

Policies for rates remission and postponements

July 2009

The Auckland Regional Council has developed a number of rates remissions and postponement policies to provide rates relief in certain circumstances or for certain categories of property. These specific policies are in addition to the required policy on rates relief for Māori land.

For 2009/10, the Council proposes rates relief policies to provide for:

- postponement of rates in cases of severe financial hardship,
- remission of penalties on rates (in clearly defined circumstances)
- remission and postponement of rates for eligible Māori freehold land,
- remission of rates for eligible community, sporting and other organisations providing community service,
- postponement of rates for rural and coastal farm land,
- remission of rates for rating units protected for natural or historic or cultural conservation purposes.

Policy 1: Rates postponement in cases of extreme financial hardship

Objective

The objective of this policy is to mitigate undue harshness in the application of the rating scheme by providing for the postponement of rates where ratepayers are unable to pay due to extreme financial hardship.

Application procedure

The ratepayer (or their authorised agent) must make an application to the ARC for a rates postponement on the prescribed form. Certain council officers have the delegated authority to consider applications for rate postponements as

specified in the Council's delegations manual, and will approve or decline them in accordance with the criteria set out below.

Criteria

Rates will be postponed under this policy only if applications meet all of the following criteria:

1. The rating unit that is the subject of the application ("subject rating unit") is the ratepayer's permanent place of residence.
2. The subject rating unit is used solely for residential purposes.
3. The ratepayer is the current owner of the subject rating unit and has owned it for not less than five years.
4. The ratepayer has not less than 80 per cent equity in the property.
5. The annual loan servicing commitment in respect of any mortgages, hire purchase or other loan commitments, does not exceed 30 per cent of the household's gross income.
6. The ratepayer does not own any other rating units or investment properties.
7. The total assets of the ratepayer do not exceed \$15,000, excluding the value of the subject rating unit, a car and normal household chattels.
8. The value of the subject rating unit, as measured by its current rating valuation, is sufficient to meet all charges secured on it and the value of rates to be postponed.
9. The ratepayer has provided the council with a signed statutory declaration confirming that criteria 1 – 8 above have been met.
10. In the opinion of the council, the ratepayer would be unlikely to have sufficient funds left over, after the payment of rates, for normal day to day living expenses, normal health care and adequate maintenance of his or her home and chattels.

The ratepayer (or authorised agent) must make an application to the ARC for a rates remission on the prescribed form, which can be downloaded from www.arc.govt.nz or obtained by calling 366 2000, option 3.

Policy 2: Remission of penalties

Objective

The objective of this part of the remission policy is to promote fairness in the imposition of penalties. This is achieved by authorising penalty remissions where late payment of rates resulted from circumstances outside the ratepayer's control and where it is just and equitable to remit the penalty.

Application

The ratepayer (or their authorised agent) must apply to the Council for a remission of penalties.

Criteria

Certain council officers have delegated authority to consider applications for remission of penalties as specified in the council's delegations manual, and may approve or decline them in accordance with the criteria set out below.

Penalties may be remitted if applications meet all of the following criteria:

1. Full payment of the overdue rates has been made no later than two weeks after the ratepayer has applied to the ARC for a remission of penalties.
2. No application for a remission of penalties has been granted to the ratepayer within the previous 24 month period.
3. The late rates payment was due to the:
 - a) relevant rate notice not being received by the ratepayer, or
 - b) ratepayer being sick, or
 - c) death of a member of the ratepayer's family, or
 - d) failure of a cheque for the amount of rates due, which was posted to the ARC in time to arrive by the due date, to arrive by that date.
4. It is just and equitable to remit the penalty taking into account all the circumstances.

An application for remission of penalties needs to be made to the council; this can either be by telephone or in writing.

Policy 3: Remission of rates on Māori freehold land

Objective

This policy aims to ensure the fair and equitable collection of rates from all sectors of the community, while recognising that Māori freehold land has particular conditions, features, ownership structures, or other circumstances that may make it appropriate to provide relief from rates.

Specifically, the policy is intended to:

- a) Recognise situations where there is no occupier, or person gaining an economic or financial benefit from the land.
- b) Recognise land that is better set-aside for non-use because of its natural features.
- c) Recognise matters related to the physical accessibility of the land.
- d) Recognise and take account of the presence of wahi tapu that may affect the use of the land for other purposes.
- e) Facilitate development or use of the land where Council considers rates based on actual value make the use of the land uneconomic.

Approach

In establishing this policy, the Council has considered following matters:

- a) As set out in section 91 of the Local Government (Rating) Act 2002, Māori freehold land is liable for rates in the same manner as if it were general land.
- b) The Council is required to consider whether it should have a policy on rates relief on Māori freehold land.
- c) The council and the community benefit through the efficient collection of rates that are properly payable and the removal of rating debt that is considered non-collectable.

