

Statement of proposal on the draft rating policies (including policies on remission and postponement of rates on Māori freehold land)

Purpose

The purpose of this document is to inform the public and seek comments on council's draft rating policies, which includes policies on the remission and postponement of rates on Māori freehold land, remission and postponement of rates and penalties, and early payment of rates.

It is noted that the policies support the principles set out in the Preamble to Te Ture Whenua Māori Act 1993 (Māori Land Act 1993).

Background

Section 102 of the Local Government Act 2002 (LGA) requires local authorities to adopt a policy on the remission and postponement of rates on Māori freehold land. In development of these policies, the council has considered Schedule 11 of the LGA and recognises that the nature of Māori freehold land is different to general title land.

Section 102 also allows a local authority to adopt rates remission and postponement policies. Sections 108 to 110 of the LGA require the policies to be reviewed at least once every six years. Sections 55 and 56 of the Local Government (Rating) Act 2002 allow a local authority to adopt policies for the early payment of rates.

The Far North, Kaipara and Whangārei district councils collect rates on Northland Regional Council's (NRC) behalf. It is administratively efficient that the council adopts policies on the remission and postponement of rates and penalties, and early payment of rates that are the same as those of the three district councils.

NRC does not adopt the policies, or parts of policies, that do not relate to rates collected on our behalf (for example, a policy, or part of a policy, related solely to water rates).

Below is a summary of the proposed amendments to the policies that are relevant to NRC:

Far North district

Far North District Council maintain 'Rating Relief' policies including a policy on 'Rates remission for Māori Freehold Land'. There are no proposed changes to these policies.

The rating policies that relate to rates collected by the Far North District Council on NRC's behalf, and are proposed to be adopted by the council, can be found on our website:

www.nrc.govt.nz/futureplan

The full suite of policies on the remission, postponement and early payment of rates proposed by Far North District Council can be found on their website: www.fndc.govt.nz

Kaipara district

Kaipara District Council maintains a 'Māori Freehold Land Rates Postponement and Remission Policy', 'a 'Rates Postponement and Remission Policy', 'and an 'Early Payment of Rates Policy'. There are no changes to policies that relate to rates collection on NRC's behalf.

The rating policies that relate to rates collected by the Kaipara District Council on NRC's behalf, and are proposed to be adopted by the council, can be found on our website:
www.nrc.govt.nz/futureplan

The full suite of policies on the remission, postponement and early payment of rates proposed by Kaipara District Council can be found on their website: www.kaipara.govt.nz/longtermpian

Whangārei district

Whangārei District Council are proposing two new policies, and some changes to existing policy wording for:

- exclusions to the policy for remitting rates for community, sports and other organisations
- exclusions to the policy on postponement of rates on specific farmland properties
- expanding on the principles the Preamble to Te Ture Whenua Māori Act 1993 (Māori Land Act 1993).

Outside of wording clarifications, the changes that relate to rates collected on NRC's behalf are set out in the table below:

Policy	Objective and items to consider	Proposed changes
Policy on remission of rates on abandoned land	To remit the rates on some small and low value rating units whose owners are unknown or are deceased (without succession or representation). This will enable Whangarei District Council to identify the cost of the rates on these rating units and minimise administration costs.	Proposed new rating policy to allow Whangarei District Council to remit rates wholly for rating units under the following circumstances: <ul style="list-style-type: none"> • meet the definition of abandoned land as prescribed in section 77(1) of the Local Government (Rating) Act 2002, and • the land value of the rating unit is 5% or less than the average residential land value at 1 July each rating year, and • Whangarei District Council's efforts to find a ratepayer to rectify the ownership have been unsuccessful.
Policy on early payment of rates	To encourage ratepayers to pay their rates early and in one sum so as to minimise processing costs and improve cashflow.	Proposed new rating policy to allow a discount if the total rates assessed for the current year and all arrears are paid in full on or before the due date (or the extended date where one has been granted) for the first instalment. The amount of the discount will be set each year in Whangarei District Council's Annual Plan or Long Term Plan.

