

## **POLICY**

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### **RATES**

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## **Rates Remission Policy**

### **Introduction**

Council may waive the requirement to pay rates only where it has a rates remission policy in place that authorises the waiver.

Section 102(3)(a) of the Local Government Act 2002 provides that the Council may adopt a Rates Remission Policy. Section 109 outlines what a remission policy should contain and section 109(2A) requires that any remission policy must be reviewed at least once every 6 years.

Sections 85-86 of the Local Government (Rating) Act 2002 allows the Council to remit rates if it has a policy to do so, and the conditions of the policy are met.

The Rates Remission Policy comprises:

- Remission of Rates Penalty Charges (page 1)
- Remission on Dwellings in Commercial Zones (page 3)
- Remission of Targeted Rates for Water and Sewer on Subdivided Sections (page 4)
- Remission on Land Affected by Natural Calamity (page 5)
- Remission on Properties Damaged by Earthquakes and Natural Disasters (page 5)
- Remission on Unclaimed or Abandoned Land Parcels (page 7)
- Remission of Rates in Miscellaneous Circumstances (page 8)
- Remission of Fixed Charges on Rating Units Used Jointly as a Single Unit (page 9)
- Remission of Postponed Rates (page 10)
- Remission of Eastern Districts Sewer Rates (page 11)

### **Remission of Rates Penalty Charges**

#### **1 Policy Context**

Section 57 of the Local Government (Rating) Act 2002 provides that the Council may by resolution add a penalty not exceeding 10% to rates that are unpaid after the due date. Section 58 authorises an additional penalty on rates arrears that remain unpaid in subsequent financial years.

The penalty charge is seen by Council as an incentive to pay rather than a punishment for not paying. Occasionally circumstances arise where it is fair and reasonable to not enforce payment of the penalty. If the Council has a policy for the remission of penalty charges then it is able to remit penalty charges in accordance with the policy.

The penalty remission policy is also a tool in the management of rates debt whereby the remission of penalty charges can be used as part of a payment plan to assist a ratepayer to catch up rates that have fallen into arrears. This is particularly relevant in the case of Maori Freehold Land where accumulated penalties over a number of years have resulted in significant debt.

#### **2 Policy Objective**

To enable the Council to remit rates penalty charges where it is considered fair and equitable to do so.

To manage the level of rates penalty arrears on multiple owned Maori land and reduce the rates provision for doubtful debts.

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### 3 Policy Statement

1. Penalty charges will be remitted without a written application being required where it is agreed that the penalty has been incurred as the result of a Council error, or payments have not been “aged” in accordance with the ratepayer’s request.
2. Instalment penalty charges will be remitted in other circumstances on receipt of a written application where the rates are brought up to date and no penalty charges have been written off in the last four years (other than through Council error).
3. The Rates Supervisor, Rates Officer, Credit Controller, Customer Services Manager or Manager, Finance and Business Support may waive the requirement to make written application provided sufficient information is provided in the form of a file note.
4. Penalty charges may be remitted as part of an approved payment plan to clear arrears over a period of time. Remissions under this clause will occur at the end of each financial year based on the progress of the payment plan.
5. Penalty charges may be remitted in certain circumstances if the Council believes it would be fair and equitable to do so.
6. Payment by Direct Debit
  - (a) Where the Council has accepted an application for payment by direct debit that will clear the rates by 30 June in the current rating year (or a later date by arrangement) the rating unit will not be charged penalties.
  - (b) The Council accepts responsibility for the amount of the debit being set at the correct level to clear the rates and any arrears.
  - (c) It is the ratepayers’ responsibility to ensure there are sufficient funds available in the specified account to enable the debt to be processed.
  - (d) The Council may, at its discretion, cancel a direct debit arrangement, with advice to the ratepayer
  - (e) Applications for direct debit must be made to the Council before the instalment penalty date to qualify for a penalty remission.
7. Arrears penalty charges will be remitted on multiple-owned Maori freehold land where the current years rates are being paid or are remitted under the Council’s policy for Remission of Rates on Maori Freehold Land.

