



Notice of Meeting

An Extraordinary Meeting of the Tararua District Council will be held in the Council Chamber, 136 Main Street, Pahiatua on **Monday 11 November 2024** commencing at **9:00am**.

Bryan Nicholson
Chief Executive

Agenda

1. **Welcome and Meeting Opening**
2. **Apologies**
3. **Reports**
- 3.1 **Deliberations on Draft Postponement Policy** **3**
4. **Closure**

Report

Date : 6 November 2024
To : Mayor and Councillors
Tararua District Council
From : Rebecca Bell
Contractor
Subject : **Deliberations on Draft Postponement Policy**
Item No : **3.1**

1. Recommendation

- 1.1 *That the report from the Contractor dated 22 October 2024 concerning the Deliberations on Draft Postponement Policy be received.*
- 1.2 *That Council note the submissions received on consultation of the Draft Postponement Policy.*
- 1.3 *That Council makes the minor amendments to the Draft Postponement Policy indicated in the tracked changes version of the Postponement Policy attached to this report.*
- 1.4 *That Management finalises the Draft Postponement Policy for adoption at an extraordinary Council meeting on 15 November 2024.*

2. Executive Summary

- 2.1 Council received 22 submissions on its draft Rates Postponement Policy (“the draft policy”).
- 2.2 Of the 22 submissions, 16 were in support of the draft policy, two were opposed to the draft policy, three did not indicate whether they supported the draft policy, and one submission was difficult to interpret.
- 2.3 As a result of submitter feedback, management has made recommendations to make minor amendments to the draft policy. These amendments do not change

the scope or intent of the policy. These amendments are outlined in Section 7 of this report.

3. Reason for the Report

3.1 The purpose of this report is to present a summary of the submission feedback on the draft policy for Council's deliberation.

4. Background

4.1 An error has been discovered in the process for recalculating direct debit payments for ratepayers receiving rates rebates.

4.2 This error affects 602 ratepayers in the Tararua District, with 281 impacted households having paid more rates than was required, and 321 impacted households having paid less than was required.

4.3 Council undertook a comprehensive communications initiative to ensure the impacted households and the wider community were informed of the error and Council's plan to address it. The communications plan followed by Council in this initial phase included:

4.3.1 Targeted engagement with the impacted ratepayers.

4.3.2 Support / drop-in clinics.

4.3.3 Engaging with individuals to determine next steps depending on outcome.

4.3.4 Clear communication with rest of ratepayers / community.

4.4 The targeted engagement with impacted ratepayers started with a hand-delivered letter drop direct to their letterboxes on 20 September 2024. This letter included information about the issue identified, details of the in-person support sessions set up by Council, and contact details for discussing the matter directly.

4.5 Credit letters were sent to 166 households. Debit letters were sent to 212 households. The remaining impacted households were removed from this project and managed via the general recalculation on the basis that the issue had already been remedied, meaning the balance brought forward was low (under \$100), and/or the variation in direct debit was low (less than \$12 per week), or the situation had otherwise been remedied e.g. the property had recently sold. These households were dealt with via the normal business as usual process.

4.6 A full page in the Bush Telegraph on Monday 23 September 2024 was dedicated to informing the community about the issue.

4.7 Council has since been working with impacted households to agree on tailored solutions for repayment, which may include a combination of the available options (see Section 5 of this report).

5. Description

- 5.1 At a Council meeting on 25 September 2024 Council decided to introduce a Rates Postponement Policy with a specific postponement provision on this matter, to assist households impacted by Council's error.
- 5.2 During its discussion on the matter and consideration of the options, Council was concerned to:
- 5.2.1 minimise the hardship caused to impacted households as a result of this error as much as possible;
 - 5.2.2 ensure equity and fairness to all ratepayers, including those not impacted by this error who have already paid the increased rates over recent years;
 - 5.2.3 act with integrity and transparency; and
 - 5.2.4 remain within the legal framework of the Local Government (Rating) Act 2002 and Local Government Act 2002.
- 5.3 Council decided that, on balance, the most equitable option for all ratepayers was to prepare a Rates Postponement Policy that responds specifically to this issue.
- 5.4 It should be noted that, regardless of Council's final decision regarding the adoption of this policy, impacted households also have two other options for addressing their arrears:
- 5.4.1.. paying off the arrears amount in full at this time, or
 - 5.4.1.. setting up a payment plan with Council to pay off their arrears over time.
- 5.5 As at the time of writing this report the number of impacted households who have taken up the different options available for addressing their arrears are as follows:

