

STATEMENT OF PROPOSAL FOR THE

CLUTHA DISTRICT COUNCIL

Rating Policies Update 2024

Submissions close on 15 May 2024

Introduction

This statement of proposal for Rating Policies Update 2024 includes the following policies:

- Clutha District Council Revenue & Financing Policy 2024
- Clutha District Council Policy on Rates Remission
- Clutha District Council Policy on Rates Postponement
- Clutha District Council Policy on Remission & Postponement of Rates on Maori Freehold Land

Clutha District Council Revenue & Financing Policy 2024

This policy is required under the Local Government Act 2002 to provide predictability and certainty about the Council’s sources and levels of funding for operating and capital expenditure.

For each three year review of this policy, Council spends considerable time reviewing it, and looking to continually improve the way we fund and rate for the activities and services we provide.

For each of Clutha District Council’s activities, Council must consider the following steps:

Step 1:

- i. The community outcomes to which the activity primarily contributes; and
- ii. The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and
- iii. The period in or over which those benefits are expected to occur; and
- iv. The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
- v. The costs and benefits, including consequences for transparency and accountability, or funding the activity distinctly from other activities; and

Step 2:

- i. The overall impact of any allocation of liability for revenue needs on the community.

The principle of the two-step process is to show clearly who pays for what and why.

The outcome of the two-step process is the allocation of funding for each activity, which is based on the following considerations:

Distribution of Benefits	Funding Source
Identified groups of users	Fees and Charges
Identified groups of users where fees and charges are not viable or possible	Targeted Rates
Community as a whole	General Rates

Also the Council as part of this process considers the overall impact on the changes to the distribution of rates and fees and charges on the community.

The Council has reviewed the Council's activities as per the processes outlined on the previous pages and are not proposing any changes to the Revenue and Financing Policy.

Policy on Rates Remission and Policy on Remission & Postponement of Rates on Maori Freehold Land

There are no changes proposed for these existing policies, but reference to them has been included, should there be any groups or individuals who wish to submit on these.

Attachments

- Draft Revenue and Financing Policy 2024
- Policy on Remission of Rates
- Policy on Rates Postponement
- Policy on Remission & Postponement of Rates on Maori Freehold Land

HAVE YOUR SAY – MAKING A SUBMISSION

The proposed Significance & Engagement Policy is attached.

Lodgment: Submissions can be made in the following matter.

- Email: help.desk@cluthadc.govt.nz , or
- By post to: Freepost 54066247, Clutha District Council, PO Box 25, Balclutha, 924, or .
- By Hand to any of our community libraries.

Speaking to your submission: If you would like to speak to your written submission in Council, please indicate that in your submission.

Support: If you need support in making a submission please contact Council on

P: +64 3 419 0200 or 0800 801 350 (Toll Free in NZ)

E: help.desk@cluthadc.govt.nz

The Submission Period Closes on 5pm, 15 May 2024.

WHAT HAPPENS NEXT?

- We are inviting submissions until 15 May 2024.
- There will be a meeting held at 1 Rosebank Terrace on 23 and 24 May 2024 to hear those who wish to speak to their written submission.
- The Council will consider all submissions, make its decision and then let submitters know the outcome.

DRAFT REVENUE AND FINANCING POLICY 2024

PURPOSE

The Revenue and Financing Policy outlines the funding mechanisms that Council has available to fund its operating and capital expenditure and how it intends to utilise each of them. The policy is a requirement of Section 102 of the Local Government Act 2002 (LGA).

The policy also identifies how Council intends to fund each of its activities, and outlines the considerations and rationale for the funding sources chosen (as required by Section 103).

Council has developed this policy in two steps. The first was to consider how Council funds each individual activity. The second was to look at the overall impact of the liability of these allocations on our community.

FUNDING OF OPERATING EXPENDITURE

Council is required to ensure that each year's projected operating revenues are sufficient to meet the year's projected operating expenses. It may only vary this when it is financially prudent to do so,

having regard to the requirements in section 100(2) of the LGA.

Operating expenditure is primarily funded through general and targeted rates, fees and charges.

External funding assistance is provided for roading and waste minimisation. Council will generate cash from operating revenue that can be used for capital renewal expenditure or debt repayment.

FUNDING OF CAPITAL EXPENDITURE

In terms of capital expenditure, assets generally provide benefit for a longer period of time than when the actual expenditure on the asset is spent.

In this case they are funded over a period of time as opposed to in the year they are acquired. The exception to this is in the roading activity area where, apart from bridges, the annual capital expenditure generally matches the annual depreciation.

Capital expenditure is funded via depreciation reserves or special funds, or a combination of depreciation reserves, special funds and borrowing (depending upon the scale of the project). In some

instances, e.g. a new water or sewerage scheme, a lump sum contribution is made by the consumers receiving the new service.

Depending on the activity Financial Contributions are also used to fund capital expenditure.

Government funding, e.g. stimulus and tourism infrastructure is also utilised for capital projects.

DEPRECIATION RESERVES

Depreciation is a measure of the decline in service level of an asset or group of assets. Any depreciation funded for Council assets is placed in an interest-earning depreciation reserve. The reserves are then used to fund the future costs of renewing the infrastructural assets as per Council's activity management plans.

SPECIAL FUNDS

Special funds are also used for funding new capital or renewals. These funds have been contributed to from a number of sources, for example, historical funds, proceeds from the sale of endowment land, sale of assets and power shares.

BORROWING

Where depreciation reserves or special funds are not sufficient to meet all the costs of a project, capital expenditure is generally funded by borrowing. This provides the immediate funding required for an asset, with the debt then being repaid over time through rates. The time period of the loan repayment is generally set over a period where the benefit of the asset will be realised, although this may be shorter for long-life assets, i.e. the loan is repaid before the end of the asset's useful life. Unless specifically stated in the 'details of funding for Council activities' section, debt repayment becomes part of the operating costs and thus is funded from the same sources, in the same ratio, as for operating expenditure, over the life of the loan.

OVERVIEW OF FUNDING MECHANISMS USED BY COUNCIL

The mechanisms that Council can use to fund its capital and operating costs are set out by section 103(2) of the LGA. Council intends to use these mechanisms in the following ways:

UNIFORM ANNUAL GENERAL CHARGE

A uniform annual general charge (UAGC) is used to fund all or part of activities that provide a relatively equal benefit to the whole district. The UAGC is a fixed amount which is set on each separately used or inhabited part (SUIP) of a rating unit in the district.

TARGETED RATES

Some targeted rates are set on all rateable properties in the district to part fund some activities that have an element of district-wide benefit, including roading, public toilets, sewerage treatment upgrades, resource management and building control activities. These rates are set either as a rate per dollar of land or capital value, which best reflects the contribution towards the need for the activities, and the benefit received from the activities.

Other targeted rates are used to fund all or part of activities that provide benefit to an identifiable community or group of ratepayers. These rates are targeted at those who benefit from the activity or who demand the level of service (identified by location or availability of service). They are either based on land value, capital value or are a uniform charge.

VOLUNTARY TARGETED RATES

From time to time Council may offer to fund a specific activity on behalf of individual ratepayers because the activity meets Council objectives as well as being beneficial to the ratepayer. If such funds are made available they will be recovered over a specified time frame, at a specified interest rate, by way of a targeted rate. The scheme itself is self-funding, ratepayers who take up the offer repay the financial assistance (plus interest) through a targeted rate.

LAND HOLDING GREATER THAN 1.2 HECTARES WITHIN TOWNSHIP BOUNDARIES

Council has defined areas of rateable land for the local roading rate. For rural land that falls within township boundaries, Council has applied a mechanism whereby areas equal to or greater than 1.2

hectares are split for rating purposes into an "a" and "b" assessment. The "a" assessment is calculated using the township rate (house and/or section) whilst the "b" assessment (remainder of the land) is calculated using the rural local roading rate.

