

RATES REMISSION AND POSTPONEMENT FOR COVID-19 PANDEMIC RESPONSE TEMPORARY POLICIES

Special policy 1: Remission of penalties on rates for ratepayers who can demonstrate financial hardship as a result of the Covid-19 pandemic

Section 85 of the Local Government (Rating) Act 2002

Objectives of the policy

The objective of this policy is to enable the reduction or waiver of penalties on rates for ratepayers in difficulty or hardship as a result of the Covid-19 pandemic. This policy applies for the remainder of 2019/20 and 2020/21.

Conditions and criteria

Definitions:

- Instalment penalties. These are the penalties applied approximately three to four weeks after the quarterly instalment is due.
- Annual penalties. These are the penalties applied on rates overdue from the previous financial year.

The Council will waive instalment penalties on unpaid rates from the fourth instalment for 2019/20 that would have been applied on 27 May 2020.

For rates due in 2020/21, the Council will waive instalment penalties for any ratepayer who either:

- before the date penalties are applied to rates, provides evidence to the Council of reduced income or reduced revenue due to difficulties arising from the Covid-19 pandemic, or
- after the date penalties are applied to rates, provides evidence that satisfies the Council that the ratepayer was unable to pay rates on the due date because of reduced income or reduced revenue due to difficulties arising from the Covid-19 pandemic.

This may include evidence from a bank or accountant of reduced revenue for commercial / industrial properties or reduced income for residential properties.

In both instances, the instalment penalties will only be waived if the ratepayer and the Council agree to a payment plan via direct debit such that the rates are paid within 12 months.

The Council will waive annual penalties for 2019/20 and 2020/21 if the Council is satisfied that the ratepayer was in financial hardship as a result of the Covid-19

pandemic, and the ratepayer can immediately pay all outstanding rates or agree to a payment plan for outstanding rates and those due within the next six months via direct debit to the satisfaction of the Council.

Decisions are delegated to Council officers in accordance with the Council's Delegation Register. Decisions of Council officers are final and there are no appeal rights to the Council.

The Chief Executive may suspend the operation of this policy if the Council is under financial pressure. If this occurs, staff must, as soon as reasonably practicable, notify the Council for a determination whether to revoke the policy or resume the policy.

Special policy 2: Deferral of rates for six-months for ratepayers who can demonstrate cash-flow issues as a result of the Covid-19 pandemic

Sections 85 and 87 of the Local Government (Rating) Act 2002

Objectives of the policy

The objective of this policy is to enable ratepayers to defer paying rates for up to six months as a result of cash-flow issues as a result of the Covid-19 pandemic. This policy applies for the remainder of 2019/20 and 2020/21.

Conditions and criteria

The ratepayer must provide evidence, to the satisfaction of the Council, that the ratepayer has cash flow issues as a direct or indirect result of the Covid-19 pandemic. This may include evidence from a bank or accountant of reduced revenue for commercial / industrial properties or reduced income for residential properties (by at least 30 per cent for a period of time of at least one month compared to the same period in the previous year.)

The Council will defer payment on rates due within six months of application. All penalties applied during that time shall be remitted.

The ratepayer must agree to a payment plan to pay rates after the six month deferment. The payment plan must seek to repay the rates owed as soon as reasonably practical after the end of the six month deferral ends. All deferments are to be paid within one year of the end of the deferment period.

Interest shall be charged during the six month deferral timeframe. The interest rate shall be set at 1 per cent less than the Council's average rate of borrowing. The interest rate may be waived by the Council in cases where the administrative costs of charging interest outweigh the interest that will be received by the Council.

If the ratepayer fails to meet the arrangements of the payment plan or the payment plan extends for more than 12 months the Council may, at its discretion:

- charge interest, set to reflect the Council's average borrowing rate and/or
- register a rating charge on the certificate of title.

A ratepayer is not eligible for a second deferment. Instead, the ratepayer must apply for a postponement under special policy 3.

Decisions are delegated to Council officers in accordance with the Council's Delegation Register. Decisions of Council officers are final and there are no appeal rights to the Council.

The Chief Executive may suspend the operation of this policy if the Council is under financial pressure. If this occurs, staff must, as soon as reasonably practicable, notify the Council for a determination whether to revoke the policy or resume the policy.

Special policy 3: Postponement of rates for ratepayers who can demonstrate significant financial hardship as a result of the Covid-19 pandemic

Section 87 of the Local Government (Rating) Act 2002

Objective of the policy

The objective of this policy is to assist ratepayers experiencing significant financial hardship as a result of the Covid-19 pandemic, whether directly through health implications or indirectly through economic issues. This policy applies for the remainder of 2019/20 and 2020/21.

Conditions and criteria

The ratepayer must provide evidence, to the satisfaction of the Council, of significant financial hardship caused as a direct or indirect result of the Covid-19 pandemic.

- Farmland, commercial / industrial and small holding (used for economic return) properties must provide evidence by a bank or accountant of either:
 - reduced revenue (by at least 30 per cent for a period of at least one month compared to the same period in the previous year), or
 - inability to pay both rates and staff salaries, or
 - inability to pay both rates and other due bills that are essential to ongoing business operations and viability (e.g. input suppliers)
- For residential and small holding (used as a lifestyle block) properties, must provide:
 - evidence of inability to pay both rates and essential necessities (e.g. food, medicine), and

- evidence they have applied for any relevant government support (including unemployment and other benefits) and a mortgage holiday from the bank (if relevant).

Upon approval, all rates outstanding (including those deferred under special policy 2) and the next four quarterly rates instalments (and, if applicable, the next twelve monthly water meter rates) are postponed. Further applications will be required for further postponements.

Interest shall be charged during the postponement, with the interest charge set to reflect the Council's average borrowing rate.

Ratepayers that are not the owner of the property must have the agreement of the property owner to the postponement.

A rating charge will be registered on the certificate of title.

The postponed rates will remain as a charge against the property and must be paid in full either at the end of the three years from receiving the postponement or when the property is sold. At the end of the three year period the ratepayer may apply for a further extension, of no more than three years, and the granting of any extension shall be at the discretion of the Council.

Decisions are delegated to Council officers in accordance with the Council's Delegation Register. Decisions of Council officers are final and there are no appeal rights to the Council.

The Chief Executive may suspend the operation of this policy if the Council is under financial pressure. If this occurs, staff must, as soon as reasonably practicable, notify the Council for a determination whether to revoke the policy or resume the policy.