



NEW ZEALAND – August 2018

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Auckland Council charges churches rates without consultation

Over 400 Auckland churches have been wrongly asked to pay rates in an embarrassing council blunder.

Auckland Council is contacting hundreds of churches that received rates bills for the first time, telling them not to pay until councillors have had a chance to discuss the matter.

A review of non-rateable properties by council staff identified 402 churches requiring changes to their rating. This resulted in rates bills, some of them large, going out earlier this month.

The review found a lot of church property was not being used for religious purposes, which is not subject to rates, but instead was being used for business purposes, which is.

After complaints to councillors, it was discovered the finance and performance committee had been briefed on progress of the review, but no political decisions had been taken to approve a new rating policy for churches.

Pastor Rob Markley, of the Birkenhead Baptist Church, was surprised to receive a rates bill for \$1080 after the church had previously only received a waste management charge of about \$150.

He said it appeared the council was dividing up the property between places used for worship and commercial purposes, but there was nothing on the rates demand to say how the council had determined it.

He said the church, in a low socio-economic area, hired its facilities for dance lessons, indoor bowls, a dance school and Weight Watchers for a small fee.

It had also been renting out a church car park to contractors building a new retirement village up the road for more than two years and used the money to paint the rusty roof on the church at a cost of \$16,500.

"We are not running a business. We are surviving on donations and providing a resource that really helps the community. It's basically illegal because churches are exempt from taxation," Markley said.

Finance committee deputy chairwoman Desley Simpson said she had called for a full report on churches and their rateable status following concerns from some.

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"There are churches out there, for the very first time, have been sent a rates bill and there has been no political direction," Simpson said.

She said the issue of rating churches had been different across the city from the days before the Super City and councillors needed to have a conversation about where the council went on the issue.

The council began contacting churches this week to advise them not to pay the rates until councillors had had the opportunity to consider the issue.

Papakura-Manurewa councillor Daniel Newman said it was a "bloody debacle" charging rates to churches without a political mandate, saying he would be making it clear during the review that the council should not be rating churches.

Bishop Ross Bay, of the Anglican Diocese of Auckland, said the church was disappointed by Auckland Council.

"Our Ministry Units and their facilities are valuable resources to our communities and this decision would have a detrimental effect by inhibiting the services our Ministry Units could provide.

"Auckland Council has responded well to us about this matter and we feel that we will be able to resolve it in a positive way."

New Zealand to Ban Foreigners From Buying Houses Amid "Doomsday" Price Hike

New Zealand's government has blamed billionaires from all over the world who have been buying property in the country in case of an apocalypse, which has led to dramatic increases in property prices.

Legislation banning foreigners from acquiring most types of houses in New Zealand is expected to be endorsed by the country's Parliament next week, The Sydney Morning Herald reported.

The bill stipulates that foreigners will still be able to buy apartments in multi-story buildings, whereas buyers from Australia and Singapore will be exempted due to a free-trade regime between New Zealand and these countries.

New Zealand's Prime Minister Jacinda Ardern believes it can reduce property prices, which skyrocketed due to tycoons seeking a safe haven in case of an apocalyptic scenario. As locals struggle to pay for housing, homelessness rates in New Zealand are among the highest in developed world.

"In this world of concentrating wealth, we don't want this coterie of ultra-wealthy people overseas being able to outbid successful New Zealanders for what is our birthright, not theirs," New Zealand's Trade Minister David Parker stressed.

According to the media, international buyers amounted to over 18 percent of property purchases in Auckland, New Zealand's biggest city. Among the house owners in New Zealand are PayPal founder Peter Thiel and former NBC host Matt Lauer.

Say "No" to Auckland Council Bed Tax

Auckland Council is faced with ratepayers revolt over its newly-imposed "bed tax", asking holiday home owners to pay thousands of dollars more in rates, with some facing increases of between [200 and 300 per cent](#). Holiday home owners stung by rates hikes may take legal action against Auckland Council.

