

# **Rates Remissions Policy (including policy on the remission and postponement of rates on Māori freehold land)**

## **Introduction**

The Bay of Plenty Regional Council uses rates remissions as a tool to provide for increased affordability and equity in the rating system. The Revenue and Financing Policy describes the funding sources for each activity which includes general and targeted rates.

Bay of Plenty Regional Council rates are applied based on location, value, size and/or services provided to the land. This system is applied across the region and the rates setting process considers affordability and equity at a macro level. The Rates Remissions and Postponement Policy is designed to allow for specific circumstances at an individual level that cannot be effectively or efficiently incorporated into the rating system based on the data that is used to set rates.

As a matter of principle, Bay of Plenty Regional Council uses rates remissions in preference to rates postponements. This is because rates postponements accumulate a debt over time which runs counter to the overall purpose of providing for affordability (i.e. creates a larger burden over time) and equity (i.e. an inequitable rated amount should be waived).

This policy is divided into two sections. The first is Rates Remissions for Māori Freehold Land that may be applied to Māori Freehold Land only. The second is Rates Remissions that may be applied to all categories of land. For the avoidance of doubt, Māori Freehold Land is eligible for both types of rates remissions, including the transition remission, subject to meeting the specific criteria.

In addition, the Local Government (Rating) Act 2002 sets categories of land that are wholly or partly non-rateable in Schedule 1. Properties that are non-rateable under the Local Government Rating Act should be recorded as such in the Rating Information Database so that rates are not assessed on that property.

The next Remissions Policy review is tentatively scheduled for the 2022/23 rating year / will be completed by no later than 30 June 2024.

## **1. RATES REMISSIONS AND POSTPONEMENT FOR MĀORI FREEHOLD LAND**

### **Background**

Māori Freehold Land represents a significant opportunity as it covers nearly 20% of the Region and Partnerships with Māori is one of Council's key impact areas. The legislation in relation to Māori Freehold Land is extensive and seeks to promote the retention of ownership, development and utilisation of land for the benefits of its owners, and protection of wahi tapu. The appropriate principles from Te Ture Whenua Māori Act are incorporated into the objective for each remission policy.

## **General conditions and criteria applying to each type of remission for MFL**

Each remission for Māori Freehold Land is subject to the following conditions:

- (a) The land must be legally recognised as Māori Freehold Land.
- (b) Application for a remission must be made in writing and should where practicable be made prior to the commencement of the rating year.
- (c) Council may approve a multi-year remission if the owners or trustees provide an undertaking to notify Council of any proposed changes in use that may affect the remission.
- (d) Council may consider writing off rates arrears (including any penalties) that have been assessed.
- (e) Owners or trustees making applications should include the following information in their applications:
  - i. Details of the rating unit or units involved
  - ii. Documentation that shows that the land qualifies as land whose beneficial ownership has been determined by a freehold order issued by the Māori Land Court
  - iii. Supporting information to demonstrate that the remission will help achieve the policy objective.
- (f) Where Council refers to “land” and “rating unit(s)” in the conditions and criteria below, it will also consider remitting rates on a part or parts of a rating unit where only part of the rating unit qualifies for remission.

### **1.1 General Remission of Rates on Māori Freehold Land**

#### **Objectives**

To support the principles in the Preamble to Te Ture Whenua Maori Act 1993, in particular to recognise that land is a taonga tuku iho of special significance to Maori people and, for that reason, to promote the retention of that land in the hands of its owners, their whanau, and their hapu, and to protect wahi tapu: and to facilitate the utilisation of that land for the benefit of its owners, their whanau, and their hapū.

Council recognises that some land is made non-rateable by the Local Government (Rating) Act 2002. It wishes to extend relief by way of remission to rateable land that has characteristics similar to non-rateable land.

#### **Conditions and Criteria**

Council may remit up to 100% of rates (including any penalties that may have been assessed) on a pro-rata basis for the area of land that:

- (a) Is used for Traditional or Māori cultural purposes that excludes or prevents use for economic or housing purposes
- (b) Is subject to waahi tapu or other cultural considerations that makes the land unsuitable for economic or housing purposes.
- (c) Provides valuable preservation of the natural character of the coastal environment, protection of outstanding natural features or protection of significant indigenous vegetation and significant habitats of indigenous fauna.

