

2006/2007 INDICATIVE RATES - CAPITAL VALUE RATING SYSTEM

The attached pages show the indicative rates as at 10 March 2006 for the Inner and Outer Area residential properties and business sector properties.

Column A shows the bands of capital value effective 1 July 2005.

Column B shows the indicative rates on a capital value basis for the 2005/2006 year.

Column C shows the indicative rates for 2006/2007 based on a capital value rating system, a Uniform Annual General Charge of \$540, a Uniform Annual Charge for wastewater of \$358, a business sector contribution of 22% and no stepped differential on residential properties.

Also attached are schedules indicating for bands of land value how many properties will have a decrease in rates or an increase in rates with an indication of the magnitude of the increase.

To assist in quantifying the amounts of increases in rates, each schedule also shows adjacent to the land value band, the level of rates levied for the 2005/2006 year.

AI

Models of Effect on Rates of Capital Value Rating
Based on 2006/2007 draft Annual Plan

A	B	D	F
Capital Value	2005/06 Indicative Rates	2006/07 Indicative Rates	Estimated Total Assessments
Effective 1 July 2005	No steps Utilities @ Business Rate	No steps Utilities @ Business Rate	New Values
	Bus 22%	Bus 22%	
	UAGC \$540	UAGC \$540	
	Refuse \$10		
	H'view \$8		
	Wastewater \$327	Wastewater \$358	
Residential Properties - Inner Area			
50,000	964	991	24
60,000	979	1,010	18
70,000	995	1,029	27
80,000	1,011	1,048	12
90,000	1,026	1,066	32
100,000	1,042	1,085	107
110,000	1,058	1,104	124
120,000	1,074	1,123	156
130,000	1,089	1,141	127
140,000	1,105	1,160	222
150,000	1,121	1,179	315
160,000	1,137	1,198	393
170,000	1,152	1,217	562
180,000	1,168	1,235	758
190,000	1,184	1,254	1,018
200,000	1,199	1,273	1,708
210,000	1,215	1,292	2,548
220,000	1,231	1,310	3,068
230,000	1,247	1,329	3,246
240,000	1,262	1,348	3,540
250,000	1,278	1,367	3,549
260,000	1,294	1,385	3,087
270,000	1,309	1,404	2,676
280,000	1,325	1,423	2,319
290,000	1,341	1,442	2,028
300,000	1,357	1,460	2,196
310,000	1,372	1,479	1,970
320,000	1,388	1,498	1,635
330,000	1,404	1,517	1,528
340,000	1,419	1,535	1,371
350,000	1,435	1,554	1,091
360,000	1,451	1,573	1,030
370,000	1,467	1,592	1,068
380,000	1,482	1,610	771
390,000	1,498	1,629	919
400,000	1,514	1,648	692
410,000	1,530	1,667	626
420,000	1,545	1,686	581
430,000	1,561	1,704	534
440,000	1,577	1,723	498
450,000	1,592	1,742	466
460,000	1,608	1,761	352
470,000	1,624	1,779	329
480,000	1,640	1,798	386
490,000	1,655	1,817	224
500,000	1,671	1,836	319
510,000	1,687	1,854	276
520,000	1,702	1,873	186
530,000	1,718	1,892	277
540,000	1,734	1,911	183
550,000	1,750	1,929	182
560,000	1,765	1,948	148
570,000	1,781	1,967	119
580,000	1,797	1,986	120

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Models of Effect on Rates of Capital Value Rating			
Based on 2006/2007 draft Annual Plan			
A	B	D	F
Capital Value	2005/06	2006/07	Estimated
Effective	Indicative Rates	Indicative Rates	Total
1 July 2005	No steps	No steps	Assessments
	Utilities @	Utilities @	New Values
	Business Rate	Business Rate	
	Bus 22%	Bus 22%	
	UAGC \$540	UAGC \$540	
	Refuse \$10		
	H'view \$8		
	Wastewater \$327	Wastewater \$358	
Res Properties - Inner Area continued			
590,000	1,812	2,004	102
600,000	1,828	2,023	109
610,000	1,844	2,042	83
620,000	1,860	2,061	82
630,000	1,875	2,079	82
640,000	1,891	2,098	50
650,000	1,907	2,117	61
660,000	1,923	2,136	61
670,000	1,938	2,155	33
680,000	1,954	2,173	66
690,000	1,970	2,192	52
700,000	1,985	2,211	27
710,000	2,001	2,230	30
720,000	2,017	2,248	35
730,000	2,033	2,267	14
740,000	2,048	2,286	30
750,000	2,064	2,305	23
760,000	2,080	2,323	16
770,000	2,095	2,342	21
780,000	2,111	2,361	20
790,000	2,127	2,380	16
800,000	2,143	2,398	24
825,000	2,182	2,445	29
850,000	2,221	2,492	41
875,000	2,261	2,539	28
900,000	2,300	2,586	33
925,000	2,339	2,633	23
950,000	2,378	2,680	24
975,000	2,418	2,727	7
1,000,000	2,457	2,774	25
1,250,000	2,850	3,243	84
1,500,000	3,243	3,712	32
2,000,000	4,029	4,650	11
3,000,000	5,601	6,526	10
4,000,000	7,173	8,402	5
5,300,000	9,217	10,840	3
			53,113

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Models of Effect on Rates of Capital Value Rating			
Based on 2006/2007 draft Annual Plan			
A	B	D	F
Capital Value	2005/06	2006/07	Estimated
Effective 1 July 2005	Indicative Rates	Indicative Rates	Total
	No steps	No steps	Assessments
	Utilities @	Utilities @	New Values
	Business Rate	Business Rate	
	Bus 22%	Bus 22%	
	UAGC \$540	UAGC \$540	
	Refuse \$10		
	H'view \$8		
	Rur Sewer \$154	Rur Sewer \$154	
	Env Monitor \$15	Env Monitor \$26	
Residential Properties - Outer Area			
50,000	806	814	12
60,000	821	833	6
70,000	837	851	7
80,000	853	870	7
90,000	868	889	8
100,000	884	908	9
110,000	900	926	13
120,000	916	945	14
130,000	931	964	18
140,000	947	983	33
150,000	963	1,001	32
160,000	979	1,020	27
170,000	994	1,039	36
180,000	1,010	1,058	47
190,000	1,026	1,076	47
200,000	1,041	1,095	35
210,000	1,057	1,114	47
220,000	1,073	1,133	51
230,000	1,089	1,151	83
240,000	1,104	1,170	67
250,000	1,120	1,189	96
260,000	1,136	1,208	92
270,000	1,151	1,227	84
280,000	1,167	1,245	114
290,000	1,183	1,264	128
300,000	1,199	1,283	128
310,000	1,214	1,302	131
320,000	1,230	1,320	123
330,000	1,246	1,339	180
340,000	1,261	1,358	132
350,000	1,277	1,377	142
360,000	1,293	1,395	139
370,000	1,309	1,414	139
380,000	1,324	1,433	132
390,000	1,340	1,452	112
400,000	1,356	1,470	146
410,000	1,372	1,489	86
420,000	1,387	1,508	110
430,000	1,403	1,527	110
440,000	1,419	1,545	95
450,000	1,434	1,564	113
460,000	1,450	1,583	74
470,000	1,466	1,602	83
480,000	1,482	1,620	90
490,000	1,497	1,639	70
500,000	1,513	1,658	110
510,000	1,529	1,677	72
520,000	1,544	1,696	69
530,000	1,560	1,714	93
540,000	1,576	1,733	69
550,000	1,592	1,752	61
560,000	1,607	1,771	52
570,000	1,623	1,789	44

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Models of Effect on Rates of Capital Value Rating			
Based on 2006/2007 draft Annual Plan			
A	B	D	F
Capital Value	2005/06	2006/07	Estimated
Effective	Indicative Rates	Indicative Rates	Total
1 July 2005	No steps	No steps	Assessments
	Utilities @	Utilities @	New Values
	Business Rate	Business Rate	
	Bus 22%	Bus 22%	
	UAGC \$540	UAGC \$540	
	Refuse \$10		
	H'view \$8		
	Rur Sewer \$154	Rur Sewer \$154	
	Env Monitor \$15	Env Monitor \$26	
Res Properties - Outer Area continued			
580,000	1,639	1,808	68
590,000	1,654	1,827	58
600,000	1,670	1,846	86
610,000	1,686	1,864	42
620,000	1,702	1,883	41
630,000	1,717	1,902	54
640,000	1,733	1,921	52
650,000	1,749	1,939	68
660,000	1,765	1,958	35
670,000	1,780	1,977	25
680,000	1,796	1,996	34
690,000	1,812	2,014	21
700,000	1,827	2,033	57
710,000	1,843	2,052	25
720,000	1,859	2,071	36
730,000	1,875	2,089	28
740,000	1,890	2,108	23
750,000	1,906	2,127	45
775,000	1,945	2,174	37
800,000	1,985	2,221	84
825,000	2,024	2,268	33
850,000	2,063	2,315	58
875,000	2,103	2,362	27
900,000	2,142	2,408	60
925,000	2,181	2,455	14
950,000	2,220	2,502	32
975,000	2,260	2,549	13
1,000,000	2,299	2,596	43
1,100,000	2,456	2,784	94
1,200,000	2,613	2,971	62
1,300,000	2,771	3,159	47
1,400,000	2,928	3,346	32
1,500,000	3,085	3,534	21
1,750,000	3,478	4,003	35
2,000,000	3,871	4,472	17
2,250,000	4,264	4,941	15
2,500,000	4,657	5,410	6
3,000,000	5,443	6,348	6
4,000,000	7,015	8,224	8
5,000,000	8,587	10,100	3
5,100,000	8,744	10,288	1
			5,564

