Policies and Strategies

Rates Remissions

Brief Statement

Council has the following rates relief policies, effective from 1 July 2021, pursuant to the Local Government (Rating) Act 2002, as follows:

- Remission of penalties on current overdue instalments;
- Remission of penalties on current overdue metered water invoices;
- Remission of penalties on arrears (including past overdue instalments);
- Remission of rates on land used for certain purposes;
- Remission of rates for Significant Natural Areas
- Policy for grants in lieu of rate remissions;
- Remission of targeted rates for sewage from schools;
- Remission of rates for QEII National Trust Open Space Covenants;
- Remission of rates in extraordinary circumstances;
- Remission of metered water charges where leak has been detected and repaired;
- Discount for early payment of rates;
- Remission policy on uncollectable rates;
- Remission of targeted rates for capital cost of sewerage schemes on payment of capital cost owing;
- Remission of rates on Māori freehold land;
- Rates postponement;
- Postponement of rates on Māori freehold land

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Generally, all first time remissions and postponements approved will apply from 1 July in the year in which they are applied for.

Subsequent applications will require necessary supporting documentation to be provided in accordance with the renewal process as advised by Council. The exception will be remission of arrears penalties.

Council has delegated to council officers authority to consider and approve all applications for remission or postponement of rates pursuant to Council's policies, except for "remission of rates in extraordinary circumstances". As a general rule, and where practicable, documentary evidence or a statutory declaration should be provided in support of a written application.

Applications for remission or postponement or a grant in lieu of remission, must be in writing unless otherwise indicated in a policy.

All rates remission policies are at the discretion of Council, having regard to both the policy and circumstances.

Remission of Penalties on Current Overdue Instalments

Policy objective

To enable Council to act fairly and reasonably in its consideration of penalties on rates where payments have not been received by Council by due date.

Conditions and criteria

Council will remit a penalty on the first instalment when the full year's rates are paid before the penalty date for the second instalment.

Council will consider remission of penalties on a current overdue instalment when the late payment has resulted from:

a. significant family disruption, including death, illness or accident to a family member as at the due date; or

b. matters outside the ratepayer's control, including payments going astray in the post, non-receipt of the instalment notice before penalty date, the late issue of a sale notice, and a late clearance payment by the solicitor on a property settlement.

Council may also consider remission of a penalty when the late payment has apparently been inadvertent and the ratepayer has a good payment history.

"Good payment history" would generally be where there has been no penalty incurred during the previous 12 months.

All remissions will be considered on their merits and remission will only be given where Council considers it just and equitable to do so. Applications for remission must be in writing.

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Remission of Penalties on Current Overdue Metered Water Invoices

Policy objective

To enable Council to act fairly and reasonably in its consideration of penalties on metered water invoices where payments have not been received by Council by the due date.

Conditions and criteria

Council will consider remission of penalties on a current overdue metered water invoice when the late payment has resulted from:

a. significant family disruption, including death, illness or accident to a family member as at the due date; or

b. matters outside the ratepayer's control, including payments going astray in the post, non-receipt of the instalment notice before the penalty date, the late issue of a sale notice, and a late clearance payment by the solicitor on a property settlement.

Council may also consider remission of a penalty when the late payment has apparently been inadvertent and the ratepayer has a good payment history.

"Good payment history" would generally be where there has been no penalty incurred during the previous 12 months.

All remissions will be considered on their merits and remission will only be given where Council considers it just and equitable to do so. Applications for remission must be in writing.

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Remission of Penalties on Arrears

(arrears comprises rates from any previous rating year).

Policy objective

To enable Council to act fairly and reasonably in its consideration of penalties on rates that are in arrears.

Conditions and criteria

Council will consider remission of penalties on arrears when:

a. a request for remission has been made in writing; and

b. the request includes full supporting reasons and evidence satisfactory to Council; and

c. the remission contributes to prompt settlement in full of the remaining debt or to the sale of the property and clearance of the debt in the short term.

Conditions and criteria for remission of future penalties on arrears and on future instalments in cases of severe hardship

Council will consider remission of future penalties on arrears in cases of severe hardship when:

a. a request for remission has been made in writing; and

b. the request includes full supporting reasons and evidence satisfactory to Council; and

c. the purpose of the request is for the ratepayer to reach and maintain fully paid status; and

d. the ratepayer enters into a rates settlement arrangement that provides for collection of both current rates and arrears in full over an acceptable timeframe, provided that:

   i. the arrangement will be annulled if the applicant does not adhere to it; and

   i. Council may vary the arrangement on request; and

   ii. Council may in extreme cases elect to also remit some or all of the penalty arrears existing at the time the arrangement was entered into if the arrangement has been adhered to and this brings about settlement in full.

