



Late Reports

Tararua District Council

Monday 11 November 2024

L.1	Additional Amendments to Draft Rates Postponement Policy following Legal Review	2
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Memo

Date : 7 November 2024

To : Mayor and Councillors
Tararua District Council

Copies :

From : Jessica Smith
Legal Counsel and Procurement Manager

Subject : **Draft Rates Postponement Policy – amendments for Deliberation**

- 1.1 Management have received a final legal review of the Draft Rates Postponement Policy prior to deliberations on the draft policy.
- 1.2 Minor changes are proposed by Management to section 3 (Scope and Criteria) to clearly establish entitlement to postponement for those who were not eligible for the rates rebate, but who authorised Council to apply Direct Debits against their bank account at any time in the rating years 2018/2019 to 2023/2024 and did not have their Direct Debit amount adjusted correctly, resulting in arrears balances.
- 1.3 The proposed changes are marked up in the attached document with new amendments shown in blue text.
- 1.4 The Council is able to consider these additional amendments during deliberations as they are within scope of the consultation matters.



Rates Postponement Policy



Contents

To update the Table of Contents – click in the table and either press F9 or right-click and choose Update Field and select Entire Table.

1	Purpose.....	3
2	Alignment	3
3	Scope and criteria.....	3
4	Objectives	4
5	Background.....	4
6	Implementation/Administration	5
7	Roles and Responsibilities	5
8	Related Internal Policies, Processes, and documents	5
9	References	5
10	Definitions.....	6
11	Policy Review	6

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Rates Postponement Policy Policy Sponsor: GM Corporate and Regulatory Services	Effective From: September <u>November</u> 2024 Review frequency: Annually	Page 2 of 7
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1 Purpose

This Policy sets out the eligibility criteria for applications by ratepayers to postpone the payment of rates arrears in specific circumstances. It has been developed in response to an administrative error by Council in its recalculation of direct debit payments for ratepayers who typically are in receipt of rates rebates. The purpose of this Policy is to provide a remedy for those impacted ratepayers to reduce potential financial hardship directly caused by Council's error.

The Policy's specific eligibility criteria, objectives and administrative details are set out below.

2 Alignment

Tararua District Council's principle in establishing remission or postponement policies is to provide rates relief in certain situations, to support either the fairness and equity of the rating system or the overall wellbeing of the community.

Tararua District Council is committed to transparency and integrity in its dealings with its ratepayers and communities.

This Policy sets out our commitment to the impacted ratepayers to support their wellbeing by providing a remedy to reduce potential financial hardship.

Our aim is to improve our community's confidence in Council being guided by our values of Pono, Whanake and Whanaungatanga, and encourage our community to engage with us. We want to do this by:

Our Values:

Pono – integrity through transparency, trust and accountability. Integrity through standing up for what is right.

Whanake – continue to evolve.

Whanaungatanga – relationship, kinship, working together.

3 Scope and criteria

This Policy ~~has limited application. It~~ applies to a limited group number of impacted ratepayers; those who: authorised Council to apply Direct Debits against their bank account at any time in the rating years 2018/2019 to 2023/24 and were typically (but not exclusively) in receipt of or were eligible to receive a rates rebate under the Rates Rebate Act 1973 during this period.

The Criteria for eligibility are:

~~— Were typically in receipt of or were eligible to receive a rates rebate under the Rates Rebate Act 1973 at any time during the rating years 2018/2019 to 2023/2024; and~~

Rates Postponement Policy Policy Sponsor: GM Corporate and Regulatory Services	Effective From: September <u>November</u> 2024 Review frequency: Annually	Page 3 of 7
---	---	-------------



- ~~Authorised~~ The ratepayer authorised Council to apply Direct Debits against their bank account at any time during ~~this period~~ the rating years 2018/19 to 2023/2024; and
- Relied on Council to adjust their direct debit payment amounts during this period; and
- Did not have their direct debit amount adjusted correctly during this period; and
- As a direct result of Council error in setting the direct debit amount, have an outstanding rates arrears balance as of 30 June 2024.

Ratepayers who meet all of the criteria above will be eligible to apply for full or partial postponement of rates arrears which are a direct result of Council's error.

This Policy does not provide for postponement of rates more generally, and ratepayers who do not meet all of the criteria above will not be eligible to apply for postponement of their rates or rates arrears.

