

Notice is hereby given that an extraordinary meeting of Horowhenua District Council will be held on:

Date: Wednesday 8 July 2020
Time: 4.00 pm
Meeting Room: Council Chambers
Venue: 126-148 Oxford St
Levin

Council OPEN AGENDA

MEMBERSHIP

Mayor	Mr Bernie Wanden	
Deputy Mayor	Mrs Jo Mason	
Councillors	Mr David Allan	
	Mr Wayne Bishop	
	Mr Ross Brannigan	
	Mr Todd Isaacs	
	Mr Sam Jennings	
	Mrs Victoria Kaye-Simmons	
	Mr Robert Ketu	
	Mrs Christine Mitchell	
	Ms Piri-Hira Tukapua	
Reporting Officer	Mrs Nicki Brady	(Deputy Chief Executive)
Meeting Secretary	Mrs Karen Corkill	

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Full Agendas are available on Council's website
www.horowhenua.govt.nz

Full Agendas are also available to be collected from:
Horowhenua District Council Service Centre, 126 Oxford Street, Levin
Te Awahou Nieuwe Stroom, Foxton,
Shannon Service Centre/Library, Plimmer Terrace, Shannon
and Te Takeretanga o Kura-hau-pō, Bath Street, Levin

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1 Apologies

2 Public Participation

As this item is procedural, public participation is unavailable.

3 Declarations of Interest

Members are reminded of their obligation to declare any conflicts of interest they might have in respect of the items on this Agenda.

4 Announcements

Adoption of Rates Resolution for year ending 30 June 2021

File No.: 20/273

1. Purpose

The purpose of this report is for the Horowhenua District Council (Council) to formally adopt the Rates Resolution for the year ending 30 June 2021.

Having adopted the Annual Plan 2020/2021 containing the Funding Impact Statement, Council is now required to formally adopt the Rates Resolution.

2. Recommendation

- 2.1 That Report 20/273 Adoption of Rates Resolution for year ending 30 June 2021 be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.
- 2.3 1. That the Horowhenua District Council sets the following rates under the Local Government (Rating) Act 2002, on rating units in the district for the financial year commencing 1 July 2020 and ending on 30 June 2021.

(a) General Rates

A general rate set under section 13 of the Local Government (Rating) Act 2002 made on every rating unit, set on a differential basis as described below:

- A rate of \$0.001535 (GST Inclusive) of land value on every rating unit in the "Rural" category
- A rate of \$0.00305643 (GST Inclusive) of land value on every rating unit in the "District wide" category.

(b) Land Transport (Roading) Rate

A targeted Land Transport rate set under section 16 of the Local Government (Rating) Act 2002 made on every rating unit, set on a differential basis as described below:

- A rate of \$0.0005238 (GST Inclusive) of capital value on every rating unit in the "Business" category
- A rate of \$0.00041971 (GST Inclusive) of capital value on every rating unit in the "District wide other" category.

(c) Stormwater Rate

A targeted Stormwater rate of \$0.00032225 (GST Inclusive) of capital value set under section 16 of the Local Government (Rating) Act 2002 on all "Urban" rating units.

(d) Community Centre/Library Rate

A targeted rate set under section 16 of the Local Government (Rating) Act 2002 of \$282.40 (GST Inclusive) on every separately used or inhabited part of a rating unit in the district to fund the provision of Community Centres and Library Services.

(e) Representation and Community Leadership

A targeted rate set under section 16 of the Local Government (Rating) Act

2002 of \$222.80 (GST Inclusive) on every separately used or inhabited part of a rating unit in the district to fund the Representation and Community Leadership costs.

(f) Solid Waste Disposal Rates

A targeted rate for solid waste disposal set under section 16 of the Local Government (Rating) Act 2002 to fund the Solid Waste activity costs set on a differential basis as described below:

- A rate of \$84.20 (GST Inclusive) on every separately used or inhabited part of a rating unit in the "urban" category,
- A rate of \$57.40 (GST Inclusive) on every separately used or inhabited part of a rating unit in the "rural" category.

(g) Aquatic Centres (Swimming Pool) Rate

A targeted rate for the provision of swimming pools set under section 16 of the Local Government (Rating) Act 2002 of \$128.60 (GST Inclusive) on every separately used or inhabited part of a rating unit in the district.

