



Notice of Meeting

An Extraordinary Meeting of the Tararua District Council will be held in the Council Chamber, 136 Main Street, Pahiatua on **Friday 15 November 2024** commencing at **1:00pm**.

Bryan Nicholson
Chief Executive

Agenda

1. **Welcome and Meeting Opening**
2. **Apologies**
3. **Reports**
- 3.1 **Adoption of Rates Postponement Policy** **3**
4. **Closure**



Report

Date : 12 November 2024
To : Mayor and Councillors
Tararua District Council
From : Rebecca Bell
Contractor
Subject : **Adoption of Rates Postponement Policy**
Item No : **3.1**

1. Recommendation

- 1.1 *That the report from the Contractor dated 11 November 2024 concerning the Adoption of Rates Postponement Policy be received.*
- 1.2 *That Council adopts the Rates Postponement Policy.*

2. Reason for the Report

- 2.1 The purpose of this report is to present for adoption the Rates Postponement Policy.

3. Background

- 3.1 An error has been discovered in the process for recalculating direct debit payments for ratepayers receiving rates rebates.
- 3.2 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.
- 3.3 On 20 September 2024, letters were delivered to impacted households informing them of the error.

- 3.3.1 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.
- 3.4 Council has since been working with impacted households to agree on tailored solutions for repayment, which may include a combination of the available options.
- 3.5 For those households in arrears, the three options for repayment are;
- 3.5.1 paying off the arrears amount in full at this time, or
- 3.5.2 setting up a payment plan with Council to pay off their arrears over time.
- 3.5.3 Postponing the arrears to a future date. This option requires Council to have a Postponement Policy in place.
- 3.6 **Draft Rates Postponement Policy**
- 3.7 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.
- 3.8 Section 102(4)(a) of the Local Government Act requires that Council must consult with its community before adopting a postponement policy.
- 3.9 Public consultation on the draft policy opened on 27 September and closed on 20 October.
- 3.10 Council received 22 submissions on the draft policy. 16 were in support, two were opposed, three did not indicate whether they supported the draft policy, and one submission was difficult to interpret.
- 3.11 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.
- 3.12 On 11 November 2024, Council deliberated on the draft policy, taking into account the submission feedback.
- 3.13 In response to concerns raised by one submitter, Council approved a minor amendment to the draft policy removing the requirement for ratepayers who meet the eligibility criteria to apply for the postponement of the arrears (discussed below).

4. Description

- 4.1 One submitter was concerned that the requirement in the draft policy for impacted ratepayers to formally apply for postponement of arrears may increase the burden of Council's error on already vulnerable people.
 - 4.1.1 Council agreed that references to the requirement to complete an application form or apply to Council for postponement of arrears could be removed from the policy on the basis that this was no longer required, as those impacted by Council's error have been identified and contacted, and most impacted ratepayers have already indicated to Council their preferred option for dealing with the arrears.
 - 4.1.1.. During our individual engagement with impacted ratepayers, more than 70 people indicated that postponement is their preferred option. To streamline the process, rather than requiring these ratepayers to apply for postponement if Council adopts the policy, management will write to them and provide them with draft postponement agreements to review and confirm once the policy is operational.
 - 4.1.1.. Those ratepayers who have not yet indicated their preferred option will be invited to consider postponement if the policy is adopted.
- 4.2 Additionally, prior to Council's deliberation, the policy underwent final legal review. As a result, minor changes to the policy were presented to Council to clearly establish entitlement to postponement for those who were not eligible for rates rebates, 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.
- 4.3 These changes involved minor re-wording of section 3 (Scope and Criteria).
- 4.4 Council accepted the proposed changes and directed management to finalise the policy for adoption on Friday 15 November 2024.
- 4.5 Management has finalised the policy as directed, and it is now presented to Council for adoption.

5. Significance Assessment

- 5.1 Based on the criteria set out in Section 7 of Council's Significance and Engagement Policy, adoption of the postponement policy is not considered to be a significant decision.
- 5.2 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.

6. Conclusion

- 6.1 During deliberations, Council approved the minor amendments made to the draft Rates Postponement Policy and directed management to finalise the policy for adoption. The final draft of the policy is now presented to Council for adoption.

Attachments

- 1 [↓](#). FINAL DRAFT Policy for adoption - Rates Postponement Policy



Rates Postponement Policy



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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 applies to a limited 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:

- The ratepayer authorised Council to apply Direct Debits against their bank account at any time during the rating years 2018/19 to 2023/2024; and
- Relied on Council to adjust their direct debit payment amounts during this period; and

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- 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.

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6 Implementation/Administration

1. Ratepayers who meet all of the eligibility criteria set out at paragraph 3 may elect to postpone their rates arrears at any time after this Policy is adopted.
2. Council will work with the impacted ratepayer to prepare and sign an agreement setting out the amount of arrears postponed.
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 postponement is 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.

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.

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).

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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.

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