<p>Policy on remission of rates for community, sports and other organisations</p>	<p>To enable Whangarei District Council to encourage community and voluntary organisations that provide facilities for residents which enhance and contribute to the district's wellbeing by providing rates relief.</p>	<p>Proposal to exclude land owned or used by a society or association of persons for business purposes or like, despite the profits being for community purposes.</p>
<p>Policy on postponement of rates on specific farmland properties</p>	<p>To afford relief to farmers whose farmland has increased in value by the factor of potential residential, commercial or other non-farming use, carrying with it rates disproportionate to a farming use when compared to other farming properties within the district.</p>	<p>Currently all rates that have been postponed under this policy and have not been written off under this policy, become due and payable immediately on the interest of the owner in any part of the land being transferred to or becoming invested in some person or other party other than the owner's spouse, or the executor or administrator of the owner's estate.</p> <p>It is proposed to extend the exclusions to cover:</p> <ul style="list-style-type: none"> • The beneficiaries of a trust on dissolution of the trust, unless this results in the subdivision of the property, with different owners. • At the discretion of the Whangarei District Council when the circumstances of the rating unit or the ratepayer are comparable to the listed scenarios, but are not actually covered exactly by those scenarios.
<p>Policy on remission of rates on Māori freehold land</p>	<p>To ensure this policy contains ample coverage in relation to the Preamble to Te Ture Whenua Māori Act 1993 (Māori Land Act 1993).</p>	<p>Proposal to recognise the land as taonga tuku iho of special significance to Māori people. Promote the retention of land in the hand of it's owners, their whanau, and their hapu. To protect wahi tapu. Also to facilitate the occupation, development and utilisation of that land for the benefit of it's owners.</p>

The rating policies that relate to rates collected by the Whangārei District Council on NRC's behalf, and are proposed to be adopted by the council, can also be found on our website:

www.nrc.govt.nz/futureplan

The full suite of policies on the remission, postponement and early payment of rates proposed by Whangārei District Council, can be found on their website: www.wdc.govt.nz/Council/Council-documents/LTP-Consultation

Assessment of options

The reasonably practicable options are:

- That NRC adopts the rating policies (including policies on the remission and postponement of rates on Māori freehold land) of each of the three Northland district councils; or
- The council establishes its own draft policies.

No other reasonably practicable options were considered in any depth due to the low level of significance of the policies.

The advantage of adopting the policies set by each of the three district councils in Northland is that it would be administratively efficient for each district council that administers our rate collection in their respective district to only apply one set of policies. Ratepayers will also avoid possible confusion by having a single approach to all their rates.

The disadvantage is that the NRC does not have a single set of policies that are applied on a uniform basis across the region.

Submission process

Full copies of the draft rating policies (including policies on the remission and postponement of rates on Māori freehold land) and how to make a submission are available from our website:

www.nrc.govt.nz/futureplan

The draft rating policies (including policies on the remission and postponement of rates on Māori freehold land) also form part of the supporting information to the council consultation on the Long Term Plan 2024-2034. Information on the long term plan consultation and submission process can also be found on the our website: www.nrc.govt.nz/futureplan

Draft rating policies 2024

Rating philosophy and objectives

NRC reviews its rating policies annually and has targeted region-wide rates and differentiated specific targeted rates to better direct rate funding to those activities suited to either fixed and/or differentiated charges.

The Revenue and Financing Policy sets out the sources of funding applied to activities undertaken by NRC. NRC will consider applying a specific targeted rate where it better aligns to the expenditure being funded, or where the distribution of benefits of providing activities is attributable to a subset of a community, or where the application of specific targeted rate promotes equity, transparency and accountability of its funding decisions.

Rates collection

Rates are assessed under the Local Government (Rating) Act 2002 (LGRA). Each of Northland's three district councils is appointed as a collector for NRC in terms of section 53 of the LGRA. This means that the district council's issue rates assessments and invoices for NRC rates and also collect the rates.

Where rates are based on value, the values assessed by Quotable Value New Zealand (QV) will apply in the Far North and Kaipara districts; values assessed by Opteon will apply in the Whangārei District.

Policies on the remission and postponement of rates and penalties, and early payment of rates

NRC's policies on the remission and postponement of rates and penalties, and early payment of rates are the same as the region's three district councils. NRC remits rates and penalties, postpones payment of rates, and manages early payment of rates in accordance with these policies. While these policies differ from council to council, it would be administratively inefficient to adopt uniform policies across the region and then require each district council to apply two sets of policies.

NRC's annual rating resolution resolves that penalties will be added to unpaid rates, and stipulates the dates for payment of rates instalments and the penalty regime applicable for each district. The district councils record these rating transactions on the rating information database and rates records, which they maintain on behalf of the NRC.

The intended policies on the remission and postponement of rates and penalties, and early payment of rates for the constituent districts of the Northland region that will apply to the regional rates assessed in those districts are set out in the following section. These rating policies are effective from 1 July 2024.

NRC makes all decisions regarding the remission and postponement of its rates and penalties, and early payment of rates, in accordance with its rating policies. The district councils assist with the administration of these policies. For the avoidance of doubt, this includes, but is not limited to:

- Where applications are required, they must be made to the relevant district council, as per its application process. The application will then be passed on to NRC for its consideration.
- Any reporting required must be submitted to the relevant district council, and will be passed on to NRC.
- The district councils may gather information needed to assess applications, or consider acting on behalf of land owners (as in the case of Māori freehold land not used).