

# POLICY ON RATES POSTPONEMENT

## PURPOSE

Sections 102(3) (b) and 110 of the Local Government Act 2002 state that local authorities may adopt a rates postponement policy. This policy confirms the Clutha District Council's stance on rates postponement.

The objective of this policy is to provide Benhar and Tokoiti sewerage capital ratepayers, who, in the opinion of Council, are experiencing severe financial hardship, with the option of postponing payment of their sewerage capital rates. Any postponement will be subject to the full cost being met by the ratepayer and Council being satisfied that the risk in any case is minimal.

## CONDITIONS AND CRITERIA

1. Clutha District Council does not provide rates postponement, except for the postponement of Benhar or Tokoiti Sewerage Capital rates for ratepayers who would experience severe financial hardship if the rate was not postponed.
2. Ratepayers can apply to Council for postponement of only the annual Benhar or Tokoiti capital sewerage rate, either in entirety or part. The ratepayer will still be required to pay the remaining portion of their rates assessment including the sewerage scheme operating rate.
3. The ratepayer (or authorised agent) must make an application to Council on the prescribed form.
4. The ratepayer must be the owner of the property subject to the application as at 1 July, and must not own any other rating units or investment properties or other substantial realisable assets.
5. Before making a written application, the ratepayer must have received budget advice (for example, from the Budget Advisory Service) and must make the budget advisor's findings available to Council.
6. Council must be satisfied that the ratepayer is likely to be in a position of severe financial hardship if their sewerage capital rate is not postponed.
7. When considering whether financial hardship exists, all of the ratepayer's personal circumstances will be relevant including the following factors:
  - a) age, physical or mental disability, injury, illness and family circumstances;
  - b) number of dependents;
  - c) access to other sources of financial assistance (including central government's rates rebate scheme);
8. Council must be satisfied, on reasonable assumptions, that the risk of not recovering postponed rates and fees, when due as per clause 13, is negligible. Where a rates postponement arrangement has been entered into Council may refuse to postpone any further rates if it considers that the risk is not negligible.
9. The amount of any rates postponed including fees will be secured by a notice of charge on the Certificate of Title of the rating unit. Any costs of registering and subsequently dealing with the charge are to be met by the ratepayer by being added to the amount postponed.
10. A postponement fee will be added to the amount postponed at the start of every financial year when there are outstanding postponed rates against a property. This fee will cover the administrative and financial costs of the postponement. Financial costs will include interest as calculated annually by Council.
11. Whilst there are postponed rates outstanding against a property the ratepayer must provide annual proof that their house is insured and
  - d) the likely period before the ratepayer's financial position could be expected to improve;
  - e) a verified budget.

make an annual declaration that they continue to use the property as their primary residence.

12. The annual sewerage capital rate will continue to be postponed for a maximum of five years, provided that on an annual basis the ratepayer completes a written declaration that their circumstances still meet the requirements of this policy. After 5 years, ratepayers would be able to re-apply for postponement.
13. All postponed rates will become payable on the earliest of the following dates;
  - a) when the ratepayer(s) ceases to be the owner or occupier of the rating unit
  - b) when the ratepayer(s) ceases to use the property as their primary residence
  - c) upon the death of the ratepayer(s)
14. The postponed rates and fees or any part thereof may be paid off at any time without penalty. Such voluntary repayments will be credited against the ratepayers postponed rates at the beginning of the financial year following that of when they were received by Council, but prior to the calculation of interest. When postponed rates are paid off in full, the ratepayer will be liable for any costs of removing the statutory land charge from the certificate of title.
15. Decisions on postponement are delegated to the Manager Corporate Services. If an applicant is declined postponement they may appeal to the Clutha District Council.
16. The Manager, Corporate Services, will report annually to the Corporate Services Committee on the total number and value of rates postponed during that year and the total number and value of outstanding postponed rates.

## PROCEDURES

At the start of any rating year, where a ratepayer has any postponed rates, the Council will send an annual statement outlining:

- the total amount of postponed rates outstanding
- the postponement fees applied
- the ratepayers responsibilities under clause 11
- the declarations required for future sewerage capital rates to be postponed (as per clause 12).

## DEFINITIONS

Postponement Fee: A fee under section 88 of the LGRA, to cover the administrative and financial costs (including interest) of providing rates postponement.

## RELEVANT LEGISLATION

Sections 102(3) (b), 110 Local Government Act  
Sections 80 - 90 Local Government (Rating) Act 2002

## LEGAL COMPLIANCE

This policy must be reviewed at least once every 6 years through the special consultative procedure (s 110(2A)).

## RELATED POLICY AND DOCUMENTS

Revenue and Financing Policy

## KEY WORDS

Benhar, Tokoiti, Sewerage Rate, Rates Postponement, Financial Hardship