

RELEASE OF INFORMATION

The attached decision/information was previously included in a confidential agenda/minutes for the Tasman District Council meeting on 27 April 2023.

The reasons for withholding the information no longer apply, the information is therefore being made publicly available.

Moved Councillor Dowler/Councillor Daikee

CN23-04-11

That the Tasman District Council receives the Huia Rugby Club Grant report RCN23-04-8; and

- 1. approves a grant of circa \$880 for 2022/23 and circa \$880 + rates increase for 2023/24 to the Huia Rugby Football Club for the purposes of paying the increased rates requirement from the correction in rating treatment caused through a previous Council error; and**
- 2. approves the grant in 1 above being funded from the special grants budget in the 2022/23 year and again in 2023/24 year; and**
- 3. agrees that the decision and report be made publicly available once the grant process is finalised.**

CARRIED

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9.2 HUIA RUGBY CLUB GRANT - CONFIDENTIAL**Decision Required**

Report To:	Tasman District Council
Meeting Date:	27 April 2023
Report Author:	Margie French, Senior Revenue Accountant
Report Number:	RCN23-04-8

This report is confidential in accordance with the Local Government Official Information and Meetings Act 1987 (s7(2)(a)) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.

1 Summary

- 1.1 A review of properties in our rating database has revealed that we are currently incorrectly rating the strip of land adjacent to 186 High Street, Motueka. 186 High Street is owned by Huia Rugby Football Club Incorporated, and they have a long-term lease on the adjacent property. The Huia Rugby Football Club is, therefore, being under-rated by circa \$880pa.
- 1.2 Previously the lease portion of land has been rated as contiguous (as if both properties are owned by the same people/entity and used for the same purpose) to Huia Rugby Football Club's own property. Contiguous properties only pay rates based on land and capital value and service rates.
- 1.3 The Local Government (Rating) Act 2002 is a taxing act and, therefore, very prescriptive. The Council has no discretion in applying the provisions in the Act. Section 20 of the Act states that to qualify for contiguous rating treatment the property ownership must be the same. It's not sufficient that the ratepayer is the same for both properties. This leased property, therefore, does not qualify under the act for contiguous rating treatment.
- 1.4 There are no rates remission policies that the Council currently has that could apply in these circumstances.
- 1.5 To offset the additional costs, this report recommends that the Council give Huia Rugby Football Club Incorporated a grant equivalent to the increased financial burden for the 2022/23 and 2023/24 rating years.

2 Draft Resolution

That the Tasman District Council receives the Huia Rugby Club Grant report RCN23-04-8; and

- 1. approves a grant of circa \$880 for 2022/23 and circa \$880 + rates increase for 2023/24 to the Huia Rugby Football Club for the purposes of paying the increased rates**

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requirement from the correction in rating treatment caused through a previous Council error; and

2. approves the grant in 1 above being funded from the special grants budget in the 2022/23 year and again in 2023/24 year; and
3. agrees that the decision and report be made publicly available once the grant process is finalised.

PREVIEW

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3 Purpose of the Report

3.1 The Council is asked to consider giving Huia Rugby Football Club Incorporated a grant that would cover the increased rating burden on their organisation through the correction of the rating treatment of their leased property.

4 Background and Discussion

4.1 As part of our ongoing programme of checks, a review of properties treated as contiguous in our rating database was undertaken in late 2022. During this review, staff established that the Council is currently incorrectly rating the strip of land adjacent to 186 High Street, Motueka. 186 High Street is owned by Huia Rugby Football Club Incorporated, and they have a long-term lease on the adjacent property shown in blue below.



4.2 The Council is only able to legally remit rates where the Council has a rates remission policy in place. There are no remission policies that the Council currently has that could apply in these circumstances.

4.3 The Council does not backdate the correction of the error but has no option other than to correct this historical rating error in the current financial year (effective from 1 July 2022.)

5 Options

5.1 The options are outlined in the following table.

	Option	Advantage	Disadvantage
1.	Do nothing	<ul style="list-style-type: none"> No cost to the Council 	<ul style="list-style-type: none"> Huia Rugby Football Club will need to start paying full rates on their leased portion that could create financial hardship

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2.	Give an offsetting grant funded from the community grants' budget.	<ul style="list-style-type: none"> • Gives the Council time to consider whether a remission policy to cover this rare circumstance is appropriate. • Gives Huia Rugby Football Club time to incorporate the increased costs into their budget. 	<ul style="list-style-type: none"> • Minor cost to the Council • Could be deemed unfair to another community organisations who pay their full rates. • Reduces the overall grant funding available for other groups
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5.2 Option 2 is recommended.

