Rates Review

Elected member workshop 2

22 November 2023

As at 11 November 2023

TODAY

- Reminders of reasons for review & modelling assumptions
- Rating environment
- Consider more scenarios
- Implications/options
- What next

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REASONS FOR REVIEW

- Significant movements in LV in 3 yearly revaluations meaning variable impacts on rates incidence
- People relate to CV but not LV
- Likelihood of removal of 3 waters from Councils impacting on overall rates incidence (as water & wastewater funded through fixed charges)
- General rates on some properties on City fringe are relatively low & need reviewed
- Differential on commercial/industrial already relatively high and any further increase would be difficult to justify
- Rates are not currently assessed on utility networks in the roadway but would be if a CV based system was used (however biggest portion of these is 3 waters network owned by Council)
- Most urban centres now use CV as a base for rates so it is currently difficult to make comparisons with them

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ASSUMPTIONS FOR MODELLING

- **Common system** to apply throughout City
- Design of system to be based on **3 waters activities no longer** being Council responsibility (but still through transition to 1 July 2026) (As the future is now less certain recent modelling now assumes 3 waters will continue to be funded from rates. Even if the Nature Calls project is funded from Crown Infrastructure Partners such funding will need to be repaid by way of IFF levy on city ratepayers)
- System to be **practical** to administer & enforce
- System as **simple** as possible so not a wide range of targeted rates – but keep those for resource recovery & Palmy BID
- **UAGC remains** an essential component of system
- **General rate** to be **set differentially** (surcharges for commercial/industrial & discounts for rural)

[As endorsed by Council in August 2022]

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ASSUMPTIONS FOR MODELLING

- Some scenarios will have a **hybrid approach** with some rates based on LV and some on CV (e.g. a targeted transport rate)
- **Utilities** in the road have a CV but not a LV – any rates based on CV will be treated as non-residential (commercial/industrial)
- Properties with a very **high ratio of CV to LV** will experience very significant increases in rates if rates are based on CV – a transition of up to three years may be necessary if change is to be made
- **Vacant properties** will experience decreases in rates if rates are based on CV – this will be at odds with Council's drive to encourage more intensive residential development so would need to be traded off in any assessment of change

[As endorsed by Council in August 2022]

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RATING ENVIRONMENT

- It is reasonable to assume the Council will face a need to **increase total rates** in **2024/25** by a **significant %age** to cover costs – most other Councils find themselves in a similar position
- Last City **revaluation** was in 2021 – next due in **2024** to be effective for rating purposes from 1 July 2025 –current indications are that rateable land values for most residential properties could decrease by as much as $100,000 to $150,000. If this happens the greatest benefit (from a rates perspective) will be for lower valued properties
- Wellington City Council (which has general rates based on capital value) is proposing some changes, including the introduction of a higher differential for vacant properties in the CBD. It has also signalled it proposes to consider the benefits of a land value based system but not for 2024/25

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INCIDENCE BY DIFFERENTIAL CATEGORY

	% of LV	% of CV	% of rates (actual 2023/24)
Single unit residential	72.0	67.1	63.2
Multi-unit residential	3.7	3.6	5.6
Commercial/ Industrial	10.8	12.7	25.0
Rural/Semi-serviced	11.7	12.2	3.7
Misc	1.8	2.3	2.5
Utilities in street	0	2.1	0

Modelling is being undertaking making the broad assumption that the %age of the total rates obtained from each differential category should remain unchanged - it may however be appropriate to make some minor changes if a final proposal for change is developed

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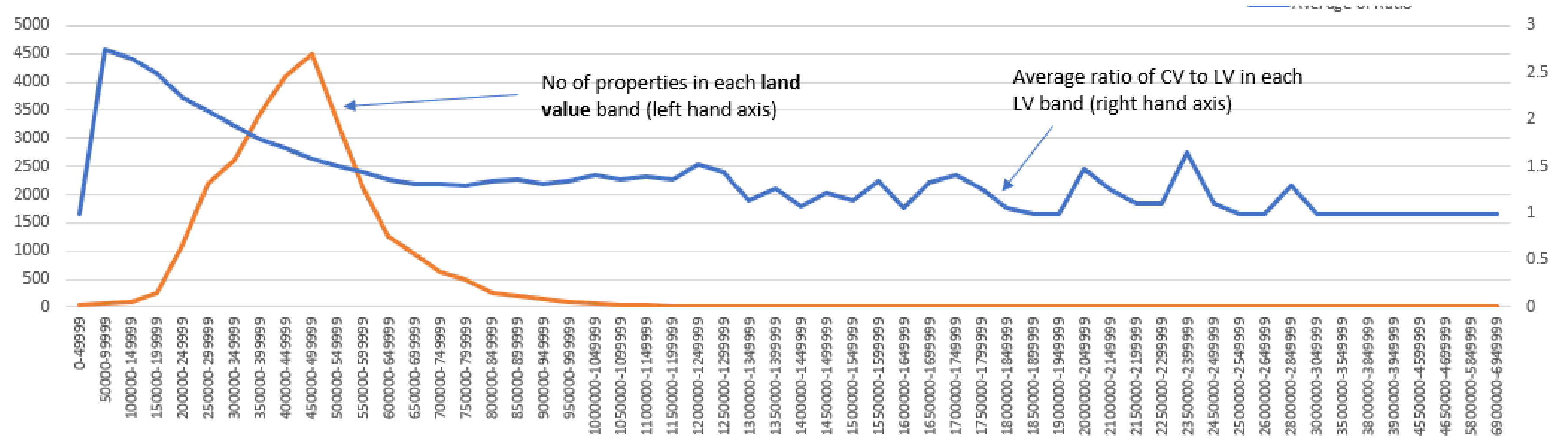
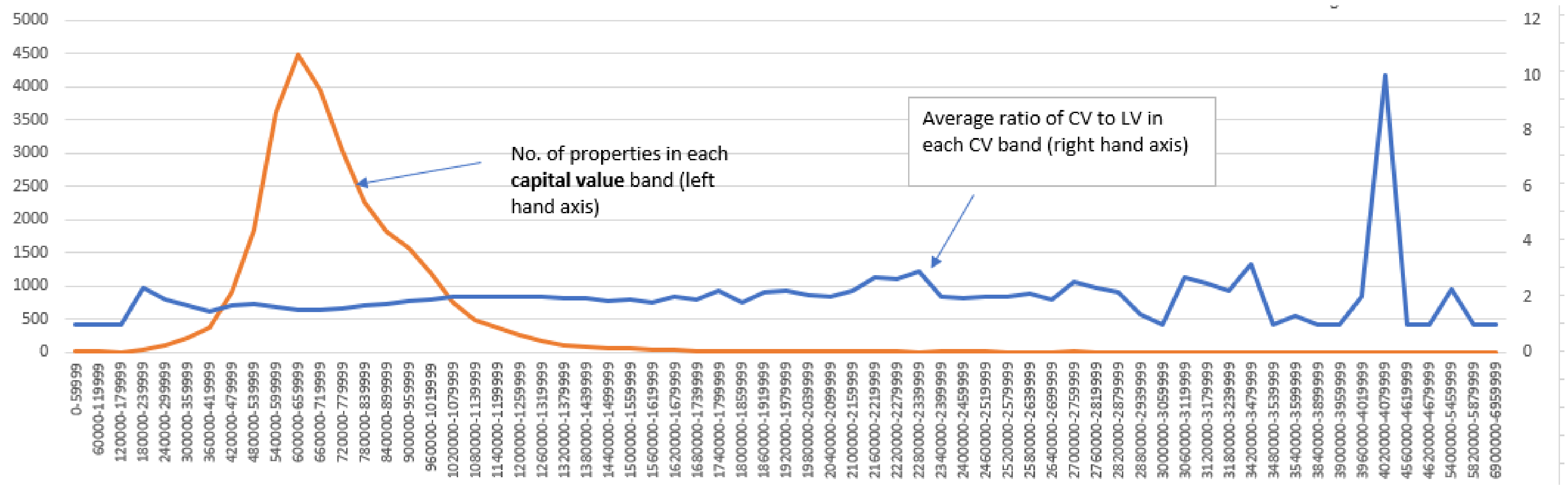
SINGLE UNIT RESIDENTIAL PROPERTIES (SPREAD OF VALUES & CV/LV RATIO)

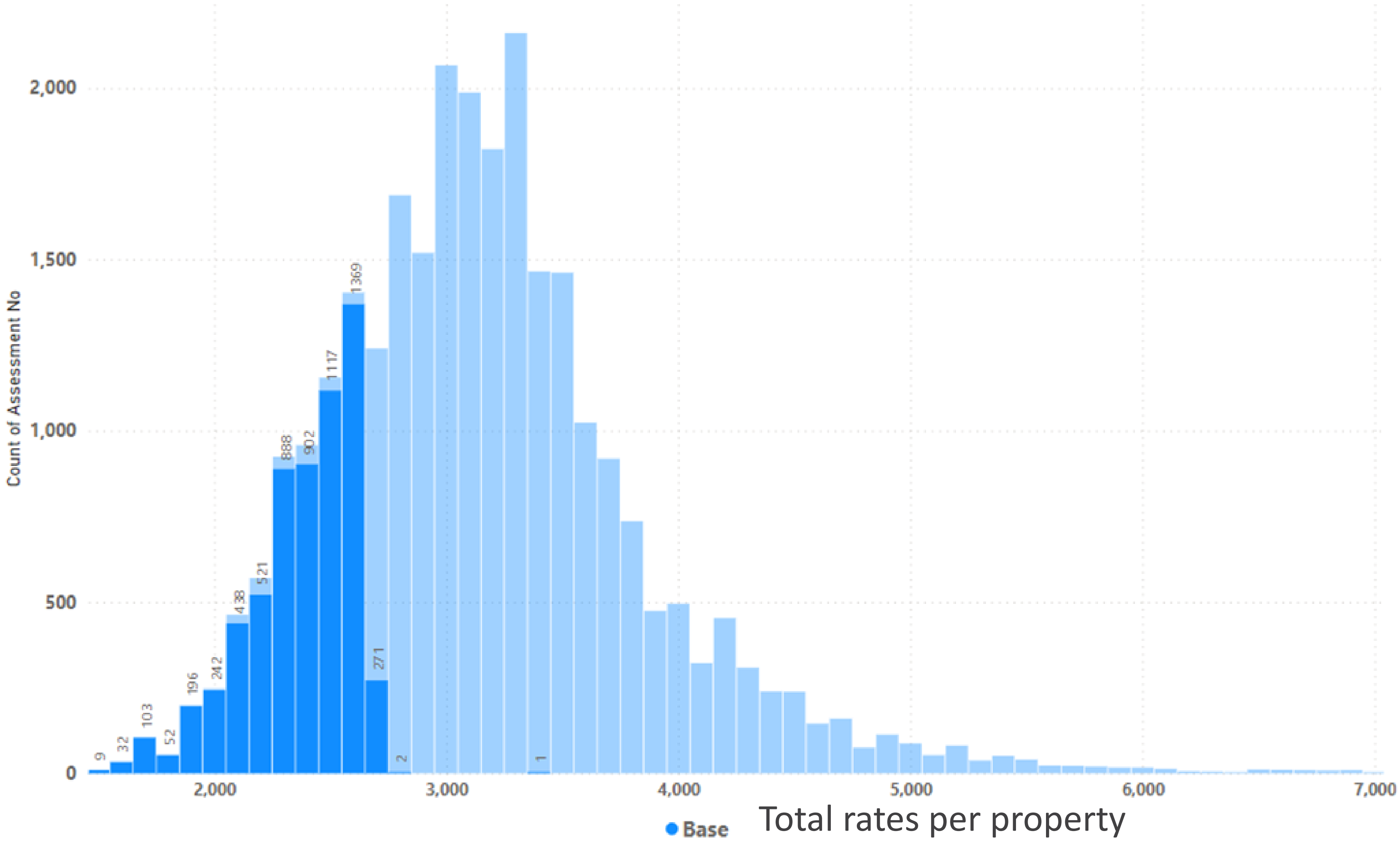


Land value spread



Capital value spread

RATES LEVELS FOR SINGLE UNIT RATEPAYERS ACTUAL 2023/24



This graph shows the no. of ratepayers who pay total rates at each level

Dark shading is properties with LV up to $350,000

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CURRENT RESIDENTIAL RATES 2023/24

Rates levels

- > 5000
- 4500- 5000
- 4000- 4500
- 3500- 4000
- 3000- 3500
- 2500- 3000
- < 2500

Shows varying rates levels in different parts of the City

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RATING SCENARIOS

- Rating scenarios have been modelled as a means of **demonstrating** the **impact** of using different levers to change rates incidence
- These scenarios are not being promoted as realistic options but rather a means of testing outcomes and determining rating units that will be significantly impacted through system change
- **The base** is the **current rates for 2023/24**
- The approach taken has been to **compare** outcomes of **other scenarios 1 to 6, with the base**

Base =	**Actual rates for 2023/24**
Scenario 1	CV based general rate with differentials so each category pays similar total to present
Scenario 2	Hybrid – 20% based on CV, 80% on LV
Scenario 3	Hybrid – 25% based on CV, 75% on LV
Scenario 4	Hybrid – 50% based on CV, 50% on LV
Scenario 5	Hybrid – 20% based on CV, 80% on LV but with $300 UAGC
Scenario 6	Hybrid – 20% based on CV, 80% on LV but with $400 UAGC

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MODELLING ASSUMPTIONS FOR DIFFERENTIALS ON GENERAL RATE

	Actual (LV base)	Scen 1 (CV base)	Scen 2 hybrid (LV base portion)	Scen 2 hybrid (CV base portion)
Miscellaneous	100%	100%	100%	100%
Single unit residential	79%	84%	80%	82%
Multi-unit residential	110-170%	125%	110-170%	120%
Non-residential (Com/ind)	300%	220%	300%	220%
Rural/semi-serviced	25%/50%/75%	25%/50%/75%	25%/50%/75%	25%/50%/75%

Differentials for Scenarios 1 & 2 are calculated to generate similar total rates from the group as for the actual in 2023

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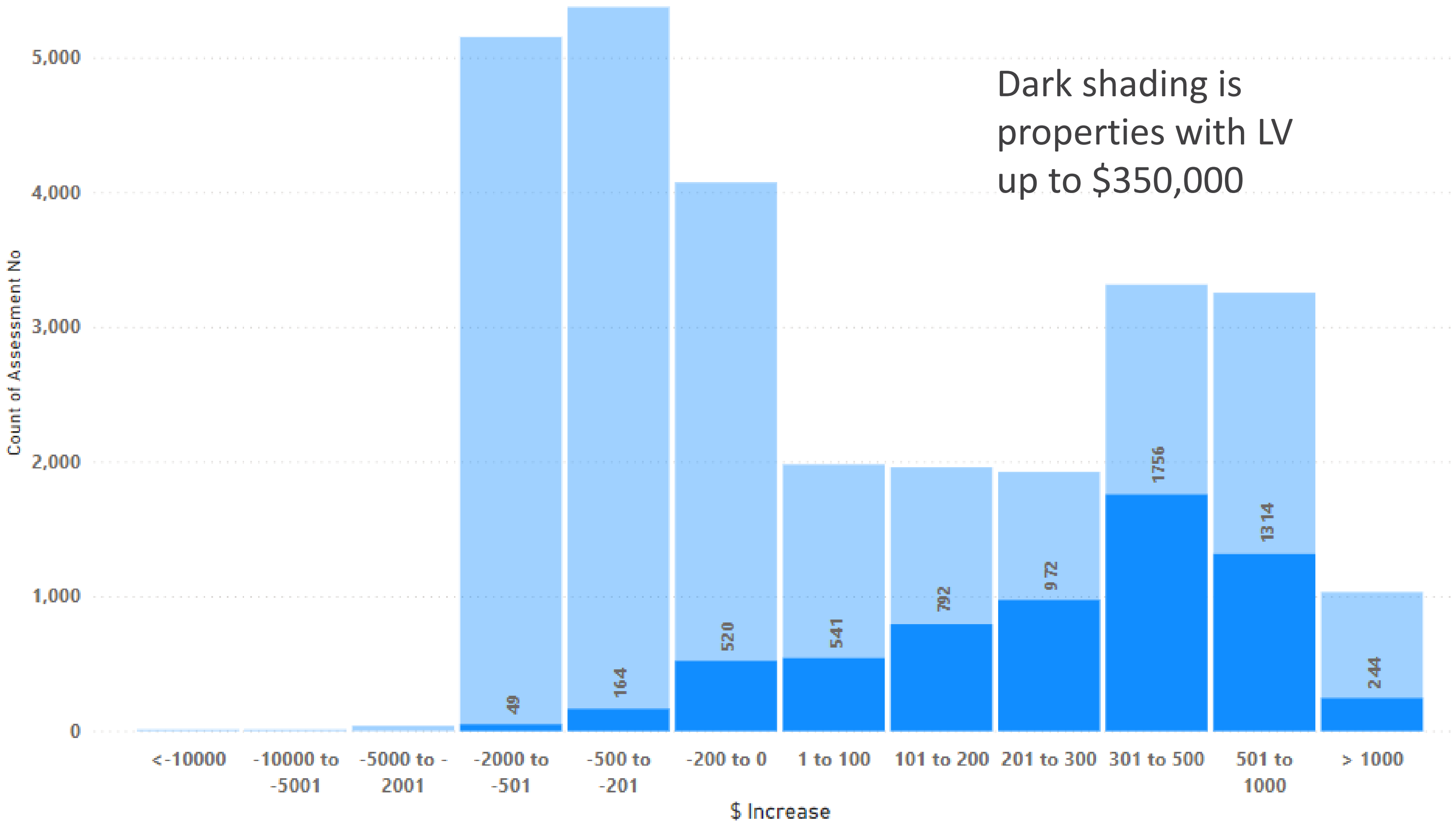
SINGLE UNIT RESIDENTIAL
($ CHANGE FROM 2023/24 IF CV BASE USED)



Over 4,000 properties would experience a rates increase of more than $500 & over 5,000 a rates decrease of over $500

A significant proportion of those with increases have LVs less than $350,000 (ie in quartile 1)

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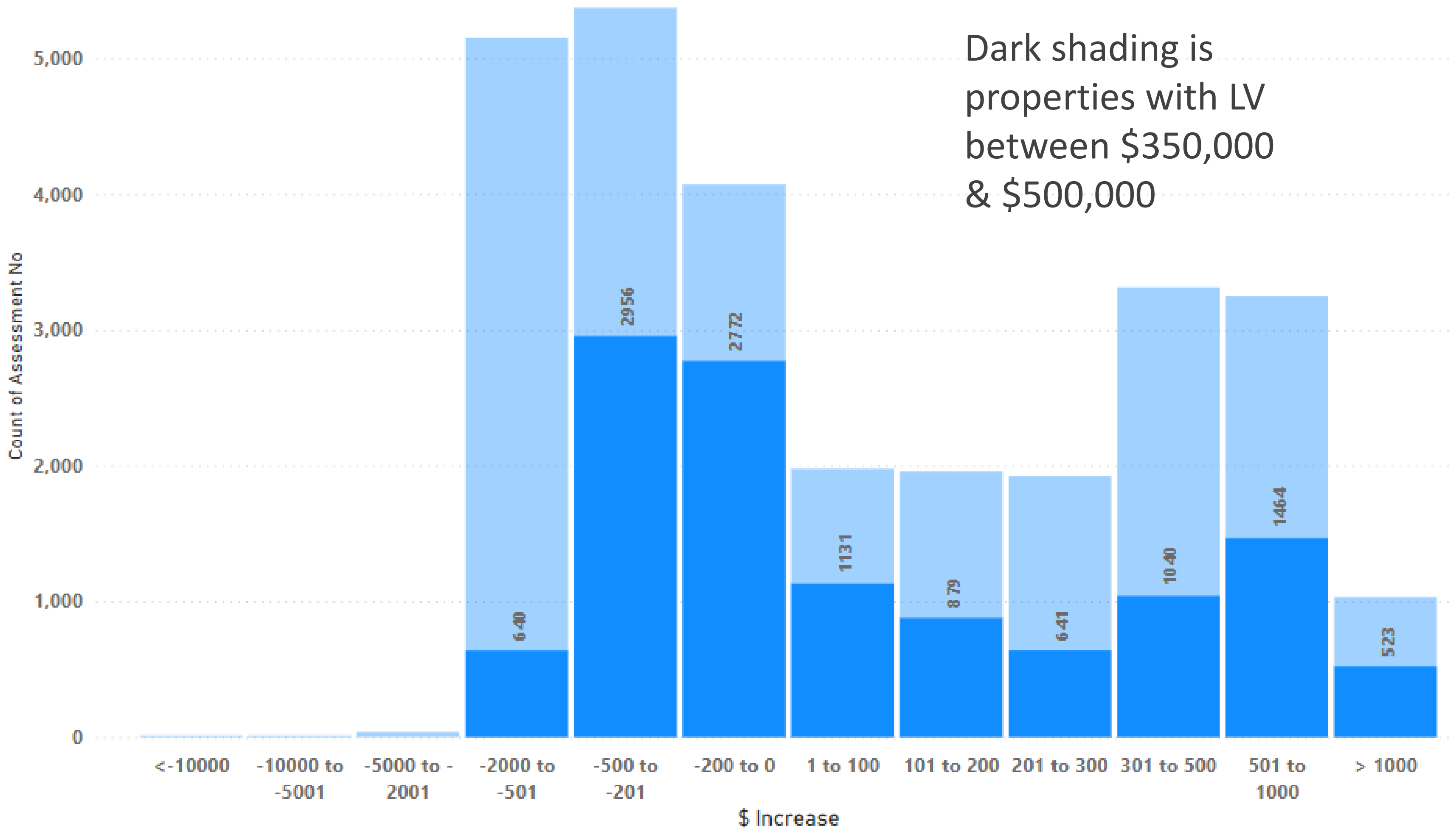
SINGLE UNIT RESIDENTIAL
($ CHANGE FROM 2023/24 IF CV BASE USED)