All remissions will be considered on their merits and remission will only be given where Council considers it just and equitable to do so.

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Remission of Rates on Land Used for Certain Purposes

(arrears comprises rates from any previous rating year).

Policy objective

To facilitate the ongoing provision of non- commercial community services and non-commercial sporting and recreational opportunities for the residents of the district. Providing rates remissions will achieve this by assisting the organisation's survival and making services of the organisation more accessible to the general public, particularly disadvantaged groups. These include children, youth, young families, aged people, and economically disadvantaged people.

Conditions and criteria

This part of the policy will apply to land owned or occupied by a charitable, sports or recreation organisation where they are recorded in Council's Rating Information Database as the ratepayer or are occupying Rotorua Lakes Council property, and which is used exclusively or principally for sporting, recreation or community purposes. For the purposes of this policy the terms "occupied" means exclusive use of all or part of a rating unit.

The policy does not apply to organisations operated for private pecuniary profit, and volunteer labour will be a predominant resource of qualifying entities.

This policy is designed to assist the survival of organisations that would otherwise struggle financially and, as such, those that are considered to receive adequate funding from other sources will not qualify for assistance under this policy.

Applications for remission must be made on the prescribed form (available from the council offices). New applications for rate remission should be made to the council prior to the commencement of the rating year. Organisations that successfully applied in the previous year must re-apply, and their re-application must be received by 15 June prior to the rating year being applied for.

Organisations making applications should include the following documents in support of their application:

- Statement of objectives; and
- Constitution or rules or equivalent; and
- Financial accounts; and
- Information on activities and programmes; and
- Details of membership or clients.
- The policy shall apply to such organisations as approved by the council as meeting relevant criteria.

Remission for successful applicants using land for sporting or recreation purposes is 50% of the non-service-related rates applicable to the exclusive use part of the rating unit occupied.

The remission for successful applicants using land for community purposes is 100% of the non- service-related rates applicable to the exclusive use part of the rating unit occupied.

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Remission of Rates for Significant Natural Areas

Policy Objective

To provide rates relief for land that is classified as a Significant Natural Area (SNA) due to its indigenous vegetation or being a significant habitat for indigenous species.

Conditions and Criteria

Council will provide a uniform rates remission of $5 per hectare for rateable land that is identified as an SNA in the Rotorua district plan where the area of rateable land that is identified as an SNA is a minimum of 20 hectares. Remission will be provided each year to all rating units that meet the specified criteria. Refer to Rotorua District Plan appendix 2 – Natural Heritage Inventory.

Remission of Targeted Rates for Sewage Disposal from Schools

Policy objective

To enable Council to fairly and reasonably rate schools for sewage disposal, having regard to the number of water closets and urinals needed for the number of pupils and staff rather than for the actual number of water closets and urinals available.

Conditions and criteria

Targeted rates for sewage disposal from schools will be remitted to the extent that they exceed the rates on the deemed number of water closets and urinals:

a. The deemed number of water closets and urinals will be the lesser of one water closet and urinal for every 20 persons (teachers and students), or part thereof, on the roll at 1 April in the preceding financial year, and the actual number of water closets and urinals.

b. A school is defined as a state school under section (2) (1) of the Education Act 1989, or an integrated school under section (2) (1) of the Private School Conditional Integration Act 1975.

Schools will be required to file an annual return of staff and student numbers in the prescribed form in order to qualify for the remission.

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Remission of Rates for Queen Elizabeth II National Trust Open Space Covenants

Policy Objective

To provide rates relief where land is legally protected under a QEII Open Space Covenant.

Conditions and Criteria

Council will consider remissions of rates on land that has a QEII Open Space Covenant where the land or portion of land has a legal binding QEII Open Space Covenant registered on the title.

Calculation of such remissions are to be on a case-by-case basis, with the determination of land value for the covenanted land to be made by Council's Valuation Service Provider.

Remission of Rates in Extraordinary Circumstances

Policy objective

It is recognised that not all situations in which the council may wish to remit rates will necessarily be known about in advance and provided for in Council's specific policies. The purpose of this part of the policy is to provide for the possibility of rates remission in circumstances which have not been specifically addressed but in which, for the reasons set out below, Council considers it appropriate to remit rates.

Conditions and criteria

Council may remit rates on a rating unit where it considers it just and equitable to do so because extraordinary circumstances arising from a change to Council's Rating or Rates Remission policies have resulted in unintended consequences for a rating unit.