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A	B	D	F
Capital Value Effective 1 July 2005	Indicative Rates Utilities @ Business Rate Bus 22% UAGC \$540 Refuse \$10 H'view \$8 Wastewater on CV	2006/07 Draft Indicative Rates Utilities @ Business Rate Bus 22% UAGC \$540 Wastewater CV	Estimated Total Assessments
Business Sector - Inner Area			
50,000	1,053	1,083	15
60,000	1,152	1,192	14
70,000	1,251	1,300	16
80,000	1,350	1,409	31
90,000	1,449	1,517	52
100,000	1,548	1,626	58
110,000	1,647	1,735	46
120,000	1,746	1,843	47
130,000	1,845	1,952	45
140,000	1,944	2,060	78
150,000	2,043	2,169	84
160,000	2,142	2,278	65
170,000	2,241	2,386	67
180,000	2,340	2,495	55
190,000	2,439	2,603	39
200,000	2,538	2,712	60
210,000	2,637	2,821	38
220,000	2,736	2,929	43
230,000	2,835	3,038	42
240,000	2,934	3,146	48
250,000	3,034	3,255	43
260,000	3,133	3,364	58
270,000	3,232	3,472	76
280,000	3,331	3,581	46
290,000	3,430	3,689	45
300,000	3,529	3,798	40
310,000	3,628	3,907	40
320,000	3,727	4,015	27
330,000	3,826	4,124	43
340,000	3,925	4,232	29
350,000	4,024	4,341	30
360,000	4,123	4,450	37
370,000	4,222	4,558	38
380,000	4,321	4,667	34
390,000	4,420	4,775	28
400,000	4,519	4,884	14
410,000	4,618	4,993	14
420,000	4,717	5,101	27
430,000	4,816	5,210	30
440,000	4,915	5,318	22
450,000	5,014	5,427	20
460,000	5,113	5,536	21
470,000	5,212	5,644	13
480,000	5,311	5,753	20
490,000	5,410	5,861	16
500,000	5,509	5,970	15
525,000	5,757	6,242	50
550,000	6,004	6,513	51
575,000	6,252	6,785	21
600,000	6,499	7,056	43
625,000	6,747	7,328	28
650,000	6,994	7,599	24
675,000	7,242	7,871	24
700,000	7,489	8,142	35
750,000	7,985	8,685	56
800,000	8,480	9,228	40
900,000	9,470	10,314	66
1,000,000	10,460	11,400	49
1,250,000	12,936	14,115	93

Ab

A	B	D	F
Capital Value	Indicative Rates	2006/07 Draft Indicative Rates	Estimated Total Assessments
Effective 1 July 2005	Utilities @ Business Rate	Utilities @ Business Rate	
	Bus 22%	Bus 22%	
	UAGC \$540	UAGC \$540	
	Refuse \$10		
	H'view \$8		
	Wastewater on CV	Wastewater CV	
Business Sector - Inner Area			
1,500,000	15,411	16,830	60
1,750,000	17,887	19,545	40
2,000,000	20,362	22,260	39
2,500,000	25,313	27,690	50
3,000,000	30,264	33,120	22
3,500,000	35,215	38,550	16
4,000,000	40,166	43,980	11
5,000,000	50,068	54,840	14
10,000,000	99,578	109,140	31
12,300,000	122,353	134,118	2
14,000,000	139,186	152,580	1
16,040,000	175,010	189,854	1
16,600,000	166,047	181,896	1
21,000,000	211,290	231,300	2
106,700,000	1,084,443	1,185,762	3
145,500,000	1,474,221	1,612,530	1
208,200,000	2,142,506	2,339,352	1
			2,644

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Analysis of Changes in Rates Payable from a Change to Capital Value Rating and Comparison of 2006/2007 draft indicative rates with 2005/2006 Actual Rates Wastewater Levied as Uniform Charge, UAGC \$540													
Land Value	2005/06 Rates Levied	Reduction or No Change	Increase in Rates									Total Rate Accounts	
			+5%	+10%	+15%	+20%	+25%	+30%	+35%	+40%	>40%		
Residential Inner Area													
20,000	686	3	-	-	-	-	-	-	-	-	-	11	14
30,000	750	4	-	-	-	-	-	-	1	1	-	60	66
40,000	814	2	-	-	-	-	-	-	-	-	1	141	144
50,000	878	-	-	-	3	8	-	-	1	6	7	228	253
60,000	942	1	-	12	5	-	13	17	62	122	173	173	405
70,000	1,006	2	12	17	25	67	154	167	168	255	107	107	974
80,000	1,070	3	7	29	147	345	500	356	248	184	41	41	1,860
90,000	1,133	34	13	209	770	1,056	625	313	94	22	15	15	3,151
100,000	1,197	100	137	730	1,736	968	403	191	113	35	16	16	4,429
110,000	1,261	220	1,242	2,539	1,489	724	292	110	39	23	15	15	6,693
120,000	1,325	626	2,467	2,099	1,143	534	192	58	25	8	9	9	7,161
130,000	1,389	1,229	1,503	1,090	564	238	102	23	14	3	4	4	4,770
140,000	1,453	1,851	922	708	374	179	56	39	12	5	2	2	4,148
150,000	1,517	2,594	1,098	771	480	139	35	28	11	3	3	3	5,162
160,000	1,565	2,039	531	406	181	68	46	26	9	2	3	3	3,311
170,000	1,613	1,373	379	237	133	43	40	7	7	1	2	2	2,222
180,000	1,661	786	242	143	74	34	20	1	2	1	-	-	1,303
190,000	1,709	874	249	152	97	22	12	2	2	-	1	1	1,411
200,000	1,757	636	154	112	45	26	6	3	-	4	2	2	988
210,000	1,805	444	89	45	21	17	8	1	1	-	1	1	627
220,000	1,853	507	106	51	22	13	5	2	1	3	3	3	713
230,000	1,901	421	54	33	22	6	6	4	-	2	-	-	548
240,000	1,949	245	27	9	8	4	1	2	-	-	2	2	298
250,000	1,997	309	42	23	13	5	3	1	-	-	-	-	396
260,000	2,045	226	16	14	1	2	3	1	1	-	1	1	265
270,000	2,093	186	14	11	9	4	2	2	1	-	1	1	230
280,000	2,141	211	16	7	4	3	1	-	-	-	2	2	244
290,000	2,189	105	5	4	1	4	2	-	-	-	-	-	121
300,000	2,237	143	6	5	5	1	-	-	-	-	1	1	161
310,000	2,284	89	9	3	2	-	1	-	-	-	-	-	104
320,000	2,332	64	4	-	1	2	-	-	-	-	-	-	71
330,000	2,380	66	7	-	3	1	2	-	1	-	-	-	80
340,000	2,428	73	6	-	-	-	-	-	-	-	-	-	79
350,000	2,476	42	3	2	2	1	1	-	-	-	-	-	51
360,000	2,524	36	-	1	1	2	-	-	-	-	1	1	41
370,000	2,572	44	4	3	2	2	-	1	-	-	-	-	56
380,000	2,620	23	2	-	1	-	1	-	-	-	-	-	27
390,000	2,652	51	1	1	1	1	-	-	1	-	-	-	56
400,000	2,684	26	-	-	-	-	-	-	1	1	-	-	28
410,000	2,716	28	1	-	2	1	-	-	-	-	-	-	32
420,000	2,748	35	-	-	-	-	-	-	-	-	-	-	35
430,000	2,780	23	1	-	-	-	-	-	-	-	-	-	24
440,000	2,812	14	-	-	-	-	-	-	-	-	-	-	14
450,000	2,844	28	-	-	-	-	-	-	-	-	-	-	28
460,000	2,876	16	2	-	-	-	-	-	-	-	-	-	18
470,000	2,908	7	-	-	-	-	-	-	-	-	-	-	7
480,000	2,940	15	1	-	-	-	-	-	-	-	-	-	16
490,000	2,972	3	-	-	-	-	-	-	-	-	-	-	3
500,000	3,004	26	-	-	1	-	-	-	-	-	-	-	27
510,000	3,036	21	1	2	-	-	-	-	-	-	-	-	24
520,000	3,068	9	-	-	-	-	-	-	-	-	-	-	9
530,000	3,100	24	-	1	-	-	-	-	-	-	-	-	25
540,000	3,132	6	-	-	-	-	-	-	-	-	-	-	6
550,000	3,164	13	-	1	-	-	-	-	-	-	-	-	14
560,000	3,196	9	1	-	-	-	-	-	-	-	-	-	10
570,000	3,228	4	1	-	1	-	1	-	-	-	-	-	7
580,000	3,260	6	-	-	-	-	-	-	-	-	-	-	6
590,000	3,292	10	1	-	-	-	-	-	-	-	-	-	11
600,000	3,324	10	-	-	-	-	-	-	-	-	-	-	10
650,000	3,483	23	1	-	1	1	-	-	-	-	-	-	26
700,000	3,643	15	-	-	-	-	-	-	-	-	-	1	16
750,000	3,803	15	-	-	-	-	-	-	-	-	-	-	15

A8

Analysis of Changes in Rates Payable from a Change to Capital Value Rating and Comparison of 2006/2007 draft indicative rates with 2005/2006 Actual Rates Wastewater Levied as Uniform Charge, UAGC \$540												
Land Value	2005/06 Rates Levied	Reduction or No Change	Increase in Rates									Total Rate Accounts
			+5%	+10%	+15%	+20%	+25%	+30%	+35%	+40%	>40%	
Residential Inner Area												
800,000	3,963	8	-	-	-	-	-	-	-	-	-	8
850,000	4,123	5	-	-	-	-	-	-	-	-	-	5
900,000	4,283	6	-	-	-	-	-	-	-	-	-	6
950,000	4,442	3	-	-	-	-	-	-	-	-	-	3
1,000,000	4,602	8	-	-	-	-	-	-	-	-	-	8
1,250,000	5,402	8	1	-	-	1	-	-	-	-	-	10
1,500,000	6,201	8	-	-	-	-	-	-	-	-	-	8
1,750,000	7,000	4	-	-	-	-	-	-	-	-	-	4
2,000,000	7,799	3	-	-	-	-	-	-	-	-	-	3
3,000,000	10,996	10	-	-	-	-	-	-	-	-	-	10
4,000,000	14,193	2	-	-	-	-	-	-	-	-	-	2
5,000,000	17,390	2	-	-	-	-	-	-	-	-	-	2
		16,115	9,378	9,470	7,390	4,522	2,533	1,358	820	681	846	53,113

