

Rates Remission Policy Including Māori Freehold Land

This policy is prepared under section 102(3) of the Local Government Act 2002 using the special consultative procedure laid down in section 83 of that Act.

Background

The Local Government (Rating) Act 2002 has changed the processes required for rating from 1 July 2003. Under the old legislation remission of rates was in some cases mandatory, with others at the discretion of the Council. Mandatory remissions do not exist under the new Act and the Council is required to develop its own remission policies and these need to be adopted through the Annual Plan process.

The new Act allows the Council to remit rates 'for any reason, on any land and to any extent', provided that the remission is in accordance with rules that the local authority sets for itself in a remission policy. Remission of rates involves reducing the amount owing or waiving the collection of rates altogether.

Why have a rates remission policy?

Rate remissions can be used to assist in achieving the economic, social, environmental or cultural outcomes contained in the Council's Long Term Plan, i.e. remissions for community facilities under its 'Community Events and Facilities' strategic plan outcomes. To mitigate individual circumstances i.e. remission of penalties.

Principles to consider in setting a rates remission policy

Remissions should be linked to the objectives in the Council's Long Term Plan. In other words the remission policy should assist in achieving the desired direction and outcomes contained in the Council's planning documents. The policy should be complimentary to the other programmes provided by the Council. The Council grants may be a more appropriate way of achieving the desired outcome than by way of a rate remission.

The policy should be clear, unambiguous, and easily understood. This is important as the remission policy is subject to the special consultative procedure.

The policy should be in terms of categories of rating units rather than individual rating units.

The policy should be periodically reviewed to ensure it achieves the outcomes sought by the Council.

It should be remembered that remissions shift the rate burden between properties. Remitting rates from one property means those remitted rates need to be collected from other properties. The policy needs to be fair and equitable.

Considerations made when developing the Rates Remission Policy.

Strategic goals

There are a number of Strategic Goals where rates remission is or may be a useful tool in assisting the Council to achieve those goals and outcomes.

Identified Strategic Goals are as follows:

1. Strategies that promote a sense of community and support initiatives to enhance social well-being.
2. Strategies that are good for economic growth, promote and facilitate economic development and employment opportunities.
3. Strategies, which manage our natural and developed environment and protect and enhance the visual character, heritage and cultural values of the rural area.
4. Strategies that make our district a great place in which to live.

Grants are also available to foster community identity, participation and to encourage use of existing facilities.

Remission of rates for economic development

Various Councils have in the past included a provision for the remission of rates in order to promote employment and economic development within their district. This Council has not had such a policy. Given that there has been a very limited number of requests for this type of remission may indicate that such a provision is unnecessary. Although a rate relief policy could assist in achieving strategy 2 above, a number of factors have led to this being excluded from the remission policy.

A new business given a rate remission can often be in direct or indirect competition with existing businesses that are paying full rates.

This district is currently having success in attracting new business without this type of rate remission.

Remissions for community, sporting and other organisations

Objective

To facilitate the provision of non-commercial (business) community services, facilities and recreational opportunities for the residents of the Selwyn District Council.

The purpose of granting rate remission to an organisation is to:

- Assist the organisation's survival.
- Make membership of the organisation more accessible to the general public, particularly disadvantaged groups including children, youth, young families, aged people, and economically disadvantaged people.

Conditions and criteria

This policy will apply to rating units owned by the Council or owned and occupied by a charitable organisation, which are used exclusively or principally for sporting, recreation, or community purposes.

The policy does not apply to organisations operated for private pecuniary profit, or which charge a commercial tuition fee, or commercial rent.

The maximum rate remission (other than for community halls) will be 50% of general rates.

(Note: The holding of a liquor licence will not disqualify an organisation from receiving a rate remission).

The Te Pirita, Motukarara, Springston South and Sedgemere Halls are identified as playing a special role in the District's communities and shall therefore receive a 100% general rate remission.

(Community halls' remissions are covered under the Local Government (Rating) Act 2002).

Remission of rates on Māori freehold land

The Council will consider applications for remission of rates on Māori Freehold Land in accordance with its existing policies.

Remission of sewerage rates for schools

The Council rating policy for sewerage is that all properties connected to sewerage will pay one uniform rate for the first four pans located on a property with the 5th and all subsequent pans being levied at 25% of the first pan. .

A number of submitters to the Council's draft 2003/2004 annual plan asked whether schools could receive a further lower charge due to their belief that children generally tend to use the sewerage facilities at home as opposed to those at school. They suggested that pan charges based on Ministry of Education guidelines as to the number of pans required to be supplied by schools for staff and students, as opposed to the actual pans installed by a school, should be used for charging schools sewerage.

The Council agreed to this suggestion and now provides rates remissions to ensure the annual sewerage rating reflects the number of pans required by the Ministry of Education guidelines.

