

Report No:	RCN11-12-04
File No:	A506
Date:	6 December 2011
Decision Required	

REPORT SUMMARY

Report to: Full Council
Meeting Date: 15 December 2011
Report Author Susan Edwards, Strategic Development Manager
Subject: Long Term Plan Rating Remission and Postponement Policies

EXECUTIVE SUMMARY

The Local Government Act 2002 (LGA) provides Council with the powers to adopt a rates remission policy and/or a rates postponement policy. It also requires Council to adopt a policy on the remission and postponement of rates of Māori freehold land. These policies are included in the Long Term Plan for public consultation.

One change is proposed to these policies, compared to the 2009-2019 Ten Year Plan, and that is increasing the limit where rates are not collected for uneconomic rating units from \$10 to \$30.

RECOMMENDATION/S

That the proposed policies be adopted for inclusion in the Draft Long Term Plan 2012–2022.

DRAFT RESOLUTION

That the Tasman District Council approve the following policies as attached in Appendix 1, for inclusion in the Draft Long Term Plan 2012 -2022.

- a) **Policy on Remissions for Sporting, Recreation or Community Organisations**
- b) **Policy on Remission of Rates on Land Protected for Natural Conservation Purposes**
- c) **Policy on School Wastewater Charges**
- d) **Policy on Remission of Excess Metered Water Rates**
- e) **Policy on Penalty Remissions**
- f) **Policy on Remission of Uniform Charges on Non-Contiguous Rating Units Owned by the Same Ratepayer**
- g) **Policy on Uneconomic Balances**
- h) **Policy on Rate Relief for Māori Freehold Land**
- i) **Policy for Payment of Rates for Subsequent Financial Years**

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1. PURPOSE

1.1 To seek Council approval of the following policies for inclusion in the Draft Long Term Plan 2012-2022 (LTP):

- a) Policy on Remissions for Sporting, Recreation or Community Organisations
- b) Policy on Remission of Rates on Land Protected for Natural Conservation Purposes
- c) Policy on School Wastewater Charges
- d) Policy on Remission of Excess Metered Water Rates
- e) Policy on Penalty Remissions
- f) Policy on Remission of Uniform Charges on Non-Contiguous Rating Units Owned by the Same Ratepayer
- g) Policy on Uneconomic Balances
- h) Policy on Rate Relief for Māori Freehold Land
- i) Policy for Payment of Rates for Subsequent Financial Years

2. LEGISLATIVE BACKGROUND

2.1 Section 102(3) of the Local Government Act 2002 (LGA) provides Council with the powers to adopt a rates remission policy and/or a rates postponement policy. Sections 109 and 110 set out the criteria for these policies and the review process.

2.2 Section 102(3)(e) of the LGA requires Council to adopt a policy on the remission and postponement of rates of Māori freehold land. Section 108 sets out the criteria of this policy.

2.3 Note section 107 of the LGA, requiring that Councils adopt a policy on Partnerships with the Private Sector has been repealed and accordingly is not proposed to be included in the Draft LTP.

3. FINANCIAL CONSIDERATIONS

- 3.1 The amount of rates remissions is collected from other ratepayers. This is budgeted for within the LTP.
- 3.2 There is a minor financial impact on the proposed changes to Uneconomic Balances policy.

4. OPTIONS

- 4.1 As noted in paragraph 2.2 Council must adopt a policy on remission and postponement of rates on Māori land.
- 4.2 Council can reaffirm, amend, add or delete any of the other remission or postponement policies.
- 4.3 Policy on Uneconomic Balances:

Council' existing Policy is to not collect rates from rating units where the total annual rates is \$10 or less, excluding metered water rates.

There are currently five properties that meet this criteria, with total rates of \$12 forgone. It is proposed that the \$10 limit be increased to \$30. This would increase the number of rating units where rates are not collected to 31 and the total amount not collected to \$530.