In addition, Council recognises that the economic benefit of land ownership is different between Māori Freehold Land and land in general ownership. Council may choose to remit rates to reflect the difference between the rating value of the land (highest and best use) and the estimated value (as determined by Council) based on the actual use of the land.

## **1.2 Remission and Postponement of Rates on Māori Freehold Land that is being developed for economic use**

### **Objectives**

To recognise that land is a taonga tuku iho of special significance to Maori people and, for that reason, to promote the retention of that land in the hands of its owners, their whanau, and their hapu, and to facilitate the development, and utilisation of that land for the benefit of its owners, their whanau, and their hapū.

Council recognises the statutory remission that may be applied for Māori freehold land under development in section 114A Local Government (Rating) Act 2002 and wishes to consider remitting rates for a part or parts of a rating unit on a similar basis.

### **Conditions and Criteria**

Council may remit up to 100% of the rates on a pro-rata basis for the area of the land that is proposed to be developed. The remission may be applied for the period until the development is likely to generate income (based on the initial development plan), which may include partial phasing out of remissions as areas are intended to become operational.

The maximum term of the remission will be agreed in advance based on the development plan, and will generally be for five years or less.

## **1.3 Remission of Rates on Māori Freehold Land that is being developed for Papakāinga or other housing/accommodation**

### **Objective**

To recognise that land is a taonga tuku iho of special significance to Maori people and, for that reason, to promote the retention of that land in the hands of its owners, their whanau,

and their hapu, and to facilitate the occupation and utilisation of that land for the benefit of its owners, their whanau, and their hapū.

Council recognises the statutory remission that may be applied for Māori freehold land under development in section 114A Local Government (Rating) Act 2002 and wishes to consider remitting rates for a part or parts of a rating unit on a similar basis.

### **Conditions and Criteria**

Council may remit up to 100% of the rates on a pro-rata basis for the area of the land that is proposed to be developed for Papakāinga or other housing/accommodation and associated infrastructure support. This remission may be applied until the development is likely to be able to be occupied (based on the initial development plan), which may include partial phasing out of remissions as areas are intended to be occupied.

The maximum term of the remission will be agreed in advance based on the development plan, and will generally be for five years or less.

#### **1.4 Postponement**

Council does not offer postponement of the requirement to pay rates under this Policy.

## **2. Rates Remissions for all categories of Land**

Each remission is subject to the following conditions.

- (a) Relief, and the extent thereof, is at the sole discretion of Bay of Plenty Regional Council and may be cancelled or reduced at any time if new relevant information is discovered and confirmed.
- (b) Application for a remission must be made in writing and should, where practicable, be made prior to the commencement of the rating year, unless stated below that the Council applies the remission automatically.
- (c) Council may approve a multi-year remission if the ratepayer(s) provides an undertaking to notify Council of any changes in circumstance that may affect the remission.
- (d) Where Council refers to “land” and “rating unit(s)” in the conditions and criteria below, it will also consider remitting rates on a part or parts of a rating unit where only part of the rating unit qualifies for remission.

### **2.1 Environmental and Sustainable Home Loan Repayment Scheme remission**

#### **Background**

The Environmental Loan repayment scheme helps upgrade heating devices to clean heating devices and ratepayers to install insulation by providing an interest free loan for zero emission

products and interest bearing loans for low emission burners and insulation to homeowners. Loan repayments are made via targeted rates.

### **Objective**

To provide a measure of relief, by way of remission, to assist those people on low incomes who are required to convert to a clean heat source and/or install insulation. Council recognises that some homeowners on very low incomes might have difficulty meeting the rates payments under the Environmental Loan repayment scheme.

### **Conditions and Criteria**

Ratepayers who take up the Environmental Loan Scheme or Sustainable Homes Loan Scheme and who qualify for the Government Rates Rebate Scheme qualify for a remission on the loan repayments of the targeted rates 'Environmental Loan Scheme' and/or Sustainable Homes Loan Scheme. If your loan is for a wood or pellet burner, or insulation, then the loan interest is still payable each year. Ratepayers who believe they are eligible for rates remission under this policy will need to first contact their city or district council authority to apply for the Rates Rebate Scheme. Council will then apply the remission automatically on the ratepayer's behalf once it is notified that the ratepayer has been approved for the Government Rates Rebate Scheme.