Dark shading is properties with LV between $350,000 & $500,000

The average single unit residential LV is $468,000

The dark shaded properties are therefore mostly properties in the LV quartile 2

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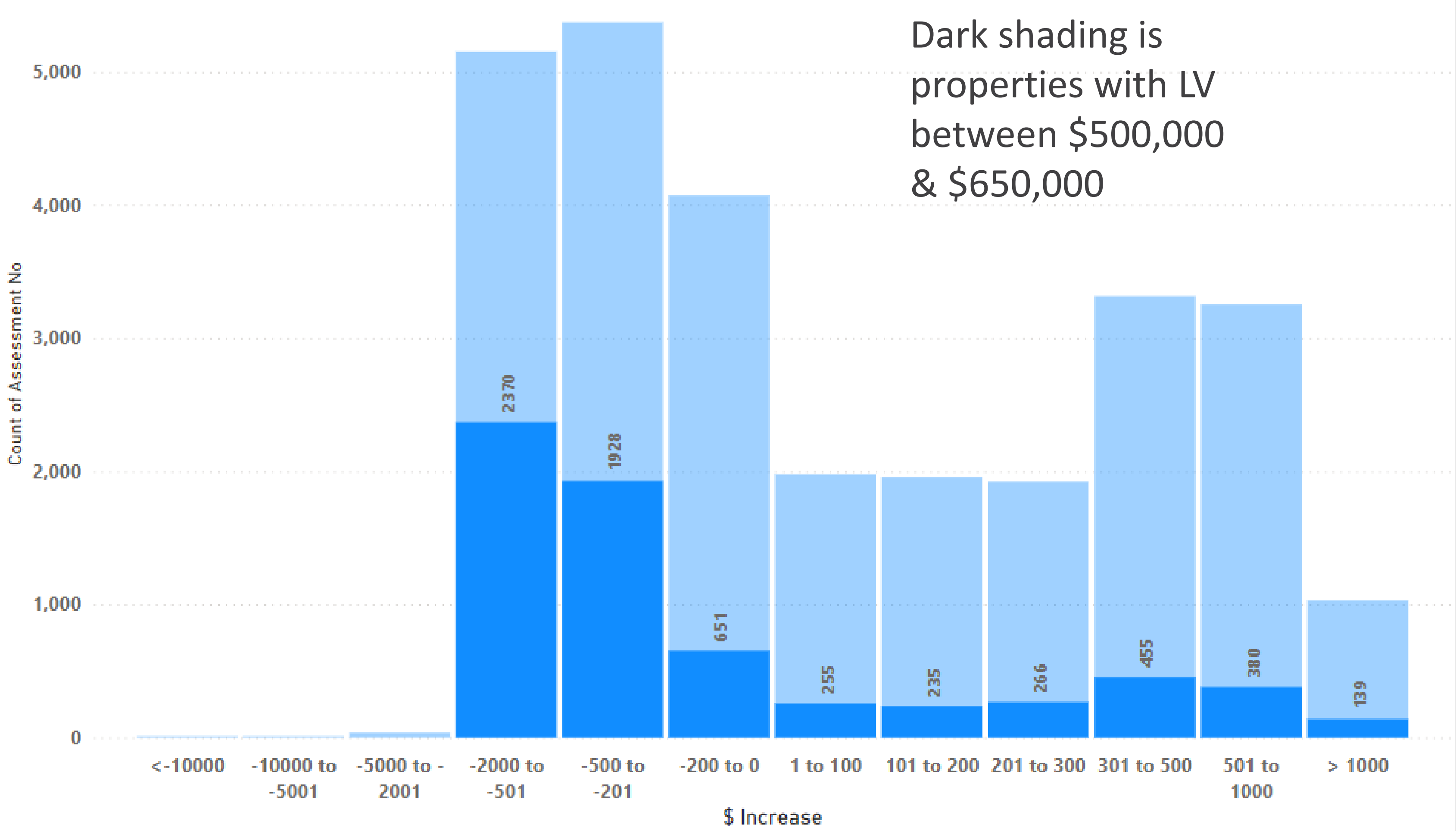
SINGLE UNIT RESIDENTIAL
($ CHANGE FROM 2023/24 IF CV BASE USED)



A significant no. of properties with above average LV would receive a rates decrease

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RATES LEVELS FOR SINGLE UNIT RESIDENTIAL RATEPAYERS

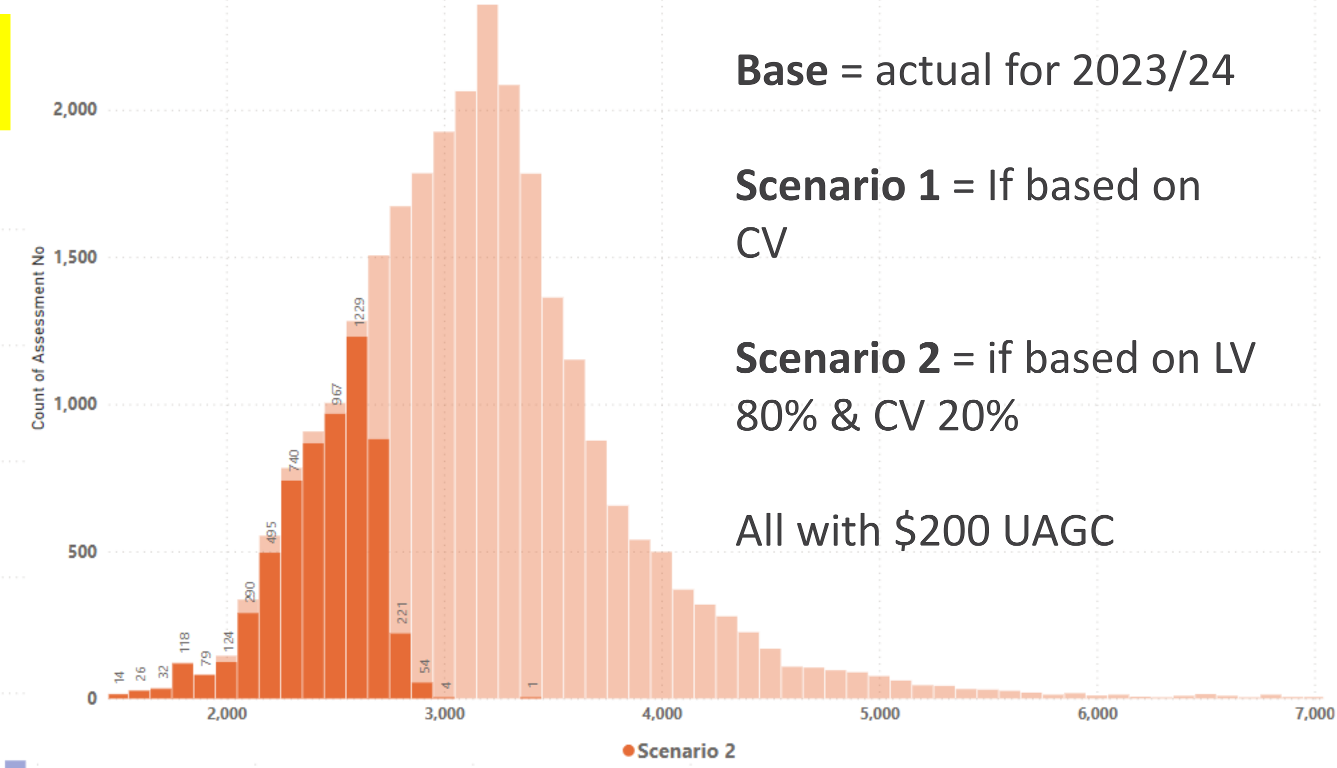
Dark shading is properties with LV up to $350,000

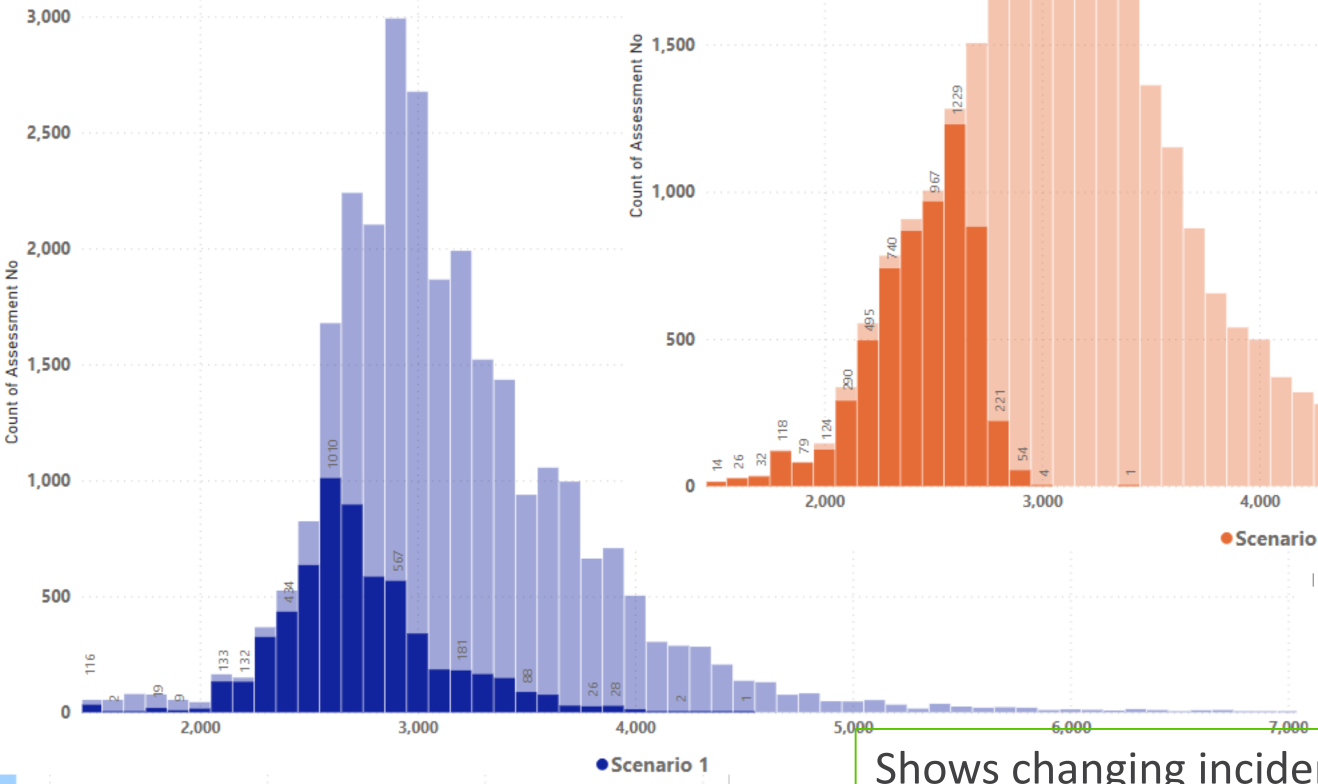
Base = actual for 2023/24

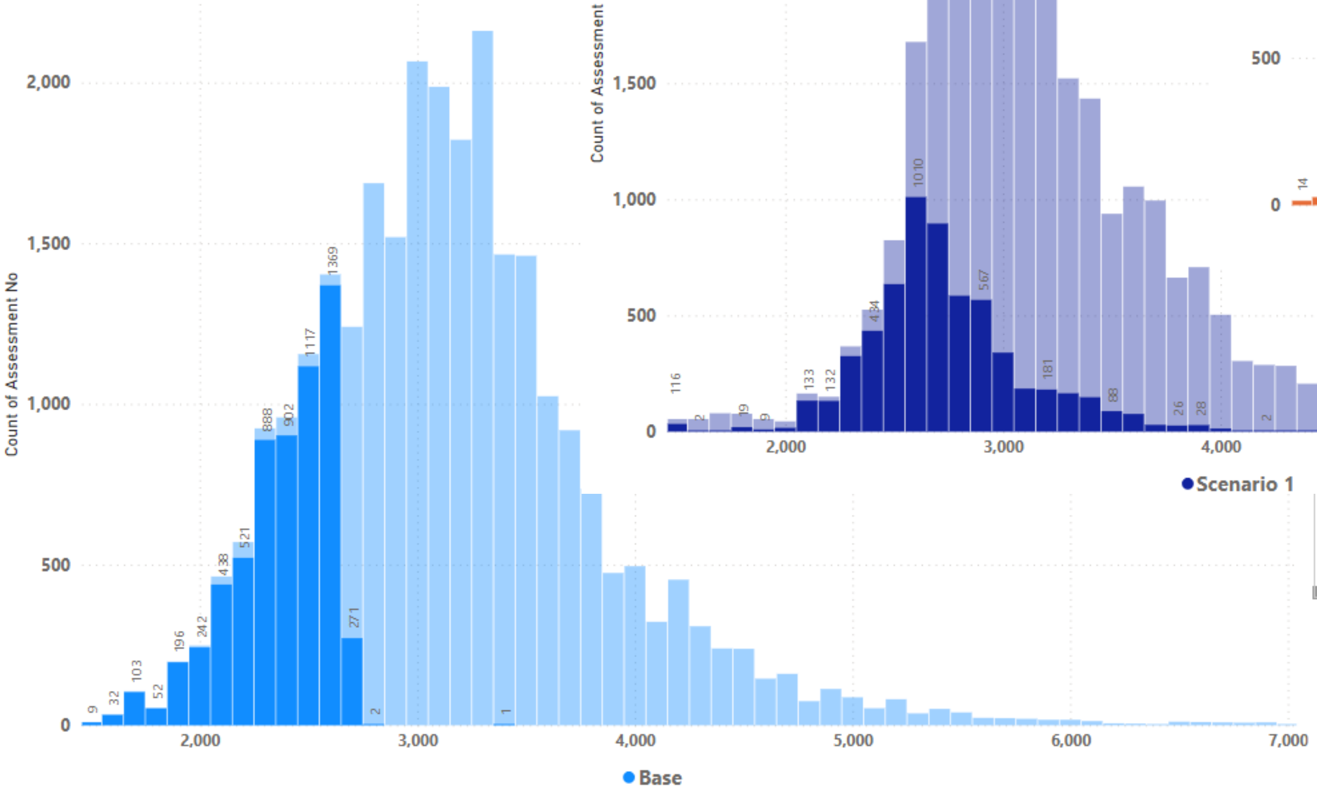
Scenario 1 = If based on CV

Scenario 2 = if based on LV 80% & CV 20%

All with $200 UAGC







Shows changing incidence & shows introducing a CV component to the base would increase the rates for a no. of properties with low LV

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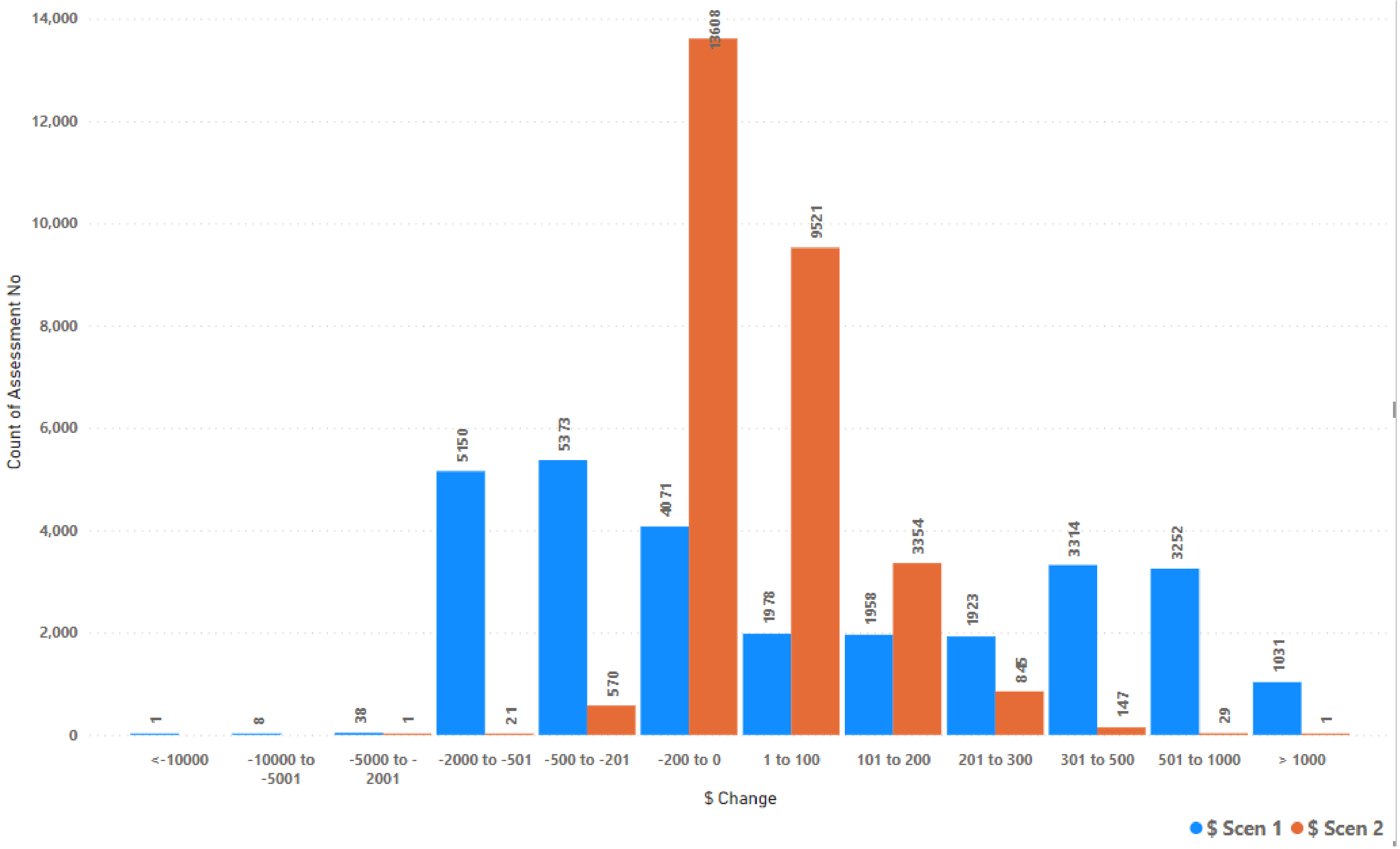
$ CHANGE IN SINGLE UNIT RESIDENTIAL RATES (SCENARIOS 1 & 2 COMPARED WITH 2023/24 ACTUAL)



Base = actual for 2023/24

Scenario 1 = If based on CV

Scenario 2 = if based on LV 80% & CV 20%

All with $200 UAGC

Shows that using a hybrid of CV & LV reduces the amount of the change in rates for individual ratepayers

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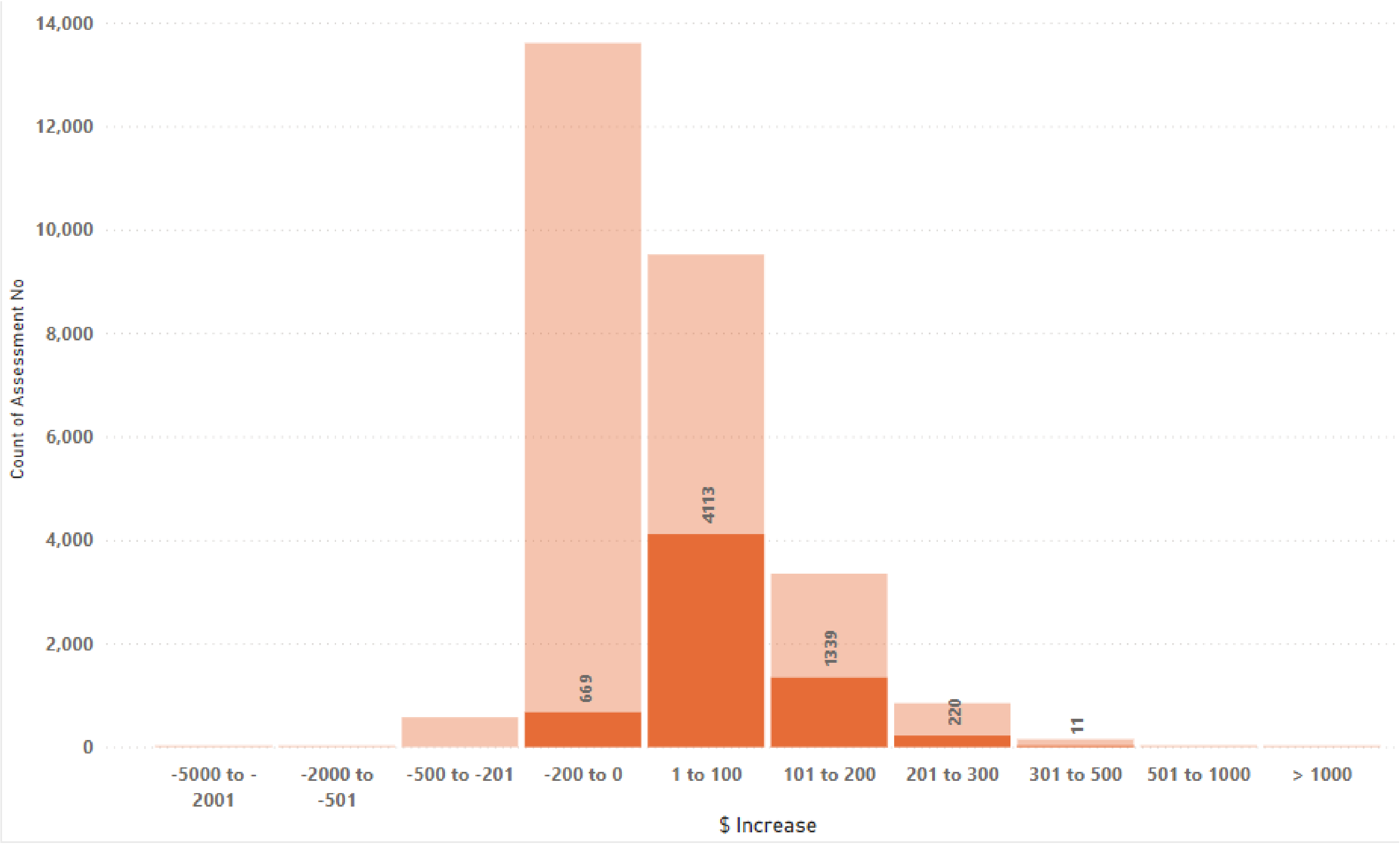
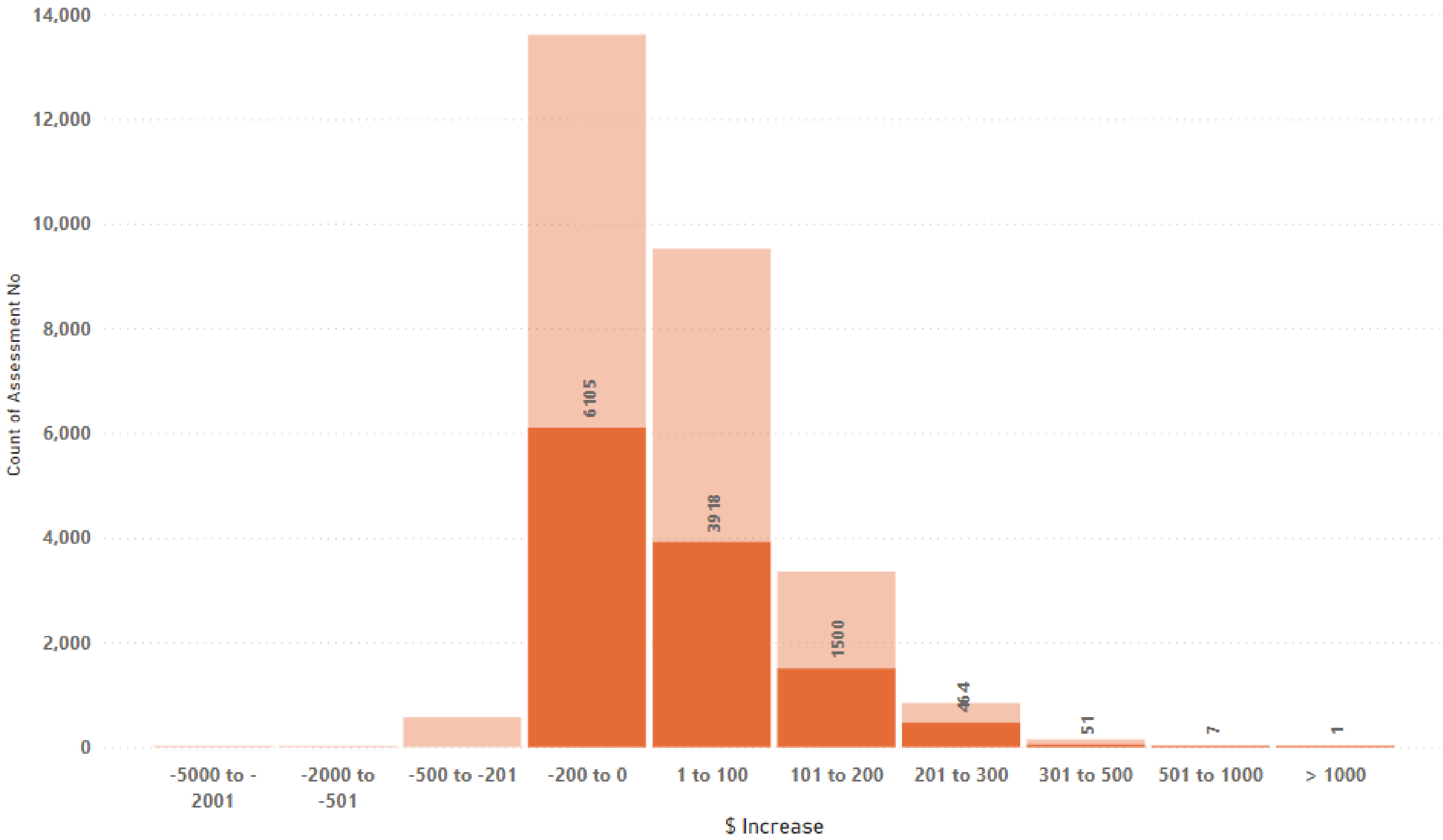
SINGLE UNIT RESIDENTIAL
($ CHANGE FROM 2023/24 IF SCEN 2 USED)



