

# Rates Remission Policy

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## Objective of the policy

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.

### Remission 1: Not-for-profit community-based organisations

#### Objective

Certain types of land use are classified as “non-rateable” under Section 8 of the Local Government (Rating) Act 2002, including schools, churches, and land used for some conservation or recreational purposes. Such land may be either fully or 50% “non-rateable”, although any rates specifically for the purpose of water supply, sewage, and refuse collection must still be charged.

The objective of this remission is to provide rates relief to Christchurch community-based organisations (including some that may be classified as non-rateable under section 8), to support the benefit they provide to the wellbeing of the Christchurch district.

#### Conditions and criteria

For not-for-profit community-based organisations which the Council considers deliver a predominant community benefit:

- Where the organisation occupies Council land under lease, up to 100% remission of all rates (except targeted rates for excess

water and waste minimisation).

- Where the organisation occupies other land:
  - Up to 100% remission on general rates (including the uniform annual general charge),
  - Up to 50% remission (of the rates that would be payable if they were fully rateable) on targeted rates for standard water supply, sewerage, and land drainage,

Applications for this remission must be in writing. The extent of remission (if any) shall be determined at the absolute discretion of the Council, and may be phased in over several years.

The Council reserves the right to require annual applications to renew the remission, or to require certification from the applicant that the property is still eligible for the remission. Any residual rates payable must be paid in full for the remission to continue.

#### Remission applies to

Any community-based not-for-profit organisation whose activities, in the opinion of the Council, provide significant public good as a result of its occupation of the property.

The remission may (at Council’s absolute discretion) include property over which a liquor licence is held, provided this is incidental to the primary purpose of occupancy. This inclusion may also apply to those organisations classified as “non-rateable” under Section 8 of the Local Government (Rating) Act 2002.

The remission is not available to property owned or used by chartered clubs, political parties, trade unions (and associated entities), dog or horse racing clubs, or any other entity where the benefits are restricted to a class or group of persons and not to the public generally.

Any remission will only apply to the portion of the property used for the purpose for which the remission is granted.

## Remission 2: Land owned or used by the Council for community benefit

### Objective

To support facilities providing benefit to the community, by remitting rates.

### Conditions and criteria

The Council may remit all rates (other than targeted rates for excess water supply and water supply fire connection) on land owned by or used by the Council and which is used for:

- Those activities listed in Schedule 1 Part 1 clause 4 of the Local Government (Rating) Act 2002 (including parks, libraries, halls, and similar),
- Rental housing provided within the Council's Social Housing activity, and
- Any other community benefit use (excluding infrastructural asset rating units).

## Remission 3: Rates - Late payment and arrears penalties

### Objective

Council charges penalties for late payment of rates and for rates arrears, in accordance with sections 57 & 58 of the Local Government (Rating) Act 2002.

The objective of this remission is to enable such penalties to be waived where it is fair and equitable to do so, and to encourage

ratepayers to clear arrears and keep their payments up to date.

A further objective of this remission is to allow the Council to provide rates payment extensions for ratepayers experiencing financial hardship arising from the COVID-19 pandemic so that ratepayers have sufficient time to rearrange their financial affairs.

### Conditions and criteria

Council will consider remitting late payment penalties in the following four circumstances:

- *One-off ratepayer error* (including timing differences arising from payments via regular bank transactions).
  - This may only be applied once in any two-year period.
  - Only penalties applied within the past twelve months may be remitted.
  - Applications must state the reason for late payment, and deliberate non-payment will not qualify for remission.
  - Applications must generally be in writing, although staff may waive this requirement if they are satisfied that the full details of the application are recorded.
  - Payment of all outstanding rates (other than the penalties to be remitted) is required prior to the remission being granted.
- *Inability to pay* (including sickness, death,

financial hardship, or other circumstances where it is considered fair and equitable for the remission to be applied):

- Penalties imposed in the last two-year period may be remitted, where this would facilitate immediate payment of all outstanding rates (remission of penalties over a longer time period may be considered, if the amount of arrears is large).
- Where an acceptable arrangement to pay arrears and future rates over an agreed time period is to be implemented, then any penalties that would otherwise have been imposed over this time period may be remitted.
- Applications must generally be in writing, although staff may waive this requirement if they are satisfied that the full details of the application are recorded.
- *Financial hardship arising from COVID-19 pandemic:*
  - Late payment penalties and arrears penalties may be remitted from 1 July 2020 to 30 June 2022, in full or in part, to provide rates payment extensions for instalments of 2020/21 rates where the ratepayer is experiencing financial hardship due to the COVID-19 pandemic.
  - Applications for 2020/21 COVID-19 rates payment extensions must be

made using the Council's on-line form. Applications will be open to residents, businesses, farms and not-for-profits.

