

Grey District Council Rates Postponement Policy

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1. Purpose

The Rates Postponement Policy is to allow for postponements, in terms of sections 108 and 109 of the Local Government Act 2002.

2. Objective

To assist owner-occupiers of property to continue living in their home or operating from their commercial premises when they do not have the financial capacity to pay their rates or where the payment of rates would create financial hardship.

3. Statutory Requirements

Section 102(3)(b) of the Local Government Act 2002 states that the Council may adopt a Rates Postponement Policy.

Section 110 of the Local Government Act 2002 states what the policy must contain.

Section 115 of the Local Government (Rating) Act 2002 allows the Council to postpone all or part of the rates on a rating unit if it has adopted a postponement policy, the ratepayer has applied in writing for a postponement and Council is satisfied that the conditions and criteria in the policy are met.

Section 110(2A) of the Local Government Act 2002 states that any rates postponement policy must be reviewed at least once every 6 years using a consultation process that gives effect to the requirements of section 82 of the Local Government Act 2002.

4. Postponement Statement

Up to 100% of rates may be postponed for a period determined by the Council where the ratepayer is experiencing financial hardship.

5. Conditions and Criteria

The postponement applies to any land owned and occupied by the ratepayer as their primary private residence or as a commercial property owned by the ratepayer, and the ratepayer can demonstrate:

- a) they do not have the financial capacity to pay their rates; or
- b) the payment of rates would create financial hardship. Written applications and a declaration of eligibility will be required for all postponements.

Applications for postponement will be considered on their individual merits. Rates penalties will not be applied or will be remitted for any rates that have been postponed.

The postponement will continue to apply until:

- a) the ratepayer ceases to be the owner or occupier of the rating unit; or
- b) the ratepayer ceases to use the property as their primary private residence; or
- c) the ratepayer recovers the ability to pay, or
- d) until a date specified by the Council at the time of granting the postponement; whichever is the sooner.

Only the person entered as the ratepayer, or their authorised agent, may make an application for rates postponement for extreme financial circumstances. The ratepayer must be the current owner of and have owned the property for not less than 3 years, applications where ownership is less than three years will be considered provided a good rates payment history prior the purchasing of the property can be proven.

Council will consider, on a case by case basis, all applications received that meet the criteria described under this section. Council will delegate authority to approve applications for rates postponement to Council officers.

Even if rates are postponed, as a general rule the ratepayer will be expected to pay the first \$1,000 of the rates account.

The policy will apply from the beginning of the year in which the application was made although council may consider backdating prior to this depending on circumstances.

6. Postponement – General Issues

Postponed rates will be registered as a statutory land charge on the rating unit title. This means that the Council will have first call on proceeds of any revenue from the sale or lease of the rating unit. The charge will remain against the property and must be paid either when the property ceases to be the place of residence or commercial business of the applicant or the criteria no longer apply.

Postponed rates may include rate arrears owing from previous financial years. A fee (effectively interest) will be charged annually where rates have been postponed.

This fee will be calculated at the end of each rating year on the accrued rates postponed (including any fees outstanding) at the beginning of that financial year. The fee will be based on the Council's estimated cost of borrowing as published in the Annual Plan.

SCHEDULE 1 – Relevant Legislation, References, Policy Documents

- Local Government Act 2002
- Local Government (Rating) Act 2002
- Grey District Council Rating Policies