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Analysis of Changes in Rates Payable from a Change to Capital Value Rating and Comparison of 2006/2007 draft indicative rates with 2005/2006 Actual Rates Wastewater Levied as Uniform Charge, UAGC \$540												
Land Value	2005/06 Rates Levied	Reduction or No Change	Increase in Rates									Total Rate Accounts
			+5%	+10%	+15%	+20%	+25%	+30%	+35%	+40%	>40%	
Residential Properties - Outer Area												
30,000	840	3	-	-	-	-	-	-	-	-	-	3
40,000	877	3	1	-	-	-	-	-	1	-	-	5
50,000	915	2	-	-	-	-	-	2	-	-	1	6
60,000	953	6	-	1	2	-	-	-	-	-	-	9
70,000	990	8	1	1	-	-	-	-	-	-	-	10
80,000	1,028	7	-	1	2	1	-	-	4	-	-	16
90,000	1,065	8	1	15	17	26	16	7	3	-	2	95
100,000	1,103	18	3	20	18	18	14	5	1	1	-	98
110,000	1,141	28	14	4	7	7	5	3	5	1	1	75
120,000	1,178	49	18	24	17	15	8	-	1	-	1	133
130,000	1,216	90	21	30	21	15	3	3	2	-	2	187
140,000	1,254	98	32	32	35	28	11	10	4	1	1	252
150,000	1,291	92	38	35	33	15	7	6	1	1	-	228
160,000	1,319	162	65	25	25	14	5	3	-	1	-	300
170,000	1,348	119	52	44	17	18	13	3	-	1	-	267
180,000	1,376	132	63	43	26	22	5	5	3	1	2	302
190,000	1,404	78	26	20	15	10	4	1	1	-	1	156
200,000	1,432	60	23	31	9	8	2	5	2	1	3	144
210,000	1,460	93	32	26	18	12	6	7	4	1	4	203
220,000	1,489	62	14	9	10	7	4	2	1	1	3	113
230,000	1,517	142	27	34	22	14	5	1	1	3	5	254
240,000	1,545	58	10	14	14	14	3	1	3	-	2	119
250,000	1,573	113	15	14	7	9	6	2	3	1	5	175
260,000	1,601	74	15	18	9	10	6	3	-	-	1	136
270,000	1,630	63	7	7	9	5	3	1	-	-	-	95
280,000	1,658	65	15	14	10	8	4	4	3	-	-	123
290,000	1,686	58	9	11	3	7	2	4	1	1	3	99
300,000	1,714	83	12	16	12	4	4	3	-	1	1	136
310,000	1,743	37	5	7	2	3	1	-	-	3	1	59
320,000	1,771	46	6	13	2	3	2	1	1	1	2	77
330,000	1,799	61	8	6	7	2	5	1	1	1	1	93
340,000	1,827	61	5	7	8	4	2	1	-	-	-	88
350,000	1,855	67	6	4	5	3	3	2	-	-	3	93
360,000	1,884	61	11	6	5	-	-	1	-	-	-	84
370,000	1,912	35	3	2	1	-	-	-	-	-	-	41
380,000	1,940	41	7	4	2	3	1	-	-	-	-	58
390,000	1,959	30	5	4	3	-	-	2	1	-	-	45
400,000	1,978	65	8	5	2	2	1	1	-	-	-	84
410,000	1,996	31	4	1	1	-	1	1	-	-	1	40
420,000	2,015	34	6	7	-	2	1	1	-	1	-	52
430,000	2,034	32	7	4	1	1	1	-	-	1	1	48
440,000	2,053	25	3	4	3	1	-	-	-	-	1	37
450,000	2,072	25	4	3	2	1	1	-	-	-	-	36
460,000	2,090	13	5	4	1	1	-	-	-	-	-	24
470,000	2,109	8	4	1	1	1	-	1	-	-	-	16
480,000	2,128	31	5	2	2	-	-	-	1	-	1	42
490,000	2,147	15	1	1	-	-	1	-	-	-	-	18
500,000	2,166	37	4	5	7	1	-	-	1	-	-	55
510,000	2,185	26	1	6	-	1	-	-	1	-	-	35
520,000	2,203	16	4	2	-	-	-	-	-	-	-	22
530,000	2,222	22	4	3	3	2	1	-	-	-	-	35
540,000	2,241	14	1	-	1	2	1	-	-	1	-	20
550,000	2,260	22	3	1	-	1	2	2	-	1	-	32
560,000	2,279	7	3	1	-	-	1	2	-	-	-	14
570,000	2,297	8	1	-	1	1	-	-	-	-	1	12
580,000	2,316	21	4	1	1	2	1	-	-	1	-	31
590,000	2,335	2	-	1	1	1	-	-	-	-	-	5
600,000	2,354	17	2	1	3	2	-	-	1	-	-	26
650,000	2,448	34	13	5	4	-	3	1	1	1	1	63
700,000	2,542	44	10	11	4	3	3	2	1	2	2	82
750,000	2,636	40	10	11	7	3	2	1	-	3	-	77

A10

Analysis of Changes in Rates Payable from a Change to Capital Value Rating and Comparison of 2006/2007 draft Indicative rates with 2005/2006 Actual Rates Wastewater Levied as Uniform Charge, UAGC \$540												
Land Value	2005/06 Rates Levied	Reduction or No Change	Increase in Rates									Total Rate Accounts
			+5%	+10%	+15%	+20%	+25%	+30%	+35%	+40%	>40%	
Residential Properties - Outer Area												
800,000	2,730	26	6	5	5	4	1	1	-	1	1	50
850,000	2,824	14	2	4	2	1	1	-	1	3	-	28
900,000	2,918	15	5	2	2	5	1	1	-	1	4	36
950,000	3,012	13	2	2	1	2	-	-	1	1	1	23
1,000,000	3,106	23	5	5	1	-	1	-	2	1	1	39
1,250,000	3,576	24	2	8	7	1	2	-	-	1	5	50
1,500,000	4,047	8	3	1	2	1	-	3	-	-	-	18
1,750,000	4,517	3	-	2	-	-	-	-	-	-	-	5
2,000,000	4,987	3	2	1	1	-	-	-	1	-	1	9
3,000,000	6,868	6	1	2	-	-	1	2	-	-	-	12
4,000,000	8,749	5	-	-	-	-	-	-	-	-	-	5
5,000,000	10,630	2	-	-	-	-	-	-	-	-	-	2
		2,944	705	654	459	347	179	111	53	41	67	5,560

AN

Analysis of Changes in Rates Payable from a Change to Capital Value Rating and Comparison of 2006/2007 draft indicative rates with 2005/2006 Actual Rates Wastewater Levied as Uniform Charge, UAGC \$540												
Land Value	2005/06 Rates Levied	Reduction or No Change	Increase in Rates									Total Rate Accounts
			+5%	+10%	+15%	+20%	+25%	+30%	+35%	+40%	>40%	
Business Sector												
20,000	1,162	6	-	3	-	-	-	1	21	2	2	35
30,000	1,463	22	5	6	8	11	6	-	3	7	17	85
40,000	1,765	38	13	7	10	2	3	4	19	9	33	138
50,000	2,067	29	33	13	14	9	8	9	5	8	27	155
60,000	2,369	54	4	20	8	9	8	6	4	6	24	143
70,000	2,671	64	5	15	8	12	6	10	7	5	20	152
80,000	2,972	51	4	9	5	6	8	6	2	4	31	126
90,000	3,274	49	8	13	14	8	1	8	5	3	14	123
100,000	3,576	68	9	7	4	8	5	5	4	3	28	141
110,000	3,878	77	11	7	10	4	3	6	3	5	26	152
120,000	4,179	35	6	2	6	2	2	3	1	4	13	74
130,000	4,481	49	5	4	3	5	2	1	1	1	16	87
140,000	4,783	46	4	3	3	4	3	2	3	1	8	77
150,000	5,085	46	5	1	1	3	5	1	3	2	11	78
160,000	5,387	35	2	3	2	6	-	-	3	2	19	72
170,000	5,688	32	3	6	2	2	2	1	2	1	5	56
180,000	5,990	34	3	2	4	1	3	1	1	1	11	61
190,000	6,292	28	3	2	3	1	2	-	2	-	5	46
200,000	6,594	21	2	-	1	1	-	-	-	-	5	30
210,000	6,896	13	1	-	5	1	2	3	-	4	1	30
220,000	7,197	29	2	5	7	4	-	3	1	2	5	58
230,000	7,499	21	2	2	1	1	2	1	-	1	6	37
240,000	7,801	23	2	3	2	2	-	2	1	1	1	37
250,000	8,103	15	2	1	-	1	2	1	-	-	4	26
300,000	9,612	75	3	3	11	2	2	1	2	4	13	116
350,000	11,121	47	3	3	5	1	3	1	4	-	16	83
400,000	12,630	30	3	1	2	3	3	-	1	1	10	54
450,000	14,139	27	1	-	-	2	3	2	-	1	7	43
500,000	15,648	28	2	1	1	-	-	2	1	-	6	41
550,000	17,156	23	2	1	1	2	2	1	2	1	4	39
600,000	18,665	19	2	2	1	-	-	-	-	-	5	29
700,000	21,683	29	2	2	-	-	3	-	1	2	7	46
800,000	24,701	16	2	3	2	2	-	-	-	-	10	35
900,000	27,719	22	-	2	-	-	-	2	1	-	3	30
1,000,000	30,737	12	1	-	-	-	1	-	-	-	3	17
2,000,000	60,916	45	2	1	-	1	2	-	1	1	8	61
3,000,000	91,095	9	2	-	1	1	2	-	-	-	1	16
3,100,000	94,113	1	-	-	-	-	-	-	-	-	-	1
3,500,000	106,185	1	-	-	-	-	-	-	-	-	-	1
4,500,000	146,966	-	-	-	-	-	1	-	-	-	-	1
6,600,000	199,739	1	-	-	-	-	-	-	-	-	-	1
6,800,000	206,333	-	-	-	1	-	-	-	-	-	-	1
7,500,000	226,901	1	-	-	-	-	-	-	-	-	-	1
14,100,000	503,644	-	-	-	-	-	-	-	-	-	1	1
14,700,000	477,111	-	-	-	-	-	-	-	-	-	1	1
18,700,000	592,247	-	-	-	-	-	-	-	-	-	1	1
		1271	159	153	146	117	95	83	104	82	428	2638