(h) Waste Water Disposal Rates

A targeted rate for sewage disposal set under section 16 of the Local Government (Rating) Act 2002 to fund the Waste water activity costs set on a differential basis as described below:

- A rate of \$560.60 (GST Inclusive) for any rating unit that is connected to a wastewater network,
- A rate of \$280.30 (GST Inclusive) for any rating unit that is available to be connected to a wastewater network.

(i) Water Supply Rates

A targeted rate for water supply set under section 16 of the Local Government (Rating) Act 2002 to fund the Water Supply activity costs set on a differential basis as described below:

- A rate of \$437.40 (GST Inclusive) for any rating unit that is connected to a water supply network (except for Foxton Beach which has a lower fixed rate to recognise the fact that it has universal water metering. This exception does not apply to the district wide availability differential).
- A rate of \$218.70 (GST Inclusive) for any rating unit that is available to be connected to a water supply network;

For the Foxton Beach water supply network:

- A rate of \$336.20 (GST Inclusive) for any rating unit that is connected to the Foxton Beach water supply network where a water meter is connected.

Targeted rates for water supply set under section 19 of the Local Government (Rating) Act 2002 where a meter is used to measure consumption on the network during the period from 1 July 2020 to 30 June 2021 of,

- \$2.22 (GST Inclusive) per m³ of water consumed in excess of 91m³ per every quarter invoicing period on any rating unit connected to any water supply, except Foxton Beach.
- \$1.11 (GST Inclusive) per m³ of water consumed in excess of 91m³ per every quarter invoicing period on any rating unit connected to the Shannon untreated bore water supply.

- For Foxton Beach Water Supply
 1. **Step 1** - \$0.93 (GST Inclusive) per m³ for the first 50 m³ of water consumed per quarter on any rating unit or separately used or inhabited part of a rating unit connected to the Foxton Beach water supply network during the period from 1 July 2020 to 30 June 2021.
 2. **Step 2** - \$1.86 (GST Inclusive) per m³ for the second 50 m³ of water consumed per quarter in excess of 50 m³ on any rating unit or separately used or inhabited part of a rating unit connected to the Foxton Beach water supply network during the period from 1 July 2020 to 30 June 2021.
 3. **Step 3** - \$2.79 (GST Inclusive) per m³ for the balance of water consumed per quarter in excess of 100 m³ on any rating unit or separately used or inhabited part of a rating unit connected to the Foxton Beach water supply network during the period from 1 July 2020 to 30 June 2021

2. DIFFERENTIAL CATEGORIES

That the Horowhenua District Council adopts the following definitions for its differential categories for the 2020/21 financial year.

General Rate

- (a) **Rural** - all rating units that are located in areas outside the urban centres of Levin, Shannon, Foxton, Waikawa Beach, Manakau, Ohau, Hokio Beach, Waitarere Beach, Foxton Beach and Tokomaru, as shown on the maps available defining these areas for rating purposes held at the Council office in Levin. However, this differential category does not include those rating units classified as Rural Residential being all rating units classified as Lifestyle and Residential in rural areas (other than those rating units identified as “vacant” or “bare”). These properties will be identified in the DVR using the “Property Category” codes from Appendix F of the Valuation Rules 2008, promulgated by the Valuer General. This Rural category has a differential factor of 25%.
- (b) **District Wide** - all rating units other than those in the rural category. Being all rating units located within the urban centres of Levin, Shannon, Foxton, Waikawa Beach, Manakau, Ohau, Hokio Beach, Waitarere Beach, Foxton Beach and Tokomaru, as shown on the maps available defining these areas for rating purposes held at the Council office in Levin. However, this differential category also includes those rating units classified as Rural Residential being all rating units classified as Lifestyle and Residential in rural areas (other than those rating units identified as “vacant” or “bare”). These properties will be identified in the DVR using the “Property Category” codes from Appendix F of the Valuation Rules 2008, promulgated by the Valuer General. This category has a differential factor of 75%.

Roading Targeted Rate

- (c) **Business** - all rating units identified as Arable, Commercial (including all Rest Homes/Retirement villages other than those that have separate title for the individual units or houses), Dairy, Forestry (except protected forestry), Horticultural, Industrial, Mining, Pastoral, Specialist livestock, and Utilities using the “Property Category” codes from Appendix F of the Valuation Rules 2008, promulgated by the Valuer General. This category has a differential factor of 35%.

