

Rating Remission, Postponement and Penalty Policies

PART 1 - Introduction

The Local Government (Rating) Act 2002 (the Act) has given local authorities considerable powers to remit and postpone rates. Council is able to remit and postpone rates for any reason, on any land and to any extent provided that the remission or postponements are in accordance with rules, which each Council sets for itself in a Remission Policy or a Postponement Policy (Section 108 to 110 of the Act).

The Local Government Act (LGA), Section 102 requires local authorities wishing to adopt remissions and postponement policies to prepare the policies as part of an Annual Plan or Long Term Plan (LTP) and adopt it via the special consultative procedure.

Remissions shift the burden of rates between properties.

Existing policies

Council currently provides several postponement and remission policies for ratepayers facing financial hardship and for Maori land termed the "Whenua Rahui" policy.

The cost of these policies is estimated to be 1.53% of the total rates strike. Current figures are:

- Total Rates Strike 2015/16 - \$52,277,017
- Remissions I Postponement budgeted – approximately \$800,000.

The cost of compliance is not included. While currently the onus is on the ratepayer to meet the requirements and criteria required to make application for rates relief, there is a cost to administer these policies. That cost is unclear and may vary in accordance with the complexity of the situation.

There have been other situations where ratepayers have applied for rates relief on the grounds of providing social services. Where appropriate, Council has opted to assist these social service providers through grants.

Two policy options were considered.

- To continue with the status quo.
- To not have a rates relief policy at all.

In assessing both options, the following criteria were used to give credibility to the chosen option:

1. Fairness and equity

Fairness is defined as just or unbiased.

Equity is defined in the economic sense as "the property of distributing economic prosperity fairly among the members of society".

When considering the issue of equity, Mankiw states that when people are grouped into societies, they face

different kinds of trade-offs. When assessing whether to have a remissions policy, there is no doubt that the decision process would find that trade offs need to be considered. Therefore the value of economic benefits over and above fiscal cost plays a critical role in this policy decision.

2. Fiscal cost

As 1.53% of the total rates strike is the total cost of having a rates remission postponement policy, one could argue that this amount is insignificant. However, the regional economic benefit from favourable opportunity costs needs to be weighed against the cost of the \$800,000 of continuing a remissions policy.

3. Economic benefit and opportunity cost

Current policy favours ratepayers facing financial hardship and ratepayers of tracts of undeveloped Maori land.

To continue to favour a hardship policy benefits ratepayers with financial hardship, physical or mental disability, injury, illness and those with specific family circumstances.

The greater cost to society and the region is in the maintenance of wellbeing. Rates relief may well be the difference in the cost of one's wellbeing. The future opportunity cost in the long run would be in the improvement of one's personal conditions to such an extent that a "well" person could once again participate in economic wellbeing. This being the case, Council would then be in a position to revisit the individual's ability to pay rates.

It is estimated that a total of 310,631 hectares (ha) is Maori land in the Gisborne/Wairoa Council land districts. The Tairāwhiti Development Partnership has developed a strategy to bring this land into production. This strategic document states that there would be considerable extra benefit in the local community.

The added economic benefits would occur in the employment and educational sectors which must improve one's economic wellbeing.

4. Implementation process

There is very little or no implementation cost. While there is a cost to hosting a remissions policy, the economic benefits and opportunities would outweigh the fiscal cost. It is prudent therefore for Council to continue its current rates remission policies while also taking time to review for improvements and more opportunity for the region.

As stated earlier, for Council to continue with these policies, it is required to promote any intended remissions policies through the LTP or Annual Plan consultation processes.

PART 2

2.1 Rates Postponement Policy

Policy Objective

To give ratepayers a choice between paying rates when they are due or later, subject to the full cost of postponement being met by the ratepayer and Council being satisfied that the risk of loss in any case is minimal.

General Approach

Rating units defined as residential or lifestyle and used for personal residential purposes by the applicant(s) will be eligible for consideration of rates postponement under the criteria and conditions of this policy.

Current and all future rates may be postponed indefinitely if at least one ratepayer (or if the ratepayer is a family trust, at least one named occupier) is 65 years of age or older.

In exceptional cases, current and all future rates may be postponed by people who are less than 65 years of age to a date not more than 15 years from 30 June in the rating year in which application is made. The applicant can request that this be reviewed after the applicant has turned 65. Owners of units in retirement villages will be eligible provided that Council is satisfied payment of postponed rates can be adequately secured.

Council will add to the postponed rates all financial and administrative costs to ensure neutrality between ratepayers who use the postponement option and those who pay as rates are levied.

Council will establish a reserve fund out of which to meet any shortfall between the net realisation on sale of a property and the amount outstanding for postponed rates and accrued charges, at the time of sale. This will ensure that neither the ratepayer(s) nor their estate will be liable for any shortfall.

Criteria and Conditions

- **Criteria**

Eligibility: Any ratepayer is eligible for postponement provided that the rating unit is used by the ratepayer for personal residential purposes (either as a principal residence or as a holiday home). This includes family trust-owned property, which is used by a named individual or couple. People occupying a unit in a retirement village under an occupation licence will be able to apply for postponement of the rates payable by the retirement village on their unit with the agreement of the owner of the retirement village.

If the property for which postponement is being requested has an existing mortgage, the ratepayer must first obtain a statement accepting a charge on the title from the mortgagee.

Risk: Council must be satisfied, on reasonable assumptions, that the risk of any shortfall when postponed rates and accrued charges are ultimately paid is negligible. To determine this, an actuary has been engaged to develop a model that will forecast expected equity, on a case-by-case basis, when repayment falls due.

- **Insurance:** All applicants for postponement, including those whose applications have already been approved must have insurance cover. Any insurance cover must be for the property's full value. The applicant must provide evidence annually of their own insurance.
- **Hazard Zones:** If a property is in a known hazard zone, Council has the right to decline to offer rates postponement to the property. If the property is accepted, a higher reserve fund contribution will be levied.