The amount of any such relief will be determined by Council having regard to the quantum of additional rates caused by the extraordinary circumstances.

Any such remission granted will be determined on a case-by-case basis, and will not be delegated to council officers.

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Remission of metered water charges where leak has been detected and repaired

Policy Objective

The objective of this remission policy is to provide a measure of rates relief where a water leak has been detected on the ratepayer's property, and prompt remedial action to repair the leak has been undertaken. However, the ratepayer is responsible for water leaks and the usage of water on their property.

Conditions and Criteria

Council will consider remissions of metered water charges under the following circumstances;

a. where a leak has been detected on the ratepayer's property, and that leak has been promptly repaired; and

b. the leak has resulted in charges in excess of expected usage ; and

c. when applied for in writing, with evidence that a leak has occurred and documentation of the repairs undertaken.

The amount of the remission will be the difference between the average consumption of the property prior to the leak, as deemed reasonable by Council, and the consumption over and above that average.

Ratepayers are limited to one application for a water leak remission within any one year period for a particular property. Re-occurring annual remission requests may be declined.

Discount for Early Payment of Rates

Policy objective

To provide a discount to ratepayers who choose to pay their annual rates in full by the due date for the first instalment.

Conditions and criteria

A discount will be allowed to early payment of rates in compliance with the following conditions:

a. The discount will be allowed for any ratepayer who pays the total annual rates as specified on the rates assessment, by the due date for the first instalment;

b. The discount will not apply to charges for water by meter;

c. The discount will be at a rate fixed annually by resolution.

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Remission policy on uncollectable rates

Policy Objective

To allow for situations where all practicable methods of enforcing rates collection have been exhausted and where it is in the council's and ratepayer's best financial interests to remit such rates. One benefit of this is to achieve early recovery of the GST content of these uncollectable rates instead of having to wait until expiration of six years as required by the Limitation Act 2010, which then prompts write-off of the debt and recovery of the GST at that time. Most, if not all properties that meet this objective, are expected to be multiple owned Māori Freehold Land that is unoccupied and unused.

To allow for situations where due to the relatively small size of the amount owing it is not economical to collect such rates debts.

Conditions and Criteria

All rates, both arrears and current, including service charges, will be remitted in cases where the council considers either of the above objectives will be achieved. This policy will be applied at Council's instigation.

Delegated authority to apply this policy rests with the Chief Financial Officer

Properties receiving a remission under 1 above are to be reviewed whenever fresh aerial images are available to confirm or otherwise their continued remission status.

Remission of Targeted Rates for Capital Cost of Sewerage Schemes on Payment of Capital Cost Owing

Policy objective

The objective of this policy is to allow ratepayers, who did not originally take up the lump sum option within the timeframe allowed for any of Council's sewerage schemes, to repay the capital cost balance owing.

Conditions and criteria

At any point during a rating year, a ratepayer who is currently paying a targeted rate for the capital cost of a sewerage scheme may request the capital cost balance owing as at 30 June for that rating year (note: each rating year begins on 1 July).

The amount quoted will not contain any loan charges for any subsequent rating year (i.e. it will be the remaining capital cost balance owing as at 30 June of that rating year), but as the targeted rate has been set for the full current rating year, this targeted rate must be paid for that year as assessed.

Provided the amount quoted by Council is paid in full on or before 30 June of that rating year, the rating unit will automatically be credited with a 100% remission of the sewerage capital cost targeted rate each year until the end of the loan repayment term.

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Remission of rates on Māori Freehold Land

In developing this policy Council has given consideration to how either providing or not providing rates remissions would contribute to the following objectives.

Policy Objective

Supporting the use of the land by the owners for traditional purposes.

Recognising and supporting the relationship of Māori, and their culture and traditions, with their ancestral lands.

Avoiding further alienation of Māori Freehold Land.

Facilitating any wish of the owners to develop the land further for economic use.

Recognising and taking account of the presence of waahi tapu that may affect the use of the land for other purposes.

Recognising and taking account of the importance of the land in providing economic and infrastructure support for marae and associated papakainga housing (whether on the land or elsewhere).

Recognising and taking account of the importance of the land for community goals relating to:

- the preservation of the natural character of the lakes environment
- the protection of outstanding natural features
- the protection of significant indigenous vegetation and significant habitats of indigenous fauna

Recognising the level of community services provided to the land and its occupiers.

Recognising matters relating to the physical accessibility of the land.

Encouraging productive use or occupation of part or all of the land and payment of rates on part or all of the land.