FEES AND CHARGES

Fees and charges are utilised where practical if there is an identifiable private benefit from an activity, or where the actions of an individual create the need for the activity. Examples of fees include swimming pool charges, landfill fees, building consent fees and dog registration fees. When setting fees and charges, Council takes into account the effect the fees and charges would have on the use of the facilities and services.

LUMP SUM CONTRIBUTIONS

Lump sum contributions are utilised for some larger projects where new capital projects are loan funded. Ratepayers are given a choice of paying their share of the capital cost upfront in a voluntary lump sum, or paying through rates over the life of the loan. The decision whether to offer a voluntary lump sum option is determined on a project-by-project basis.

INTEREST AND DIVIDENDS FROM INVESTMENTS

Council receives interest on its reserve funds. Interest income from Council's reserves is used to:

- Offset the uniform annual general charge and thus reduce the rates that would otherwise be levied to fund Council's activities.
- Increase the value of depreciation reserves and special funds.
- Increase the value of investment reserves noting that the investment reserve (a treasury function) carries the risk attached with interest rate volatility.

BORROWING

Council utilises external borrowing to fund various infrastructural asset renewals and upgrades. Borrowing is also undertaken from time to time in other circumstances, e.g. the West Otago Health grant and Clutha Community Hub.

PROCEEDS FROM ASSET SALES

Proceeds from asset sales are allocated to special funds, and are generally used for the acquisition of new assets.

DEVELOPMENT CONTRIBUTIONS

Under the LGA, Council is entitled to apply development contributions to new development. Previously Council has chosen not have a development contribution policy, in favour of financial contributions under the Resource Management Act 1991. Council intends to continue using Financial Contributions until the RMA reform process is complete and there is legislative clarity for the future.

GRANTS AND SUBSIDIES (EXTERNAL FUNDING ASSISTANCE)

Council receives external funding assistance for a number of activities or projects, largely from Central Government. The main source of government funding comes from the Waka Kotahi (NZTA) for roading. A baseline level of funding is received for the maintenance of the existing roading system, while funding for new projects may be received depending upon the costs and benefits of each project.

Council also receives a proportion of waste minimisation levies to assist with waste minimisation activities throughout the district.

External funding is sought in other areas where possible. For example, funding from the Ministry of Health has been provided in the past for fluoridation and water treatment upgrades. Council will continue seeking external funding for tourism-related infrastructure.

RESERVE FUNDS (SPECIAL AND DEPRECIATION)

Council has a number of reserve funds. These funds generally assist future capital expenditure. As outlined previously depreciation funds are used towards funding capital renewal works. Special funds are also generally used for funding capital renewals and new capital.

DETAILS OF FUNDING FOR COUNCIL ACTIVITIES

This section outlines Council's policies for funding each of its activities.

Council considered the matters listed in section 101(3) of the LGA when determining the most appropriate funding mechanisms for each of its activities. These matters are listed and explained under the following headings:

ACTIVITY DESCRIPTION

A brief description of the activity. For further information about each of Council's activities see the 'Council Activities' section of the Long Term Plan.

COMMUNITY OUTCOMES

The community outcome the activity primarily contributes to.

Our vision: Clutha is a great place to live, work & play.
Our outcomes:

Vibrant rural towns and communities
Respected and sustainable environment
Connected and collaborative

WHO BENEFITS?

Who receives the benefit from the activity, either the community as a whole, an identifiable part of the community or individuals.

TIMEFRAME OF BENEFITS

The time period over which the benefits of expenditure on the activity will be recognised.

CONTRIBUTION TO THE NEED FOR THE ACTIVITY

The extent to which an action or inaction of particular individuals or group contribute to the need for Council to carry out the activity.

COSTS AND BENEFITS OF DISTINCT FUNDING

The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

The funding mechanisms shown below are for Council's share of the cost of the activities only (i.e. after any external funding is taken into account).

DEFINITIONS

UAGC – A 'Uniform Annual General Charge' is a rate set at a fixed amount and which every SUJP pays.

SUIP – A 'separately used or inhabited part of a rating unit' includes any part or parts of a property that can be separately used or occupied in addition to the principal habitation or use.

'On demand' water supply – A supply which is available on demand directly from the point of supply subject to the agreed level of service.

'Restricted' water supply – A type of water supply connection where a small flow is supplied through a flow control device, and storage is provided by the customer to cater for the customer's demand fluctuations.

COMMUNITY LEADERSHIP

CIVIC

Activity Description

Governance of Council and Community Boards, including elected members, operation of formal meeting processes, elections and newsletters.

Community Outcome

Connected and collaborative.

Who benefits?

All residents and ratepayers in the communities represented.

Timeframe of benefits

Governance is an ongoing cost with benefits

apparent in the year of expenditure.

Contribution to need

All residents and ratepayers.

Costs and benefits of distinct funding

No benefit from distinct funding for Council.

Funding methods

Council: 100% UAGC.

Liability Funding: 100% UAGC. A 2017 legal determination concluded Council had to pay a liability in relation to significant contractual works undertaken some years ago. The non-asset related portion has been funded from a combination of reserves with the remainder allocated as a Governance cost.

Community Boards: 100% targeted uniform rate per SUJP.

Rationale

Governance is provided for the benefit of the community as a whole, and therefore is funded by the whole district. Community boards provide benefit to the communities within their areas, and so are funded by those communities.

WEST OTAGO HEALTH

Activity Description

Provision of a one-off grant to help fund construction of a health centre in Tapanui.

Community Outcome

Vibrant rural towns and communities.

Who benefits?

Everyone in the West Otago health service area would benefit. Users of the facility will directly benefit.

Timeframe of benefits

Long term.

Contribution to need

Stakeholders in the West Otago Health service area contribute to the need for this activity.

Costs and benefits of distinct funding

Distinct funding ensures that only those in the area of benefit contribute, and that the contribution can clearly be identified on rates invoices.

Funding methods

100% uniform targeted rate per SUJP.

Rationale

A uniform contribution from ratepayers in the area of benefit is deemed to be the fairest way to fund the grant.

ECONOMIC & COMMUNITY DEVELOPMENT

ECONOMIC DEVELOPMENT

Activity Description

Fostering economic development within the district.

Community Outcome

Vibrant rural towns and communities.

Who benefits?

Primarily a district-wide benefit from the district retaining and attracting businesses, which provide employment and contribute towards rates. Some private benefit to businesses.

Timeframe of benefits

Currently an ongoing cost, with the majority of benefits being apparent in the year of expenditure.

Contribution to need

All residents and ratepayers.

Costs and benefits of distinct funding

No benefit from distinct funding. However, the UAGC is itemised in Annual and Long Term Plans and on

rates assessments so ratepayers can easily identify individual components.

Funding methods

100% UAGC.

Rationale

Largely a public benefit, therefore it is funded district-wide, through the UAGC.

COMMUNITY DEVELOPMENT

Activity Description

Fostering social well-being of the community through activities such as youth development and provision of grants to community groups.

Community Outcome

Connected and collaborative.

Who benefits?

Community-wide benefit.

Timeframe of benefits

The majority of benefits are apparent in the year of expenditure.

Contribution to need

All residents and ratepayers.

Costs and benefits of distinct funding

No benefit from distinct funding. However, the UAGC is itemised in Annual and Long Term Plans and on rates assessments so ratepayers can easily identify individual components.

Funding methods

100% UAGC.

Rationale

Largely a public benefit, therefore it is funded district-wide, through the UAGC.

COMMUNITY PROJECTS

Activity Description

Financial support for projects and initiatives that

support community well-being in the following areas that make up our district: Bruce, Catlins, Clinton, Lawrence-Tuapelka, Lower Clutha, and West Otago.

Community Outcome

Connected and collaborative

Who benefits?

Community-by-community benefits.

Timeframe of benefits

The majority of benefits are apparent in the year of expenditure.

Contribution to need

Residents and ratepayers in that community.

