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# Rates Remission & Postponement Policies

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Prepared in accordance with s.108, s.109 and s.110  
Local Government Act 2002

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Palmerston North City Council

Adopted on 26 June 2024

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# Contents

[1] Introduction .....	2
[2] Remissions for Community, Sporting and Other Non-Profit Organisations .....	3
[3] Remissions of Penalties .....	4
[4] Remission of Uniform Annual General Charges on Non-Contiguous Rating Units Owned by the Same Owner.....	4
[5] Remission for Residential Land in Commercial or Industrial Areas.....	5
[6] Remission of Rates on Land Protected for Natural or Cultural Heritage Purposes.....	6
[7] Rates Remission – Wastewater Charges for Educational Establishments .....	7
[8] Rates Remission – Wastewater Charges – Non-Residential Properties .....	8
[9] Rates Remission – Targeted Rates for Serviceable Properties for Water and Wastewater	8
[10] Rates Remission – Property affected by Natural Disaster .....	8
[11] Rates Remission – Financial Hardship for Residential Ratepayers as a Result of Changes to the Rating System .....	9
[12] Rates Remission – Miscellaneous Circumstances .....	10
[13] Rates Postponement Policy for Cases of Extreme Financial Circumstances .....	10
[14] Rates Remission and Postponement Policy for Maori Freehold Land .....	11

## [1] Introduction

The Local Government (Rating) Act 2002 requires that if the Council wishes to remit or postpone rates it must do so in accordance with a policy prepared and adopted in a manner which gives effect to the requirements of the Local Government Act 2002. This latter Act also requires the Council to adopt a policy on the remission and postponement of rates on Maori freehold land.

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These Policies support the principles set out in the preamble to Te Ture Whenua Maori Act 1993. These principles include recognition that land is taonga tuku iho of special significance to Maori, and for facilitation of the occupation, development, and utilisation of that land for the benefit of the owners, their whanau, and their hapu.

These policies embrace all situations in which the Council would wish to remit or postpone rates to support either the fairness and equity of the rating system or the overall wellbeing of the community.

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## [2] Remissions for Community, Sporting and Other Non-Profit Organisations

### **[2.1] Objective**

To facilitate the ongoing provision of non-commercial community services and non-commercial recreational opportunities for the residents of Palmerston North City.

The purpose of granting rates remission to an organisation is to:

- assist the organisation's survival
- make membership of the organisation more accessible to the general public, particularly disadvantaged groups. These include children, youth, young families, aged people, and economically disadvantaged people.

### **[2.2] Conditions and Criteria**

This part of the policy will apply to land used by a charitable, sports or recreation organisation, which is used exclusively or principally for sporting, recreation, or community purposes.

In some instances a rating division may be required where only part of the land is used for sporting, recreation or community purposes. The policy will not apply to organisations operated for private pecuniary profit or which charge commercial tuition fees.

The policy will also not usually apply to groups or organisations whose primary purpose is to address the needs of adult members (over 18 years) for entertainment or social interaction, or who engage in recreational, sporting, or community services as a secondary purpose only.

For the avoidance of doubt this policy specifically excludes chartered clubs and clubs holding permanent charters. Applications for remission must be made in the form prescribed by the Council.

As far as practicable, applications for rates remission are to be made to the Council prior to the commencement of the rating year. The Council reserves the right to consider any applications received during a rating year to be applicable from the commencement of the following rating year. In the normal course, applications will not be backdated.

Organisations making application should include the following documents in support of their application:

- statement of objectives; and
- constitution or rules or equivalent; and
- latest financial statements; and
- information on activities and programmes; and
- details of membership or clients.

The policy shall apply to such organisations as approved by the Council as meeting the relevant criteria. The Council may delegate the authority to make such approvals to particular Council officers as specified by a resolution of the Council and those officers will utilise the services of a panel to advise them.

The extent of any remission to any qualifying organisation shall be as determined by the Council or by the officers to whom the authority is delegated. In the normal course, no remission will be granted on targeted rates for water supply, wastewater disposal, waste collection or recycling.

## [3] Remissions of Penalties

### **[3.1] Objective**

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

To encourage ratepayers who are in arrears due to financial difficulty or other genuine unusual circumstances to make arrangements to clear arrears and keep their payments up to date.

### **[3.2] Conditions and Criteria**

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.

Remission of one penalty will be considered in any one rating year where payment has been late due to significant family disruption.

Remission will be considered in the case of death, illness, or accident of a family member, as at due date.

Remission of the penalty will be granted if the ratepayer is able to provide evidence that their payment has gone astray in the post or the late payment has otherwise resulted from matters outside their control.

