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Asset rich, cash poor Christchurch superannuitants could get help to pay rates

Asset rich, cash poor superannuitants could benefit from a Christchurch City Council proposal to indefinitely postpone their rates payments.

The proposed scheme would allow all ratepayers aged 65 and over and living in their own home, to postpone paying 100 per cent of their rates bill indefinitely, up to the value of 20 per cent of the property's rating valuation.

The council's finance and performance committee chairman Raf Manji said the policy was designed to help ratepayers who were asset rich but cash poor.

Rates were linked to property values and many superannuitants who had been in their homes for more than 20 years were struggling to pay their increased rates bill on a fixed income.

"From people I talk to, they are deciding 'do I pay my heating bill or pay my rates'," Manji said.

The postponement was effectively a loan from the council to the ratepayer, secured by the ratepayer's equity in their property, council funds and financial policy manager Steve Ballard said.

The loan would have to be repaid when the home was sold. Annual interest and an administration fee would be charged.

Ballard said the council must borrow money for any rates that were postponed, so the interest and administration fee would cover the council's cost of borrowing.

The council's existing rates postponement scheme was open to ratepayers experiencing "financial hardship" but there was a low uptake with only one ratepayer taking advantage of it at the moment.

Ballard said the existing threshold was high and the information needed was quite intrusive, which had prevented people from applying for it.

The committee decided it wanted to keep the scheme open to owner-occupiers aged under 65, but they would have to prove "significant financial hardship".

There would be no financial threshold for those aged over 65.

Ballard said a high level of uptake in the proposed scheme would increase the council's financial risk, but the risk was low. Each year, people on the scheme would be made aware of the loan's impact on their home equity.

Before approving the new scheme, the council would consult with the public during next year's long term plan process, which would set out the council's budget for 10 years.

Age Concern chief executive Simon Templeton said the proposal would enable people to delay paying their rates and allow them to spend the money on other things like food, doctors' bills and home heating.

"We see many people who can not afford to heat their homes or buy food, so they go without."

The proposal was a good idea, he said.