

Informal Workshop Notes

Rates Remission - Long Term Plan 2024-2034

Regional Council

Held: 1:00 pm, Thursday 25 May 2023, Council Chambers, Regional House, 1 Elizabeth Street, Tauranga and via Zoom (Audio Visual Meeting)

Deputy Chairperson: Deputy Chairperson Jane Nees - Acting Chair for this Workshop

Present:

- Cr Malcolm Campbell
- Cr Matemoana McDonald
- Cr Kat Macmillan
- Cr Ron Scott
- Cr Ken Shirley
- Cr Paula Thompson
- Cr Lyall Thurston
- Cr Andrew von Dadelszen
- Cr Te Taru White
- Cr Kevin Winters

In Attendance: Mat Taylor - General Manager, Corporate; Kumaren Perumal - Chief Financial Officer; Olive McVicker - Corporate Performance Team Lead; Gillian Payne - Principal Advisor; Mark Le Comte - Principal Advisor Finance (via Zoom); Jo Pellow - Rates Manager; Charlie Roddick - Kaitohutohu Matua, Whenua Māori (Rates Specialist); Steve Groom - Governance Manager; Merinda Pansegrouw - Committee Advisor.

Apologies: Chairman Doug Leeder, Cr Stuart Crosby and Cr Toi Kai Rākau Iti

0.1 Review of Rates Remission and Postponement Policy - Principles and Objectives

Presentation Rates Remission Workshop 25 May 2023: Objective ID A4381661

Presented by Kumaren Perumal - Chief Financial Officer, Gillian Payne - Principal Advisor and Jo Pellow - Rates Manager.

Key Points:

- Sought direction from Councillors on the following:
 - Principles and objectives to enable staff to develop working draft for Rates Remission Policy
 - Consideration of areas where there would be a big impact when the interim policy expired
 - Approach to financial hardship
 - Opportunities for new remissions to be investigated
- Next steps would include engagement with Māori landowners/occupiers; identification/engagement with targeted general land owners/explore policy options.

1. Implied principles and objectives

Derived Principles (Attachment 1, Table 1)

- Principles as extracted from the existing Rates Remission and Postponement Policy – June 2022 (RRPP):

a)	<p>“It is desirable to recognise that land is a taonga tuku iho of special significance to Māori people and, for that reason, to:</p> <ul style="list-style-type: none"> • promote the retention of that land in the hands of its owners, their whanau, and their hapu, and to: <ul style="list-style-type: none"> ○ protect wahi tapu, and to: ○ facilitate the occupation, development, and utilisation of that land for the benefit of its owners, their whanau, and their hapū.” <p><u>Key Point:</u></p> <ul style="list-style-type: none"> • Acknowledged principle as mandatory in terms of legislation (Te Ture Whenua Māori Act 1993).
b)	<p>“Where land cannot be freely traded, an increase in land value resulting from potential (but unrealised) land use, should not of itself result in increased liability for rates.”</p> <p><u>Key Points:</u></p> <ul style="list-style-type: none"> • Principle also applied in instances where land had been rezoned/potential could not be realised (statement already included in the RRPP) • Examples mentioned: land subjected to treaty settlement claims/land designated for roads • Principle currently applied to Māori land only; there was however potential for application to all types of land • Land valuation was based on the principles of “highest and best use”/“most reasonable land use”. <p><u>Direction provided:</u></p> <ul style="list-style-type: none"> • In the context of the recent Māori Land History and Rating Information Presentation to Councillors (10 May 2023) and based on past inequity, supported that the status quo remained (i.e. principle to be applied to Māori land) • In general, supported the principles of being equitable and fair • Focus should remain on encouraging Māori landowners to develop their land • Would be useful to identify, within each category, where the greatest number of rate arrears fitted; this would direct/guide

