



**Western  
Bay of Plenty**  
District Council



# **Rates Relief Policies 2022**

**Decision story**

## Why the Policy has been developed

We have been reviewing our rates relief policies and recently sought your views on our draft policies. We needed to check they are still fit for purpose and also give effect to some recent legislative changes.

We considered all feedback received through the consultation period, and Council resolved to adopt the ten rates relief policies on 14 June 2022. This decision story provides an overview of the review process for the rates relief policies and the approved changes arising from community feedback.

## Background

The Local Government Act 2002 gives local authorities the powers to set rates postponement and remission policies. Rates postponement policies allow ratepayers to defer paying their rates, with the debt being secured against the equity in their property. Rates remission policies allow ratepayers to reduce or cease rate payments in accordance with the specific policy criteria, with no requirement to repay the amount remitted.

Recent changes to the Local Government Act 2002 and the Local Government (Rating) Act 2002, through the Local Government (Rating of Whenua Māori) Amendment Act 2021, require councils to review their policies on the rating of Māori freehold land before 1 July 2022. Council rating policies for Māori freehold land must support the principles in the Preamble to Te Ture Whenua Māori Act 1993. This meant that we had to make some changes to our policy for rates remission on Māori freehold land.

The ten rates relief policies that were reviewed were:

- Rates remission on Māori freehold land;
- Rates postponement for homeowners aged over 65 years;
- Remission of rates penalties.
- Rates remissions for natural disasters and emergencies;
- Rates remission for re-zoned land;
- Rates remission for land used for sport and games;
- Rates remission for covenanted land;
- Rates remission for contiguous land;
- Rates postponement for financial hardship; and
- Discount for early payment of rates in current financial year.

Following their previous extensive review through the Annual Plan 2016/2017, the remainder of the current rates relief policies were deemed to be fit for purpose and in line with current legislative requirements. Therefore, these policies remained unchanged for the purposes of community consultation.

## Consultation and feedback

Consultation ran from 21 March to 21 April 2022. Consultation was undertaken alongside the draft Annual Plan 2022/23. Overall, seven submissions were received on Council's rate relief policies. Two of the submissions were supportive of the proposed changes, three were opposed and two did not indicate either way.

## Key decisions

### Rates Remission on Māori Freehold Land

Council's policy on rates remission on Māori freehold land needed to be reviewed to ensure that it aligned with the changes enacted under the Local Government (Rating of Whenua Māori) Amendment Act 2021.

These are the key changes to Council's policy that are required by the Local Government (Rating of Whenua Māori) Amendment Act 2021:

- a) Unused Māori Freehold Land will now be non-rateable (except for any service rates i.e., for water supply and use).
- b) Rates that the CEO considers not reasonably recoverable must be written off.
- c) Upon request, separate rating areas can be created on Māori Freehold Land and rated separately if there are dwellings.

Other changes proposed in the policy included remission for Māori Freehold Land under development considered on a case-by-case basis and that Māori Freehold Land would be valued to exclude any potential subdivision or development potential that is unlikely to happen under Māori ownership. These changes were supported through the consultation period, so Council decided to adopt the policy without any further amendments.

### Rates Remission for Covenanted Land

In response to community submissions, Council resolved to update its Rates Remission for Covenanted Land policy to remove the annual requirement for the landowner to apply for rates remission. This means that Council will apply the rates remissions policy for covenanted land to those which are eligible and have previously been approved for remission and landowners are not required to apply annually.

Council decided not to update its covenanted land policy to provide remission for other natural areas, including places with Significant Ecological Features, as requested by Federated Farmers. This decision was made due to the rating valuation methodology already assessing the best and highest use of land, and that it already considers where there are covenants or features of this nature.

### Discount for Early Payment of Rates in Current Financial Year

One submission requested that Council set a specific discount percentage in the policy and increase its discount for early rate payments to ten percent. Council made the decision to retain its current policy due to the discount amount being set each year through the Annual Plan and that it is not set by this policy. Furthermore, a review of other councils policies on early payment discounts showed that a third of councils offer a discount for early payment, with none offering more than 4%. The remainder of councils offer no discount.

Council decided to retain its current policy on discount for early payment of rates in current financial year, with the discount amount set each year through the Annual Plan.

### **Rates Postponement for Financial Hardship**

We received a submission from the Western Bay of Plenty Child Poverty Action Group that requested Council update its policy, to provide remission rather than postponement for financial hardship. Council noted that there is no current analysis to understand what Council's financial exposure might be in this space, if the current policy criteria to determine 'financial hardship' was to be remitted rather than postponed..

Council also received a submission from Federated Farmers that requested an update to the rates postponement for financial hardship policy to ensure rural ratepayers are eligible. Council decided to maintain its current approach to rates postponement for financial hardship and to not provide rates postponement for rural ratepayers, as this covers a wide range of land uses, including high value farms and orchards. Including rural ratepayers would significantly broaden the scope beyond residential ratepayers and could include some significant rates being postponed.

Council decided to retain its current approach for rates postponement for financial hardship. Council already offers a range of payment options to assist households in spreading the cost of their rates bill.

### **Rates Remission for Contiguous Land**

Council received a submission from Federated Farmers asking for the policy on rates remission for contiguous land to be broadened to include rural properties that are non-contiguous but still farmed as a single entity and have the same owner.

Council decided to retain its current approach for rates remission for contiguous land, as it complies with the requirements of Section 20 of the Local Government (Rating) Act 2002, in relation to rating units and common ownership. Furthermore, the Office of the Valuer General has a policy that large farms can all be rated on one valuation reference if the valuers or Council think it is justified.

### **Rates Remission for Re-Zoned Land**

Council received a submission from Federated Farmers asking Council to draft a new policy for rates remission for revalued farming land. Council decided not to draft a new policy for revalued farming land as the potential land for housing or other supplementary requirements in the future may be harder to acquire.

Council decided to retain its current approach for rates remission for re-zoned land, as land is required to be valued on a 'best and highest use' basis. Council considers that its current approach to rates remission on re-zoned land is pragmatic.

### **Rates Remission for Natural Disasters and Emergencies**

Council received a submission from Federated Farmers asking for the policy on rates remission for natural disasters and emergencies to provide remission for declared drought events.

Council decided to retain its current approach for rates remission for natural disasters and emergencies, recognising that central government can assist in extreme drought circumstances.

### **Other Policies**

The remainder of the rates relief policies received no direct feedback, so Council decided that the other rates relief policies would remain unchanged during both consultation and deliberations.

## Would you like to know more?

For full copies of the policies, you can visit one of our libraries and service centres:

- Waihi Beach Library & Service Centre, 106 Beach Road, Waihi Beach;
- Katikati Library & Service Centre, The Centre – Pātuki Manawa, 21 Main Road, Katikati;
- Ōmokoroa Library & Service Centre, 28 Western Avenue, Ōmokoroa;
- Te Puke Library & Service Centre, 130 Jellicoe Street, Te Puke;
- Council's Main Office, Barkes Corner, 1484 Cameron Road, Greerton, Tauranga; or
- visit our website at: [westernbay.govt.nz/rules-regulations-and-licenses/bylaws](https://westernbay.govt.nz/rules-regulations-and-licenses/bylaws).

Full copies of the reports are also available on our website as part of the Policy Committee and Council meeting agendas at: [westernbay.govt.nz/council/meetings-and-committees/agendas-and-minutes](https://westernbay.govt.nz/council/meetings-and-committees/agendas-and-minutes) - refer to the Policy Committee agenda on 14 June 2022.

## Our decisions

The Policy Committee has adopted the final ten rates relief policies, which all come into effect from 1 July 2022.



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