Remission of the penalty will be considered where payment is made by regular bank transaction and where minor penalties occur due to timing differences.

Remission of penalties may be considered where there is an offer for immediate settlement of all rates outstanding which can be facilitated by the remission of penalties. This would apply where there are substantial arrears.

Each application will be considered on its merits and remission will be granted where it is considered just and equitable to do so. Remission will not be granted in cases of deliberate non-payment or where there is repetitive omission.

Decisions on remission of penalties will be delegated to officers as set out in the Council's delegation resolution.

## [4] Remission of Uniform Annual General Charges on Non-Contiguous Rating Units Owned by the Same Owner

### **[4.1] Objective**

To provide for relief from uniform annual general charges (UAGC) for land which is non-contiguous, farmed as a single entity and owned by the same ratepayer.

### **[4.2] Conditions and Criteria**

Ratepayers may qualify for a remission of UAGCs on non-contiguous rating units provided the other conditions are met. The ratepayer will remain liable for at least one UAGC.

The rating units on which remission is given must be owned by the same ratepayer and must each be classified in group code FL or FM for differential purposes.

Only one of the rating units may have any residential dwelling situated on it.

Applications for remission must be made in the form prescribed by the Council.

Council will delegate authority to consider and approve applications to Council officers.

## [5] Remission for Residential Land in Commercial or Industrial Areas

### **[5.1] Objective**

To ensure the owners of rating units situated in commercial or industrial areas are not unduly penalised by the zoning decisions of this Council and previous local authorities.

### **[5.2] Conditions and Criteria**

To qualify for remission under this part of the policy the rating unit must:

- be situated within an area of land that has been zoned for commercial or industrial use. Ratepayers can determine where their property has been zoned by inspecting the Palmerston North City Council District Plan, copies of which are available for inspection at the Council's office
- be listed as a "residential" property for differential rating purposes. Ratepayers wishing to ascertain whether their property is treated as a residential property may inspect the Council's rating information database at the Council's office.

Applications for remission must be in the form prescribed by the Council.

As far as practicable, applications for rates remission are to be made to the Council prior to the commencement of the rating year. The Council reserves the right to consider any applications received during a rating year to

be applicable from the commencement of the following rating year. In the normal course applications will not be backdated.

Applications for remission under this part of the policy will be determined by Council officers acting under delegated authority from the Council as specified in the delegations resolution.

If an application is approved, the Council will direct its valuation service provider to inspect the rating unit and prepare a valuation that will treat the rating unit as if it were a comparable rating unit elsewhere in the City. The ratepayer may be asked to contribute to the cost of this valuation. Ratepayers should note that the valuation service provider's decision is final as there are no statutory rights of objection or appeal for values done in this way.

The remission given will be the difference between rates based on the actual rating valuation and the rates that would be assessed if the valuation mentioned in the previous paragraph was the actual one.

## [6] Remission of Rates on Land Protected for Natural or Cultural Heritage Purposes

### **[6.1] Objective**

To contribute to sustainable management of the City's built and natural environment through providing relief to property owners who have voluntarily protected land or buildings of natural or cultural heritage value.

### **[6.2] Conditions and Criteria**

Ratepayers who own rating units which have some feature of natural or cultural heritage which is protected through such arrangements as a covenant or caveat may qualify for remission of rates under this part of the policy.

Land that is non-rateable under section 8 of the Local Government (Rating) Act 2002 and is liable only for rates for water supply, wastewater disposal, waste collection or recycling will not qualify for remission under this part of the policy.

Applications must be in writing supported by documentary evidence of the protected status of the rating unit, e.g. a copy of the covenant.

In considering any application for remission of rates under this part of the policy the Council will consider the following criteria:

- the extent to which the preservation of natural or cultural heritage will be promoted by granting remission of rates on the rating unit
- the nature and extent of the natural or cultural heritage features present on the land
- the extent to which preservation of features of natural or cultural heritage might be prejudicially affected if relief is not granted.

The Council will decide what amount of rates will be remitted on a case by case basis subject to a maximum amount of 33 percent of rates assessed for that rating unit per year. The Council may agree to an on-going remission in perpetuity provided the terms and conditions of the voluntary legal mechanism applying to the feature are not altered.

In granting remissions under this part of the policy the Council may specify certain conditions before remission will be granted. Applicants will be required to agree in writing to these conditions and to pay any remitted rates if the conditions are violated.

Applications for the remission for protection of heritage will be considered by officers of the Council acting under delegated authority from the Council.

## [7] Rates Remission – Wastewater Charges for Educational Establishments

### **[7.1] Objective**

To provide relief and assistance to educational establishments as defined in Schedule 1 Part 1 clause 6 of the Local Government (Rating) Act 2002 in paying wastewater charges.