Taking into account other factors (e.g. value of land based on highest and best use, compared with actual or most practical use) that contribute to the block being unoccupied and unproductive.

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Specific Conditions and Criteria

50% rates remission may be provided where any of the objectives 1-9 are supported.

75% rates remission may be provided for a period of 5 years where land that is previously not used is brought into productive economic use. After 5 years, the remission will be either removed or reduced where conditions continue to prevent full economic use of the land, e.g. zoning value, access difficulties, flooding or erosion. This remission may only be applied for once every ten years in respect of the same property (objectives 4 and 10 supported).

Multiple sets of uniform annual general charges and uniform targeted rates may be remitted where multiple rating units are being used as one property, e.g. forestry, farming. Rating units need not necessarily be contiguous (objectives 4 and 10 supported).

Part of the rates may be remitted where some other aspect beyond the reasonable control of the owners prevents the full economic use of the land e.g. access, flooding, erosion etc. Remission amount will be on a case by case basis at the discretion of council (objective 9 supported).

Part of the rates may be remitted where:

- The land is multiple owned and unoccupied, and
- Remission of part of the rates assessed will enable all or part of the land to be utilised, and enable payment of the balance of the rates assessed (objective 10 supported).

Part of the rates may be remitted where:

- The land is multiple owned, and
- The rateable value exceeds the value that is relevant for the purpose for which the land will be used, e.g. land is zoned residential yet is used for farming (objective 11 supported).

Calculation of remissions under objective 11 are to be on a case by case basis, with the determination of 'actual use' rateable value to be made by Council's valuation service provider.

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Rates Postponement

General conditions and criteria

If any remaining rates after a remission is applied are not paid by the relevant due date, no further remission will be provided.

No remission of service charges will be provided.

No rates postponements will be provided on Māori freehold land.

Consideration will be given to the following matters (but not limited to these) as part of the decision-making process:

The number of owners

The rateable land value per hectare relative to similar parcels of land

Any restriction of access, bearing in mind this will have been accounted for to some extent by Council's valuers

Potential for future use/economic development of the land.

For the purposes of this policy, multiple owned Māori freehold land means Māori freehold land owned by more than two persons.

Each case will be considered on its individual merits at Council's discretion. This means that an application for remission that seems to meet the conditions and criteria may not necessarily be approved.

Properties approved to receive a remission will be subject to regular review and generally this will be on an annual basis.

Application for rates remissions under any of the above conditions is required to be submitted on the 'MFL remission application form'. Contact Council's customer service centre for a copy. Further information may be requested by council officers to support any application lodged.

Policy Objective

To give ratepayers a choice between paying rates now or later, subject to the full cost of postponement being met by the ratepayer and Council being satisfied that the risk of loss in any case is minimal.

General Approach

Only rating units defined as residential, and used for personal residential purposes by the applicant(s) as their sole or principal residence, will be eligible for consideration of rates postponement under the criteria and conditions of this policy.

Current and all future rates may be postponed indefinitely, or until the sale of the property, if at least one ratepayer (or, if the ratepayer is a family trust, at least one named occupier) is 65 years of age or older. Where the ratepayer is younger than 65, current and all future rates may be postponed to a date not more than 15 years from June 30th in the rating year in which the application was made. The applicant may elect to postpone the payment of a lesser sum than that which they would have been entitled to have postponed under this policy.

Owners of units in retirement villages will be eligible; provided that Council is satisfied payment of postponed rates can be adequately secured.

Council will add to the postponed rates all financial and administrative costs to ensure fairness between ratepayers who use the postponement option and those who pay as rates are assessed.

Council will establish a reserve fund to meet any shortfall between the net realisation on sale of a property and the amount outstanding for postponed rates and accrued charges, at the time of sale. This will ensure that neither the ratepayer(s) nor the ratepayer(s') estate will be liable for any shortfall.

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Criteria and Conditions:

Eligibility

Any ratepayer is eligible for postponement provided that the rating unit is used by the ratepayer for personal residential purposes. This includes, in the case of a family trust owned property, use by a named individual or couple. People occupying a unit in a retirement village under an occupation licence will be able to apply for postponement of the rates payable by the retirement village on their unit, with the agreement of the owner of the retirement village.

Risk

Council must be satisfied, on reasonable assumptions, that the risk of any shortfall when postponed rates and accrued charges are ultimately paid, is negligible. To determine this, a specifically designed actuarial model has been developed that will forecast, on a case-by-case basis, expected equity, when repayment falls due. If that equity is likely to be less than 20%, the council will offer partial postponement, set at a level expected to result in final equity of not less than 20%.