	<p>where further action was required. Focussing on these areas would inform decisions/refinement of the Rates Remission Policy</p> <ul style="list-style-type: none"> • As a general principle, supported that remissions should apply when land use could not be realised • Principles to be applied to rates remissions should be simplistic/clear/not complex nor too wide-reaching; cautioned against remitting too widely • Advised against opening up the principle to all land types (could potentially become unmanageable/too difficult). Should only be applied in special circumstances • Reaffirmed the principles of being fair and reasonable • Supported that land tenure be used as the guiding principle • Reaffirmed that the status quo remain for Māori Land; in terms of general land, suggested that the following wording be added to (b) <i>“Where land tenure restricts disposal and/or development of land”</i>
c)	<p>“For all land, relief in the form of remission of rates is more appropriate than postponement of rates.”</p> <p><u>Key Points:</u></p> <ul style="list-style-type: none"> • Principle was currently included in the policy under the heading “Māori Freehold Land” (MFL) • Was testing if this principle could potentially be applied more broadly to all land. <p><u>Direction provided:</u></p> <ul style="list-style-type: none"> • Would prefer to have a policy relating to postponement as a “tool in the toolbox”, or the ability for staff to negotiate payment plans spanning more than one year • Preferred that application be limited to special circumstances.
d)	<p>“Assistance should be provided to homeowners on very low incomes to help meet the costs of complying with regulations or property improvement schemes that also benefit the wider community, or where their hardship affects their ability to pay rates.”</p> <p><u>Key Point :</u></p> <ul style="list-style-type: none"> • Enquired about the applicable threshold in instances where individuals were “asset rich but income poor”; noted that in this instance other territorial local authorities (TLAs) would apply a postponement policy. <p><u>Direction provided:</u></p> <ul style="list-style-type: none"> • Supported the principle.
e)	<p>“Where the application of targeted rates set by Council results in disproportionate rates liability for some properties, remissions policies will be developed to address the issue.”</p> <p><u>Key Points :</u></p> <ul style="list-style-type: none"> • Cited the Edgecumbe Flooding event as an example • Purpose was mainly to recognise instances where our revenue and financing policy may not have the fine grained nuance to set the rates in a fair way/to give the ability to “fine tune” rates remissions in instances where there were inequity/disproportionate liability. <p><u>Direction provided:</u></p>

	<ul style="list-style-type: none"> Supported the principle.
f)	<p>“Council will act fairly and reasonably when collecting rates and charging penalties, considering the circumstances of the ratepayer.”</p> <p><u>Direction provided:</u></p> <ul style="list-style-type: none"> Supported the principle.
g)	<p>“When developing new policies Council will provide a smooth transition for ratepayers.”</p> <p><u>Key Points :</u></p> <ul style="list-style-type: none"> To consider whether this principle should be an objective only for some of the remission categories or for all With reference to the statement “smooth transition”, enquired whether Councillors were comfortable with the wording; could potentially be “<i>consider transitional arrangements</i>” or “<i>transition implications</i>” (since “smooth” implied a particular type of treatment). <p><u>Direction provided:</u></p> <ul style="list-style-type: none"> Supported the principle Suggested changing the wording: “<i>When developing new policies Council will provide consider a smooth fair transition for ratepayers.</i>”

Potential new principles (Attachment 1, Table 2)

- Included additional principles and objectives identified as part of the policy analysis process
- Was in response to feedback received at a Council Workshop held in September 2021: to keep the policy clean and simple, to consider incentives to be linked to the core business of Council/opportunities in flood prone land management, but not to contradict or override incentives given by other territorial local authorities or other policies and grants offered by BOPRC Toi Moana:

h)	<p>“Council will assist property owners to use or develop their property in a way that provides wider benefits to the community or assists Council with its core activities, outcomes, and goals.”</p> <p><u>Direction provided:</u></p> <ul style="list-style-type: none"> Supported the principle, but was concerned about the application; Council was still required to cover its costs, allowing too many remissions could potentially shift the burden to a small group Ultimately needed to be transparent The bottom-line impact was currently unclear Suggested that the wording be changed as follows: “<i>Council will may assist property owners to use or develop their property in a way that provides wider benefits to the community or assists Council with its core activities, outcomes, and goals.</i>”
i)	<p>“Some land is made non-rateable by the Local Government (Rating) Act 2002. Council wishes to extend relief by way of remission to rateable land that has characteristics similar to non-rateable land.”</p> <p><u>Key Points :</u></p> <ul style="list-style-type: none"> In current BOPRC policy this objective only covered MFL

	<ul style="list-style-type: none"> • There was an opportunity to extend this principle to some general land; it did affect many types of land that were non-rateable in terms of Schedule 1 (of the Local Government Rating Act 2002) One. (Examples were listed in section 5.2.2 of the workshop paper.) <p><u>Direction provided:</u></p> <ul style="list-style-type: none"> • Supported the principle, with the inclusion of the proviso that no other pecuniary advantage was received as a result of a covenant.
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2. Areas where there will be a big impact when the interim policy expires (Attachment 2, Item 1, Section 4.1)

2.1 Key Direction 1

Which is more important for BOPRC's policy - Regional consistency or inter-council consistency?

Key Points:

- This was mainly considering trade-offs between whether Council wanted to have policies that applied to the whole region uniformly or whether there were instances where Council believed that it should closely follow what the TLAs were doing
- Emphasised that this was not an “all or nothing” choice
- Councillors may want to identify areas of the policy that should be regionally consistent, and areas that would be clearer to ratepayers if this was consistent with TLA policies
- As an additional dimension to consider, the policies, as applied by the various TLAs, could differ quite extensively, from generous to limited.

