

Rates postponement for homeowners aged over 65 years

Relevant Legislation

Local Government (Rating) Act 2002, section 87
Local Government Act 2002, section 110

Objective

To give ratepayers over the age of 65 years a choice between paying rates now or later.

General Approach

Only rating units defined as residential and used for personal residential purposes by the applicant(s) will be eligible for consideration of rates postponement under the criteria and conditions of this policy.

Current and all future rates may be postponed indefinitely if at least one ratepayer (or, if the ratepayer is a family trust, at least one named occupier) is 65 years of age or older. In other cases, current and all future rates may be postponed to a date not more than 15 years from 30 June in the rating year in which application is made.

Owners of units in retirement villages will be eligible provided that Council is satisfied payment of postponed rates can be adequately secured.

Council will add to the postponed rates all financial and administrative costs to ensure neutrality. Therefore, the ratepayer meets the full cost of postponement.

Council will establish a reserve fund out of which any shortfall will be met between the net realisation on sale of a property and the amount outstanding for postponed rates and accrued charges, at the time of sale. This will ensure that neither the ratepayer(s) nor the ratepayer(s) estate will be liable for any shortfall.

Eligibility criteria

- Any ratepayer is eligible for postponement provided that the rating unit is used by the ratepayer for personal residential purposes (which includes, in the case of a family trust owned property, use by a named individual or couple).
- Council must be satisfied, on reasonable assumptions, that the risk of any shortfall when postponed rates and accrued charges are ultimately paid is negligible. To determine this, an actuary has been engaged to develop a model that will forecast expected equity when repayment falls due.
- The property must be insured for its full value and evidence of this produced annually.

Conditions of postponement

Any postponed rates (under this policy) will be postponed until:

- a) The death of the ratepayer(s) or named individual or couple; or

Rates postponement for homeowners aged over 65 years

- b) Until the ratepayer(s) ceases to be the owner or occupier of the rating unit (if the ratepayer sells the property in order to purchase another within the Council's district, 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); or
- c) Until a date specified by Council.

Council will charge an annual fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover Council's administrative and financial costs and may vary from year to year.

To protect Council against any suggestion of undue influence, applicants will be required to obtain advice from an appropriately qualified and trained counsellor. A counsellor's certificate will be required before postponement is granted, confirming that the applicant understands how the rates postponement scheme works. Applicants may also wish to obtain independent financial advice as to whether postponement is the right option for their individual circumstances.

If postponement is granted, the cost to the applicant is the interest Council will incur at the rate of Council's cost of borrowing for funding rates postponed, plus a margin to cover other costs (these will include Council's own in-house costs, a 1% p.a. levy on outstanding balances to cover external management and promotion costs and reserve fund levy of 0.25% p.a. and a contribution to cover the cost of the required counselling).

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 as recorded in Council's rating information database.

The postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed pursuant to this policy.

The policy will apply from the beginning of the rating year in which the application is made although Council may consider backdating past the rating year in which the application is made, depending on the circumstances.

Postponed rates will be registered as a statutory land charge on the rating unit title. This means that council will have first call to the proceeds of any revenue from the sale or lease of the rating unit.

Review or suspension of policy

The policy is in place indefinitely and can be reviewed subject to the requirements of the Local Government Act 2002 at any time. The policy consciously acknowledges that future changes in policy could include withdrawal of the postponement option.

Any resulting modifications will not change the entitlement of people already in the scheme, or rates already postponed under this policy, until the agreed repayment date set under this policy.

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However, there may be a requirement to pay future rates in the event that the policy is revoked in future.

Policy procedures

- Applications must be on the required form which will be available from any Council office.
- Council notes that recipients may also benefit from other schemes.
- Decisions under this policy will be delegated to officers in accordance with Council's delegations register.

Group	Financial Services	Contact (3rd Tier Manager)	Finance Services Team Leader	
Supersedes	Confirmed with adoption of the Annual Plan 2021-2022			
Creation Date		Resolution Reference		
Last Review Date	June 2016	Resolution Reference		
Review Cycle	LGA s109 requirement to review at least once every 6 years	Date	14 June 2028	
Authorised by	Policy Committee	Date	14 June 2022	