

# Rates Postponement Scheme



If you are 65 or older, and own your own home, you can choose not to pay rates ever again.  
A choice offered by Thames-Coromandel District Council to ratepayers aged 65 and over.

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## **If you don't have to pay rates, imagine what else you could do with that money?**

You've reached the age of 65. You're sick and tired of paying rates. You'd love to have that money to spend on other things.

Well, now you can through Thames-Coromandel District Council's "Rates Postponement Scheme". The scheme has been developed by the Council to give home-owners aged 65 and over the opportunity to delay paying rates for the rest of their lives.

It means that you have a choice of carrying on paying them as you do now, or leaving them for your estate to take care of. It's a choice which will appeal in particular to those on limited incomes, because it means you can enhance your quality of life with the money that you would otherwise be using to pay your rates.

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## **The background**

Councils throughout New Zealand can now be as flexible as they like in setting a rates postponement policy.

This is due to the Local Government (Rating) Act 2002 and the Local Government Act 2002 which changed the law to allow them to postpone the payments of rates for residential ratepayers. Previously those rates could only be postponed if the ratepayer proved hardship.

In the case of the Thames-Coromandel District, the Council has elected to offer a scheme that will be available exclusively to residential ratepayers aged 65 and over. The aim is to give these ratepayers a choice of paying their rates now or later.

Under the scheme, people have the option to postpone payment of all, or a portion of their rates, for a fixed or indefinite period. This is subject to the full cost of postponement being met by the ratepayer (i.e. interest charges and administrative costs), and the Council being satisfied that the risk of loss in any case is minimal.

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## **How do I qualify?**

First of all, you or your partner must be at least 65 years old. After you've read this booklet outlining what the scheme is all about, there are basically three easy stages to go through.

### **1. Confirming your eligibility.**

As a first step, you are required to fill out an eligibility form (see page 4).

The Council will then do its sums to check that there is little risk of any shortfall when postponed rates and accrued charges are ultimately paid. If we find there is not enough value in the property for full rates postponement, we will offer you part postponement instead.

We will then send you a conditional Letter of Offer. You will be required to attend a "decision facilitation" interview with an independent advisor.

It is a priority of Council to ensure that you are given as much information about the scheme as possible, so that you can make a fully-informed decision.

### **2. Making the decision.**

You will be required to have at least one "decision facilitation" interview with an independent advisor e.g. your legal or financial advisor, whose role is to help you arrive at a decision that is in your interests. You need to provide the signed document confirming the decision facilitation has been completed.

### **3. Applying for the scheme.**

You do this by signing the conditional Letter of Offer and returning it to the Council with all required documentation.

## "Decision facilitation" - what's that all about?

One of the conditions of joining our scheme is that you must have at least one "decision facilitation" interview with an independent advisor e.g. your legal or financial advisor.

While "decision facilitation" may sound somewhat tedious, in reality it's a simple process. Its purpose is to help you make an informed and appropriate decision in your own best interests. It is also to protect the Council from any suggestion of undue influence.

You are welcome to take family member(s) or an adviser with you to your interview.

It is important that the people who may inherit your home are kept in the picture and understand what is happening (where similar schemes exist overseas, there have been instances of the heirs finding out from the estate that the family property has a substantial liability on it, and then arguing that the liability should be voided because of the possibility that the owners might have been misled or not properly advised).

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## What if I still have a mortgage?

If you have a mortgage, you can still apply for the scheme. However, you will need to have **written agreement from the financial institution which funds your mortgage**.

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## When will my postponed rates *actually* be payable?

You can pay your postponed rates - the full amount or a portion of them - any time you like, without penalty. Otherwise, the Council will require them to be paid:

- After you have died or, in the case of couples, the second partner has died. Council is aware that it can take time to settle an estate, and will allow up to 12 months for payment.
  - When you cease to be the owner of the property (however, if you sell your property and buy another one within the Thames-Coromandel District, the Council will consider transferring the outstanding balance, or as much as is needed, to facilitate the purchase, provided it is satisfied that there is adequate security in the new property for eventual repayment).
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## Who pays the costs of the scheme?

The Thames-Coromandel District Council costs of operating the scheme will be paid only by those whose rates are being postponed. The Council is adamant there will be no subsidy from other ratepayers.

As well as annual rates, the costs are:

- An interest cost per annum (at Council's borrowing rate).
- An annual reserve fund levy of 0.25% to meet any unrecovered money.

You will also be required to pay \$180 one-off fee for the registration of a statutory land charge which will show on the property Certificate of Title. Waikato Regional Council fees and charges are different and separate to this. They will contact you and inform you of this.

All costs can be postponed. You do not have to pay any other costs while you are in the scheme.

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## What if my home is owned by a family trust, or I live in a retirement village - can I still apply?

In both cases, yes.

### Houses in trusts

The issue with trusts is that the trust is technically the legal ratepayer. If you live in a house owned by a trust, or you have a life tenancy/remainder arrangement, you are eligible to apply. However, the Council must be satisfied that all people with an ownership interest in the property have agreed to be part of the scheme. As well as trustee(s) this may also include beneficiaries depending on the terms of the trust deed.

