

# Rate Remission & Postponement Policies

## Community, Sporting and Other Organisations

### Objectives of the Policy

The objective of this policy is to facilitate the on-going provision of non-commercial community services and non-commercial recreational opportunities for Hastings District residents.

### Conditions and Criteria

- 1) The policy will apply to land owned and occupied by a charitable organisation, which is used exclusively or principally for sporting, recreation, or community purposes. Land occupied but not owned by organisations meeting the policy criteria, may be granted relief under this policy at the discretion of Council. The Council may require proof of the applicant's registration with the Inland Revenue Department as a charitable organisation. The policy does not apply to organisations operated for private pecuniary profit, or which charge commercial tuition fees.
- 2) The policy will also 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.
- 3) When considering an application the Council will take into account the accessibility of membership to the general public and its objectives in encouraging the development and quality of life aimed at meeting community needs and expectations.

- 4) Organisations making application should include the following documents in support of their application:
  - Statement of objectives;
  - Latest financial statements;
  - Information on activities and programmes; and
  - Details of membership or clients.
- 5) The policy shall apply to such organisations as approved by the Council as meeting the relevant criteria. Decisions on remission will be delegated to officers as set out in the Council's delegation resolution.
- 6) As far as practicable, applications for rates remission are to be made to the Council prior to the commencement of the rating year. The Council reserves the right for applications received during a rating year to be applicable from the commencement of that rating year. In the normal course, applications will not be backdated.
- 7) Council Officers will review the eligibility of organisations prior to each year and may request further information from organisations as required.

### Financial Threshold

Remission on rating units with a liquor licence will be fixed at a maximum of twenty five per cent of the general rate.

Remission on rating units not having a liquor licence will be fixed at a maximum of fifty per cent of the general rate.

**Note:** A rating division may be required for remission purposes where only part of the land is used for sporting, recreation or community purposes.

## New Developments

### Aim

The aim of this policy is to support private business sector growth to increase employment and incomes; leading to improved social well-being.

### Objectives

The objectives are to have a policy that:

- Provides a clear policy framework against which Council can consider the provision of financial incentives to support business growth; and
- Supports specific employment creation.

### Criteria

The Council will consider applications from businesses for financial incentives to support business growth based on a direct financial support system.

The policy will be open to:

- Existing businesses in the District;
- Local business persons seeking to establish a new business; and
- Businesses or investors from outside the District considering establishing a new business in the District.

In respect of existing businesses it is not intended that the policy will be applied to the detriment of Napier City, or of Wairoa or Central Hawke's Bay Districts unless there is a real risk that the business concerned would leave the Region.

Priority will be given to:

- New businesses creating a minimum of 50 new jobs;
- Existing businesses whose expansion plans are to create a significant number of new jobs e.g. to double the number of employees. The number of new jobs created will be considered case-by-case; and
- Knowledge economy businesses creating less than 50 new jobs but who have a proportionately high number of skilled jobs<sup>1</sup>.

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<sup>1</sup> Knowledge economy jobs refers to production and services based on knowledge intensive activities where there is a greater reliance on intellectual capabilities than on physical inputs or natural resources.

Applications that will not be prioritized are:

- New businesses in direct competition to existing businesses (knowledge economy businesses may be exempted);
- Businesses whose plans involve only minor expansion and creation of a minimal number of new jobs; and
- Proposals where jobs are transplanted from one employer to another (e.g. one business takes over a contract formerly held by a competitor).

### Duration

Direct financial support will be available annually, based on 1 July to 30 June financial year.

The maximum period direct financial support will be available is three financial years.

### Conditions

In approving direct financial support the Council will impose such conditions as it thinks fit with regards to the establishment or growth of the business.

These conditions will include:

- Evaluation and performance measurements designed specifically for each application;
- Performance management reporting to Council; and
- Claw back mechanisms if conditions are not met.

The Council may at any time reduce, recover or cancel the direct financial support if the Council considers that the approval conditions have not been fulfilled either in part or full.

The circumstances of each application will be treated on its own merit.

The provision of direct financial support in any particular case will not be regarded as a precedent for any other case.

### Financial Threshold

- Council will have regard to the total budget provided for in the Annual Plan;
- Council will not set a specific financial threshold for consideration of individual applications; and

- Council will not set a limit on the number of applications that can be approved in any financial year.

#### Approval

A staff committee will assess all applications based on individual merit and taking into consideration the aforementioned criteria and priorities and make recommendations to the Council.

#### Reporting to Council

As at 30 June each year a review of the previous 12 months' activity under the policy will be reported to the Council.

### Remission for Water Rates (by Meter)

#### Objective of the Policy

To provide ratepayers with a measure of relief by way of partial rates remission where, as a result of the existence of a water leak on the property which they occupy the payment of full water rates is inequitable, or where officers are convinced that there are errors in the data relating to water usage.