- **Conditions**

Any postponed rates will be postponed until:

- The death of the ratepayer(s) or named individual or couple. Council will allow up to 12 months for payment, so that there is ample time to settle the estate; or
- Until the ratepayer(s) or named individual or couple ceases to be the owner of the rating unit. If the ratepayer sells the property to purchase another within the Council's district, Council will consider transferring the outstanding balance, or as much as is needed, to facilitate the purchase, provided it is satisfied that there is adequate security in the new property for eventual repayment; or
- In the case of ratepayers under the age of 65 at the time of application, until a date specified by Council.

Council will charge an annual fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover Council's administrative and financial costs and may vary from year to year.

The financial cost will be the interest Council will incur at the rate of Council's cost of borrowing for funding rates postponed, plus a margin to cover other costs (these will include Council's own in-house costs, a 1% p.a. levy on outstanding balances to cover external management and promotion costs, a reserve fund levy of 0.25% p.a., and a contribution to cover the cost of independent advice).

To protect Council against any suggestion of undue influence, applicants will be asked to obtain advice from an appropriate qualified and trained person. A certificate confirming this will be required before postponement is granted.

The postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed pursuant to this policy.

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

Review or Suspension of Policy: The policy is in place indefinitely and can be reviewed subject to the requirements of the Local Government Act 2002 at any time. Any resulting modifications will not change the entitlement of people already in the scheme to continued postponement of all future rates. Council reserves the right not to postpone any further rates once the total of proposed rates and accrued charges exceeds 80% of the rateable value of the property as recorded in Council's rating information database.

This will require the ratepayer(s) for that property to pay all future rates but will not require any payment in respect of rates postponed up to that time. These will remain due for payment on death or sale.

The policy consciously acknowledges that future changes in policy could include withdrawal of the postponement option.

Criteria Procedures

Applications must be on the required form which will be available from the Council Customer Services Offices at Gisborne and Te Puia Springs.

The policy will apply from the beginning of the rating year in which the application is made, although Council may consider backdating depending on the circumstances.

Application of this policy may be delegated to Council Officers.

2.2 Remission of Rates - Extreme Financial Circumstances/Hardship

Objective of the Policy

1. To assist ratepayers experiencing extreme financial circumstances which directly affect their ability to pay rates.
2. **NOTE:** Rates postponement for reasons other than Extreme Financial Hardship will be considered under the "RATES: Optional Rates Postponement Policy".

Conditions and Criteria

1. Only rating units used solely for residential or lifestyle purposes (as defined by Council's valuer) will be eligible for consideration for rates remission or postponement for extreme financial circumstances.
2. Only persons registered as the ratepayer, or their authorised agent, may make application for rates

postponement for extreme financial circumstances. The ratepayer must be the current owner of, and have owned for not less than five years, the rating unit which is the subject of the application. The person entered on Council's rating information database as the "ratepayer" must not own any other rating units or investment properties (whether in the district or in another district).

3. The ratepayer (or authorised agent) must make application to Council on the prescribed form (copies may be obtained from the administration office in Fitzherbert Street, Gisborne, or from the Customer Service Centre at Te Puia Springs). There must also be a statement of Assets and Liabilities and a Weekly Budget Sheet.
4. Council will consider all applications received that meet the remission criteria under the current policy.
5. When considering whether extreme financial circumstances exist, all of the ratepayer's personal circumstances will be relevant including:
 - age
 - physical or mental disability
 - injury
 - illness
 - family circumstances.
6. 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 their home and chattels at an adequate standard as well as making provision for normal day-to-day living expenses.
7. Before making the written application, the ratepayer must have received budget advice from an approved budget advisory service, and must make the budget advisors' findings available to Council.

Failure to attend budget advisory meetings, or failure to make the budget advice available to Council, will automatically result in the application being declined. All information provided to Council will be treated as confidential.

8. If the ratepayer owns or has a significant interest in a business, then a current business Balance Sheet and a Cash Flow Statement for the following 12 months must accompany the application.
9. Any of the rates may be postponed in whole or in part. Even if rates are postponed, as a general rule the ratepayer will be required to pay the first \$500 of the rate account. Council may relax this requirement in specific circumstances.

10. The ratepayer must make acceptable arrangements for payment of future rates, e.g., by setting up a system for regular payments.
11. Council may add an annual fee on postponed Remission of Rates for the period between the due date and the date they are paid. This fee is designed to cover Council's administrative and financial costs and this fee will be expressed as a percentage interest rate.
12. The policy will apply over any period, current or past, as determined by Council.

Any postponed rates will be postponed until:

- a. a date specified by the Council; or
- b. the death of the ratepayer(s); or
- c. the ratepayer(s) cease(s) to be the owner or occupier of the rating unit; or
- d. the ratepayer(s) cease(s) to use the property as their residence
- e. as determined by the Council in any particular case.

Postponement cases will be reviewed regularly (about once every three years) in terms of this policy.

Following review, if it appears that the postponed ratepayers' circumstances have significantly changed so that the postponement criteria are no longer met, then Council reserves the right to re-assess the postponement conditions with the ratepayer.

The postponed rates or any part thereof may be paid at any time. Applicants may also elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed pursuant to this policy.

Postponed rates will be registered as a statutory land charge, by registering a Notice of Land Charges on the rating Certificate of Title.

Application of this policy may be delegated to Council officers.

2.3 Remission of Rates- Land Affected by Plan Changes

Objective

To observe existing use rights of land affected by zoning changes when there is a plan change which reclassifies that land into a different rating bracket.

Criteria

Rates will be calculated on the existing land use if land has been correctly used under the operative for proposed District Plan, and the land is subject to a plan change resulting in a different zoning and different rates

being due, until the land is sold, or the use of the land changes.

Application of this policy may be delegated to Council Officers.

2.4 Remission of Rates – Fragmented or Uneconomic Rural Land

Background

Where rural land has a valuation in excess of its economic use, and its value is based on its coastal value (but used for grazing purposes) application can be made for a remission of rates.

Alternatively, where multiple coastal rating assessments which can each support a housing site are used for grazing purposes, application can be made to have all assessments valued as if they were one contiguous farm property. For example, a fragmented farm of five 20 hectare properties will, for rating purposes, be treated as if it is a single 100 hectare pastoral block. [The rationale being the value of the first block will be left intact, because it needs to support a housing site, however the remaining four blocks will receive a remission of that part of their value which pertains to potential housing sites].