The following delegations apply:

Customer Services staff – authority to approve remission of the current instalment penalty on receipt of a written application on form QS-M621-AA where all conditions of clause 2 of this policy are met.

Manager, Finance and Business Support – authority to make remission of rates penalty charges up to \$5,000 in any one account.

Audit & Risk Committee – remission of rates penalty charges in excess of \$5,000 in any one account.

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#### **Remission on Dwellings in “Commercial” Zones**

##### **1 Policy Context**

Where business areas expand and develop into previously residential land, the value of residential property can increase at a rate greater than other surrounding residential land due to its potential commercial use.

The Rating Powers Act 1988 had provision for special rating values to be allocated to land within commercial or industrial areas that was still used for residential purposes. This provision was not transferred into the Local Government (Rating) Act 2002, however Councils may still achieve a similar result through a remission policy.

##### **2 Policy Objective**

To provide rates relief to residential properties where the Council is satisfied that the rating valuation of the land is in some measure attributable to the potential use to which the land may be put for commercial, industrial or business purposes.

To preserve uniformity and equitable relativity with a comparable rating unit elsewhere in a residential zone in that part of the District.

##### **3 Policy Statement**

1. Special rating values will be applied to rating units in commercial, industrial or business zones that are used as the private residential dwelling of the ratepayer or the private dwelling of a tenant of the ratepayer where in the opinion of the Council's Valuation Service Provider the rateable value of the rating unit has been inflated due to the zoning of the property.
2. Applications received during a rating year will apply from the commencement of that rating year. Remissions will not be backdated to previous rating years.
3. Where a property is identified as meeting the criteria in clause 1 of this policy, the Council will direct its valuation service provider to inspect the rating unit and prepare a valuation that will treat the rating unit as if it were a comparable rating unit elsewhere in a residential zone in that part of the District.
4. Values allocated under this policy are final and there is no right of objection or appeal against the level of valuation. (The owner still has the right to object to the rating valuation of the property in terms of the Rating Valuations Act 1998.)
5. Remissions will be granted on all rates that are levied on either the land value or capital value of the rating unit. The remission will be the difference between the rates that would have been set and assessed on the rateable values and the rates set and assessed on the special values allocated under this policy.
6. This policy does not apply to commercial accommodation.

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7. "Rateable value" is defined in Section 13(3) of the Local Government (Rating) Act 2002. "Special values" are the values allocated in accordance with Clause 3 of this policy. The following delegations apply:

Customer Services Manager – authority to approve remissions that meet the requirements of this policy.

Manager, Finance and Business Support – authority to hear and make a final decision on any appeal on an application for remission that has been declined.

#### Remission of Targeted Rates for Water and Sewer on Subdivided Sections

##### 1 Policy Context

Rates on newly subdivided sections are paid by the developer until the section is sold. Depending on the property market, sales may not occur for several years. The payment of rates for services that are not being used can place a financial burden on a developer, particularly when the developer has funded the installation of services and income from section sales is not being realised.

This policy provides some financial relief to developers over a two year period.

##### 2 Policy Objective

To ensure that the developer of a subdivision is not disadvantaged by having to pay water and sewer fixed charges on sections that have recently been subdivided and not sold. This recognises that the developer has provided services to the boundary of each rating unit, and paid development contributions for services.

##### 3 Policy Statement

1. For newly subdivided sections that are still in the name of the original developer of the subdivision, the Council will remit targeted rates for water and sewer for all but one section in the subdivision.
2. The remission will apply for the first two rating years after the issue of a Certificate of Title.

The following delegations apply:

Customer Services Manager – authority to approve remissions that meet the requirements of this policy.

Manager, Finance and Business Support – authority to hear and make a final decision on any appeal on an application for remission that has been declined.

