

## 14. RATING OF SCHOOL HOUSES

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The purpose of this report is to update the Council concerning the rating of school houses and the qualification for such houses for an exemption from rates under the provisions of the Rating Powers Act 1988.

Prior to the introduction of the Rating Powers Act 1988, rates were not payable on Crown properties, including those used for commercial/industrial purposes, dwellings etc. However, in terms of a Government directive, the Crown abrogated its rights under the rating legislation and agreed to pay what was termed as a “grant in lieu of rates equal to rates” on certain properties including school houses occupied by caretakers.

Following the introduction of the Rating Powers Act this Council, along with other territorial local authorities around the country continued to levy rates against school houses believing them to be rateable. Approximately 12 months ago the New Zealand Educational Institute drew to the attention of schools their entitlement to not only a rating exemption on school houses occupied by caretakers but also to a refund of rates paid in earlier years. The rating status of such properties was also confirmed by Local Government New Zealand (LGNZ) following receipt of a legal opinion, with the proviso that some local authorities may “and should” seek a legal opinion to challenge the LGNZ’s opinion.

This Council sought and obtained an opinion from the Council’s Legal Services Manager. Without going into all the details of the opinion, suffice to say that the Legal Services Manager has agreed with the reasoning set out in the opinion of Simpson Grierson, who prepared the opinion for Local Government New Zealand, that “*in our opinion, the legislation in case law makes it clear that properties which are used for the accommodation of school staff are ‘... used and occupied by or for the purposes of the school’*”.

In the Legal Services Manager’s opinion this reasoning applies equally to caretakers as well as to teachers/school principals.

In view of this opinion this Council will regard school houses occupied by caretakers as non rateable from 1 July 2001 and in terms of Section 118 of the Rating Powers Act will refund rates overcharged for the past five years. There are 12 school houses affected in this Council’s rating area and the total refund is of the order of \$41,000.

The Rating Powers Act is currently under review. This will provide an opportunity to deal with this issue in context.

### **Chairman’s**

**Recommendation:** That the information be received.