

Minutes of the workshop of the Finance and Performance Committee held on Tuesday, 23 October at 2.54pm in the Reception Lounge, Level 2, Auckland Town Hall, 301-305 Queen Street, Auckland.

Attendees

Chairperson	Cr Ross Clow	
Deputy Chairperson	Cr Desley Simpson, JP	
Members	Cr Josephine Bartley	Until 4.02pm
	Deputy Mayor Bill Cashmore	
	Cr Chris Darby	Until 3.57pm
	Cr Alf Filipaina	
	Cr Hon Christine Fletcher, QSO	Until 4.39pm
	Mayor Hon Phil Goff, JP	
	Cr Richard Hills	Until 4.18pm
	Cr Penny Hulse	From 3.02pm
	Cr Daniel Newman, JP	
	Cr Greg Sayers	
	Cr Sharon Stewart, QSM	
	Cr Wayne Walker	
	Cr John Watson	
	Cr Paul Young	

Apologies

Members	Cr Dr Cathy Casey
	Cr Fa'anana Efeso Collins
	Cr Linda Cooper, JP
	Cr Mike Lee
	IMSB Member Terrence Hohneck
	IMSB Chair David Taipari
	Cr Sir John Walker, KNZM, CBE

Purpose: To workshop rating of religious use properties.

ITEM	TOPIC
1	<p>Apologies</p> <p>Apologies from Cr E Collins, for absence on council business; Cr C Casey, Cr L Cooper, Cr M Lee and Cr Sir J Walker for absence were noted.</p> <p>Subsequent apologies were received from Cr J Bartley and Cr C Darby for early departure on council business.</p>
2	<p>Declaration of interest</p> <p>There were no declarations of interest.</p>
3	<p>Rating of religious use properties</p> <p>Debbie Acott, Head of Rates Valuations and Data Management; Manager Financial Policy; Aaron Matich, Principal Advisor – Financial Policy and Meredith Webb, Senior Solicitor gave a PowerPoint presentation on the rating of religious use properties. A copy of the PowerPoint presentation is attached to these minutes.</p> <p><i>Cr P Hulse joined the meeting at 3.02pm.</i></p> <p><i>Cr C Fletcher left the meeting at 3.30pm.</i></p> <p><i>Cr C Fletcher returned to the meeting at 3.36pm.</i></p> <p><i>Cr C Darby retired from the meeting at 3.57pm.</i></p> <p><i>Cr J Bartley retired from the meeting at 4.02pm.</i></p> <p><i>Cr R Hills retired from the meeting at 4.18pm</i></p> <p><i>Cr C Fletcher retired from the meeting at 4.39pm.</i></p>

The workshop ended at 4.40pm.

Rating of religious use properties

Finance and Performance Committee Workshop – 23 October 2018

Deborah Acott
Meredith Webb
Andrew Duncan
Aaron Matich



Overview

- Process
- Non-rateability - legislation
- Findings
- Options for making changes
- Next steps



Non-rateable review

Prior to undertaking review

- \$2.3m rates collected from religious use properties
- Council information on use was out of date
- Rating treatment reflected differing legacy council approaches
- Inconsistent application of legislation and policy

Review process

- Identified all land with religious use
- Sought legal advice
- Requested property use information from ratepayers
- Assessment undertaken by valuers
- Quarterly progress updates to Finance and Performance Committee
- Wrote to all ratepayers advising outcome
- Resulted in consistent application of legislation and policy

What is non-rateable land?

- All land is rateable – except where specifically excluded
- Exclusions that apply to religious use properties
 - solely or principally as a place of religious worship
 - a Sunday/Sabbath school, or other form of religious education (non-profit only)
 - theological training up to 1.5 Ha
 - cemetery, crematorium, or burial ground up to 2 Ha
 - integrated school
 - early childhood education under Education Act
- Rates can be assessed in parts where different parts have different rating treatment

Information sources to determine use

- Usage forms supplied by ratepayer
- Existing building consent plans
- Website information
- Inspections by valuation team
- Information supplied as result of objection

Review results and current status

- Some large rates increases
- Highlights issues of rating religious use properties
- All affected ratepayers have been contacted
- Rates payments deferred until council has considered the issue
- 2nd instalment invoices due to be issued in November