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**Rates Remission Policy**

**Remission on Land Affected by Natural Calamity**

**1 Policy Context**

The Council may only remit rates if it has a policy in place that authorises the remission. Occasionally events occur, such as a natural disaster outside human control, where damage occurs to property that was unforeseen at the start of the rating year.

In a significant event, such as the Canterbury Earthquakes of 2010 and 2011, the Government may step in and pass new legislation that enables the Council to provide rates relief. In other circumstances, having a generic rates remission policy in place where specific detail may be added by Council resolution will ensure that the Council is able to respond quickly to offer rates relief should it wish to do so.

**2 Policy Objective**

To give the Council discretion to remit rates where a rating unit has been detrimentally affected by a natural calamity.

**3 Policy Statement**

1. Applications must be made in writing and signed by the owner(s) of the rating unit.
2. Full details must be provided of the nature of the event that caused the damage and the degree of damage to the land. If the damage is temporary and the land is expected to return to its previous use in the future, an estimate of the time it will take the land to recover to a useable state and the steps that the owner will take to achieve this should be provided. The Council may ask for a report from a registered engineer or other similarly qualified expert.
3. The amount of remission given in any case will be set by the Council having regard to the severity of the event, the degree of damage to the subject land and other land in the District and other financial assistance available. Consideration will also be given to the effect of remissions on the remaining rating base.

**Remission on Properties Damaged by Earthquakes and Natural Disasters**

**1 Policy Context**

A series of earthquakes in 2010/2011 resulted in significant damage to buildings and land. In extreme cases, dwellings and commercial buildings were assessed as uninhabitable and residents were required to find alternative accommodation.

The Council moved quickly to offer rates relief to property owners that had property assessed as uninhabitable. In 2017 the majority of property damage issues resulting from the earthquakes have

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#### Rates Remission Policy

been settled and currently this policy is assisting property owners where houses need to be demolished following the settlement of insurance claims.

The remission results in rates being assessed as if the land was vacant. The rates that usually apply once a dwelling is built and the property is used for residential purposes are remitted.

Following earthquakes centred in North Canterbury in 2016, this policy was extended to include all earthquakes and natural disasters.

### 2 Policy Objective

To provide rates relief where properties have been severely damaged by the Canterbury earthquakes or other natural disaster to an extent that they are no longer habitable.

### 3 Policy Statement

1. Rates will be remitted in part on properties that are uninhabitable due to damage caused by natural disaster, until the land is able to become available for use. Refer to the schedule in Clause 7 of this policy for a list of the rate types that will be remitted.
2. Remissions referred to in clauses 1 and 7 of this policy will take effect from the rates quarter following approval of the application until the property becomes available for use. Remissions cease on the sale of a property.
3. Applications for remissions under this policy are to be made in writing by the property owner and received by the Council within three months of the property becoming uninhabitable. Applications received outside this timeframe may be considered at the discretion of the Council.

If the Council has already approved a rates remission for a property under an earlier version of this policy, and the property meets the criteria of this policy, a new application is not required.

4. For the purposes of this policy "uninhabitable" property means:  
As a result of earthquake damage:
  - It has been deemed by a qualified structural engineer or Council building inspector to be structurally unsound and therefore unsafe to occupy, or
  - It has been determined to be uninhabitable by the EQC/Insurance Company, or
  - The house has been demolished.

and

- The property is not being lived in or otherwise occupied or used.

Where residents choose to move out of a damaged home that is inhabitable for reasons of convenience, a remission will not be granted.

5. A separate application is required for each property where remissions are being sought.

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6. Rates remissions under this policy will not apply to rates levied prior to the current rating year in which the application is being considered.
  
7. Schedule:

Rates that will be remitted	Sewer operating rate Water rate Kerbside refuse and recycling Community Parks and Reserves Buildings and Grants Rate Community Library and Museums Rate Community Swimming Pools Rate Canterbury Museum Operational Rate Canterbury Museum Development Levy Rate Promotion and Economic Development Rate Central Business Area Rates
Rates that are not subject to this remission	General Rate Uniform Annual General Charge Roothing Rates including fixed charges Community Reserves Buildings and Grants Vacant Section Rate Urban Drainage Rates Rural Drainage Rates Rural Fire Control Rates Stock Control Rates Community Board Rates Water Race Rates Oxford Sewer Loan Rates Southbrook Services Extension Loan Rates Earthquake Recovery Rates

The following delegations apply:

Rates Supervisor, Rates Officer, Credit Controller – authority to approve remissions that meet the requirements of this policy.