Costs and benefits of distinct funding

Benefit from distinct funding by community.

Funding methods

Project Bruce: 100% Bruce Community Rating Area uniform charge.

Rationale

Largely a community-by-community benefit, therefore it is funded over the community of interest.

ECONOMIC DEVELOPMENT PROPERTY

Activity Description

Property for contributing to economic growth through industrial, commercial or residential development.

Community Outcome

Vibrant rural towns and communities.

Who benefits?

Primarily a district-wide benefit, stimulating or reducing barriers to economic growth, supporting housing for our workforce, and adding new ratepayers.

Timeframe of benefits

Medium to long term.

Contribution to need

All residents, businesses and ratepayers.

Costs and benefits of distinct funding

Distinct funding ensures an additional source of funding that does not impact on ratepayers.

Funding methods

100% Other – Funded by sale of surplus property, loans, and/or sale of development property. A cost recovery or 'rates neutral' approach is taken to funding.

Rationale

Funding from other sources ensures that the ratepayer is not paying for economic development property.

ROADING

Activity Description

The provision, operation and management of the local roading network, including roads, bridges, streetscapes and footpaths.

Community Outcome

Connected and collaborative.

Who benefits?

The roading network provides national, regional and local benefits.

Timeframe of benefits

Long term.

Contribution to need

All residents and ratepayers contribute to varying degrees. At this stage differentials depending on industry are not applied, e.g. for higher impact users such as forestry and dairying.

Costs and benefits of distinct funding

Distinct funding enables a split between district and local funding. Due to the size of the roading rates

WATER

requirement it is desirable to have roading rates highlighted separately.

Funding methods

Roads and bridges: A substantial amount is funded by financial assistance from Waka Kotahi, with the balance being split between district and local roading rates based on the district/local benefit of each road.

For the balance funded by Council there is a district-wide roading rate, based on capital value, which funds approximately 37% of Council's costs. This includes 90% of arterial roads, 50% of collector roads and 10% of local roads.

The remaining approximately 63% of the rates requirement is funded by a targeted rate differentiated on location made up of a minimum charge per SUJP based on level of service, with the remainder based on land value. Each area funds a share of the local roading rate based on the value and depreciation rates of the roading assets within that area and the proportion of district-wide vs. local benefit.

District-wide main street: 20% UAGC and 80% of Balclutha, Lawrence & Milton costs on a uniform community-based rate.

New footpaths: A uniform rate per SUJP on those in the rating area benefiting from new footpaths.

Rationale

The combination of funding mechanisms reflects the access to, and benefit gained from the roading network.

Community Outcome

Vibrant rural towns and communities.

Who benefits?

Private benefit for those who obtain and use water.

Timeframe of benefits

Short term benefit from expenditure on operating costs, with longer-term benefits from expenditure on capital.

Contribution to need

Property owners who require water to enable intensive use of their land.

Costs and benefits of distinct funding

Each scheme is operated as a standalone entity. This enables the cost of each scheme to be paid for by those who benefit from it.

Funding methods

100% targeted rate per unit of water supplied differentiated by scheme.

Rationale

User pays ensures efficient use of resources, with consumers only demanding what is affordable and sustainable.

URBAN WATER

Activity Description

Provision of reticulated potable water supplies to urban areas.

Community Outcome

Vibrant rural towns and communities.

Who benefits?

Private benefit for those who obtain and use water. Some benefit to those whose properties have the ability to connect to a scheme. General public benefit for public health and fire-fighting purposes.

Timeframe of benefits

Short term benefit from expenditure on operating costs, with longer-term benefits from expenditure on capital.

Contribution to need

All urban residents and ratepayers.

Costs and benefits of distinct funding

Distinct funding enables the private benefit to those who receive potable water supply to be recognised.

Funding methods

Council will have a uniform targeted rate for customers who receive potable water from an 'on demand' supply and a uniform targeted rate for customers who receive potable water from a 'restricted' supply.

Rationale

User pays district-wide across all urban users facilitates efficient use of resources.

RURAL WATER

Activity Description

Rural water schemes which provide water primarily for stock but also for domestic consumption.

COMMUNITY SERVICES

LIBRARIES

Activity Description

Provision of library services through the Central Balclutha library and four branch libraries.

Outcome

Community facilities that sustainably benefit users and the wider community.

Who benefits?

Primarily a public benefit. All members of the community have access to the facilities and the whole community benefits from having such facilities provided.

Timeframe of benefits

An ongoing activity with benefit largely being realised in the year of expenditure. The benefit of capital expenditure is realised over a longer timeframe.

Contribution to need

All residents and ratepayers.

Costs and benefits of distinct funding

No benefit from distinct funding. However, the UAGC is itemised in Annual and Long Term Plans and on rates assessments so ratepayers can easily identify individual components.

Funding methods

5-10% Fees and charges; 90-95% UAGC.

Rationale

The cost of the service does not change significantly as use increases or decreases, but increasing fees can reduce access for some community members. To allow full accessibility there are no fees for core services. Funding the core services through the UAGC recognises the public benefit.

Rationale

Benefit is largely private so the activity is predominantly user pays. The wider benefit of safe sewage disposal is reflected by wider contribution to treatment upgrades and reticulation extensions for Benhar, Tokoiti and Pounawea.

STORMWATER

Activity Description

Stormwater reticulation minor stormwater works throughout the district.

Community Outcome

Respected and sustainable environment.

Who benefits?

Those whose properties are protected by stormwater drainage.

Timeframe of benefits

Short term benefit from expenditure on operating costs, with longer-term benefits from expenditure on capital.

Contribution to need

Property owners whose properties contribute to stormwater run-off where there is a demonstrated need for a public stormwater system.

Costs and benefits of distinct funding

Distinct funding enables the private benefit to those who receive stormwater protection to be recognised.

Funding methods

Council will have a uniform targeted stormwater rate for each separately used or inhabited part of a rating unit (SUIP).

Rationale

Those who benefit from the provision and development of stormwater schemes in their areas pay for those costs.

SEWERAGE

Activity Description

Provision of sewage reticulation and treatment facilities throughout the district.

Community Outcome

Respected and sustainable environment.

Who benefits?

Private benefit for those whose sewage is removed, treated and disposed of. There is also wider public health and environmental benefits from safe and appropriate sewage disposal.

Timeframe of benefits

Short term benefit from expenditure on operating costs, with longer-term benefits from expenditure on capital.

Contribution to need

Those without suitable private sewage disposal systems.

Costs and benefits of distinct funding

Distinct funding enables the private benefit to those who receive sewerage services to be recognised.

Funding methods

Council will have a uniform targeted sewerage rate for each separately used or inhabited part of a rating unit (SUIP) that is either connected, or for which a connection is available. The final determination of rates will also include operating and capital costs.

Capital costs of treatment upgrades: 10% district-wide assistance (based on CV) with remainder funded as per operating costs.

Capital costs of reticulation extensions for Benhar

Tokoiti and Pounawea: 10% district-wide assistance (based on CV), 40% uniform targeted rate on all sewerage ratepayers and 50% uniform targeted rate on all connections to the new reticulation.

SERVICE AND INFORMATION CENTRES

Activity Description

Visitor information centres for visitors and residents and service centres for ratepayers.

Community Outcome

Community facilities that sustainably benefit users and the wider community.

Who benefits?

Private benefit to those who use information centres, as well as tourist-reliant businesses whose information is provided to customers. The community in general also benefits from the success of the tourism industry and the availability of Council service points.

Timeframe of benefits

An ongoing activity with the benefit of operating expenditure being realised in the year of expenditure and the benefit of capital expenditure realised over a longer timeframe.

Contribution to need

Residents, ratepayers and visitors.

Costs and benefits of distinct funding

No benefit from distinct funding. However, the UAGC is itemised and the activities funded by the community services rate are listed in Annual and Long Term Plans and on rates assessments.

Funding methods

5-10% Fees and charges; 90-95% UAGC.