This policy applies to General or to Maori Title land. Whether rates are remitted in any individual case will depend on the circumstances of each application. In general, a remission of rates will be considered, unless there is a reasonable likelihood that the subject land will be used or developed in the immediate future.

Objectives

The objectives of this policy are:

- to recognise special circumstances pertaining to coastal rural land used for grazing purposes
- the primary use of the property must be pastoral farming, and its economic value must be significantly less than the value assessed by the rating valuation
- to recognise special circumstances pertaining to situations where multiple coastal rural properties are effectively used as one farm property.

Conditions and Criteria

- Application for this remission should be made prior to commencement of the rating year. Applications made after the commencement of the rating year may be accepted at the discretion of Council.
- Owners or trustees making application should include in their applications:
 - details of the rating unit or units involved

- the objectives that will be achieved by providing a remission
 - documentation which shows that the land which is the subject of the application is rural land
 - details of tenure, whether a formal or informal lease, and whether owned by applicant
 - a signed statement by the applicant that the land is used for pastoral purposes only.
- Council may of its own volition investigate and grant remission of rates on any coastal rural land in the district, which may qualify for remission of rates.
 - Relief and the extent thereof, is at the sole discretion of Council and may be cancelled or reduced at any time for any reason.
 - Council may give a remission of General and/or Targeted Rates on the difference in Land Value and/or Capital Value between the best potential value of the land arising from its location directly on a beachfront, and the economic value it has arising from its actual use.
 - Where possible, Council will apply this remission on its own volition.
 - Where a farm is made up of several individual titles, which may or may not be adjacent, and the value of each title is higher due to the suitability of that title to sustain a building site, Council may give a remission of General and/or Targeted Rates on the difference in Land Value and/or Capital Value between the actual accumulated values of the individual land blocks, and the value of a single block of land with the same land area in that locality.

Application of this policy may be delegated to Council Officers.

2.5 Remission of Rates - Māori Freehold Land (Whenua Rahui Policy)

Policy Objective

- To enable the Council to act fairly and reasonably in its consideration of remitting or postponing rates and penalties with respect to Māori freehold land which:
 - has Fragmented Ownership - Ownership varies in number and individual share proportions. Owners are scattered throughout the country and at times worldwide
 - has Unsecured Legal Title - Land that does not meet the test of s92 of the Act
- is Isolated and Marginal in quality - The geographical isolation and economic climate of the district are clearly illustrated by the much-needed development as the lands are of marginal quality
- has no Management or Operating Structures - Lands have no management structures in place to administer matters.

Whenua Rahui Register

- Māori landowners can apply to have their lands entered on the Council Whenua Rahui Register. When making an application, owners are in effect asking Council for a discretionary remission.
- If accepted, the land will be 'retired' from rates for a term specified by Council, with a maximum term being three years. While lands are 'retired' or 'parked up', the onus is on the owners to ensure that no one breaches the conditions by using the land.
- Lands on the register are inspected regularly to monitor for any breaches.
- Each application is examined on its own merits. Intending applications should not be compared to others already on the register.

Conditions and Criteria

The criteria to determine eligibility for applications to the Whenua Rahui Register are as follows:

1. The land listed on the application must be Māori land or Māori freehold land.
2. The matters listed in Schedule 11 of the Local Government Act 2002 (the Act) will be taken into account.
3. The land must be unoccupied by any persons with no place of residence built thereon or land use made thereof.
4. The land must be of historical, ancestral or cultural significance. If the land has been purchased instead of being inherited then it must be purchased for its ancestral or cultural significance and not as a saleable asset.
5. Burden of proof eligibility is on the owner(s) of the property.
6. Where land is in multiple ownership a copy of the minutes authorising individuals to act for owners should be enclosed if available.
7. The Whenua Rahui register will be reviewed every three years and eligible landowners will need to re-register.

8. In the event of other land or any portion of the land being sold within the three-year period, the remission will no longer apply, and normal rates and penalties will be applied from the date of the sale.
9. Council or other duly designated officers are given approval to undertake periodic inspection of land to confirm unoccupied status.
10. Council reserves the right to seek further information e.g., memorial schedule of owners, if Council deems it necessary.
11. Where land is in multiple ownership and the owners cannot be located after reasonable effort the rates and penalties may be remitted by resolution of a delegated committee, if it is considered reasonable in the circumstances to do so.

Application of this policy may be delegated to Council Officers.

NOTE:

1. "Unoccupied" in criterion 2 above means, "No one is using the land". This can be interpreted by considering Section 96 of the Act, which states: 96 [2] For the purposes of this Part, person actually using land means a person who, alone or with others-
 - a. leases the land
 - b. does one or more of the following things on the land for profit or other benefit:
 - i. resides on the land
 - ii. depastures or maintains livestock on the land
 - iii. stores anything on the land
 - iv. uses the land in any other way.
 - c. It is the applicant's responsibility to ensure that the terms of the Whenua Rahui Policy are adhered to.
 - d. The Register is not designed as a vehicle for owners to elect not to use land, and therefore not to pay rates.

2.6 Remission of Rates – Maori Freehold Land (General)

Policy Objective

To provide remission of rates on Maori Land where the procedures of Schedule 11 (Rates Relief on Maori Freehold Land) of the Local Government Act 2002 become too impractical or uneconomic to pursue.

To enable rates and/or penalties to be partially or fully written off when there is virtually no practical way of recovering past outstanding debt.

Discussion

Rates are technically a charge against a property. People who take responsibility of, or lease a property with rates owing technically find themselves responsible for the past rates as well as for future rates. Faced with this situation, they invariably recoil from any proposal to take out such a lease. In such circumstances economic development is therefore affected and Council is unable to receive payment for rate arrears.