## **2.2 Forestry and Bush remission**

### **Background**

Where a rating unit has been planted in exotic forest, or is covered in indigenous vegetation or wetlands, it is considered to have the lowest nitrogen loss of any land use type. Reducing nitrogen loss from land use is a central platform for the Rotorua Lakes Protection and Restoration Action programme. For this reason, a remission of the Rotorua Lakes Activity Targeted Rate is available for rating units of 10ha and over in the areas that meet the criteria and conditions specified below.

### **Objective**

To recognise the lesser impact that exotic forestry and indigenous vegetation, and wetlands, have on nutrient discharges to water.

### **Conditions and Criteria**

Remission will be considered where an entire rating unit is covered in any or a mix of the following: indigenous vegetation, wetlands, or exotic forestry. The remission will only apply where stock are excluded from the rating unit. If the remission is accepted by Council, the Ratepayer does not need to re-apply annually however the Ratepayer has the responsibility to inform Council if a change of circumstances has occurred that may result in the remission no longer being appropriate.

The amount of the remission is the difference between the amount assessed to the rating unit for the Rotorua Lakes Activity Targeted Rate and the amount the rating unit would be liable for if it was assessed in the 0–1.99999ha category.

### 2.3 **Edgecumbe Urban River Scheme remission**

#### **Background**

The Rangitāiki-Tarawera River Scheme targeted rates are calculated on land area. In the case of some commercial urban and residential rating units in the Edgecumbe area, this led to a small number of urban properties with large land area incurring extremely high and disproportionate annual rates compared to other urban properties. Scheme rating maps for all major river and drainage schemes are available from Bay of Plenty Regional Council. For detail on how to access these maps visit our website [www.boprc.govt.nz](http://www.boprc.govt.nz).

#### **Objective**

The objective of the Edgecumbe Urban River Scheme Rate Remission is to: provide rates relief and ensure the rates assessed to undeveloped commercial urban properties in the targeted rate U1 category with large land area are comparable to other rating units in the Rangitāiki-Tarawera Rivers Scheme; and provide rates relief and ensure the rates assessed to residential urban properties with large land area are comparable to other residential rating units in the Rangitāiki-Tarawera Rivers Scheme targeted rate U2 category.

#### **Conditions and Criteria**

This policy will apply to identified Rangitāiki-Tarawera Rivers Scheme targeted rate U1 and U2 category properties. This remission is conditional on the properties remaining urban undeveloped commercial, urban residential or urban lifestyle as the principal use. The amount of the remission is the difference between the amount assessed to the rating unit, and the amount the rating unit would be liable for if it was assessed in the U1 or U2 category (as applicable) for the first 4,000m<sup>2</sup> of land area and the A1 category for the balance of the rating unit's land area. Council will each year apply the remission automatically for the identified properties.

### 2.4 **Rates Penalty remission**

#### **Background**

Council can charge the following penalties on unpaid rates:

- Penalties on current rates that have not been paid by the due date during the year.
- Further penalties on rates charged in previous years which remain outstanding.

#### **Objective**

The objective of this policy is to enable Council to act fairly and reasonably when considering applications for the remission of penalties on rates that have not been paid on time.

## **Conditions and Criteria**

Council will consider applications for the remission of rates penalties and the ratepayer has a good record of previous payment history, without an approved payment plan in circumstances where:

- a request has been made on compassionate grounds, where there has been significant disruption to the ratepayer such as the death, illness, an accident of a family member or other 'one off' event; or
- matters outside the ratepayers' control such as delayed delivery of sales notice or sale of property coincided or was close to penalty date; or,
- delay in full payment being received to council by the due date which was outside of ratepayers' control, such as bank processing delays; or
- an internal processing error has contributed to the ratepayer receiving a late payment penalty; or
- for another reason, not outlined above for which it would be fair and reasonable to remit all or part of the penalty. Ratepayer must provide supporting evidence for this request to be considered

The penalty remission only applies when the instalment has been paid.

