

GISBORNE DISTRICT COUNCIL RATES POSTPONEMENT POLICY: CRITERIA AND FEES

Rating units defined as residential and used for personal residential purposes by the applicant(s) are eligible. This includes properties owned by family trusts and holiday homes. Units in retirement villages will also be eligible if the council is satisfied that it can adequately secure any postponed rates.

Property that is Maori freehold land is not eligible for postponement as councils do not have adequate rights to recover postponed or overdue rates on Maori freehold land.

Indefinite postponement is available when at least one applicant is aged 65 or over. Postponement may be available in exceptional cases for a defined period up to 15 years for applicants under the age of 65 years.

Council must be satisfied on reasonable assumptions that the risk of any shortfall on ultimate repayment is negligible. In practice, it will test this through a financial model and, if necessary, limit the amount of postponement offered so that the balance due on the expected repayment date (the death of the (surviving) applicant) is not expected to exceed 80% of the value of the property.

If a property is in a known hazard zone, council has the right to decline to offer rates postponement. If the property is accepted, a higher reserve contribution will be levied.

The property must be insured for its full value and evidence of this produced annually (this applies both to properties which are currently insured and to properties which are currently uninsured). For uninsured properties, the council is developing a blanket insurance policy. Once that policy is available (the date is still uncertain), owners of uninsured properties will be offered the option of being insured through that policy, with the premium added to postponed rates, or arranging their own separate insurance.

Postponed rates become payable on the death of the applicant or survivor, if the applicant ceases to be the owner of the rating unit or (in the case of people under the age of 65 at the time of application) until the date specified by council.

Postponed rates or any part thereof may be paid at any time. Applicants may apply for postponement of a lesser amount than they are entitled to under the policy.

If accrued rates and charges reach 80% of the value of the property, the council will not postpone any further rates but instead require that they are paid as they fall due. Accrued rates and charges will remain payable only on an event of repayment (eg death, sale) and will continue to accrue interest and other annual charges.

If, when the property is ultimately sold, there is a shortfall, that will be carried by the council – there will be no recourse back to the property owner or any trust or estate.

Fees and Charges

Interest Rate:	7.5% pa. This represents the council's marginal cost of borrowing and may vary if that cost varies (it is set annually by council by resolution).
Application Fee:	\$50
Annual Administration Fee:	Nil
Reserve Fund:	0.25% per annum on the outstanding balance
Scheme Administration Fee:	1% per annum on the outstanding balance
Counselling Fees:	\$300

All of the above fees and charges will be added to the postponed rates.

Legal Fees – if an applicant wishes to consult a lawyer and wants assistance with the cost of legal fees, the council will consider advancing half of the cost of legal advice to an applicant who goes ahead with rates postponement and will add that one half to the postponed rates.