owned by different owners

- a. Objective of the policy
To provide for relief from uniform charges for farms that are owned by different ratepayers but farmed as one
- b. Conditions and criteria
Rating units that meet the criteria 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.

This remission applies for financial years starting from 1 July 2015 onwards.

The contiguous rating units on which remission is given can be owned by different ratepayers and must be used as a single farm business, must not be used for different purposes nor rented as separate properties. Only one of the units may have any residential dwelling situated on the rating unit.

Ratepayers wishing to claim a remission should make an application on the form prescribed by Horizons. The onus will be on the ratepayer to demonstrate that s/he meets the conditions and criteria set.

Decisions on remission of uniform charges will be delegated to the chief financial officer as set out in the Council's delegations resolution. In addition the remission will be reviewed every three years.

G. Remission of uniform charges on contiguous motel day to day managers dwelling.

- a. Objective of the policy
To provide for relief from uniform charges for day to day motel managers dwelling.
- b. Conditions and criteria
Rating units that meet the criteria 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.

This remission applies for financial years starting from 1 July 2015 onwards.

The contiguous rating units on which remission is given are for the dwelling that is occupied by the day to day manager of a motel business. This person (who can also be the owner of the business) occupies this dwelling in order to effectively day to day manage the motel. This remission will not apply if the person occupying the dwelling does not day to day manage the motel. For example the owner of a motel who has delegated the day to day running of the motel to another person.

Ratepayers wishing to claim a remission should make an application on the form prescribed by Horizons. The onus will be on the ratepayer to demonstrate that s/he meets the conditions and criteria set.

Decisions on remission of uniform charges will be delegated to the chief financial officer as set out in the Council's delegations resolution. In addition the remission will be reviewed every three years.

H. Remissions for community, sporting and non-profit organisations

This remission applies to owners of rating units where they meet the following objectives and operate as non-commercial/non-profit/non-business operations.

- a. Objective of the policy
The objective of this policy is to provide rating relief for community, sporting and non-profit organisations. Specific objectives are:

- To enable Council to treat community, sporting and other non-profit organisations of the Region in a consistent manner (by adjusting for anomalies caused by some sections of the Local Government (Rating) Act 2002); and
- To facilitate the ongoing provision of non-commercial community services and non-commercial recreational opportunities that meet the cultural and social wellbeing needs of the residents; and
- To assist the organisation's survival and to make membership of the organisation more accessible to the general public.

- b. Conditions and criteria
Rating units that meet the criteria under this policy may qualify for a remission of the full amount of all rates due except for the UAGC charge.

The criteria are assessed as at 1 July for the new rating year. The Council may remit rates where the application meets the following criteria:

- The rating units on which remission is given must be owned or used, exclusively or principally, by a community, sporting, or non-profit organisation. (Where the land is not owned by the organisation, the benefit of the remission must still flow to the organisation).
- The policy will also apply to land that falls within Schedule 1, s(21) of the Local Government (Rating) Act 2002, being land which is used for "the free maintenance or relief of persons in need", but which exceeds the 1.5 ha restriction.
- The policy will also apply to the 50% rateable portion of land that falls within Schedule 1, Part 2 of the Local Government (Rating) Act 2002, (being land used for showgrounds, games, sports, or the arts, as defined by the Act).
- The policy will also apply to that part of land which falls within Schedule 1, Part 2 s2) of the Local Government (Rating) Act 2002 being land for games or sports and for which a club liquor licence is in force; however in some cases an adjustment may be made in the amount of the remissions for the area covered by the liquor licence.
- The policy will not apply to organisations operated for the private pecuniary profit of any individual member, or which charge commercial tuition fees.
- 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.

Ratepayers and/or organisations wishing to claim a remission will need to make a full application in the first year of application of this policy. Applicants will need to complete the form prescribed by Horizons, and will need to provide the following information in support of their application:

- Statement of objectives of the organisation;
- Full financial accounts at the most recent balance date; and
- Other information as may be requested.

In subsequent years, Council will need to confirm continuing eligibility and recipients will need to inform Council of changed circumstances.

All remissions are at the discretion of the Council and will be assessed on a case-by-case basis. Decisions on remissions of regional and scheme rates for such organisations will be delegated to the chief financial officer as set out in the Council's delegations resolution.

2. Rates Postponement Policy

A. General

a. Application

This policy is prepared under Sections 102 and 110 of the Local Government Act 2002 for consultation using the special consultative procedure laid down in Section 83 of the same Act.

b. Review of postponements

All postponements of rates will be reviewed on at least a six-monthly basis to ensure that the terms under which any postponement of rates was granted are being complied with. Notification of any change in the circumstances of a rating unit, eg. change of ownership, will also give rise to the review of any postponements applying to that rating unit at the time of notification of the change.