Manager, Finance and Business Support – authority to hear and make a final decision on any appeal on an application for remission that has been declined.

**Remission on Unclaimed or Abandoned Land Parcels**

**1 Policy Context**

There are a small number of rating units in the District that are unclaimed or abandoned and rates are not being paid.

These properties are legally rateable so must remain on the rating roll, but there is no ratepayer identified. The rates debt currently accumulates, with penalties, until the oldest debt is written off as statute barred after six years.

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#### **Rates Remission Policy**

Generally this land has been isolated after subdivision, ownership transfer has been overlooked, or in a couple of cases, link strips have been left in the name of developers after the development company has been wound up.

Where possible, unclaimed land is sold or transferred to adjoining property owners. In the cases proposed to be covered by this policy, the value, location, or nature of the land makes it uneconomic to do this.

The intention of this policy is that rates will be struck on qualifying rating units, then remitted. Rates arrears balances carried forward on qualifying rating units at the commencement of this policy will also be remitted.

#### **2 Policy Objective**

To remit rates on rating units which contain land parcels that are unclaimed or abandoned and are not occupied or used for any purpose.

#### **3 Policy Statement**

1. Rates will be remitted in full annually on rating units that are unclaimed or abandoned and are not occupied or used for any purpose.
2. Any rates or arrears owing at the time a remission is approved will be remitted.
3. Remissions under this policy will be approved where the Rates Supervisor or Council Property Manager have been unable to identify an owner or occupier liable for the payment of rates and where it is not practical or economic to transfer the land into new ownership.

The following Delegations apply:

Rates Supervisor, Rates Officer, Credit Controller – to approve remissions that meet the requirements of this policy.

Manager, Finance & Business Support – to approve remissions under the terms of this policy.

#### **Remission of Rates in Miscellaneous Circumstances**

##### **1 Policy Context**

The Council has a series of rates remission policies to cover situations where a need to remit rates is considered fair and equitable.



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#### **Rates Remission Policy**

It is recognised that not all situations in which the Council may wish to remit rates will be provided for in specific policies or foreseen at the start of a financial year. Situations could arise as an unintended consequence of the application of the Council's rating policies.

#### **2 Policy Objective**

Provide the Council with flexibility to grant a rates remission should an extraordinary situation arise during a rating year where the Council considers that rates remission is an appropriate solution, but where authority is not provided in the more specific remission policies.

#### **3 Policy Statement**

1. Applications for remission must be made in writing and outline the reasons why rates relief might be justified.
2. Each circumstance will be considered by Council on a case by case basis.
3. A decision on whether to grant a remission, the amount of remission and any terms or conditions will be decided by the Council.

The following delegations apply:

Audit and Risk Committee – to approve remissions where it considers it fair and equitable to do.

#### **Remission of Fixed Charges on Rating Units Used Jointly As A Single Unit**

##### **1 Policy Context**

Section 20 of the Local Government (Rating) Act 2002 provides that two or more rating units must be treated as one unit for setting a rate if those units are – owned by the same person or persons; and used jointly as a single unit; and contiguous or separated only by a road, railway, drain, water race, river or stream. The effect of this is that only one set of rates assessed by fixed charge per rating unit or separately used or inhabited part of a rating unit applies. All three criteria must be met for a rating unit to qualify.

Requests are often received from ratepayers of two or more rating units where the ownership is not exactly the same (eg one property is under a family trust), but the land is contiguous and used as a single property. Likewise, there are cases where land is in common ownership and used as a single property, but the blocks of land are not contiguous.