Rationale

While there is private benefit from using information centres, such services are generally not charged for within New Zealand. The district as a whole benefits from the tourism industry and the information centres facilitate this. The Council service centre functions also provide a district-wide benefit.

PUBLIC TOILETS

Activity Description

Provision of public toilets and camper van dump stations throughout the district.

Community Outcome

Respected and sustainable environment.

Who benefits?

Private benefit to users of the facilities, public benefit from providing such facilities to for locals and visitors and from having a hygienic environment.

Timeframe of benefits

An ongoing activity with benefit largely being realised in the year of expenditure. The benefit of capital expenditure is realised over a longer timeframe.

Contribution to need

Residents and visitors.

Costs and benefits of distinct funding

No benefit from distinct funding. However, the UAGC is itemised and the activities funded by the community services rate are listed in Annual and Long Term Plans and on rates assessments.

Funding methods

Approximately 50% UAGC and approximately 50% district-wide CV based rate.

Rationale

A district-wide charge is the fairest option since fees and charges are not realistic or would be unlikely to be economic to apply.

CEMETERIES

Activity Description

Provision, maintenance and operation of cemeteries and maintenance of the district's monuments.

Community Outcome

Connected and collaborative.

Who benefits?

Private benefit to the families of deceased. Public benefit in providing respectful treatment of the deceased who form part of the community's heritage. Public health benefits from ensuring properly managed and controlled burials and cemetery sites.

Timeframe of benefits

Majority of expenditure is on operating costs, with the benefit being realised in the year of expenditure. There are also longer term benefits from capital expenditure.

Contribution to need

All ratepayers and residents.

Costs and benefits of distinct funding

No benefit from distinct funding. However, the UAGC is itemised in Annual and Long Term Plans and on rates assessments so ratepayers can easily identify individual components.

Funding methods

Approximately 55% Fees and Charges and approximately 45% UAGC.

Rationale

The funding split recognises direct private benefits along with wider public benefits. Ability to pay is partly recognised by keeping burial fees at an affordable level.

COMMUNITY HOUSING AND OTHER PROPERTY

Activity Description

Provision and maintenance of community housing units throughout the district. This area also includes lease-hold land, endowment land and other property (excluding economic development property).

- Grant towards construction and operation of the Clutha Community Hub.
- Grant towards construction and operation of the multi-purpose Cross Recreation Centre.
- Grant towards the construction of an extension to the Clutha Gold Trail from Lawrence to Waihola.

Community Outcome

Vibrant rural towns and communities.

Who benefits?

Public benefit from having the facilities available and for those who have the facilities in their community.

Timeframe of benefits

An ongoing activity with benefits largely being realised in the year of expenditure. The benefit of capital expenditure is realised over a longer timeframe.

Contribution to need

All residents and ratepayers.

Costs and benefits of distinct funding

No benefit from distinct funding. However, the UAGC is itemised and the activities funded by the community services rate are listed in Annual and Long Term Plans and on rates assessments.

Funding methods

Balclutha and Milton Pools: 10-15% fees and charges; 40-45% UAGC; 40-45% targeted uniform rate (Bruce and Lower Clutha areas).
Halls and community centres: 12-18% fees and charges; 41-44% UAGC; 41-44% targeted uniform rate.
Parks, Reserves and Playground
Approximately 50% UAGC and approximately 50% targeted.
Sportsgrounds: 2-8% fees and charges, 46-49% UAGC, 46-49% uniform targeted rate.
Cross Recreation Centre: Approximately 50% UAGC and approximately 50% uniform targeted rate (Lower Clutha area).

Clutha Community Hub: Approximately 50% UAGC and approximately 50% uniform targeted rate (Lower Clutha area).
Clutha Gold Trail Extension: Approximately 50% UAGC, and approximately 50% uniform targeted rate (Lawrence-Tuapeka and Bruce areas).

Rationale

District-wide funding recognises the wide public benefit gained from parks, reserves and playgrounds. The majority of the cost is funded by the local community ensuring that communities only demand the level of service they can afford. Some fees and charges for sports groups to recognise that they have exclusive use of the sportsgrounds during their booking period.

SOLID WASTE MANAGEMENT

WASTE COLLECTION AND DISPOSAL

Activity Description

Solid Waste collection and disposal services, including the operation of a kerbside collection service, waste transfer stations and Mt Cootee landfill.

Community Outcome

Respected and sustainable environment.

Who benefits?

Private benefit to those whose recyclables and residual waste is disposed of. Also a public benefit from ensuring that waste is dealt with safely without damaging the environment or public health.

Timeframe of benefits

Short term, with some longer term benefits from the provision of the landfill.

Contribution to need

All of those who use the waste disposal services or facilities.

Community Outcome
Connected and collaborative.

Who benefits?

Mostly a private benefit to tenants. There is also public benefit from having appropriate housing available to people who may not easily be able to access private sector housing.

Timeframe of benefits

Long term.

Contribution to need

Residents who have difficulty finding appropriate housing in the market.

Costs and benefits of distinct funding

This activity is self-funding there is no requirement for rates funding.

Funding methods

100% fees and charges (rentals).

Rationale

Due to a significant private benefit, the community housing units are fully self-funded through user charges. User charges (rentals) are set at market rates to cover the cost of maintaining and upgrading the facilities.

COMMUNITY FACILITIES

Activity Description

Includes the following:

- Funding of halls and community centres throughout the district.
- Provision of swimming pools in Balclutha and Milton.
- Provision of green spaces including parks, reserves, playgrounds and sportsgrounds.

Funding methods

100% UAGC.

Rationale

Rating across the district ensures that recyclables drop-off facilities are free, encouraging their use.

REGULATORY AND EMERGENCY SERVICES

RESOURCE MANAGEMENT

Activity Description

Administration and monitoring of the Clutha District Plan to ensure that development and resource use maintains environmental and community standards.

Community Outcome

Respected and sustainable environment.

Who benefits?

Largely a public benefit from the sustainable management of the districts natural and physical resources. A private benefit to those who are granted a resource consent, enabling them to sustainably use their land.

Timeframe of benefits

An ongoing activity with the benefit being realised in the year of expenditure. Longer term benefit from expenditure on the District Plan.

Contribution to need

Individuals or organisations whose actions or proposed developments require resource consent.

Costs and benefits of distinct funding

No particular benefit from distinct funding.

Funding methods

60-70% Fees and charges; 30-40% district-wide CV based rate.

Rationale

Fees are set at a level to recover actual costs involved in processing the consent. The remainder is treated as a public good.

ANIMAL CONTROL

Activity Description

Registration of dogs and responding to animal-related complaints.

Community Outcome

Vibrant rural towns and communities.

Who benefits?

Private benefit to animal owners who have their animals returned. Public benefit from the capture of wandering animals and from having Council oversee animal welfare. There is also a public benefit from having less fouling of public space.

Timeframe of benefits

An ongoing activity with largely a short term benefit. Longer term benefit of the pound.

Contribution to need

Animal owners who do not adequately control their animals.

Costs and benefits of distinct funding

No benefit from distinct funding. However, the UAGC is itemised in Annual and Long Term Plans and on rates assessments so ratepayers can easily identify individual components.

Funding methods

Approximately 90-95% Fees and charges; and approximately 5-10% UAGC.

Rationale

User pays ensures those who contribute to the need for the activity fund the vast majority of the costs. Responsible dog owners receive a discount, recognising that they contribute less to the activity than others. The district-wide contribution recognises the public benefit.

Costs and benefits of distinct funding

Distinct funding enables the private benefit of the kerbside collection to be recognised. Efficiencies are also gained from this being provided across the district by a single kerbside provider.

Funding methods

Approximately 30% targeted uniform rate per SUJP (based on availability of kerbside collection service); and approximately 70% Fees and charges (use of landfill and transfer stations).

Rationale

User pays ensures that the cost of waste disposal is attributed to those who create the waste and provides an incentive to reduce waste created.