A12

REVIEW OF RATING SYSTEM

PURPOSE OF THE REPORT

The purpose of this report is inform the Finance and Operational Performance Committee on options for changing the rating system following a report to the 12 September 2005 meeting of the Committee and the recent workshop for Councillors on rating. The first part of the report restates much of the background information on options available to the Council that was contained in the report to the 12 September 2005 meeting, but includes options for charging for wastewater, and presents revised models of impacts of options on rates payable on properties.

BACKGROUND

Property rates must be levied under the provisions contained in the Local Government (Rating) Act 2002. This Act specifies the methods that may be used to calculate rates payable, matters that may be taken into account when setting categories of land to which certain rates will apply, and the setting of differential rating categories, and certain limitations on the application of some rating options.

There are two kinds of rates that may be levied, a general rate, to be applied as the name implies for general or unspecified purposes, and targeted rates to be set and applied for specific functions as identified in the Annual Plan.

General Rate

The major part of this rate must be calculated on the value of properties as contained in the valuation roll.

The property values that may be used are:

1. The capital value, based on the market value of a whole property being the value of both land and buildings at a common valuation date assessed triennially, the last revaluation being as at 1 September 2004.
2. The land value, being the assessed value of the land as a vacant site alone excluding any buildings, again at a common valuation date assessed triennially, and
3. The annual value, being the assessed annual rental value that a property would yield if it was rented, reduced by 20%, but in any case not less than 5% of the capital value.

Capital and land values are currently included in the valuation roll. Annual values have not been assessed, and Auckland City Council is thought to be the only Council in New Zealand using this valuation as a basis for rating. In its effect on rates, annual value rating is really a modified form of capital value rating.

The report to the 12 September 2005 meeting of the Committee advised that the cost of preparing provisional annual values to a standard sufficient for modelling the impacts on rates payable was \$32,000, that the cost of preparing a valuation roll containing annual values was assessed to be \$557,000, and that the timing of preparation of the data and values was such that annual value rating was not an option that could be considered for the 2006/2007 year. Consequently this report does not consider this option.

After the date of valuation, none of the values showing on the valuation roll purport to be the current market value, or reflect changes in market values. They are simply a set of property values assessed at a common date and are used as a basis for sharing the total rate requirement between properties until the next triennial revaluation of properties in the City.

The general rate may be set differentially, i.e. the rates in the dollar set for the general rate may be different for different classes of properties. However, those differential rates must be set on the same valuation basis for all classes of properties. For example, land value cannot be used to calculate general rates on one class of property, and capital value on another class of property.

Uniform Annual General Charge

As a partial alternative to setting and calculating the general rate on the property value, a uniform annual general charge may be set. This charge may be set as a fixed charge per rating unit (property), or as a fixed charge per separately used or inhabited part of a rating unit. This charge must be the same amount for all classes of property.

There is a statutory limit for the amount of the uniform annual general charge. It cannot be set for an amount that together with other uniform charges for targeted rates will produce more than 30% of the total amount of rates required to be collected. However, the product of any uniform annual charges for wastewater or water are not included in this 30% limit, and can be assessed in addition to the 30% limit. This will be referred to later in this report.

The uniform annual general charge is not required to be levied to meet any specific costs, and is simply an alternative rating tool, and the proceeds are applied to the same general purposes as the general rates in the dollar.

Targeted Rates

These may be set for any function identified in the Annual Plan.

Targeted rates may be calculated on the value of a property, or may be set as a uniform annual charge basis across all classes of property, or differentially for different categories of property.

Targeted rates set on property value may be set using a different system of property values to the general rate, and may be set using different system of property values for different classes of properties, e.g. if the general rate is calculated on land value, a targeted rate may be calculated on capital value, or rates on one class of properties may be calculated on land value and rates on another class of properties may be calculated on capital value. Such targeted rates may also be set uniformly across all properties in a class, or may be set differentially across different classes of properties, and those differentials could be not the same as for the general rate.

The proceeds of targeted rates set on a uniform annual charge basis, excluding any uniform annual charges for wastewater and/or water must be included in the 30% maximum of the total rates requirement referred to earlier.

Options for charging for wastewater as a targeted rate will be addressed separately later in this report.

STRATEGIC CONTEXT

The scheduled review of the Long Term Council Community Plan provides an opportunity to consider a review of the current rating system and consideration of possible future options for sharing the total rate requirement between ratepayers.

The Courts have stated that a rating system is primarily a taxation system rather than a system for charging for services, and although in setting its differential rating system a local authority must not act unreasonably, decisions on a rating system involve the exercise of political judgement by elected representatives of the community.

ISSUES

The different options and bases for property value based rating and uniform annual charges have different impacts on the rates payable on properties of various levels of value in the city.

What all options have in common is they do not affect the total amount of rates collected in any one year. That total amount of rates is set in the Annual Plan, and the different bases of rating simply affect how that same amount of rates is shared between properties of different values and uses.

Characteristics of Capital Value and Land Value Rating Systems

Generally the land value of a property reflects the market value of a vacant site, devoid of buildings, and reflects its potential use for the maximum permitted use under the District Plan.

The capital value reflects the market value of a property inclusive of buildings and other improvements, and better reflects the actual use of a property. In the case of business properties, the capital value would commonly be calculated in relation to the economic return from the use of a property.

None of the options for the rating system necessarily reflects the ability to pay, although there is a probability that in many cases the higher the capital value, the greater the wealth of the owner when compared to owners of lower valued properties. However, in some cases the owner of a higher valued property may be asset rich and cash or income poor. Neither a land or capital value rating system takes into account the financial circumstances or income of the owner, or the amount of debt owing on the property.

When related to the impact on rates, a change to a capital value rating system will result in changes to the share of the total rates and actual amount of rates payable reflecting the intensity of development of the property compared to the average intensity across all values, as indicated by the ratio of the land value as a percentage of the capital value. The greater the intensity of development above the average, the higher the rates will be under a capital value rating system when compared to rates under a land value rating system, from high to low valued properties. This may reflect the greater use of a property in some cases, or in the case of a vacant site, lower or lack of use. In this extreme case of a vacant site where the land value is the same or close to the capital value with little or no development, having the potential to draw on services of the community, but not actually using services, rates would be much lower than on an intensively developed site.

AIS

In a land value rating system with stepped differentials, that relationship between the land value and the capital value is somewhat distorted for properties of different levels of values above the average value.

Generally rates on the "average" property with the "average" intensity of development will be the same under either system of rating.

The choice of the system of rating or combination of systems should attempt to achieve the greatest equity between properties, and should be based on an assessment of which system is overall the best match to use of services. No system of rating based on property values will achieve a perfect match to use of services. The aim is to achieve the best fit possible to the greatest number of ratepayers, using the range of tools available, including differentials, and uniform annual charges, irrespective of what are the current rates on a property. The effect of the impact on the amount of rates for individual properties is a matter of managing the change, rather than a reason not to change. It is inevitable that rates on some properties will increase, and rates on other properties will decrease, and rates on many properties will be relatively unchanged.

Issues Affecting Alternative Rating Systems

Professor Claudia Scott in her book, "Local and Regional Government in New Zealand: Function and Finance", published in 1979 states:

"An extensive literature (sic) exists discussing various aspects of rating under each of the three valuation systems. In large part, the benefits of one system become the drawbacks of the other, and an appreciation of the differences can be obtained by concentrating on the positive aspects of each.

Imposition of a tax on the value of land (exclusive of improvements) has been promoted on a number of grounds. One claim is that the system encourages more intensive development of the land (because rates are the same whether or not buildings are erected on the land) and discourages land speculation (because vacant land is more expensive to hold than under the capital value rating system). In addition, heavier taxation on land is expected to put a downward pressure on land prices."

"While both capital and annual value taxation are criticised for their negative impacts on both development and property maintenance, and their encouragement of land speculation, they are regarded as superior because of their regard for the ability-to-pay of property owners and their closer relationship with services provided." ...

"A study of Auckland published in the same year (1966) by T.W.Fookes examined the influence of the rating system on trends in urban development. His analysis of a range of city characteristics produced a dominant impression of diversity, both between and within the different rating systems, suggesting the important contribution of forces other than rating to urban development."

"The widely-held view that residential property pays less under the unimproved (land) value system has had a major impact on the various polls which have been taken concerning shifts to and from unimproved (land) value. In the case of Milton, the shift in rating burdens coincident with a change from annual to unimproved value did not confirm a substantial reduction in the burden of the residential sector. The self interest of ratepayers has dominated the debate on proposed changes to rating systems."