### **[7.2] Conditions and Criteria**

1. This policy will apply to the following educational establishments as defined in the Education and Training Act 2020:

- a State school; or
- a State integrated school; or
- a specialist school; or
- a special institution; or
- an early childhood and care centre, except an early childhood education and care centre that operates for profit; or
- an institution.

2. The policy does not apply to school houses occupied by a caretaker, principal or staff.

3. The wastewater rates assessed in any year may not exceed the amount calculated as shown below.

4. The wastewater rate is the rate that:

4.1 Would be assessed using the same rating mechanisms as are applied to other separate rating units within the City divided by the number of toilets as determined in accordance with condition 5 below (the full charge); and

4.2 Reduced in accordance with the following graduated formula:

- the full charge for the first 4 toilets or part thereof
- 75% of the full charge for each of the next 6 toilets or part thereof
- 50% of the full charge for each toilet after the first 10 toilets.

5. For the purposes of condition 4.1 above the number of toilets for separately rateable units occupied for the purpose of an educational establishment is one toilet for every 20 students and staff or part thereof.

6. The number of students in an educational establishment is the number of students on the roll on 1 March in the year immediately before the year in which the charge relates.

7. The number of staff in an educational establishment is the number of teaching and administration staff employed by that establishment on 1 March in the year immediately before the year in which the charge relates.

8. Officers of the Council will be delegated authority to approve remission of the wastewater charges in excess of the charges payable according to the policy.

## [8] Rates Remission – Wastewater Charges – Non-Residential Properties

### **[8.1] Objective**

To ensure that the wastewater charging regime is applied in a fair and equitable manner.

### **[8.2] Conditions and Criteria**

The Council has a system of charging for wastewater which is a combination of a targeted fixed charge and a charge based on the number of pans (or pan equivalents) in non-residential properties. It is recognised that in some exceptional circumstances the

number of pans may not be a fair reflection of the use made of the Council's wastewater system. This may be because of the infrequency of use or the nature of use.

This policy enables Council officers, acting under delegated authority, to determine circumstances in which it would be fair and equitable to remit a portion of the wastewater charges.

## [9] Rates Remission – Targeted Rates for Serviceable Properties for Water and Wastewater

### **[9.1] Objective**

To provide for the remission of targeted rates for water and wastewater for rating units that are not connected to the Council's system but use an on-site water supply system and/or wastewater disposal system which existed prior to Council's system becoming available to the rating unit.

### **[9.2] Conditions and Criteria**

Sometimes ratepayers have invested significant sums to provide on-site water and

wastewater systems so do not wish to immediately connect to the Council's reticulation systems when they become available.

This policy enables Council officers, acting under delegated authority, to determine remissions in such circumstances until such time as the ratepayer connects to the Council's system.

## [10] Rates Remission – Property affected by Natural Disaster

### **[10.1] Objective**

To provide rate relief for any ratepayer where the use that may be made of any rating unit has been detrimentally affected by erosion, subsidence, submersion, or other natural disaster.

### **[10.2] Conditions and Criteria**

In the event of a significant natural disaster the Council will determine whether or not remissions will be contemplated under this policy and if so the criteria to be used. It is likely that the criteria will include the

following elements:

- the severity of the damage to the rating unit, as well as the individual circumstances of the ratepayer and the financial circumstances of the Council
- the period during which the buildings are uninhabitable and/or the rating unit is unable to be utilised to the extent it was prior to the occurrence of the natural disaster.

Officers of the Council will be delegated authority to approve remissions in accordance

with the criteria.

## [11] Rates Remission – Financial Hardship for Residential Ratepayers as a Result of Changes to the Rating System

### **[11.1] Objective**

To recognise that when the Council makes fundamental changes to the rating system to achieve a more equitable distribution of rates, doing so may cause financial hardship for some ratepayers and this policy is a mechanism for providing relief in such situations.

### **[11.2] Conditions and Criteria**

This policy only applies where the Council determines to make significant changes to the rating system, including changes to the valuation base used for the general or targeted rates, differentials or the number of targeted rates.

This policy does not apply to annual changes in rates requirements, including changes to targeted rates as a result of changes to service levels (including the imposition of a targeted rate on a property as a result of receiving a service that was not previously provided or charged to a property) and inflationary adjustment of uniform charges.