WASTE MINIMISATION

Activity Description

Waste minimisation activities, including education programmes and drop-off facilities for recyclables.

Community Outcome

Respected and sustainable environment.

Who benefits?

Primarily a public benefit from reduced waste to landfill. Some private benefit to those who use free recyclable drop-off facilities to dispose of recyclable waste.

Timeframe of benefits

Currently an ongoing activity with benefits apparent in year of expenditure. Benefits will also be realised in the long term from behaviour changes as a result of education programmes.

Contribution to need

All residents and ratepayers.

Costs and benefits of distinct funding

No benefit from distinct funding. However, the UAGC is itemised in Annual and Long Term Plans and on rates assessments so ratepayers can easily identify individual components.

ENVIRONMENTAL HEALTH

Activity Description

Protection of public health and safety through licensing of food premises and other venues that have potential public health risks.

Community Outcome

Vibrant rural towns and communities.

Who benefits?

Community benefit from knowing that public health standards are being met. There is also private benefit to businesses whose operations have public health implications.

Timeframe of benefits

An ongoing activity with the benefit being realised in the year of expenditure.

Contribution to need

The public who demand safe and hygienic eateries and hair-dressers. Businesses who operate in the food or hair-dressing industries.

Costs and benefits of distinct funding

No benefit from distinct funding. However, the UAGC is itemised in Annual and Long Term Plans and on rates assessments so ratepayers can easily identify individual components.

Funding methods

10-15% Fees and charges; 85-90% UAGC.

Rationale

The combination of funding mechanisms reflects the individual and wider community benefits, whilst making services affordable for businesses.

BUILDING CONTROL

Activity Description

Administering the Building Act 2004, including ensuring that buildings comply with the New Zealand Building Code.

Community Outcome

Vibrant rural towns and communities.

Who benefits?

Private benefit to building owners from having certification that their buildings are structurally sound and comply with safe building practices. There are also public safety benefits from structurally sound public buildings.

Timeframe of benefits

An ongoing activity with the benefit being realised in the year of expenditure.

Contribution to need

The community demands safe buildings, however, people who build new buildings or alter existing buildings contribute to Council's workload.

Costs and benefits of distinct funding

No particular benefit from distinct funding.

Funding methods

80-90% Fees and charges; 10-20% district-wide CV based rate.

Rationale

Fees are set at a level to recover actual costs involved in processing the consent. The remainder is treated as a public good. Capital value is used as a basis to reflect the level of likely demand for building control services and ability to pay.

ALCOHOL LICENSING

Activity Description

Licensing and monitoring of premises from which alcohol is sold.

Community Outcome

Vibrant rural towns and communities..

Who benefits?

Private benefit to businesses who gain licences enabling them to trade. Public benefit from having alcohol available in licenced premises which meet licensing standards.

Timeframe of benefits

An ongoing activity with the benefit being realised

in the year of expenditure.

Contribution to need

Those who sell or apply to sell alcohol.

Costs and benefits of distinct funding

The UAGC is itemised in Annual and Long Term Plans and on rates assessments so ratepayers can easily identify individual components.

Funding methods

100% fees and charges.

Rationale

Fees are set by statute. Any shortfall is recovered by UAGC on the basis that this activity also has an element of public good.

COMPLIANCE

Activity Description

Protection of public health and safety through livestock control, litter enforcement, abandoned vehicles, parking enforcement, noise control and related administrative support.

Community Outcome

Respected and sustainable environment.

Who benefits?

All of community benefits from compliance activities.

Timeframe of benefits

An ongoing activity with the benefit being realised in the year of expenditure.

Contribution to need

The public who want to ensure a safe, safety and protection from nuisance outlined in the above description.

Costs and benefits of distinct funding

No benefit from distinct funding.

Funding methods

100% district-wide CV based rate.

Rationale

The funding mechanisms reflects the individual and wider community benefits

The funding mechanism proposed is 100% district-wide CV based rate.

EMERGENCY SERVICES

Activity Description

Includes:

Emergency management (civil defence) including 'reduction, readiness, response and recovery' actions. Funding for tanker replacements prior to 1 July 2017 fire services amalgamation.

Community Outcome

Connected and collaborative.

Who benefits?

The whole community benefits from this public service activity.

Timeframe of benefits

An ongoing activity with the benefit being largely realised in the year of expenditure.

Contribution to need

All residents and ratepayers.

Costs and benefits of distinct funding

No benefit from distinct funding.

Funding methods

100% UAGC.

Rationale

Funding through the UAGC reflects the 'people focus' of Emergency Services.

ACTIVITY GROUP	ACTIVITY	OTHER	FEES & CHARGES	TARGETED RATES		
				GENERAL RATES	DISTRICT-WIDE RATES	RATES BASED ON LOCATION OF AVAILABILITY OF SERVICE
				UNIFORM ANNUAL GENERAL CHARGE (UAGC)	CAPITAL VALUE (CV)	UNIFORM CHARGE VALUE (UV)
Governance	Council			100%		
	Contract Liability Funding					100%
	Community Boards					100%
West Otago Health						100%
Economic Development				100%		
Community Development				100%		
Community Projects						100%
Economic Development Property						100%
Roading (balance after Waka Kotahi subsidy)					37% ¹	63% ²
New footpaths						100%
District-Wide Main Street	Balclutha, Milton & Lawrence			20%		80%
	Urban Water Supply					100%
Rural Water Scheme						100%
Sewerage						100%
District Sewerage Upgrade Support					10%	90%
Benhar, Tokoiti & Pounawea Capital					10%	90%

¹ District roading component 2 Local roading component

Summary of Funding Mechanisms

ACTIVITY GROUP	ACTIVITY	OTHER	FEES & CHARGES	TARGETED RATES		
				GENERAL RATES	DISTRICT-WIDE RATES	RATES BASED ON LOCATION OF AVAILABILITY OF SERVICE
				UNIFORM ANNUAL GENERAL CHARGE (UAGC)	CAPITAL VALUE (CV)	LAND VALUE (LV)
Stormwater	Urban Stormwater					100%
	Libraries		5-10%	90-95%		
	Service & Information Centres		5-10%	90-95%		
	Cemeteries		55%	45%		
	Public Toilets			50%	50%	
	Community Housing and Other Property		100%			
	<i>Community Facilities</i>					
Community Services	Swimming Pools		10-15%	40-45%		40-45%
	Parks, Playgrounds & Reserves			50%		50%
	Sportsgrounds		2-8%	46-49%		46-49%
	Halls & Community Centres		12-18%	41-44%		41-44%
	Clutha Gold Trail			50%		50%
	Clutha Community Hub			50%		50%
	Cross Recreation Centre			50%		50%

ACTIVITY GROUP	ACTIVITY	OTHER	FEES & CHARGES	TARGETED RATES		
				GENERAL RATES	DISTRICT-WIDE RATES	RATES BASED ON LOCATION OF AVAILABILITY OF SERVICE
				CAPITAL VALUE (CV)	UNIFORM CHARGE	LAND VALUE (LV)
Solid Waste Management	Waste Collection & Disposal		70%			30%
	Waste Minimisation			100%		
	Resource Management		60-70%		30-40%	
	Animal Control		90-95%	5-10%		
	Environmental Health		10-15%	85-90%		
	Building Control		80-90%		10-20%	
	Compliance				100%	
	Alcohol Licensing		100%			
	Emergency Services*				100%	

* Civil Defence and Rural Fire

OVERALL FUNDING CONSIDERATION

We are required by section 101(3)(b) to consider the overall impact of the allocation of liability for revenue needs on the community. It allows us, as a final measure, to modify the overall mix of funding in response to these considerations.

1. We are required to adjust the total amount collected from the 'uniform annual general charge' portion of the general rate to be within the 30% rule. If the sum of the activities to be funded from the uniform annual general charge is more than the 30% cap, we will adjust the rate down to the cap and the balance will be funded from the general rate.
2. We may use accounting provisions to spread the costs of activities over multiple years for the purpose of smoothing the cost to users and ratepayers.