B. Extreme financial circumstances

a. Objective

The objective of this part of the policy is to assist ratepayers experiencing extreme financial circumstances that affect their ability to pay rates.

b. Conditions and criteria

Only rating units used solely for residential purposes (as defined by Council) will be eligible for consideration for rates postponement for extreme financial circumstances.

Only the person entered as the ratepayer, or the authorised agent, may make an application for rates postponement for extreme financial circumstances. The ratepayer must be the current owner of, and have owned for not less than five years, the rating unit which is the subject of the application. The person entered on the Council's rating information database as the "ratepayer" must not own any other rating units or investment properties (whether in the Region or in another region).

The ratepayer (or authorised agent) must make an application to Council on the form prescribed by Horizons Regional Council.

The Council will consider, on a case-by-case basis, all applications received that meet the criteria described in the first two paragraphs under this section.

When considering whether extreme financial circumstances exist, all of the ratepayer's personal circumstances will be relevant including the following factors: age, physical or mental disability, injury, illness and family circumstances.

Before approving an application 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, proper 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.

Even if rates are postponed, as a general rule, the ratepayer will be required to pay the first \$250 of the rate account in any one year.

Where the Council decides to postpone some of the rates, the ratepayer must first make acceptable arrangements for payment of non-postponed rates, for example by setting up a system for regular payments.

Any postponed rates will become payable:

- On the death of the ratepayer/s; or
- When the ratepayer/s ceases to be the owner or occupier of the rating unit; or
- When the ratepayer/s ceases to use the property as his/her residence; or
- At a date specified by the Council.

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 the Council's administrative and financial costs and may vary from year to year.

The policy will apply from the beginning of 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.

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 s/he 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.

Decisions on postponement for extreme financial circumstances will be delegated to each of the group manager Corporate Services and the manager Accounting Services as set out in the Council's delegations resolution.

3. Rates Remission Policy for Māori Freehold Land

A. General

This policy is written under sections 102(2)(e) of the Local Government Act (LGA) 2002 and addresses the rating of Māori freehold land. The policy provides for the fair and equitable collection of rates from Māori freehold land, recognising that certain Māori-owned freehold lands have particular conditions, features, ownership structures, or other circumstances determining the land as having limited rateability under legislation. This policy also acknowledges the desirability of avoiding further alienation of Māori freehold land.

Māori freehold land is defined by Section 5 of the Local Government (Rating) Act 2002 as "land whose beneficial ownership has been determined by the Māori Land Court by freeholder order." Only land that is the subject of such an order may qualify for remission under this policy.

B. The objectives

The objectives of this policy are to fulfil the Council's legal obligations under Sections 102(2)(e) and 108 of the Local Government Act 2002 and to provide rates relief for Māori freehold land in multiple ownership, to recognise, support and take account of:

- Facilitating any wish of the owners to develop the land for economic use;
- The presence of waahi tapu that may affect the use of the land for other purposes;
- The importance of associated housing in providing kaumatua support and enhancement for marae;
- 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.
- Matters related to the legal, physical and practical accessibility of the land; and
- Land that is in, and will continue to be in, a natural and undeveloped state.

C. Legal basis

- Under the Local Government Act 2002 and the Local Government (Rating) Act (LGRA) 2002 and as provided by Sections 102(2)(e), 108 and the matters in Schedule 11 of the Local Government Act (LGA) 2002 and Section 114 of the Local Government (Rating) Act 2002, this policy sets out:

- The objectives to be achieved by the remissions of rates on Māori freehold land;
- The conditions and criteria to be met in order for rates to be remitted; and
- The process of application and consideration of rates remission under this policy.

D. Conditions and criteria

In order for a property, or part of a property to qualify for a rates remission under this policy it must meet all of the required criteria and at least one of the optional criteria:

a. Required Criteria (all)

A property must be:

- Māori freehold land as defined in the LGRA 2002;
- In multiple ownership defined as two or more owners; and
- Unoccupied. Occupation for this policy is where a person/persons does/do one or more of the following for their significant profit or benefit:
 - Leases the land to another party;
 - Permanently resides upon the land;
 - Depastures or maintains livestock on the land; or
 - Undertakes significant commercial operations.

Under this policy land must not be occupied as defined above unless the land and its housing are used to contribute to the kaumatua support and enhancement of the marae under optional criteria 4.2.3 below.

b. Optional Criteria (at least one)

A property must be/have:

- Development of the land for economic use. If any land is to be developed for economic use, particularly if it will provide employment for local Māori, a rates remission will be considered. This remission will decrease in proportion to the property's increased economic use through development. Plans of the

development and financial projections will be required to support application under this criterion;

- The presence of waahi tapu that may affect the use of the land for other purposes. A rates remission will be considered on a property or part of a property where the use of that property is affected by the presence of waahi tapu.