Options

- 1 Retain the current \$10 limit. This would result in Council collecting rates from rating units where the amount collected is likely to be less than the costs of collecting the rates. This option is not recommended.
- 2 Increase the limit to \$30. This would increase the amount of rates not collected, but would be closer to the economic costs of collecting the rates. This option is recommended.
- 3 Change the limit to another figure. The impact of this option would depend on whether the limit was increased or decreased. This option is not recommended.

- 4.4 No changes to other policies are proposed as they are considered to be meeting their objectives. The public and organisations have the opportunity to suggest changes as part of the consultation process for the LTP.

5. SIGNIFICANCE

- 5.1 The adoption of the rating remissions and postponement policies are considered important as they impact on all ratepayers to a small extent, in that any rates which are remitted or postponed need to be covered either in their entirety or the short-term by other ratepayers. The benefits from remission or postponement of rates is important to those ratepayers who receive them as they assist non profit organisations with their running costs and remove some unfairness that might have arisen e.g. through water leaks or through non-contiguous rating units. Because these policies have an impact on Council's Funding Impact Statement they are required to go through a special consultative procedure.

6. RECOMMENDATION

- 6.1 That the proposed policies be approved for inclusion in the Draft LTP.

7. DRAFT RESOLUTION

That the Tasman District Council approve the following policies as attached in Appendix 1, for inclusion in the Draft Long Term Plan 2012 -2022 .

- j) Policy on Remissions for Sporting, Recreation or Community Organisations**
- k) Policy on Remission of Rates on Land Protected for Natural Conservation Purposes**
- l) Policy on School Wastewater Charges**
- m) Policy on Remission of Excess Metered Water Rates**
- n) Policy on Penalty Remissions**
- o) Policy on Remission of Uniform Charges on Non-Contiguous Rating Units Owned by the Same Ratepayer**
- p) Policy on Uneconomic Balances**
- q) Policy on Rate Relief for Māori Freehold Land**
- r) Policy for Payment of Rates for Subsequent Financial Years**

Policy on Remissions for Sporting, Recreation or Community Organisations

Objectives of the Policy

The objectives of the policy are to:

- Facilitate the ongoing provision of non-commercial community services and non-commercial recreational opportunities to the residents of the Tasman District.
- Assist the survival of non-profit organisations.
- Make membership of the organisation more accessible to the general public, particularly disadvantaged groups including children, youth, young families, the elderly, and economically disadvantaged people.

Conditions and Criteria

- 1 The policy will apply to land owned by Council and/or owned and occupied by a non-profit organisation which is used exclusively or principally for sporting, recreation or community purposes under the following categories:
Property Category – used for purposes of:
 - Hall or library
 - Promotion of arts, recreation, health or education
 - Games or sports
 - Agricultural and Pastoral Society
 - Free maintenance and relief of persons in need.
- 2 The policy does not apply to any body (including a society, association or organisation, whether incorporated or not) that is carried on for the purposes of profit or gain.
- 3 The policy does not apply to groups or organisations that engage in recreational, sporting or community services as a secondary purpose only.
- 4 No remission will be granted on targeted rates for water supply, sewage disposal or recycling.
- 5 The application for rate remission must be made to Council prior to the commencement of the rating year. Applications made during the rating year will be applicable from the following rating year. Applications will not be backdated.
- 6 Applications for remission must be made on the prescribed form.
- 7 Organisations making application should include the following documents in support of their application:
 - Statement of objectives
 - Full financial accounts
 - Information of activities and programmes
 - Details of membership
- 8 The authority to consider and approve remission will be delegated to the Corporate Services Manager.
- 9 All remissions granted under this policy will be confirmed by the Corporate Services Committee in open meeting.

Policy on Remission of Rates on Land Protected for Natural Conservation Purposes

Objectives of the Policy

To preserve and promote natural resources to encourage the protection of land for natural purposes. This policy will support the provisions of the Tasman Resource Management Plan.