This is scenario 2
80% LV & 20% CV

Dark shading is properties with LV up to $350,000

SINGLE UNIT RESIDENTIAL
($ CHANGE FROM 2023/24 IF SCEN 2 USED)



This is scenario 2
80% LV & 20% CV

Dark shading is properties with LV between $350,000 & $500,000

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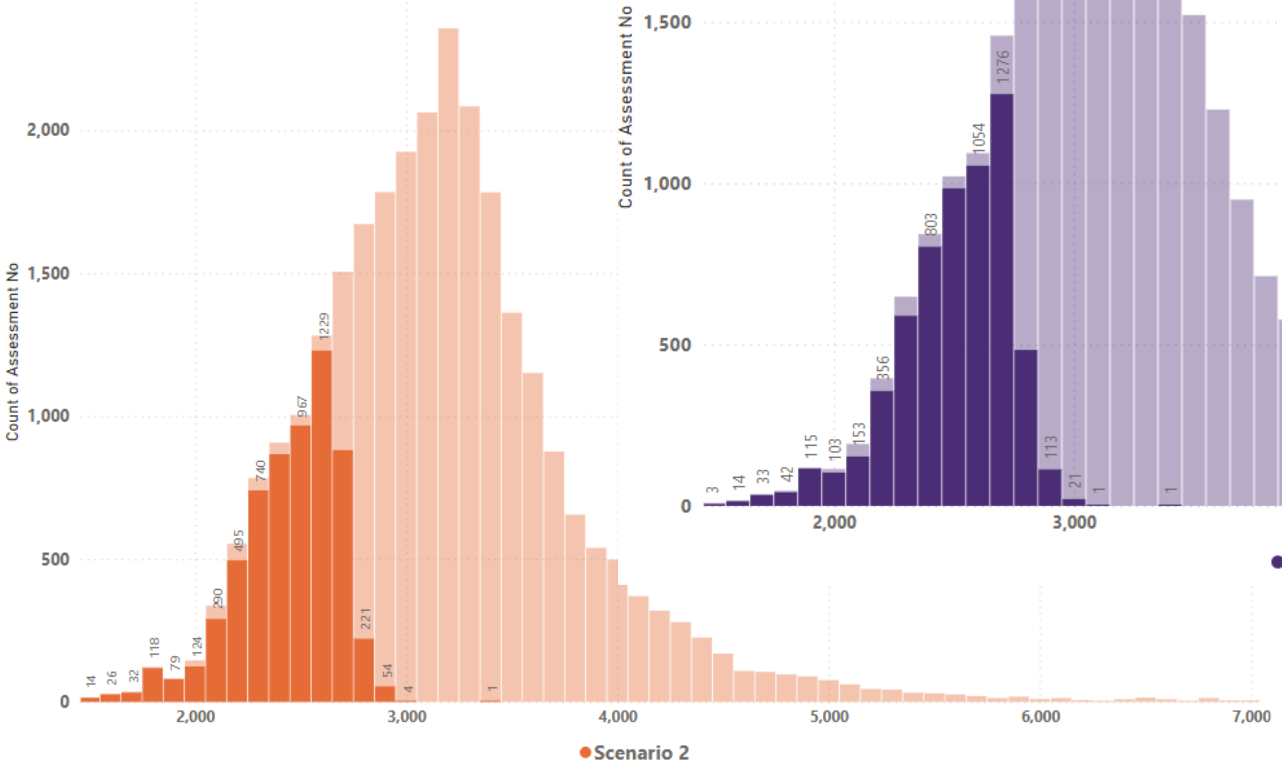
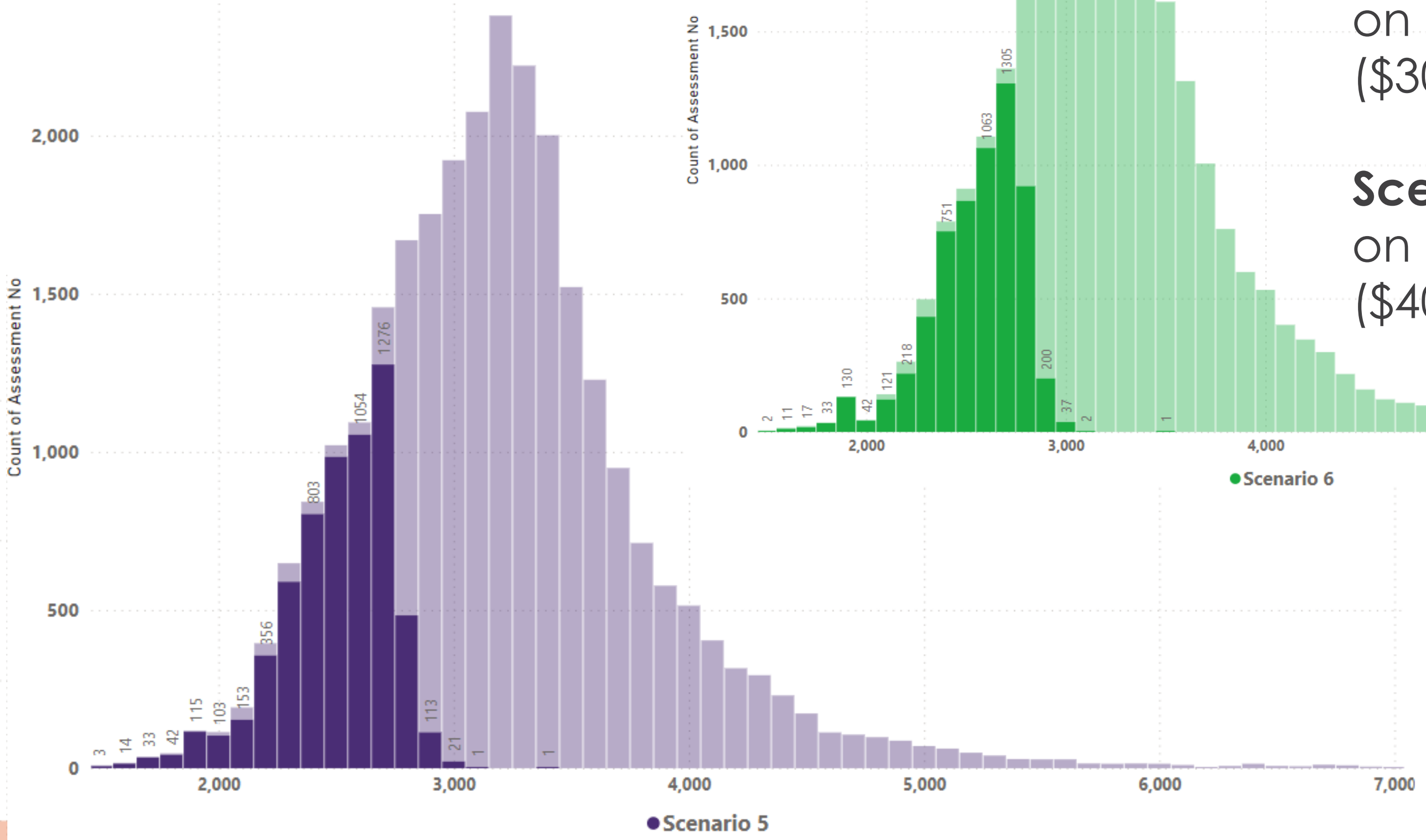
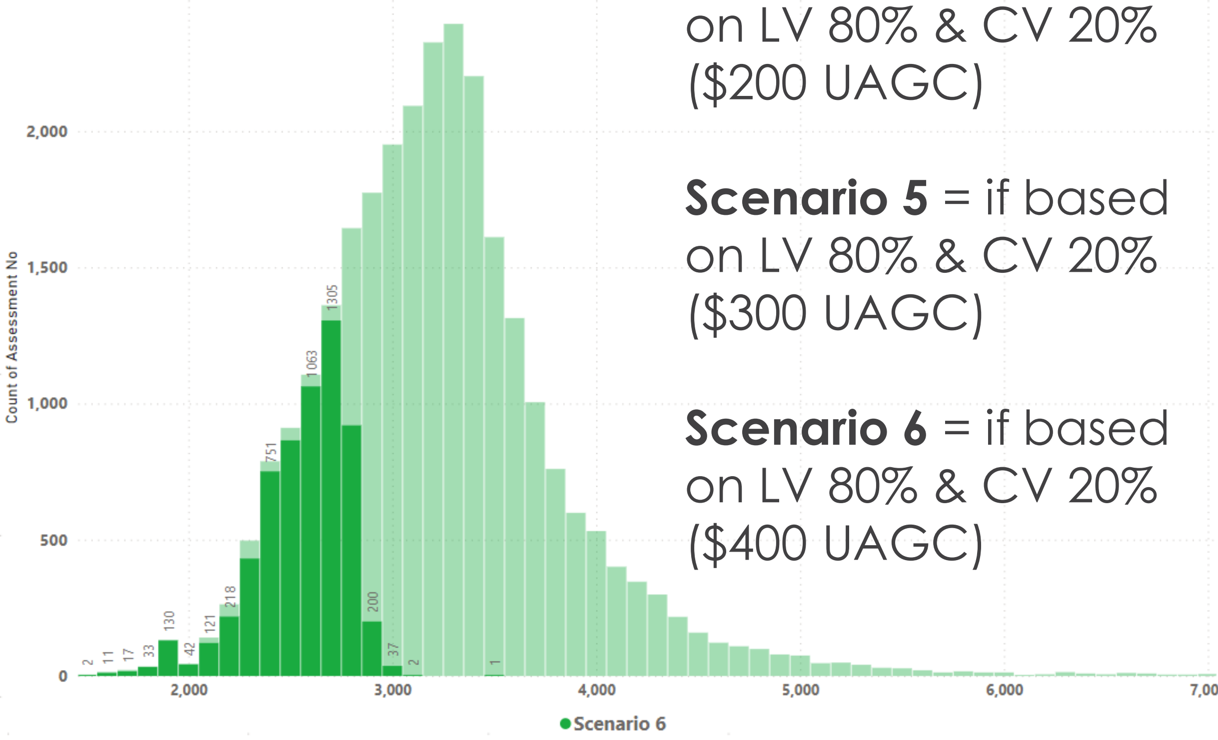
RATES LEVELS FOR SINGLE UNIT RESIDENTIAL RATEPAYERS







Scenario 2 = If based on LV 80% & CV 20% ($200 UAGC)

Scenario 5 = if based on LV 80% & CV 20% ($300 UAGC)

Scenario 6 = if based on LV 80% & CV 20% ($400 UAGC)

Shows the impact of changing the UAGC is not too material though see next slide

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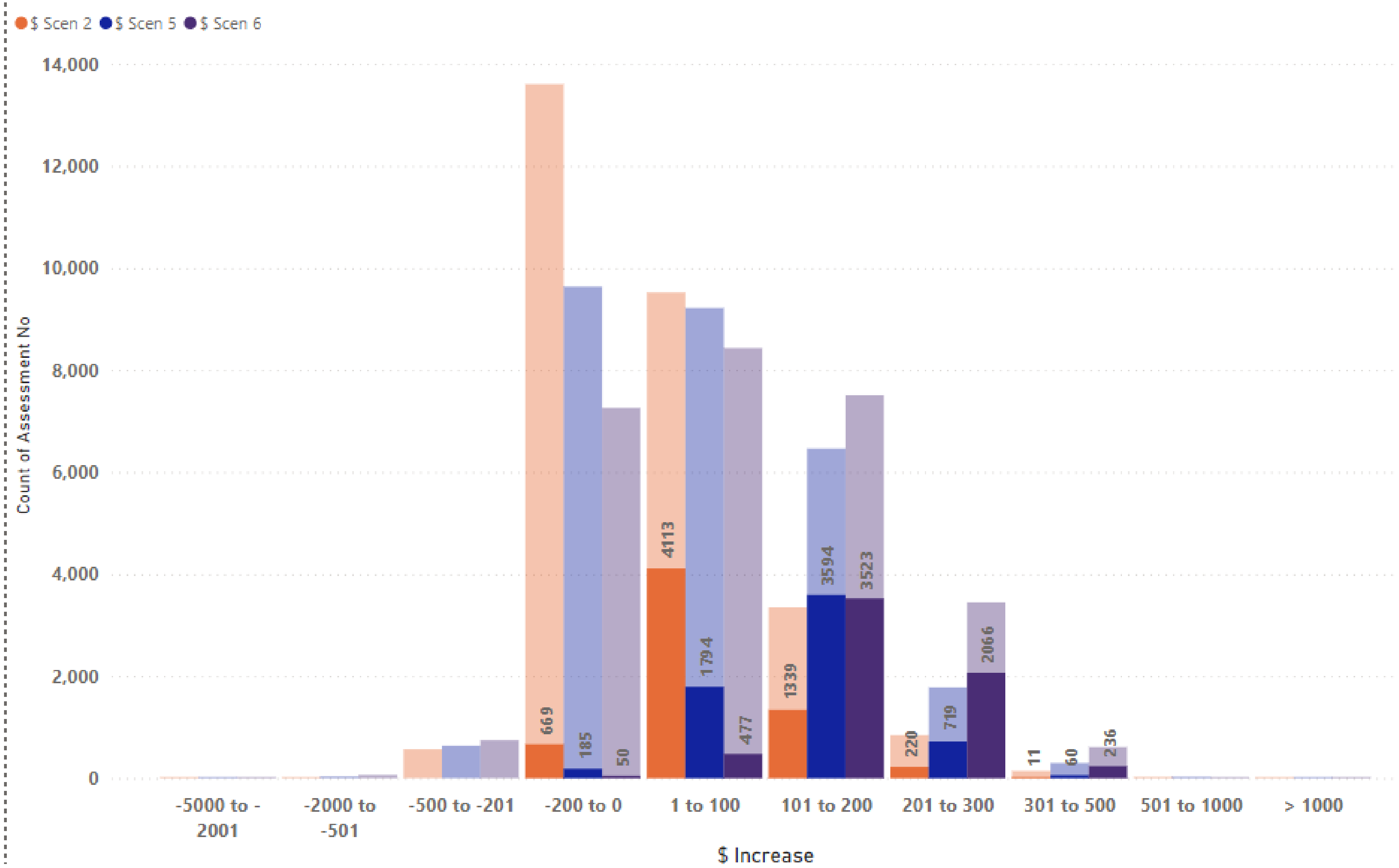
SINGLE UNIT RESIDENTIAL ($ CHANGE FROM 2023/24)



This is scenarios 2, 5 & 6 all with 80% LV & 20% CV

Scen 2 = UAGC $200
Scen 5 = UAGC $300
Scen 6 = UAGC $400

Dark shading is properties with LV up to $350,000. In proportionate terms increasing the UAGC does impact them the most

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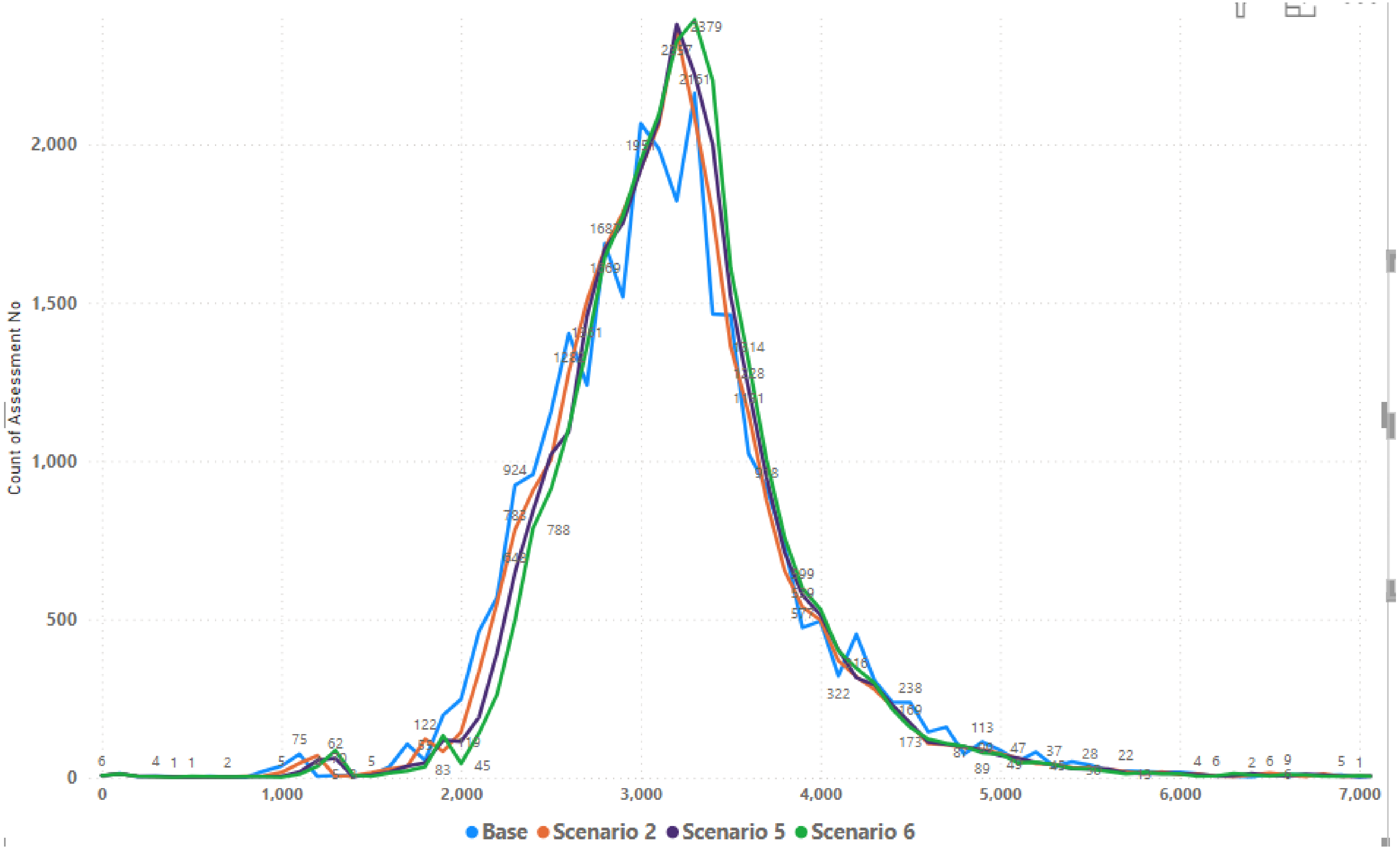
SINGLE UNIT RESIDENTIAL (NO. OF PROPERTIES AT EACH RATES LEVEL)



This is the actual for 2023/24 and scenarios 2, 5 & 6 all with 80% LV & 20% CV

Scen 2 = UAGC $200
Scen 5 = UAGC $300
Scen 6 = UAGC $400

This shows the spread of rates is similar for the 2023/24 actual & all three scenarios

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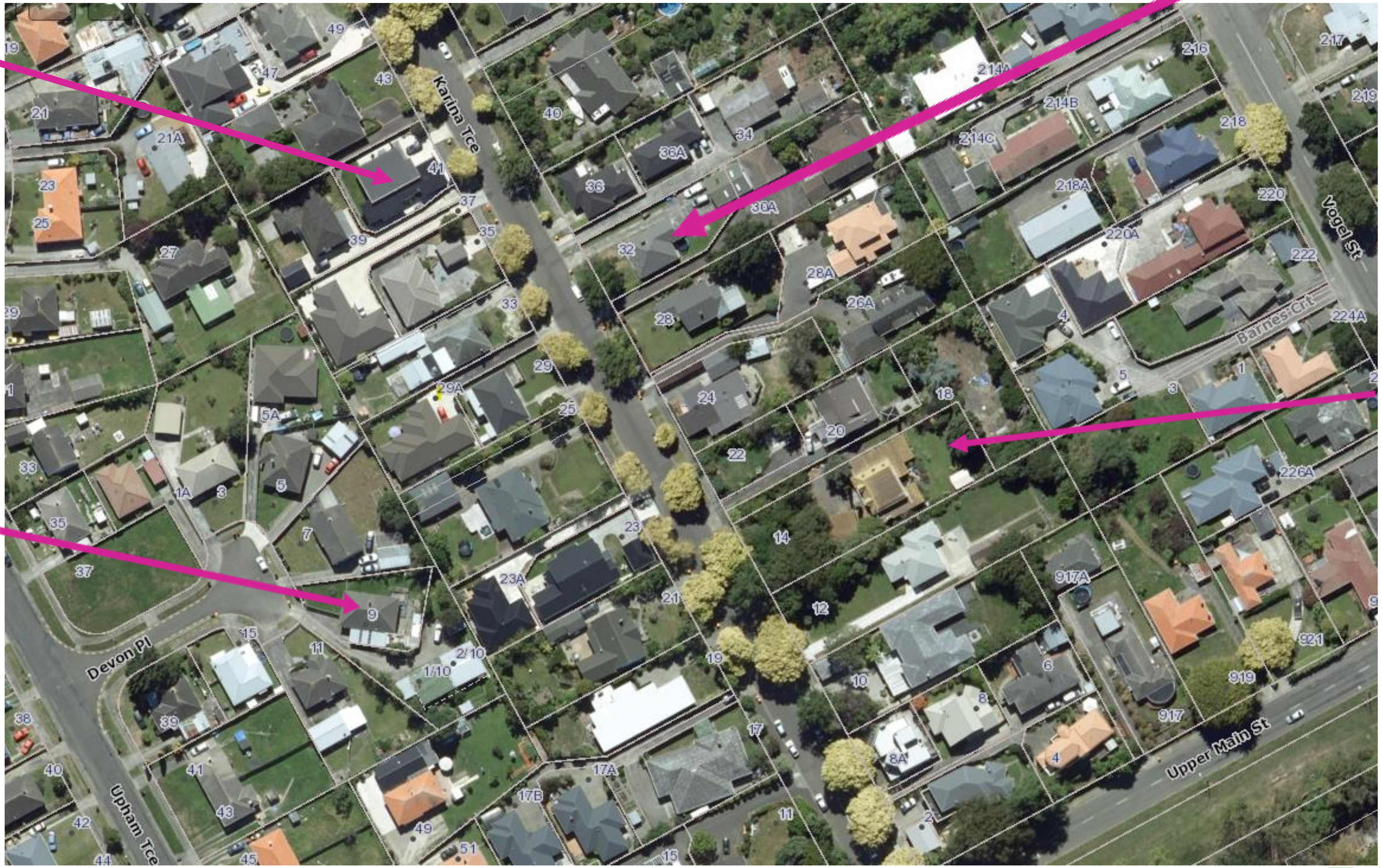
RESIDENTIAL EXAMPLES