#### Conditions and Criteria

- 1) The existence of a significant leak on the occupied property has been established and there is evidence that steps have been taken to repair the leak as soon as possible after the detection, or officers have reviewed usage data and are convinced that the usage readings are so abnormal as to require adjustment.
- 2) The Council or its delegated officer(s) as set out in the Council's delegation resolution shall determine the extent of any remission based on the merits of each situation.

### Voluntarily Protected Land

#### Objectives of the Policy

The objective of this policy is to encourage the voluntary protection of land for natural, historic, heritage and cultural conservation purposes.

#### Conditions and Criteria

- 1) In considering the suitability of a site for rates relief, the Council will have regard to the legal mechanism undertaken by the owner to ensure that the land is both legally and physically protected and classified in perpetuity. In most instances this will require the protection of a formal conservation covenant.
- 2) The following criteria shall also be used to assist Council in determining whether a site qualifies for rates relief:
  - i. **Native Bush** – Where the native bush:
    - Consists of a coherent canopy of native species,
    - Contains a significant percentage (at least 25%) of mature native trees,
    - Consists of a range of native species appropriate to that forest type,
    - Represents a significant or prominent landscape feature,
    - May contain indigenous species threatened in the Hastings District,
    - Has wildlife habitat values, or provides or contributes to a habitat corridor facilitating the movement of wildlife in the local area, or
    - Is of a sufficient size and shape to maintain intrinsic qualities.
  - ii. **All Land**
    - The extent to which the preservation of particular natural, historic, heritage or cultural features are likely to be encouraged by granting rate relief or prejudicially affected if rate relief is not granted,
    - The extent to which economic utilisation of the land is restricted, or
    - Whether the owner of the land provides access to school groups, conservation groups and interested individuals or families.

Approval of the application will be considered after consultation with the Department of Conservation wherever necessary. Decisions on remission will be delegated to officers as set out in the Council's delegation resolution.

The granting of rate relief is conditional on the land continuing to be voluntarily protected.

#### Financial Threshold

Land taken out of production and vested in a formal conservation covenant may be granted 100% remission of rates, with the exception of targeted rates for wastewater disposal, water supply and refuse collection.

Land not vested in a formal covenant shall have the remission or postponement level set in accordance with the merit of the application.

## Penalty Charges

#### Objectives of the Policy

- To enable the Council to act fairly and reasonably in its consideration of rates, which the Council has not received by the penalty date due to circumstances outside the ratepayer's control;
- To encourage ratepayers who are in arrears due to financial difficulty or other genuine unusual circumstances to make arrangements to clear arrears and keep their payments up to date; and
- In certain circumstances, penalty remissions may be used as part of a comprehensive negotiated settlement where previous liability for rates had been ambiguous – i.e. the settlement can provide certainty for future rates liability.

#### Conditions and Criteria

- 1) 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 due date.
- 2) Remission of the 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.
- 3) Remission of the penalty will be considered where payment is made by regular bank transaction and where minor penalties occur due to timing variances.

- 4) Remission of penalties may be considered where there is an offer for immediate settlement of all rates outstanding, which can be facilitated by the remission of penalties. This would apply where there are substantial arrears. The calculation will be based on the recovery of interest lost by non-payment of rates, with the remaining amount (or part thereof) available for remission.
- 5) Remission of penalties may be considered to facilitate a repayment programme for ratepayers experiencing proven financial hardship.
- 6) Each application will be considered on its merits and remission will be granted where it is considered just and equitable to do so. Remission will not be granted in cases of deliberate non-payment or where there is repetitive omission.
- 7) Decisions on remission of penalties will be delegated to officers as set out in the Council's delegation resolution.

#### Application of Penalties

Officers may agree not to impose any penalties where a ratepayer is operating under a "formalised direct debit financial arrangement" and payments continue to be made as agreed.

## Non Contiguous Rating Units

#### Objectives of the Policy

- To provide relief to ratepayers who occupy several near-adjacent rating units, but which do not meet the criteria for contiguity under section 20 of the Local Government (Rating) Act 2002; and
- To encourage subdivision development in urban areas.

#### Conditions and Criteria

The general policy guideline is:

- 1) Where an occupier holds more than one rating unit in the urban areas of Rating Area One or Rating Area Two full charges may be paid in respect of each rating unit capable of separate occupation. (Note: Urban areas defined as Flaxmere, Hastings, Havelock North, Whakatu, Clive, Haumoana, and Te Awanga in Rating Area One. Waimarama, Waipatiki and Whirinaki in Rating Area Two.