Conditions and Criteria

- 1 Ratepayers who own rating units which have some feature of natural heritage protected by a Queen Elizabeth II Open Space Covenant or a covenant made under Sections 77 and 77A of the Reserves Act 1977 or any equivalent protection mechanism satisfactory to the Corporate Services Manager may qualify for a remission of rates under this policy.
- 2 Land that is non-rateable under Section 8 of the Local Government (Rating) Act 2002 and is liable only for rates for water supply and sewage disposal will not qualify for a remission under this policy.
- 3 Where an entire property is protected but portions of the property are used for residential, commercial or industrial purposes, those portions will not be eligible for a remission.
- 4 Remissions will be granted on receipt of notification that a covenant is in place. The notification must include a copy of the covenant.
- 5 For properties which receive a remission the protected land will be valued by Council's valuation service provider subject to clause 3 and the rates the protected land would normally attract will be remitted.
- 6 The authority to consider and approve remissions will be delegated to the Corporate Services Manager.
- 7 In the event of any doubt or dispute arising, the application is to be referred to the Corporate Services Committee for a decision.

Policy on School Wastewater Charges

Objectives of the Policy

To provide relief and assistance to educational establishments in paying wastewater charges.

Conditions and Criteria

- 1 The policy will apply to educational establishments as defined in Schedule 1 Part 1 clause 6 (a-b) of the Local Government (Rating) Act 2002.
- 2 The policy does not apply to school houses or parts of a school used for residential purposes.
- 3 The wastewater charge is the rate that would be levied using the same mechanism as applied to other rating units in the District divided by the number of toilets as determined in accordance with clauses 6 to 8 below.
- 4 Where the formula is applied and the wastewater charge is higher than the amount that would normally be levied if no formula was applied, the amount to pay would be whichever is the lesser of the two.
- 5 For the purpose of clause 3 the number of toilets for rating units occupied for the purposes of an educational establishment is one toilet for every 20 pupils and staff.
- 6 The number of pupils in an educational establishment is the number of pupils on its roll on 1 March in the year immediately before the year to which the charge relates.
- 7 For early childhood establishments the number of pupils is the maximum number of pupils licensed for each session.
- 8 The number of staff in an educational establishment is the number of full time equivalent teaching and administration staff employed by that educational establishment on 1 March immediately before the year to which the charge relates.
- 9 The authority to consider and approve remission will be delegated to the Corporate Services Manager.
- 10 In the event of any doubt or dispute arising, the application is to be referred to the Corporate Services Committee for a decision.

Policy on Remission of Excess Metered Water Rates

Objective of the Policy

To provide relief to ratepayers who have excessive metered water rates due to a leak in their internal reticulation and to encourage ratepayers to get all leakage repaired promptly.

Conditions and Criteria

- 1 The policy will apply to applications from ratepayers who have excess water rates due to a leak in the property's internal reticulation. Internal reticulation commences at the point of supply (generally at the water meter) and goes directly to the dwelling. It includes the pipe work located within that dwelling. Reticulation additional to this internal reticulation and fittings on the exterior of the dwelling will not qualify for remission.
- 2 All applicants must submit their request in writing stating that there are no further leaks on the property and must provide proof of repair carried out by a registered plumber. (¹ The only exemption to this requirement is that provided for Murchison as notified in the SR1978.340).
- 3 A remission will only be granted on the current account.
- 4 Where a remission is granted the ratepayer will be charged an amount equal to the maximum consumption at any one time charged for that rating unit in the past three years, provided it has been in the same ownership
- 5 Where ownership of a rating unit has been for less than six months, staff will monitor consumption for a period of three months to establish a reasonable consumption figure at which to charge.
- 6 The balance of the account owing will be remitted based on the above criteria.
- 7 Where there is an application for remission following a second leak within five years of the first application, the ratepayer will pay an additional charge of 75 per cent of the difference between the consumption as calculated in clause 4 above and the actual metered consumption during the leak period.
- 8 Where there is an application for remission following a third or subsequent leak within five years of the first application, the application will be declined.
- 9 The Utilities Asset Manager has the delegated authority to approve remission of water charges.

