



NEW ZEALAND – February 2020

LAW CHANGE TO SCRAP RATES ARREARS ON MĀORI LAND 1

HIGH COURT DISMISSES APPLICATION FOR REVIEW OF AUCKLAND COUNCIL'S TARGETED ACCOMMODATION 'AIR BNB TAX' 2

QV FIGURES SHOW AVERAGE RESIDENTIAL PROPERTY VALUES INCREASED BY 2.5% IN THE THREE MONTHS TO JANUARY 3

Law change to scrap rates arrears on Māori land

All unpaid rates arrears on Māori freehold land will be written off under new legislation to be introduced to Parliament within months.

The announcement was made by Māori Development Minister Nanaia Mahuta on Sunday and greeted by loud cheers from an audience of about 300 at a Kaikohe vineyard, the first event of a packed Waitangi week.

Other announcements yesterday included \$30 million in Provincial Growth Fund grants for projects to develop Maori land, of which \$6.2m is destined for Northland.

The scrapping of rates arrears is likely to have a big impact in the Far North, where the Far North District Council is owed about \$20m in unpaid rates on Māori land.

Most of those rates are on unproductive land which the council has no intention of collecting, and probably couldn't if it wanted to, but as long as the arrears are on the council's books they act as a handbrake on putting the land to commercial use.

Mahuta said the change to the Local Government (Rating) Act would allow councils to write off any rates they consider unrecoverable.

Most rates arrears on Māori freehold land were from non-payment penalties rather than the original rates bills and rates inherited from deceased owners.

"This proposal would give current owners a clean slate so they can start afresh," she said.

"Owners will be able to bring proposals to their local council without the fear of having to pay rates arrears before starting any kind of development."

The real conversation councils wanted to have with Māori land owners was about what they wanted to do with their land and how they might pay rates in the future.

Most of the roughly 1.4 million hectares of Māori freehold land around the country was currently unproductive, she said.

The law change would also make Māori land set aside for conservation, called Ngā Whenua Rāhui kawenata, rates-free. Crown-owned conservation land is already exempt from rates.

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IPTI Xtracts- The items included in IPTI Xtracts have been extracted from published information. IPTI accepts no responsibility for the accuracy of the information or any opinions expressed in the articles.

The other big announcement, by Regional Economic Development Minister Shane Jones, was the allocation of the first \$30m from the \$100m Whenua Māori Investment Fund, which was created last year and draws from the \$3 billion Provincial Growth Fund.

Jones said the fund aimed to progress projects which were ready for investment but struggling to get off the ground.

Waima Tohu B Ahu Whenua Trust in South Hokianga, for example, would receive almost \$1m for scrub clearing so the land could be developed.

Jones said the funding would "unleash the economic potential" of Māori land, boost landowner returns and create jobs.

The Kaikohe event was also Prime Minister Jacinda Ardern's first public event in a hectic five-day schedule. Today she is due to unveil a statue of Dame Whina Cooper at Panguru.

The rating law changes will be introduced to Parliament in the first quarter of this year. The changes will also make council policies on Māori land rates consistent around the country.

High Court dismisses application for review of Auckland Council's targeted accommodation 'Air BnB tax'

The High Court has dismissed an application for a judicial review of Auckland Council's targeted rate for accommodation providers.

The rate - charged to hotels, motels, serviced apartments, and Airbnb and Bookabach accommodation - is used to fund the operations of Auckland Council's tourism arm.

Legal proceedings were launched in May 2018 following the introduction of the rate in 2017.

Tourism Industry Aotearoa said it was disappointed with the decision.

"TIA has consistently argued that the rate is unfair, as hotels receive only a small portion of visitor spend in Auckland.

"Many other businesses also benefit from tourism, but they are not facing this extra impost at a time when tourism is slowing."

Auckland-Tamaki-Makaurau hotels reported an average occupancy of 82 per cent, the lowest occupancy in the city for the last five years, according to TIA.

"The slowdown will be exacerbated by the coronavirus outbreak and, with no new major events scheduled in Auckland this year, hoteliers are not expecting to see any significant improvement in their bottom line."

Auckland mayor Phil Goff has welcomed the court's decision - saying he's pleased but not surprised.

