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POLICIES

- Rates Remission Policy



RATES REMISSION POLICY INCLUDING MAORI FREEHOLD LAND

This policy is prepared under section 102(5) of the Local Government Act 2002 using the special consultative procedure laid down in section 83 of that Act.

Background

The new 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 Selwyn Community 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 Selwyn Community 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; and
- 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 is 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, Irwell, 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 Maori freehold land

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

Postponement of rates

The Local Government (Rating) Act 2002 allows Councils to have a rates postponement policy for any reason on any land and to any extent.

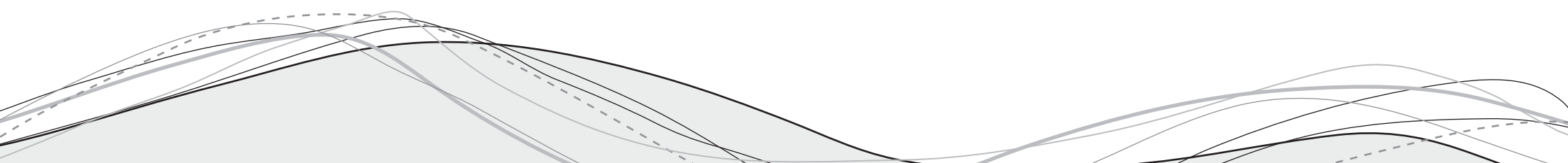
The Council does not currently have a policy on postponement of rates but, if necessary, will treat each individual case on its merits.

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 three pans located on a property with the 4th and all subsequent pans being levied at 25% of the first pan. The reduction to 25% was calculated to reflect the fact that residents who own a domestic dwelling may also at times use the sewerage facilities (mainly recreational) of properties that have a multiple pan charge. The reason for this lower charge was to reflect that the same sewerage effluent was being generated in a town, but was being disposed of at different sites within a town.

A number of submitters to the Council's draft 2003/2004 annual budget 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 Manager of Corporate Services 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 other certain 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 Manager Corporate Services has the authority to remit penalties and levies in circumstances where it would be reasonable to do so other than those listed in (1) and (2) and shall report such remissions regularly to the Council or appropriate Committee.

Remissions of targeted rates & uniform annual and general charges

The following are exempted from uniform annual general charges & targeted rates for libraries and recreation reserves:

1. sports, community-based or similar organisations;
2. ratepayers who own a dwelling and vacant land, the exemption to be on the vacant land;
3. ratepayers, where vacant land can be identified as integral to the operation of their business, the exemption to be on the vacant land;
4. ratepayers who own a dwelling and a commercial, industrial or service based property that does not have dwelling facilities, the exemption to be on the commercial, industrial or serviced based property.

The exemptions in clauses (a) to (d) above apply to ratepayers who own property in multiple library rating districts, as per section 20 of the Local Government (Rating) Act 2002, and are the decision of the Manager Corporate Services.

The exemptions in (a) to (d) 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 of rates on plunket branches

1. Properties owned by the Royal New Zealand Plunket Society shall not be charged the uniform annual general charge while used one hundred percent as a child care facility.
2. 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).

Remission of rates on Masonic lodges

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

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.
- 70% 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.
- 70% 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

- The area of land (ha) covered by the identified significant Indigenous flora or fauna, landscape or geological feature will be multiplied by \$300, to give a value for the Indigenous flora or fauna, landscape or geological value.
- The resulting figure will be calculated as a percentage of the total land value of the property.
- The resulting percentage will be applied to the existing rating assessment, to the general rates component.
- The appropriate percentage rating remission (e.g., 70% or 100% prescribed above) will be calculated. The result will be the level of remission granted.

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, DOC, a Nga Whenua Rahui protection, or landowner's 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, landscape or geological value of a site – is as defined in appendix 12, 13 and 14 of the District Plan.

Scout group hall rating

The Council will allow a half remission of 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.

Refuse rating through routes

The uniform annual charge for availability of refuse collection shall be maintained, with exemptions being granted to those ratepayers who are on through routes, as defined by the current refuse route map and who can demonstrate acceptable alternative refuse disposal options.

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.