Option taken	Number of impacted households
Paid in full (resolved)	30
Payment Plan	33
Alternative payment arrangements	12
Postponement preferred	72
Work in progress	57
No contact yet	8
TOTAL	212

5.6 For completeness, the number of impacted households who have taken up the different options available for addressing their credit are as follows:

Option taken	Number of impacted households
Full refund	112
Credit to offset current rates	41
Split arrangement	4
Work in progress	4
No contact yet	4
TOTAL	165

6. Consultation

6.1 Consultation on the draft policy opened on 27 September and closed on 20 October.

6.2 Council received 22 submissions on the draft policy. Six submissions were received online and 16 were received in hard copy.

6.3 Following the close of the consultation period, a hearing was held on 5 November 2024 for those submitters who indicated they wished to speak in person to Council in relation to their submission. Four submitters spoke to their submission.

7. Summary of submissions

7.1 18 submitters were impacted by the direct debit issue and four were not personally impacted.

7.2 Of the 22 submissions, 16 were in support of the draft policy, two were opposed, three did not indicate whether they supported the draft policy, and one submission was difficult to interpret.

7.3 Summary of submissions in support

7.3.1 Of the 17 submitters who chose the “yes” option in support of the draft policy:

7.3.2 Six did not provide additional comment.

- 7.3.2.. One submitter chose the “yes” option in support of the draft policy, but their comments indicated opposition. These comments have been summarised with the Summary of submissions against, in section 8.5 below.
- 7.3.3 Three submitters supported the provision of options for impacted households to pay back the arrears.
- 7.3.4 Two of these thought a postponement policy was a positive option.
- 7.3.5 One submitter suggested that Council should go further than a postponement policy to create a policy to forgive the debts on compassionate grounds.
- 7.3.6 One felt Council should adopt a remissions policy to address this issue.
- 7.3.7 One submitter emphasised that this is public money and that it is appropriate the Council recoups the funds.
- 7.3.8 Several submitters spoke about the issue in general but did not provide comment on the pros or cons of the policy per se.
- 7.4 Management’s assessment of these submissions is that none of the comments require amendments to the draft policy.
- 7.5 **Management recommendation regarding submissions in support**
- 7.5.1 Management’s recommendation is that Council notes the suggestions raised in submissions.
- 7.6 **Summary of submissions against**
- 7.6.1 Of the submitters who chose the “no” option, indicating opposition to the draft policy:
- 7.6.2 One did not provide additional comment.
- 7.6.3 An additional submitter’s comments indicated opposition even though they chose the “yes” option.
- 7.6.4 Two submitters opposing the proposed policy suggested that the arrears should be written off by Council.
- 7.6.5 One submitter was impacted personally and one had submitted on behalf of an impacted ratepayer.
- 7.7 In their comments, those submitting against the policy raised the following concerns:
- 7.7.1 That Council’s analysis of equity and its options analysis considered all ratepayers rather than just those impacted. This was considered to be unfair to the impacted

households. As households that are eligible for the rates rebate, they are particularly vulnerable and therefore should be Council’s paramount concern.

7.7.2 Council may be burdening vulnerable ratepayers further with more bureaucracy when it comes to reaching an agreement with Council and the implementation of the postponement.

7.7.3 One submitter queried what happens if people are unable to repay once the postponement event is triggered.

7.8 Management response to submissions against

7.8.1 In summary, those submitting against the policy agreed that the policy was one option but preferred that Council implemented another (i.e. a full write off of rates). Their concerns centred around fairness, the administrative burden and the policy’s implementation. The following table sets out management’s response to these concerns.

