Memo

Auckland Council
Te Kaunihera o Tāmaki Makaurau

To: Finance and Performance Committee members

From: Deborah Acott, Head of Rates, Valuations and Data Management

cc: Sue Tindal, Group Chief Financial Officer

Date: 5 September 2017

Subject: Sixth Quarterly Report on Non-Rateable Property Rating Treatment

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1. Purpose

The purpose of this memo is to inform the Finance and Performance Committee on the progress of the programme of work to review the rating treatment of current non-rateable properties across Auckland. As we are now on our sixth update and the work is on track, the update will continue to be provided by memorandum until December 2017, when a full report will be presented to the committee.

2. Executive Summary

The programme of work to review more than 10,500 non-rateable properties is on track to be completed by February 2018. The Local Government (Rating) Act 2002 (LGRA) defines a range of properties as non-rateable including churches and educational institutions. However, any portion of these properties used for other purposes is liable for rates.

The table below shows the work which needs to be undertaken and what has been completed so far, along with the nett difference in rates after adjustments are made. The total nett change in rates amounts to an increase of $449,229. This represents an increase of $51,619 for this quarter.

As at 30 August 2017, 9,147 properties have been reviewed with 7,100 confirmed as non-rateable and 28 confirmed as fully rateable. Of the properties reviewed 2,019 require more detailed investigation.

Legacy	Non-rateable properties	Total reviewed	Confirmed non-rateable	Confirmed rateable	Require more investigation	Balance for review	Nett $ rates changes
ACC*	3,811	3,126	2,289	13	824	685	48,046
MCC	2,496	2,345	1,835	5	505	151	62,404
NSCC	1,666	1,563	1,306	3	254	103	314,717
RDC	1,412	1,083	896	1	186	329	963
WCC	1,123	1,030	774	6	250	93	23,099
Total	**10,508**	**9,147**	**7,100**	**28**	**2,019**	**1,361**	**449,229**

*ACC includes the former Franklin and Papakura District Councils

3. Progress Update

Since the last report in May 2017, the review has continued to focus on the 961 properties used for religious purposes. The assessment of the rateability of these properties is more complex than many of the other types of property being considered so progress has not been as immediately visible as has previously been the case. In addition, staff members have been required for other work related to preparations for the end of the rating year and rates generation for 2017/18.

Aa at 30 August 2017 a total of 403 of these properties had been reviewed. We have been able to confirm that:

- 72 are correctly non-rateable
- 331 require further investigation (with 36 potentially part or fully rateable).

4. Religious Worship

Properties used for religious purposes can only be non-rateable where the land is used for worship, theological training or education (e.g. a Sunday school). Our legal advice is that areas used for administration, meeting rooms, opportunity shops and residences are not being used for worship and should be rateable.

Assessing non-rateability for religious worship requires an analysis of land use and, in many cases, can only be confirmed by an on-site inspection.

We commenced this phase of the review by requesting information about types of land use through a form sent to the owners of properties that are currently non-rateable for religious purposes. This data is being analysed in conjunction with floor plans and publicly available information about activities on these properties. Where rateability is not able to be confirmed, an inspection will be arranged.

5. Commercial Properties

Following discussion on businesses operating at residential properties at the Finance and Performance Committee meeting in May 2016, our contract valuers have specifically been looking for houses with signage indicating a property may be used for purposes other than a residence, whilst performing their inspections. This occurs most frequently in ‘mixed use’ locations, often on the fringe of commercial town centres and along main arterial roads.

A total of 109 properties with changes in rating have been included in previous reports.

There have been no further properties identified in this quarter as valuers have been focusing on:

- Finalising subdivisions and maintenance for the end of year roll
- Confirming valuation data for 320 commercial properties which are subject to the new accommodation levy (including 250 properties which required apportionments to be created so the levy could be correctly applied)
- Preparations for the revaluation which needs to be completed for the audit by the Valuer General in early October.

6. Conclusion

The body of work being undertaken to review the treatment of Auckland Council’s non-rateable properties is on track to be completed by February 2018. If there are any queries on the subject, please contact me via email on deborah.acott@aucklandcouncil.govt.nz or mobile phone on 021-636-046.