Application

The ratepayer (or their authorised agent) must apply to the council for a remission of rates. Certain council officers have delegated authority to consider applications for remission of rates as specified in the Council's delegations manual, and may approve or decline them in accordance with the criteria set out below.

Rates may be remitted in the following circumstances:

1. Application for land to be granted remission of rates must be made by the owners or trustees of the land for which the remission is sought.
2. The land is Māori freehold land as defined in the Local Government (Rating) Act 2002, that is, it is land whose beneficial ownership has been determined by a freehold order issued by the Māori Land Court.
3. Owners or trustees making application must include the following information in their applications:
 - a) the details of the property for which the application for remission is being made,
 - b) the objectives (as outlined under 'Objectives' above) that will be achieved by providing a remission, together with explanation as to how the land fits within the objectives,
 - c) documentation that proves the land which is the subject of the application is Māori freehold land, as defined in (2) above.
4. Decisions as to remission of rates, and the extent of any remission, are at the sole discretion of the Council, and apply only to the rating year for which the application is made.
5. Council will consider remission for land that comes within the following criteria:
 - a) the land is unoccupied and no income is derived from the use or occupation of that land,
 - b) the land is better set-aside for non-use because of its natural or cultural features, or is unoccupied and no income is derived from the use or occupation of that land
 - c) the land is inaccessible and is unoccupied,
 - d) the property carries a best potential use value that is significantly in excess of the economic value arising from its actual use.

The ratepayer (or authorised agent) must make an application to the ARC for a rates remission on the prescribed form, which can be downloaded from www.arc.govt.nz or obtained by calling 366 2000, option 3.

Policy 4: Postponement of rates on Māori freehold land

The Council does not propose to allow for the postponement of rates on Māori freehold land as eligible landowners can apply for remission of rates under Policy 3 above.

Policy 5: Remission of rates for community, sporting and other organisations providing community services

Objectives

- To facilitate the on-going provision of non-commercial community services and recreational opportunities that meet the needs of residents of the Auckland region.
- To encourage the sustainability of community-based organisations and the benefit they provide to community good.
- To make membership of the organisation more accessible to the general public, particularly disadvantaged groups. These include children, youth, young families, aged people and economically disadvantaged people.

Conditions and Criteria

The Council may remit rates where the application meets the following criteria:

1. The policy will apply to land owned and occupied by incorporated sport or recreation clubs or associations, or organisations providing community services, which have within their constitution appropriate clauses to qualify them as charities or where there are clauses that ensure they are not-for-profit, and where there is, in the opinion of the Council, significant public good that results from the occupation of the land for the purpose of their sport, recreation or community services.
2. The policy will not apply to:
 - a) organisations operated for private pecuniary profit,
 - b) land used for the purpose of accommodation (such as student accommodation), unless that use is in conjunction with the provision of some other qualifying community service.
3. All remissions are at the discretion of the Council and will be assessed on a case by case basis. The Council (at its absolute discretion) shall determine the extent of public benefits that are provided to the community. This shall be the basis for deciding eligibility for remission.
4. Where the Council determines that an applicant is eligible for remission of rates, 50 per cent of rates will be remitted. Where the application relates to a community hall owned by what is known as a Resident and Ratepayer Association (however named), and the Council determines that the applicant is eligible for rates remission, 100 per cent will be remitted.
5. Organisations making an application should include the following documents in support of their application:
 - a) Constitution
 - b) Statement of objectives
 - c) Full financial accounts
 - d) Information on activities and programmes
 - e) Details of membership or clients.

6. The council reserves the right to require annual applications to renew the remission or require certification from the applicant that the property is still eligible for the remission and that the land use has not changed.
7. It is a precondition of remission that those rates which are not remitted are paid in full.

The ratepayer (or their authorised agent) must make an application to the ARC for a rates remission on the prescribed form, which can be downloaded from www.arc.govt.nz or obtained by calling 366 2000, option 3.

POLICY 6: Postponement of rates for rural and coastal farmland

Objective

To provide rates relief to ratepayers of farmland outside the Metropolitan Urban Limits (MUL) and to provide rates relief to ratepayer of coastal farmland anywhere in the region where the rateable value of the land is in some measure attributable to:

- a) In the case of coastal farmland, its coastal locations, and
- b) In all cases, the potential use to which the land may be put for residential, commercial, industrial or other non farming development.