6 Strategy and Risks

- 6.1 There could be a potential reputational risk if the immediate impact on the Huia Rugby Football Club results in the Club speaking out about the perceived unfairness of the outcome.
- 6.2 A decision not to correct the incorrect rating assessment would see the Council breach the provisions of the Local Government (Rating) Act 2002.
- 6.3 The decision to provide a one-off grant to the Club to cover the 2022/23 and the 2023/24 years is considered an appropriate strategy to allow a longer-term decision and for the Club to adjust to the increased rates charges.

7 Policy / Legal Requirements / Plan

- 7.1 The Local Government (Rating) Act 2002 has provisions in Section 41 covering amended assessments if an error in rating information database or rates record is corrected.
- 7.2 Section 41 (3) of the Act provides that if the amended rates assessment is for an amount of rates that is more than the amount originally assessed and is issued in the same financial year, and to the same person, as the original assessment, that person is liable to pay the amount of the excess rates.
- 7.3 Once the Council becomes aware of an error in the rating information database it is required to correct the error and address the over or underpayment of rates.
- 7.4 The Local Government (Rating) Act 2002 is a tax act is very prescriptive. Under the Act 2002, the Council is only able to legally remit rates where the Council has a rates remission policy in place. There are no remission policies that the Council currently has that could apply in these circumstances.

8 Consideration of Financial or Budgetary Implications

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- 8.1 It is proposed that this additional grant is funded from the Council budget for the special grants fund. That will have a minor impact on the availability of funds for other community organisations. The financial impact of approximately \$880pa will occur in the 2022/23 and the 2023/24 financial years.

9 Significance and Engagement

- 9.1 It is considered that this decision is of low significance and no consultation is necessary. Councillors can use their knowledge of the views and preferences of the community in making their decision.

	Issue	Level of Significance	Explanation of Assessment
1.	Is there a high level of public interest, or is decision likely to be controversial?	Low	Small amount of funding, not dissimilar to other community grants
2.	Are there impacts on the social, economic, environmental or cultural aspects of well-being of the community in the present or future?	Low	Huia Rugby Football Club provide a service to the community, and the grant gives them time to arrange additional funding to cover the additional rates burden
3.	Is there a significant impact arising from duration of the effects from the decision?	Low	Grant offered for two years to give time to consider options and advise Huia Rugby Football Club of the change in rating treatment of their leased property.
4.	Does this activity contribute or detract from one of the goals in the Tasman Climate Action Plan 2019?	Low	No impact
5.	Does the decision relate to a strategic asset? (refer Significance and Engagement Policy for list of strategic assets)	Low	Does not apply
6.	Does the decision create a substantial change in the level of service provided by Council?	Low	No impact
7.	Does the proposal, activity or decision substantially affect debt, rates or	Low	Will be covered within existing budgets

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	Issue	Level of Significance	Explanation of Assessment
	Council finances in any one year or more of the LTP?		
8.	Does the decision involve the sale of a substantial proportion or controlling interest in a CCO or CCTO?	Low	No impact
9.	Does the proposal or decision involve entry into a private sector partnership or contract to carry out the deliver on any Council group of activities?	Low	Does not apply
10	Does the proposal or decision involve Council exiting from or entering into a group of activities?	Low	Does not apply
11	Does the proposal require inclusion of Māori in the decision making process (consistent with s81 of the LGA)?	Low	Does not apply

10 Conclusion

10.1 The recommendation is that the Council approves a grant of circa \$880pa for two financial years to Huia Rugby Football Club to give the organisation time to adjust their funding requirements and budgets to the changed circumstances arising from the correction to the rating treatment of their leased property.

11 Next Steps / Timeline

11.1 If the recommendation is followed, staff will advise Huia Rugby Football Club of their changed rating situation and that a grant has been approved to offset the additional costs for the 2022/23 and 2023/24 rating years.

12 Attachments

Nil