A16

With modern technology it is far easier to quantify and analyse the impact of a change in the rating system on individual ratepayers. But nevertheless the self interest of ratepayers is expected to dominate debate on a proposed change in the rating system.

Whichever property value rating system is used, the Uniform Annual General Charge at whatever level is a rating tool that may be required to be used to remedy perceived inequities in the distribution of the total rate requirement

The Effect of Growth on the Rating Base

Under a land value based rating system, the growth in the rating base from development in the city is limited to the increase in land values resulting from subdivisions.

Under a capital value based rating system the growth in the rating base from subdivision of land would be supplemented by building construction.

A comparison of the change in total land and capital values over a two year period to June 2004 shows that total land values increased by .33% for business sector properties, and 1.57% for residential and other rateable properties. This may be compared with increases in capital values of business sector properties of 5.75% and 5.74% for residential and other rateable properties.

Applying these increases in property values to the part of the rate requirement levied on property value for the 2005/2006 year, and converting them to an annual basis, a change to capital value rating could result in additional growth in the rating base of \$494,000 in the business sector, and \$912,000 in the residential sector. When the increase in the number of rating units and the number of Uniform Annual General Charges able to be levied is factored in, the total growth in the rating base under the land value basis of rating for business sector properties amounted to \$41,000 per annum, and \$914,000 per annum for residential and other rateable properties. This may be compared with increases in the total rating base under a capital value rating system of \$585,000 per annum for business sector properties, and \$1,735,000 per annum for residential and other rateable properties, a total growth of \$2,320,000.

Whilst the increase in the rating base over this period may be a little distorted by specific developments, particularly in the business sector, nevertheless the increase in the rating base will always be higher under a capital value rating system than under a land value rating system.

Expected Reactions to Any Proposal to Change the Rating System

In 1993 the Council proposed a change to capital value rating, involving significant public consultation. A review of the process for that consultation shows that the public reaction was largely driven by emotive arguments and a lack of understanding of the how rates are calculated.

Recollection of staff involved in the 1993 rating system review is that there was a perception by some persons at the time that the rates in the dollar would remain the same, and capital values would be used instead of land values to calculate rates with all ratepayers paying higher rates. (This appears to be a common misunderstanding by ratepayers in general). Unofficial polls of ratepayers were conducted in the news media, probably largely influenced by these erroneous assumptions and other refutable allegations of the impact of a change. This built up opposition to a change before the consultation process even commenced.

A synopsis of the submissions made on the proposal reveals that the whole public debate was notable for the lack of reasoned argument in the majority of submissions. With a few exceptions there appeared to be little informed debate.

By far the majority of objections to the change were based on emotive arguments which could not be proven, or were reactions to the increase in rates that the objector would receive, and their own particular case which they perceived to be the predominant view. Many submissions could be argued both ways depending on your point of view and objective.

It is interesting to note that generally the arguments for and against land value rating were little different to those of 40 or 60 years before when the same issues were debated in the then Waitemata County.

Many ratepayers chose examples that illustrated their own argument in support of land value rating. However it is possible to choose as many examples that illustrate the exact opposite. The decision for the Council to make was on balance which system was the fairest to most ratepayers.

Many ratepayers concentrated on the assertion that rates were a payment for services provided. They completely ignored the significant element of their rates that is essentially a tax to meet the cost of services provided to the community at large, and not a user charge, and which basis was a fairer method of distributing that cost. This is partly a philosophical issue, but may have been ignored as it did not support their argument.

B1-B3

Attached at pages B1 to B3 is a synopsis of typical arguments put forward, together with some of the appropriate responses in italics.

There will certainly be some ratepayers who will have difficulty in paying higher rates resulting from a change to capital value rating, including those who are under-capitalised and have over-extended themselves when buying their property. However, the Council must look at the wider picture of what is best for the City as a whole and at the same time consider how a change can be best managed.

To quote an extract from Professor Claudia Scott's book, *"the self interest of ratepayers has dominated the debate on proposed changes to rating systems."* This can be expected in any review of the City's rating system.

Particular Issues Relating to Capital Value Rating

Rating of Utilities

Decisions will be required on the application of capital value rating to infrastructure of telecommunications, electricity, gas, and petroleum utilities, both as to the amount of rates to be levied, and where the benefit from rates will fall, (the business sector or the city as a whole).

Some recognition of the level of services used by these utilities may be appropriate to justify the amount of rates levied. Some liability for rates can be justified as the Courts have stated that rates are a tax on property, and not a charge for services. Therefore, at the very least there is justification to calculate rates at a base rate calculated with no differentials. Bearing in mind that a significant proportion of the amount of rates levied on the business sector relates to road maintenance and construction costs, wastewater and stormwater, a decision is required on the appropriate level of utility rates taking these factors into account. If a proposal to move to capital value rating is to proceed, the utility companies will almost certainly mount a vigorous challenge to the level of rating.

A18

Currently under a land value rating system, there is no land value attributed to these utilities, and therefore their rates are minimal and limited to the Uniform Annual General Charge.

As an indication as to the level of rates to be levied on utilities, at a base rate with no differentials, rates from utilities would amount to approximately \$240,000 excl GST. If rates were based on a business sector differential of 21.75% (see below), rates on utilities would amount to approximately \$863,000 excl GST.

Having determined the level of rates from utilities, a decision is required on whether those rates are allocated to the business sector, thereby probably reducing the level of rates on business sector properties alone, or allocating those rates to benefit the ratepayers of the city as a whole.

Business Sector Rates

Currently the business sector bears 20% of the total rate requirement based on a calculation of costs of approximately 18.2% plus an allowance for indirect benefits. The business sector share of land value is 6.69%.

The business sector share of capital value is 10.44%, reducing to 9.9% if utility capital values are excluded. Incorporating the business sector share of capital value at 9.9%, the calculated share of costs under a capital value rating system is calculated as 19.9%, an increase of approximately 1.75% from a land value based system. Therefore under a capital value rating system, the sector's share of costs should increase from 20% to 21.75% when indirect costs are included.

Rating of schools and other non-rateable properties

The amount of wastewater rates payable by schools and other non-rateable properties is likely to increase. Currently rates are calculated on the land value using the same stepped differential as residential properties, and probably do not meet their share of the cost of wastewater services.

Options for Charging for Wastewater

Schedule 3 of the Local Government (Rating) Act 2002 contains limited provisions for the charging for functions such as wastewater as a targeted rate.

Legal advice has been received on the possibility of volumetric charging for wastewater generated under the provisions contained in Schedule 3. The conclusion reached in the legal advice is that the case is not very strong for charging either on the basis of direct metering of volume of sewage leaving a property, or through metering of water consumption under the Act.

Possible alternatives identified were:

1. Charging on the basis of historical consumption, i.e. for the previous financial year, by including historical water consumption data in rating database at 30 June each year.
2. Charging on an individual contract basis, outside of the provisions of the Local Government (Rating) Act 2002.

The first alternative is not considered to be a practical alternative as it would not be based on current consumption by the current owner and would result in numerous anomalies.

The second alternative could result in enforcement and collection issues as the charges would have to be collected as civil debts, and would not be a charge on the property.

It is desirable that whichever basis is selected for charging of the targeted rate for wastewater, it should be as equitable as possible and it should as far as is possible not undercharge very large generators of wastewater, nor impose an excessive charge on properties that do not generate more than average volumes of wastewater.

The ranges of options appropriate for Waitakere City to use for rating for wastewater under the provisions of the Local Government (Rating) Act 2002 are:

- As a rate in the dollar on land value, with or without appropriate differentials;
- As a rate in the dollar on capital value, with or without appropriate differentials;
- As a uniform annual charge on each separately used or inhabited part of a rating unit, either uniformly across the whole of the reticulated part of the city, or differentially such as a different level of charge for business sector properties, or classes of business sector properties and/or for serviceable as distinct from serviced properties;
- As a charge for each water closet and urinal within the rating unit;
- A combination of any or all of the above.

Rating on the basis of land value does not reflect the use of a property, or the generation of wastewater.

Although more indicative of the extent of use of a property, rating on the basis of capital value does not necessarily indicate the level of generation of wastewater.

Whilst rating on capital value can be justified as a property tax for the cost of providing services to the community in general through the General Rate, rating on this basis for the cost of providing a service to a specific property, i.e. disposal of wastewater from the property, is less defensible.

Charging for wastewater by a uniform annual charge or “pan” charge may be more equitable in many circumstances.

Residential Properties

There are limitations on the application of charges based on the number of water closets and urinals in the residential sector. Only one charge can be made to a property used primarily as a residence of a single household.

It could in theory be possible to set a variable scale of uniform annual charges based on use of a property, reflecting generation of wastewater. However, to attempt to categorise properties in this way would present problems, and would be impractical.

In the absence of the ability to charge on the basis of wastewater generated, for single households the options would seem to be limited to charging a uniform annual charge based on the average generation of wastewater, although it may be possible to identify some element of the provision of a wastewater function that is in the nature of a public good to be recovered as a property tax based on property value, either land or capital value.

Charging on the basis of a uniform annual charge would not recognise that some properties generate more wastewater than the average, and other less than the average, but would be more equitable to most properties than a property value based rate when considering wastewater rates in isolation from other rates.

Multiple households can be accommodated by charging according to each separately used or inhabited part of a rating unit.

Communal dwellings in forms such as rest homes or boarding houses could be dealt with by also having a "pan" charge based on the number of water closets and urinals within the rating unit.

Such a "pan" charge could also be appropriate for non-rateable properties such as schools, places of religious worship, public hospitals etc, as well as sporting and community uses. Currently such properties are charged based on the land value of the properties, which in many cases results in undercharging when their generation of wastewater is considered.