Conditions and Criteria

- This policy applies to Maori Land which is not eligible for the Whenua Rahui Policy.
- Schedule II procedures (of the LGA 2002) have been attempted, but are not able to be progressed for a range of technical or economic reasons.
- The rates on the land cannot therefore be collected in any real sense and would otherwise just accumulate to the point where they are irrecoverable in a court of law after a period of six years in accordance with the Limitation Act 2010.
- The Revenue Officer can apply to the delegated Committee of Council to write off the amount of the rates after providing a full explanation of attempts under the above criteria.
- In some circumstances, i.e. where a deal can be brokered with a third party to bring into production land which was previously unused (on the Whenua Rahui Register or otherwise) the delegated committee may approve a full or partial remission for a specified period (this may be a remission of past rates and penalties to secure the payment of future rates).

Application of this policy may be delegated to Council Officers.

2.7 Remission of Rates - Māori Freehold Land (Annual Review)

Policy Objectives

To address the complex problems surrounding Māori Land including land that for example:

- is land locked
- is unproductive
- is unoccupied
- is inaccessible
- is isolated
- has no certificate of title
- is governed with no management structures
- where difficulties in contacting multiple fragmented owners arise.

Council's limited resources for debt collection will be better utilised collecting the debt that is recoverable in the district.

Conditions and Criteria

- Council may of its own volition remit the payment of any rates and penalties due on Māori freehold land.
- Council may of its own volition postpone the payment of any rates and penalties due on Māori freehold land for any such time as it thinks fit.
- The properties will be reviewed annually and then presented to council for consideration of remission.

2.8 Remission of Rates - Residential Uniform Annual General Charge (UAGC) and Certain Targeted Rates on Multiple Residential and Lifestyle Properties

Objectives of the Policy

To remove UAGC charges and certain Targeted Rates on residential and lifestyle properties when circumstances dictate that it would be inappropriate to charge them.

Conditions and Criteria

1. In the case where a rating unit contains one or more residential dwellings, units, flats, apartments or self-contained sleeping accommodation, Council may apply a discretionary remission of one or more UAGC charges, and/or one or more Pan Charges, Water Rates or Refuse Collection Rates.
2. This remission will apply in the following circumstances.
 - a. Where there are multiple dwellings recorded on the Valuation Records, but which are not actually being used as dwellings.
 - b. Where there are multiple dwellings, but they are being used by members of the direct family of the ratepayer (e.g., granny flats, teenagers).
 - c. Where there are multiple dwellings, but one or more are being used by live-in caregivers, or the humanitarian assistance (i.e., persons who would normally "live in" if the ratepayer's primary accommodation had been large enough in the first instance).
 - d. Accommodation which is separately accessible from a business venture on the rating unit, but is a prerequisite for the efficient operation of that business.
3. Applications for the remission must be made by the ratepayer, who must provide proof of eligibility. A signed statutory declaration may be required to support the application.

4. The criteria which will be taken into account in deciding whether a remission will be granted are:

- a. Are there physical conditions which would make it inappropriate or impractical for the additional dwellings or flats to be inhabited?
- b. Is there a dependency relationship between the primary ratepayer and the occupiers of the flat/dwelling?
- c. Is it otherwise sensible in the circumstances for a remission to be given?

5. The discretionary remission will be decided by a Committee delegated by Council (currently the Performance Audit and Risk Committee) but that Committee may further delegate responsibility to certain officers of Council. Renewal applications may be approved by the delegated council officer.

6. The discretionary remissions will be granted for up to three years of one or more of the following:

- a. Uniform Annual General Charge.
- b. Water Supply Connection Charge.
- c. Refuse and Recycling collection or Land.
- d. Transfer Station refuse sticker charges.

7. The remission period will commence in the rating year in which the application is made.

2.9 Remission of Rates Multiple UAGC and Certain Targeted Rates on Rural Land Properties

Objectives of the Policy

To remove UAGC charges and certain targeted rates on non-residential rural properties when circumstances dictate that it would be inappropriate to charge them.

Conditions and Criteria

1. In the case where a rating unit contains one or more dwellings, units, flats, apartments or self-contained sleeping accommodation, Council may apply a discretionary remission of one or more UAGC charges, and/or one or more, Water Rates or Refuse Collection Sticker Rates.
2. This remission will apply in the following circumstances.
 - a. Where there are multiple dwellings recorded on the Valuation Records, but which are not actually being used as dwellings.
 - b. Where the dwelling is in derelict, uninhabitable condition.

- c. Where the dwelling is vacant for more than three months of the current rating year and no income has been derived from the use of the dwelling.
 - d. Where there are multiple dwellings but they are being used by members of the direct family of the ratepayer (e.g. granny flats, teenagers).
 - e. Where an employee is required to live in the dwelling because it is essential to the ongoing operation of the business.
3. Applications for the remission must be made by the ratepayer, who must provide written proof of eligibility. A signed statutory declaration may be required to support the application.
 4. The criteria which will be taken into account in deciding whether a remission will be granted are:
 - a. Are there physical conditions which would make it inappropriate or impractical for the additional dwellings or flats to be inhabited?
 - b. Is there a dependency relationship between the primary ratepayer and the occupiers of the flat/dwelling?
 - c. Is it otherwise sensible in the circumstances for a remission to be given?
 5. The discretionary remission will be decided by a Committee delegated by Council, currently the Performance Audit and Risk Committee. That Committee may further delegate responsibility to certain officers of Council. Renewal applications may be approved by the delegated Council officer.
 6. The discretionary remissions will be granted for up to three years of one or more of the following:
 - a. Uniform Annual General Charge.
 - b. Water Supply Connection Charge.
 - c. Refuse collection or transfer station refuse sticker charges.
 7. The remission period will commence in the rating year in which the application is made.

2.10 Remission of Rates- Uniform Annual General Charges and Certain Targeted Rates (Contiguity)

Policy Objectives

- To provide relief to ratepayers who occupy several near-adjacent rating units, but which do not meet

the criteria of Section 20 of the Local Government (Rating) Act 2002.

- To provide relief to owners of Maori land who occupy several near-adjacent rating units but which do not meet the criteria for contiguity under Section 20 of the Local Government (Rating) Act 2002.
- This remission is only applicable to land categorised by the Rating Valuer as a pastoral block.