¹ Sanitary Plumbing (Exemption) Notice 1978

Sanitary Plumbing (Exemption) Notice 1978 SR 1978/340

PURSUANT to section 55 (1) of the Plumbers, Gasfitters and Drainlayers Act 1976, and after consultation with the Waimea County Council, the Minister of Health hereby gives the following notice:

Contents

Title and Commencement

- (1) This notice may be cited as the Sanitary Plumbing (Exemption) Notice 1978.
- (2) This notice shall come into force on the day after the date of its notification in the *Gazette*.

Exemption from provisions relating to sanitary plumbing

The area described in the Schedule to this notice is hereby designated as an area where sanitary plumbing may be done by any person.

Schedule Area in which notice has effect

The Murchison Division of the County of Waimea (as shown on a plan number SPE 1 deposited with the Department of Health and thereon edged with a bold black line), excluding the area situated within a radius of 1.5 kilometres of the Nelson Lakes National Park Headquarters in the Township of St Arnaud.

Explanatory Note

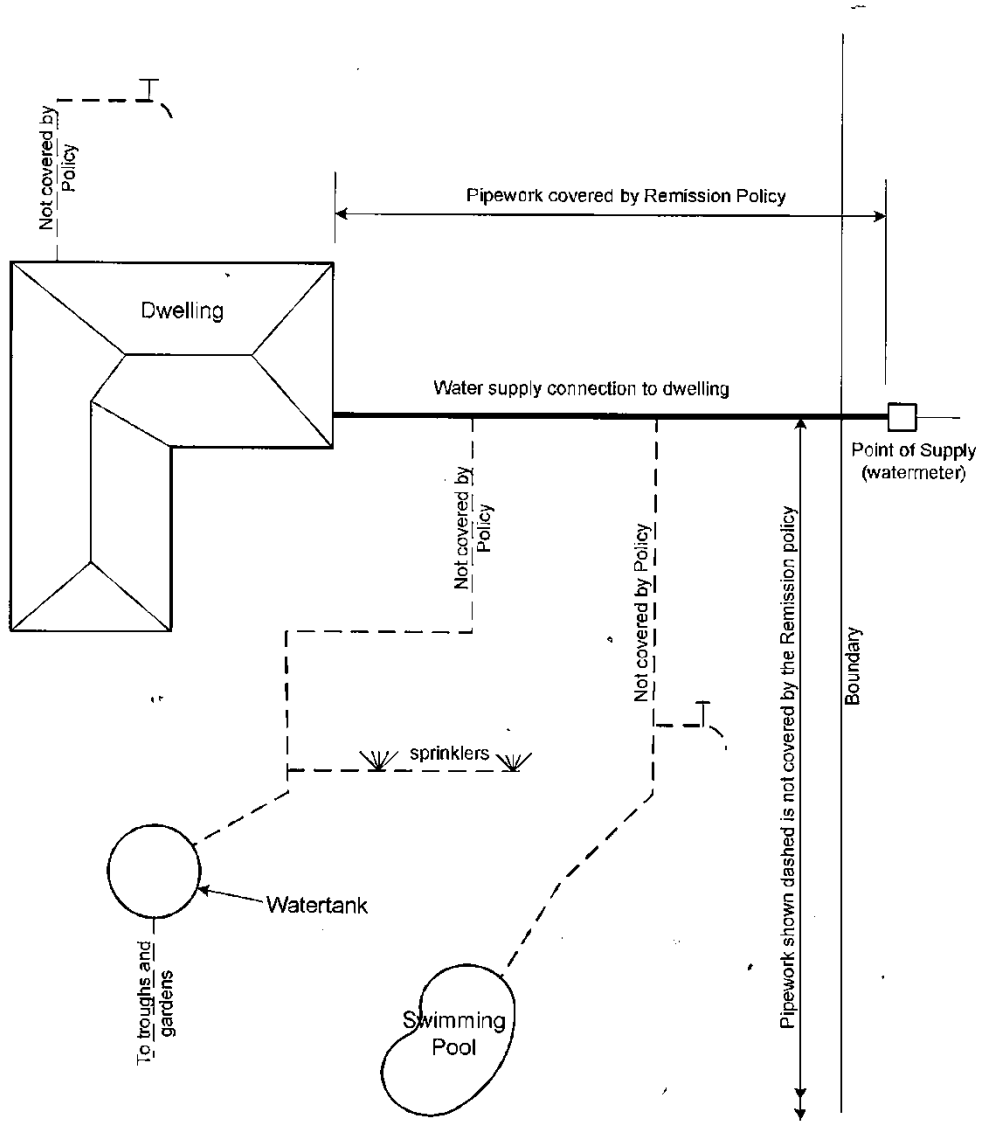
This note is not part of the notice, but is intended to indicate its general effect.