Direction provided:

- Supported BOPRC Toi Moana's sovereignty in determining its own rates across the region, supported regional consistency
- Supported Option 1A: “BOPRC will endeavour to treat similar properties and ratepayers across the Bay of Plenty in a similar way”.

2.2 Key Direction 2:

Which is more important for BOPRC's policy - predictability of the outcome of an application (*i.e., if policy criteria are met there is an entitlement*) or flexibility for staff to make judgements based on knowledge gained in applications (*no automatic entitlement, but considerations clear in the policy.*)

Key Points :

- Pointed out that policies could be written to provide strong predictability of decisions by reading the policy (having tight criteria to establish eligibility may imply automatic entitlement if criteria met)
- Alternatively, policies could be worded so judgement was applied on a case by case basis (more enabling criteria, drawing guidance from principles/less predictable results for ratepayer applicants/less transparent, unless decisions were well documented; regular oversight to assure consistent decision-making).

Direction provided:

- Guidelines needed to be clear/transparent; fair/concise
- Needed to minimise grey areas

- Preferred option: Flexibility for staff to make judgements based on knowledge gained in applications (no automatic entitlement, but considerations clear in the policy.)

3. Sports Clubs and Recreation Land

Key Points :

- Legislation treated similar land uses/facilities differently, depending on ownership and who was running the facility
- Legislation reflected particular views on racing and liquor licences
- TLAs had different policies that expressed their own views of public benefit and fairness
- Councillors may want to consider community organisations separately from sports and recreation, or together
- Provided an overview of the current rates remissions as applied by the various TLAs' policies
- Noted that golf clubs/courses; and sports clubs were treated differently across the region.

Direction provided:

- Requested financial modelling and implications analysis for a scenario where a "legislated route" be followed, region wide
- Principles to be applied: simplicity/transparency/consistency
- Requested that further investigation be undertaken and that financial modelling be done based on the legislated route to demonstrate the impact across the region
- Needed to understand why the TLAs had applied specific policies in their regions
- Could consider a transition period to implement new policy
- Directed staff not to proceed with any signalling to sports clubs of the possibility that remissions may end or change/seek views from affected organisations as yet, as further investigation was required.

4. Community Organisations

Key Point:

- Remissions covered halls, charities, social organisations, arts, community facilities and showgrounds.

Direction provided:

- Staff to obtain further information from the various TLAs as to why particular policies had been applied in their areas to enable a better understanding of current arrangements
- Staff to undertake further analysis: requested that financial modelling, based on legislative requirements (i.e. the status quo, and the option with a 100% scenario, along with any anomalies) be provided at a future workshop.

5. Contiguous Properties

Key Points:

- Noted that in terms of legislation, all three criteria needed to be met by general land owners in order for properties to be treated as one
- Ōpōtiki and Whakatāne District Councils had some variations in their respective policies

- Tauranga and Rotorua did not have specific policies dealing with contiguous properties, but had other policies under which exceptions could be made.

Direction provided:

- Supported the principle that the legislative minimum requirements as prescribed by the Local Government Rating Act 2002 (Section 20) be applied
- Requested staff to provide further information relating to any outliers and discrepancies.

6. Approach to Financial Hardship

Key Points:

- Currently there were very few remissions given by BOPRC for financial hardship
- Given that the TLAs' policies were variable, BOPRC's approach was not consistent across the region
- Criteria in the current Council policy was two-fold; required:
 - eligibility for central government's rates rebate scheme (means tested) and
 - that the applicant was getting a remission/postponement from their TLA for financial hardship
- Noted that there were two aspects that needed to be considered: policy setting and the administrative support required to implement the policy.

Direction provided:

- Supported the application of a region-wide policy in the approach to financial hardship
- Noted that the criteria in the current Council policy allowed for applicants who were getting a remission or postponement from their TLA for financial hardship. However, should this be a new applicant applying afresh, the criteria should be extended: that the applicant be deemed "**eligible**".

7. Ideas for new remissions (Section 5)

Direction provided:

- Supported staff to undertake further analysis, pursue ideas and provide Councillors with further information
- Staff to provide an estimate on the implications of the proposed ideas for remissions/provide an idea of the scale involved/full cost implications to the community/potential rates that would be foregone.

Conclusion

Key Point - Members:

- Thanked staff for the excellent report and acknowledged the huge amount of work that has gone into the preparation of the workshop pack.

Next Steps:

- As directed, staff to undertake further analysis and prepare contents for consideration at a future Long Term Plan 2024-2034 Workshop
- The Māori Rates Remission Engagement Plan on Māori Freehold Land included for consideration at the Komiti Māori meeting scheduled for 20 June 2023.

2.40 pm - The workshop **closed**.