Discussion

In rural areas, it is common for farmers to utilise blocks of land which are not strictly contiguous, but which are close enough to be farmed in common, as if they were one farm. The objective is fairness. For instance, if a farmer leases and farms two 5ha blocks situated 700m apart as if they were one property, why should that farmer have to pay significantly more rates than a farmer who is lucky enough to lease two 5ha blocks side-by-side.

Conditions and Criteria

1. Cancellation or reduction of Uniform Annual General Charges may only be considered upon the application of the affected party.
2. The application form to be used by those seeking cancellation or reduction of UAGCs must include:
 - a. the distance between the affected separately rated properties
 - b. the sizes of all affected properties
 - c. the total size of any enterprise occupying separately rateable properties in respect of each application
 - d. the specific use that each property is being put to.

A Council committee may delegate authority to consider and approve applications to Council officers for properties that are less than 5km apart.

Properties more than 5km apart will be referred to the Performance, Audit and Risk Committee to consider write-offs of Uniform Annual General Charges and Targeted Rates and, will determine how much remission to give. The criteria for the decision is "where the committee considers it is reasonable in the circumstances to do so".

Remission of Rates

1. As a guideline, any urban property with a dwelling capable of being rented will incur full UAGC and Targeted Rates, and if any group of rural properties which are used for a common purpose have dwellings, they are liable for the Uniform Charges

and Targeted Rates for each dwelling as per Council's definition of a Separately Used or Inhabited Part of a property (SUIP).

2. Remission of UAGCs and Targeted Rates under this policy will apply for a period of three years.
3. The existing applications are reviewed regularly. If there are any changes the property owner will be informed accordingly and the full charge may be applied.
4. Where the circumstances are known to have changed within the three-year period, the application will automatically be reviewed.
5. The Application Form will stipulate these review procedures.

2.11 Remission of Rates - Uniform Annual General Charges and Certain Targeted Rates (Contiguity Subdivisions)

Policy Objectives

- To provide relief to ratepayers who occupy several near-adjacent rating units, but which do not meet the criteria for contiguity under Section 20 of the Act.
- To encourage subdivision development in urban areas.

Discussion

In urban areas, when a developer splits a block of land into two or more titles for the purpose of selling them for separate occupation, the implication of charging full UAGCs as soon as a Deposited Plan is registered could be a financial disincentive to the sub-divider. Council wishes to encourage development, not discourage it.

Conditions and Criteria

- Cancellation or reduction of UAGCs may be considered upon the application of the affected party or Council may of its own volition investigate and grant remission of rates which may qualify for this remission of rates.
- Remission of UAGCs and Targeted Rates under this policy will apply for a period of three years.
- Where the circumstances are known to have changed, the application will automatically be reviewed.
- The remission period will commence in the rating year in which the application is made.

Application of this policy may be delegated to Council Officers.

2.12 Remission of Rates, Water Rates and Penalties

Policy Objective

The objective of the remission policy is to enable the Council to act fairly and reasonably in its consideration of rates and water rates which the Council has not received by the date set for penalty imposition, due to circumstances outside the ratepayer's control.

Conditions and Criteria

1. The Council may remit rates, water rates and penalties of up to \$500 to enable Council to act fairly and reasonably in its consideration of collecting rates, water rates, penalties and rate debt.
2. Remission of one penalty will be considered where payment has been late due to significant family disruption. Remission will be considered in the case of death, illness, or accident of a family member, or other serious one-off events, as at the due date.
3. In considering the remission of the penalty, the good payment record or otherwise of the applicant may be taken into account.
4. The Council may remit small balances due to cash rounding.
5. New owners will be entitled to a remission of penalties if payment was made difficult because settlement date coincided with or was very near penalty dates.
6. A ratepayer who is willing to enter into a genuine "arrangement" to pay overdue rates within a specified timeframe, may be placed on "Penalty Suppression" with regard to future penalties that fall due within the arrangement period, and may be offered a lump sum contribution on the achievement of their side of the "arrangement" where the lump sum contribution may be any amount up to the full sum of past penalties still owing.
7. Application of this policy may be delegated to officers.

2.13 Remission of Rates – Permanent Crops

Policy Objective

To maintain relativity in the rates paid between horticulturists who grow "Permanent Crops" and those who grow annual crops, for General Rates and Targeted Rates calculated under Capital Rating criteria.

Discussion

Under Capital Value rating schemes, the permanent crops are regarded as part of the Capital Value. This means that under capital rating, two identical farms, one of which grows citrus, and the other of which grows

squash, could pay completely different rates, even though their utilisation of Council's infrastructure and services is the same.

Conditions and Criteria

- Horticultural blocks (on which permanent crops comprise part of the Capital Value of the property) will receive a remission of their General Rates and Targeted Rooding Rate on that portion of their Capital Value which is due to the capitalised crop value.
- All horticultural blocks, no matter where they are located in the district, will be automatically eligible for this remission.

NOTE: Council's Valuers will provide additional valuation data on all properties with a land use classification of "Horticultural".

This additional data will be the Capital Value of the permanent crops, plus the Capital Value of any supporting structures for those crops. It will not include other items, such as irrigation systems, packing sheds, or the like.

2.14 Remission of Rates- Natural Heritage and Cultural Heritage

NATURAL HERITAGE

Policy Objective

- To acknowledge the wider community benefit of protecting natural heritage areas which are often on privately owned land, by contributing to the cost by way of a rating remission.
- To recognise the extent of voluntary protection given to natural heritage areas on private land by granting non-rateable status to land commensurate with the level of protection offered. This includes land that does not have public access.

Conditions and Criteria

1. Council will deem natural heritage with an encumbrance for the purpose of providing for protection as non-rateable. The ratepayer will be responsible for notifying Council of any such encumbrance and providing the supporting evidence.
2. Where Council has been advised of an encumbrance on the land title such as a covenant, Council will of its own volition set the non-rateable status in place with effect from the following 1 July.
3. Remissions will not be back dated prior to 1 July of the current rating year.

