



Cabinet Māori Crown Relations - Te Arawhiti Committee

Minute of Decision

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Whānau Development Through Whenua: Rating Matters

Portfolios **Māori Development / Local Government**

On 15 October 2019, the Cabinet Māori Crown Relations - Te Arawhiti Committee:

Background

- 1 **noted** that rates have long been identified as a barrier to owners engaging with and developing Māori land;
- 2 **noted** that addressing rating issues with Māori land will support the Government's programme to assist and improve the system for Māori landowners in managing Māori freehold land and, that by doing so, additional economic returns can be achieved delivering social and cultural benefits for Māori;
- 3 **noted** that much of the present law about rating Māori land is largely unchanged from 1924 and needs to be modernised to bring it closer to present expectations of Māori Crown relations;

Supporting the development of, and provision of housing on, Māori land

Writing off rates

- 4 **agreed** to amend the Local Government (Rating) Act 2002 (the Rating Act) to enable the chief executive of any local authority to write-off rates arrears:
 - 4.1 on any land if the chief executive considers the rates are uncollectable; and
 - 4.2 on Māori freehold land only, where successors to interests in a block of land find themselves liable for rates debts of deceased owners;
- 5 **agreed** that local authorities be required to disclose the amount of rates written-off each year in notes to the financial statements in their annual report;

Making unused land non-rateable

- 6 **agreed** that Māori land rating units that are entirely unused be made non-rateable;
- 7 **agreed** that Māori land subject to Ngā Whenua Rāhui kawenata be made non-rateable;

- 8 **agreed** that any existing rates arrears on this land be written-off at the time the land becomes non-rateable;

Statutory rates remissions for Māori land under development

- 9 **agreed** that the Rating Act be amended to include a statutory rate remission process for Māori land under development;
- 10 **noted** that the remission process in paragraph 9 above would be in addition to, rather than in place of, existing council rate remission policies;
- 11 **agreed** that the objective of such remissions is to facilitate the occupation, development and utilisation of Māori land for the benefit of its owners;
- 12 **agreed** that the criteria for assessing applications be:
- 12.1 contribution to the objective;
 - 12.2 benefits to the district from creating new employment opportunities and new homes;
 - 12.3 benefits to the council from long-term enhancements to its rating base; and
 - 12.4 benefits to Māori in the district from providing support for marae in the district;
- 13 **agreed** that in determining the time period over which rates are remitted, and the amount of rates remitted, the local authority should seek to align the remission with the likely time:
- 13.1 over which the development is expected to take place,
 - 13.2 that economic benefits will flow to landowners from the development and/or the owners are able to reside on the land;
- 14 **agreed** that the local authority may make remissions conditional, in whole or in part, on particular development milestones being met;

Treating multiple Māori land blocks as one for rating purposes

- 15 **agreed** to permit multiple blocks of Māori land as one for the purpose of calculating their rates liability, provided they are used as one economic unit and come from the same original parent land block;

Supporting the development of housing on Māori land

- 16 **agreed** to permit the practice of apportioning rates on a Māori land rating unit between different homes;
- 17 **agreed** that apportioned rating units be treated as a single rating unit for the purposes of the rates rebate scheme;
- 18 **agreed** that liability for rates on homes on apportioned rating units lie exclusively with the occupier of that home;

Modernising the Rating Act**Removing two-hectare limits**

- 19 **agreed** to remove the two-hectare limit on the rates exemptions for marae, meeting places and meeting houses;
- 20 **agreed** to remove the two-hectare limit on rates exemptions for cemeteries, burial grounds and urupā;

Updating marae and meeting place exemptions

- 21 **agreed** to extend the rates exemption for marae to marae on general land;
- 22 **agreed** that the current rates exemption for meeting places be clarified to make it clear the exemption does not include land used predominantly for housing;

Protecting Māori land reclassified as general land from abandoned land and rating sales

- 23 **noted** that:
- 23.1 the Māori Affairs Amendment Act 1967 required Māori land (the 1967 land) with less than four owners to be reclassified as general land;
- 23.2 this change in status occurred without the knowledge or consent of the owners;
- 23.3 one effect of this change in status was to expose the 1967 land to the abandoned land and rating sale provisions of the Rating Act;
- 24 **noted** that some of this land is still being sold by local authorities under the Rating Act;
- 25 **agreed** that the Rating Act be amended to exclude this land from sale or lease under the abandoned land or rating sale provisions;
- 26 **agreed** that the Rating Act provide that, as with other Māori land, the occupier of 1967 land be liable for rates on that land if the owners of the land are unknown;

Clarifying trustees' obligations

- 27 **noted** that trustees of Māori land are liable for rates only to the extent of the money derived from the land;
- 28 **agreed** the Rating Act be amended to require trustees', if they claim there is insufficient money derived from the land to pay rates, at the request of the local authority provide copies of any accounts provided to beneficiaries to support their claim;

Including purpose statements in relevant legislation

- 29 **agreed** to amend the Local Government Act 2002 and the Rating Act to include the purpose statement of Te Ture Whenua Māori Act 1993 as the purpose of the specific provisions of those Acts relating to rating Māori land;

Transition and Implementation

- 30 **noted** that some of the proposals above will require a little time for local authorities and owners of Māori land to prepare for their implementation;
- 31 **noted** that some measures need to commence at the beginning of a financial year;

- 32 **agreed** that the following proposals commence at the first financial year that is four months after the Bill is passed:
- 32.1 making unused land non-rateable;
 - 32.2 treating multiple Māori land blocks as one for rating purposes;
 - 32.3 allowing apportionments for homes on Māori land;
 - 32.4 clarifying the meeting place exemption; and
 - 32.5 clarifying trustee obligations;

Financial implications

- 33 **noted** that the proposals for supporting the development of housing on Māori land will extend the number of homeowners that are potentially eligible for a rates rebate;
- 34 **noted** that the existing appropriation for the rates rebate scheme for the current year and outyears will be adjusted to reflect current demand in the 2019 October Baseline Update;
- 35 **noted** that, depending upon future demand for the scheme, an increase to the appropriation for the rates rebate scheme may be necessary in 2021/22 and outyears;

Other matters

- 36 **noted** that the Whenua Māori (Rating and Other Matters) Bill (the Bill) has a category 4 priority on the 2019 Legislation Programme (to be referred to a select committee in 2019);
- 37 **invited** the Minister of Local Government to issue drafting instructions to the Parliamentary Counsel Office to proceed with the Bill.

Rachel Clarke
Committee Secretary

Present:

Rt Hon Winston Peters
Hon Kelvin Davis (Chair)
Hon Andrew Little
Hon Nanaia Mahuta
Hon Shane Jones
Hon Eugenie Sage

Officials present from:

Office of the Prime Minister
Officials Committee for MCR

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