

House of Representatives

Supplementary Order Paper

Tuesday, 12 May 2020

COVID-19 Response (Further Management Measures) Legislation Bill

Proposed amendment

Jami-Lee Ross, in Committee, to move the following amendment:

*Schedule 15: Local Government, Part 5: Amendment to Local Government (Rating)
Act 2002*

In *Schedule 15, Part 5*, after *clause 17* (page 124, after line 35), insert:

17A New section 46A inserted (Rates invoice for 2020/2021 financial year in response to outbreak of COVID-19)

After section 46, insert:

46A Rates invoice for 2020/2021 financial year in response to outbreak of COVID-19

- (1) A local authority must comply with the requirement in **subsection (2) or (3)** (as relevant) in relation to every rates invoice delivered to a ratepayer for a rating unit within the local authority's district for the 2020/2021 financial year.
- (2) The total amount of rates in a rates invoice for a rating unit for the 2020/2021 financial year must not exceed the total amount of rates in the rates invoice for that rating unit for the 2019/2020 financial year.
- (3) If a local authority delivers a rates invoice for a rating unit for a part or parts of the 2020/2021 financial year, it must ensure that all rates invoices for that financial year, cumulatively, do not exceed the total amount of rates in the rates invoice for that rating unit in the 2019/2020 financial year.

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- (4) **Subsections (2) and (3)** override the following provisions of this Act:
- (a) section 23(2)(b) (requiring that rates be set in accordance with the relevant provisions of the local authority’s long-term plan and funding impact statement for that financial year);
 - (b) section 23(3) (providing for situations when a local authority may set a rate that is not provided for in its long-term plan and funding impact statement).
- (5) **Subsections (2) and (3)** do not limit the local authority’s obligation to deliver a rates invoice for a rating unit in relation to which there has been any change that increases the ratepayer’s liability for rates on that rating unit—
- (a) during the 2019/2020 financial year; and
 - (b) before the rates invoice for the 2020/2021 financial year is delivered.
- (6) This section is repealed on 1 July 2021.
- 46B Amendment of long-term plan and funding impact statement in response to outbreak of COVID-19**
- (1) A local authority must amend its long-term plan and funding impact statement to take into account the total amount of rates invoiced for the 2020/2021 financial year in accordance with **section 46A** for all rateable land within its district.
 - (2) **Section 93DA** of the Local Government Act 2002 (relating to amendments to long-term plan during outbreak of COVID-19) applies to this section.
 - (3) This section is repealed on 1 August 2020.

Explanatory note

This Supplementary Order Paper (**SOP**) amends the COVID-19 Response (Further Management Measures) Legislation Bill (the **Bill**). The amendments are to *Part 5* of *Schedule 15* of the Bill, which relates to amendments to the Local Government (Rating) Act 2002 (the **Act**). *New clause 17A* inserts *new sections 46A and 46B* into the Act.

This SOP proposes amendments to a local government statute to provide relief to ratepayers during the COVID-19 crisis. As a result of COVID-19, the New Zealand economy has declined significantly resulting in relief for households and businesses being a part of the suite of measures provided by the New Zealand Government in response. For households and businesses experiencing a difficult or uncertain financial future, relief from the annual increase in rates demanded by a local authority will provide additional financial assistance. This SOP contains amendments that would implement what is known as a “rates freeze”. It is reasonable for each local authority

to make decisions to reduce unnecessary expenditure as a result of the significant changes in domestic and international circumstances, as well as the reduced ability of ratepayers to pay their rates. While some may consider a rates freeze to unnecessarily constrain a local authority's ability to fund projects that provide an economic stimulus to its community, it should be noted that local authorities will, in some respects, benefit from reduced borrowing costs resulting from recent global economic events.

Proposed *new section 46A* limits the amount a local authority can invoice a ratepayer in the 2020/2021 financial year to the amount invoiced in the 2019/2020 financial year. An exception is provided where the use of a rating unit has changed during the 2019/2020 financial year. In that exceptional circumstance a local authority would not be constrained in the amount invoiced. Proposed *new section 46B* provides that a local authority must amend its long-term plan to take account of the new limitations placed on 2020/2021 financial year invoices. The process a local authority must follow to make these amendments will be made in accordance with *new section 93DA* of the Local Government Act 2002 proposed in *Part 3* of *Schedule 15* of the Bill.

The *new section 46A* limiting rates invoices for the 2020/2021 financial year is repealed on 1 July 2021. The *new section 46B* is repealed on 1 August 2020, aligned with the repeal of *new section 93DA* of the Local Government Act 2002.