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This is a precedent and many other local councils will follow suit, imposing rate increase on holiday homes across NZ. All New Zealanders will be negatively impacted with this [draconian new tax](#). Facing a rate increase of thousands of dollars, many owners will either have to increase their rental fees or opt out. This means that everyone who books a holiday in NZ will unfortunately have less options to choose from and pay much more for their holiday!

Spending by Kiwi tourists was [\\$21.4 billion in 2017](#) while international tourist spending was only \$14.5 billion: two thirds of the local spending. An increase in cost will undoubtedly lead to a decrease in spending, which could have a [severe negative effect](#) on many sectors of the economy - not just the hospitality sector. 60 per cent of all revenue from tourism comes from locals and 40 per cent from foreign visitors. The Council should **tax the tourist** and avoid imposing more tax on Kiwi Mums and Dads.

Information supplied by Auckland Council said that a \$1m property in a prime Auckland location was liable for a **bed tax of around \$6,700 per year!** The bed tax is one part of a [double-whammy](#) in new costs for homeowners who rent properties online. They are also being charged at partial or full business rates, rather than residential rates – to bring them into line with motels and hotels.

Chamber of Commerce chief executive Michael Barnett [criticised the charges](#), saying that central government already claimed business tax from these small businesses. Auckland Council was entitled, at most, to charge a business rate on the part of a private residence which was being used as a commercial operation, Barnett said.

Tourism Industry Association chief executive Chris Roberts said ratepayers who were renting out properties for more than half the year were clearly businesses and should be paying their fair share. His organisation was one of the **strongest voices against the bed tax**. Once it was introduced, the association successfully lobbied for it to be extended to online accommodation businesses. "[It's a badly designed rate](#), but it's slightly fairer now," said Roberts. "The problem is that the rate is far too high, which is why people are feeling the pain."

"When it first came in, we had some of the bigger hotels facing rate rises of half a million dollars a year. They've already gone through this pain, and now it's falling on private providers." Pitch said that once costs like maintenance and GST were included, the profits from an online accommodation website were much smaller. He estimated that he made \$8,000 in the last year, which would be completely wiped out by his new rates bill.

Auckland hotels and accommodation providers are [taking court action](#) to challenge the legality of a "bed tax". United under the name of **Commercial Accommodation Rate Payers** (CARP) they commenced a judicial review in the High Court at Auckland challenging the legality of the council's accommodation provider targeted rate. Among other things, the proceedings allege that "the Council's decision to introduce the targeted rate was unreasonable.

The cost imposed on commercial accommodation providers is vastly disproportionate to the benefit they receive." CARP said the judicial review proceedings were supported by the vast majority of large and small commercial accommodation providers in Auckland and many in the wider tourism industry, including **Tourism Industry Aotearoa** and **Hospitality New Zealand**.

Bachcare founder Leslie Preston said her legal advice indicated they had an [equally strong legal basis](#) for challenging the council's decision to hit holiday homes that are rented out for more than 28 days a year. "Our advice suggests that the Council has not followed a robust decision-making approach in implementing the new rates, and has come up with a flawed outcome," said Preston. Holiday home owners didn't oppose short term rental accommodation providers contributing to tourism funding, but the method used was unfair. A larger number of Auckland properties than normal were being removed from the Holiday Houses website because owners had found it was unsustainable to rent out their accommodation as short stay under the new rules. Preston said other regions were carefully watching the Auckland rating situation and it was important someone stood up for bach owners, who often rented out their properties out so they could stay in the family, rather than as money making ventures. Councils are limited in what they can rate so all across the country they're saying 'holiday home owners, we'll sting them because they are not civically active so we can get away with it.'" Preston would like to see a wider debate on how local authorities fund tourism promotion and infrastructure. "We need a national solution to stop all this ad hoc approach with every council doing something different.