LV CV	$505,000 $1,050,000
Act	$3,367
Sc 1	$4,021
Sc 2	$3,501
Sc 3	$3,529
Sc 4	$3,687
Sc 5	$3,529
Sc 6	$3,544

LV CV	$335,000 $620,000
Act	$2,626
Sc 1	$2,851
Sc 2	$2,674
Sc 3	$2,682
Sc 4	$2,735
Sc 5	$2,726
Sc 6	$2,772



LV CV	$600,000 $660,000
Act	$3,782
Sc 1	$2,960
Sc 2	$3,628
Sc 3	$3,584
Sc 4	$3,372
Sc 5	$3,650
Sc 6	$3,663

LV CV	$1.035,000 $1,250,000
Act	$5,680
Sc 1	$4,565
Sc 2	$5,474
Sc 3	$5,412
Sc 4	$5,123
Sc 5	$5,437
Sc 6	$5,384

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RESIDENTIAL EXAMPLES

LV CV	$395,000 $930,000
Act	$2,887
Sc 1	$3,694
Sc 2	$3,050
Sc 3	$3,086
Sc 4	$3,284
Sc 5	$3,092
Sc 6	$3,123

LV CV	$610,000 $780,000
Act	$3,825
Sc 1	$3,286
Sc 2	$3,727
Sc 3	$3,697
Sc 4	$3,556
Sc 5	$3,746
Sc 6	$3,755

LV CV	$565,000 $760,000
Act	$3,629
Sc 1	$3,232
Sc 2	$3,558
Sc 3	$3,535
Sc 4	$3,430
Sc 5	$3,582
Sc 6	$3,597

LV CV	$305,000 $540,000
Act	$2,495
Sc 1	$2,579
Sc 2	$2,515
Sc 3	$2,517
Sc 4	$2,435
Sc 5	$2,573
Sc 6	$2,624

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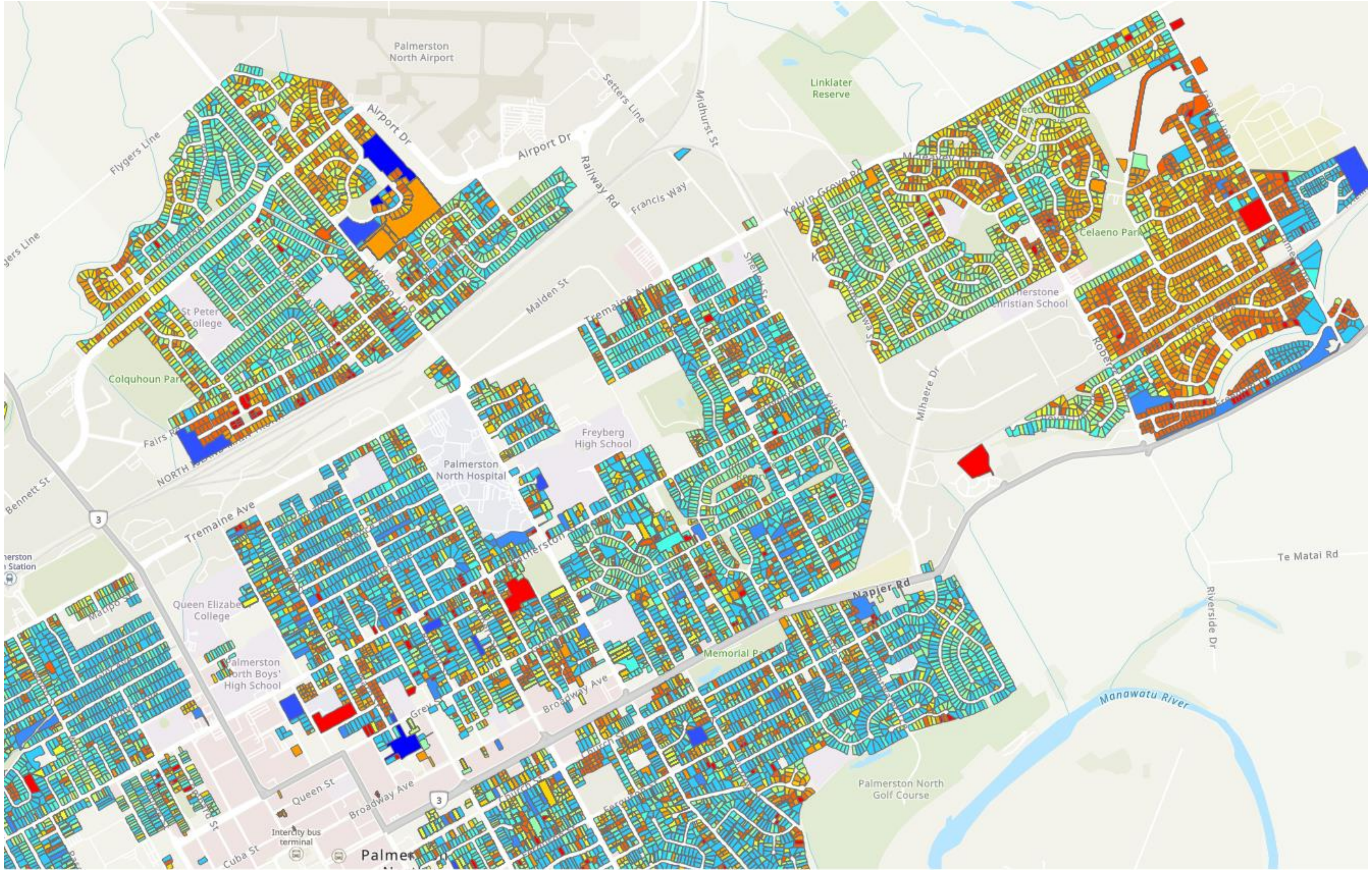
$ CHANGE IN RATES USING CV (SCEN 1) RESIDENTIAL PROPERTIES



$ change

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	201 to 300
	101 to 200
	1 to 100
	-200 to 0
	-500 to -201
	-2000 to -501
	-5000 to -2001
	-10000 to -5001
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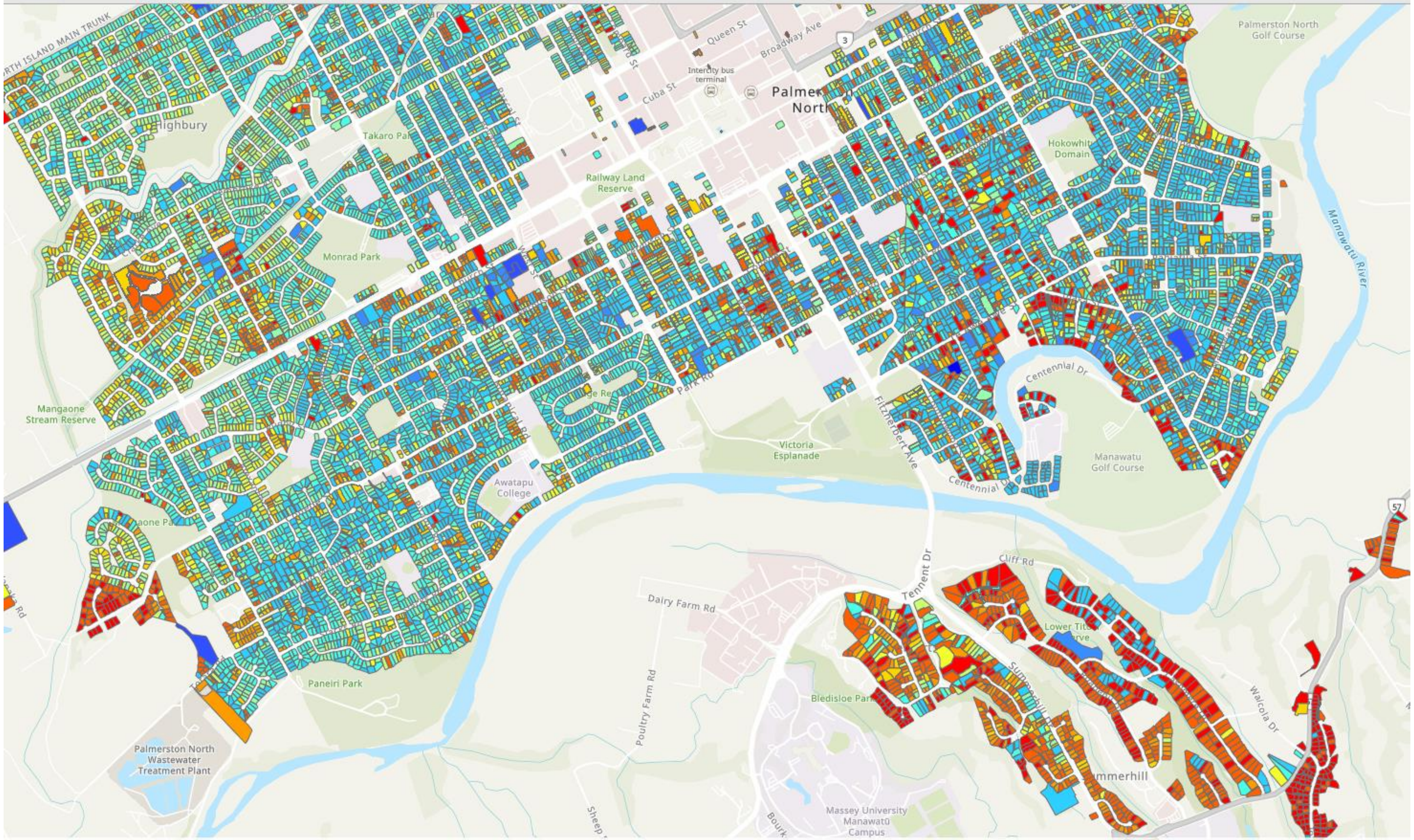

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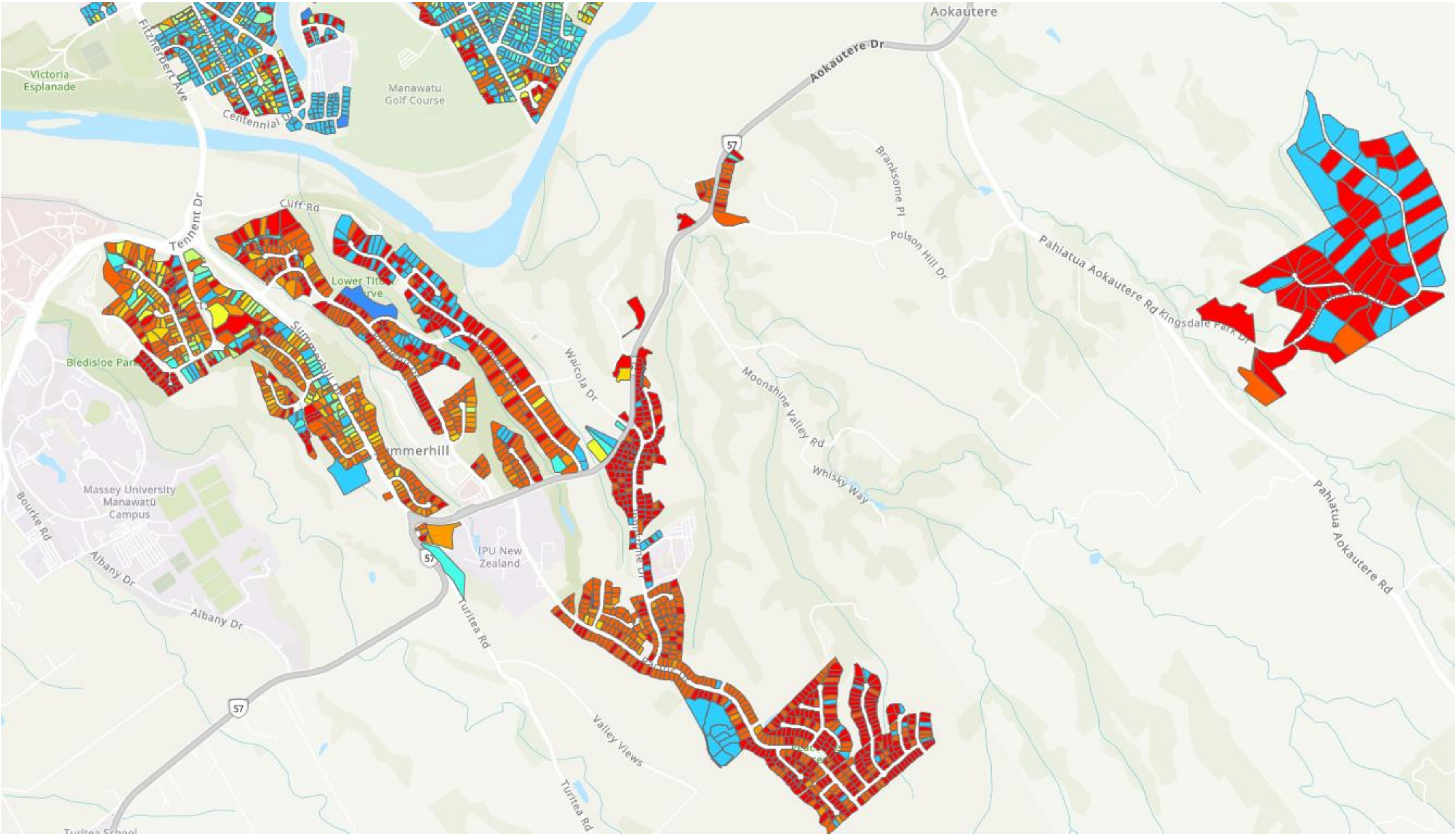

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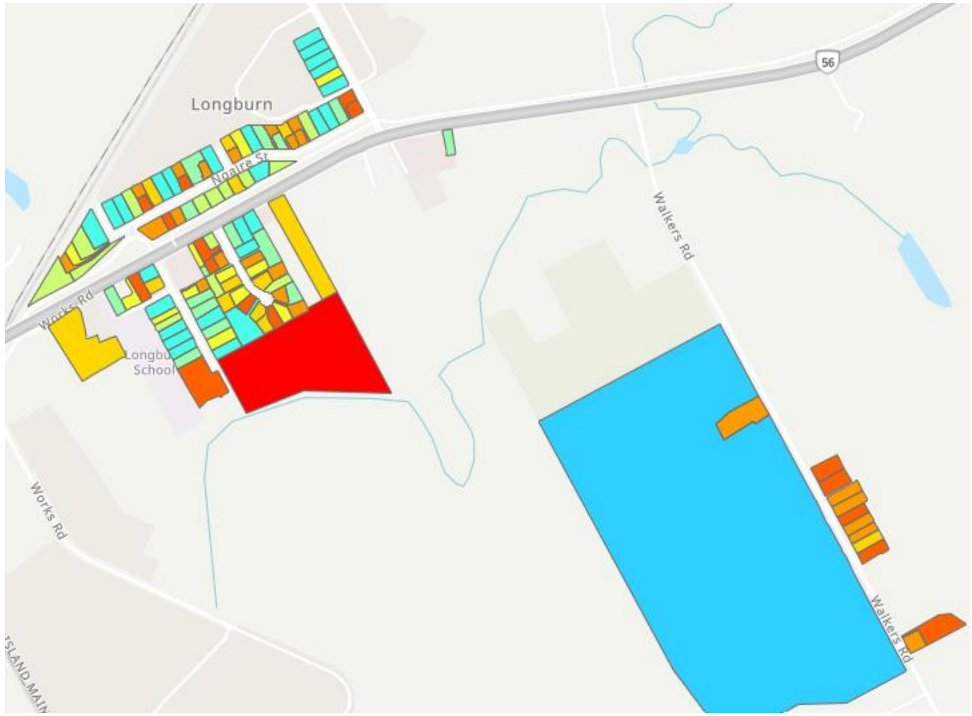
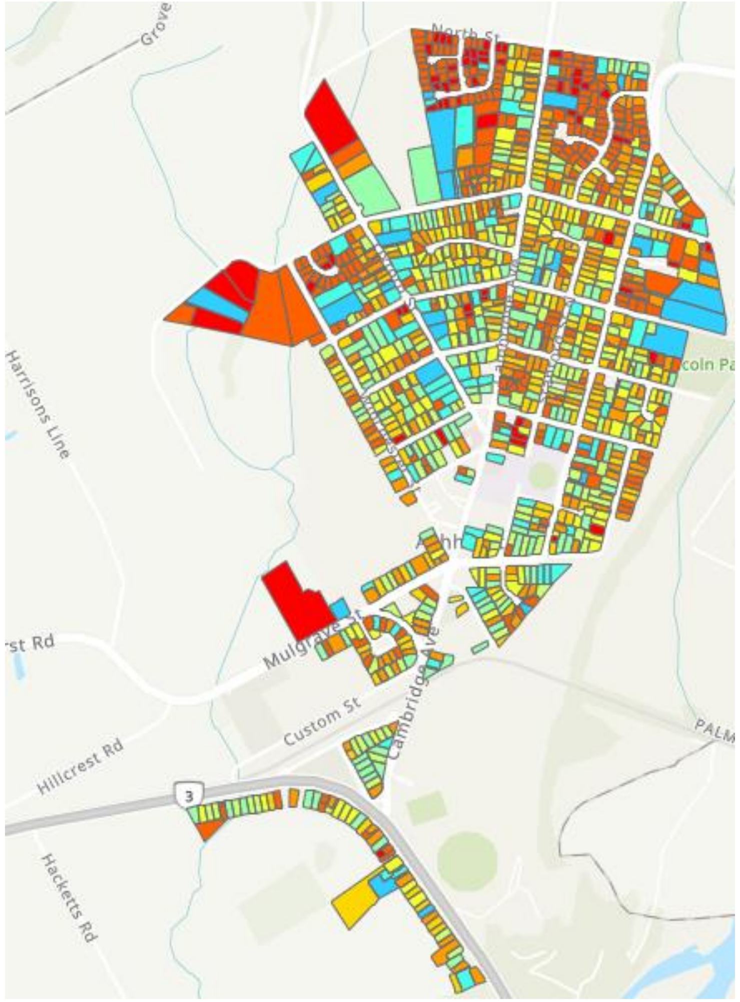
$ CHANGE IN RATES USING CV (SCEN 1) RESIDENTIAL PROPERTIES

Longburn



Ashhurst



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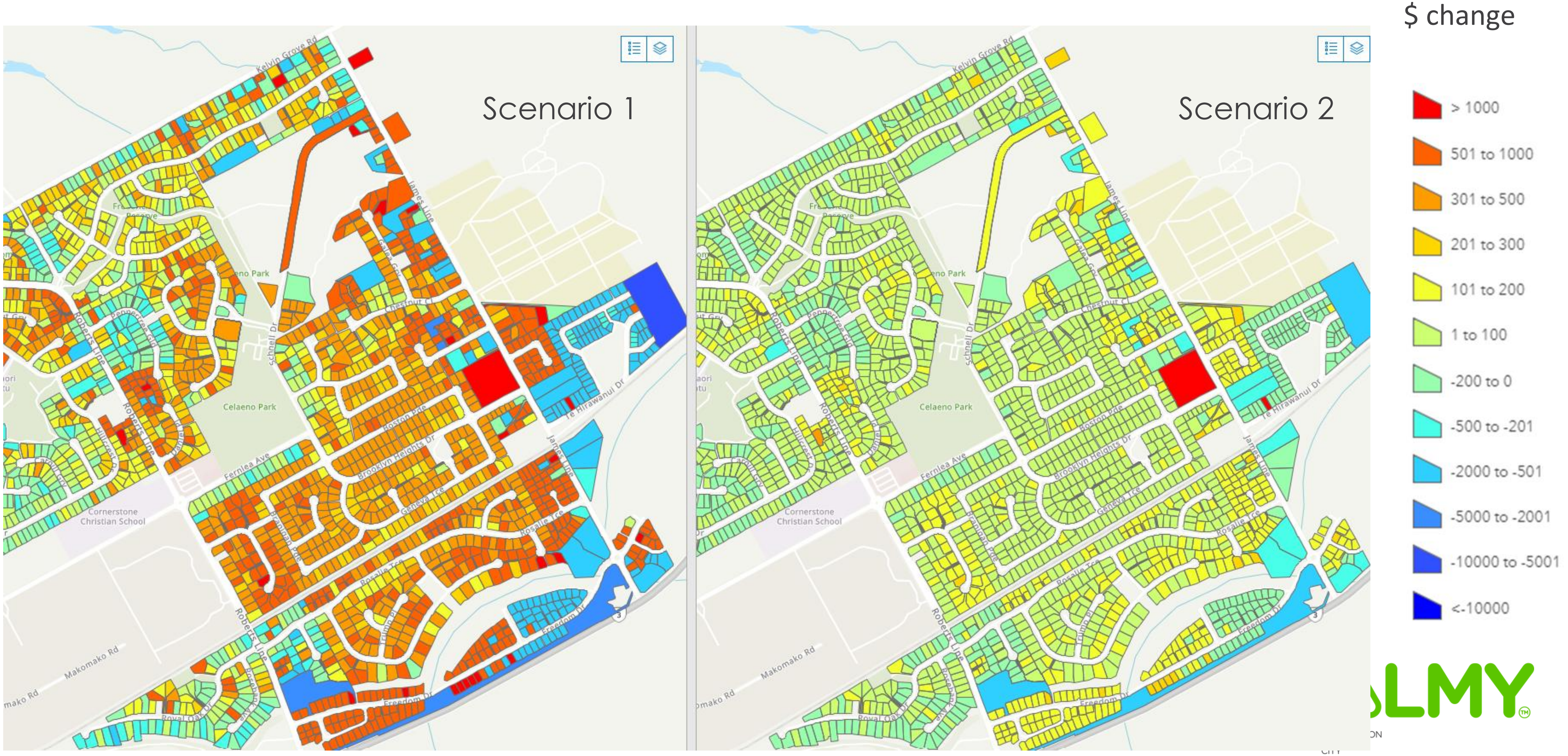
$ CHANGE IN RATES USING CV (SCEN 1 & 2) RESIDENTIAL PROPERTIES