Otherwise, ratepayers must have an approved payment plan in place for the current and future year's rates before the remission is granted.

## **2.5 Remission of rates for Queen Elizabeth II National Trust Open Space Covenants**

### **Objective**

To provide rates relief where land is legally protected under a QEII Open Space Covenant.

### **Conditions and criteria**

Council will consider remissions of rates on land or portion of land that has a QEII Open Space Covenant registered on the record of title. Calculation of such remissions are to be on a case-by-case basis, with the determination of land value for the covenanted land to be made by an appropriate council's Valuation Service Provider.

If the remission is accepted by Council, the Ratepayer does not need to re-apply annually however the Ratepayer has the responsibility to inform Council if a change of circumstances has occurred that may result in the remission no longer being appropriate.

## **2.6 Financial hardship remission**

### **Objective**

The objective of the policy is to assist ratepayers experiencing financial hardship which affects their ability to pay rates.

## **Conditions and Criteria**

Remissions of rates in part or in whole may be given in cases of extreme financial hardship where it is considered by Council that payment is not appropriate. The ratepayer must be eligible for the Government Rates Rebate Scheme and have received a financial hardship rates remission or postponement from the relevant territorial authority. The rating unit which is the subject of the application must not be vacant land, and must be used solely as a domestic residence, be the normal place of residence of the ratepayer and the ratepayer must not own any other rating unit (an interest in Māori freehold land in multiple ownership is not included in this exclusion). The remission will be granted to natural persons only.

The ratepayer should make acceptable arrangements for payment of future rates, for example by setting up a system for regular payments.

### **2.7 Miscellaneous Circumstance remission**

#### **Objective**

It is recognised that not all situations in which the council may wish to remit rates will necessarily be known about in advance and provided for in Council's specific policies, or there may be other circumstances in which it is appropriate to apply a remission but it is not provided for in a policy. The purpose of this part of the policy is to provide for the possibility of rates remission in circumstances which have not been specifically addressed but in which Council considers it appropriate to remit rates.

#### **Conditions and Criteria**

Council may remit rates on a rating unit where it considers it just and equitable to do so because of:

- extraordinary circumstances arising from a change to Council's Rating or Rates Remission policies have resulted in unintended consequences for a rating unit;
- There are exceptional circumstances where council believes that it is equitable to remit the rates.

The amount and duration of any such relief will be determined by Council on a case by case basis.

### **2.8 Remission of Rates on land that is used for Māori Cultural Purposes**

#### **Objectives**

To recognise that land that is in general ownership may still have special significance to Maori people and, for that reason, to promote the utilisation of that land for cultural purposes that benefit Māori.

## **Conditions and criteria**

Council may remit up to 100% of rates on a pro-rata basis for the total area of land that is either:

- (a) Used for Traditional or Māori cultural purposes that makes development for economic or housing purposes undesirable, or
- (b) Is subject to waahi tapu or other cultural considerations that makes development of the land for economic or housing purposes undesirable.

Any application for this remission must be supported by appropriate evidence from iwi/hapū. If the remission is accepted by Council, the Ratepayer does not need to re-apply annually however the Ratepayer has the responsibility to inform Council if a change of circumstances has occurred that may result in the remission no longer being appropriate.

## **2.9 Transition remission**

### **Background**

Bay of Plenty Regional Council is transitioning to collect its own rates directly from 1 July 2022. Before this time, the territorial authorities have acted as the rates agent for the Bay of Plenty Regional Council which included processing rates remissions and postponements under Council's direction.

### **Objective**

To provide a smooth transition between rating collection systems and rates relief provided as Council starts to collect its own rates directly.

### **Conditions and Criteria**

Council may remit rates until the next Remissions Policy review is completed on the same basis as previously remitted or postponed rates if:

- the land was granted a remission or postponement for the previous financial year;
- The territorial authority has approved the same rates remission or postponement on that rating unit for the relevant financial year.

## **3. Delegations under this Policy**

Decisions on remissions under this policy will be delegated to officers as set out in councils delegation resolution