- (d) **District Wide Other** - all rating units identified as Lifestyle, Residential (excluding all Rest Homes/Retirement villages but including those that have separate title for the individual units or houses) and Other using the "Property Category" codes from Appendix F of the Valuation Rules 2008, promulgated by the Valuer General. This category has a differential factor of 65%.

Solid Waste Disposal Rate

- (a) **Urban** - all rating units within the towns of Levin, Foxton, Shannon, Tokomaru, Foxton Beach, Waitarere Beach, Hokio Beach, Ohau, Waikawa Beach and Manakau as shown on the maps available defining those areas for rating purposes held at the Levin Office. This category has a differential factor of 80%.
- (b) **Rural** - all rating units within the district that are outside the defined "urban" differential described above. This category has a differential factor of 20%.

Wastewater Rate

(a) **Connected Differential**

Council sets a fixed charge rate on all rating units across the District for which connection to a reticulated wastewater disposal system is available. A reticulated wastewater disposal system is available to a rating unit if a lateral/s exists for the purposes of accepting wastewater from the rating unit to the wastewater trunk main, where there is a connection from the land within the rating unit to that lateral/s or trunk main.

Liability for the fixed-sum rate will be assessed on whichever is greater:

- (a) each rating unit, or
- (b) the number of SUIPs of each rating unit, or
- (c) the number of connections of each rating unit.

(b) **Availability Differential**

A fixed charge rate on any rating unit that is not connected to a reticulated wastewater disposal system, but is within 30m of a trunk main that is available to take waste from the rating unit. A reticulated wastewater disposal system is available to a rating unit if a lateral/s exists for the purpose of accepting wastewater from the rating unit to the wastewater trunk main or, if no lateral exists, if Council will allow the rating unit to be connected. This rate is set at 50% of the fixed charge for a connected rating unit.

Water Supply Rate

(a) **Connected Differential**

Council sets a fixed charge rate on all rating units for which connection to a reticulated drinkable water supply is available. This does not include Moutoa, Waikawa, or Kuku schemes, which are not drinkable supplies. A reticulated potable water supply is available to a rating unit if a lateral/s exists for the purpose of delivering water from the trunk main to the rating unit, and there is a connection from the land within the rating unit to that lateral/s or trunk main.

Liability for the rate will be assessed on whichever is the greater of:

- (a) each rating unit, or
- (b) the number of SUIPs of each rating unit, or
- (c) the number of connections of each rating unit.

The Foxton Beach charge is reduced by an allowance to account for the universal metering of Foxton Beach.

(b) Availability Differential

A fixed charge rate on any rating unit not connected to, but within 100 metres of a trunk main for a reticulated drinkable water supply that is available to the rating unit. A reticulated drinkable water supply is available to a rating unit if a lateral/s exists for the purpose of delivering water from the trunk main to the rating unit or, if no lateral exists, if Council will allow the rating unit to be connected. This rate is set at 50% of the fixed charge for a connected rating unit.

3. DUE DATES FOR PAYMENT OF RATES

That all rates (except water-by-meter rates) will be payable in four equal instalments due on:

15th September 2020
15th December 2020
15th March 2021
15th June 2021

WATER-by- METER RATES DUE DATES 2020-2021		
AREA	WATER METERS READ DURING	DUE DATE
Foxton Beach 6-10, Shannon, Tokomaru	Jul-20	25-Aug-20
	Oct-20	25-Nov-20
	Jan-21	25-Feb-21
	Apr-21	25-May-21
Foxton Beach 1-5, Whirokino	Aug-20	25-Sep-20
	Nov-20	25-Dec-20
	Feb-21	25-Mar-21
Levin, Ohau, Foxton	May-21	25-Jun-21
	Sep-20	25-Oct-20
	Dec-20	25-Jan-20
	Mar-21	25-Apr-21
	Jun-21	25-Jul-21

4. PENALTIES

(a) That the Council authorises the following penalties to be added to rates that are not paid by the due date:

(i) a charge of 10 percent on so much of each instalment that has been assessed after 1st July 2020 and which is unpaid after the due date of each instalment, to be added to the amount of the unpaid rates on:

15th September 2020
15th December 2020
15th March 2021
15th June 2021

- (ii) a charge of 10 percent on so much of any rates levied before the 1st July 2020 which remain unpaid on 17th July 2020,
 - (iii) a further charge of 10 percent on any rates to which a penalty has been added under (ii) above if the rates remain unpaid on 17th January 2021.
- (b) That the authority to apply the Council's policy on penalty rates be delegated to the Finance Manager

5. PAYMENT OF RATES

That rates shall be payable at any of the following places:

Levin	Public Office, 126 Oxford Street,	Mon, to Fri	8.00 am to 5.00 pm
Foxton	Te Awahou Nieuwe Stroom 22 Harbour Street,	Mon to Fri Weekends	8.00 am to 5.00 pm 10.00am to 4;00pm
Shannon	Library/Service Centre Plimmer Terrace	Mon to Fri Sat	10.00 am to 12 noon 1.00 pm to 5.00 pm 10.00 am to 12 noon
Tokomaru	Tokomaru Store Tokomaru Road	During store opening hours	

Where a payment made by a ratepayer is less than the amount now payable, the Council will apply the payment firstly to any arrears from previous years and then proportionately across all current year rates due.

Attachments



There are no attachments for this report.

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

Author(s)	Doug Law Chief Financial Officer	
Approved by	Nicki Brady Deputy Chief Executive	

File No.: 20/274

Draft Rates Postponement Policy

1. Purpose

To present to Council a draft Rates Postponement Policy for consideration prior to it going out for public consultation as required by the Local Government Act 2002 (LGA), subsequent to its adoption by the Horowhenua District Council.

2. Executive Summary

- 2.1 Looking to provide targeted relief to ratepayers and small businesses affected by the COVID-19 pandemic, Council has been considering introducing a Rates Postponement Policy.
- 2.2 Council's direction is now sought for the **attached** Draft Policy to enable consultation to be undertaken and, if adopted, for the policy to be implemented for the first rates instalment of the new financial year.

3. Recommendation

- 3.1 That Report 20/274 Draft Rates Postponement Policy be received.
- 3.2 That this matter or decision is recognised as significant in terms of S76 of the Local Government Act.
- 3.3 That the Horowhenua District Council adopts the Draft Rates Postponement Policy for public consultation.

4. Background / Previous Council Decisions

- 4.1 Council does not currently have a Rates Postponement Policy.
- 4.2 To reiterate, the statute authorising Rates Postponement Policies are as follows;
 - 4.2.1 Such a policy is authorised under section 102(3)(b) of the Local Government Act 2002 (LGA).
 - 4.2.2 The policy must conform with s 110 LGA, which provides:

"110 Rates postponement policy

 - (1) *A policy adopted under [section 102\(3\)\(b\)](#) must state—*
 - (a) *the objectives sought to be achieved by a postponement of the requirement to pay rates; and*
 - (b) *the conditions and criteria to be met in order for the requirement to pay rates to be postponed.*
 - (2) *In determining a policy under [section 102\(3\)\(b\)](#), the local authority may consider the matters set out in [Schedule 11](#).*

(2A) If a policy is adopted under [section 102\(3\)\(b\)](#), the policy—

 - (a) *must be reviewed at least once every 6 years using a consultation process that gives effect to the requirements of [section 82](#); and*
 - (b) *may be revoked following the review under paragraph (a)".*
 - 4.2.3 Once such a policy is adopted the Local Government Rating Act 2002 (LG(R)A) section 87 forces Councils to apply the policy:

- “87 Postponement of requirement to pay rates
- (1) A local authority must postpone the requirement to pay all or part of the rates on a rating unit (including penalties for unpaid rates) if—
- (a) the local authority has adopted a rates postponement policy under [section 110](#) of the Local Government Act 2002; and
 - (b) the ratepayer has applied in writing for a postponement; and
 - (c) the local authority is satisfied that the conditions and criteria in the policy are met.
- (2) the local authority must give notice to the ratepayer—
- (a) identifying the postponed rates; and
 - (b) stating when, or in which circumstances, the rates will become payable.”

4.3 Council received an initial draft Policy at its 6 May meeting, following consideration by the Finance, Audit & Risk Committee on 29 April, but it was not adopted.