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Auckland Council's manager of financial policy Andrew Duncan said the Council had consulted on the bed tax and [68 per cent of 16,000 submissions](#) were supportive. "We have taken care to [develop a system](#) that reflects the scale of the commercial operation being undertaken so that levels of rates charged are commensurate," he said. The revenue will fund half of Auckland Tourism, Events and Economic Development's budget for putting on major events and attracting tourists to the city. Unfortunately, most of those who supported the submission probably underestimated the impact of this new tax on the tourism industry and on the NZ economy!

Bookabach general manager Peter Miles said his company had flagged concerns that the rate rises would be excessive during the consultation period. "This has unfortunately occurred to the detriment of Auckland's tourism sector and the mums and dads who let out their baches. "Without this extra supply of tourism accommodation, we fear the family holiday will get more expensive with less choice for travellers."

Bookabach is [NOT in favour](#) of the Accommodation Providers Targeted Rate (APTR). The APTR levy unfairly targets accommodation providers when many other businesses - restaurants, bars, transport, activity providers - benefit from tourism.

Auckland Council's attempt to position the APTR as a "Bed Tax" confuses the matter. A proper bed tax can be passed on as a line item to a traveller. The traveller sees the charge and understands what it is for. Rates are an overhead and an accommodation provider would have to put up their nightly rates to compensate for it.

The APTR funds generated through home sharing will support [Auckland Tourism, Events and Economic Development](#) (ATEED) to attract more visitors to the city and grow the visitor economy. Recent research by [Deloitte Access Economics](#) confirms that small businesses across New Zealand are benefiting from the growth of Airbnb. Key findings from the 2017 report include:

Airbnb community contributed around \$200 million to the local Auckland economy supporting 1,976 full-time equivalent jobs.

The Airbnb community in Auckland hosted 322,000 guests for more than 509,000 nights.

Around two-thirds of Airbnb's 1.4 million guests who visited New Zealand in 2017 were from overseas.

The council says the new charges are [still being refined](#), and it has encouraged ratepayers to appeal if they feel they have been overcharged.

This tax is wrong, it discourages competition and goes against the global trend of sharing economy which supports growth. The private sector helps in reducing accommodation costs for Kiwi families and for tourists, especially during peak season or major events when more beds are available without the need to invest in costly hotels. The APTR could cause a negative domino effect, adversely impacting our economy and NZ tourism. It is a totally disproportionate tax which unfairly targets a specific group. Its implementation is faulty, unrealistic and impractical, defying its intended purpose. This could be a slippery slope when questioning the subtle difference between short term (holiday) rentals and long term (residential) rentals. Why would one be treated different than the other? Both provide accommodation services and both incomes are taxed the same by the government. Will Auckland Council start charging commercial rates from every landlord or from people who run a business from their home?

Supreme Court rejects Mangawhai Ratepayers' illegal rates battle

The Supreme Court has rejected a bid by Mangawhai Ratepayers to continue their court battle over illegal rates.

It's refused them leave to challenge a ruling by the Court of Appeal, validating unlawful Northland Regional Council rates collected by Kaipara District Council.

Mangawhai Ratepayers and Residents chairman Bruce Rogan said it was a sad end to a six-year battle that began when Kaipara District Council borrowed millions of dollars for a sewerage plant, without ratepayer consent.

The Audit Office failed to pick up the illegality and the government passed a special bill to validate the rates charged to cover the debt.

Mr Rogan said subsequent court decisions had all backed the council and the right of banks to collect on their loans.

There was nothing to stop the same thing happening again, Mr Rogan said.

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"Not only has nothing been put in place to prevent that, but the actions of the courts of New Zealand have ensured there will be no consequences whatsoever to any council that does repeat that kind of behaviour," he said.

The Supreme Court found that although there were errors in the rates the Kaipara District Council processed for the regional council, there had been no prejudice to ratepayers as a result.

Mr Rogan said ratepayer groups from around the country would meet next month to form a national body, with the aim of giving ratepayers a louder voice and more influence.

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