4 Objectives

The objectives of developing this Policy are to:

- provide assistance to ratepayers impacted by a systemic Council error in failing to recalculate the direct debits over several years which has resulted in rates arrears as at 1 July 2024.
- provide a remedy for the impacted ratepayers to enter an agreement to fully or partially postpone their rates arrears to a specified date or event.
- reduce potential financial hardship caused by Council's error in recalculating direct debits for the impacted ratepayers, in providing an alternative payment option.
- provide Council with a further tool to allow Council to work with individuals on a one on one basis to reduce their immediate financial concerns.
- provide that no interest or penalties will be charged on the arrears postponed.

5 Background

Tararua District Council has discovered an error in its process for calculating rates for some of its ratepayers. The impacted ratepayers are typically those who were eligible for a rates rebate, paid their rates using direct debit between 2018 and 2024, and Council did not correctly adjust their direct debit payment amounts during this period.

This error has led to a small group of impacted ratepayers accumulating rates arrears through no fault of their own.

The arrears amounts do not include any penalties or interest, as this has not been charged during this period.

After careful consideration, Council has resolved to develop this Rates Postponement Policy in response to its error, to provide impacted ratepayers with another option for addressing their arrears.

Postponement is just one of the tools that Council can use within the framework of the Local Government Act 2002 and Local Government (Rating) Act 2002 to assist the impacted ratepayers.

This Policy allows impacted ratepayers to apply to Council to have part or all of their rates arrears postponed to a future date or event, without any penalties or interest accumulating.

Rates Postponement Policy Policy Sponsor: GM Corporate and Regulatory Services	Effective From: September <u>November</u> 2024 Review frequency: Annually	Page 4 of 7
---	--	-------------



6 Implementation/Administration

1. Ratepayers who meet all of the eligibility criteria set out at paragraph 3 may ~~apply to Council for elect to~~ postpone ~~ment of~~ their rates arrears at any time after this Policy is adopted.
2. ~~On application by an impacted ratepayer ("the applicant"),~~ Council ~~must will~~ work with the ~~applicant impacted ratepayer~~ to prepare and sign an ~~individual~~ agreement setting out the amount of arrears postponed. ~~Council will advise the applicant of their right to get legal or other advice prior to signing this agreement.~~
3. 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 scheme.
4. Any postponed rates will remain a charge on the property and will become payable on the occurrence of the following (whichever comes soonest):
 - a) the ratepayer/s cease/s to be the owner or occupier of the Rating Unit; or
 - b) the ratepayer/s cease/s to use the property solely as his/her residence; or
 - c) the postponed rates are 80% of the available equity in the property; or
 - d) the death of the ratepayer(s);
5. When ~~an application for postponement is approved~~ ~~agreed~~, the following provisions will apply:
 - a) postponement will first apply in the year a completed application is received.
 - b) the amount of rates postponed will not incur interest or penalty charges during the period of postponement.
6. All or part of the postponed rates may be paid at any time.

7 Roles and Responsibilities

The Mayor and Councillors will be responsible for approval of this Policy.

Administration of this Policy will be the responsibility of the Revenue team, with appropriate escalation for approvals.

~~Applications on prescribed form are to be made to the Revenue team.~~

~~Applications will be reviewed and negotiated by the Revenue team.~~

~~Approval of individual postponement agreements will be given by the Chief Executive or Group Manager Corporate and Regulatory Services.~~

8 Related Internal Policies, Processes, and documents

Revenue and Financing Policy 2024

9 References

This Policy is adopted under sections 102(3)(b) and 110 of the Local Government Act 2002.

Rates Postponement Policy Policy Sponsor: GM Corporate and Regulatory Services	Effective From: September <u>November</u> 2024 Review frequency: Annually	Page 5 of 7
---	--	-------------



10 Definitions

1. **Rates arrears** – outstanding or unpaid amounts of rates that are owing or overdue. In this instance, this refers to rates arrears accumulated in the period 2018/2019 to 2023/2024.
2. **Rates Rebate** – a partial discount on a rates bill made under the Rates Rebate Act 1973.
3. **Direct Debit** – a regular payment that is approved by the bank account holder but set up and controlled by the business or organisation being paid (in this case, Council).
4. **Postponement** – deferring payment of rates arrears by agreement with Council until a specified event.
5. **Rating unit** - the land comprised in the record of title.

11 Policy Review

This Policy will be reviewed internally on an annual basis.

At least once every six (6) years, this Policy will be reviewed using a consultation process that gives effect to the requirements of section 82 of the Local Government Act 2002, as required by section 110 (2A) Local Government Act 2002. The Policy may be revoked following this review if no longer required.

Rates Postponement Policy Policy Sponsor: GM Corporate and Regulatory Services	Effective From: September <u>November</u> 2024 Review frequency: Annually	Page 6 of 7
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