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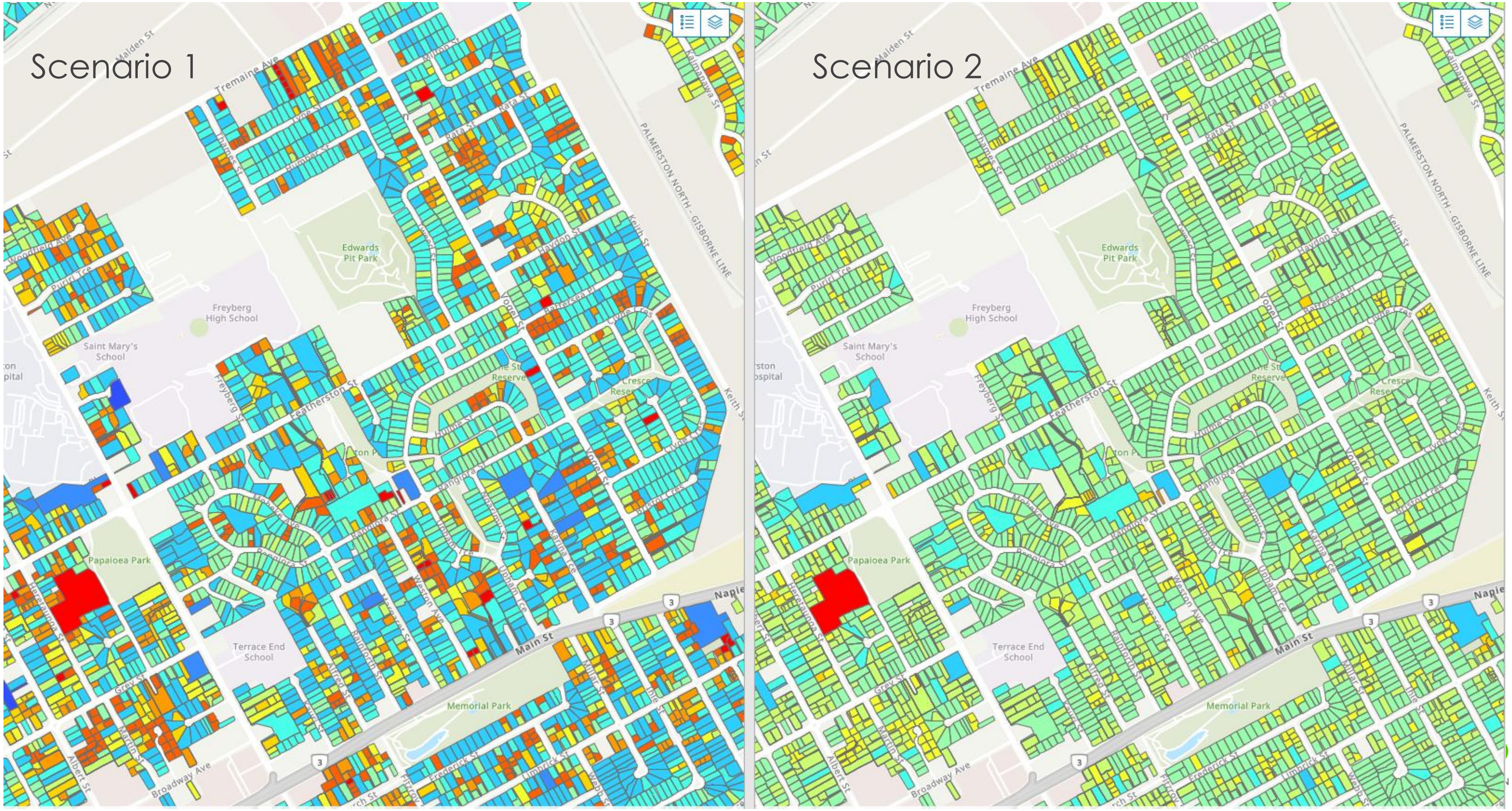

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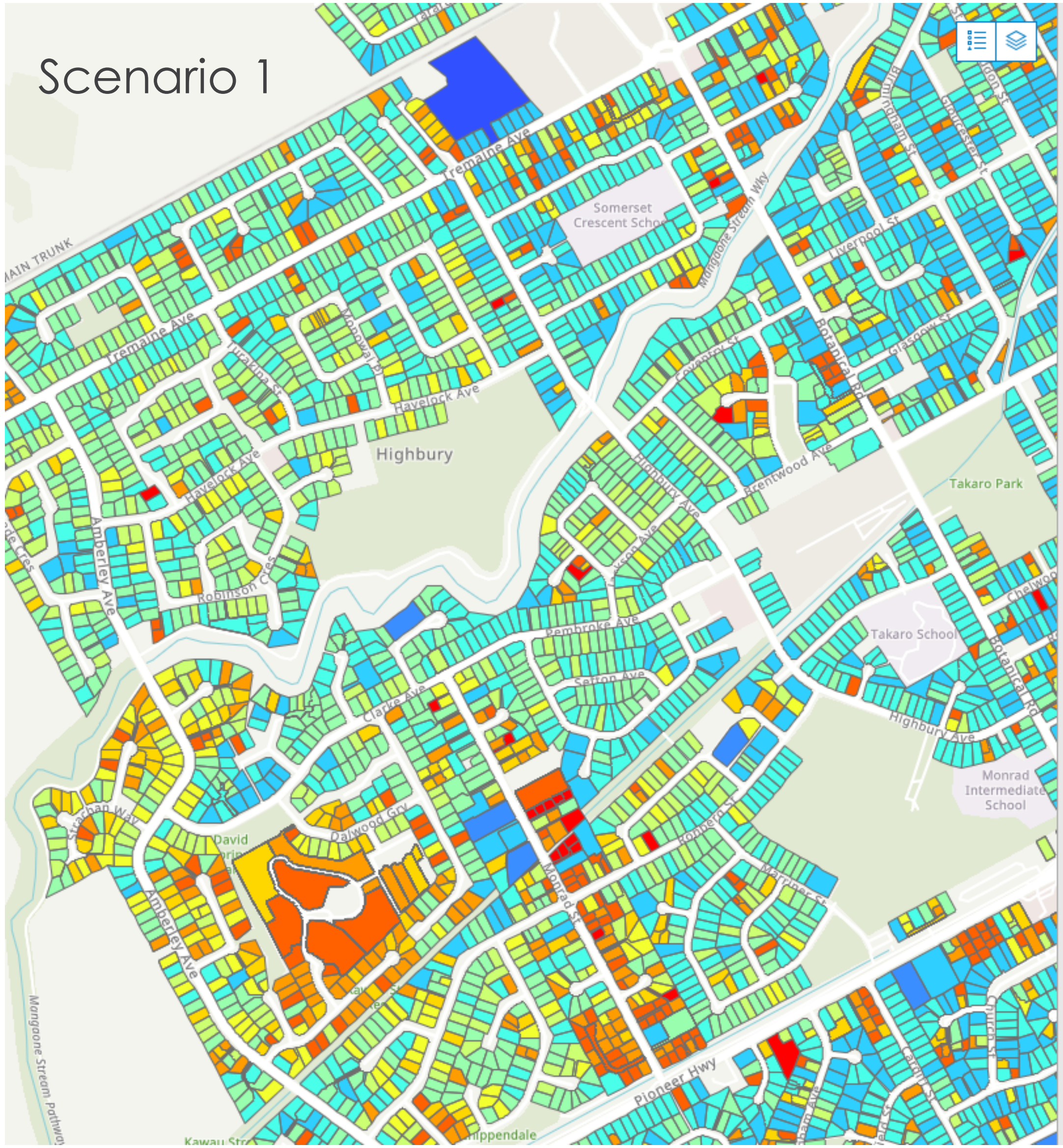

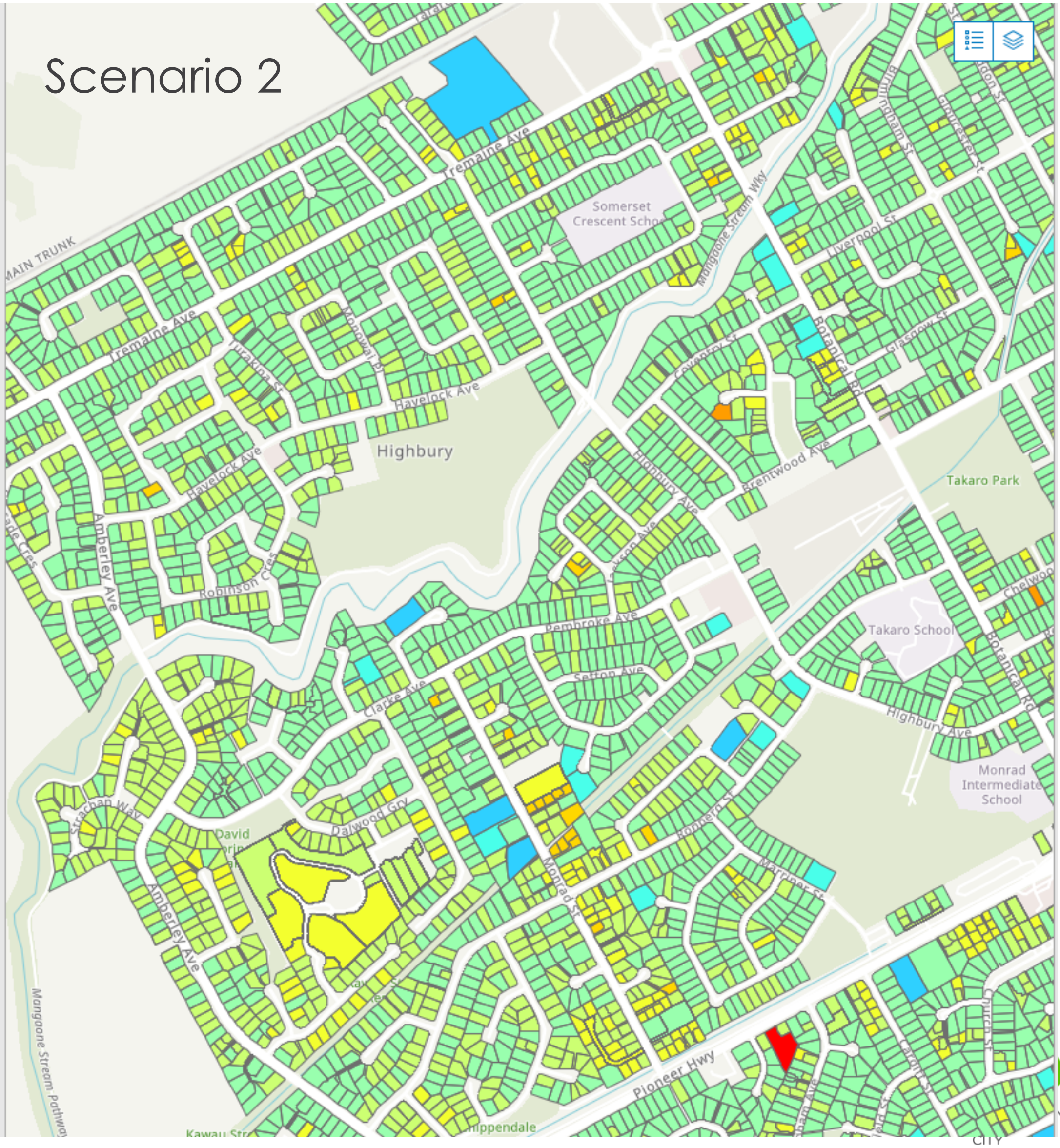

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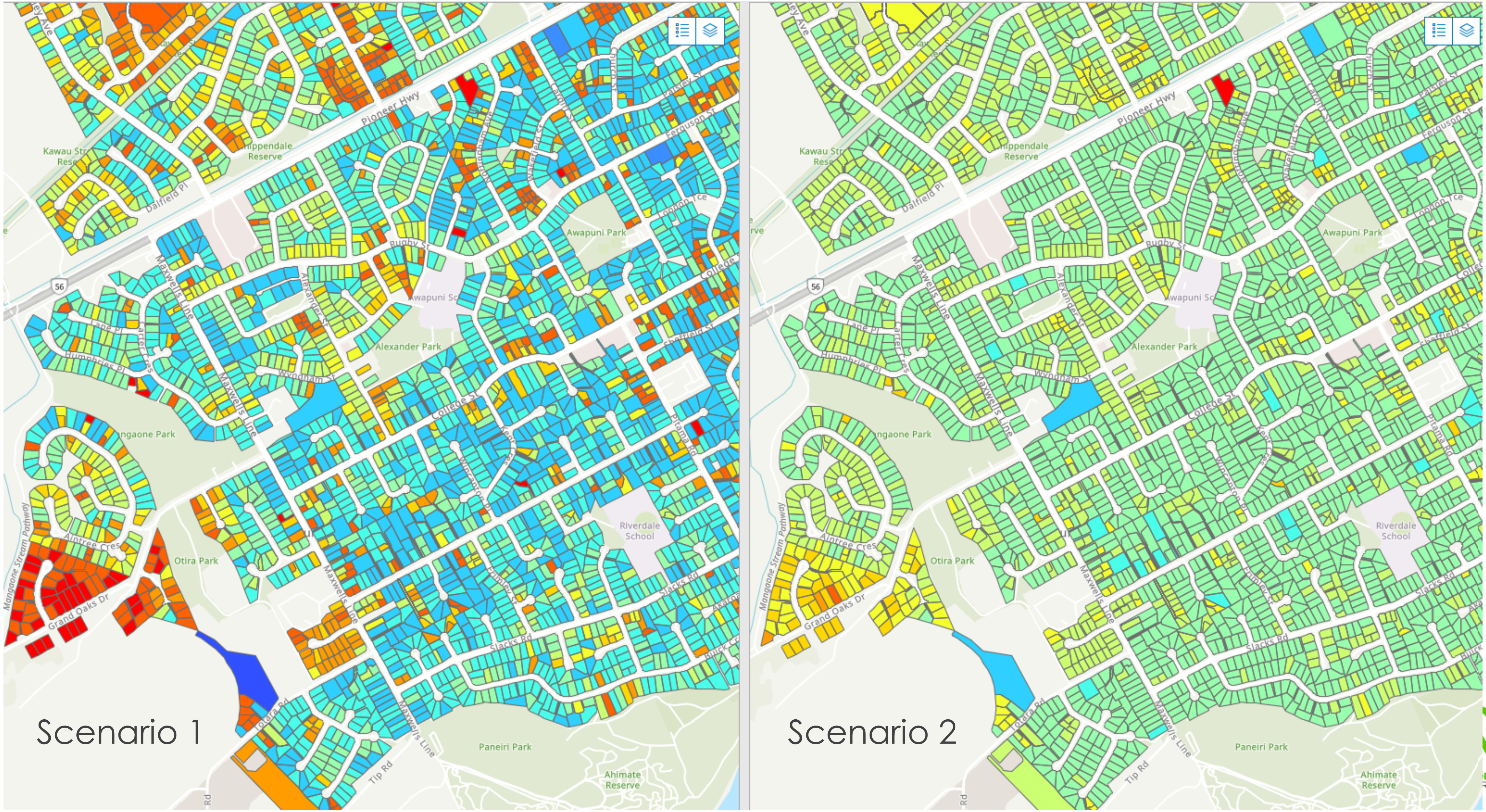

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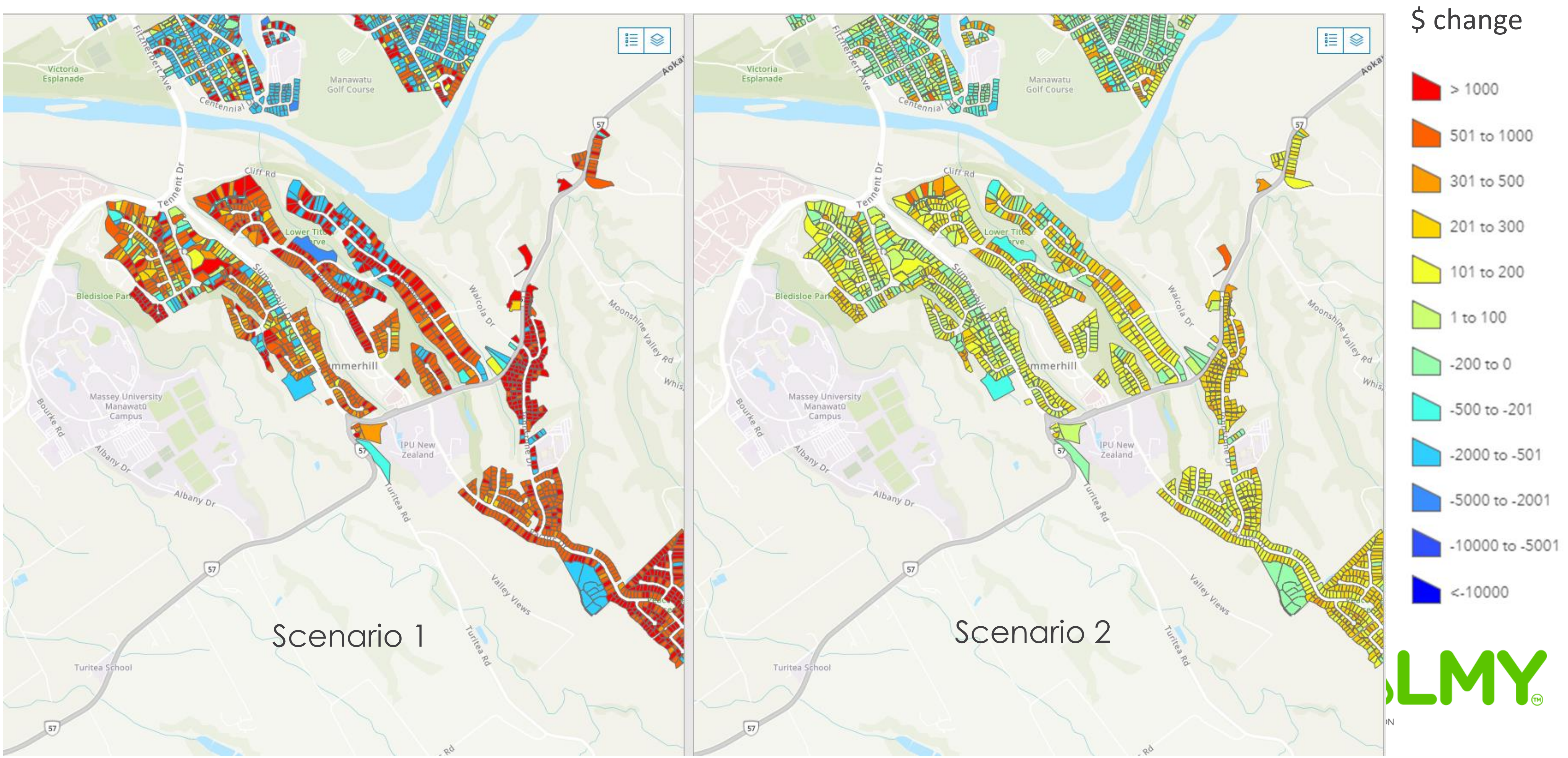
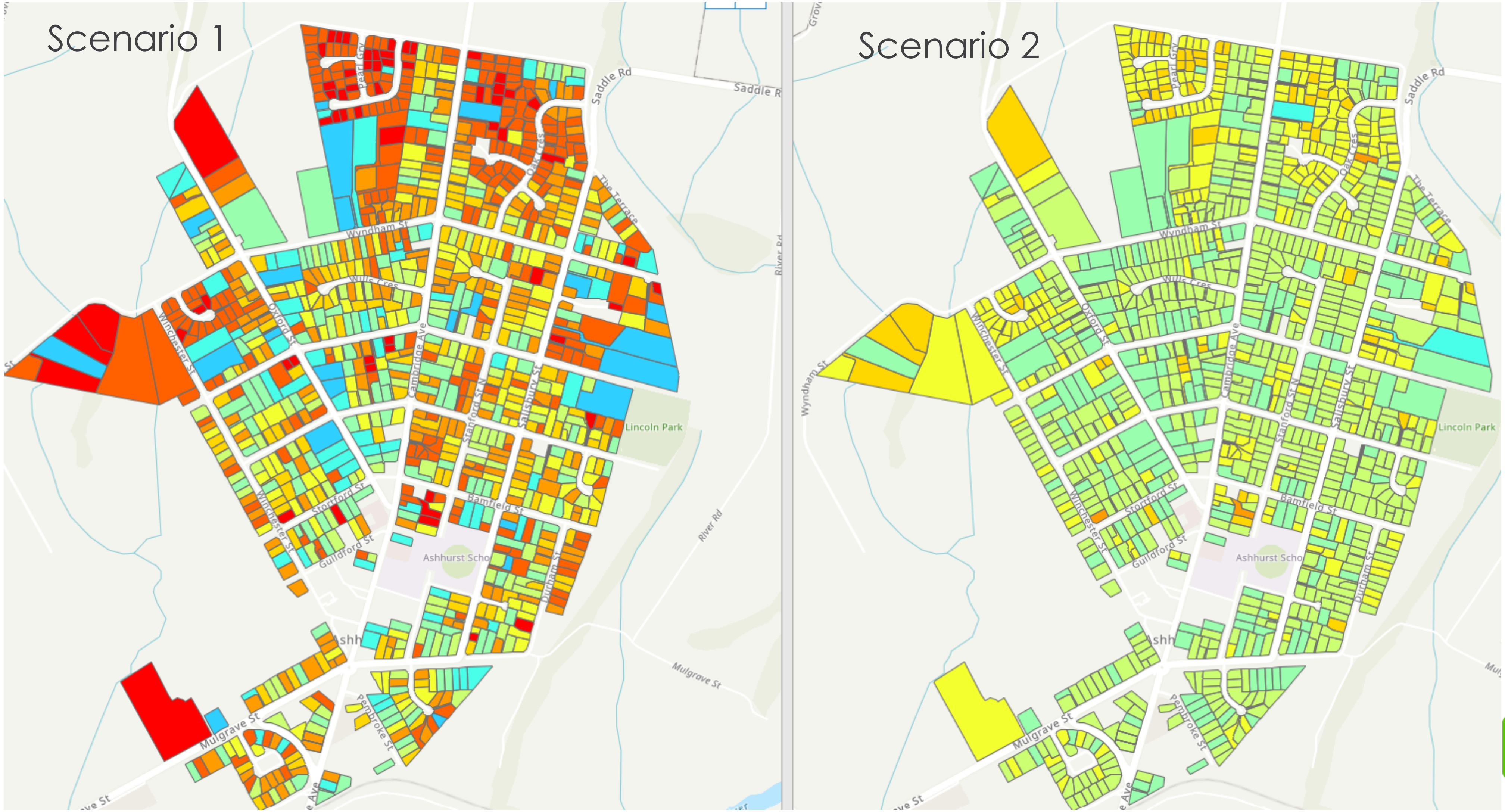