Based on the share of wastewater costs for properties excluding the Business Sector, it is estimated that a Uniform Annual Charge and "Pan" Charge of \$327 including GST would be required. This is based on all properties in the Inner Drainage Area, including vacant sites, being levied a Uniform Annual Charge and/or "Pan" charge. If vacant sites were exempted from the charge, or charged a lesser amount, the charge would increase to up to \$334 incl. GST. The amount of rates income derived from such a Uniform Annual Charge/"Pan" Charge for wastewater does not affect the statutory 30% of rates income that can be derived from Uniform Annual Charges, as income from wastewater charges is excluded from the calculation of the 30% of rates income.

Business Sector Properties

The Business Sector comprises a wide range of uses with varying levels of wastewater generation, ranging from a small shop with one toilet and relatively minor use, through shopping malls and commercial buildings with a far greater use of toilets, restaurant and other food premises generating wastewater from kitchen waste and cleaning to significant users such as commercial laundries and chicken slaughter and processing operations.

It is likely that a different level of annual charge and/or "pan" charge could be set for the Business Sector, although a legal opinion on this may be required. However, in view of the wide range of uses, some other differential charging on the basis of property use may be desirable.

An alternative that may be possible for some or all business uses may be to charge for wastewater outside the rating system on the basis of contracts with consumers, and collect the charges as civil debts. Enforcement of non-payment could be achieved where necessary by limiting discharge of wastewater, which may be more acceptable on business properties than on residential properties.

In view of the probable wide range of levels of generation of wastewater in the Business Sector, which would result in many inequities and anomalies if a uniform annual charge or "pan" charge based on "average" use of the wastewater system is implemented, it is suggested that investigation should be carried out on alternatives such as classification of business sector properties according to water usage with a view to setting a "pan" charge for many, if not most properties in the sector, with other identified users being invoiced on the basis of wastewater generated. Properties could be classed as "extraordinary supply" on the basis of water usage.

Charging for Wastewater on Non-Rateable Land, and Land used by Sporting and Community Groups

Non-rateable land includes schools, kindergartens, public hospitals, places of religious worship. Land used for games and sport is 50% non-rateable. All such non-rateable and 50% non-rateable land is exempt from all rates except for targeted rates for water, solid waste and wastewater.

Currently such land is charged targeted rates for wastewater at the same rate as residential properties based on the land value of the properties.

In the 2005/2006 year, wastewater rates levied on land value on these properties amounted to approximately \$198,000 excluding GST.

If rates were levied on capital value, rates would have amounted to approximately \$657,000 excluding GST.

In the year prior to the enactment of the current Rating legislation, schools were required to be charged for wastewater on the basis of a "pan" charge calculated on a formula based on specified ratios of 1 toilet connection for every 20 students and staff, and graduated levels of charges. Many local authorities charging for wastewater on a "pan" charge basis continue to use this formula despite the legislation under which the charge was made being repealed. The current legislation contains provisions enabling the setting of regulations on the charging of schools for wastewater.

The impact of a "pan" charge on schools together with an analysis of wastewater charges to non-rateable properties for the 2005/2006 year shows:

"Pan" Charges	Rates on	Rates on
	Land Value	Capital Value
Schools and kindergartens \$321,331	\$105,548	\$346,907
Places of Religious Worship	\$ 53,396	\$153,530
Hospitals, and other non-rateable	\$ 39,336	\$156,568
Total	\$198,280	\$657,005

The revenue from pan charges from properties other than schools is unknown as data on the number of toilet connections is not available and would have to be gathered. It is likely that for many properties, particular significant generators of wastewater, rates would increase above the amount currently levied.

These figures show that there is justification for charging non-rateable properties, and sporting groups on the basis of a "pan" charge for wastewater. This should also extend to other non-residential uses rated at the same level as residential properties, i.e. community uses.

Impact on Residential Rates of the Introduction of a Uniform Annual Charge for Wastewater

The current stepped differential rating system and level of Uniform Annual General Charge were set having regard to the relativity of rates on properties at various levels of land value. Those rates on which relativities were considered include wastewater rates calculated on land value for properties in the Inner Drainage Area.

Consequently if a Uniform Annual Charge for wastewater is introduced, the resulting relativities between rates payable on low, average and high values properties must be reviewed, and the stepped differential and/or level of Uniform Annual General Charge reconsidered.

Thus owners of high valued properties currently paying relatively high wastewater rates should not expect that the rates on their properties would reduce by the difference between the amounts of the Wastewater Uniform Annual Charge and their current wastewater rates.

A18-A22

Schedules attached at pages ~~A18 to A22~~ show the impacts on rates of the introduction of a Uniform Annual Charge for Wastewater under a land value rating system.

Column **B** shows the current rates levied for the 2005/2006 year on land values in Column **A**.

Column **C** shows the rates that would have been levied without the stepped differential, but with a Uniform Annual General Charge of \$540.

Column **D** shows the level of rates without the stepped differential, if a Wastewater Uniform Annual Charge of \$327 was levied with a Uniform Annual General Charge of \$540.

Column **E** shows the level of rates without the stepped differential, if a Wastewater Uniform Annual Charge of \$327 was levied with no Uniform Annual General Charge .

Column **F** shows the level of rates without the stepped differential, if a Wastewater Uniform Annual Charge of \$327 was levied with a Uniform Annual General Charge of \$270.

Analysis of Impact of Change to Capital Value Rating

The current level of Uniform Annual General Charge and stepped differential was a response to the impacts on rates on properties at various levels of land value caused by the distribution of property values.

When considering a change to rating on capital value in designing the rating system it is appropriate to start with the impact with no stepped differential and no Uniform Annual General Charge, and then identify any anomalies in relativity of rates at different levels of capital value before considering tools such as the level of Uniform Annual General Charge to correct those anomalies.

The attached models and analyses have been based on the following assumptions:

- The 2005/2006 Annual Plan rate requirement;
- Property values on the valuation roll as at 30 June 2005;
- Defence Department and Watercare Services Limited properties continue to be rated on land value as provided in their relevant legislation. Legal opinions on the extent and any limitations of the application of these provisions will be required if a decision is made to proceed with the proposal, although the impact on models prepared is not expected to be significant overall;
- A Business Sector differential of 21.75%;
- Utilities rated at a base rate (excluding wastewater) with the product from these properties benefiting the whole city. It should not be assumed from this that this is the level of rates from utilities that is to be recommended. Whichever basis of rates is adopted will not have effects on residential property rates that are very significant;
- A Wastewater Uniform Annual Charge of \$327.

~~A23-A28~~

Models have been prepared (attached at pages ~~A23 to A28~~) calculating the rates payable on the capital value (column **A**)

- No Uniform Annual General Charge (Column **B**);
- No Uniform Annual General Charge, Wastewater Uniform Annual Charge \$327 (Column **C**);
- Uniform Annual General Charge of \$270 Wastewater Uniform Annual Charge \$327 (Column **D**);
- Uniform Annual General Charge of \$540 Wastewater Uniform Annual Charge \$327 (Column **E**).

Comparisons with land value rates have not been shown as these would differ for most properties depending on the relationship of the capital value to the land value.

The average single dwelling has a capital value of approximately \$320,000. With no differentials, 2005/2006 rates would be \$1,445. This may be compared with the rates on an average single dwelling with a land value of \$150,000, with a stepped differential, which are \$1,517 for the 2005/2006 year. The impact of the stepped differential on land value based rates was an increase in rates of \$48 on that average property.

~~A29-A48~~

Also attached at pages ~~A29 to A48~~ are schedules showing the number of properties whose rates will increase or decrease, and indications of the level of increase under options B, C, D and E.

In the residential sector the impact on rates is a combination of the change in rating basis and the increase in the business sector share of rates from 20% to 21.75%.

Alternatives that may be considered

The impact on various properties of a change to capital value rating may be managed by modifying the change in rates payable in a number of ways, including:

- Changing the level of the Uniform Annual General Charge;
- Introducing a system of stepped differentials modified for capital values;
- Introduction of uniform annual charges or "pan charges" for wastewater;
- Applying a combination of land value and capital value differentially to the targeted rate for wastewater;
- Applying land value rating to the general rate and capital value to the targeted rate for wastewater or vice versa;

A24

- Or any combination of these.

With regard to using a combination of land and capital values to calculate rates, the General Rate must be levied on either one or the other for all properties. A combination of the two is not possible under the legislation. A targeted rate such as for wastewater, however, may be levied differentially on different classes of property with, for example, business sector properties being levied on capital value and residential properties on land value, or vice versa.

CONCLUSION

It is to be expected that the reaction of many, if not most ratepayers, to any proposed change to the rating system will be influenced by the impact on the rates on their own property, and the most vocal will be those whose rates will increase.

However, in the best interests of the city as a whole, it is suggested that a decision should be made on the principles of which rating system is fairest overall in sharing the total rate requirement between properties, and then decisions made on the best way of managing that change.

If consideration of a move to capital value is to proceed, decisions are required on:

- The level of rating of utilities, and which sector(s) will benefit from rates income so derived;
- The overall level of the business sector contribution to rates;
- Consideration of the impact on properties, and how the change can be managed;
- Whether further options should be considered, such as a combination of land and capital value rating as a transitional measure.

If a decision is made to charge wastewater as a uniform annual charge/pan charge, further consideration will be required on how wastewater will be charged to Business Sector properties.

Direction is sought from the Committee as to what further modelling in relation to capital value rating should be prepared.

Further information, as requested by the Finance and Operational Performance Committee, can be brought back to the December 2005 or February 2006 meeting of this Committee.

If the Finance and Operational Performance Committee does wish to consult on capital value rating for levying of rates for the 2006/2007 year, a decision would need to be made no later than the February 2006 meeting of the Committee. Consultation would be conducted as part of the Long Term Council Community Plan Special Consultative Procedure.

RECOMMENDATIONS

1. That the Review of Rating System report be received.
2. That the Finance and Operational Performance Committee advises what further analysis on potential changes to the rating system it requires.

