

SOUTH WAIRARAPA DISTRICT COUNCIL

20 SEPTEMBER 2017

AGENDA ITEM C7

REMISSION OF RATES POLICY (M900) REPORT

Purpose of Report

To inform Councillors of the recent review of the Remission of Rates Policy M900.

Recommendations

Officers recommend that the Council:

1. *Receive the Remission of Rates Policy Report.*
2. *Approve the amendments to the Remission of Rates Policy M900.*
3. *Agree the next review date should be September 2020.*

1. Executive Summary

The Remission of Rates Policy M900 is due for review in June 2018. Officers have noted that there is one area of current practice that was not covered specifically in the policy and seek approval by Council of an amendment to reflect current practice.

2. Background

The rates team have been working wherever possible to encourage ratepayers to pay their rates via Direct Debit (DD). This practice has numerous benefits for Council and the ratepayer.

Setting up a direct debit payment ensures the correct amount is paid on time and avoids ratepayers forgetting to pay their rates and therefore incurring late payment penalties. It also ensures ratepayers get the benefit of funds in their bank account for the longest possible time.

Based on feedback from ratepayers we now offer weekly, fortnightly, monthly and quarterly direct debit options. The more regular payment options make the payments more manageable for ratepayers, especially those on fixed or low incomes.

Not only does the direct debit payment process save ratepayers' time and money, it is also more efficient for the corporate support team as funds are automatically allocated to the ratepayer's account instead of having to be

manually allocated as they are when they come through on the bank statement via direct credit or automatic payment. Even more administrative time is involved in processing EFTPOS and cheque payments from ratepayers.

The weekly and fortnightly DD payment options are new this financial year but we have offered the monthly payment option for some time. Monthly DD payments are deducted from ratepayer's bank accounts on the 20th of each month (or the next business day if the 20th falls over a weekend).

With monthly payments Council receives the first third of the quarterly instalment earlier than we would if the ratepayer paid quarterly. The second payment is received on the due date and the third payment a month later than the normal instalment date.

Although the last third of the rates instalment is received after the theoretical due date, it is industry practice to not charge penalties on this overdue amount due to the administrative gains of the DD process and the fact that the first third is received earlier than the due date.

We have checked with a number of TAs and confirmed that this is standard practice within New Zealand.

Now that we are offering weekly and fortnightly DD payment options as well we thought it was timely to formally record the practice of not charging penalties on the amounts to be paid via DD as we have a commitment from the ratepayer to pay their rates in full within the rating year and the rates debtors system ensures this happens. For example, if a ratepayer is paying by DD and receives a rates rebate, the system will recalculate the next DD amount to adjust for the rebate reducing the amount of rates owing.

There are a number of other small changes to the policy including updating the title of the Group Manager Corporate Support due to the introduction of this role at the beginning of 2017.

All amendments appear as tracked changes in the document in Appendix 1.

3. Conclusion

The Remission of Rates policy has been reviewed by the rates team with regard to penalties on rates being paid by direct debit and other small wording changes.

The amendment regarding direct debits has been reviewed and approved by the Audit and Risk working party at their September 2017 meeting.

It is now submitted to Council for their review and approval.

Contact Officer: Jennie Mitchell, Group Manager Corporate Support

Reviewed By: Paul Crimp, CEO

Appendix 1 – Remission of Rates Policy M900



REMISSION OF RATES POLICY

1. Introduction

In order to allow rate relief where it is considered fair and reasonable to do so, the Council is required to adopt policies specifying the circumstances under which rates will be considered for remission. There are various types of remission, and the circumstances under which a remission will be considered for each type may be different. The conditions and criteria relating to each type of remission are therefore set out separately in the following pages, together with the objectives of the policy.

2. Remission of Penalty Rates

2.1 Objectives

- To enable Council to act fairly and reasonably in its consideration of rates which have not been received by the due date.
- To provide relief and assistance to those ratepayers experiencing financial hardship.
- To encourage an efficient payment regime, recognising the significant benefits accruing by ratepayers using the direct debit payment system.

2.2 Criteria and Conditions

Council will consider each application on its merit and remission may be granted where it is considered that the application meets the following criteria and conditions.

2.3 Conditions and Criteria

- Council will remit penalty rates where it is demonstrated that penalty rates have been levied due to an error by Council.
- Remission of one penalty will be considered in any one rating year where payment had been late due to significant family disruption. Significant family disruption is likely to be the ratepayer, or a member of the household being affected by serious illness, serious accident, hospitalisation or death.
- Remission of penalty may be granted if 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. Applications under these criteria will only be accepted if the ratepayer has a history of regular payments of

Approved 29 June 2011

Amended ~~24 June 2015~~ September 2017

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M900

Next Review due: ~~30 June 2018~~ September 2020

rates and has not incurred penalty rates in the previous two years.

- Remission of penalty rates will be considered for those ratepayers who due to financial hardship, are in arrears and who have entered into an agreement with Council to repay all outstanding and current rates. This repayment scheme will generally be up to a period of 12 months. Penalty rates remission will not be considered if the agreement plan is not being adhered to, or a prior repayment scheme has not been adhered to.
- Remission will be considered if a new owner receives penalty rates through the late issuing of a sale notice, a wrong address on the sale notice or late clearance of payment by the Solicitor on a property settlement. This only applies to penalty rates incurred on one installment. Future installments do not qualify under these criteria.
- Application for remission of penalty rates must be in writing using the prescribed form.
- Penalty rates will not be considered for remission if the penalty rates were incurred in a previous rating year, regardless if the application otherwise meets the criteria.

Where a ratepayer agrees to pay rates by direct debit on a weekly, fortnightly, monthly or quarterly basis, no penalties will be charged if the rates for the financial year have been paid in full prior to 30 June in the rating year.