Cultural Heritage

Council will grant rating remissions (except for UAGCs) for identified cultural heritage areas as follows:

- 100% rating relief (except for UAGCs) for parts of properties with protected land or buildings which are set aside, unused for any economic or residential activity, and have an intrinsic heritage or historic value, which has been acknowledged by a certified professional as satisfying cultural values.

To be considered for a cultural heritage rates remission, landowners must apply in writing and include the relevant supporting evidence, such as acknowledgement of cultural values by a certified professional. Applications will be considered on a case-by-case basis.

Terms

Natural Heritage Area

Means Protection Management Areas and areas of significant indigenous vegetation and significant habitats of indigenous fauna within the District which are voluntarily protected in a manner ensuring the long-term protection of natural heritage values contained within them.

Cultural Heritage

In the context of this Policy means the historical, archaeological, traditional or other special cultural significance associated with human activity.

Encumbrance

Means protection by way of an item registered on the land title such as a covenant or encroachment, in the case of private land.

2.15 Remission or Postponement of Rates - General Land in Exceptional Circumstances

Objective Policy

To provide a mechanism for postponement or remission of rates where some event has occurred which makes the collection of rates impractical, impossible or unreasonable.

Conditions and Criteria

- Where land has become unusable or uneconomic because of severe erosion, land formation changes such as slips, or any other unpredictable event; or
- Where ownership has become indeterminate or uneconomic (such as a club becoming defunct and it being inadvisable to leave the rates as a charge upon the title).

The Council Officer may apply to a delegated Committee of Council to remit all rates and penalties for

a specific period. The Committee may impose conditions concerning future actions that must be taken before the specified period may be extended.

Application of this policy may be delegated to Council Officers.

2.16 Remission of Rates - Very Low Value Properties

Policy Objective

To provide rates relief on sections that have very low valuations.

Conditions and Criteria

- If the applicant is a ratepayer in any other part of the district on which a full UAGC is charged and if it can be shown that the property for which the remission is being requested is not used for any form of residential occupation (other than, for example, camping for a few weeks every year) then Council may approve a remission of the full UAGC.
- A ratepayer may apply for remission of all or part of the UAGCs on properties with a capital value of less than \$6,001.
- Nil Value properties will receive 100% rates remission.
- The applicant must renew the application for remission every five years.
- The application of this policy may be delegated to officers.

2.17 Remission of Rates – Building Consent Refusal

Policy Objective

To provide rates relief on residential and lifestyle sections that may not be built upon.

Conditions and Criteria

If a ratepayer has a property for which:

- a. Council has refused the issue of a building consent for every part of that property because of the possibility of flooding or land instability, or
- b. Council considers it likely that it would be obliged on the grounds of flooding or land instability to refuse any application for the issue of such a consent.

The ratepayer may apply for remission of the UAGCs.

- The applicant must renew the application for remission every five years.
- The application of this policy may be delegated to officers.

2.18 Remission of Rates - Community, Sporting and Other Organisations

Policy Objectives

To facilitate the ongoing provision of non-commercial (business), community services and recreational opportunities for the residents of Gisborne district.

The purpose of granting rates 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. These include children, youth, young families, aged people, and economically disadvantaged people.

Conditions and Criteria

- This part of the policy will apply to rating units which are used exclusively or principally for sporting, recreation, or community purposes. The policy does not apply to rating units in which the organisations operate for private pecuniary profit, or which derive significant income from trading activities.
- The policy will also not apply to groups or organisations whose primary purpose is to address the needs of adult members (over 18 years) for entertainment or social interaction, or who engage in recreational, sporting, or community services as a secondary purpose only.
- Applications for remission must be made on the prescribed form (available from the Council offices).
- Applications received during a rating year will be applicable from the commencement of that rating year.
- Organisations making application should include the following documents in support of their application:
 - statement of objectives
 - financial accounts
 - information on activities and programmes
 - details of membership or clients.
- The policy shall apply to such organisations as approved by the Council as meeting the relevant criteria.

No remission will be granted on Targeted Rates for water supply, sewage disposal or refuse collection.

- The amount of the remission may be set anywhere from 1% to 100% of the General Rate, the Uniform Annual General Charge and Targeted Rates. The criteria for determining the percentage remission will be:
 - the degree to which public benefit is derived from the activities or assets of the organisation relative to other like organisations.
 - The application of this policy may be delegated to officers.

2.19 Remission of Rates – Excess Water Rates

Policy Objective

To provide rates relief to ratepayers in situations where water usage is high due to a water leak or damage to the ratepayer's private internal water reticulation system of which the ratepayer was unaware.

Applications must be made in writing on Council's Application for Water Remission form.

Conditions and Criteria

Up to all of the difference between the normal consumption and the actual water consumption may be remitted. To qualify all of the following conditions must be met:

- All applications must be in writing on Council's Application for Water Remission form and signed by the owner(s) of the property.
- A report from a registered plumber must be supplied stating that the property has experienced a water loss as a result of a leak or damage to the ratepayer's private internal water reticulation system.
- The excess charges must be for an amount which is considerably in excess of the average water used in the previous three billing periods.
- Proof of the repairs to the internal reticulation must be submitted for verification.
- A signed statutory declaration by the ratepayer must be provided confirming the ratepayer was unaware of the leak or damage to their private internal water reticulation system.

A staff committee comprised of the Water Asset Engineer and the Chief Financial and Information Officer has delegated authority to jointly make the determination on whether or not to remit charges under this policy up to a level of \$20k. Any remission applied for over that amount will be referred to the Performance, Audit and Risk Committee.

Any ratepayer who contests the decision of the staff committee may request the matter be referred to the Performance, Audit and Risk Committee.

Any remission applied for under this policy may be backdated and will be granted as a "one-off" and will be granted only once in any given rating year.

2.20 Remission of Rates – Economic Development

Policy Objective

To promote employment and economic development within the Gisborne District by offering rates remissions to encourage existing businesses to expand and grow and new businesses to set up here.

Application Process

Applications under this policy must be in made in writing to the Chief Executive for consideration by the full Council and include the following:

- A description and plan of the development.
- An estimate of the costs of the development and capital investment involved.
- An estimate of the likely number and type of jobs created by the development.
- Evidence that the jobs created will be new to the Gisborne District.
- Such other evidence as the Chief Executive may subsequently require in order to establish that the development meets the Conditions and Criteria.

