

Memo



To: Finance and Performance Committee members
From: Deborah Acott, Head of Rates, Valuations and Data Management
cc: Matthew Walker, Acting Group Chief Financial Officer
Date: 29 November 2017
Subject: Seventh Quarterly Report on Non-Rateable Property Rating Treatment

1. Purpose

The purpose of this memo is to inform the Committee on the progress of the programme of work to review the rating treatment of properties currently non-rateable across Auckland. As we are now on our seventh update and the work is on track to be completed by the end of February 2018, the Chair and Deputy Chair agreed that it was appropriate to provide this update by memorandum until March 2018, when a full report will be presented to the Committee.

2. Executive Summary

The programme of work to review more than 10,400 non-rateable properties is on track to be completed by February 2018. The Local Government (Rating) Act 2002 (LGRA) defines a range of property uses as non-rateable including reserves, 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 \$777,100. This represents an increase of \$327,875 for this quarter.

As at 27 November 2017, 9,321 properties have been confirmed as non-rateable and 137 confirmed as fully rateable. 701 properties have been initially reviewed and valuer inspections will be required to confirm their use (including 574 properties used for religious purposes). The 326 properties in the balance for review all have religious use. They are being assessed now that an external legal opinion has confirmed our approach to rating properties used for religious worship.

Legacy	Non-rateable properties	Confirmed non-rateable	Confirmed rateable	Require valuer investigation	Balance for review	Nett \$ rates changes
ACC*	3,815	3,287	62	458	8	205,795
MCC	2,494	2,247	16	0	231	118,778
NSCC	1,661	1,506	18	50	87	380,448
RDC	1,392	1,302	20	70	0	10,037
WCC	1,123	979	21	123	0	62,042
Total	10,485	9,321	137	701	326	777,100

*ACC includes the former Franklin and Papakura District Councils

3. Progress Update

Since the last report (in September 2017):

- The number of properties reviewed has increased from 9,147 to 10,159.
- Properties confirmed as non-rateable have increased from 7,100 to 9,321.
- The balance to review has decreased from 1,361 to 326.
- Properties that are potentially fully rateable have increased from 28 to 137.
This represents a further increase in rates of approximately \$327,875 (taking the nett total to date for the project to \$777,100).

4. Religious Worship

There are 980 properties that have been part or fully non-rateable for religious use. The LGRA allows non-rateability for land “used solely or principally as a place of religious worship”, religious education and theological colleges. This wording in the LGRA reflects a simpler time when the activities of more traditional churches could easily be identified as worship or non-worship.

We have been working with a definition of worship based on English case law which takes a narrow interpretation of land used for worship as areas where religious services take place. Given the lack of guidance from both the LGRA and local judicial decisions, our legal team requested independent legal advice to ensure that we are not seen to be discriminating against particular religions and to avoid anomalies in the way our policies are applied across a wide range of religious groups and activities.

That legal opinion confirms that our initial definition of religious worship is correct; and that areas not directly used for religious worship or education should be fully rateable. We have made a preliminary assessment of 654 properties based on returns supplied by the organisations occupying them, building plans and resource consents (where available) and publicly available information. 574 of these properties will require a valuer inspection to assess the rateable and non-rateable areas on them. The remaining 326 properties are being assessed now that the opinion has been received.

5. Rating of sports clubs, community organisations and other entities on council land

The rateability of facilities on council land depends on whether:

- the land is a reserve
- the facilities or membership are accessible to the public
- any commercial activity is occurring
- the property has a liquor licence.

Some inconsistency has been identified in how these properties are rated. A full review of the rating of these properties will be undertaken along with our Financial Policy team and the nature of the issues and the impacts of any potential changes will be reported in 2018/2019. This work falls outside the initial scope of the non-rateable review.

6. SUIP Charges for Minor Units.

The Finance and Performance LTP workshop on 26 October 2017 requested clarification about the rating of minor units on residential properties. Council policy is that each part of a rating unit capable of being separately used or inhabited (SUIP) should be liable for a uniform annual general charge (UAGC), interim transport levy and waste rates. These charges will apply where the unit is self-contained and can be used separately from the rest of the property. It will have its own bathroom, toilet and kitchen facilities.

A remission of the UAGC and transport levy is available where the SUIPs are under the same roof, there is internal access between them and they are used together by immediate family members.

SUIP numbers are included in property valuation data as units of use.

There is no obligation for ratepayers to inform the council where they have more than one SUIP but a number of teams actively monitor property uses -

- Valuers detect separate units when valuing building consents and in their day-to-day work in the field
- Building control advises separate units as inspectors identify them
- The waste team advises additional SUIPs when extra bins are requested by property owners or tenants
- The rates team receives notification of additional units from members of the public.

When advice is received through these avenues, the ratepayer is notified and an additional set of charges is applied.

7. 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.