Review findings

Shape of analysis

- Review context
- Non-rateable land
- Types of rateable land
 - business
 - residential
 - farm/lifestyle
 - no clear classification

Context

- Rateability determined by legislation
- Council decides what rates apply to rateable land
- Religious organisations play important role in community
- Some religious owned land clearly used for business or residential purposes
- Non-religious community organisations also pay rates
- Some rates increases driven by revaluation

Non-rateable land

- Solely or principally used for religious worship or religious education
 - cathedrals, churches, mosques, temples, synagogues, etc
 - leased parts of commercial buildings
 - some halls
- Parking associated with religious worship
- Some childcare operations
- Cemeteries
- 390 properties fully non-rateable
- 45 properties where non-rateable portion increased more than 5%

Rateable land - business



Rateable land - business and no religious use

- 30 part used retail, commercial or industrial purposes
 - clearly used as a business operation
 - residual land where part leased to a religious organisation
 - owned by religious organisation and leased for business operation
 - rated as business - \$910k
- 16 no longer used for religious worship
 - fully rated - \$240k
 - rating treatment based on actual use – mostly business

Rateable land - residential



Rateable land - residential

- 226 residential
 - dwellings, dormitories, friaries, convents, hostels, retirement village, etc
 - clear residential use
 - may be used with associated religious organisation activity
 - rated as residential - \$747k

Rateable land – vacant/unused land & farm/lifestyle



Rateable land – vacant/unused land & farm/lifestyle

- 7 vacant/unused
 - not currently used for religious purposes
 - may have a potential future religious use
 - rating treatment for vacant/unused land determined by zone
 - current rates - \$64k
- 8 farm/lifestyle
 - balance of land not used for religious worship
 - on rural boundary or in rural areas
 - clear farm or lifestyle use
 - rated as farm/lifestyle - \$27k

Rateable land – car parks



Rateable land – car parks

- 8 car parks
 - paid parking in place
 - used for church parking outside of business hours
 - rated as business - \$243k
 - mostly from 1 large parking operation in the city centre

Rateable land – halls



Rateable land – halls and gymnasiums

- 91 halls
 - not solely or principally used for religious worship or religious education
 - provide a community service for the benefit of the community
 - rated as residential \$290k
 - 124 other halls owned by non-religious community organisations rated as residential - 632k
- 2 gymnasiums
 - provide a community service for the benefit of the community
 - rated as residential \$5k
- Potential option
 - community grants

Rateable land - cafés

- 8 cafés
 - operating as a café – selling refreshments to the public
 - not canteens
 - varying scale of operation
 - rated as business - \$25k

Rateable land – childcare

- 26 childcare operations
 - either operating for profit or not operating under the Education Act
 - residential where not for profit for the benefit of the community
 - business where operating for profit or not open to the general public
 - current rates - \$138k

Rateable land – Op Shops

- 22 Op Shops
 - carry out retail of second hand goods
 - scale of operations varies considerably
 - revenue funds religious organisation
 - non-religious organisations (SPCA, Hospice) also run Op Shops - rated as business
 - rated as business - \$68k

Rateable land – offices

- 257 offices
 - many have no commercial purpose
 - usually a small part of the property
 - currently classified as business (default system coding for offices) - \$1m
- Potential option
 - do not charge rates where minor part of property and no other business activity (136 properties)
 - residential where large part of the property and no other business activity (91 properties)
 - business where there is another business activity on the property (30 properties)

Rateable land – libraries

- 10 libraries
 - libraries used for educational and research purposes
 - other libraries are non-rateable – council/tertiary institutions/schools
 - currently classified as business (default system coding) - \$37k
- Potential option
 - do not charge rates – shift to zero rating differential

Rateable land – large rates increases

- Rates increases
 - 216 properties between \$1,000 and \$5,000
 - 89 properties more than \$5,000
- Sudden changes in rates can be difficult to manage
- Some change driven by revaluation – not review
- Potential option
 - rates transition - grants

Considerations

Applying options

- Current year
 - unbudgeted grants
- Future year
 - changes to FIS differential descriptions – zero rate
 - budgeted grants

Next steps

- Finance and Performance Committee report – 20 November
- Follow up communications with ratepayers
- Payment arrangements for outstanding rates
- Consult on FIS amendments as part of Annual Budget 2019/20