Submitter concern	Management Response
<p>Fairness</p> <p>That Council’s analysis of equity and its options analysis considered all ratepayers rather than just those impacted. This was considered to be unfair to the impacted households. As households that are eligible for the rates rebate, they are particularly vulnerable and therefore should be Council’s paramount concern.</p>	<p>While it is acknowledged that impacted households are uniquely affected by Council’s error, a decision to write off all arrears would have an impact on all ratepayers because the loss would need to be recovered from all ratepayers.</p> <p>Council’s ability to write off rates is constrained by its obligations under the Local Government (Rating) Act 2002 (the LGRA) and Local Government Act 2002, and Council must first use all available tools to recover the arrears.</p> <p>A range of options were considered at the Council meeting on 4 September 2024 and a postponement policy was the option selected by Council.</p>
<p>Administrative burden and implementation</p> <p>Council may be burdening vulnerable ratepayers further with more bureaucracy when it comes to reaching an agreement with Council and the implementation of the postponement.</p>	<p>The draft policy provides the overarching principles and objectives of postponement as a remedy. It is not intended to provide detail about the administration and implementation of the policy.</p> <p>Those impacted who have indicated they wish to take up the option of postponement have already been consulted about the draft policy,</p>

	<p>provided with an opportunity to submit on the draft policy and have discussed their options with Council staff.</p> <p>It is not intended that there will be an onerous application process for those impacted by this issue or that there will be ongoing administration required for ratepayers.</p> <p>It is intended that the postponement agreement will be a simple template which records the amount postponed, the ratepayer's details and the date of postponement.</p> <p>It is not intended that there will be any negotiation required with the impacted ratepayers as the standard terms and conditions attached to these agreements will only be those which have been included in the policy (if adopted), i.e. the triggering events for repayment.</p> <p>Recording an agreement to postpone in this way will benefit both parties, as it will prevent any confusion regarding amounts postponed and clearly set out events that will trigger repayment.</p> <p>Once an agreement is signed, management will implement postponement and will provide the impacted ratepayer with confirmation this has been done. There will be no further information required and impacted ratepayers will not need to reapply for postponement each year.</p> <p>Repayment of the postponed balance will only be triggered in the circumstances stated in the agreement.</p> <p>It is not intended that a charge will be registered over the title of the home for those who have a postponement agreement.</p> <p>It should be noted that the</p>
--	---

	<p>postponement policies of other councils are more general than Tararua District Council's proposed postponement policy. Those policies, where annual / current rates charges are being postponed and continue to accrue, require charges to be registered as this is then applied like a reverse mortgage and at 80% of the property's value the repayment is triggered. This is not applicable in our case as we are intending to postpone a set amount of arrears, which will not increase during the postponement period.</p> <p>It is unlikely that a ratepayer will be unable to repay the arrears once repayment is triggered by a postponement event, as the amounts will not increase over this period. However, in the circumstance where there is no ability to repay the postponement amount, this will be considered on a case-by-case basis.</p>
--	---

Management recommendation regarding submissions in support

- 7.9 One of the themes which came through the submissions was the suggestion to streamline the postponement application process.
- 7.10 Management recommends that this suggestion is accepted and the need for ratepayers to apply for postponement is removed from the draft policy.
- 7.11 Management has marked up proposed minor amendments to the draft policy and recommends that the reference to the requirement to apply for rates postponement is removed from the draft policy. Management has indicated in tracked changes the proposed amendments to clause 6 and 7 (attachment 1)
- 7.12 During engagement with impacted ratepayers and their representatives, management has presented all options to the impacted households and has recorded those who have advised they would like to postpone their arrears. This can be treated as an application by those individuals. Those who are undecided will be invited to consider the postponement option.

8. Significance Assessment

- 8.1 Based on the criteria set out in Section 7 of Council’s Significance and Engagement Policy, adoption of the draft policy is not considered to be a significant decision.
- 8.2 Council acknowledges, however, that the wider issue of the recalculation error will have a significant impact on those ratepayers whose direct debit payments were not correctly recalculated, as well as on the district’s confidence in Council’s processes.

9. Conclusion

- 9.1 Submissions were largely in support of the draft policy, however some submitters wanted Council to provide a full write-off for the arrears.
- 9.2 Submitters made several suggestions for Council to consider.
- 9.3 Management has suggested some amendments to the draft policy based on submitter feedback. These amendments are noted in Section 7 of this report.

Attachments

Nil.