- 2) Where farming or horticultural operations conducted on separate blocks of land are so far apart as to indicate that there is no possible continuity between them, full charges may be levied on each. Factors such as distance, stock rotation, stock driving, property size and the number of properties affected will be taken into account.

Factors to be considered for exemption to the general policy:

- 1) Where non-contiguous rating units do not contain a residential dwelling

Where a single operation is operated over a number of separate rating units, or blocks of separate rating units within close proximity the 'flagship' (major rating unit) may be levied a full charge and the associated rating units may receive a 100% reduction.

- 2) Where non-contiguous rating units do contain a residential dwelling

Where a single operation is operated over a number of separate rating units, or blocks of separate rating units within close proximity, a charge may be levied against each rating unit with a habitable dwelling and the associated rating units may receive a 100% reduction.

Where a single operation is operated over a number of separate blocks of contiguous rating units that contain dwellings, one full charge may apply to each block of such rating units.

- 3) Miscellaneous

If a rating unit is of a size which would not enable a dwelling to be erected and where no dwelling exists, a 100% reduction of the charge may apply.

Remission of the charge may apply to a subdivision for the period that the individual lots continue to be in the ownership of the developer.

**Note:** Motels and transient accommodation providers are not currently treated as separately used or inhabited parts of a rating unit for the purposes of these charges.

#### Financial Threshold

This policy applies to the Uniform Annual General Charge and the Community Services and Resource Management Rate.

A UAGC Remissions Committee is formed to consider applications under this policy. The Committee have given officers delegated authority to approve applications on non-contiguous rating units up to 10 kilometres apart, with anything over that distance being referred back to the Committee.

## Rates Postponement – Natural Calamity

### Objectives of the Policy

- To assist ratepayers experiencing extreme financial circumstances as a result of a natural event detrimentally affecting the use of the land or the income derived from the land, and which directly affects their ability to pay rates.

### Conditions and Criteria

- 1) Council may postpone wholly or in part, any rate or charge in respect of the land, where it considers it to be fair and reasonable to do so.
- 2) The term and nature of the postponement, the proof of financial hardship and any other criteria considered necessary will be determined by the Council in each case.

## Swimming Pool Safety Rate

### Objectives of the Policy

- The objective of the remission policy is to enable the Council to act fairly and reasonably in its application of the rate on new pool owners. It is considered unfair for new swimming pools for which a Code Compliance Certificate has been recently issued and for which building consent fees have been paid, to pay the rate immediately. The effect of the policy is to exempt new pools, which will not require an inspection until the fourth financial year from the time of the Code Compliance Certificate being issued.

### Conditions and Criteria

The Council may remit the rate where the following criteria are met:

- 1) Where a Code Compliance Certificate has been issued on completion of the work consented no more than four years prior to 1 July of the financial year that the rate is set. (For example, a rate set for the 2018/19 financial year will be exempt to new pools issued a Code Compliance Certificate after 30 June 2014).
- 2) Where a building consent is granted under the Building Act 1991 for the erection of a swimming pool within the previous financial year to that for which the rate is being set. (For example, a rate set for the 2018/19 financial year will be exempt to new pools issued a Building Consent for the erection of a swimming pool after 30 June 2017).

Decisions on remission will be delegated to officers as set out in the Council's delegation resolution.

## Sundry Remissions

### Objectives of the Policy

- To remit rates and charges that are the result of fundamental errors; or where the balance owing is considered uneconomic to recover; or where the amount levied is unable to be recovered pursuant to sections 67-76 of the Local Government (Rating) Act, or where Council or its delegated Officer(s) consider the levy impractical to recover or where Council considers it equitable in the particular circumstances to remit rates;
- To remit fixed charges on any additional dwelling, unit, flat or cottage that is being occupied by a dependant person (i.e. dependant on the ratepayer for medical, financial and other purposes);
- To remit fixed charges on any additional dwelling, flat, cottage, workers accommodation or visitor accommodation unit that is unable or incapable of being inhabited; and
- To remit fixed charges on any additional dwelling, flat, cottage, workers accommodation or visitor accommodation unit that is provided to an employee because it's essential in the opinion of Council they must reside on the rating unit for the on-going running of the business.

### Conditions and Criteria

- 1) Each application must be made in writing and will be considered on its merits.
- 2) The Council or its delegated officer(s) as set out in the Council's delegation resolution shall determine the extent of any remission based on the merits of each situation.

## Rates Postponement (Residential) – Extreme Financial Hardship

### Objectives of the Policy

- To assist ratepayers experiencing extreme financial circumstances which directly affect their ability to pay rates (including natural events affecting the use of land, or the income derived from the land – which are not subject to all of the following conditions & criteria).