Rating hardship policy for capital contributions

1. The Council's rating hardship policy for capital contributions is as follows:
 - (a) The underlying principle of giving ratepayers assistance with their Capital Contribution is that the payment arrangement be fair and reasonable to the ratepayer concerned.
 - (b) Ratepayers must enter into automatic payment or like arrangements to repay capital contributions.
 - (c) Caveats over titles are to be registered wherever payment is to be deferred for a period greater than twelve months.
 - (d) The Council will meet all costs of lodging a caveat and its ultimate removal.
 - (e) Ratepayers who can provide evidence that an assets sale is pending which will allow a lump sum, be given a maximum twelve month period to liquidate that asset and pay the capital contribution except where a complying system exists.
 - (f) Each ratepayer applying for hardship assistance must provide an appropriate financial declaration to the Council and must show that they have sought assistance from other welfare agencies or financial institutions as appropriate.
 - (g) Approval of all rating hardship applications under this Policy must be from the Council's Group Manager Organisational Performance or appropriate Councillor or Chairman of a Committee which has financial responsibilities and, where appropriate, consultation with the community representative.

Remission of penalty on overdue instalment

Ratepayers shall be allowed one overdue instalment in 24 months, penalty free, on application.

Remission of penalty if rates paid on second instalment

If the full year's payment of rates is made on the second instalment in any year, any penalty incurred for late payment on the first instalment shall be remitted.

Remission of rates penalties and rates

Penalties on rates or levies may be remitted where the following criteria are satisfied.

1. A written application is made specifying the reason for non-payment and the period for which the application is made.
2. The reason for non-payment involves one of the following circumstances:
 - a. Hospitalisation or other medical reasons (where confirmed by medical evidence).
 - b. Deceased estates (where a deceased ratepayer's affairs have been delayed by statutory process).
 - c. Land transfer or subdivision (where this has been delayed by the statutory process - this will need to be subject to limitations).
3. The Group Manager Organisation Performance has the authority to remit penalties and rates in circumstances where it would be reasonable to do so. Such remissions shall be notified to the Chief Executive Officer.

Remissions of targeted rates & uniform annual and general charge

- a. Sports, community-based or similar organisations are exempted from 50% of the uniform annual general charge, and targeted rates for libraries, recreation reserves and community centres.
- b. Ratepayers who own a dwelling and vacant land in the Selwyn District are exempted from the libraries targeted rate on the vacant land.
- c. Ratepayers, where vacant land can be identified as integral to an existing operation of their business in the Selwyn District, are exempted from the uniform annual general charge and the libraries targeted rate on the vacant land.
- d. Ratepayers who own a commercial, industrial or service based property in the Selwyn District that does not have dwelling facilities, are exempted from the targeted rates for swimming pools, recreation reserves and community centres.
- e. Ratepayers who own a dwelling and a commercial, industrial or service based property in the Selwyn District that does not have dwelling facilities, are exempted from the targeted rates for libraries. The exemption to be on the commercial, industrial or serviced based property.
- f. Properties owned by the Royal New Zealand Plunket Society shall not be charged the uniform annual general charge or general rates while used one hundred percent as a child care facility.
- g. All properties of the Plunket Society shall be charged for all services as provided as separate items by the Council (e.g. water, refuse, sewer, etc.).

- h. 50% remission of general rates on lodges owned by the Freemasons of New Zealand.

The exemptions in (a) to (h) above do not limit a ratepayer's entitlement to exemptions under the contiguous property rules of section 20 of the Local Government (Rating) Act 2002.

Remission on rating units affected by natural calamity

The Council may remit rates either wholly or in part where a rating unit has been detrimentally affected by a natural calamity to an extent the Council considers that it would be unfair or unreasonable to require that the rates be paid as assessed. Applications must be made in writing and signed by the owner(s) of the rating unit.

Full details must be provided of the nature of the event that caused the damage and the degree of damage to the rating unit. If the damage is temporary and the rating unit is expected to return to its former use in the future, an estimate of the time it will take the land to recover to a useable state and the steps that the owner will take to achieve this should be provided. The Council may ask for a report from a Registered Engineer or other similarly qualified expert.

The amount of remission given in any case will be set by the Group Manager Organisational Performance having regard to the severity of the event, the degree of damage to the subject rating unit and other rating units in the district and other financial assistance available. Consideration will also be given to the effect of remissions on the remaining rating base.

Remission on rating units as a result of pandemic or other similar event

The Group Manager Organisational Performance has the authority to develop a temporary rates penalty remission policy, covering a period no longer than 12 months as a result of a pandemic or other similar event affecting rating units in the Selwyn District.