In order to enhance transparency regarding Māori freehold land rates remissions, a public register of remissions will be established. This register will outline the property, its owners, the reason for the remission, the date remission is first granted and the history of rates remitted. While the register will not give the precise location on the property of the waahi tapu, its presence in general will be disclosed. Landowners applying for a rate remission under this criterion will need to decide if they wish to publicly disclose the presence of waahi tapu on their properties prior to applying;

- Where houses are in the vicinity of the marae, representations for rates remissions will be considered, taking into account the contribution to the kaumatua support and enhancement of the marae;
- Used for preservation/protection of character or coastline, outstanding natural features, significant indigenous vegetation and habitats of indigenous fauna. Applications under this criterion need to be supported by an existing Department of Conservation or Regional Council Management Plan, eg. in the DOC Coastal Management Plan for the area;
- Accessibility Issues

If it is difficult to legally, physically or practically access a property, a rates remission will be considered. Examples of accessibility issues are:

- The property is landlocked by properties owned by other people/entities;
- Access is legally available by paper road or easement but the road does not exist; or
- A road ends or passes a property but a river, ravine, cliff or other impediment prevents practical access.

- vi. In a natural and undeveloped state, and will continue to remain in such state. If the property is in, and will remain in, a natural and undeveloped state, and there is no significant financial revenue, a rates remission will be considered.

E. Process of application and consideration for rates remission under this policy

a. Applications

On application to Council, consideration will be given for the remission of rates on Māori freehold land under this policy.

The application for rates remission under this policy shall include:

- Details of appropriate contacts;
- Details of property and occupancy;
- The condition(s), as listed in Section 4 of this Policy, under which the application is made;
- Any relevant information to support the application, such as historical, ancestral, cultural, archaeological, geographical or topographical information;
- Details of the financial status of the land supported by full financial statements;
- A copy of any agreements or licences to operate on the land;
- Details of any Māori land rate remission granted by any Local Territorial Authority; and
- A declaration stating that the information supplied is true and correct and that any changes in circumstances during that period of rate remission will be notified to the Council.

b. Consideration of Applications by the Chief Executive

All applications for rates remission under this Policy shall be considered and decided upon by the chief executive (CE) or to whomever the CE delegates this responsibility.

Any decision as to whether any land or part thereof meets, or continues to meet, the qualifying criteria shall be made by the CE.

c. Six year duration

Any remission of rates granted under this policy will generally apply for a six year period.

In order to align with the Council's Long-term Plan cycle all remissions will be reviewed in January 2012 and 6-yearly after that review.

If the use of a property changes within the period the owners will notify the Council immediately and the remission status of the property will be reviewed.

Any changes of rates remission status will be effective from the date the property use changed.

d. Right of appeal to full Council

If an applicant considers the decision of the CE is not correct s/he may appeal to the full Council.

e. Public register

In order to facilitate transparency in relation to Māori Freehold Land Rates Remissions, a public register will be held for all remissions granted. This register will detail for remissions made:

- Property identification and location;
- Applicant/owner;
- Detailed reason why the remission was granted;
- When the remission was first approved; and
- History of remissions for each year since approval.

F. Chief Executive can consider properties without application by owners

a. CE-Generated Applications

If a property could qualify for a rates remission but the owners have not applied for the remission the CE can consider the granting of a remission of rates under the criteria outlined in Section 4 of this policy.

An example of the situation where this CE-generated application could apply is where the presence of an unregistered urupa is publicly known but an application has not been made as owners are geographically dispersed.

G. Rate and penalty arrears write-off

- a. Intention to write off rate arrears and penalties
For a number of landlocked properties considerable rate arrears have accrued over the past decade due to an inability of the property to sustain the rates assessed. Council intends to write off these arrears, on a case-by-case basis, once the CE has approved a Māori land rate remission for individual properties.
- b. CE can write off arrears
When considering a Māori land rate remission the CE is to assess any rates and penalty arrears on the property. If these arrears have resulted from the inability of the property to sustain the rates the CE may write off such arrears.

H. Right to change

- a. Council reserves the right to change criteria
The Council reserves the right to add, delete, or alter, in any way, the above conditions and criteria from time to time.

When making such changes Council will follow its consultation policy and ensure affected parties are engaged in the change process.

I. Definition of Separately Used or Inhabited Dwelling Part of a Rating Unit

- a. Under Schedule 10 Part 1 section 10 1 d (iii) (B) of the Local Government Act we are now required to state our definition of a Separately Used or Inhabited Dwelling Part of a Rating Unit:

“A separately used or inhabited dwelling part of a rating unit is only recognised as such if there is an individual property title for that part of the rating unit.”