In August 2018, the council faced a revolt over its newly-imposed "bed tax", asking Airbnb owners to pay thousands of dollars more in rates, with some facing increases of between 200 and 300 per cent.

Many began lodging instant appeals after the financial impact was revealed when thousands of property owners received new Auckland Council rates notices following last year's triennial property revaluations.

There are an estimated 8000 properties in Auckland which are listed on Airbnb alone.

Information supplied by the council said that a \$1m property in a prime Auckland location which was making this amount was liable for a bed tax of around \$6700.

The bed tax is one part of a double-whammy in new costs for homeowners who rent properties on Airbnb. They are also being charged at partial or full business rates, rather than residential rates – to bring them into line with motels and hotels.

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QV figures show average residential property values increased by 2.5% in the three months to January

Average residential property values are rising in almost every part of the country, according to the latest figures from Quotable Value.

The average value of all residential properties throughout the country was \$714,747 in January, up 2.5% compared to three months earlier and up 4.4% compared to a year earlier, according to the QV House Price Index.

Average values rose in 92 of the 99 locations covered by the Index compared to three months ago, with the only locations to record declines being the Auckland districts of Coastal North Shore -0.6% and Franklin -0.3% and also Taupo -0.3%, Opotiki -4.5%, Carterton -2.0%, South Wairarapa -0.6% and Kaikoura -1.8%.

In the Auckland region, where the market has previously been subdued for some time, average values rose by 1.7% over the three months to January to \$1,049,383.

In the Wellington region average values were up 3.6% over the same period to \$756,076 and in Christchurch they were up 2.1% to \$510,575.

Dunedin surpassed the other main centres by a substantial margin, with value growth 8.4% in the three months to January, taking the average value in the city to \$527,101 which was up a whopping 20.8% compared to a year previously.

The biggest increase in values over the three months to January was in the central North Island town of Kawerau where they increased by 18.8% to \$345,572.

The area with the highest average values in the country is the eastern districts of within the boundaries of the former Auckland City Council, which includes such blue ribbon suburbs as St Heliers and Mission Bay and had an average value of \$1,560,134 in January, up 2.0% compared to three months earlier.

Going against the trend, values appeared to be almost flat in Queenstown-Lakes, which had the third highest average property value in the country at \$1,203,136, up just 0.1% compared to three months earlier and also up just 0.1% compared to a year earlier.

The table below shows average values throughout the country at the end of January and how much they have changed over the previous three months and 12 months.

QV House Price Index			
January 2020			
Territorial authority	Average current value \$	12 month change %	3 month change %
Auckland Region	1,049,383	0.3%	1.7%
Wellington Region	756,076	9.0%	3.6%
Main Urban Areas	818,955	3.4%	2.4%
Far North	486,392	13.5%	3.7%

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Whangarei	557,837	-0.6%	2.3%
Kaipara	556,641	-0.1%	0.1%
Auckland - Rodney	961,284	0.1%	2.8%
Rodney - Hibiscus Coast	942,612	1.0%	3.3%
Rodney - North	982,244	-0.5%	2.5%
Auckland - North Shore	1,196,276	-0.5%	0.6%
North Shore - Coastal	1,365,012	0.2%	-0.6%
North Shore - Onewa	967,807	0.0%	1.6%
North Shore - North Harbour	1,157,803	-2.8%	2.3%
Auckland - Waitakere	828,124	1.1%	1.9%
Auckland - City	1,245,323	0.9%	2.4%
Auckland City - Central	1,092,126	0.9%	2.0%
Auckland_City - East	1,560,134	0.2%	2.0%
Auckland City - South	1,111,174	1.7%	2.8%
Auckland City - Islands	1,171,406	0.4%	5.9%
Auckland - Manukau	906,762	0.4%	1.6%
Manukau - East	1,163,189	1.4%	2.4%
Manukau - Central	700,599	-0.7%	0.7%
Manukau - North West	789,890	0.5%	1.5%
Auckland - Papakura	714,610	2.7%	1.6%
Auckland - Franklin	672,800	0.3%	-0.3%
Thames Coromandel	785,649	5.3%	2.8%
Hauraki	435,867	3.1%	1.0%
Waikato	523,361	6.9%	6.3%
Matamata Piako	494,461	5.7%	1.1%
Hamilton	616,316	6.7%	4.1%
Hamilton - North East	763,452	5.5%	3.4%
Hamilton - Central & North West	563,034	5.7%	2.9%
Hamilton - South East	579,627	9.0%	6.1%
Hamilton - South West	550,389	7.2%	4.3%
Waipa	612,839	8.0%	2.2%
Otorohanga	N/A	N/A	N/A