Remission of rates on Land Protected for Natural Conservation Purposes

Remission of rates for protected areas of significant indigenous flora or fauna, landscape or geological value.

Policy Objective

- To acknowledge the wider community benefit of protecting areas of significant indigenous flora or fauna, landscape or geological value which are often on privately owned land by sharing the cost by way of a rating remission.
- To recognise the extent of voluntary protection given to natural values on private land by granting a rating remission commensurate with the level of protection offered.
- To recognise that inappropriate use may result in compromising the indigenous flora or fauna, landscape or geological value and that the landowners should receive compensation from having to pay rates on that land where preservation and protection is occurring.

Criteria

For land held under a legal protection mechanism or formal agreement for preservation and protection:

The Council will grant rating remissions for identified significant indigenous flora or fauna, landscape or geological value in accordance with the following formula (to the extent practically possible using existing rating administrative systems):

- 100% rating relief for any identified significant indigenous flora or fauna, landscape or geological value with a legal mechanism for the purpose of preservation and protection in perpetuity.
- 50% rating relief for any identified significant indigenous flora or fauna, landscape or geological value with a legal mechanism for the purpose of preservation and protection for a period less than 25 years.
- 25% rating relief for any identified significant indigenous flora or fauna, landscape or geological value with a formal mechanism for the purpose of providing for the preservation or protection.

Rating remission will be calculated in the following manner:

Rates remission amounts will be calculated according to the size of the area subject to protection or management as set out in Table 1. This method is related to the level of contribution towards the environment as larger areas of protected area are generally more significant. However, this does not take into account the presence of rare or endangered species or the amount of time and effort put into the management of any site(s). For the avoidance of doubt, the rates remission amounts set out in Table 1 applies to the cumulative area of hectares protected on any one property, not for each protected area which may be on any one property.

This policy does not apply to land that is non-rateable under section 8 of the Local Government (Rating) Act 2002 and is liable only for rates for water supply, wastewater disposal, waste collection or recycling.

Applications for rates remission in accordance with this policy must be in writing and supported by documentary evidence of the protected status of the rating unit, for example, a copy of the covenant agreement or other legal mechanism.

In granting remissions under this policy, the Council may specify certain conditions before remission will be granted. Applicants will be required to agree in writing to these conditions and to pay any remitted rates if the conditions are violated.

Table 1. Rates Remission Amounts

Size of Total Protected Site(s)(ha)	Rates Remission – 100%	Rates Remission – 50%	Rates Remission – 25%
Up to 5.0ha	\$350	\$175	\$87.50
5.001 – 10.0 ha	\$500	\$250	\$125
10.001 – 50.0ha	\$950	\$475	\$237.50
50.001 – 100ha	\$1,250	\$625	\$312.50
Over 100ha	\$2,000	\$1,000	\$500

The resulting percentage will be applied to the existing rating assessment to the general rates component.

Terms

Identified - means identified in the District Plan, Significant Natural Area Report, Canterbury Biodiversity Strategy or other areas considered worthy of protection by covenanting bodies.

Legal mechanism - options include an open space covenant or Kawanata Maori with QEII Trust, Banks Peninsula Conservation Trust, the Department of Conservation, a Nga Whenua Rahui protection or landowners independently registering private covenants on their title.

Formal mechanism - means a written agreement or understanding between at least the Council and the landowner.

Significant indigenous flora or fauna of a site is as defined by Appendix 3 of the Canterbury Regional Policy Statement.

Scout group hall rating

The Council will allow a 50% remission of uniform annual general charge and general rates for all Scout Groups.

School and service club endowment land

School and service club endowment plantations within the Selwyn District Council that are planted on rateable property shall be granted a 50% rates remission.

Remission of rates on land protected for natural, historic or cultural conservation purposes

The Council may provide rates remission to ratepayers who meet objectives, conditions and criteria of this policy.

Objective

Rates remission is provided where it is necessary to preserve and promote natural resources and heritage by encouraging the protection of land held for a natural, historic or cultural purpose.

Conditions and criteria

Ratepayers who own rating units which have some feature or cultural, natural or historic heritage which is voluntarily protected may qualify for remission of rates under this policy.

Applications should be supported by documentary evidence of the protected status of the rating unit, for example, the copy of the covenant or other legal mechanism.

In considering any application for remission of rates under this part of this policy, the Council will consider the following criteria:

- 1 The extent to which the preservation of natural, cultural or historic heritage will be promoted by granting remission of rates on the rating unit.
- 2 The degree to which features of natural, cultural or historic heritage are present on the land.
- 3 The degree to which features of natural, cultural or historic heritage inhibit the economic utilisation of the land.

In granting remissions under this policy, the Council may specify certain conditions before remission will be granted. Applicants will be required to agree in writing to these conditions and to pay any remitted rates if the conditions are violated.