Report prepared by: Colin North, Financial Analyst, Rates.

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Models of Effect on Rates

A	B	C	D	E	F	G	H
Land Value	2005/06 as Levied Bus 20% UAGC \$540 Refuse \$10 H'view \$8	2006/07 Draft Bus 20% UAGC \$540	2006/07 Draft Bus 20% UAGC \$540	2006/07 Draft Bus 20% UAGC \$540	2006/07 Draft Bus 20% UAGC \$600	2006/07 Draft Bus 20% UAGC \$600	Estimated Assessments
Residential Properties - Inner Area							
	Wastewater LV 3 Steps 1/.75/.50	Wastewater UAC \$365 No Steps	Wastewater UAC \$365 3 Steps 1/.75/.50	Wastewater UAC \$183 3 Steps 1/.75/.50	Wastewater UAC \$365 3 Steps 1/.75/.50	Wastewater UAC \$183 3 Steps 1/.75/.50	
20,000	686	1,003	1,009	856	1,060	907	14
30,000	750	1,047	1,056	917	1,103	964	66
40,000	814	1,091	1,103	978	1,145	1,021	144
50,000	878	1,135	1,150	1,040	1,188	1,078	253
60,000	942	1,179	1,197	1,101	1,230	1,135	405
70,000	1,006	1,223	1,244	1,162	1,273	1,192	974
80,000	1,070	1,267	1,291	1,223	1,316	1,249	1,860
90,000	1,133	1,311	1,337	1,285	1,358	1,306	3,151
100,000	1,197	1,355	1,384	1,346	1,401	1,363	4,429
110,000	1,261	1,399	1,431	1,407	1,443	1,420	6,693
120,000	1,325	1,443	1,478	1,469	1,486	1,477	7,161
130,000	1,389	1,487	1,525	1,530	1,528	1,533	4,770
140,000	1,453	1,531	1,572	1,591	1,571	1,590	4,148
150,000	1,517	1,575	1,619	1,653	1,614	1,647	5,162
160,000	1,585	1,619	1,654	1,699	1,645	1,690	3,311
170,000	1,613	1,663	1,689	1,745	1,677	1,733	2,222
180,000	1,661	1,707	1,724	1,791	1,709	1,776	1,303
190,000	1,709	1,751	1,759	1,837	1,741	1,818	1,411
200,000	1,757	1,795	1,795	1,883	1,773	1,861	988
210,000	1,805	1,839	1,830	1,929	1,805	1,904	627
220,000	1,853	1,883	1,865	1,975	1,837	1,947	713
230,000	1,901	1,927	1,900	2,021	1,869	1,989	548
240,000	1,949	1,971	1,935	2,067	1,901	2,032	298
250,000	1,997	2,015	1,970	2,113	1,933	2,075	396
260,000	2,045	2,059	2,006	2,159	1,965	2,117	265
270,000	2,093	2,103	2,041	2,205	1,997	2,160	230
280,000	2,141	2,147	2,076	2,251	2,029	2,203	244
290,000	2,189	2,191	2,111	2,297	2,061	2,246	121
300,000	2,237	2,234	2,146	2,343	2,093	2,288	161
310,000	2,284	2,278	2,181	2,388	2,124	2,331	104
320,000	2,332	2,322	2,217	2,434	2,156	2,374	71
330,000	2,380	2,366	2,252	2,480	2,188	2,417	80
340,000	2,428	2,410	2,287	2,526	2,220	2,459	79
350,000	2,476	2,454	2,322	2,572	2,252	2,502	51
360,000	2,524	2,498	2,357	2,618	2,284	2,545	41
370,000	2,572	2,542	2,392	2,664	2,316	2,587	56
380,000	2,620	2,586	2,428	2,710	2,348	2,630	27
390,000	2,652	2,630	2,451	2,741	2,369	2,659	56
400,000	2,684	2,674	2,475	2,772	2,391	2,687	28
410,000	2,716	2,718	2,498	2,802	2,412	2,716	32
420,000	2,748	2,762	2,521	2,833	2,433	2,744	35
430,000	2,780	2,806	2,545	2,864	2,454	2,773	24
440,000	2,812	2,850	2,568	2,894	2,476	2,801	14
450,000	2,844	2,894	2,592	2,925	2,497	2,830	28
460,000	2,876	2,938	2,615	2,956	2,518	2,858	18
470,000	2,908	2,982	2,639	2,986	2,540	2,887	7
480,000	2,940	3,026	2,662	3,017	2,561	2,915	16
490,000	2,972	3,070	2,686	3,048	2,582	2,944	3
500,000	3,004	3,114	2,709	3,078	2,604	2,972	27
510,000	3,036	3,158	2,732	3,109	2,625	3,001	24
520,000	3,068	3,202	2,756	3,140	2,646	3,029	9
530,000	3,100	3,246	2,779	3,170	2,667	3,058	25
540,000	3,132	3,290	2,803	3,201	2,689	3,086	6
550,000	3,164	3,334	2,826	3,232	2,710	3,115	14
560,000	3,196	3,378	2,850	3,262	2,731	3,143	10
570,000	3,228	3,422	2,873	3,293	2,753	3,172	7
580,000	3,260	3,466	2,897	3,324	2,774	3,200	6
590,000	3,292	3,510	2,920	3,354	2,795	3,228	11
600,000	3,324	3,554	2,944	3,385	2,817	3,257	10
650,000	3,483	3,773	3,061	3,538	2,923	3,399	26
700,000	3,643	3,993	3,178	3,692	3,030	3,542	16
750,000	3,803	4,213	3,295	3,845	3,136	3,684	15
800,000	3,963	4,433	3,413	3,998	3,243	3,827	8
850,000	4,123	4,653	3,530	4,151	3,349	3,969	5
900,000	4,283	4,873	3,647	4,305	3,456	4,112	6

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Models of Effect on Rates							
A	B	C	D	E	F	G	H
Land Value	2005/06 as Levied	2006/07 Draft	2006/07 Draft	2006/07 Draft	2006/07 Draft	2006/07 Draft	Estimated Assessments
	Bus 20%	Bus 20%	Bus 20%	Bus 20%	Bus 20%	Bus 20%	
	UAGC \$540	UAGC \$540	UAGC \$540	UAGC \$540	UAGC \$600	UAGC \$600	
	Refuse \$10						
	H'view \$8						
Residential Properties	Inner Area						
	Wastewater LV	Wastewater UAC \$365	Wastewater UAC \$365	Wastewater UAC \$183	Wastewater UAC \$365	Wastewater UAC \$183	
	3 Steps 1/.75/.50	No Steps	3 Steps 1/.75/.50	3 Steps 1/.75/.50	3 Steps 1/.75/.50	3 Steps 1/.75/.50	
950,000	4,442	5,093	3,764	4,458	3,562	4,254	3
1,000,000	4,602	5,312	3,882	4,611	3,669	4,397	8
1,250,000	5,402	6,412	4,468	5,378	4,201	5,109	10
1,500,000	6,201	7,511	5,054	6,144	4,734	5,821	8
1,750,000	7,000	8,610	5,640	6,911	5,266	6,533	4
2,000,000	7,799	9,709	6,227	7,677	5,799	7,246	3
3,000,000	10,996	14,106	8,572	10,743	7,929	10,095	10
4,000,000	14,193	18,503	10,917	13,809	10,059	12,944	2
5,000,000	17,390	22,900	13,262	16,875	12,189	15,793	2
							53,099

A27

Models of Effect on Rates							
A	B	C	D	E	F	G	H
Land Value	2005/06 as Levied	2006/07 Draft	2006/07 Draft	2006/07 Draft	2006/07 Draft	2006/07 Draft	Estimated Assessments
	Bus 20%	Bus 20%	Bus 20%	Bus 20%	Bus 20%	Bus 20%	
	UAGC \$540	UAGC \$540	UAGC \$540	UAGC \$540	UAGC \$600	UAGC \$600	
	Refuse \$10						
	H'view \$8						
Residential Properties - Outer Area							
	3 Steps		3 Steps		3 Steps		
	1/.75/.50		1/.75/.50		1/.75/.50		
	Rur Sewer \$	Rur Sewer \$154	Rur Sewer \$154		Rur Sewer \$154		
	Env Monitor	Env Mon \$26	Env Mon \$26		Env Mon \$26		
30,000	840	862	871		918		3
40,000	877	906	918		960		5
50,000	915	950	964		1,003		6
60,000	953	994	1,011		1,045		9
70,000	990	1,038	1,058		1,088		10
80,000	1,028	1,082	1,105		1,130		16
90,000	1,065	1,126	1,152		1,173		95
100,000	1,103	1,170	1,199		1,215		98
110,000	1,141	1,214	1,246		1,258		75
120,000	1,178	1,258	1,293		1,300		133
130,000	1,216	1,302	1,340		1,343		187
140,000	1,254	1,346	1,386		1,386		252
150,000	1,291	1,390	1,433		1,428		228
160,000	1,319	1,434	1,469		1,460		300
170,000	1,348	1,477	1,504		1,492		267
180,000	1,378	1,521	1,539		1,524		302
190,000	1,404	1,565	1,574		1,556		156
200,000	1,432	1,609	1,609		1,588		144
210,000	1,460	1,653	1,644		1,620		203
220,000	1,489	1,697	1,680		1,651		113
230,000	1,517	1,741	1,715		1,683		254
240,000	1,545	1,785	1,750		1,715		119
250,000	1,573	1,829	1,785		1,747		175
260,000	1,601	1,873	1,820		1,779		136
270,000	1,630	1,917	1,855		1,811		95
280,000	1,658	1,961	1,891		1,843		123
290,000	1,686	2,005	1,926		1,875		99
300,000	1,714	2,049	1,961		1,907		136
310,000	1,743	2,093	1,996		1,939		59
320,000	1,771	2,137	2,031		1,971		77
330,000	1,799	2,181	2,066		2,002		93
340,000	1,827	2,225	2,102		2,034		88
350,000	1,855	2,269	2,137		2,066		93
360,000	1,884	2,313	2,172		2,098		84
370,000	1,912	2,357	2,207		2,130		41
380,000	1,940	2,401	2,242		2,162		58
390,000	1,959	2,445	2,266		2,183		45
400,000	1,978	2,489	2,289		2,205		84
410,000	1,996	2,533	2,313		2,226		40
420,000	2,015	2,577	2,336		2,247		52
430,000	2,034	2,621	2,360		2,268		48
440,000	2,053	2,665	2,383		2,290		37
450,000	2,072	2,709	2,406		2,311		36
460,000	2,090	2,753	2,430		2,332		24
470,000	2,109	2,797	2,453		2,354		16
480,000	2,128	2,841	2,477		2,375		42
490,000	2,147	2,885	2,500		2,396		18
500,000	2,166	2,929	2,524		2,417		55
510,000	2,185	2,972	2,547		2,439		35
520,000	2,203	3,016	2,571		2,460		22
530,000	2,222	3,060	2,594		2,481		35
540,000	2,241	3,104	2,617		2,503		20
550,000	2,260	3,148	2,641		2,524		32
560,000	2,279	3,192	2,664		2,545		14
570,000	2,297	3,236	2,688		2,566		12
580,000	2,316	3,280	2,711		2,588		31
590,000	2,335	3,324	2,735		2,609		5
600,000	2,354	3,368	2,758		2,630		26
650,000	2,448	3,588	2,875		2,737		63
700,000	2,542	3,808	2,993		2,843		82
750,000	2,636	4,028	3,110		2,949		77
800,000	2,730	4,248	3,227		3,056		50
850,000	2,824	4,467	3,344		3,162		28
900,000	2,918	4,687	3,462		3,269		36

