



**Approved:** Council, 26 September 2023

**Replaces:** Rates Postponement Policy (15 April 2021)

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**Objective** The purpose of this policy is to provide Council the ability to postpone the payment of rates as a method of providing relief to ratepayers who are experiencing extreme financial hardship.

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**Statutory context** Section 102(3)(b) of the Local Government Act 2002 provides that the Council may adopt a Rates Postponement Policy.

Section 110(1) states any postponement policy must state the objectives sought to be achieved by a postponement of the requirement to pay rates; and the conditions and criteria to be met. Section 110(2A) requires that any postponement policy must be reviewed at least once every six years.

Section 87 of the Local Government (Rating) Act 2002 provides that the Council must postpone the requirement to pay all or part of the rates on a rating unit if it has adopted a rates postponement policy, the ratepayer has applied in writing for a postponement, and the Council is satisfied that the conditions and criteria in the policy are met.

Sections 88-90 contain additional provisions regarding rates postponement including the ability to charge a fee in respect of postponed rates.

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**Criteria** Other than in exceptional circumstances, rates postponement will only be considered for rating units that are used as the residence of the applicant.

The Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over after the payment of rates for normal health care, proper provision for maintenance of his/her home and chattels at an adequate standard, as well as providing for normal day to day living expenses.

Where rates are postponed, the ratepayer will still be required to pay a minimum of \$500 towards the annual rates, in addition to any government rebate which may be available in respect of the property.

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**Procedural requirements** The Council will consider, on a case-by-case basis, all applications received.

Only the owner of the property, or their authorised agent, may make an application for the postponement of rates for extreme financial hardship.

Prior to approving an application for postponement of rates under this policy, the Council will require evidence that:

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- The applicant has had access to independent financial advice (at the applicant's own cost, if any) and understands the effects of rates postponement on their equity in the property,
  - All joint property owners agree to rates postponement,
  - Where there is a mortgage on the property, the mortgagee agrees to rates postponement.

However, Council at its discretion may waive one or more of these requirements in the case of applications in respect of Māori freehold land.

Where the Council decides to postpone rates, the ratepayer must first make acceptable arrangements for the payment of future rates, e.g. by setting up a system for regular payments.

Having regard for the circumstances, Council may specify any other conditions it considers appropriate, and shall advise these to the applicant of any such additional conditions prior to finalisation of the postponement arrangements.

Postponed rates will be registered as a statutory land charge on the rating unit title. This means that the Council will have the first call on the proceeds of any revenue from the sale or lease of the rating unit.

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**Additional unpaid amounts**

Where the Council has agreed to a ratepayer's application for rates postponement, any subsequent unpaid amounts will be added to the ratepayer's balance and will be subject to the statutory land charge on the rating unit title. Any such amounts will be payable at the end of the postponement period, if not paid prior.

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**Postponement fee**

At the end of each rating year, the Council will charge a postponement fee of 10% on the ratepayer's average balance for the year (where the balance comprises the sum of all unpaid postponed rates and any previous postponement fees/penalties).

No penalties will be applied in respect of a rating year in which the Council has charged a postponement fee. Where a postponement arrangement is initiated or terminated part way through the year, the penalties will be pro-rated.

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**Ratepayer statement**

Where a rates postponement arrangement is in place, following the end of each financial year, the Council will send an annual statement to the ratepayer showing the outstanding postponed rates and the amount of the postponement fee charged during that financial year.

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**Requirement to pay postponed rates**

Postponed rates and any postponement fees, as well as any unpaid penalties applied prior to the establishment of the rates postponement agreement, will become payable on the earliest of the following dates:

- The death of the applicant(s); or
  - Until the applicant(s) ceases to be the owner of the rating unit; or
  - Until the applicant(s) ceases to use the property for his/her residence; or
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- Until a date specified by Council.

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END OF POLICY