

Water Quality Targeted Rate

Proposal

As part of the consultation on the long-term plan, the council sought the community's views on a proposal for a targeted rate to accelerate the water quality improvement programme. The proposal would allow for total investment of \$856 million over ten years to deliver cleaner harbours, beaches and streams. The investment would be funded:

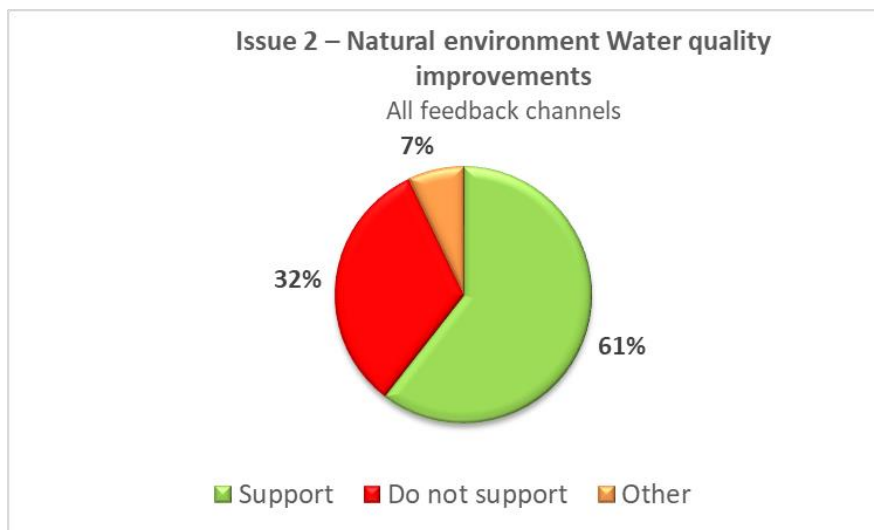
- \$404 million from Watercare's user charges (from within current projected price increases)
- \$452 million from Water Quality targeted rate.

The rate was proposed to be set on capital value, with 25.8 per cent of the revenue requirement being raised from business¹.

The proposed investment would fund:

- stormwater upgrades and waste water/stormwater separation in the Western Isthmus
- infrastructure for stormwater contaminant removal across the region - e.g. Kaipara
- rehabilitation of urban and rural streams – e.g. Oamaru creek in East Tamaki
- introduction of a proactive regional septic tank monitoring programme.

Feedback



61 per cent of submitters were in favour of the proposal while 32 per cent were opposed. 30 per cent of comments from those opposed to the proposal indicated support for the objectives, but disagreed with other aspects of the proposal, such as the funding mechanism or geographic focus.

Key themes from submitters who supported the proposal were:

- water quality improvements are urgently needed
- support for protection of environmental values of waterways and harbours
- value of recreational use of water, especially swimming at beaches

¹ This is the same percentage as target level for business rates under long-term differential strategy

Those opposed noted:

- concerns about affordability of additional rates
- proposed funding from government
- argued for funding from additional savings and reduction of waste.

The Colmar Brunton survey showed 60 per cent in support of the proposal and 35 per cent opposed.

Mana Whenua

10 iwi provided specific feedback on the targeted rate. Nine supported the proposal and one offered conditional support. See Report 1 Summary of feedback (Consultation Document issues) for further details.

Stakeholders

Submissions on the water quality targeted rate were received from 17 water and infrastructure sector stakeholders. All stakeholders commented in support of the water targeted rate proposal, noting that it is critical to clean up our waterways and harbours and to do it more quickly or within an agreed time period. A strong theme was the need to have a clear plan and targets for work delivered through this rate.

Local boards

The majority of local boards supported the proposed water quality targeted rate: Albert-Eden, Devonport-Takapuna, Great Barrier, Henderson-Massey, Hibiscus and Bays, Kaipātiki, Māngere-Ōtāhuhu, Manurewa, Ōtara-Papatoetoe, Puketāpapa, Rodney, Waiheke, Waitākere Ranges, Waitematā, Whau (15 local boards).