The Rating Powers Act 1988 (the preceding legislation to the Local Government (Rating) Act 2002) had a similar provision to the current Section 20, but also contained wider powers to reduce or cancel fixed charges if the Council “considered it reasonable in the circumstances to do so”.

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#### **Rates Remission Policy**

### **2 Policy Objective**

To provide rates relief to ratepayers of two or more rating units that are used jointly as a single property if those rating units are in common ownership or are contiguous or separated only by a road, railway, drain, water race, river or stream.

### **3 Policy Statement**

1. The qualifying rates for this remission are the uniform annual general charge set in accordance with Section 15 of the Local Government (Rating) Act 2002; and targeted rates set under Section 16 on a uniform basis that are calculated in accordance with section 18(2) or clause 7 of Schedule 3 of the Local Government (Rating) Act 2002.
2. Remissions will be approved on application by a ratepayer with two or more separate rating units that are used jointly as a single property and are either in common ownership, or contiguous or separated only by a road, railway, drain, water race, river or stream.
3. Full rates will be set and assessed on the first rating unit, with associated rating units receiving a remission of 100% of the rates referred to in this Policy Statement, paragraph 1.
4. This remission will apply from the start of the next rating year. No consideration will be given to applications relating to the current or previous rating years.

The following delegations apply:

Customer Services Manager – authority to approve remissions that meet the requirements of this policy.

Manager, Finance and Business Support – authority to hear and make a final decision on any appeal on an application for remission that has been declined.

### **Remission of Postponed Rates**

#### **1 Policy Context**

The Council has adopted rates postponement policies that grant a postponement of part of the annual rates under certain circumstances.

Some postponement policies contain a provision that allows the postponed rates to be written off or remitted after a predetermined period, subject to the terms and conditions of the policy being complied with.

This rates remission policy provides the authority for previously postponed rates to be remitted.

#### **2 Policy Objective**

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#### Rates Remission Policy

To enable the remission of rates that have been postponed in accordance with one of the Council's rates postponement policies, where the terms and conditions of the postponement policy relating to rates remission have been met.

### 3 Policy Statement

- 1 Where the conditions of a rates postponement policy provide for the remission of rates, and those conditions have been complied with over the term of the postponement period, the Council will remit postponed rates without any further application being required by the ratepayer.
- 2 This policy only applies to those rates postponement policies that provide for the rates to be remitted after a predetermined period of time.

The following delegations apply:

Customer Services Manager – authority to approve remissions that meet the requirements of this policy.

Manager, Finance and Business Support – authority to hear and make a final decision on any appeal on an application for remission that has been declined.

### Remission of Eastern Districts Sewer Rates (incorporating Remission of Sewer Pan Rates for Schools, Churches and Non-profit Organisations)

#### 1 Policy Context

The Eastern Districts Sewer Scheme is the Council's largest. It comprises approximately 14,800 rating units and services the towns in the Eastern part of the District.

The Council has resolved to set and assess the rates to fund the Eastern Districts Sewer by a targeted rate based on the provision or availability to the land of a service provided by the Council.

The rating factor selected for calculating liability for the targeted rate is the number of water closets and urinals within the rating unit (a "pan charge") under clause 12 of Schedule 3 to the Local Government (Rating) Act 2002. It is considered that a higher number of pans would generally indicate disposal of greater volumes of waste, and would more accurately reflect a user pays basis than other methods of calculating liability.

It is noted that Schedule 3 also requires that where clause 12 is used, a rating unit used primarily as a residence for 1 household must not be treated as having more than 1 water closet or urinal.

The application of a pan charge raised some anomalies where multiple pans are provided to meet a peak demand that may occur at infrequent intervals, with substantial periods in between where the peak demand is not being delivered. An example would be a camping ground that reaches full capacity for only a few weeks over summer.

The Council considers that a rates remission is an appropriate means to deliver some rates relief to rating units where additional capacity is provided to meet peak demands. In the absence of a mechanism to measure use of the service, the rates remission is calculated on the number of pans, with the amount of remission increasing as the number of pans increases.