4.4 A further draft Policy was submitted to the Finance, Audit & Risk Committee meeting on 27 May 2020, where the following resolution was passed:

“THAT the Finance, Audit and Risk Committee recommends that the Horowhenua District Council adopts a Rates Postponement Policy for Public Consultation removing the paragraph limiting the number of rating units that a ratepayer can own and also removing the financial hardship criteria as outlined on pages 170 and 171, with the criteria then to be included within the resolution declaring an event, including evidence based criteria.”

4.5 In terms of timing, at the 27 May FAR Committee meeting, Mr Clapperton noted that this recommendation would need to go to a Council meeting, which would involve considerable work over the next few weeks. His suggestion was that if it went to a meeting in July, it could be adopted, consulted on and it would then be available, if it went through, for the first rates instalment for the new financial year.

5. Discussion

5.1 Council is looking to provide targeted relief to ratepayers and small businesses affected by the Alert Levels 3 and 4 in place for the COVID-19 pandemic. Not all businesses and ratepayers will be affected by the economic downturn from the pandemic response. Main Street shops, cafes, restaurants, tourist attractions, accommodation providers and ratepayers who have been made redundant will need some relief, while other businesses and ratepayers may be affected to a lesser extent.

5.2 A rate postponement policy enables Councils to postpone rates rather than writing them off as a remissions policy would do. Rates fund just over 70% of Council’s annual income. In turn, this is then invested back into the community to provide services and support. Council can ill afford to reduce income long-term as it strives to maintain service levels while endeavouring to balance the budget and avoid loan funding operational costs. As rates that are postponed are still recorded as income, this will not impact on the LGFA covenant calculation.

5.3 Postponement Policies do come with increased administrative work and complexities, however, and they will also create short-term cash flow deficits.

5.4 The debate at the FAR Committee meeting of 29 April and 27 May was focused around the restrictions for eligibility not on the need for the Policy to cover any event now and into the future.

- 5.5 Eligibility and restrictions should not be in the generic policy but instead be set out in the resolution of Council that gives effect to the policy for an event. Each resolution could have eligibility criteria that is different for each event.
- 5.6 Attached to this report is a suggested wording for a Postponement Policy that could be used for any emergency and so be available long-term. The Policy has been substantially reworded from what was initially considered to incorporate best practice.
- 5.7 A Rates Postponement Policy must be consulted on under S102(4) LGA
- 5.8 Officers suggest that the consultation on the policy under S82 of the LGA will be limited to 14 days. This is so that the policy will be effective for the 2020/21 financial year. This will enable the consultation, submission hearings and adoption to be done in time for the Council's August meeting, for Council to adopt the policy at that meeting. This will allow our rating systems to be set up to account for the new policy before the first installment due date of the 15 September.
- 5.9 It is hard to quantify how many businesses or individual ratepayers will apply for postponement. However, there are;
- 181 retail rating units currently paying \$722k in rates
 - 12 tourist attraction rating units paying \$31k in rates
 - 13 accommodation rating units paying \$47k in rates
 - 358 Industrial rating units paying \$957k in rates.
- 5.10 Officers noted that the 2019/20 4th instalment was paid in line with a normal instalment and the rates debtors is \$460k less than last year at the 30th June.

6. Options

Option 1: Do not adopt a Rates Postponement Policy for consultation

Option 2: Adopt a Rates Postponement Policy for consultation

6.1 Cost

As outlined below

Option	Cost
Do not adopt a Rates Postponement Policy	\$0
Adopt a Policy for consultation	Dependent on up-take of the policy and the eligibility criteria yet to be set by Council resolution

6.1.1 Rate Impact

There will be no impact as rates remain payable.

6.2 Community Wellbeing

This will contribute to economic wellbeing.

6.3 Consenting Issues

None exist

6.4 LTP Integration

The current LTP is silent on Postponement Policies

7. Consultation

Needed under s82 consultation principles

8. Legal Considerations

Needs to be adopted using the sections in both the LGA and LG(R)A

9. Financial Considerations

It is hard to calculate the up-take of the policy. This may not become apparent until the current government employment subsidies cease on 1 September.

10. Iwi Considerations

None exist beyond the District ratepayers as a whole.

11. Climate Change Considerations

Not applicable.

12. Environmental Considerations

Not applicable.

13. Health & Safety Considerations

Not applicable.

14. Other Considerations

None considered.