2.4 Delegation

Council delegates the authority to remit penalty rates to the Chief Executive Officer or the [Policy & Reporting Group](#) Manager [Corporate Support](#).

3. Remission of Rates for Land Used by Sporting, Recreational and Community Organisations

3.1 Objective

- To facilitate the ongoing provision of non-commercial sporting, recreational and community services that meet the needs of the residents of the district.
- To provide indirect financial assistance to community organisations.
- To make membership of the organisation more accessible to the general public, particularly disadvantaged groups. These may include children, youth, young families, aged people and economically disadvantaged people.

3.2 Conditions and Criteria

- This policy will apply to land owned by the Council or owned or occupied by a not for profit organisation, which is used exclusively or principally for sporting, recreation or community purposes.
- Council will remit 50% of rates, with the exception of targeted rates, for organisations that qualify under this policy, and with the exception of Rural Halls which will receive 100% remission. Sporting organisations will qualify for 50% remission regardless of whether they hold a current license under the Sale and Supply of Alcohol Act 2012.
- The policy does not apply to organisations operated for pecuniary profit or which charge tuition fees.
- The policy does 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.
- Applications for remission must be made to the Council prior to the commencement of the rating year. Applications received during a rating year will be applicable from the commencement of the following rating year. Applications will not be backdated. All rating units that have remissions in place at 1 July 2002 are not required to make application.
- Organisations making application should include the following documents in support of their application: [information of activities and programmes](#), details of membership and statement of objectives.
- Remissions will apply to the following rating year and will not be retrospective.

- Remissions will remain in force until the purposes of the organization change such that the criteria is no longer met. No annual applications are required following the granting of a remission.

3.3 Delegation

Council delegates the authority to remit 50% of rates for sporting, recreational and community organisations to the Chief Executive Officer or the [Policy & Reporting Group](#) Manager [Corporate Support](#).

4. Remission of Rates on Land Protected for Natural, Historical or Cultural Conservation Purposes

4.1 Objective

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

4.2 Conditions and Criteria

- Ratepayers who own or occupy 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 and is liable only for rates for water supply, [sewagewastewater](#) disposal or refuse collection will not qualify for remission under this part of the policy.
- Applications must be made in writing. Applications 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. Receipt of evidence of protection without a written application will not be considered.
- 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 or 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.*
- In granting remissions under this part of the policy, Council may specify certain conditions before remissions 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.
- Council will decide what amount of rates will be remitted on a case-by-case basis. Remissions will apply to the following rating year and will not be retrospective.

4.3 Delegation

Applications for the remission of rates for protection of heritage will be considered by Council.

5. Remission of Uniform Annual General Charge in Certain Circumstances

5.1 Objectives

- To encourage continued subdivision activity by providing rates relief to new subdivisions by limiting the rates impact of multiple [Uniform Annual General Charges \(UAGCs\)](#).
- To assist ratepayers who have multiple rating units that are contiguous and used as a single farming operation.

5.2 Conditions and Criteria

- For subdivision purposes, this policy will apply to land that is:
 - *subdivided into two or more lots; and*
 - *where title has been issued, and*
 - *the unsold lots remain in common ownership.*

Remission will be the charge for each unsold lot except one.

- For multiple rating units, this policy will apply to land that is:
 - a. Owned by the same person or persons and*
 - b. used jointly as a single unit (including being used as part of the same farming operation) and*
 - c. contiguous or separated only by a road, railway, drain, water race, river, or stream.*
- ~~• *contiguous, and*~~
- ~~• *are used as part of the farming operation.*~~

Remission will be the ~~charge~~ [UAGC](#) for each unit except the main farm residence unit. Remissions will apply to the following rating year and will not be retrospective.

5.3 Delegation

Council delegates the authority to remit UAGCs to the Chief Executive officer or the [Policy & Reporting Group](#) Manager [Corporate Support](#).

6. Remission of Reserves and Civic Amenities Charge

6.1 Objectives

- To encourage continued subdivision activity by providing rates relief to new subdivisions by limiting the rates impact of multiple [UAGCs Reserves and Civic Amenities Charges \(UACs\)](#).
- To assist ratepayers who have multiple rating units that are contiguous and used as a single farming operation
- To provide relief to rural farming properties for a vacant unit used as a run-off.

6.2 Conditions and Criteria

- For subdivision purposes, this policy will apply to land that is:
 - a. subdivided into two or more lots; and*
 - b. where title has been issued, and*
 - c. the unsold lots remain in common ownership.*

Remission will be the charge for each unsold lot except one.

- For multiple rating units, this policy will apply to land that is:
 - a. Owned by the same person or persons and*
 - b. used jointly as a single unit (including being used as part of the same farming operation) and*
 - c. contiguous or separated only by a road, railway, drain, water race, river, or stream.*

~~—contiguous, and~~

~~a. are used as part of the farming operation.~~

Remission will be the ~~charge~~[UAC](#) for each unit except the main farm residence unit.

- For a run-off unit the policy will apply to one unit used as a run-off for a farming operation. A separate application in writing must be made for consideration of this remission. Remissions will apply to the following rating year and will not be retrospective.

6.3 Delegation

Council delegates the authority to remit Reserves and Civic Amenities Charge to the Chief Executive Officer or the [Policy & Reporting Group Corporate Support](#).

7. Remission of Rates for Natural Disasters

7.1 Objectives

To provide relief to properties affected by natural disasters.

7.2 Conditions and Criteria

- Council will remit rates to those properties identified according to the conditions and criteria set by Central Government.

The level of remission will be to the extent of funding provided by Central Government.