

Office of Hon Nanaia Mahuta

MP for Hauraki-Waikato

Minister of Foreign Affairs

Minister of Local Government

Associate Minister for Māori Development



Tēnā koe

I am writing to inform you of the recently enacted Local Government (Rating of Whenua Māori) Amendment Act 2021 (the Act) and some of the key opportunities it provides for owners and occupiers of Māori freehold land to fully engage with their land and fulfil any aspirations they and their whānau may have.

The purpose of the Act is to support the development of Māori land, remove long-standing obstacles for engagement and partnership between local authorities and Māori, and equitably modernise the rating system for Māori land.

Below I outline five key changes made by the Act. Please note that some of these changes are already in force, and some do not come into force until 1 July 2021.

New power for local authority chief executives to write off rates arrears

The Act introduces a new power for local authority chief executives to write off rates arrears. In practice, this functions as two different powers.

The first power requires a council chief executive to write off any outstanding rates that, in their opinion, cannot be reasonably recovered. Ratepayers can apply to the council to have unrecoverable arrears written off, and chief executives also have the ability to proactively write off arrears on their own initiative.

The second power applies to a situation where a property has accrued rates arrears and, after the owner has died, a member of the whānau inherits the land and is interested in developing it and willing to take responsibility for the rates going forward. Upon application to the council, the chief executive can now write off the arrears existing at the time the previous owner died.

Unused Māori land and land subject to Ngā Whenua Rāhui kawenata made non-rateable

Land subject to Ngā Whenua Rāhui kawenata will be non-rateable. If the whole of a block is covered by the kawenata, the land will not be assessed for any rates from 1 July 2021, and any rates arrears existing at that date will be written off by the council.

If part of a block is covered by a kawenata, then the council will treat only that part as non-rateable. It is important to note that some councils already remit rates on land subject to kawenata and in that case, there will be no change to the rates bill.

Māori freehold land that is wholly unused will also be non-rateable from 1 July 2021, with any rates arrears on this land written off. However, if the unused land is in an urban area, it may still be liable for urban water supply and waste water rates.

Individual houses on the same block of Māori land can be rated separately

If there is a home on a block of Māori land that has other houses or other land uses, the occupier of the home can apply to their council to have the home set up as a 'separate rating area'. This must be done with the agreement of any trustees of the land. If a separate rating area is established, the home occupier will be responsible for the rates on that specific part (or 'area') of the land. A ratepayer for a separate rating area will also now have access to the Rates Rebate Scheme, which they were previously locked out of.

If you want to establish a separate rating area, I recommend you contact your council as soon as possible, so that they can calculate the portion of the rates for your area before the new rating year begins on 1 July 2021. You can apply for a separate rating area after that date, but it may not commence until the start of the following rating year.

Ability to apply for a rates remission for Māori land under development

Ratepayers can now apply to their council for a remission of rates on Māori freehold land where they, or another person, are developing, or intending to develop, the land. The remission is at the council's discretion but requires the council to consider the benefits to its district and to Māori from the development.

Multiple blocks of Māori land can be treated 'as one' for rating purposes

Māori landowners can apply to have two or more blocks of Māori land treated 'as one' for rating purposes, in situations where one or more people are trying to develop a group of Māori land blocks as one economic unit. This would arise where a block of Māori land has been subdivided over time into lots that are now too small for individual economic development.

Councils must treat the blocks 'as one' if the units are used jointly, and they are (or are likely to have) derived from the same original block of Māori freehold land.

Other changes

The Act also modernises the rating law that applies to Māori land by:

- removing arbitrary two-hectare land area limits from rates exemptions for marae and urupā;
- clarifying the current exemptions for marae, meeting places, and meeting houses;
- including purpose statements in the Local Government (Rating) Act 2002 and Local Government Act 2002 relating to Māori land;
- requiring some council funding and financing policies to support the principles of the Preamble to Te Ture Whenua Māori Act 1993;
- providing protection to Māori land made general land under the Māori Affairs Amendment Act 1967 from abandoned land and rating sale provisions; and
- requiring trustees to provide evidence to support any claim they make that the income from land is insufficient to pay rates.

My officials are working closely with councils to implement these changes. I encourage you to take this opportunity to engage with your local council if you have any questions about the new changes. However, I acknowledge that time frames for some of the changes are short. If after you have contacted your council you still have questions, please reach out to my officials by contacting councils@dia.govt.nz.

Te Puni Kokiri has also developed some useful resources about the changes for owners of Māori land. You can find these at <https://www.tpk.govt.nz/en/whakamahia/whenua-maori/proposed-changes-to-the-rating-of-maori-land>.

Nāku noa

A handwritten signature in black ink, appearing to read 'N. C. Mahuta', with a long horizontal stroke extending to the right.

Hon Nanaia Mahuta

Minister of Local Government