While noting their support many local boards also made qualifications, key themes being:

- Projects need to be spread equitably around the region (Hibiscus and Bays, Manurewa, Waiheke, Waitākere Ranges and Whau)
- Some of the spending should be on local projects, managed by local boards (Franklin, Hibiscus and Bays, Kaipātiki, Manurewa and Māngere-Ōtāhuhu).

Other local boards supported the desired outcomes, just not the vehicle (targeted rates). For example, three local boards wanted a 'fixed levy' or 'flat rate' rather than a targeted rate (Ōrākei, Howick and Franklin). The Papakura Local Board would prefer that additional funding for water quality projects be generated by a rates increase and the Upper Harbour Local Board proposed that council should re-prioritise its budgets to avoid the need for a water quality targeted rate.

Consideration

Investment options

1. There are areas of Auckland's beaches, harbours, streams and aquifers that are significantly affected by poor water quality. Many waterways and beaches are unsafe for swimming after storm events, and some beaches are permanently closed to swimming. This is a result of pollution from a number of sources including:
 - wastewater overflows from the Western Isthmus combined sewer network when stormwater overwhelms the system capacity
 - pollution from road run-off
 - sedimentation from urban and rural land use
 - old or poorly maintained onsite wastewater systems (septic tanks etc).

- impacts from farming such as livestock in streams and fertiliser runoff.

The Water Quality Improvements Programme of work has been developed to address these issues. There are two options:

- accelerate the water quality improvement plan through an additional investment of \$856 million across the LTP period. \$452 million of the investment would be funded from the proposed Water Quality Targeted Rate, while the remaining \$404 million would be funded by Watercare from water charges.
- continue to fund existing water quality improvement plans from within general rates: This is the status quo option, that will mean that expected improvements will not be achieved for thirty years or more.

Feedback showed strong support for improved water quality, and majority support for a targeted rate to support this outcome.

If council proceeds with the proposal then the Water Quality Programme will be accelerated so the expected outcomes will be achieved by the end of the LTP period. Wastewater overflows into the Waitematā Harbour will be reduced from hundreds of events to six or less per outflow each year. The average value residential property (\$1.08 million) will pay \$66 per year, or \$1.30 per week. The average value business property will pay \$308 per year (\$5.90 per week).

If the proposal does not proceed then there will be no additional costs to ratepayers. The intended water quality outcomes will take 30 years to be achieved under existing asset management plans. Water quality problems including beach closures will continue for many years to come. By the end of the LTP period, the Waitematā Harbour will still experience hundreds of wastewater overflows each year.

A more detailed analysis of the investment options is set out in Attachment A: Options table.

Funding options

A targeted rate is proposed because ratepayers can clearly identify the costs and benefits of the programme. The rate should be charged to all ratepayers as the benefits of the investment accrue to all Aucklanders.

The proposal is for a rate set differentially to raise 25.8 per cent of the revenue requirements under either option from businesses. This was set at the target for the proportion of general rates revenue the long-term differential strategy² (LTDS) seeks to raise from business.

Feedback from businesses indicated support for the rate but suggested that it should not be applied differentially. Officers note that in general, businesses are better able to manage additional costs than residential properties. Businesses can also claim back GST and expense rates against tax.

A number of respondents also suggested that the rate be set as a fixed charge rather than on capital value. Officers note that the owners of higher value properties will in general be better able to afford an increase in rates than the owners of lower value properties. However, higher value properties already pay higher rates. The relation between property (capital) value and ability to pay is stronger for businesses than non-businesses. This is because a business's investment in property will reflect their potential to generate income.

Attachment B Funding options discussion considers in detail alternative funding choices.

Consideration of statutory criteria

Council has consulted on this proposal in accordance with its obligation to consult on any changes to funding for services. In determining how to fund services in relation to each activity, the statutory criteria in section 101(3) of the Local Government Act 2002 must be considered. A full analysis against the statutory criteria is set out in Attachment C: Assessment against statutory criteria.