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POLICY ON RATES REMISSION		ACTIVITY GROUP:	Corporate Services
Policy Type:	Council		
Approved by:	Council		
Department:	Corporates Services		
Date Approved:	XXXX	Next Review Date:	XXXX
Relevant Legislation:	Local Government (Rating) Act 2002, section 85 Local Government Act 2002, section 109		
Clutha District Council			
Documents referenced:			

PURPOSE

This policy provides the framework for granting remission of rates and rate penalties under the Local Government (Rating) Act 2002 (the Act).

SCOPE

This policy can apply to any ratepayers in the Clutha District who meet the conditions and criteria.

POLICY

1. REMISSION OF RATES FOR COMMUNITY, SPORTING AND OTHER ORGANISATIONS

Objective

- 1.1. To assist where practicable, community clubs and organisations in recognition of the valuable 'public good' contribution made by such organisations to the character and well-being of the district.

Conditions and criteria

- 1.2. Council may remit rates for any organisation (for land the organisation owns or uses), for the purpose of any of the following:
- Recreation
 - Health
 - Enjoyment/leisure
 - Instruction

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- Sport/physical activity
- Any form of culture

1.3. Consideration for remission includes land owned or leased to an organisation where, under the rent or lease agreement, there is an obligation to pay the rates assessed on the land.

1.4. The policy will not apply to organisations that are operated for private pecuniary profit.

Procedures

1.5. All applications for remission must be in writing and addressed to the Chief Executive. Applications must include (where applicable):

- Statements of objectives of the organisation e.g., constitution.
- Financial statements e.g., recent audited accounts.
- Lease agreement (if applicable).

1.6. Any remission of rates will exclude rates in respect to water supply, sewage disposal or waste collection.

1.7. A remission of 100% will be applied under delegated authority. Where the applicant's financial information suggests that 100% may not apply the application will be referred to the Corporate Services Committee. For example, the applicant's information demonstrates they have sufficient cash reserves for current and future needs.

1.8. A granted remission will apply from the beginning of the rating year in which the remission is granted and continue until such time that an organisation or club no longer meets the criteria.

2. REMISSION OF RATES FOR LAND SUBJECT TO SPECIAL PRESERVATION CONDITIONS

Objective

2.1. To preserve and encourage the protection of land and improvements which are the subject of special preservation conditions.

Conditions and criteria

2.2. Rate remission under this provision of the policy relates to land that is owned or used by and subject to one of the following:

- A heritage covenant under the Historic Places Act.
- A heritage order under the Resource Management Act.
- An open space covenant under the Queen Elizabeth the Second National Trust Act.
- A protected private land agreement or conservation covenant under the Reserves Act.
- Any other covenant or agreement entered into by the owner of the land with the public body for the preservation of existing features of land, or of buildings, where the conditions of the covenant or agreement are registered against the title to the land and are binding on subsequent owners of land.

Procedures

2.3. An application for remission will be considered by the Corporate & Property Committee and must be made in writing and accompanied with supporting documentary evidence of the special preservation conditions.

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- 2.4. The application for rates remission must be made prior to commencement of the rating year, i.e., 1 July. Applications received and approved during the rating year will become applicable from the commencement of the following rating year.
- 2.5. The maximum available remission is up to 100% of rates but excludes rates in respect to water supply, sewage disposal or waste collection.

3. REMISSION OF RATES FOR NATURAL DISASTERS AND EMERGENCIES

Objective

- 3.1. To provide for the possibility of rates remission where a form of natural or other type of disaster or emergency affects one or more residential rating units capacity to be inhabited, used or otherwise occupied for the period of a rating year, or more.

Conditions and criteria

- 3.2. The Council may consider voiding the need for an application and grant remission for any rating unit or group of rating units collectively affected by a natural disaster or emergency.
- 3.3. Each application will be considered on its merits and remission up to 100% may be granted where it is considered just and equitable to do so.
- 3.4. Applications may be declined if there is evidence to suggest the applicant's actions or inactions contributed to the circumstances under which the application is being made.
- 3.5. Applications for rates remission under this policy will be considered by a full meeting of Council.

Procedures

- 3.6. The Council may, on written application from the ratepayer of rating units affected by a natural disaster or emergency, remit up to 100% of annual rates levied.
- 3.7. Where an application is approved by Council, the rating unit concerned will become non-rateable for the specific rating year.

4. REMISSION OF UNIFORM ANNUAL GENERAL CHARGES

Objective

- 4.1. To provide for relief from Uniform General Charges when:
 - Two or more rating units are owned by the same person or persons; and
 - Are part of a subdivision plan which has been deposited for separate lots, or separate legal titles exists but the rating units may not necessarily be used jointly as a single unit; and
 - Each rating unit does not benefit separately from the services related to the Uniform Annual General Charge.

Conditions and criteria

- 4.2. Remission of Uniform Annual General charges applies in the following situation:
 - As a result of the High Court decision of the 20 November 2000 "Neil Construction and others vs. North Shore City Council and others", in respect to unsold subdivided land, each separate lot or title is treated as a separate rating unit and such land is implied not to be used as a single unit.

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Version:

- Rating units that meet the criteria under this provision may qualify for a remission of uniform annual general charges. The ratepayer will remain liable for at least one uniform annual general charge. Each case for remission will be decided on its own facts. A granted remission will remain in force whilst all land remains contiguous.

Procedures

- 4.3. Ratepayers who consider themselves eligible for remission under this part of the policy may make application in writing to the Corporate Services Manager and will be considered by the Corporate Services Committee. All applications will be considered and where eligible remission will be backdated to the beginning of the rating year in which the application has been received.

5. REMISSION OF SUIP RATES

Objective

- 5.1. To provide a 50% remission of certain rates that are calculated per separately used or inhabited part of a rating unit (SUIP) after the first in situations where the property has mixed uses, is owner occupied and the owner resides on the property.

Remission period

- 5.2. Up to 3 years – subject to change of circumstances.

Remission value

- 5.3. 50% of the below rates (after the first).
- 5.4. The remission is only available in respect of the second (and subsequent) charge (i.e., there is no remission in respect of the first charge).
- 5.5. The rates eligible for the remission are:
- Uniform annual general charge
 - Water supply targeted rate
 - Wastewater targeted rate

Conditions and criteria

- 5.6. The ratepayer must reside at the rating unit.
- 5.7. The ratepayer must operate a business or other non-residential undertaking from a separate part of the rating unit (such part amounting to a separately used or inhabited part of the rating unit).
- 5.8. For the purposes of the uniform annual general charge, every charge above one is eligible for a 50% remission.
- 5.9. For the purposes of the water and wastewater targeted rates, every charge above one (of each of these targeted rates) is eligible for a 50% remission.
- 5.10. Applications must be made in writing to the Chief Executive.

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Version:

6. REMISSION OF PENALTIES

Objective

- 6.1. The objective of this part of the policy is to enable the Council to act fairly and reasonably in its consideration of rates which have not been received by the Council by the penalty date due to circumstances outside the ratepayer's control; or in order to ensure the settlement of outstanding rates, provided that the ratepayer has made an arrangement to pay over an extended period. It is also to enable the reduction or waiver of penalties on rates for ratepayers in temporary financial difficulty or hardship due to reduced income.