15. Next Steps

Council adopts the Policy for consultation, a Statement of Proposal is written and disseminated to the public targeting those individuals and businesses most likely to be eligible. The 14-day consultation period 17-31 July, Hearings and deliberations 5 August, Adoption of the Policy 12 August 2020.

16. Supporting Information

Strategic Fit/Strategic Outcome N/A
Decision Making N/A
Consistency with Existing Policy N/A
Funding N/A

Risk Area	Risk Identified	Consequence	Likelihood	Risk Assessment (Low to Extreme)	Managed how
Strategic					
Financial	Cash flow deficit if up take is high	Lower liquidity	Low	Low	With cash flow management
Service Delivery					
Legal					
Reputational					


Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

17. Appendices

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A	Draft Rates Postponement Policy for Consultation	20

Author(s)	Doug Law Chief Financial Officer	
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Approved by	Nicki Brady Deputy Chief Executive	
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RATES POSTPONEMENT POLICY – FOR CONSULTATION

Policy Purpose

The purpose of this policy is:

- to enable Council to postpone the requirement to pay all or part of the rates on a rating unit under section 87 of the Local Government (Rating) Act 2002, through an enabling policy allowing Council to resolve to implement postponement arrangements in response to one or more specific events where the conditions and criteria of the policy have been met.

Policy Objective

The objective of this policy is:

- to provide a rates postponement to rating units or ratepayers experiencing financial hardship directly resulting from an event that affects their ability to pay.

Definitions

Unless the context requires otherwise, the following terms have the corresponding meaning:

Event	<p>Mean an event defined by Council resolution, where the Council will confirm the type and/or the location of the rating units or ratepayers affected.</p> <p>An event could be a natural occurrence (including by not limited to an earthquake, flood, storm, drought, subsidence, erosion or tsunami), other defined emergency or an economic event. The event needs to be of an extraordinary or emergency nature but does not necessarily require a Civil Defence or emergency declaration.</p> <p>The event may include circumstances where a rating unit is rendered incapable of regular use by the ratepayer for a certain period.</p>
Financial hardship	<p>Means when ratepayer income reduces to a level where paying rates would result in significant financial hardship, to be further defined by Council resolution, having regard to the nature and degree of the event triggering the policy.</p>
Applicant	<p>Mean the persons listed on the Council's Rating Information Database (RID) as the ratepayer for the relevant rating unit. In the case of a closed company, this means every Director.</p>

Policy Conditions and Criteria

General Approach

If the ratepayer is eligible for the government rate rebate, an application for this rebate should be completed before any rates are postponed for that year.

Council will add all administrative and financial costs to the postponed rates. This will ensure neutrality between ratepayers who use the postponement option and those who pay as rates are levied

Rating units that are granted a rates postponement will be subject to a statutory land charge being registered on the rating unit title. The statutory land charge serves to ensure that property settlements do not occur without all postponed rates and fees being fully paid.

Triggering the Policy

While this is a standing policy of Council, it will only have effect where Council resolves that an event has occurred and that the policy is activated.

The relevant Council resolution triggering the policy must also include:

- Identification of the event triggering the policy; and
- How the event is expected to impact the community;
- The types or location of rating units and ratepayers affected by the event;

Council may, at time of triggering the policy, or by way of a subsequent resolution, set:

- A timeframe for the event;
- A specified start or end date for the event; and
- Additional eligibility criteria, conditions or other requirements to supplement this policy tailored to meet the particular circumstances of the event.

Council will review the criteria and timeline of an event through subsequent resolutions

Eligibility

Council will define, by way of Council resolution, those rating units that are eligible for postponement under this policy.

The eligibility of rating units under the policy may be defined by reference to geographical location, type, class or other criteria specified in the Council resolution.