### Conditions and Criteria

- 1) 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.
- 2) The ratepayer must be the current owner of the rating unit which is the subject of the application.
- 3) The rating unit must be used solely for residential purposes.
- 4) The ratepayer must not own any other rating units or investment properties or other realisable assets.
- 5) The Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after the payment of rates, for normal healthcare, 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.
- 6) As a general rule the ratepayer will be required to pay the first \$500 of the rate account.
- 7) The ratepayer must make acceptable arrangements for payment of future rates, e.g. by setting up a system of regular payments.

- 8) Any postponed rates will be postponed until:
    - A date specified by the Council;
    - The death of the ratepayer(s);
    - The ratepayer(s) ceases to be the owner of the rating unit; or
    - The ratepayer(s) cease to use the property as his/her residence.
  - 9) Postponed rates will be registered as a statutory land charge, by registering a Notice of Land Charges, on the rating unit title. Any costs in registering and subsequently dealing with the charge are to be met by the ratepayer.
  - 10) Interest may be added to postponed rates at the annual interest rate of Council borrowings.
  - 11) Before making written application, the ratepayer must have received budget advice from the Budget Advisory Service, and must make the budget adviser's findings available to Council staff.
  - 12) Decisions on postponement will be delegated to officers as set out in the Council's delegation resolution.
- 5) Any postponed rates will be postponed until:
    - A date specified by the Council;
    - The death of the ratepayer(s);
    - The ratepayer(s) ceases to be the owner of the rating unit; or
    - The ratepayer(s) ceases to use the property as his/her residence.
  - 6) Postponed rates will be registered as a statutory land charge, by registering a Notice of Land Charges, on the rating unit title. Any costs in registering and subsequently dealing with the charge are to be met by the ratepayer.
  - 7) Interest may be added to postponed rates at the annual interest rate of Council's borrowings.
  - 8) The total value of rates postponed is not to exceed 50% of the current rateable value of the property.

## **Rates Postponement – (Non-Residential) Extreme Financial Hardship**

### Conditions and Criteria – Other Properties

- 1) The Council may consider applications from the owners of non-residential and other property that do not fit the criteria for postponement of residential rates.
- 2) For all other properties applying on the grounds of extreme financial hardship, applications will be considered on a case by case basis. A decision on whether to grant a postponement of rates will be made by a Council subcommittee comprising the Deputy Mayor, Chairman of the Council's Finance and Monitoring Committee and the Council's executive manager with responsibility for Council's rating policy.
- 3) As a general rule the ratepayer will be required to pay the first \$500 of the rate account.
- 4) The ratepayer must make acceptable arrangements for payment of future rates, e.g. by setting up a system of regular payments.

## **Policy on Rate Remission for Residential Land in Commercial or Industrial Areas**

### Background

Historically the Rating Powers Act 1988 and other valuation legislation had provisions allowing special rateable values (SRV's) to be applied to properties. These were a separate set of valuations maintained on certain properties and had the effect of decreasing the rateable value of the property, thereby providing a form of rate relief for properties in certain circumstances.

The new Local Government Rating Act repealed these provisions effective from 1 July 2005. The Council took the opportunity to include a similar mechanism into Council policy so that the historical rating arrangements can be maintained. The following policy was adopted by Council to meet that objective.

### Objective

To ensure that owners of rating units situated in commercial or industrial areas are not unduly penalised by the zoning decisions of this Council and previous local authorities.

## Conditions and Criteria

To qualify for remission under this policy the rating unit must:

- 1) Be situated within an area of land that has been zoned commercial or industrial use.
- 2) Be listed as a 'residential' property for differential rating purposes on the Council's Rating Information database.

## Application

Rates will be automatically remitted annually for those properties which had Special Rateable Values applied under Section 24 of the Rating Valuations Act up to 30 June 2004, and for which evidence from Council's Valuation Service Provider indicates that, with effect from the 2004 revaluation of Hastings District, the land value has been penalised by its zoning. The amount remitted will be the difference between the rates calculated on the equivalent special rateable value provided by the Valuation Service Provider and the rates payable on the Rateable Value.

Other ratepayers wishing to claim remission under this policy must make an application to the Corporate Services Manager. The extent of any remission will be determined by the Council's delegated officers. Ratepayers should note that the valuation service provider's decision is final as there are no statutory rights of objection or appeal, for valuations of this nature.

The application for rates remission must be made to the Council prior to the commencement of the rating year. Applications received during the rating year will be applicable from the commencement of the following rating year.

## Remission of Fixed Charges

For all land zoned rural under the district plan, remission of the following fixed charges shall apply on land less than 2500sqm and upon which no habitable dwelling exists:

- Uniform Annual General Charge; and
- Community Services and Resource Management Rate.

For other land less than 2500sqm where no habitable dwelling exists, remission will be on a case by case basis equitable to how land in the rural zone is treated.