Conditions and Criteria

This policy applies to any business, commercial or industrial developments. Residential developments will not qualify under this policy. Mixed use developments will be considered on a case by case basis. Any commercial or industrial enterprise which is considering expanding its current operation in the Gisborne District, or considering setting up a new development in the Gisborne District, may apply to the Chief Executive of the Council for assistance in accordance with this policy.

Each application under this policy will be considered on a case by case basis by the full Council. Council may elect to refer all or part of an application to a Committee for additional review and recommendation. Satisfaction of the criteria outlined in this policy does not guarantee a remission of rates. The final decision to grant a remission of rates will be at Council's sole discretion and subject to any conditions Council wishes to impose (for example, the meeting of certain milestones). Council may decide to grant discretionary remissions for a period of one to three years as follows:

- A percentage remission of UAGC.

- A percentage remission of general rates on capital value. The capital value shall be reviewed by the Rating Valuer.
- A percentage remission of Water Rates.

Criteria which may be used to determine the grant, amount and duration of any remission are:

- The development is of strategic importance for the future economic development of the Gisborne District.
- The development will create significant lasting new employment opportunities.
- The development will bring a significant amount of new capital investment to the Gisborne District and will add value to local resources.
- The extent to which the development will be in competition with existing businesses. Can the applicant show the development will create little or no competition with existing businesses, or that there is unfulfilled demand in the market for their type of business?
- The viability of the development.
- Whether a remission would provide encouragement or impetus to proceed with the development.
- Whether the applicant has demonstrated a long term commitment to remain and operate in the Gisborne District.
- Any remissions granted will be available for the rating year in which they are applied for.

2.21 Rates Transition Policy

Remission of Rates – Transition due to Specific Changes to the Revenue and Financing Policy

Introduction

Remissions may be offered to smooth rate peaks due to changes to the Revenue and Financing Policy for certain activities which lead to unintended and significant increases in the amount of rates assessed to a rating unit. However it is not intended to smooth rates where Council made changes to the Revenue and Financing Policy which resulted in intended increased rates impact. There will be instances where it is Council's intention to target an increase for certain activities e.g. Forestry roading weighting.

Policy objective

To provide rates relief for the unintended and significant impact on specific rates caused by specific changes to the Revenue and Financing Policy.

Conditions and Criteria

1. The policy only applies to a rating unit where unintended and significant rates increases are caused by specific changes to the Revenue and Financing Policy.
2. The policy only applies where there is a 10% or greater increase in the total rates payable for that year for a rating unit compared with the previous year after other remissions have been applied.
3. The relevant rate(s) subject to the specific changes will be assessed for remission individually.
4. To qualify for automatic remission each rate must have a minimum increase of \$100 and 30% of the total for that rate from the previous rating year. The amount remitted will be the amount of the increase above the threshold of 30% or \$100 (whichever is higher). The remission will be applied as a lump sum amount to the rates assessed against each rating unit.
5. No remission will be granted where the total remission for all of the relevant rates subject to the specific changes does not exceed \$25 (GST inclusive).
6. Notwithstanding the above each individual case that may not meet the criteria will, on application, be considered on its merits at the discretion of the Council.
7. Application of the Policy may be delegated to Council Officers.

2.22 Remission of Rates - Targeted Plants and Pests; Rural Fires; and Soil Conservation rates (2015/16 year only)

Introduction

The rates setting for 2012/13 and 2013/14 created some large swings in the rates incidence across the district for the three rates. Council approved a change to the Revenue and Financing Policy in 2013 which changed the basis of rating from land area to land value for these three rates (Pests and Plants, Rural Fires and Soil Conservation). This changed the incidence of rates for some properties with high land value. The properties most affected were properties with smaller land area but higher land values when compared to like properties in the same DRA (differential rating area) especially so in Tolaga Bay and Tokomaru Bay.

Objective

Council will be carrying out a review of the three activities during the course of the Long Term Plan when the rating structure will also be reviewed. The basis for rating the three activities has not changed from 2013/14.

This remission policy will continue to provide the same level of rates relief for those properties most affected by the policy change in 2013/14, in the 2015/16 year.

The policy is very specific and will not give rates relief to ratepayers whose rates go up for any other reason.

Conditions and Criteria

The calculations for the thresholds will be based on rates increases from 2012/13 to 2013/14.

The assessment criteria will have two components for eligibility: a rate increase for each of the Pests and Plants, Rural Fires; and Soil Conservation rates of 30% and a minimum of \$100. This approach gives continued relief to the most severely affected by changes to the three rates.

1. The policy only applies to a rating unit where changes to the basis for calculation of targeted rates for Plants and Pests; Rural Fires; and Soil Conservation adopted in the 2013/14 rating year cause significant and unwelcome rates increases for a rating unit.
2. The policy only applies where there is a 6% or greater increase in the total rates payable between 2012/13 and 2013/14 for a rating unit. Eligibility for remission under this policy is considered first.
3. Each relevant targeted rate (Plants and Pests; Rural Fires; and Soil Conservation) will be assessed for remission individually.
4. To qualify for automatic remission each targeted rate must have a minimum increase of \$100 and 30% of the total for that targeted rate in 2013/14 when compared to the 2012/2013 rating year.
5. The effect of qualifying for remission will be to remit the increase in the targeted rate above the threshold of 30% (calculated using 2013/14 rates information). The rate remission will be applied as a lump sum amount to each property against Instalment 1 of the rating year for which the remission is granted.
6. No remission will be granted where the total remission for all the relevant targeted rates combined (Plants and Pests; Rural Fires; and Soil Conservation) does not exceed \$25 (GST inclusive).
7. Notwithstanding the above each individual case that does not meet the criteria above, will, on application be considered on its merits at the discretion of the Council.
8. Remission under this policy will not be considered for rating units that have changed since the 2013/14 year. For the avoidance of doubt this includes subdivision of lots or part sale of lots held in a single rating unit.

