

## 2.6 Rates on School Houses

2.601 In the past, both local authorities and schools asked us for advice on what rates can be levied for school houses, sited on school grounds, that are occupied by principals, teachers, or caretakers.

### *Existing Position*

2.602 Our view is that, under the Rating Powers Act 1988, such houses are to be treated in the same way as other school buildings on the same site that belong to the Crown. That is, school houses vested in the Board of Trustees or the Crown are non-rateable (unless occupied by a third party under a lease or licence for a term of more than one year).

2.603 Although exempt from general rates, these houses are subject to any separate rates and charges for water supply, waste collection, or sewage disposal. Where no separate charges are made for such services, the local authority may charge either:

- a fair and reasonable fee; or
- the proportion of the general rate that relates to the supply of such services.

### *Future Position*

2.604 With effect from 1 July 2003, the Local Government (Rating) Act 2002 will slightly change the rateability of land on which school houses are situated and other education land. Clause 6 in Part 1 of Schedule 1 provides that land owned or used by, and for the purposes of, a special, state or integrated school, tertiary education institution, or early childhood centre is to be non-rateable.

2.605 Such land must be treated as being used for the purposes of a school, tertiary institution, or early childhood centre if it is:

- used solely or predominantly as residential accommodation for any principal, teacher, or caretaker; and
- let at a discounted or subsidised rent.

2.606 Section 9 of the Local Government (Rating) Act provides that non-rateable land is rateable for the purpose of a targeted rate if:

- that rate is for a service of water supply, sewage disposal, or waste collection; and
- the service is provided in relation to the land.