$ CHANGE IN RATES USING CV (SCEN 1 & 2) RESIDENTIAL PROPERTIES



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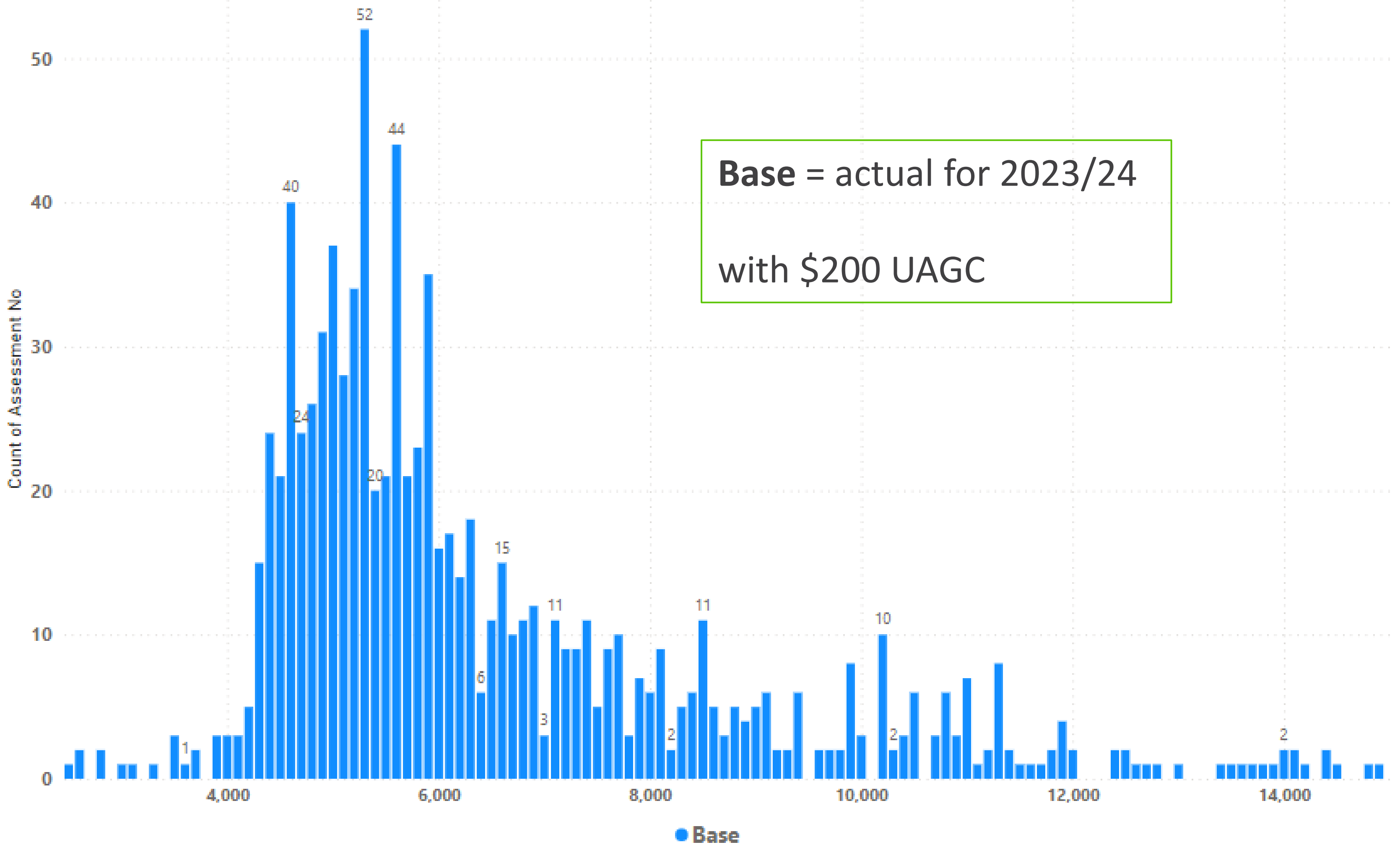
RATES LEVELS FOR MULTI-UNIT RESIDENTIAL RATEPAYERS



This group includes a wide range of properties from 2 unit flats to large blocks of flats including those owned by the Council & Housing NZ

It also contains retirement villages

Although targeted rates are charged for each separately used or inhabited part (SUIP) only one UAGC is charged per property. Some Councils charge the UAGC per SUIP but this involves significant additional administration especially for non-residential properties

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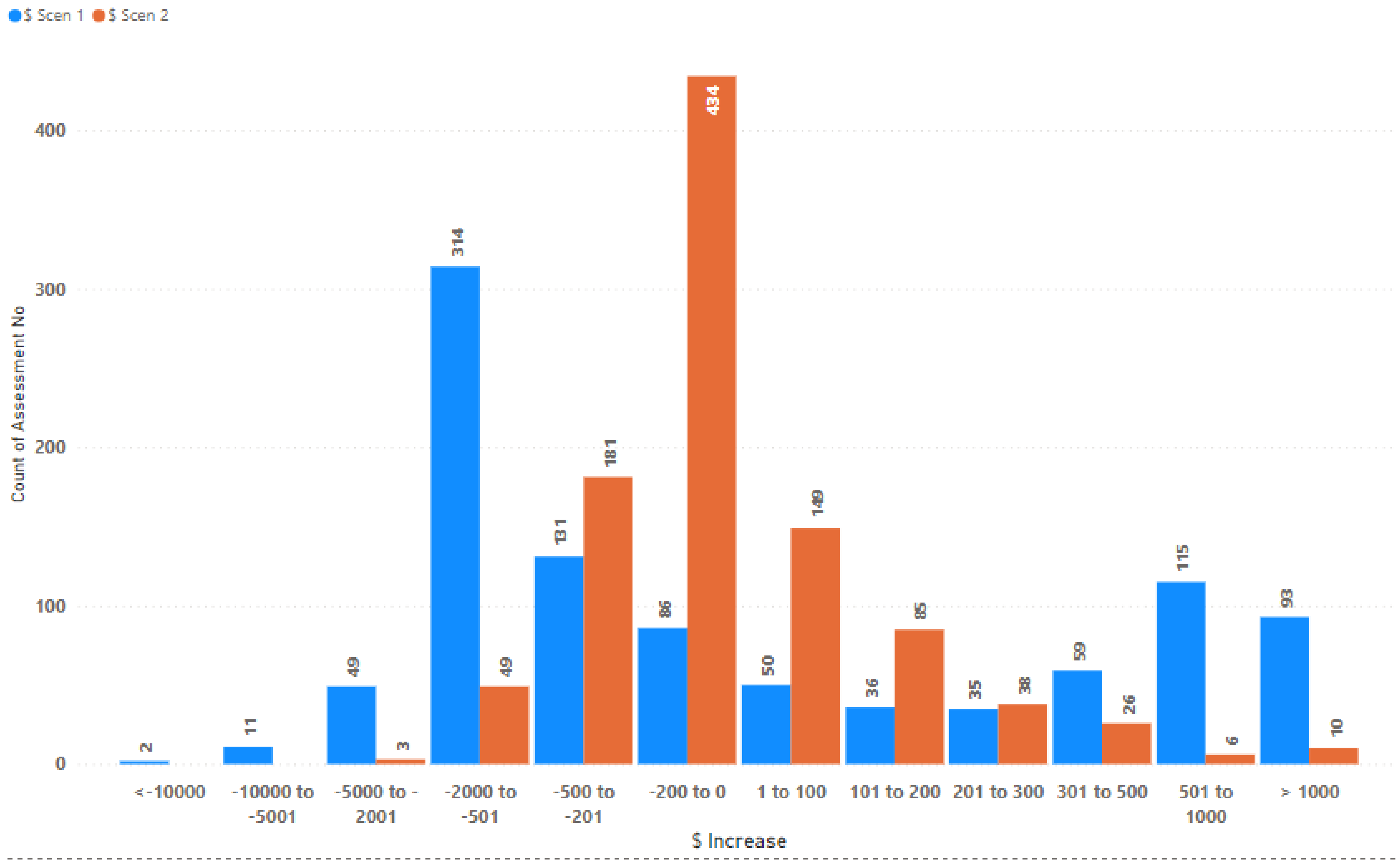
$ CHANGE IN MULTI-UNIT RESIDENTIAL RATES (SCENARIOS 1 & 2 COMPARED WITH 2023/24 ACTUAL)



Base = actual for 2023/24

Scenario 1 = If based on CV

Scenario 2 = if based on LV 80% & CV 20%

All with $200 UAGC

Introducing a CV component has a significant impact for some properties

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MULTI-UNIT RESIDENTIAL

EXAMPLES SHOWING CURRENT RATES V. SCEN 1 & 2

	LV	CV	Current	Scen 1	Scen 2
Village – Napier Road	7,010,000	30,850,000	$130k	$190k	$141k
Village – Ruapehu Drive	8,450,000	29,650,000	$123k	$164k	$130k
Church St units	2,080,000	12,865,000	$57k	$90k	$63k
Heretaunga St units	4,500,000	16,300,000	$119k	$142k	$123k
Jickell St units	2,085,000	2,125,000	$27k	$17k	$25k
Achilles Court units	4,100,000	6,950,000	$81k	$71k	$79k

Introducing a CV component has a significant impact for some properties

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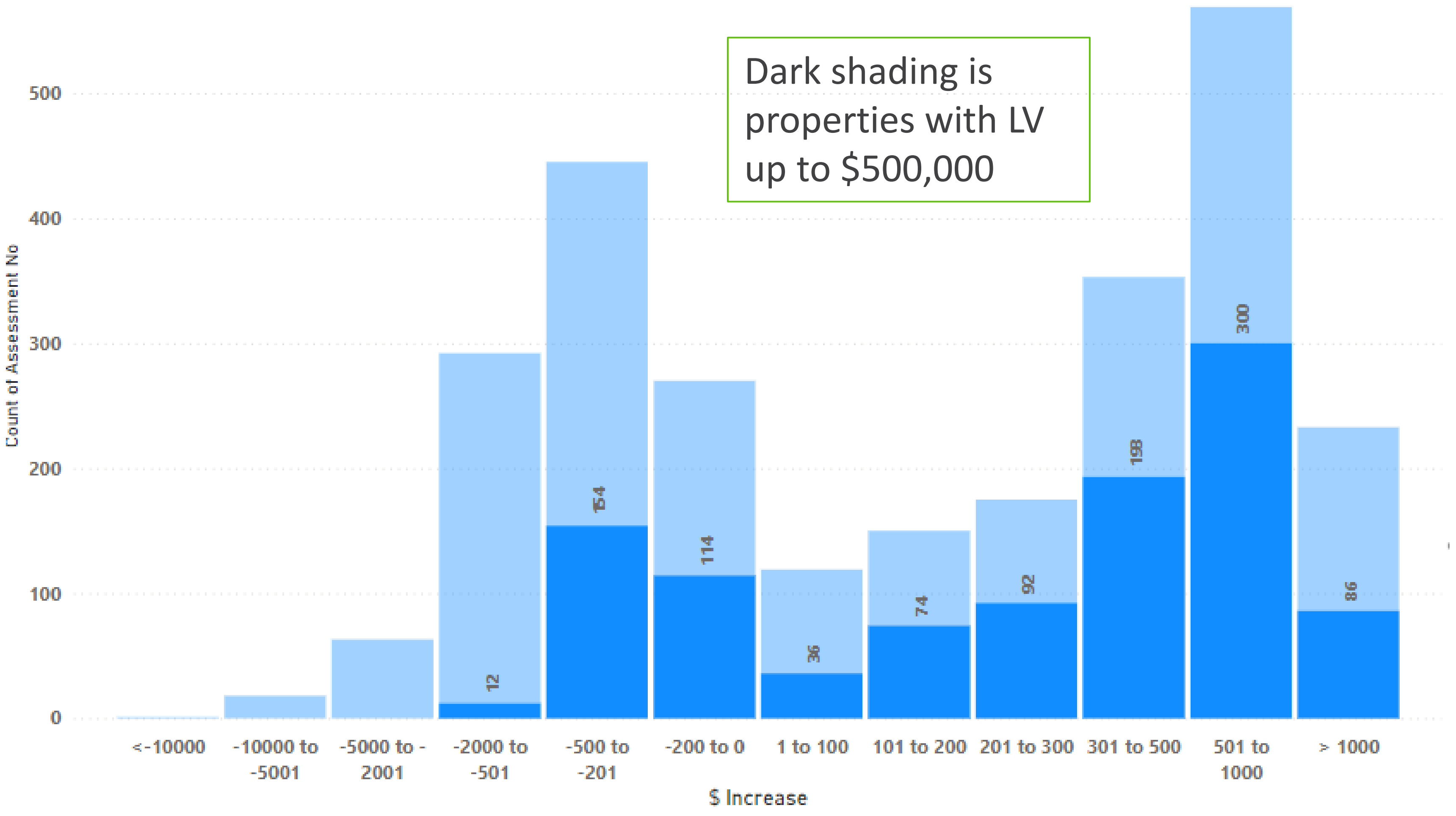
RURAL/SEMI-SERVICED ($ CHANGE FROM 2023/24 IF CV BASE USED)



Dark shading is properties with LV up to $500,000

There is a wide variety of property types & values in this group

More detailed study is required to determine appropriateness of rating outcome

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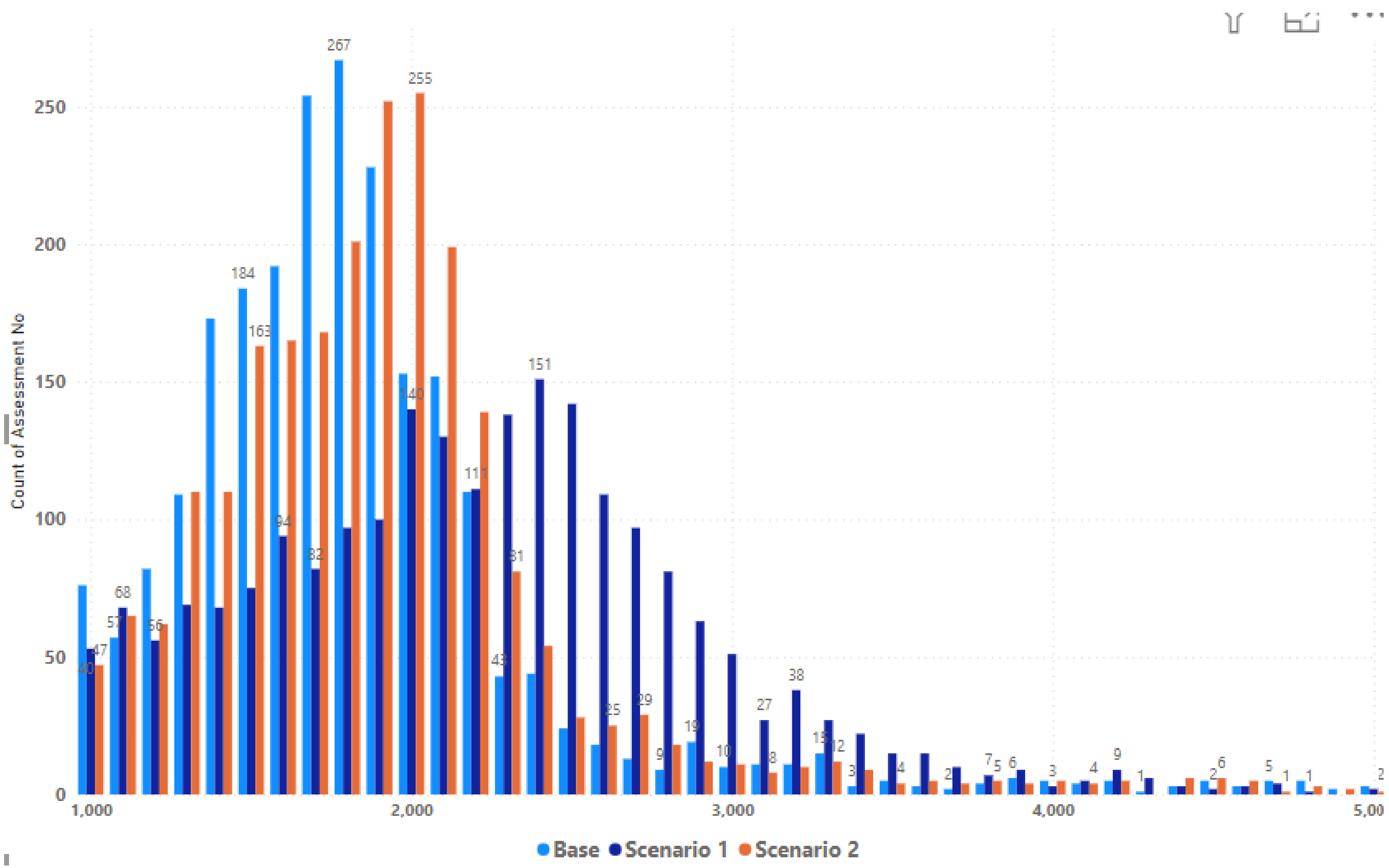
RATES LEVELS FOR RURAL/SEMI-SERVICED RATEPAYERS



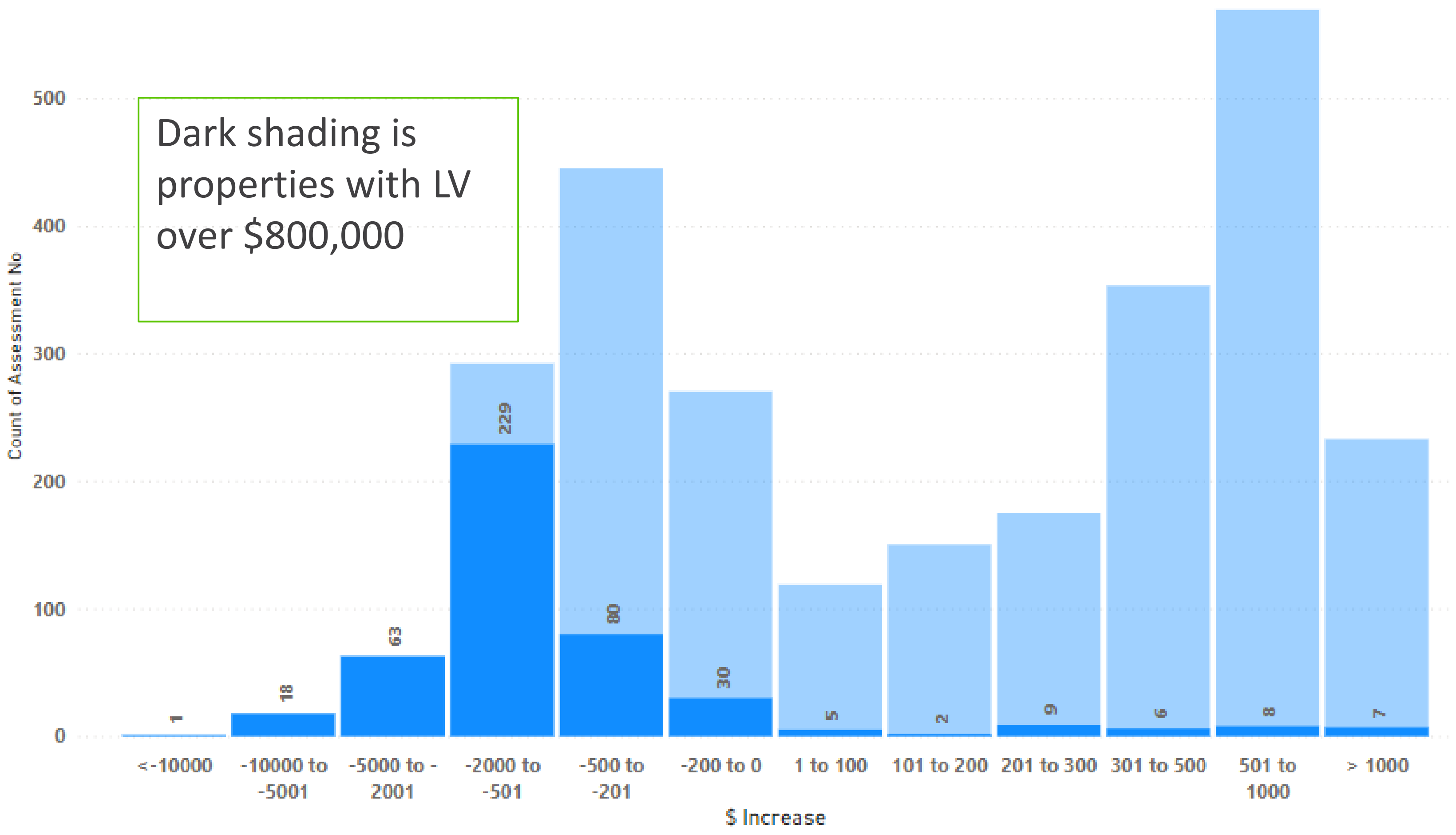
Base = actual for 2023/24

Scenario 1 = If based on CV

Scenario 2 = if based on LV 80% & CV 20%

All with $200 UAGC

RURAL/SEMI-SERVICED
($ CHANGE FROM 2023/24 IF CV BASE USED)



Properties with higher LVs would receive the largest decreases in rates as many of them have a relatively low ratio of CV to LV

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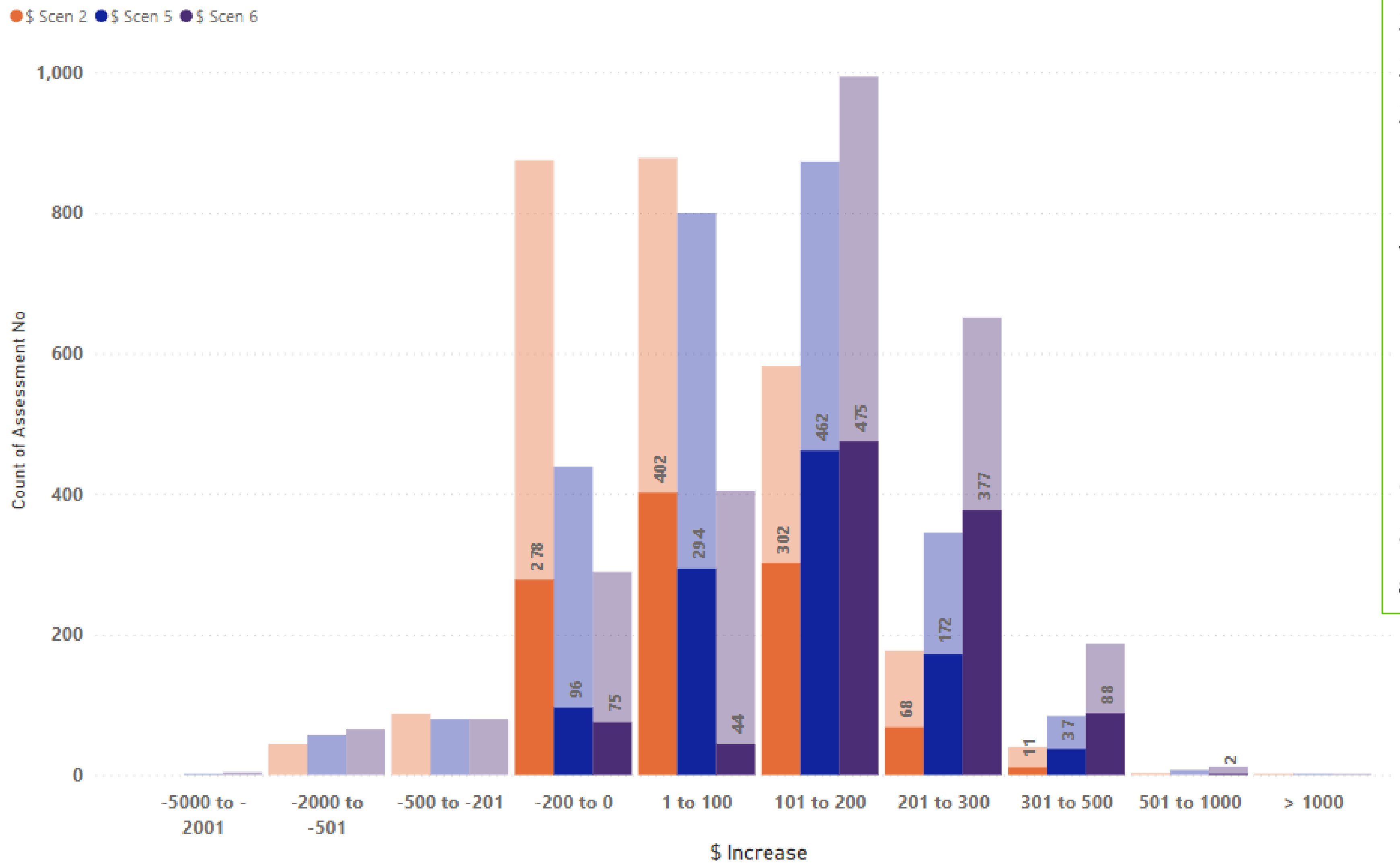
RURAL/SEMI-SERVICED ($ CHANGE FROM 2023/24)