Standing Criteria

Where an event is declared, the following standard conditions and criteria will apply in addition to any additional conditions or criteria that may form part of the Council resolution:

- Every person entered as the ratepayer (in the case of a closed company, every director) must sign the application form, or their authorised agent, must sign the application;
- The applicant must demonstrate to Council's satisfaction that paying the rates would result in financial hardship;
- The financial hardship must be the direct result of an event which affects the applicant's ability to pay rates;
- The applicant must demonstrate to the Council's satisfaction that the applicant has taken all steps necessary to claim any central government benefits or allowances the applicant is properly entitled to receive to assist with the payment of rates;
- The applicant must declare that they are not receiving business interruption payments or other such insurance benefits in respect of the defined event;

- If the rating unit in respect of which postponement is sought:
 - is subject to a mortgage, then the applicant(s) will be required to obtain the mortgagee's consent before Council agrees to postpone rates;
 - is owned by a Family Trust, Council must be satisfied that all trustees have agreed to be part of the postponement scheme. Council will require a consent form from the trustees confirming that the family Trust has agreed to apply for postponement of rates.
- Council must be satisfied, based on reasonable assumptions, that the risk of any shortfall when postponed rates, (including accumulated administration and finance costs), are ultimately paid is negligible;
- To best safeguard Council, the total amount of rates postponed (including accumulated administration and finance costs), when added to other amounts secured by a mortgage, may not exceed 70% of the applicant ratepayer(s) equity in the property. Equity in the property is calculated as the difference between Council's rateable value of the property (the capital value at the most recent Triennial valuation) and all other amounts secured by a property mortgage or other encumbrances;

For prudential reasons, the Council will need to register a statutory land charge against the property to protect its right to recover postponed rates. At present, the law does not allow Councils to register such a statutory land charge against Māori freehold land. Accordingly, Māori freehold land is not eligible for rates postponement under this policy (unless and until the law is changed so that the Council can register a statutory land charge).

Insurance

- The property must be insured for its full replacement value, and evidence of this must be provided to the Council annually.
- If insurance cannot be arranged because the property is uninsurable, only the land value can be used when calculating maximum postponement allowable under this policy.

Rates that can be Postponed

All Horowhenua District Council rates are eligible for postponement under this policy except for:

- Lump-sum options which are rates paid in advance; and
- Central government rates rebates received by the applicant.

Where Council resolves that an event triggers this policy, an application for postponement will be postponed until any of the following events occurs:

- the rating unit is sold or transferred (other than just a change of trustees); or
- the maximum date specified by Council, as agreed in writing and in advance between Council and any applicant ratepayer(s) is reached; or
- the expiry of one year after the Council resolves the effects of the event are no longer felt in the community. At that date, the ratepayer must make arrangements to repay outstanding rates.

Whilst is not a condition, the Council strongly recommends that applicant should first obtain independent legal and/or financial advice from a suitably qualified person(s), prior to applying for a rates postponement.

Fees and Charges

All postponements will be subject to the following fees and charges:

- A once-off establishment fee of \$250 plus GST
- An annual management fee of \$100 plus GST for each twelve-month period (or part thereof) between the rates payment due date and the date they are paid.
- An interest charge calculated in accordance with the methodology set out below.

These fees are designed to cover Council's administrative costs to establish the rates postponement account, register the statutory land charge (one-off) and confirm adequate annual insurance cover is in place and provide rates postponement account statements to eligible ratepayer(s) every twelve (12) months.

The interest cost applicable will be the interest that Council will incur, being Council's average cost of borrowings as at 30 June of the preceding financial year, calculated daily, plus a margin of 1% to cover staff costs related to calculating and applying such interest charges to respective postponed rates accounts. A further 0.25% interest will be applied to a risk reserve.

Interest will be applied to rates postponement accounts every six (6) months and will be included in the total rates postponement balance, as shown on ratepayers' statement of account every instalment one (1) and four (4) respectively.

The postponed rates, (including accumulated administration and finance costs), or any part thereof, may be paid to Council at any time.

Review or Suspension of Policy

The policy is in place indefinitely and can be reviewed subject to the requirements of the Local Government Act 2002 at any time.

Any resulting modifications will not change the entitlement of people already in the postponement scheme to the continued postponement of those rates.

Council reserves the right not to postpone any further rates once the postponed rates (including accumulated administration and finance costs), combined with secured borrowings against the residential property, exceed 70% of Council's rateable value of the property as recorded in Council's rating information database. This will require the ratepayer(s) for that property to pay all future rates.

All postponed rates before such time will only fall due for payment when any condition(s), as outlined in the relevant conditions are satisfied.

Procedures

Applications must be made in the required form and timelines specified in the relevant Council resolution.

The policy shall apply to ratepayers who meet the relevant criteria as approved by the Chief Financial Officer. The administration of this policy may be sub-delegated to a Council Officer(s) as appropriate.