Transitional policy for the postponement of rates on farmland

Background

This transitional policy statement has been prepared to address the rating of farmland that previously received a rates-postponement value pursuant to Section 22 of the Rating Valuations Act.

That section of LGA, which has now been repealed, provided for rates relief for the owners of farmland whose values were increased beyond that of other farmland in the district because of the potential use to which the land could be put for residential, commercial, industrial, or other non-farming development.

A number of proper ties in the Far Nor th received these farmland postponement values because their values were significantly enhanced because of their proximity to high valued urban or coastal areas.

This transitional policy provides Council with the ability to continue to provide rating relief to certain proper ties that were receiving a postponement of rates prior to the introduction of the Local Government (Rating) Act 2002, and that qualified after that date under policy P04/04, which has now been repealed.

This Transitional Policy is restricted to those farms which are owner operated, where the owner is a natural person and/ or is a company where the owners live on and operate the farm as a personal business. The policy specifically excludes those farms which are held as investment proper ties where the owners, corporate or otherwise, live either outside the district[13].

This policy is a transitional policy which will remain in force until council so decides or until the last affected proper ty no longer qualifies, whichever is the sooner no further applications will be considered under this policy.

Effect of rates postponement values:

The postponed portion of the rates for any rating period shall be the amount equal to the difference between the amount of the rates for that period calculated according to the postponement value of the rating unit and the amount of the rates that would be payable for that period if the rates were calculated on the basis of its actual value.

The amount of the rates for any rating period so postponed shall be entered in the rate records and will be included in or with the rates assessment issued by Council in respect of the rating unit.

Any rates so postponed will, so long as the property continues to qualify for rates postponement, be remitted at the expiration of 10 years from the date at which the postponement was granted.

Each year a postponement fee will be added to the outstanding balance and will become part of the rates postponed on the rating unit pursuant to Section 88(3) of the Local Government (Rating) Act 2002.

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[12] *This amendment to the policy is to clarify that the provision only applies to those farms where the farmer lives on the property and manages it as their main source of revenue. It is not designed apply to properties that are held as investments by owners who live outside the district.*

Policy objectives

To afford rating relief to farmers who had previously been receiving this form of rating relief under the provisions of repealed legislation and/or previous versions of this policy, where Council believes that it is in the interest of the district to maintain a postponement of rates to reduce the incidence of coastal development.

Conditions and criteria:

1. This policy provision only applies to those rating units which previously qualified for a postponement of rates under policy P04/04, which was repealed on 30 June 2006, and which continues to be owned by the same ratepayer/s who owned it at that date[14].
2. Council will not accept any new applications under this policy.
3. For the purposes of this transitional policy, the definition of qualifying farmland has been revised as follows:
   a) Farmland means land which is used principally or exclusively for agricultural, horticultural, or pastoral purposes but excludes land that is used for forestry, life style, or farm park type purposes
   b) The farming operation must provide the principal source of revenue for the owner of the land, who must be the actual operator of the farm and who must reside on the land[15].
   c) The area of the land that is the subject of the application must be not less than 50 hectares
4. The proper ties that are the subject of this policy will be identified and the rates postponement values determined by Council's Valuation Service Provider and will:
   - exclude any potential value, at the date of valuation, that the land may have for residential use or for commercial, industrial, or other non-farming use; and will
   - preserve uniformity and equitable relativity with comparable parcels of farmland, the valuations of which do not contain any such potential value.
5. No objection to the amount of any rates postponement value determined under this policy will be accepted by Council (other than where the objector proves that the rates postponement value does not preserve uniformity with existing roll values of comparable parcels of land having no potential value for residential use, or for commercial, industrial, or other non-farming use).
6. The Postponement Value will be reviewed after each triennial revaluation and the revised value will be advised to the ratepayer. At that time Council will seek the advice of its valuation service provider as to whether they believe that the land continues to be actively farmed and qualifies under the terms of this policy provision. Council reserves the right to ask the owner to provide evidence showing that the land continues to operate as a farm[16].
7. The owner must agree to a statutory land charge being entered on the Certificate of Title of the farmland before receiving a postponement of rates.

Termination and repayment of postponed rates

All rates that have been postponed under this policy and have not been remitted become due and payable
immediately on:

1. The land ceasing to be farmland;
2. The interest of the owner is passed over to, or becomes vested in, some person or other par ty other than;
   a) the owner's spouse, son or daughter; or
   b) the executor or administrator of the owner's estate.

Termination and repayment of postponed rates

3. Where only part of the land is disposed of then only part of the postponed rates will become immediately repayable. The amount repayable will be calculated in accordance with the following formula:

$$\frac{A \times C}{B}$$

Where:

A – is the difference between the rateable value and rates special value of the balance of the land retained by the person who was the occupier on the date on which the rates postponement value was entered on the valuation roll; and

B – is the difference between the rateable value and the special value of the whole of the land immediately before the date of the vesting of that interest in that other person. That special value shall be specially re-determined if, because of a general revaluation of the district in which the land is situated, the special value appearing on the valuation roll is no longer directly related to the rateable value on the date of the vesting; and

C – is the total amount of the rates postponed immediately before the date of vesting. In all cases the amount of the rates to be repaid will be not less than 20% of the value of the total amount of rates currently postponed.

4. Subject to the land continuing to qualify for the special postponement value, any rates postponed under this policy will be remitted at the expiration of 10 years from the date on which they were assessed.