This is scenarios 2, 5 & 6 all with 80% LV & 20% CV

Scen 2 = UAGC $200
Scen 5 = UAGC $300
Scen 6 = UAGC $400

Dark shading is properties with LV up to $500,000

In proportionate terms increasing the UAGC impacts these properties quite significantly as for some, the valued based general rate is low

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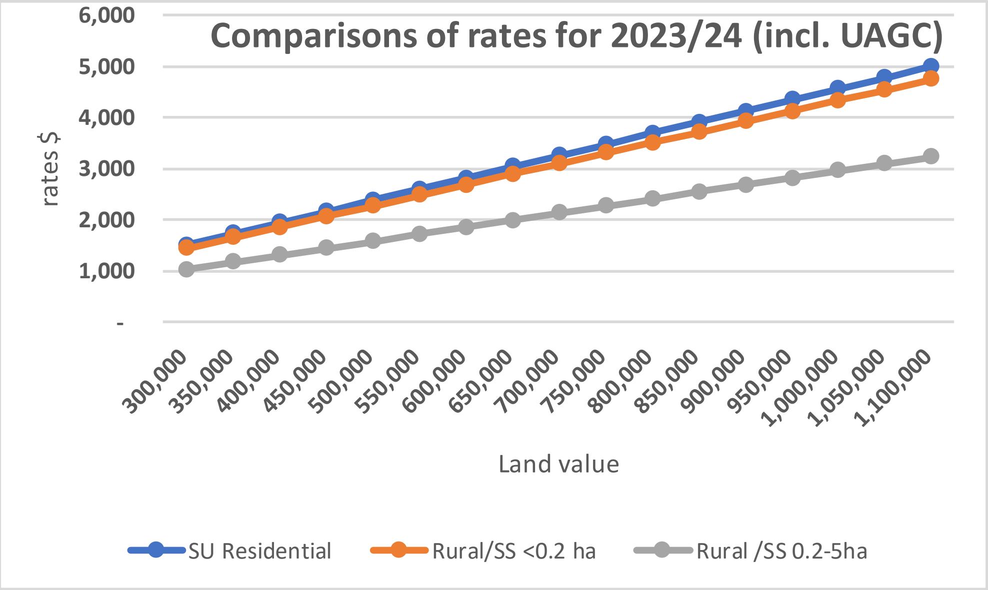
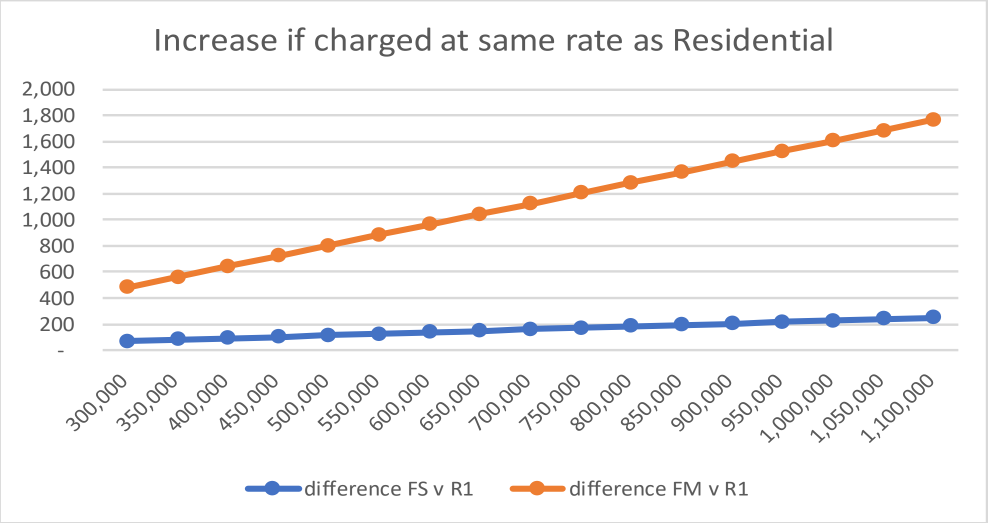
TESTING RATIONALE FOR DISCOUNTING RURAL/SEMI-SERVICED RATES ESPECIALLY LIFESTYLE BLOCKS

- General rates for rural/semi-serviced properties are discounted reflecting the belief that they receive a lower level of service for some services
- However they are not charged the targeted rate for water or wastewater as they provide these services themselves
- Discounting varies depending on property size:
  - < 0.2ha = 75% of basic rate (or 95% of single unit residential rate)
  - 0.2 to 5 ha = 50% of basic rate (or 63% of single unit residential rate)
  - > 5 ha = 25% of basic rate (or 32% of single unit residential rate)
- It is suggested the case for discounting lifestyle blocks (0.2 to 5 ha) is not strong & that they should be progressively changed to levels that are nearer the rate for urban residential properties





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MISCELLANEOUS – WHAT ARE THEY?

EXAMPLES SHOWING CURRENT RATES V. SCEN 1 & 2

	Current	Scen 1	Scen 2
Prison	$9k	$156	$38k
Windfarm	$30k	$144k	$53k
Waterworks	$29k	$124k	$48k
Windfarm	$18k	$61k	$27k
Factory (Linton)	$4k	$38k	$10k
Wastewater Plant	$23k	$52k	$28k
Windfarm	$12k	$36k	$16k

	Current	Scen 1	Scen 2
NEI vacant land	$51k $31k $26k $20k	$30k $19k $16k $12k	$48k $29k $24k $18k
Rangitikei St vacant land	$39k	$23k	$36k
Milson vacant land	$24k	$14k	$22k
Setters line vacant land	$22k	$13k	$20k

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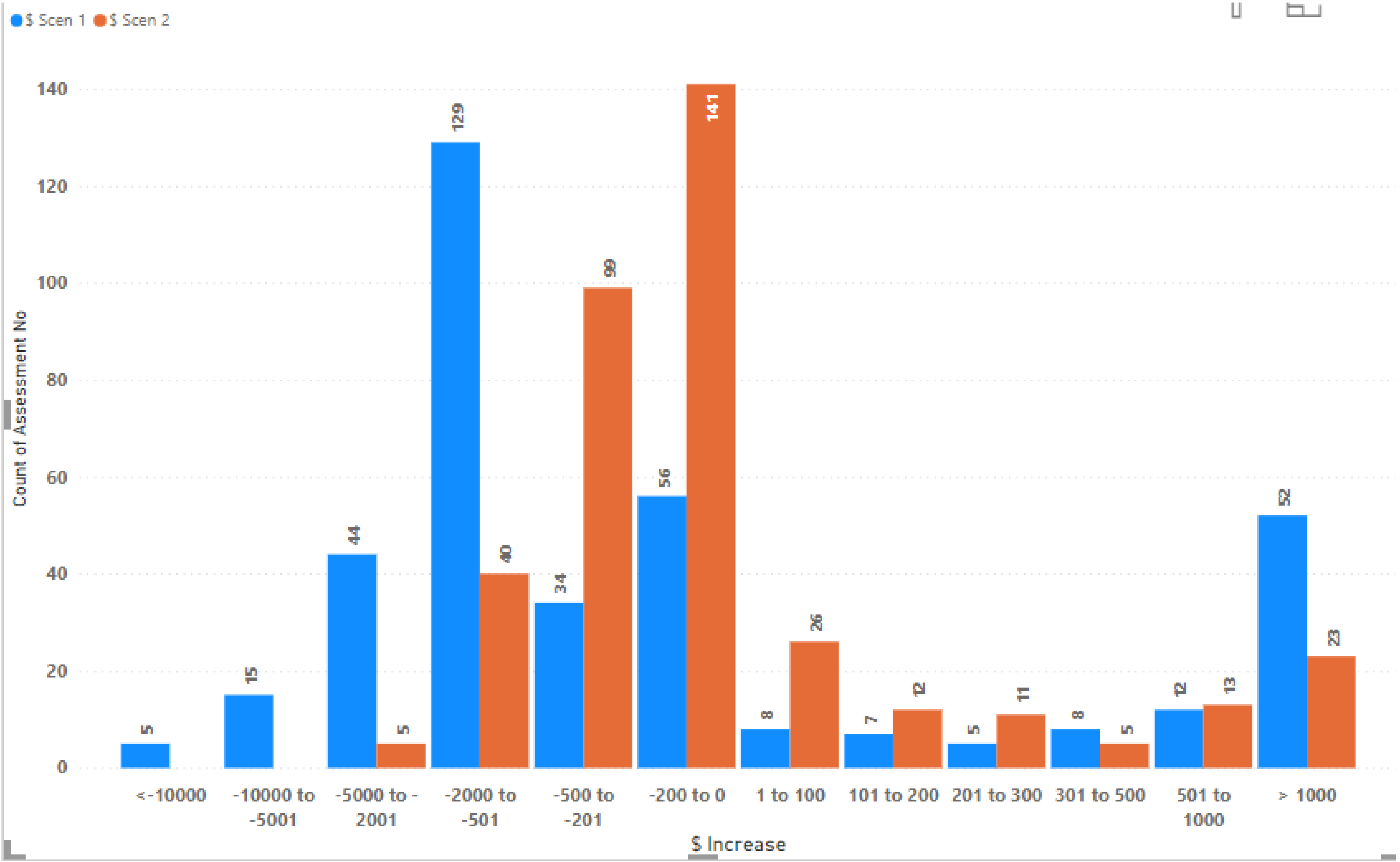
$ CHANGE IN MISCELLANEOUS CATEGORY RATES (SCENARIOS 1 & 2 COMPARED WITH 2023/24 ACTUAL)



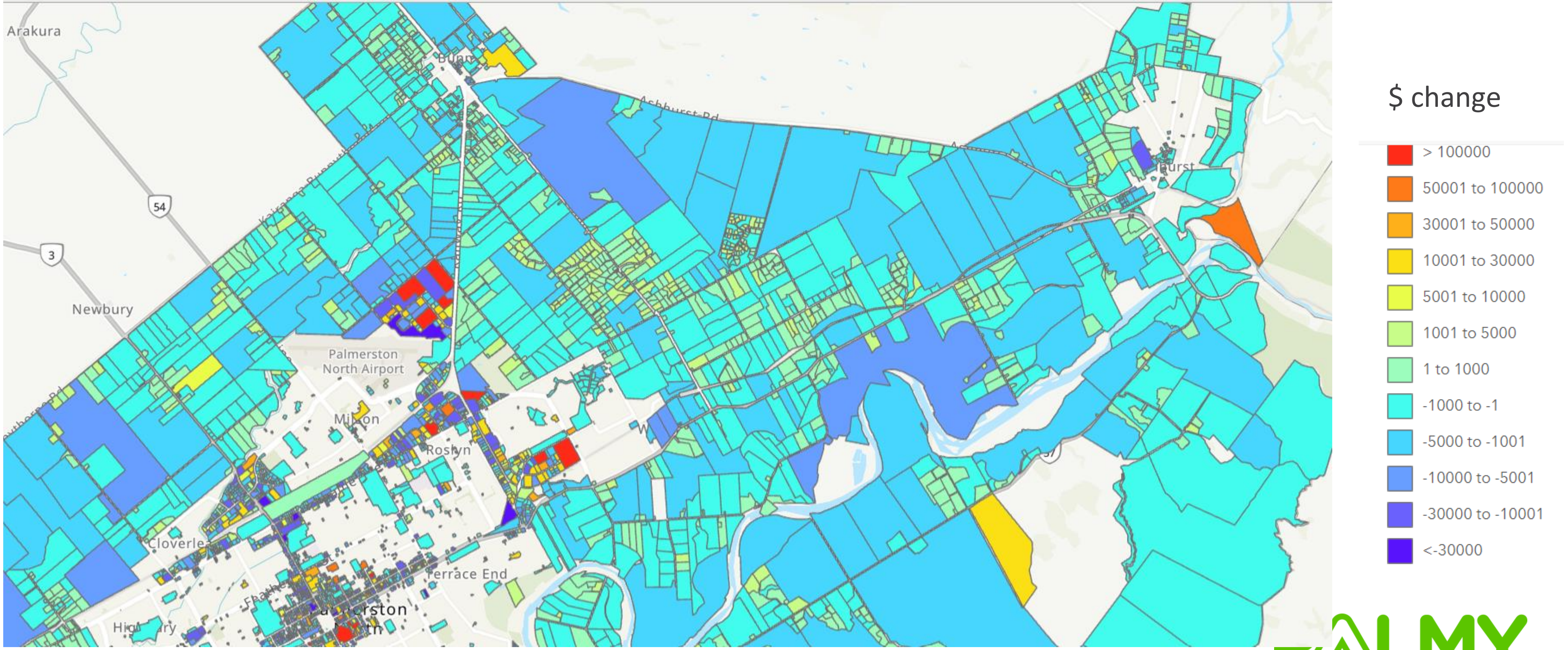
Base = actual for 2023/24

Scenario 1 = If based on CV

Scenario 2 = if based on LV 80% & CV 20%

All with $200 UAGC

$ CHANGE IN RATES USING CV BASE ALL PROPERTIES EXCEPT RESIDENTIAL



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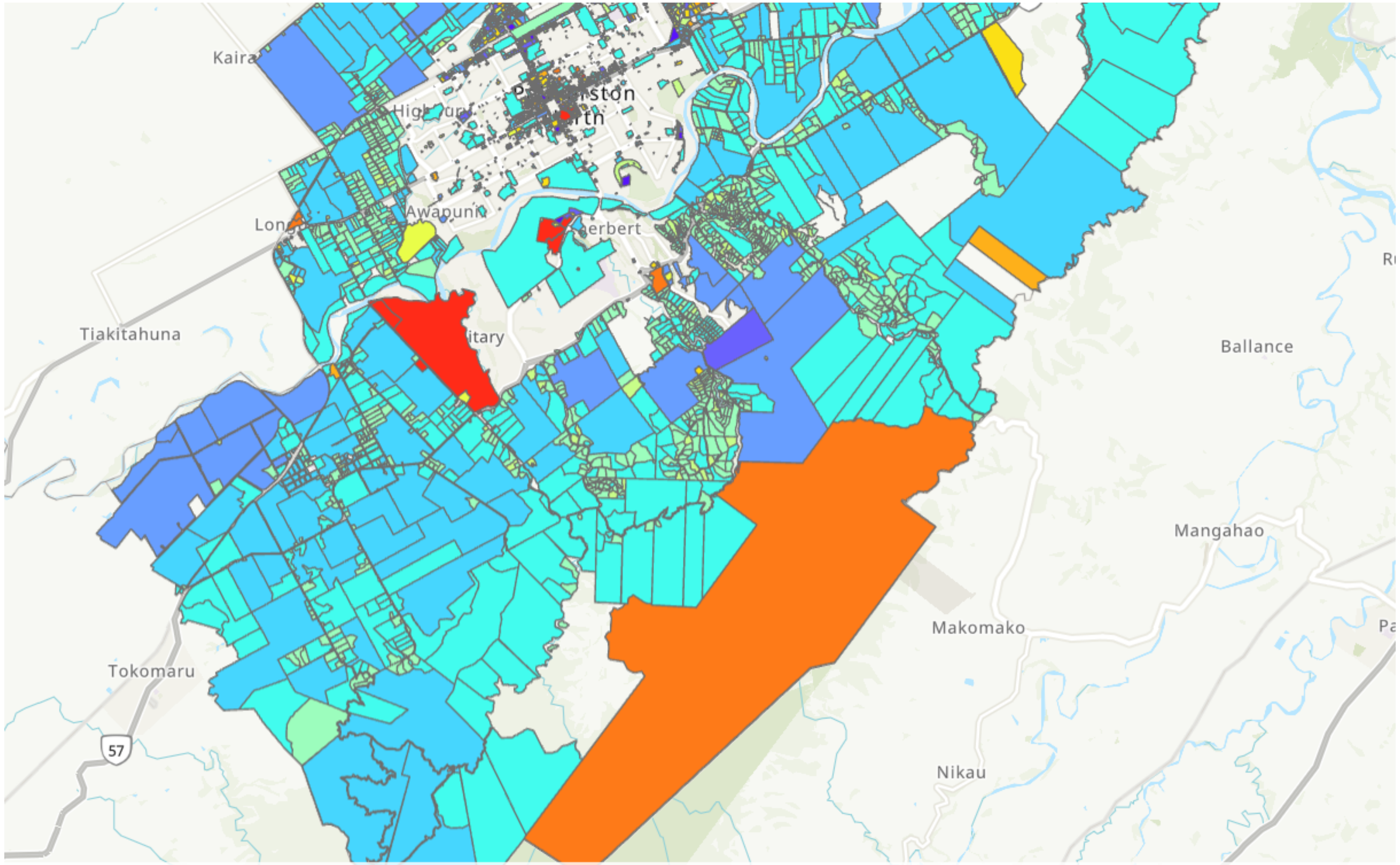
$ CHANGE IN RATES USING CV BASE ALL PROPERTIES EXCEPT RESIDENTIAL



$ change

- > 100000
- 50001 to 100000
- 30001 to 50000
- 10001 to 30000
- 5001 to 10000
- 1001 to 5000
- 1 to 1000
- -1000 to -1
- -5000 to -1001
- -10000 to -5001
- -30000 to -10001
- <-30000

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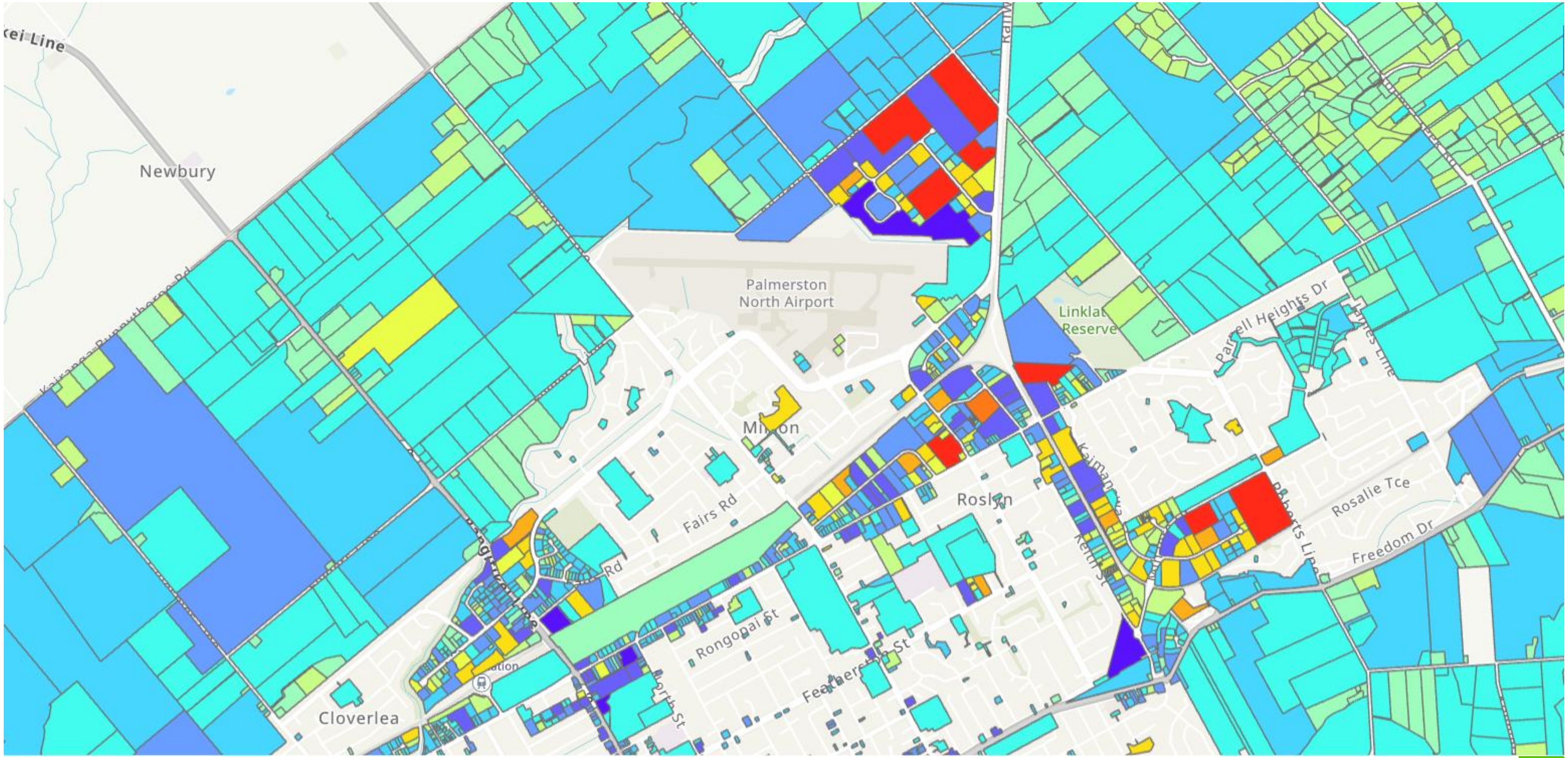
$ CHANGE IN RATES USING CV BASE ALL PROPERTIES EXCEPT RESIDENTIAL



$ change

	> 100000
	50001 to 100000
	30001 to 50000
	10001 to 30000
	5001 to 10000
	1001 to 5000
	1 to 1000
	-1000 to -1
	-5000 to -1001
	-10000 to -5001
	-30000 to -10001
	<-30000