Conditions and Criteria

1. For the purposes of this policy, coastal farmland is a separate rating unit which is used exclusively or principally for agricultural, horticultural, or pastoral purposes or for the keeping of bees or poultry or other livestock, and is directly abutting the line of mean high water springs or separated from that line only by a marginal strip or esplanade reserve; as indicated on map 3241.
2. For the purposes of this policy, farmland outside the Metropolitan Urban Limits is a separate rating unit which is used exclusively or principally for agricultural, horticultural, or pastoral purposes or for the keeping of bees or poultry or other livestock, is outside the Metropolitan Urban Limits (MUL) of the Auckland region as specified in the Regional Policy Statement and indicated in map 3242, is greater than 12 hectares (either by itself or together with adjacent rural farmland having the same owner and used as a single farm) and is used for a farming business which is GST registered.
3. Land may qualify for postponement of rates under this policy either as farmland outside the Metropolitan Urban Limits or as coastal farmland, but not both. Where land is in both categories, the ratepayer must specify in the application the basis of postponement which is being applied for.
4. The ratepayer must be the current owner of the rating unit and the property must have been used as farmland for not less than two years.
5. The ratepayers must make an application to the council on the prescribed form. It is the responsibility of the ratepayer to satisfy the council that the criteria for postponement in this policy are satisfied. Any rates postponement will apply from

the beginning of the rating period in which the application is approved and will not be backdated to prior years.

6. If an application is approved, council will postpone the requirement to pay 25 per cent of the rates on the rating unit for the relevant year or years.
7. Unless the postponed rates become payable in accordance with clause (8) of this policy, the postponed rates will be deemed to have been written off after five years.
8. All rates which have been postponed under this policy and which have not been written off under clause (7), become due and payable immediately on:
 - a) the rating unit ceasing to be farmland, or
 - b) the rateable value of the land ceasing to be in some measure attributable to the potential use to which the land may be put for residential, commercial, industrial or other non-farming development, or
 - c) the farmland ceasing to be coastal farmland or farmland outside the Metropolitan Urban Limits, as the case may be.
 - d) the interest of the person who was the ratepayer at the date on which the rates were postponed becoming vested in some person other than
 - i. the ratepayer's spouse or former spouse, or
 - ii. the executor or administrator of the ratepayer's estate, or
 - iii. where the ratepayer was the proprietor of the interest as a trustee, a new trustee under the trust.
9. Postponed rates will be registered as a statutory land charge against the title of the rating unit.
10. A fee will be charged on the postponed rate equal to the administrative and financial costs incurred by the council as a direct result of the postponement.

The ratepayer (or authorised agent) must make an application to the ARC for a rates postponement on the prescribed form, which can be downloaded from www.arc.govt.nz or obtained by calling 366 2000, option 3.

POLICY 7: Remission of rates for rating units protected for natural or historic or cultural conservation purposes

Objective

To encourage the preservation and enhancement of open space in the Auckland region.

Application procedure

The ratepayer (or their authorised agent) must make an application to the ARC for a rates remission on the prescribed form. ARC officers will be delegated authority to consider applications for rate remissions as specified in the ARC delegations manual, and will approve or decline them in accordance with the criteria set out below.

Criteria

1. The ARC may remit rates where the rating unit is wholly or partly subject to:
 - a) an open space covenant under the Queen Elizabeth the Second National Trust Act 1977,
 - b) a heritage covenant under section 6 of the Historic Places Act 1993,
 - c) a conservation covenant under section 77 of the Reserves Act 1977,
 - d) a declaration of protected private land under section 76 of the Reserves Act 1977,
 - e) a management agreement for conservation purposes under section 38 of the Reserves Act 1977,
 - f) a covenant for conservation purposes under section 27 of the Conservation Act 1987,
 - g) a management agreement for conservation purposes under section 29 of the Conservation Act 1987,
 - h) A covenant with the local council which has the effect of preserving the land for natural or cultural conservation purposes.
2. Only land which has been voluntarily made subject to one of the above protections will be eligible for remissions. Land which has been required to be protected by central or local government, for example as a condition of a resource consent, is not eligible.
3. This policy does not apply to any rating unit used for business purposes. "Business" is defined as "used solely or principally for business purposes, and including communications, electricity, gas, water supply, sanitary and vacant utilities, medical facilities, theatres and similar entertainment facilities, motels and hotels and similar accommodation, and rating units used for purposes of mineral extraction; but excluding rating units used for farming and agricultural or educational purposes."

Conditions

1. A qualifying rating unit will be eligible for remission of the same proportion of rates as the area subject to the covenant, declaration or agreement bears to the area of the rating unit as a whole.
2. The ARC reserves the right to require a fresh application for remission each year and to require a declaration or other proof from the applicant that the rating unit remains eligible for the remission.

The ratepayer (or their authorised agent) must make an application to the ARC for a rates remission on the prescribed form, which can be downloaded from www.arc.govt.nz or obtained by calling 366 2000, option 3.

Contact Us

If you would like to know more, you can email rates@arc.govt.nz, or you can contact the Rates Contact Centre on (09) 366 2000. Call 0800 80 60 40 if you are outside the Auckland free-call area. Press 3 from the options menu.