Models of Effect on Rates							
A	B	C	D	E	F	G	H
Land Value	2005/06 as Levied	2006/07 Draft	2006/07 Draft	2006/07 Draft	2006/07 Draft	2006/07 Draft	Estimated Assessments
	Bus 20%	Bus 20%	Bus 20%	Bus 20%	Bus 20%	Bus 20%	
	UAGC \$540	UAGC \$540	UAGC \$540	UAGC \$540	UAGC \$600	UAGC \$600	
	Refuse \$10						
	H-view \$8						
Residential Properties - Outer Area							
	3 Steps		3 Steps		3 Steps		
	1/.75/.50		1/.75/.50		1/.75/.50		
	Rur Sewer \$	Rur Sewer \$154	Rur Sewer \$154		Rur Sewer \$154		
	Env Monitor	Env Mon \$26	Env Mon \$26		Env Mon \$26		
950,000	3,012	4,907	3,579		3,375		23
1,000,000	3,106	5,127	3,696		3,481		39
1,250,000	3,576	6,226	4,282		4,013		50
1,500,000	4,047	7,326	4,869		4,545		18
1,750,000	4,517	8,425	5,455		5,077		5
2,000,000	4,987	9,524	6,041		5,609		9
3,000,000	6,868	13,921	8,386		7,737		12
4,000,000	8,749	18,318	10,731		9,865		5
5,000,000	10,630	22,715	13,076		11,993		2
>5,000,000							5560

A	B	C	D	E	F	G	H
Land Value	2005/06 As Levied	2006/07 Draft	2006/07 Draft	2006/07 Draft	2006/07 Draft	2006/07 Draft	Estimated Total
	Bus 20%	Bus 20%	Bus 20%	Bus 20%	Bus 20%	Bus 20%	Assessments
	UAGC \$540	UAGC \$540	UAGC \$540	UAGC \$540	UAGC \$600	UAGC \$600	
	Refuse \$10						
	H'view \$8						
Business Sector - Inner Area							
20,000	1,162		1,218		1,272		35
30,000	1,463		1,553		1,603		85
40,000	1,765		1,887		1,934		138
50,000	2,067		2,221		2,265		155
60,000	2,369		2,555		2,595		143
70,000	2,671		2,890		2,926		152
80,000	2,972		3,224		3,257		126
90,000	3,274		3,558		3,588		123
100,000	3,576		3,892		3,919		141
110,000	3,878		4,227		4,250		152
120,000	4,179		4,561		4,581		74
130,000	4,481		4,895		4,912		87
140,000	4,783		5,229		5,243		77
150,000	5,085		5,563		5,574		78
160,000	5,387		5,898		5,904		72
170,000	5,688		6,232		6,235		56
180,000	5,990		6,566		6,566		61
190,000	6,292		6,900		6,897		46
200,000	6,594		7,235		7,228		30
210,000	6,896		7,569		7,559		30
220,000	7,197		7,903		7,890		58
230,000	7,499		8,237		8,221		37
240,000	7,801		8,572		8,552		37
250,000	8,103		8,906		8,883		26
300,000	9,612		10,577		10,537		118
350,000	11,121		12,248		12,192		83
400,000	12,630		13,919		13,846		54
450,000	14,139		15,590		15,501		43
500,000	15,648		17,262		17,155		41
550,000	17,156		18,933		18,810		39
600,000	18,665		20,604		20,464		29
700,000	21,683		23,946		23,773		46
800,000	24,701		27,288		27,082		35
900,000	27,719		30,631		30,391		30
1,000,000	30,737		33,973		33,700		17
2,000,000	60,916		67,396		66,790		61
3,000,000	91,095		100,819		99,880		16
3,100,000	94,113		104,161		103,189		1
3,500,000	106,185		117,531		116,425		1
4,500,000	146,966		161,404		161,105		1
6,600,000	199,739		221,142		219,004		1
6,800,000	206,333		228,376		226,232		1
7,500,000	226,901		251,223		248,785		1
14,100,000	503,644		548,264		551,969		1
14,700,000	477,111		524,318		523,023		1
18,700,000	592,247		652,510		649,283		1
							2,638

A30

Synopsis of Submission Received on Proposal to Change to Capital Value Rating in 1993

Why should I pay more in rates when I am not going to receive any more services (or my roads are not sealed or some other complaint relating to their own situation).

This ignores the comparative equity question, that some other ratepayers are paying more than is fair for the same services. This argument is regularly received with every increase in rates.

Capital value rating is a tax on development. Why should I pay more just because I develop my property.

It is a tax on those who choose to spend money on their house rather than say on a boat.

It subsidises those who do not look after their property and let it run down.

It will cause run down housing, and people will not maintain their properties.

If I extend my house the Council does not have to provide any more services than before and I am not drawing on any more services than before.

It will cause a dog problem because people will not build fences!

There is no evidence to support allegations that capital value rating will have any impact on development. Properties in areas where Councils rate on capital value or annual value, such as in nearby Blockhouse Bay, do not indicate that this is the case.

The fairness argument is largely a point of view. Development may increase use of services.

An owner who builds on a bedroom or makes other significant improvements does so to improve his/her lifestyle or provide for a growing family. Increased rates would seldom be an issue. An increase in capital value of \$10,000 because of improvements would attract an increase in rates of approximately \$27 per annum – approximately one quarter of one per cent of the increase in the capital value as a result of the improvements.

It is highly unlikely that rating on capital value would deter people from building fences to keep in dogs. It would be virtually impossible to link the building of a fence to any movement in rates payable.

A large number of submissions cite their own personal circumstances as reason for opposing the change.

I can't afford to pay any more in rates.

This ignores fact that some ratepayers in similar circumstances are already paying more. It is the change that must be managed.

Many ratepayers stated that one of the criteria in buying their home unit was lower rates.

This does not necessarily tie up with fair charge for services provided.

Or cite examples to prove their case.

These are selective arguments and other examples can just as easily disprove their case.

A pensioner living alone should not pay the same as a family. Services provided for x persons are the same irrespective of capital value. Examples focused on same number of people in properties with varied values.

The same argument and similar examples can be applied to land value rating.

Other arguments

It is not a local authority's function to redistribute wealth.

The Council is not redistributing wealth, merely ensuring a more equitable sharing of the rate requirement. In any case it is not the size of the capital value of a property itself that determines the change in the level of rates payable, rather the relationship of the land value to the capital value.

Claim that the proposal should be an election issue.

Providing the public with sufficient information to make an informed decision is a problem. However most will probably react according to the effect on their rates, and may not understand the wider equity issues.

Timing is wrong — Country in recession and this affects people's ability to pay more.

Challenges to basis of valuation. LV more stable than CV

QVNZ disagrees.

A distrust of the motives of Councillors — it is a scheme to increase rates, either now or in the future — the Council is greedy — if my rates are going to increase, then the Council must be bringing in more in rates.

Basic lack of understanding of the process of setting rates.

Rates should be based on number of people in household.

Even if practicable, age of people also affects level of use of services, and which services are used.

Misunderstanding of rates process — When inflation running at 2% how can you justify increasing my rates by 20%.

If CV increases in a few years, my rates will go up. If benefits and inequities cannot be clearly demonstrated, then why exchange one imperfect system for another.

Business Arguments

B2

CV rating will affect business viability, will stifle growth and threaten jobs.

(No evidence of this) —

(It is interesting to note that submissions on the 2005/2006 Annual Plan, the Employers and Manufacturers Assn advocates a change to capital value rating)

Should not consider a change whilst Manukau and North Shore are on land value as it may encourage business to those areas.

Unofficial and anecdotal comments from members of the business community indicate that generally rates were not really a big issue. Sure they would lodge objections to an increase in rates, but in the final analysis they were not a significant factor in their decision making.

Enquiries of Auckland City Council Economists in 1993 indicated that their rating system was not a factor in businesses moving from say Penrose to Wiri. Need to expand, build new facilities, install new plant, proximity to transport (airport?) and availability of labour were factors considered.

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