Conditions and criteria

- 6.2. Automatic remission of the penalties will apply to those ratepayers that have an agreed and sufficient (to cover current rates and arrears) automatic payment or direct debit plan in place.
- 6.3. Remission of one penalty will be considered in any one year when payment has been late due to significant family disruption. This will apply in the case of death, illness or accident of a family member at about the time rates are due.
- 6.4. Remission of the penalty will be considered if the ratepayer forgets to make payment and claims the invoice was not received or is able to provide evidence that the payment has gone astray in the post or the late payment has otherwise resulted from matters outside their control.
- 6.5. The Council may remit small balances due to cash rounding.
- 6.6. Other conditions for remission may exist and will be considered on their own merit.
- 6.7. Each application for remission will be considered on its own merits and remission will be granted when it is just and equitable to do so.
- 6.8. When significant arrears exist penalties may be remitted whilst regular payments are made to reduce the arrears balance.
- 6.9. If an arrangement to pay rates and/or clear outstanding rates is not adhered to, the Council can apply penalties from when the arrangement is breached (noting that remissions cannot be reversed).
- 6.10. Rating units that meet the criteria under this provision may qualify for a remission of uniform annual general charges. The ratepayer will remain liable for at least one uniform annual general charge. Each case for remission will be decided on its own facts. A granted remission will remain in force whilst all land remains contiguous.
- 6.11. To support the ratepayer's hardship claim the application must include evidence from their bank, accountant or registered budget advisor demonstrating reduced revenue from commercial/industrial properties, or reduced income from residential properties.
- 6.12. Ratepayer's consent to contact their bank, accountant or registered budget advisor is also required as part of the application. Penalties will be waived if the Council is satisfied that the ratepayer was in financial hardship and the ratepayer can immediately pay all outstanding rates or agree to a payment plan for outstanding rates and those due within the next six months via direct debit.
- 6.13. Decisions on remission of penalties will be delegated to officers, as set out in the Council's Delegations Manual.

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Version:

Review of remissions

6.14. All remissions granted will be reviewed every three years, or if new information is provided, whichever is earlier. This is to ensure that the circumstances under which the remissions were granted continue to exist.

7. Version Control

Version History			
Date:	Action:	Name:	Version:
2018	Policy on Rates Remission adopted (as part of the Long Term Plan)	Council	1
25 June 2020	Update to the Remission of Penalties section of the existing policy.	Council	2
23 June 2022	Addition of the Remission of SUIP Rates section to the policy.	Council	3
1 July 2022	The Remission of SUIP Rates section of the policy (section 5) takes effect.	-	-
2024	Policy on Rates Remission adopted (as part of the Long Term Plan)	Council	



POLICY ON RATES POSTPONEMENT		ACTIVITY GROUP:	CORPORATE SERVICES
Policy Type:	Council		
Approved by:	Council		
Department:	Finance		
Date Approved:	XXXX	Next Review Date:	XXXX
Relevant Legislation:	Local Government (Rating) Act 2002 sections 87 Local Government Act 2002 section 110		
Clutha District Council Documents referenced:	-		

PURPOSE

The objective of this policy is to assist ratepayers experiencing significant financial hardship which affects their ability to pay rates, whether directly through health or indirectly through economic issues.

This policy provides a mechanism through which ratepayers can apply to postpone paying rates for one year. Further applications can be made annually up to a maximum of three years.

SCOPE

This policy can apply to any ratepayers in the Clutha District who meet the conditions and criteria.

POLICY

1. Conditions and Criteria

1.1. The ratepayer must provide evidence from their bank, accountant or registered budget advisor, to the satisfaction of the Council, of significant financial hardship.

- Farming, commercial/industrial and small holding (used for economic return) properties must provide evidence of either:
 - Reduced revenue (by at least 30 per cent for a period of at least one month compared to the same period in the previous year); or
 - Inability to pay both rates and staff salaries; or
 - Inability to pay both rates and other due bills that are essential to ongoing business operations and viability (e.g. input suppliers).
- Residential and small holding (used as a lifestyle block) properties must provide evidence of either:
 - Inability to pay both rates and essential necessities (e.g. food, medicine); or

- Evidence they have applied for any relevant government support (including unemployment and other benefits) and a mortgage holiday from the bank (if relevant).
 - 1.2. Upon approval, from 1 July 2020 annual rates for the postponement period of up to one year (and, if applicable, water meter rates) are postponed. Further applications will be required for further postponements. Applications can be made annually up to a maximum of three years.
 - 1.3. Interest shall be charged during the postponement, with the interest charge set to reflect the Council's forecast investment rate.
 - 1.4. Ratepayers that are not the owner of the property must have the agreement of the property owner to the postponement.
 - 1.5. A rating charge will be registered on the certificate of title.
 - 1.6. The postponed rates will remain as a charge against the property and must be paid in full either at the end of the postponement period or when the property is sold.
 - 1.7. Decisions of the Chief Executive are final and there are no appeal rights to Council's elected representatives.
 - 1.8. Council may suspend the operation of this policy if the Council is under financial pressure. If this occurs, staff must, as soon as reasonably practicable, notify the Council for a determination whether to revoke or resume the policy.
- 2. Delegations**
- 2.1. Decisions are delegated to the Chief Executive.

Version History			
Date:	Action:	Name:	Version:
25 June 2020	Policy Adopted	Council	1
25 June 2021	Policy Adopted as part of the 2021 Long Term Plan	Council	2
	Policy Adopted as part of the 2024 Long Term Plan	Council	3



POLICY ON THE REMISSION AND POSTPONEMENT OF RATES ON MĀORI FREEHOLD LAND		ACTIVITY GROUP:	CE DEPARTMENT
Policy Type:	Council		
Approved by:	Council		
Department:	Corporate Services		
Date Approved:	23 June 2022	Next Review Date:	23 June 2028
Relevant Legislation:	Local Government Act 2002 Local Government (Rating) Act 2002 Local Government (Rating of Whenua Māori) Amendment Act 2021 Te Ture Whenua Māori Act 1993		
Clutha District Council Documents referenced:	Policy on Rates Postponement		

PURPOSE

This policy allows for rates remissions on Māori freehold land.

This policy promotes the retention of Māori freehold land in the hands of its owners, their whānau and their hapū.

This policy aims to reduce the barriers for owners of Māori freehold land who want to occupy, develop and utilise their whenua for the benefit of its owners, their whānau and their hapū.

SCOPE

This policy applies to all rateable Māori freehold land in the Clutha District.

DEFINITIONS

Council	Clutha District Council the organisation (not its elected members).
Māori freehold land	Land whose beneficial ownership has been determined by the Māori Land Court by freehold order (as per s5 Local Government (Rating) Act 2002)
Rates postponement	Rates for which the requirement to pay is delayed.
Remitted rates	Rates for which the requirement to pay is cancelled.

POLICY

1. Remission of rates

- 1.1. This policy provides for the remission of rates on Māori freehold land that meet the conditions and criteria set out in **section 3**.
- 1.2. Council encourages and will support applications for remission of rates on Māori freehold land where the landowner(s) or another person is developing the land or intends to develop the land in accordance with the conditions and criteria set out in **section 3**.

2. Objectives for the remission of rates

- 2.1. To provide rates remissions on Māori freehold land to assist landowners to achieve the implementation of the following objectives:
 - (a) To promote the retention of Māori freehold land in the hands of its owners, their whānau, and their hapū, and to protect wāhi tapu.
 - (b) To facilitate the occupation, development, and utilisation of Māori freehold land for the benefit of its owners, their whānau, and their hapū.

3. Conditions and criteria for the remission of rates

- 3.1. Applications for the remission of rates on Māori freehold land must be made in writing to the Council and should include:
 - a) The amount of rates requested to be written off.
 - b) The reason for the request.
 - c) Council's valuation reference for the parcel(s) of land.
 - d) A description of the land and its current use.
 - e) An indication of the ownership and documentation that shows the land is Māori freehold land (if Council does not already possess this information).
 - f) Future plans for the land (if any).
 - g) Sources of and level of income generated by the land (if any).
 - h) How the application meets one or both of the objectives listed in **section 2**.
- 3.2. Council may grant a remission of up to 100% of all rates (including penalties for unpaid rates) except for targeted rates for water supply, sewage disposal or refuse collection.
- 3.3. Council will consider how the application aligns with the objectives listed in **section 2** of this policy and the matters set out in Schedule 11 of the Local Government Act 2002 (**see notes**) when making decisions on the remission of rates on Māori freehold land.
- 3.4. Council will consider the matters listed in section 114A of the Local Government (Rating) Act 2002 (**see notes**) when considering applications for rates remissions on Māori freehold land that is under development or is intended to be developed.
- 3.5. Council will remit rates (and penalties if applicable) for the year applied for and for up to 5 years in the case of development of land. If a remission of rates application is applied for annually for the same parcel of land, only additional information Council does not have from

previous applications will need to be provided, however, application is still required to be made in writing annually, except in the case of development applications where a longer remission term (of up to 5 years) has been requested by the applicant and granted by the Council.