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South Waikato	272,771	6.2%	3.5%
Waitomo	244,653	12.5%	6.8%
Taupo	550,567	7.4%	-0.3%
Western BOP	687,864	5.7%	3.5%
Tauranga	769,958	6.6%	1.6%
Rotorua	500,263	12.4%	1.8%
Whakatane	504,352	8.9%	4.3%
Kawerau	296,962	21.5%	18.8%
Opotiki	345,572	0.6%	-4.5%
Gisborne	407,007	25.7%	7.5%
Wairoa	N/A	N/A	N/A
Hastings	561,107	11.2%	3.8%
Napier	582,582	8.2%	3.8%
Central Hawkes Bay	399,528	8.7%	3.4%
New Plymouth	497,632	8.6%	3.4%
Stratford	315,675	15.4%	2.7%
South Taranaki	265,015	11.8%	3.5%
Ruapehu	248,996	19.3%	13.5%
Whanganui	338,982	23.7%	6.2%
Rangitikei	276,961	28.0%	9.7%
Manawatu	448,698	22.5%	6.8%
Palmerston North	489,479	14.0%	4.2%
Tararua	260,715	15.8%	7.6%
Horowhenua	412,565	21.1%	6.2%
Kapiti Coast	640,791	10.2%	4.5%
Porirua	659,853	12.7%	5.0%
Upper Hutt	612,355	15.0%	5.1%
Hutt	651,038	14.1%	3.8%
Wellington	864,753	5.7%	3.0%
Wellington - Central & South	865,515	6.7%	4.0%
Wellington - East	919,207	5.0%	1.4%
Wellington - North	787,787	5.5%	2.6%

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Wellington - West	985,238	5.5%	3.8%
Masterton	410,136	9.2%	2.9%
Carterton	449,586	8.0%	-2.0%
South Wairarapa	543,382	6.4%	-0.6%
Tasman	620,815	4.8%	0.5%
Nelson	650,331	6.6%	2.8%
Marlborough	506,255	7.0%	3.2%
Kaikoura	462,271	8.6%	-1.8%
Buller	207,798	5.4%	1.0%
Grey	226,981	8.2%	2.9%
Westland	268,369	8.9%	4.0%
Hurunui	406,478	4.1%	2.9%
Waimakariri	457,729	2.1%	1.1%
Christchurch	510,575	2.7%	2.1%
Christchurch - East	388,353	3.1%	1.3%
Christchurch - Hills	703,901	4.2%	5.0%
Christchurch - Central & North	597,244	2.1%	2.2%
Christchurch - Southwest	482,900	2.1%	1.5%
Christchurch - Banks Peninsula	542,779	2.9%	2.5%
Selwyn	558,728	0.7%	0.3%
Ashburton	365,570	2.3%	1.1%
Timaru	383,948	5.3%	2.7%
MacKenzie	557,541	7.9%	2.6%
Waimate	288,786	18.5%	9.9%
Waitaki	341,785	10.4%	3.7%
Central Otago	569,817	11.5%	4.8%
Queenstown Lakes	1,203,136	0.1%	0.1%
Dunedin	527,101	20.8%	8.4%
Dunedin - Central & North	545,026	20.7%	8.1%
Dunedin - Peninsular & Coastal	488,049	22.9%	8.6%
Dunedin - South	504,716	22.1%	8.9%
Dunedin - Taieri	542,757	19.0%	8.2%

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Clutha	269,768	25.3%	10.9%
Southland	346,390	17.9%	6.7%
Gore	262,059	9.2%	4.3%
Invercargill	326,946	14.2%	2.6%
Auckland Area	1,049,383	0.3%	1.7%
Wellington Area	756,076	9.0%	3.6%
Main Urban Areas	818,955	3.4%	2.4%
Total NZ	714,747	4.4%	2.5%

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