

Policy

Policy on Rates Postponement including on Māori Freehold Land

TEAM:	Finance
RESPONSIBILITY:	Finance Manager
ADOPTED:	26 June 2024
REVIEW:	Every three years
CONSULTATION:	Section 82, Local Government Act 2002
RELATED DOCUMENTS:	Sections 102, 108,109, 110 & Schedule 11 of the Local Government Act 2002. Section 114 of Local Government (Rating) Act 2002. Te Ture Whenua Māori Act 1993.

Policy Objective

1. The objective of this policy is to provide qualifying residential ratepayers with the option of postponing payment of rates, subject to the full cost of postponement being met by the ratepayer and a minimal risk of loss to Council.

Definitions

Council means Ashburton District Council.

Māori Freehold Land is defined in the Local Government (Rating) Act 2002 as land whose ownership has been determined by a freehold order issued by the Māori Land Court.

Policy Statement

2. Council will postpone rates for ratepayers who intend to use equity in their home to pay postponed rates at a later date.

Criteria

3. In order to qualify for rates postponement:
 - The applicant must be aged 65 years or over

- The applicant(s) must own the rating unit
- Rating units must be classified as residential and used as the principal place of residence by the applicant
- The rating unit must be insured to its full value at all times.
- Applications for postponement of rates from rate payers under 65 years of age will only be considered on case by case basis and on grounds of extreme financial hardship.

Conditions

4. All financial and administration costs will be added to postponed rates. These costs will be added annually. The financial cost will be the interest Council will incur at the rate of Council's cost of borrowing for funding postponed rates, plus a margin to cover other costs.
5. Interest and fees payable will be added to the amount of postponed rates annually and must be paid at the same time postponed rates are paid.
6. Water by meter charges cannot be postponed.
7. Council will assess applications for home equity rates postponement on a risk model to predict likely future equity. Applications with less than 20% forecast future equity will not be successful.
8. Rates under this provision will be postponed until:
 - The death of the ratepayer(s) (rates fall due within three months after grant of probate or letters of administration); or
 - The ratepayer(s) ceases to be the owner of the rating unit; or
 - The rating unit ceases to be the principal place of residence of the ratepayer(s); or
 - The minimum equity threshold is reached; or
 - An alternative date as agreed with Council.
9. An applicant must obtain independent advice from an appropriately qualified and trained person, as determined by Council. Confirmation that this advice has been sought will be required before postponement can be granted.
10. If there is a mortgage owing on the rating unit, the mortgagor must confirm their agreement in writing before rates postponement will be granted.
11. Where rates are postponed, it is expected that the ratepayer will apply for the government rebate annually if applicable. Council will allocate government rebate to outstanding rates on the rating unit every year.
12. Council reserves the right to specify additional conditions before postponement will be granted.
13. Postponed rates, or any part thereof, may be paid at any time. The applicant may elect to postpone a lesser sum than that which they would be entitled to under this policy.

14. Postponed rates will be registered as a statutory land charge on the record of title for the rating unit. This means that Council will have first call on the proceeds of any revenue from the sale or lease of the rating unit.
15. The applicant shall be responsible for all legal fees, land registration fees or other costs associated with registering, amending or removing the statutory land charge from its record of title.

Rates Postponement on Māori Freehold Land

16. The council has considered its obligation under section 102 and 108 and the matters relating to rates relief on Māori freehold land in Schedule 11 of the Local Government Act 2002.
17. In order to qualify for postponement of rates all criteria and conditions detailed in this policy will apply to residential ratepayers situated on Māori freehold land.

Application

18. Applications for postponement of rates must be made on the appropriate form, prior to the commencement of the rating year. Evidence or additional documents may be required. All applications include a statutory declaration.
19. Applications received during a rating year will apply to the following rating year. Applications will not be backdated.

Decisions

20. Decisions on the postponement of rates will be made by an officer with the appropriate delegation. Applicants will be notified in writing within 30 days of application. The officer's decision will be final. The applicant may reapply again in the following rating year.