Where a ratepayer wishes to postpone both this council's rates, and those set and assessed by Bay of Plenty Regional Council, this council will consult with Bay of Plenty Regional Council to ensure that the combined council's rates do not exceed the equity provisions outlined in the previous paragraph.

Where a ratepayer wishes to postpone the rates assessed by Waikato Regional Council a separate application would have to be made to Waikato Regional Council.

Exclusions

At present, the law does not allow councils to register such a charge against Māori freehold land. Accordingly, Māori freehold land is not eligible for rates postponement (unless and until the law is changed so that the council can register a statutory land charge).

Insurance

The property must be insured for its full value and evidence of this produced to Council annually.

To assist ratepayers who are currently uninsured, Council is anticipating the development of a group insurance policy to provide all risks cover, designed to keep cover against catastrophic loss to a minimum cost. The premium will be treated as part of the postponement fee and therefore come within the postponement arrangements.

Arrangements for the group insurance policy are currently on hold, but Council will continue to monitor progress.

Mortgage

Postponement of rates on a property subject to mortgage will be available only if Council holds a letter from the mortgagee agreeing to the postponement.

Independent Advice

To protect Council against any suggestion of undue influence, applicants will be referred to an appropriately qualified and trained independent agency contracted by Council. The agency will work with the applicant, to ensure they are aware of all aspects of the policy, before deciding to proceed with postponement. A certificate confirming this will be required by Council before the postponement is granted. The cost of this is included in initial charges set out in the Funding Impact Statement.

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Rates able to be postponed

All rates are eligible for postponement except for: targeted rates for water supplied by volume (water by meter rates) and lump sum options.

Security

Postponed rates will be registered as a statutory land charge on the rating unit title. This means Council will have first call on the proceeds of any revenue from the sale or lease of the rating unit.

Postponement will not be granted if a statutory land charge cannot be registered on the rating unit Certificate of Title.

Council has the right to decline postponement if the property is situated in a known hazard zone.

Conditions

Any postponed rates (under this policy) will be postponed on the following conditions:

a. Until the death of the ratepayer(s) or named individual or couple, (in this case the council will allow up to 12 months for payment so that there is ample time available to settle the estate or, in the case of a trust owned property, make arrangements for repayment); or

b. Until the ratepayer(s) or named individual or couple ceases to be the owner or occupier of the rating unit. (If the ratepayer sells the property in order to purchase another within the council's district, Council will consider transferring the outstanding balance, provided it is satisfied that there is adequate security in the new property for eventual repayment); or

c. If the ratepayer(s) or named individual or couple continue to own the rating unit, but are placed in residential care, Council will consider them to still be occupying the residence for the purpose of determining when postponement ceases and rates are to be paid in full; or

d. Until a date specified by Council. Council will charge an annual fee including interest on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover Council's administrative and financial costs and may vary from year to year.

Fees:

Annual Fees

Annual fees will be charged in accordance with the fees outlined in the Funding Impact Statement.

Application Fee

An application fee will be charged in accordance with the fees outlined in the Funding Impact Statement. This will be added to the postponed rates.

Financial Costs

The financial cost will be charged in accordance with the interest rate outlined in the Funding Impact Statement. This will be added to the postponed rates.

Payment

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 they would have been entitled to have postponed pursuant to this policy.

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Review or Suspension of Policy

The policy is in place indefinitely and can be reviewed, subject to the requirements of the Local Government Act 2002, at any time. Any resulting modifications will not change the entitlement of people already in the scheme, to continued postponement of all future rates. Council reserves the right not to postpone any further rates once the total of postponed rates and accrued charges exceeds 80% of the rateable value of the property as recorded in Council's rating information database. This will require the ratepayer(s) for that property to pay all future rates but will not require any payment in respect of rates postponed up to that time. These will remain due for payment on death or sale.

The policy consciously acknowledges that future changes in policy could include withdrawal of the postponement option.

Procedures

Applications must be on the required form which will be available from Council's Civic Centre at 1061 Haupapa Street, Rotorua. The policy will apply from the beginning of the rating year in which the application is made, although Council may consider backdating past the rating year in which the application is made, depending on the circumstances.

Applications for postponement under this part of the policy will be determined by officers of the council, acting under delegated authority from Council as specified in the delegations resolution.

Postponement of rates on Māori freehold land

Council's policy in respect of postponement of rates on Māori freehold land follows past policy. This is to not postpone rates but to use the remission policy where appropriate.

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