² The LTDS progressively lowers the share of general rates revenue to be raised from businesses from 32.4 per cent in 2018/2019 to 25.8 per cent by 2037/2038.

Attachment A: Options Table

Option	Rationale	Description	Outcomes	Costs and funding
Option One: Status Quo Continue to fund existing water quality improvement plans from within general rates	<i>Deliverable within current budgets</i>	<ul style="list-style-type: none"> Continue with existing works included in the Asset Management Plans of Watercare and Healthy Waters Includes Central Interceptor project and some stormwater upgrades 	<ul style="list-style-type: none"> Reduces the number of locations in the Western Isthmus that experience wastewater overflows every time it rains from 43 points to 31 points by 2028. The number of overflow points in the Western Isthmus that spill more than twice a year reduces from 218 to 214 by 2028. 	<ul style="list-style-type: none"> Costs in line with current budgets and deliverable with current funding sources
Option Two: Implement a water quality targeted rate to accelerate the water quality improvement programme	<i>Delivers best water quality outcomes</i>	<ul style="list-style-type: none"> Leverage the investment in Central Interceptor by bringing forward investment in the Western Isthmus from outer years of Asset Management Plans to achieve improved water quality outcomes within ten years Infrastructure for stormwater contaminant removal across the region Rehabilitation of urban and rural streams Introduction of regional septic tank monitoring 	<ul style="list-style-type: none"> By 2028 reduce overflow points on the Western Isthmus to ten locations that are anticipated to overflow 2-6 times per year on average. Reduced Faecal Contamination of waterways from onsite wastewater systems in high risk areas Reduced Sediment runoff in to the Kaipara Harbour 	<ul style="list-style-type: none"> Total additional cost across the LTP period of \$856 million Healthy Waters component, \$452 million, to be funded by a Water Quality Targeted Rate set on capital value (discussion in appendix B) Watercare component, \$404 million, to be funded from water charges.

Attachment B: Funding option discussion

Introduction

The council proposed an acceleration of the water quality improvement programme through an additional investment of \$856 million across the LTP period, funded as follows:

- Healthy Waters component, \$452 million, to be funded by a Water Quality Targeted Rate set on capital value with the business share set at 25.8 per cent
- Watercare component, \$404 million, to be funded from water charges.

Alternatively the council could continue to fund the existing water quality improvement plans from within general rates.

In considering options for funding the Water Quality Investment Programme, the key questions to be answered are:

1. Should the programme be funded from general rates or targeted rates?
2. Do some ratepayers benefit more from the activity to be funded?
3. Do some ratepayers drive a greater share of the costs of the activity?
4. Are some ratepayers better able to afford the rate?

General rates or Targeted rate

Upgrades to stormwater infrastructure are currently funded from the general rate. This reflects the shared public good of this activity. For 2018/2019 the \$41 million (including GST) required for the Water Quality Improvements Programme (WQIP) would represent a 2.25 per cent increase in general rates.

General rates are charged partly as a fixed uniform charge for all properties or separately used part of a property; and as differentiated rate set on each property's capital value. The council's capital value based general rate is differentiated in part to reflect the differences in costs for stormwater attributable to different sectors of ratepayers. Businesses pay more, as their larger areas of impermeable surface area require greater investment in stormwater infrastructure. Rural areas pay less as most rural properties are not served by the stormwater network.

The distribution of costs between the full stormwater activity and proposed activities for the WQIP differ. The majority of spending is to bring the stormwater network for the predominately residential areas of the Western Isthmus up to the standard of other areas. Six per cent of stormwater assets are located in rural areas, whereas just over ten per cent of the Water Quality Improvement programme will be spent in rural areas.

Compared to general rate funding, a targeted rate provides for more transparency in decision making and implementation. It can only be used to fund the projects it was raised for, enabling greater visibility of expenditure and accountability for outcomes. A targeted rate can also be set on a different basis from the general rate to reflect differences in the level of benefit received or cost imposed by different groups of ratepayers.

