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Report to the Rural Services and Wairarapa Committee
from Neville Shakespeare, Manager, Support Services

Rates on Land Under Multiple Maori Ownership

1. Purpose

To seek Committee approval for the remission of outstanding rate charges and additional penalty charges against some Maori freehold land under multiple Maori ownership.

2. Public Excluded

Grounds for exclusion of the public under Section 48(1) of the Local Government and Official Information and Meetings Act 1987 are that the public conduct of the whole or relevant part of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist i.e. that is to protect the privacy of natural persons.

3. Background

- 3.1 The Wellington Regional Council levies and collects separate rates to provide part funding for Bovine Tb Vector Control and for various River Management, Catchment and Drainage schemes in the Wairarapa.
- 3.2 These rates are levied under the Rating Powers Act 1988 and are collected on an annual basis. A minimum rate of \$10.00 plus GST is applied per property.
- 3.3 A 10% penalty is applied to rates not paid by the due date within the current rating year.

- 3.4 A 10% cumulative penalty is applied at each six month period to rates not paid but levied prior to the current rating year. These penalties are applied until the rates are paid in full.
- 3.5 Some properties within these rating areas fall into the category of Maori Freehold land and are owned by numerous shareholders through hereditary title. Shareholders and shareholdings can, in most cases, be established through the Maori Land Court who administer a database of “Maori Land”.

4. Discussion

- 4.1 The recovery of rates on “Maori Land” has generally been a long standing problem within Local Government. The topic has been on the agenda of the Rating Powers Act Review for several years with no specific outcome.
- 4.2 Although ownership of “Maori Land” can, in most cases, be established, tracing the various owners is often a very difficult and time consuming task.
- 4.3 Under the Rating Powers Act 1988 the recovery of rates on “Maori Land” is restrictive, as individual owners are ultimately responsible for their share only of the rates on the property. The Te Ture Whenua Maori Act 1993 has protected Maori Land against sale for the recovery of rates and as Maori Land is rarely sold anyway, the registering of a charging order against the land title is ineffective.
- 4.4 In cases where trustees to the land have been appointed by the Maori Land Court, there has been some success in the recovery of rates. This is normally where a lease is established and the leasee or occupier of the land pays the rates.
- 4.5 Currently the WRC Separate Rates ledger has an outstanding balance of \$45,198.08 (GST exclusive) relating to some 31 property assessments under the category of “Maori Land” as per the attached schedule. This balance comprises both the annual rate levy charge plus the compounding penalty charges. The total annual rate charge for these properties equates to \$1,353.57.
- 4.6 Of these 31 properties, 14 are rated solely on the Bovine Tb rate class 2. These properties will no longer be rated under the proposed changes for the Bovine TB rate from 2001/02 onwards. The balance payable on these properties totals \$21,132.12 (rate charges plus penalties).
- 4.7 The remaining 17 properties are rated mainly for River Management, Catchment and Drainage scheme rates. The outstanding balance for these totals \$24,065.96 (rate charges plus penalties).

- 4.8 In some cases, the actual annual rate charge per property is less than the minimum rate of \$10.00 plus GST.
- 4.9 The compounding effect of penalty interest on these outstanding balances is now increasing significantly each year (approximately \$9,000 per year compared to an annual rate charge of \$1,350).
- 4.10 The likelihood of these rates ever being recovered is minimal. The legal timeframe for the recovery of rates through the Courts under the Rating Powers Act is limited to 6 years.
- 4.11 Under section 189 of the Rating Powers Act, a local authority may remit the payment of any rate and penalty charges due on Maori freehold land.
- 4.12 In consideration of the above points, it is timely to review these arrears balances. The annual rate charge per property is in many cases minimal or relatively low. Some of these properties will not be rated in future years as a consequence of the change in rating criteria for the Bovine Tb activity. A more prudent approach in the future may be to remit these charges on an annual basis, where there is no evidence of monetary gain from the property.

5. Recommendation

- (a) *That the present outstanding rates and additional charges totalling \$45,198.08 (GST exclusive) on Maori freehold land properties, as listed in the attached schedule to this report, be remitted.*
- (b) *That rates on Maori freehold land under multiple ownership and not producing revenue be considered for remission on an annual basis.*

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