The effect of the notice is that, subject to the provisions of any enactment other than the Plumbers, Gasfitters, and Drainlayers Act 1976, any person may do sanitary plumbing within the area of the County of Waimea described in the Schedule to this notice. Except where an area is exempted in this way, only the holders of licences or certificates under the Act in respect of plumbing may do this work (subject to certain limited exemptions).

PROMULGATION

Issued under the authority of the Regulations Act 1936
Date of notification in *Gazette*: 21 December 1978
This notice is administered in the Department of Health

Policy on "Remission of Excess Metered Water Rates"



Policy on Penalty Remissions

Objective of Policy

To enable Council to act fairly and reasonably in its consideration of rates which have not been received by Council by the penalty date due to circumstances outside the ratepayer's control.

Conditions and Criteria

- 1 Automatic remission of the penalties incurred on instalment one will be made where the ratepayer pays the total amount due for the year on or before the penalty date of the second instalment.
- 2 Remission of one penalty will be considered in any one rating year where payment has been late due to a significant family disruption. Remission will be considered in the case of death, illness or accident of a family member as at the due date.
- 3 The remission of a penalty will be considered where a payment is late due to circumstances outside the ratepayer's control.
- 4 A penalty will be remitted where there is an administrative error on the part of Council or an agent acting for a ratepayer.
- 5 Each application will be considered on its merits and remission will be considered where it is just and equitable to do so.
- 6 The authority to consider and approve remissions will be delegated to the Corporate Services Manager.

Policy on Remission of Uniform Charges on Non-Contiguous Rating Units Owned by the Same Ratepayer

Objective of the Policy

This policy aims to provide relief from uniform charges for rural land which is non-contiguous, farmed as a single entity and owned by the same ratepayer.

Conditions and Criteria

- 1 Rating units that meet the criteria under this policy may qualify for a remission of uniform annual general charges and specified target rates set on the basis of a fixed dollar charge per rating unit.
- 2 The Ratepayer will remain liable for at least one of each type of charge. Applications will not be backdated.
- 3 Rate types affected by this policy are:
 - Uniform Annual General Charge
 - Mapua Stopbank
 - District Facilities
 - Regional Facilities
 - Museums Facilities
 - Community Facilities Operations
 - Waimea Water Augmentation
 - Golden Bay and Motueka Community Boards
 - Solid Waste/Recycling
 - Mapua Rehabilitation
 - Torrent Bay Beach Replenishment
 - Takaka Firefighting Water Supply – capital-ward
 - Tourism Levy
 - Kaiteriteri Refuse
 - Motueka Water Works/Services
- 4 Rating units that receive a remission must be held in identical ownership with each other and operated as a single farming or horticultural unit.
- 5 Applications for remissions must be in writing and on the prescribed form.
- 6 The authority to consider and approve remissions will be delegated to the Corporate Services Manager.
- 7 In the event of any doubt or dispute arising, the application is to be referred to the Corporate Services Committee for a decision.

Policy on Uneconomic Balances

Objective of the Policy

To avoid collecting rates which are not economic to collect.

Conditions and Criteria

- 1 The policy will apply to rating units which are charged total annual rates, excluding metered water rates, of \$30.00 or less.
- 2 Council will notify affected ratepayers that it has decided not to collect the rates.
- 3 No application for the remission of uneconomic balances will be necessary in order to qualify for the remission.
- 4 The authority to consider and approve remissions will be delegated to the Corporate Services Manager.
- 5 This policy is made under section 54 of the Local Government (Rating) Act 2002.

