



NEW ZEALAND – May 2020

CONTENTS

COVID 19 CORONAVIRUS: WHANGANUI COUNCIL PROPOSES RATES RELIEF PLAN.....	1
ZERO RATES INCREASE 'UNREALISTIC', CHRISTCHURCH CITY COUNCIL BOSS WARNS.....	2

Covid 19 coronavirus: Whanganui council proposes rates relief plan

A rates relief package which could offer rates postponement or remission for those financially impacted by Covid-19 has been backed by Whanganui district councillors.

Whanganui mayor Hamish McDouall said rates were vital for funding council but it needed to be empathetic about how they were charged due to the impact the pandemic has had on the economy.

At Tuesday's council meeting chief financial officer Mike Fermor said both residential and commercial property owners had been asking for rates relief and presented possible changes to the council's rates postponement and remission policy.

The proposed relief measures will now go out for public consultation.

"These changes would allow us to consider cases of hardship related to the unusual circumstances we find ourselves in this year," McDouall said.

The package will offer a range of criteria by which property owners can ask to postpone their rates payments - including the quarterly payment due on May 27.

That payment would be postponed until November 27 - or another date set by council - provided the property owner has a suitable payment plan in place.

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A postponement fee will be charged, to cover administration and the cost of funds. Councillors asked what criteria council will use to decide whether postponement is justified.

It could include people losing their job due to Covid-19.

Councillor Helen Craig asked whether postponement could apply to people with more than one property, or to people with a new and promising business that has lost a lot of revenue.

Fermor said all those things would be considered and would be looked at on a case-by-case basis.

"This policy does provide flexibility."

The postponement could go on for longer, with 2020-2021 rates able to be postponed until June 30 next year.

Fermor said this would probably not be a total non-payment.

"We are hoping that we can enter into a reasonable payment programme, so at least they're paying some of the rates off prior to that June 2021 date."

If people wanted a longer postponement they would have to make a separate application. For people in even more hardship, who have "exhausted all other means of financial assistance", remission of up to 50 per cent of rates will be possible.

Councillor Kate Joblin said the policy was "a good, solid, thoughtful piece of work".

Councillors voted to put the policy out for public consultation, with Rob Vinsen abstaining because he owns a commercial property.

Consultation will run from June 3-24, and Fermor hopes to have the policy in place by mid-July.

Zero rates increase 'unrealistic', Christchurch City Council boss warns

A 0 per cent rates increase is simply "unrealistic" in light of the Covid-19 crisis, the Christchurch City Council's chief executive has warned.

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Some councillors have been pushing for no rates increase this year to ease the burden on ratepayers struggling to pay their bills.

But Dawn Baxendale told councillors on Thursday, they needed to have some "realism" about the issue because the world was fundamentally different to what it was even eight weeks ago.

"So what may have been seen to be a proposal, and I will say this from a perspective of simple maths, nought per cent will be very unrealistic to be able to achieve."

She said her staff were still looking at the no rates increase option, but encouraged councillors to look at the situation realistically following the impact Covid-19 was having on the council's finances.

The council is facing a \$33.2 million deficit this financial year, thanks to Covid-19. Most of that deficit comes from the loss of an expected \$26.3m dividend from the council's trading companies (CCHL), including Christchurch Airport, and next year's dividend is also under threat.

Councillors will consider various budget options in a series of workshops over the next two weeks before making a decision on May 29 about which one to consult the public on.

Councillors have previously said everything would be looked at as a way to save money, including capital and operational budgets, staff numbers, fees and charges, and levels of service.

The council decided on Thursday to alter its annual plan — the yearly budget and plan of work — to consider the financial impact of Covid-19 and consult again with the public.

Consultation will open again on June 12 and people will have until June 29 to submit on the new draft plan, which has to be approved by July 30.

A 4.65 per cent rates increase was proposed prior to the Covid-19 crisis.

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