Any qualifying property will have the remission applied automatically to Instalment 1 of the rating year for which the remission is granted.

2.23 Recognising Partial Use and/or Partial Occupation of Māori Freehold Land

This remission policy allows Council to provide for portions of Māori Freehold Land Rating Units, greater than 2 hectares, which are unoccupied and unused, to be eligible for rates remission.

Policy Objective

- a. Provide rates relief to ratepayers in situations where only a portion of a Māori freehold rating unit is used and occupied and thereby:
 - i. encourage greater occupation and use of Māori freehold rating units; and
 - ii. increase the chances of securing a larger percentage of rates from affected Māori freehold land than at present;
- b. Recognise that continuing to assess rates on non-income producing Māori freehold land is counterproductive to both owners and Council; and
- c. Provide incentives for owners to develop their Māori freehold land and thereby return a higher proportion of rates assessed to Council.

This policy is to sit alongside existing Council rates remission policies relating to Māori freehold land.

Conditions and Criteria

1. This policy applies only:
 - a. to rating units whose beneficial ownership has been determined by the Māori Land Court by freehold order;
 - b. where the portion of unused or unoccupied land is greater than 2 hectares in area of the rating unit and
 - c. where a remission application has been made in writing using the appropriate Council application form.
2. The policy applies irrespective of whether the use or occupation of land is by the land owners or a third party.
3. Where remission is granted for an application that meets the criteria noted above, Council will direct its rating Valuer to create two apportionments of the applicable rating unit:
 - a. Apportionment A: The portion of the rating unit that is used/occupied; and
 - b. Apportionment B: The portion of the rating unit that is unused/unoccupied.

4. Council will determine rates to be paid by Apportionment A and Apportionment B, on the following basis:
 - a. General Rates: apportioned between Apportionment A and Apportionment B, based on the capital value of the land area.
 - b. Uniform Annual General Charge (UAGC): apportioned between Apportionment A and Apportionment B, based on land area.
 - c. Targeted Rates: Apportioned between Apportionment A and Apportionment B based on the basis used as the factor of liability for the targeted rate.
5. Where Apportionment A includes a dwelling then a UAGC will be charged as per Council's definition of a Separately Used or Inhabited Part in the Funding Impact Statement i.e. the UAGC is not apportioned.
6. Council will rate both Apportionment A and Apportionment B.
7. Council will remit the general rates and the UAGC on Apportionment B for the year in which the application for remission was made. Targeted rates will not be remitted under this Policy.
8. If any area of land on Apportionment B becomes used or occupied a new application is required under this Policy.

Land use/occupation: Includes carbon farming and apiculture activities.

- Carbon farming: Any land use in which landowners capture economic benefit from carbon sequestration.
- Apiculture: Any bee keeping activities for which economic benefit is derived to land owners from the sitting of beehives on a rating unit.
- Carbon sequestration: the natural process by which growing plants remove carbon dioxide from the atmosphere and store it in their tissues.

Review and Monitoring

- Qualification of remission will be reviewed every three years in accordance with the conditions and criteria of the policy.
- Remission will be applied annually to those properties that have applied and qualify under the policy, until the qualifying criteria is no longer met. The status of land will be continually monitored.

2.24 Recognising the Development of Māori Freehold Land

This remission policy allows Council to remit rates on Māori freehold land, on a sliding scale, where the rating unit is being developed or used by the owners or a third party and that land has previously been unused or unoccupied.

The sliding scale for remission of rates is 80% in year 1, 60% in year 2, 40% in year 3, 20% in year 4, and nil in year 5 and beyond.

Policy Objectives

The policy objective is to provide an incentive for land-owners or third parties to develop previously unused or unoccupied Māori freehold land to facilitate:

- a. financial returns for Māori freehold land owners;
- b. the economic development of the district; and
- c. the payment of rates to Council.

This policy is to sit alongside existing Council rates remission policies relating to Māori freehold land.

Conditions and Criteria

This policy applies only:

- a. To rating units whose beneficial ownership has been determined by the Māori Land Court by freehold order;
- b. Where the rating unit or apportionments of rating units have been unused or unoccupied for the two previous financial years; and
- c. Where a remission application has been made in writing using the appropriate Council Application form.

- The policy applies irrespective of whether the use or occupation of land is by the land owners or a third party.

- Where remission is granted for an application that meets the criteria under this policy, Council will remit the rates due for that rating unit or relevant apportionment of that rating unit, as follows:

- a. Year 1 – 20% payable and 80% remitted
- b. Year 2 – 40% payable and 60% remitted
- c. Year 3 – 60% payable and 40% remitted
- d. Year 4 – 80% payable and 20% remitted
- e. Year 5 – 100% payable

- The remissions will apply to the General Rates and the Uniform Annual General Charge. Remissions will not be applied to targeted rates.

Land use/occupation: Includes carbon farming and apiculture activities.

- Carbon farming: Any land use in which landowners capture economic benefit from carbon sequestration.
- Apiculture: Any bee keeping activities for which economic benefit is derived to land owners from the sitting of beehives on a rating unit.
- Carbon sequestration: the natural process by which growing plants remove carbon dioxide from the atmosphere and store it in their tissues.

Review and Monitoring

Qualification of remission will be reviewed every 3 years in accordance with the conditions and criteria of the policy.

Remission will be applied annually to those properties that have applied and qualify under the policy, until the qualifying criteria is no longer met.

2.25 Rates Postponement Policy for Māori Freehold Land

Policy Objectives

The objective of this policy is to provide for policy which is practical and recognises:

- a. The unique circumstances of Māori freehold land; and
- b. The legislative constraints on Council's ability to efficiently recover postponed rates.

Conditions and Criteria

This policy only applies to land rating units whose beneficial ownership has been determined by the Māori Land Court by freehold order.

The policy applies irrespective of whether the use or occupation of land is by the land owners or a third party.

This policy applies to all rates - General Rates, Uniform Annual General Charge and Targeted Rates.

Policy

Council's policy is that rates for Maori freehold land will not be postponed but instead will be dealt with under Council rate remission policies for Maori land.
