



Report 04.399
Date 6 July 2004
File G/6/1/9

Committee Policy, Finance and Strategy
Author Wayne Hastie Council Secretary

Rates Remissions Reimbursement - February 2004 Storms

1. Purpose

- (a) To inform the Council of the financial assistance provided by the Government for rates remissions for property owners affected by the February 2004 storms.
- (b) To seek delegated authority to administer the rates remissions relating to the February 2004 storms.

2. Background

In March of this year, the Government agreed to give \$11.250 million to reimburse local authorities that granted rates remissions to the income-generating properties most affected by the February 2004 storms. Details of the scheme were finalised in June and included assistance to properties in some parts of the Greater Wellington region. Greater Wellington received details of the assistance on 18 June (refer to **Attachment 1** to this Report).

In determining how to apportion funds between councils, the Government asked councils to identify those commercial properties that were affected by the storms, and to provide the total rates that were assessed on those properties for the 2003/04 financial year. In the case of the Greater Wellington region, territorial authorities provided the information. Allocations have been made for properties in Hutt City, Kapiti Coast District, Masterton District and South Wairarapa District.

The Government assistance is being provided for the remission of rates for the 2003/04 and the 2004/05 financial years. Some money will be withheld until a council identifies that it is needed, and any money not used for remissions must be returned to the Government. The total allocation to Greater Wellington is \$111,815 (incl GST).

3. Greater Wellington's ability to remit rates

A local authority may remit rates only if it has adopted a remission policy and it is satisfied that the conditions and criteria of the policy are met. Greater Wellington adopted a rates remission policy as part of the Long Term Council Community Plan in 2003. The policy does not provide for the remission of rates resulting from storm damage.

However, there is a transitional provision in the Local Government (Rating) Act 2002 that enables the Council to remit rates as if the Rating Powers Act 1988 were still in effect. This transitional provision expired on 30 June 2004, but in response to a submission made by Greater Wellington on the Local Government Law Reform Bill (No 3), has been extended for a further year. The submission was made specifically in anticipation of this Government assistance scheme.

Section 180 of the Rating Powers Act 1988 states:

Where the use that may be made of any land has been detrimentally affected by erosion, subsidence, submersion, or other natural calamity, any local authority may, where it considers it to be fair and reasonable to do so, remit, wholly or in part, any rate or charge or uniform annual general charge made and levied in respect of the land, or the payment of any minimum rates specified in section 109 of this Act.

Greater Wellington is therefore empowered to remit rates in accordance with this provision.

4. Methodology for remission

The Government assistance has been provided only for commercial properties. A key consideration in determining which properties are eligible for a remission is to be consistent with the relevant territorial authority i.e. an eligible property should receive a remission of both the local council and Greater Wellington rates. Where possible, we are also seeking consistency with the processes followed in the adjoining Manawatu-Wanganui Region.

Officers at Kapiti Coast District Council have indicated that the process of identification of eligible properties is straightforward and will be based on the original assessment made for the Government. The situation in Lower Hutt is similar, with only a few commercial properties affected.

A more sophisticated identification process is proposed for Masterton and South Wairarapa Districts. We are hoping to use the process being developed in the Manawatu-Wanganui region, which will be made available to us in the next few weeks.

5. Delegation

In June 2003, Greater Wellington delegated powers to the Council Secretary, Chief Financial Officer and Chief Executive to remit rates in accordance with

the Council's adopted remission policy (Report 03.351). The delegations to the Council Secretary and Chief Financial Officer are limited to \$5000, but the delegation to the Chief Executive is for any amount.

Because any remissions made in accordance with the Government's assistance programme will be made using the transitional provision in the Local Government (Rating) Act 2002 and the Rating Powers Act 1988, the delegations made in June 2003 can not be used. To enable effective administration of the remission process, it would be appropriate for the Council to extend the existing delegations to cover remissions under the transitional provision. This is a recommendation of this report.

6. Communication

We will be working with territorial authority officers to identify properties that may be eligible for assistance. Communication with ratepayers will be primarily through the territorial authorities.

It would be appropriate for the Chairperson to write to the Minister of Local Government to thank the Government for the support it is providing to commercial ratepayers in the Region affected by the February 2004 storms.

7. Recommendations

That the Committee recommends to Council:

- (a) *that it **notes** the assistance being provided by the Government for rates remissions for commercial properties affected by the February 2004 storms*
- (b) *that it **notes** that officers will be working with territorial authorities to administer the remissions*
- (c) *that, subject to (e) below, it **delegates** to the Council Secretary and Chief Financial Officer, acting separately, the power to remit rates up to \$5000 in accordance with section 139 of the Local Government (Rating) Act 2002 and section 180 of the Rating Powers Act 1988*
- (d) *that, subject to (e) below, it **delegates** to the Chief Executive the power to remit rates of any value in accordance with section 139 of the Local Government (Rating) Act 2002 and section 180 of the Rating Powers Act 1988*
- (e) *that the delegation made in (c) and (d) will only be **exercised**:*
 - (i) *in relation to the damage incurred to commercial properties in the February 2004 storms*
 - (ii) *when a territorial authority has granted a remission for a property, and*
 - (iii) *where funding has been provided by the Government.*

Report prepared by:

Report approved by:

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Council Secretary

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Acting Chief Financial Officer

Attachment 1: Letter and attachment from the Minister of Local Government