The applicant must provide evidence of financial hardship as a result of the change. The following grounds can be taken into account:

- The ratepayer's personal circumstances

including, but not limited to, age, physical or mental disability, injury, illness and family circumstances;

- Whether the ratepayer is unlikely to have sufficient funds left over, after payment of rates, for normal health care, proper provision for maintenance of their home and chattels at an adequate standard as well as making provision for normal day to day living expenses;

The maximum remission will be 50% of the difference between the property's rates for the year and the property's rates for the year if the change to the rating system for the year had not been applied.

In determining the property's rate for the year if the changes to the rating system had not be applied, the Council will use the relevant parts of the previous year's rating system (e.g. differentials, fixed charges etc) but will use the current year's rates requirement.

Officers of the Council will be delegated authority to approve remissions in accordance with the criteria.

## [12] Rates Remission – Miscellaneous Circumstances

### **[12.1] Objective**

To provide the flexibility to enable the Council to remit rates in circumstances where it considers it fair and equitable to do so but where authority is not provided in the more specific remission policies.

### **[12.2] Conditions and Criteria**

There are occasionally situations arise which have not been contemplated in the specific remission policies but where the Council

considers that providing a remission of some or all of the rates on a rating unit would be fair and equitable. The situations would most likely arise as an unintended consequence of the application of the Council's rating policies. Applications would normally be expected to be in writing and ratepayers' financial records may be required.

Officers of the Council will be delegated authority to approve remissions under this policy.

## [13] Rates Postponement Policy for Cases of Extreme Financial Circumstances

### **[13.1] Objective**

To assist ratepayers experiencing extreme financial circumstances which affect their ability to pay rates.

### **[13.2] Conditions and Criteria**

Only rating units used solely for residential purposes (as defined by the Council) will be eligible for consideration for rates postponement for extreme financial circumstances.

Only the person entered as the ratepayer, or their authorised agent, may make application for rates postponement for extreme financial circumstances. The ratepayer must be the current owner of, and have owned for not less than three years, the rating unit which is the subject of the application or another rating unit within Palmerston North City. The person entered on the Council's rating information database as the "ratepayer" must not own any other rating units or investment properties (whether in the City or in another district).

The ratepayer (or authorised agent) must make an application in the form prescribed by the Council.

The Council will consider, on a case by case basis, all applications received that meet the criteria described in the first two paragraphs under this section.

When considering whether extreme financial circumstances exist, all of the ratepayer's personal circumstances will be relevant including the following factors: age, physical or mental disability, injury, illness and family circumstances.

Before approving an application the Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after the payment of rates, for normal health care, proper provision for maintenance of his/her home and chattels at an adequate standard as well as making provision for normal day to day living expenses.

Before approving an application the Council must be satisfied that the ratepayer has taken all steps necessary to claim any central government benefits or allowances the ratepayer is properly entitled to receive to assist with the payment of rates.

Where the Council decides to postpone rates the ratepayer must first make acceptable arrangements for payment of future rates, for example, by setting up a system of regular payments.

Any postponed rates will be postponed until:

- the death of the ratepayer(s); or
- the ratepayer(s) ceases to be the owner of the rating unit; or
- the ratepayer ceases to use the property as his/her residence; or
- a date specified by the Council.

The Council will charge an annual fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover the Council's administrative and financial costs and may vary from year to year. Even if the rates are postponed, as a general rule the ratepayer will be required to pay the first \$500 of the rate account.

The policy will apply from the beginning of the rating year in which the application is made although the Council may consider backdating past the rating year in which the application is made depending on the circumstances.

The postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have pursuant to this policy.

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 the proceeds of any revenue from the sale or lease of the rating unit.

The Council will delegate authority to approve applications for rates postponements to particular officers.

## [14] Rates Remission and Postponement Policy for Maori Freehold Land

Maori freehold land is defined in the Local Government (Rating) Act 2002 as land whose beneficial ownership has been determined by the Maori Land Court by freehold order. Only land that is the subject of such an order may qualify for remission or postponement under this policy. Section 91 of the Local Government (Rating) Act 2002 prescribes that in the normal course Maori freehold land is liable for rates in the same manner as if it were general land. Section 108 of the Local Government Act 2002 outlines that this policy is not required to provide for the remission of, or postponement of, the requirement to pay rates on Maori freehold land. If the policy were to provide for remissions or postponements then it is required to outline the objectives sought to be achieved by so doing and the conditions and criteria which would need to be met in order to qualify.

The Policy supports the principles set out in the preamble to Te Ture Whenua Maori Act 1993. These principles include recognition that land is taonga tuku iho of special significance to Maori, and for facilitation of the occupation, development, and utilisation of that land for the benefit of the owners, their whanau, and their hapu.

The Council will not provide for any remissions or postponements under this policy except for one rating unit which is normally a small island surrounded by the Manawatu River. In this instance 100% of the rates will be remitted.