

# RATES POSTPONEMENT POLICY

## POLICY OBJECTIVE:

To assist ratepayers experiencing extreme financial hardship that affects their ability to pay rates.

## CONDITIONS AND CRITERIA:

### *For residential and other land rated at the Base differential:*

The postponement of rates in cases of financial hardship is a last resort to assist residents who own their own home, after all other avenues to meet rates commitments have been exhausted.

The financial hardship must be caused by circumstances beyond the ratepayer's control. Criteria for the postponement of rates for residential ratepayers in cases of hardship are as follows:

- i) the applicant must be unable to pay their rates bill because of personal circumstances, and
- ii) the applicant must have tried all other avenues (including seeking a reverse mortgage from their bank) to fund their rates, and
- iii) the applicant must have no significant assets (other than their family home), and
- iv) the applicant must accept a legal charge to the Council over the property.

Approval of rates postponement is for one year only.

The applicant must reapply annually for the continuation of a rates postponement using the Council's 'Application for Postponement' form. An application fee of \$200 (including GST) will be charged and added to the total value of rates postponed on the first successful postponement application granted on each rating unit. Before applications are processed, applicants must be provided with information that clearly sets out the long term effect of postponing rates on their estate. Annually on 30 June interest will be charged in arrears on rates postponed, at a rate equal to the Council's average cost of borrowing at that date.

### *For land rated at the Commercial, Industrial and Business differential:*

The postponement of rates is a last resort to assist commercial, industrial and business ratepayers after all other avenues to meet rate commitments have been exhausted.

The financial hardship must be caused by circumstances outside the business' control.

Criteria for the postponement of rates for commercial, industrial and business ratepayers in cases of hardship are as follows:

- i) the applicant must be unable to pay their rates because of business circumstances, and
- ii) the applicant must have tried all other avenues (including obtaining a loan from their bank) to fund their rates, and
- iii) the net value of an applicant's property (after the value of all mortgages on the property and the total value of the rates postponed) must exceed 10 percent of the

market value of the property i.e. the Council will not postpone rates where there is a significant risk that the rates will not be paid at some time in the future, and

- iv) the applicant must accept the Council's legal charge over the property.

Approval of rates postponement is a one-off event. A one-off application fee of \$200 (including GST) will be charged on all successful postponement applications. Rates postponed on commercial, industrial or business property must be paid in full by the start of the Council's next financial year (i.e. 1 July). Annually on 30 June interest will be charged in arrears on rates postponed, at a rate equal to the Council's average cost of borrowing at that date.

## DELEGATION

Decisions relating to the postponement of rates are delegated to the Chief Financial Officer, Financial Controller and Manager – Financial Transactions, as set out in the Council's delegations manual.