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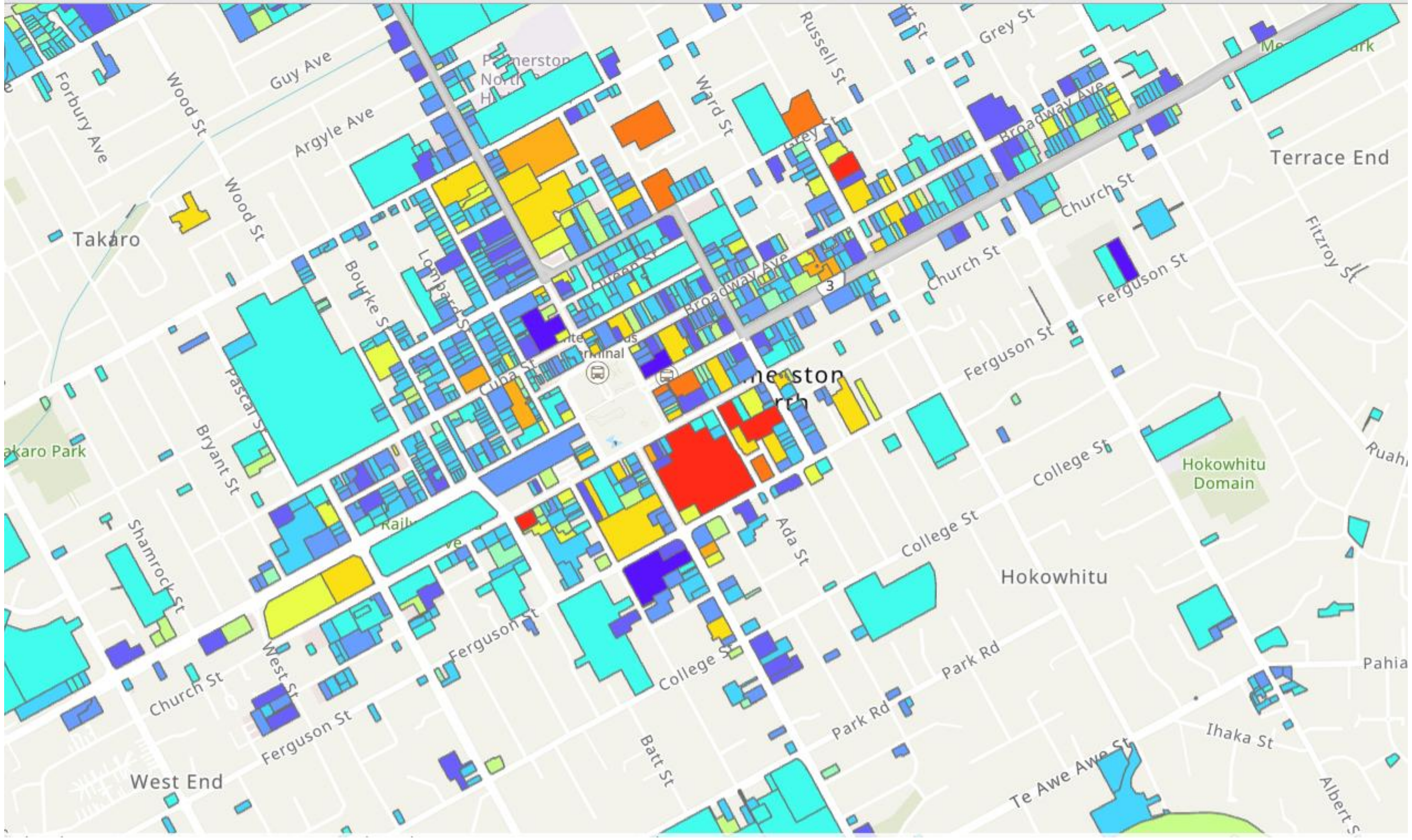
$ CHANGE IN RATES USING CV BASE ALL PROPERTIES EXCEPT RESIDENTIAL



$ change

- > 100000
- 50001 to 100000
- 30001 to 50000
- 10001 to 30000
- 5001 to 10000
- 1001 to 5000
- 1 to 1000
- -1000 to -1
- -5000 to -1001
- -10000 to -5001
- -30000 to -10001
- <-30000

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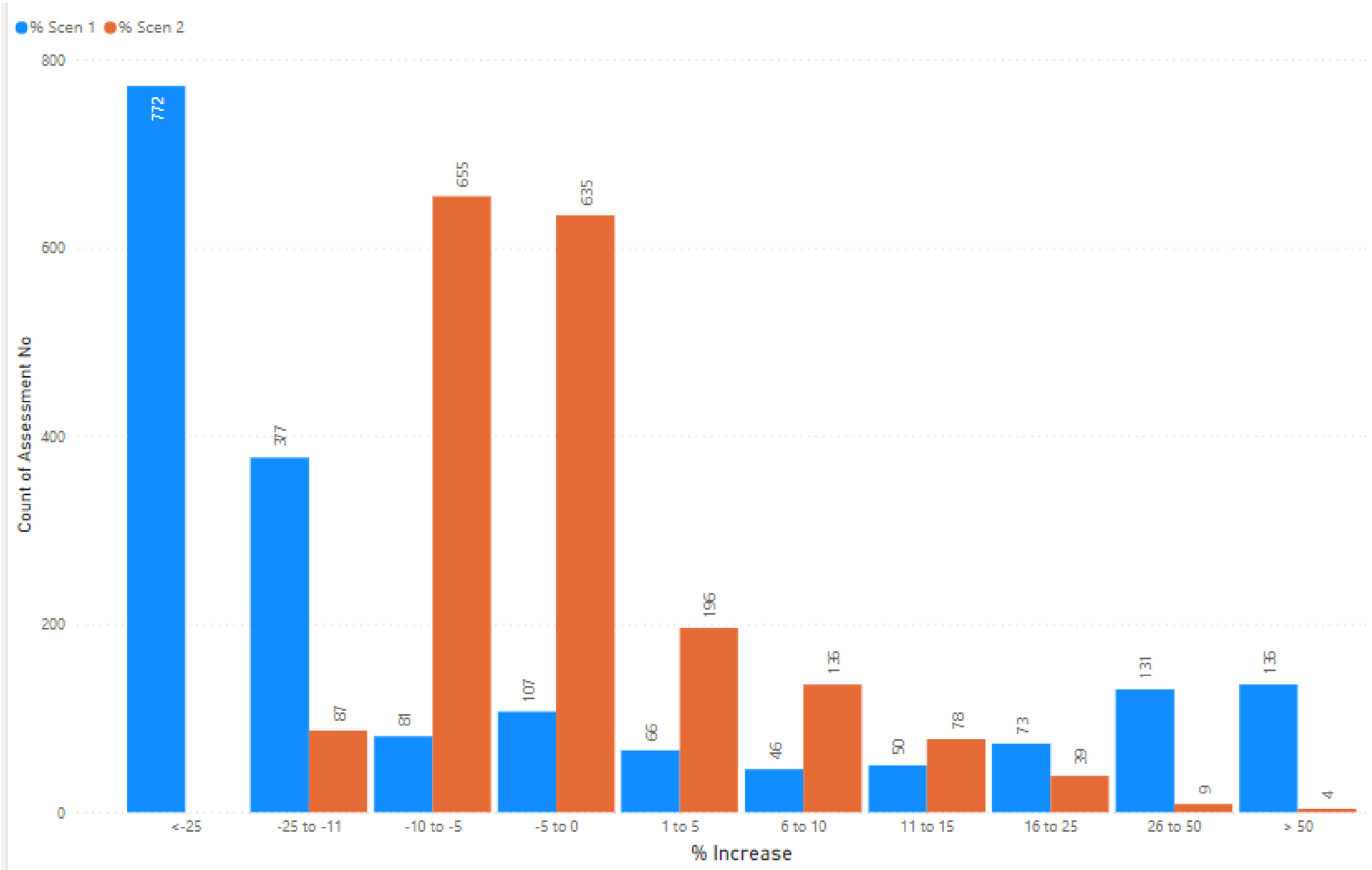
%AGE CHANGE IN NON-RESIDENTIAL RATES (SCENARIOS 1 & 2 COMPARED WITH 2023/24 ACTUAL)



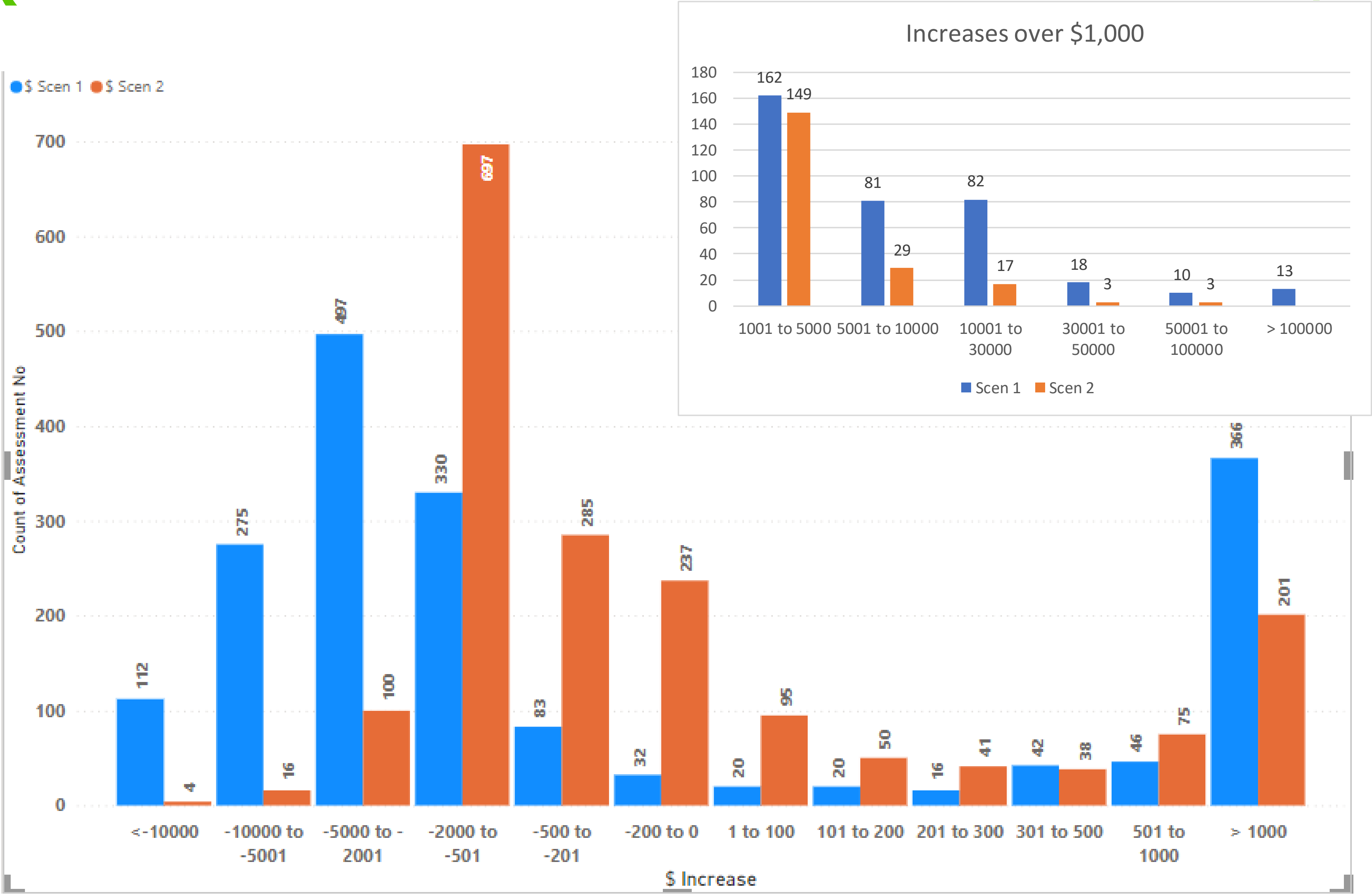
Base = actual for 2023/24

Scenario 1 = If based on CV

Scenario 2 = if based on LV 80% & CV 20%

All with $200 UAGC

$ CHANGE IN NON-RESIDENTIAL RATES (SCENARIOS 1 & 2 COMPARED WITH 2023/24 ACTUAL)



Base = actual for 2023/24

Scenario 1 = If based on CV

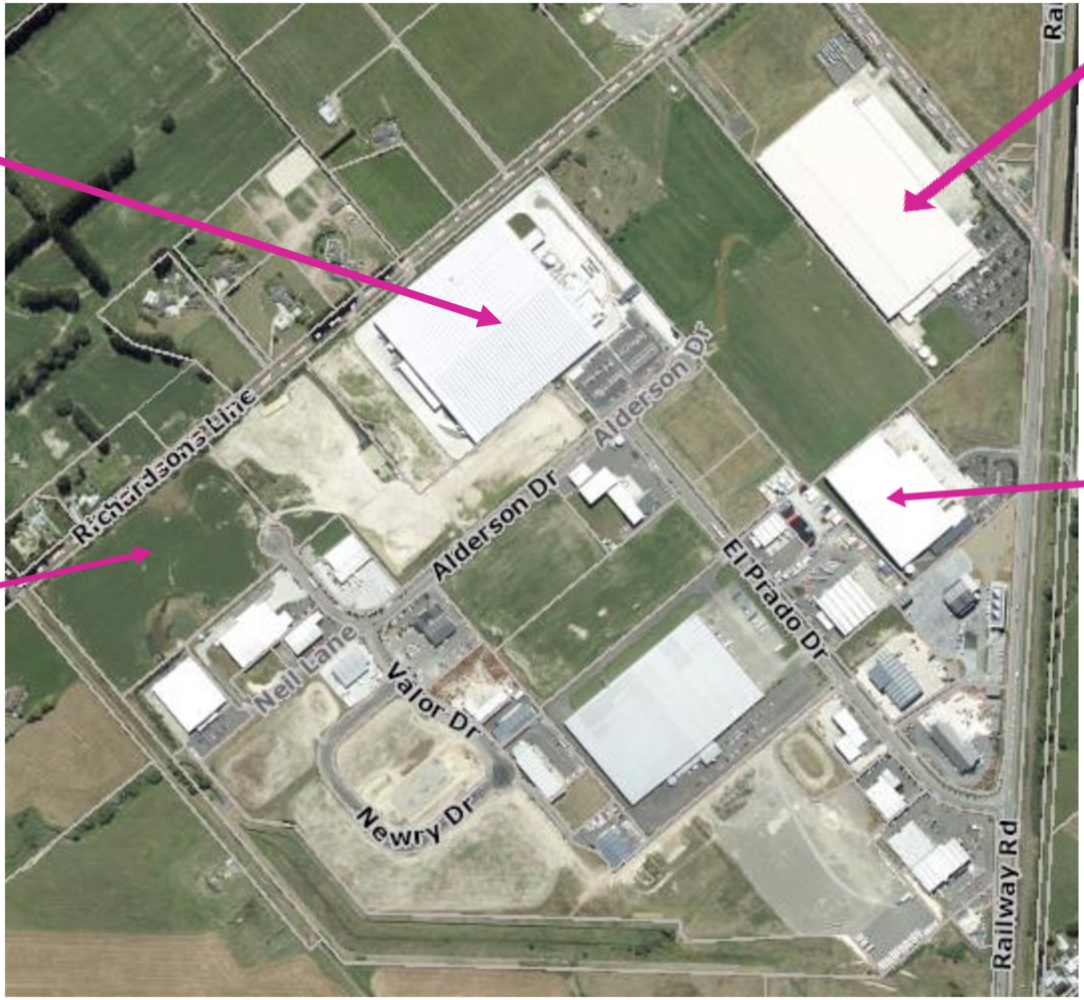
Scenario 2 = if based on LV 80% & CV 20%

All with $200 UAGC

NON-RESIDENTIAL EXAMPLES

LV CV	$8,700,000 $74,300,000
Act	$150,007
Sc 1	$535,510
Sc 2	$226,894
Sc 3	$246,182
Sc 4	$342,625
Sc 5	$219,563
Sc 6	$222,127

LV CV	$4,660,000 $4,660,000
Act	$26,256
Sc 1	$15,650
Sc 2	$24,097
Sc 3	$23,569
Sc 4	$20,929
Sc 5	$23,405
Sc 6	$22,713



LV CV	$9,400,000 $60,600,000
Act	$162,558
Sc 1	$438,857
Sc 2	$217,587
Sc 3	$231,416
Sc 4	$300,563
Sc 5	$210,602
Sc 6	$210,741

LV CV	$4,000,000 $29,100,000
Act	$69,543
Sc 1	$210,723
Sc 2	$97,680
Sc 3	$104,746
Sc 4	$140,072
Sc 5	$94,607
Sc 6	$95,165

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NON-RESIDENTIAL EXAMPLES

LV CV	$1,470,000 $26,600,000
Act	$37,022
Sc 1	$202,247
Sc 2	$70,031
Sc 3	$78,295
Sc 4	$119,612
Sc 5	$68,202
Sc 6	$70,591

LV CV	$13,200,000 $34,600,000
Act	$226,683
Sc 1	$254,841
Sc 2	$231,941
Sc 3	$233,419
Sc 4	$240,560
Sc 5	$224,564
Sc 6	$217,986

LV CV	$1,760,000 $9,200,000
Act	$51,371
Sc 1	$87,808
Sc 2	$58,615
Sc 3	$60,440
Sc 4	$69,563
Sc 5	$57,491
Sc 6	$57,313

LV CV	$34,340,000 $137,340,000
Act	$608,426
Sc 1	$1,018,924
Sc 2	$689,683
Sc 3	$710,683
Sc 4	$813,148
Sc 5	$667,931
Sc 6	$656,968

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COMPARISONS

Shopping centres	LV	CV	Actual Rates 2023/24
Palmerston North	$34.3m	$137.3m	$0.608m
Hamilton	$23.9m	$136m	$1.148m
Hutt	$84m	$282m	$2.16m

Hardware stores	LV	CV	Actual Rates 2023/24
Palmerston North	$6.1m	$31m	$105k
Palmerston North	$10.4m	$30.3m	$178k
Hastings	$3.59m	$6.89m	$55k
New Plymouth	$6.75m	$7.01m	$97k
New Plymouth	$4m	$25.15m	$62k
Napier	$11.15m	$18.3m	$139k
Hamilton	$10.52m	$22.4	$177k
Hamilton	$9.12m	$36.34m	$287k
Tauranga	$27.7m	$56.65m	$287k

LV CV	$10.4m $30.3m
Act	$178k
Sc 1	$222k
Sc 2	$186k
Sc 3	$189k
Sc 4	$200k
Sc 5	$180k
Sc 6	$176k

LV CV	$6.1m $31m
Act	$105k
Sc 1	$225k
Sc 2	$128k
Sc 3	$134k
Sc 4	$164k
Sc 5	$124k
Sc 6	$123k

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VACANT LAND

- Vacant properties will experience decreases in rates if they are based on CV (as they have a 1:1 ratio of Cv to LV) – this will be at odds with Council's drive to encourage more intensive residential development & to encourage commercial/industrial development
- Vacant land includes:
    - Blocks of land held for residential subdivision
    - Blocks of land held for non-residential subdivision or development
    - Individual residential sections that have been sub-divided for future development
- Some properties have structures on them that are an encumbrance, meaning their market value could be less than their land value. Their rateable CV would be less than their LV if the law would allow this. Such properties include those with buildings that are earthquake prone. We do not treat these as vacant for rating purposes.

Current rating treatment for vacant land

If in serviced area (ie <30 metres from City's wastewater system)and :

- residential use permitted under District Plan then rated at same level as single unit residential, or
- Non-residential use permitted under District Plan then rated as Miscellaneous (ie no com/ind differential)

If outside serviced area then rated as rural/semi-serviced (ie discounted)

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RATING OF UTILITIES IN THE STREET

- Networks in the streets do not have a rateable LV but they do have a rateable CV
- A CV based rate would therefore mean the Council would charge rates on these
- 74% of the CV of these utilities relates to the Council's own water, wastewater & stormwater networks so rating them does not increase Council's external rates revenue (for as long as Council owns these networks)
- A full CV based system would mean approx. $1.2m would be charged in rates to the non-Council utility owners (if they are levied at the standard commercial/industrial rate)

A CV based rate means a new additional part of the rating database is levied

Council properties represent 74% of this value

Potentially significant new rates charges for these utilities

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VACANT LAND

- Some Councils (eg Christchuch & Wellington) with CV based systems are introducing an additional differential surcharge on some specific central city vacant property in an effort to incentivise development
- They have not introduced it more widely for vacant land
- Introducing such a system would first require a very clear indication of what was being sought to be achieved, how the system would be administered & how ‘vacant’ would be defined

If a full CV based system was to be considered further work would need to be done to enable recommendations to be made

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CONCLUSIONS

- CV based rating systems are used by many Councils but in recent times there seems to have been increasing discussion about whether land value might be a better base – at least in terms of stimulating effective land utilisation
- A CV based system is easier to explain to the public as they have an understanding of the market value of their whole investment, but not the land value component of it
- The CV does not usually change as much (proportionally) as the LV at each three yearly revaluation

- CV used by most urban Councils
- CV better understood by ratepayers
- CV likely to change less than LV at revaluations

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CONCLUSIONS

- Changing to a full CV based system would need to be staged over a no of years (say three) but there would still be significant changes in rates each year for some
- The next City revaluation in 2024 will complicate the message to the public about the progressive implementation of any change
- Given the sums involved a change to a full CV based system is the most challenging for commercial/industrial properties especially in an environment where the City markets itself as a distribution hub

- CV introduction would need to be staged
- 2024 City revaluation will complicate public messaging
- Commercial/Industrial property is a significant challenge

CONCLUSIONS

- A hybrid option is worthy of serious consideration either as the final outcome or as a step toward a full CV based system
- Various hybrid scenarios have been modelled, some with varying levels of UAGC – these all limit the magnitude of change in the level of rates for individual properties
- The law enables only one general rate but if a second basis is used this would be applied as a targeted rate on all properties – this means the targeted rate would be used to fund a particular activity or group of activities

- Consider hybrid option
- Apply as a targeted rate to fund a nominated activity or activities

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CONCLUSIONS

- A targeted rate for transport based on CV is something that could be explained as being reasonable
- The sum currently funded from rates for transport approx. equates 20% of the general rate so a targeted rate for this would be similar to the 80/20 scenario modelled here (scenario 2)
- It would be possible to introduce such a change for 2024/25 (subject to further more detailed analysis of specific impacts)

- A targeted rate for transport based on the CV is a suggested option for 2024/25

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REVIEW PROCESS

Any proposal to change the rating system is likely to become the most significant issue for the LTP & will generate a larger than usual no. of submissions

Consider options & determine a preferred one (incl. any transitional arrangements)

- Workshop(s) & committee consideration before Xmas 2023

Develop updated revenue & financing policy & rating policies & an engagement plan

- Committee consideration February 2024

Consult through LTP & targeted for those most adversely impacted by any change

- Consultation document to be adopted in March 2024 with consultation during April

Hearings, consideration of submissions & determine way forward

- Hearings in May with adoption of LTP in June 2024

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QUESTIONS

- What issues does the presentation raise for you?
- What additional information do you need?

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