

Minutes of the workshop of the Finance and Performance Committee held on Tuesday, 18 September at 2.30pm in the Reception Lounge, Level 2, Auckland Town Hall, 301-305 Queen Street, Auckland.

Attendees

Deputy Chairperson Cr Desley Simpson, JP, presiding
Members Cr Josephine Bartley
Deputy Mayor Bill Cashmore
Cr Fa'anana Efeso Collins
Cr Linda Cooper, JP
Cr Chris Darby
Cr Hon Christine Fletcher, QSO
Mayor Hon Phil Goff, JP
Cr Richard Hills
Cr Penny Hulse
Cr Daniel Newman, JP
Cr Greg Sayers
Cr Sharon Stewart, QSM
Cr Wayne Walker Until 2.41pm
Cr John Watson

Apologies

Chairperson Cr Ross Clow
Members Cr Dr Cathy Casey
Cr Alf Filipaina
Cr Mike Lee
IMSB Member Terrence Hohneck
IMSB Chair David Taipari
Cr Sir John Walker, KNZM, CBE

Purpose: To receive an update on current rating issues (including churches).

ITEM	TOPIC
1	Apologies Apologies from Cr C Casey, Cr R Clow, Cr A Filipaina, IMSB Member T Hohneck, Cr M Lee, Cr Sir J Walker, and IMSB Chair D Taipari for absence were noted.
2	Declaration of interest There were no declarations of interest.
3	Current Rating Issues Aaron Match, Deborah Acott and Andrew Duncan gave a PowerPoint presentation on current rating issues including: <ul style="list-style-type: none">• Update on outstanding changes valuation objections• Update on rates changes for online accommodation providers• Outline existing approach to rating of home business A copy of the PowerPoint presentation is attached to these minutes. <i>Cr W Walker retired from the meeting.</i>

The workshop ended at 3.32pm.

Rating issues update

Finance and Performance Workshop

18 September 2018

Deborah Acott

Andrew Duncan

Aaron Matich

Content

- Outstanding valuation objections
- Rates changes for online accommodation providers
- Rating of home business
- Rates impact of non-rateable review

Outstanding valuation objections

Affected ratepayers

- QV processing errors resulted in 5000 valuation objections being incomplete by 30 June
- Letter sent to 2500 ratepayers who sought a lower valuation (August)
 - contact us if concerned about paying rates before objection being settled
- 29 enquiries received and 15 special payment arrangements set up

Current status

- Payment to QV withheld for outstanding objections
 - Around 1,000 (20%) now completed
 - Follow-up audit conducted by Deputy Valuer
- General
- sampled selected objections
 - generally in line with sales evidence
 - suitable for release to objector
 - minor technical follow-up actions
- Remaining objections completed before 31 Dec

Rates changes for online accommodation providers

Policy overview

- Response to concerns raised by hotels and motels
- Graduated scale of charges

Annual booked nights	General rates	APTR (zones A or B only)
Up to 28	100% residential	No APTR
29 to 135	75% residential 25% business	25% APTR
136 to 180	50% residential 50% business	50% APTR
More than 180	100% business	100% APTR

- Additional information required from ratepayers

When do changes apply?

- When it applies
 - entire dwellings (apartment, house, bach)
 - self contained units (granny flats, minor dwellings)
 - any clearly identifiable area providing accommodation (converted sleep-outs, studios, purpose built)
- When it does not apply
 - bedrooms
 - shared rooms

Ratepayer communications

- Initial letter to identified ratepayers (June)
- Dedicated council web page established
- Dedicated rates team managing queries
- Additional communications through Airbnb and Bookabach (June/July)
- Follow-up letter to non-respondents (early Aug)
- 2nd follow-up letter to non-respondents (soon)

Rates impact

- **1240 ratepayers identified as online providers**
 - 440 – declared 28 nights or less – no additional charges
 - 560 – declared 29+ nights – additional charges as per policy
 - 240 – no response – full business rates
- **Median additional rates**
 - \$1,965 – zone A & B (business plus APTR)
 - \$903 – zone C (business only)
- **Highest additional rates around \$17,000**
 - 200+ booked nights
 - around \$700/night

Examples

Property	Daily rate	Booked nights	Additional Rates	Annual Revenue
\$1.5m Pakuranga (granny flat \$400k)	\$100	160	\$998	\$16,000
\$900k Waiheke bach	\$200	60	\$1,316	\$11,000
\$500k city centre apartment	\$200	200	\$5,304	\$40,000
\$700k Snells Beach bach (no APTTR)	\$100	80	\$518	\$8,000

Next steps

- Initial confusion for affected ratepayers
- Continue to encourage non-responders to contact council
 - rates will be reassessed when they do
- Continue to identify additional providers
 - where identified will rate them accordingly
- Website www.aucklandcouncil.govt.nz/APTR
- Dedicated contact details
 - accommodationproviderrate@aucklandcouncil.govt.nz
 - (09) 979-5500

Rating of home business

Current approach

- Rates assessed in parts where each part has different rating treatment
 - mixed use rateability - eg: café operating on reserve land
 - mixed use differential categories - eg: corner dairy, motels
- Ensures consistent and equitable application of rates
- Each part considered a separate SUIP
 - liable for additional uniform charges

Criteria

- Must be clearly identifiable part of property
 - separate building eg: converted garage
 - definable area within the residence and only used for business purposes – not a bedroom used as an office
- Other considerations
 - size of area
 - administrative practicality

Process

- Prior to making any changes
 - staff engage with property owner
 - agreement is sought on specific area being used separately
 - where possible site plans used
 - sometimes a site visit is necessary
 - other information may be requested to determine extent of business activity
- Rights to object – RID objection

Rates impact of non-rateable review

Non-rateable review

- Non-rateability is set by legislation
- Rating treatment for rateable property is determined by council
- Prior to review
 - \$2.3m rates from religious use properties
 - rates charged reflected differing legacy council approaches
 - result = inconsistent application of legislation and policy
- Review process
 - correspondence with all affected properties
 - quarterly reporting to Finance and Performance Committee
 - result = consistent application of legislation and policy

Non-rateable review – results

- \$3.6m rates from religious use properties (additional \$1.3m)
- Some churches have experienced large increases
- Highlighting issues of rating religious use properties
- Affected ratepayers have been contacted
 - council considering the issue
 - deferred payment offered until council decision
- Analysis of impacts currently being undertaken
- Report to October F&P Committee