The Council will require a letter from the trust's lawyers to confirm that all parties whose consent is required have in fact consented, and that they have the legal authority to do so. The Council's conditional Letter of Offer will also need to be signed by both the applicant(s) and all parties whose consent is required.

### Retirement Villages

The issue with retirement villages is that the retirement village owner is technically the legal ratepayer. However, as an occupier, you will indirectly pay rates through a licence fee passed on from the village owner.

You will be able to apply for rates postponement with the agreement of the retirement village owner. Council will send a conditional Letter of Offer to both you and the village owner. This will need to be signed by both parties and returned to the Council.

## Other frequently asked questions

### **Q. Why is Thames-Coromandel District Council offering rates postponement?**

- A. The law now allows councils to offer rates postponements to residential ratepayers. Our Council has made the decision to offer people 65 and over, many of whom are on limited incomes, a choice as to when they can pay their rates.

### **Q. What happens about the rates I pay to Waikato Regional Council? Can they also be postponed?**

- A. Yes, we can help arrange postponement of their rates. You complete the relevant section of the eligibility form authorising us to inform the Waikato Regional Council for the initial part of the process. Waikato Regional Council will contact you to confirm your request with and to discuss any further information they require. Waikato Regional Council fees and charges are different and separate to those of the Thames-Coromandel District Council.

### **Q. What are the benefits for me?**

- A. If you don't have to pay rates each year, you'll have that extra money to do things that you really want to do. A holiday, treats for the family... it's your choice. For a lot of people, not having to pay rates can considerably ease the financial pressure.

### **Q. How will I know what the accumulating costs are likely to be over time?**

- A. Council has developed a financial model for the scheme. Whenever you request it, we will give you a "snapshot" of the total accumulated costs compared to the value of your property at that time.

### **Q. Will I get myself so far into debt that it can't be repaid?**

- A. No. If the total postponed charged reach 80% of the value of your property, future postponement will cease. From then on you will be required to begin paying your rates up-front again.

However, this will **not** affect postponements that have already been made.

The postponed rates will continue to accrue, along with the associated costs, and will still be repayable when you sell the property, or when you die.

You can be assured there will **never** be liability on you (or your estate) beyond the value of your property. Any shortfall when the house is sold (for example, due to unexpected falling property values) will be covered by a reserve fund levy.

### **Q. What about insurance?**

- A. If you have insurance for your property when you apply, you will be required to keep it insured and to produce evidence of this each year. In areas where insurance may be unavailable we may postpone up to the value of your land. Insurance is to protect you if your home is substantially damaged or destroyed. It means that the postponed rates debt will not affect the re-building or replacement of your home.

### **Q. Do I have to postpone all of my rates or can I postpone part of them (just the amount I need)?**

- A. The scheme is extremely flexible so, yes, you can apply to postpone all or part of your rates. Once you are in the scheme, you can vary the amount you postpone depending on your financial situation. This is something you will need to discuss with Council staff.

### **Q. Does the Council get an ownership right in my house?**

- A. No, you retain full ownership. The Council simply has first claim on your estate (or proceeds from the sale of your property), for the amount that has accumulated.

### **Q. Can the scheme be reviewed or suspended?**

- A. The Council's scheme is in place indefinitely, although it can be reviewed at any time subject to the requirements of the Local Government Act 2002. If there were to be changes they would not affect the entitlement of people already in the scheme to continue postponement of future rates. Council reserves the right not to postpone any further rates once the total of postponed rates and accrued charges exceeds 80% of the rateable value of the property.

### **Q. Can I still apply for a DIA Rate Rebate?**

- A. Yes - you can still apply for the rate rebate and any amount you are eligible to receive will be credited to the rate account.

# Rates Postponement Scheme - Eligibility Form



I would like to confirm my eligibility for Thames-Coromandel District Council rates postponement

First applicant name	Date of birth
Second applicant name (if applicable)	Date of birth
Owner(s) of property (if different from above). Please specify name of trust or retirement village if applicable	
Address of property	
Valuation no. of your property	

Is the property used for personal residential purposes?  YES  NO

Type of postponement sought (if known)  FULL  PARITAL

Contact phone number
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## Waikato Regional Council (WRC) rates

\*I want to apply for Rates Postponement with Waikato Regional Council (WRC) also.  YES  NO

\*I authorise TCDC to inform Waikato Regional Council (WRC) of this.  YES  NO

\*I authorise TCDC to forward information relevant to WRC rates postponement only to WRC (WRC will contact you to complete their process).  YES  NO

\*relates to WAIKATO REGIONAL COUNCIL RATES only

To complete the eligibility form print name in full, sign and date this form:

Applicant Name	Applicant Signature	Date (DD/MM/YYYY)
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## Drop off or mail this completed form to:

Rates Postponement Scheme  
Thames-Coromandel District Council  
515 Mackay Street  
Private Bag, Thames

OR

1. Download and open this form in your PDF reader (eg Adobe Acrobat). 2. Fill it in and save. 3. Press 'Submit Form'. Your email application (eg Gmail) will open with the form attached and the email pre-addressed to TCDC. If not, attach the form to an email to [customer.services@tcdc.govt.nz](mailto:customer.services@tcdc.govt.nz). 4. You will receive a reply saying the form has been submitted.