4. Postponement of rates

- 4.1. This policy does not provide for the postponement of rates specifically for Māori freehold land.
- 4.2. Council has a policy on the postponement of rates (Policy on Rates Postponement) applicable to all land in the Clutha District for when landowners are experiencing significant financial hardship.
- 4.3. The Policy on the Postponement of Rates can be used for Māori freehold land when owners are experiencing significant financial hardship, however, to better align this policy with the preamble to the Te Ture Whenua Māori Act 1993 landowners are encouraged to apply for a remission of rates rather than a postponement of rates so:
 - Rate debt burden is avoided for Māori freehold landowners.
 - Future development and utilisation of Māori freehold land is not discouraged in any way by historical rates arrears.
 - Māori freehold land remains in the hands of its owners.

5. Version control

Version History			
Date:	Action:	Name:	Version:
2018	Policy on Remission and Postponement of Rates for Māori Freehold Land created as part of 2018/28 LTP.	-	1
17 March 2022	Draft Policy on Remission and Postponement of Rates for Māori Freehold Land (incorporating updates from the Local Government (Rating of Whenua Māori) Amendment Act 2021).	Melissa Needham	2a
23 June 2022	Policy on Remission and Postponement of Rates for Māori Freehold Land 2022 adopted (incorporating updates from the Local Government (Rating of Whenua Māori) Amendment Act 2021).	Council	2
23 June 2022	Policy on Remission and Postponement of Rates for Māori Freehold Land 2022 adopted (incorporating updates from the Local Government (Rating of Whenua Māori) Amendment Act 2021). Reviewed as part of the 2024/34 LTP	Council	2

NOTES NOT FORMING PART OF THE POLICY

Local Government Act 2002

Schedule 1 – Part 1 – Land Fully Non-Rateable

- Land that is subject to a Ngā Whenua Rāhui kawenata.
- Land that is used as a Māori burial ground.
- Māori customary land.
- Land that is used for the purposes of a marae, excluding any land used—
 - a. primarily for commercial or agricultural activity; or
 - b. as residential accommodation.
- Land that is set apart under section 338 of Te Ture Whenua Māori Act 1993 or any corresponding former provision of that Act and used for the purposes of a meeting place, excluding any land used (refer to a. and b. above).
- Māori freehold land on which a meeting house is erected, excluding any land used (refer to a. and b. above).
- Land that is a Māori reservation held for the common use and benefit of the people of New Zealand under section 340 of Te Ture Whenua Māori Act 1993.
- Māori freehold land that is, for the time being, non-rateable by virtue of an Order in Council made under section 116 of this Act, to the extent specified in the order.
- An unused rating unit of Māori freehold land.

Local Government Act 2002

Schedule 11

1. The matters that the local authority must consider under section 108(4) are—
 - (a) the desirability and importance within the district of each of the objectives in clause 2; and
 - (b) whether, and to what extent, the attainment of any of those objectives could be prejudicially affected if there is no remission of rates or postponement of the requirement to pay rates on Māori freehold land; and
 - (c) whether, and to what extent, the attainment of those objectives is likely to be facilitated by the remission of rates or postponement of the requirement to pay rates on Māori freehold land; and
 - (d) the extent to which different criteria and conditions for rates relief may contribute to different objectives.
2. The objectives referred to in clause 1 are—
 - (a) supporting the use of the land by the owners for traditional purposes:

- (b) recognising and supporting the relationship of Māori and their culture and traditions with their ancestral lands:
- (c) avoiding further alienation of Māori freehold land:
- (d) facilitating any wish of the owners to develop the land for economic use:
- (e) recognising and taking account of the presence of wāhi tapu that may affect the use of the land for other purposes:
- (f) 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):
- (g) recognising and taking account of the importance of the land for community goals relating to—
 - (i.) the preservation of the natural character of the coastal environment:
 - (ii.) the protection of outstanding natural features:
 - (iii.) the protection of significant indigenous vegetation and significant habitats of indigenous fauna:
- (h) recognising the level of community services provided to the land and its occupiers:
- (i) recognising matters related to the physical accessibility of the land.

Local Government (Rating) Act 2002

Power of chief executive to write off rates

- Section 90A – Chief executive may write off rates that cannot be recovered.
- Section 90B – Chief executive may write off rates of deceased owners of Māori freehold land.
- 90C – Chief executive may delegate power to write off rates.
- 90D – Amount of rates written off to be included in notes to financial statements.

Local Government (Rating) Act 2002

Section 114A – Remission of rates for Māori freehold land under development

1. The purpose of this section is to facilitate the occupation, development, and utilisation of Māori freehold land for the benefit of its owners.
2. A local authority must consider an application by a ratepayer for a remission of rates on Māori freehold land if—

- (a) the ratepayer has applied in writing for a remission on the land; and
 - (b) the ratepayer or another person is developing, or intends to develop, the land.
3. The local authority may, for the purpose of this section, remit all or part of the rates (including penalties for unpaid rates) on Māori freehold land if the local authority is satisfied that the development is likely to have any or all of the following benefits:
- (a) benefits to the district by creating new employment opportunities;
 - (b) benefits to the district by creating new homes;
 - (c) benefits to the council by increasing the council's rating base in the long term;
 - (d) benefits to Māori in the district by providing support for marae in the district;
 - (e) benefits to the owners by facilitating the occupation, development, and utilisation of the land.
4. The local authority may remit all or part of the rates—
- (a) for the duration of a development; and
 - (b) differently during different stages of a development; and
 - (c) subject to any conditions specified by the local authority, including conditions relating to—
 - (i.) the commencement of the development; or
 - (ii.) the completion of the development or any stage of the development.
5. In determining what proportion of the rates to remit during the development or any stage of the development, the local authority must take into account—
- (a) the expected duration of the development or any stage of the development; and
 - (b) if the land is being developed for a commercial purpose, when the ratepayer or ratepayers are likely to generate income from the development; and
 - (c) if the development involves the building of 1 or more dwellings, when the ratepayer or any other persons are likely to be able to reside in the dwellings.
6. Sections 85(2) and 86 apply to a remission made under subsection (3).
7. This section does not limit the application of section 85 or 114 to Māori freehold land.

Local Government (Rating) Act 2002

Section 98A – How rating unit on Māori freehold land divided into separate rating areas

1. A local authority may divide a separate rating area from a rating unit on Māori freehold land on the request of a person in accordance with this section.
2. A local authority must determine a part of a rating unit to be a separate rating area if the identified part of the rating unit—
 - (a) comprises a dwelling; and
 - (b) is used separately from the other land in the rating unit.
3. If the rating unit is managed by a trustee, the request for a separate rating area—
 - (a) must be made by the trustee with the consent of the person actually using the identified part of the rating unit; and
 - (b) must include the full name and postal address of the person actually using the identified part of the rating unit and evidence that they consent to the request.
4. If the rating unit is not managed by a trustee, the request for a separate rating area may be made by the person actually using the identified part of the rating unit.
5. On receiving a request under subsection (4), a local authority must notify the ratepayer or ratepayers for the rating unit of the request.
6. Requests for separate rating areas may be made at any time during the financial year.
7. The division of a separate rating area from a rating unit under this section does not create any right of occupancy or interest in the land.