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#### Rates Remission Policy

As the intention of the remission is to provide relief to larger users, this remission will be available for rating units with more than 5 pans.

#### Schools, Churches and Non-profit Organisations

Many of the rating units that are required to provide multiple pans to meet peak use are schools, churches and non-profit organisations. The Council was concerned that hardship would exist for this group of ratepayers even after the remission for multiple pans had been applied.

It was considered that a further remission was warranted for these groups, and that this remission should apply to rating units with 3 or more pans to provide rates relief to smaller clubs that were experiencing financial hardship due to the increase in sewer rates after the ocean outfall upgrade was completed.

The remission for Schools, Churches and Non-profit Organisations will be applied to the resulting amount after the first remission has been applied.

### 2 Policy Objective

To provide rates relief to rating units containing 5 or more water closets or urinals where the Council is satisfied that the purpose of the multiple pans is to provide capacity to meet a peak demand.

To provide further rates relief to schools, churches and non-profit organisations that pay rates based on 3 or more pans.

### 3 Policy Statement

1. A remission will be provided according to a sliding scale based on the number of water closets or urinals provided in the rating unit.

2. The amount of the remission will be:

Rating units containing 5 – 8 pans	remission of 10% of the annual charge
Rating units containing 9 – 12 pans	remission of 25% of the annual charge
Rating units containing 13-16 pans	remission of 35% of the annual charge
Rating units containing more than 16 pans	remission of 50% of the annual charge

3. The remission will not apply where the multiple pans are contained within separately used or inhabited parts of a rating unit, eg multiple flats or shops on one rating unit.

4. A further remission will be applied to rating units that contain a school, church, or non-profit organisation. This remission will be calculated on the amount owing after the first remission has been deducted.

5. The amount of the second remission will be:

<u>Number of Pans</u>	<u>Amount of Remission</u>
3	33.33% of the annual charge

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4	50% of the annual charge
5 or more	40% of the annual charge

Provided that where due to the discounts available for multiple pans, a step in the scale of pan charges results in a charge higher than the next step up the scale, the rating unit shall pay the lower of the two charges.

6. Definitions

**School:** A school is any rating unit described in Clause 6 (a)(b) and (c) of the First Schedule to the Local Government (Rating) Act 2002.

**Church** A church is any rating unit described in Clause 9 of the First Schedule to the Local Government (Rating) Act 2002.

**Non-profit Organisation** Any rating unit used principally for games or sports (other than horse racing, trotting, or dog racing) or for the promotion of the arts, any purpose of recreation, health, education or instruction for the benefit of residents of the District provided that:

- The land is not used for the private pecuniary profit of any members of the society or association, and
- The organisation does not charge commercial fees, and/or
- The Council is satisfied that the use is generally open to all residents and meeting a need of the District.

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 (eg Workingmen's Club, RSA); or to groups or organisations where the licensed premises are open to the wider public.

7. Application of Eastern Districts Sewer Remissions

Number of Pans	Multiple Pan Remission % of rates remitted	Community Organisation Remission % of rates remitted	Combined Remission % of rates remitted
1 - 2	0	0	0
3	0	33.3%	33.33%
4	0	50%	50%
5-8	10%	40%	46%
9-12	25%	40%	55%
13-16	35%	40%	61%
16+	50%	40%	70%

The following delegations apply:

Customer Services Manager – authority to approve remissions that meet the requirements of this policy.

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#### **Rates Remission Policy**

Manager, Finance and Business Support – authority to hear and make a final decision on any appeal on an application for remission that has been declined.

#### **Links to legislation, other policies and community outcomes**

The Local Government Act 2002  
The Local Government (Rating) Act 2002  
Waimakariri District Council Rating Policies

#### **Adopted by and date**

Adopted by Council on 19th June 2018 through the 2018-2028 Long Term Plan.

#### **Review**

Next review at 2024 Long Term Plan.