- Payment extensions may be applied to up to \$20,000 of rates, including GST and Ecan rates.
- Financial hardship will be assessed as a 30% fall in income measured over a period of at least three months, compared with a similar period prior to the impact of the pandemic.
- Payment extensions will be granted only after the ratepayer has applied for other available sources of assistance, including from central government and banks.
- The remission is available only where the applying ratepayer owned the property prior to 26 March 2020.
- For residential properties, the remission is available only where at least one ratepayer is a NZ citizen, permanent resident, or lives in Christchurch.
- For businesses and not-for-profits, the remission is available only where employees (if any) were working in New Zealand prior to 26 March 2020.
- The Council will agree on a payment plan for each successful applicant specifying the new payment dates for 2020/21 rates for that ratepayer. The

payment plan will ensure that the 2020/21 rates are paid in full by 30 June 2022.

- If the ratepayer fails to comply with the payment plan, then there will be no further remission of late payment penalties and arrears penalties.
- *Full year payment* (i.e. where the ratepayer pays the financial year's rates in full, rather than in instalments):
  - Late penalties on the current year's Instalment 1 rates invoice will be remitted if current-year rates are paid in full by the due date for Instalment 2.

#### **Remission 4: Contiguous parcels of land**

##### **Objective**

Council charges a Uniform Annual General Charge (UAGC) as part of its general rates.

The objective of this remission is to waive the UAGC where doing so supports the purpose of the UAGC as set out in Council's Rating Policy.

##### **Conditions and criteria**

Council will consider remitting the UAGC rate where:

- Parcels of land under different ownership are contiguous (i.e. sharing a boundary and in common usage, such that they should reasonably be treated as a single unit); OR
- It has been determined that a building

consent will not be issued for the primary use of the land under the City Plan.

##### **Remission applies to**

All rating units.

#### **Remission 5: Residential pressure wastewater system electricity costs**

##### **Objective**

Following the 2010 and 2011 earthquakes, some gravity-fed wastewater disposal systems are being replaced by low pressure pump systems. This generally requires the pump to be connected to the electricity supply of the particular house that it serves.

The objective of this remission is to compensate affected homeowners for the additional electricity cost an average household has to pay to operate the new system.

##### **Conditions and criteria**

Affected ratepayers will receive a general rates remission equal to an amount determined by Council each year. The Council will make an effort to match this amount to the estimated annual electricity supply charges likely to be paid that year to operate the system.

The remission reflects the estimated annual cost for an average household and therefore only provides general compensation, not compensation reflecting the exact amount of the electricity charge actually paid by the homeowner.

Council's expectation is that where tenants pay for electricity, landlords will pass on the benefit of the remission to their tenants.

Any change to this remission policy must be the subject of consultation with affected residents prior to any decision being made.

For 2020/21, the remission is set at \$26.00 + GST per annum.

### **Remission applies to**

All affected residential properties where the new low pressure pumps are connected to the household electricity supply as a result of Council's earthquake recovery work, but excluding any property:

- With a pump owned and installed by a property owner prior to 1 July 2013,
- That requires a pressure sewer system as part of a subdivision of land that occurred after 1 July 2013,
- That was vacant land prior to 4 September 2010, or
- That is sold after 30 June 2018

### **Remission 6: Earthquake-affected properties**

#### **Objective**

The objective of this remission is to provide rates relief to those ratepayers most affected by the earthquakes, whilst acknowledging that any such support is effectively paid for by those ratepayers less affected.

#### **Conditions and criteria**

Rates may be remitted for residential and "non-rateable" units unable to be occupied as a direct result of earthquake damage (i.e. the remission will not apply to houses vacated for the purpose of effecting earthquake repair).

The amount remitted will be equal to the amount of rates charged on the value of Improvements (i.e. rates will effectively be charged on Land Value only, as if the building had been demolished).

This remission shall NOT apply to properties sold after 30 June 2018, and will cease once the property becomes inhabited or inhabitable.

This remission also shall NOT apply where insurance claims on the property have been settled with the relevant insurance company.

Any new applications must be in writing, and any new remissions granted will not be back-dated prior to 1 July 2018. The Council may seek assurance or evidence from time to time that properties receiving these remissions remain eligible.

### **Remission applies to**

All rating units.

### **Remission 7: Excess Water Charges**

#### **Objective**

The Council considers that it is the ratepayer's responsibility to ensure the integrity of water reticulation systems within their boundary. Therefore the Council expects that, in general, excess water rates must be paid in full by the ratepayer. However, the Council recognises that in some limited instances it is unreasonable to collect the full amount of excess water charges payable by a ratepayer.

The objective of this remission is to waive the payment of excess water supply rates where it is fair and equitable to do so.

#### **Conditions and criteria**

Council may consider remitting up to 100% of excess water rates when the ratepayer could not reasonably have been expected to know that a leak within their boundary has resulted in unusually high water consumption.

#### **Remission applies to:**

All ratepayers liable for excess water rates.

## **Remission 8: Other remissions deemed fair and equitable**

### **Objective**

To recognise that the Council's policies for rates remission cannot contemplate all possible situations where it may be appropriate to remit rates.

### **Conditions and criteria**

The Council may, by specific resolution, remit any rate or rates penalty when it considers it fair and equitable to do so.