Policy on Rate Relief for Māori Freehold Land

Council is required to adopt a policy on remission and postponement of rates on Māori freehold land under Sections 102, 108 and Schedule 11 of the Local Government Act 2002.

The matters to be considered in adopting a policy include:

- The desirability and importance within the District of each of the objectives listed in Schedule 11 of the Local Government Act 2002.
- Whether, and to what extent, the attainment of any of those objectives could be prejudicially affected if there is no remission of rates or postponement of the requirement to pay rates on Māori freehold land.
- Whether, and to what extent, the attainment of any of those objectives is likely to be facilitated by the remission of rates or postponement of the requirement to pay rates on Māori freehold land.
- The extent to which different criteria and conditions for rates relief may contribute to different objectives.

Having considered the above matters Council's policy on remission and postponement of rates on Māori freehold land is:

- 1 The Council may remit all or part of rates on Māori freehold land if the Council has adopted a rates remission policy under section 102(5)(a) Local Government Act 2002 and Council is satisfied that the conditions and criteria in the Council's rates remission policy are met. The objectives sought to be achieved by the remission of rates and the conditions and criteria to be met in order for rates to be remitted are those stated above.
- 2 The Council will not postpone the requirement to pay all or part of the rates on Māori freehold land, thereby treating Māori freehold land the same as other rating units in the Tasman District.

Policy for Payment of Rates for Subsequent Financial Years

This policy is made under section 56 of the Local Government (Rating) Act 2002 in respect of sums that may be paid in a financial year in anticipation of a liability for one or more targeted rates or for targeted rates for one or more specified functions, in subsequent financial years.

Policy to Apply at Discretion of Council

The authority to consider and approve remissions will be delegated to the Corporate Services Manager.

All remissions granted under this policy will be confirmed by Council in open meetings.

The policy will apply at the discretion of the Council.

Definitions

In this policy, unless the context requires otherwise,

- Area of benefit means the area which, in the opinion of the Council, receives the benefit of a capital work.
- Loan charge means a targeted rate set and assessed to fund a repayment loan for a capital work.
- Loan servicing costs, in relation to any repayment loan for a financial year, means payments of principal and interest for that year.
- Payment of rates for subsequent financial years means the amount of the loan charge for a particular rating unit in anticipation of the rating unit's liability for that loan charge for subsequent financial years less any applicable discount.
- LG(R)A means the Local Government (Rating) Act 2002.
- Rating unit means a rating unit as defined in section 5 of the LG(R)A.
- Repayment loan means a loan or series of loans on which interest and principal are paid annually so that the end of a predetermined period all indebtedness under the loan or loans is repaid.

Principles

The following principles are to govern the way in which this policy is applied:

- a) This policy should only be used for repayment loans where a loan charge has been or will be set and assessed over a defined area of benefit where that area of benefit has been approved by Council.
- b) The loan charge must be calculated by reference to the interest and principal repayments plus actual costs of administration, which will not exceed 10% of the interest and principal repayments for that year.
- c) Whenever a payment of rates for subsequent financial years is offered to ratepayers, the payment of rates for subsequent financial years will be offered in respect of the current outstanding amount of the repayment loan.
- d) For the purpose of applying this policy, the rating unit is the basis for setting and assessing

loan charges and the loan charge must be set in accordance with section 18(2) of the LG(R)A. However, the Council may, in appropriate circumstances, determine that for a particular project, this policy applies on another basis that is authorised under the LG(R)A and provided for in the Council's Revenue and Financing Policy. This would only occur if a special Revenue and Financing Policy is developed for a special project which allows for a different charging regime other than the one stipulated in this policy.

- e) Where, as a result of a subdivision, one or more new rating units are created within the area of benefit, a subdivision contribution will be paid in respect of each of those new rating units. The subdivider must nominate:
 - i. To which rating unit the original payment of rates for subsequent financial years applied or a loan charge applies; and