A WQIP targeted rate is proposed for funding so ratepayers can clearly identify the costs and benefits of the programme. Consulting on a separate targeted rate is likely to generate more feedback from the public that informs the question of whether ratepayers are willing to take on additional costs to improve water quality.

Ratepayer benefits of the Water Quality Improvements Programme

All Aucklanders will benefit from improved water quality across the Auckland Region's harbours and streams. The direct benefits to individual ratepayers will vary depending on the use they make of Auckland's waterways.

The cost of activities undertaken by the WQIP varies across the region. Just over eighty per cent of the investment will be spent upgrading the stormwater network in the Western Isthmus. The majority of this spending will be on separating stormwater and waste water for those properties served by the combined network. This work will bring the stormwater infrastructure in the Western Isthmus up to the standard of the rest of the network.

Properties on the combined network will not receive any additional benefit from this activity compared to other properties however. Their stormwater will continue to be conveyed away as it had been before the work was undertaken. Property owners will usually be required to pay the costs of connecting to the new networks if they develop their properties however.

The primary benefit of the Western Isthmus upgrades is the reduction of waste water overflows into the Waitemata Harbours from hundreds of events per annum to two to six events, and a reduction in Stormwater volumes into the Manukau harbour. For ratepayers, the visible benefits of this programme are:

- significant reduction of offensive beach litter (such as prophylactics, toilet paper and feminine hygiene products) across the extents of the Waitemata harbour (The nature of litter produced from waste water tends to be more offensive than that from other sources. It is also persistent in the environment and able to travel long distances on currents and tides.)
- removal of permanent closure notice for Meola Reef and Coxes Beach
- reduction of intermittent beach closures.

It might be expected that properties adjacent to beaches currently closed to swimming will benefit from higher land values as a result of the beaches being reopened. However, establishing the extent to which particular properties will benefit is difficult, as improvements to water quality will be incremental and over a long time frame. Additionally, the beaches where a permanent swimming ban is to be lifted, Meola Reef (an estuary) and Coxes Bay (a muddy bay enclosed by a sea wall and road) have not been and are unlikely to become popular swimming spots. The effect of water quality improvements on property values at these locations will be difficult to establish. The effect on properties adjacent to swimming beaches currently subject to intermittent closures is likely to be negligible.

Just over ten per cent of the Water Quality Improvements investment will occur in rural areas, for activities including:

- rehabilitation of rural streams
- sediment containment for the Southern Kaipara Harbour
- development of fish passages
- development of a proactive compliance and monitoring programme for onsite wastewater systems.

Again, the benefits of these activities accrue to the wider users of waterways, rather than individual property owners.

The remainder of the rate will be spent on contaminant containment and rehabilitation of streams in urban areas outside of the Western Isthmus.

Analysis of benefits does not provide strong support for differentiating the rate between ratepayer groups.

Cost drivers for the Water Quality Improvements Programme

The table below identifies the major causes of water pollution across the Auckland Region:

Source	Comments
Waste water overflows	Parts of the Western Isthmus are still served by a combined stormwater/waste water network that overflows during heavy rain events. Overflows occur in both the Waitemata and Manukau Harbours, and affect streams across the Western Isthmus.
Impermeable Surface Area (ISA)	Buildings and hard landscaping such as driveways and parking areas prevent the absorption of water into the ground. In urban areas and towns such water flows must be captured by the stormwater network to prevent flooding. Stormwater will contain contaminants washed off the hard surface areas including metals, paint, dust and oils. Business properties are permitted a higher amounts of ISA than residential – typically 90-100 per cent coverage compared to 60 per cent for suburban properties. Rural properties are permitted 10 per cent coverage but rarely utilise this limit, and run-off is able to be filtered by surrounding open land.
Roads	25 per cent of the region's Impermeable Surface Area is roading. Roads are significant source of pollutants such as oils and metals. Dust from unsealed rural roads is washed as sediment into waterways.
Septic Tanks	Onsite wastewater systems built under old standards (pre 2004) and those that are poorly maintained can pollute waterways. Beaches and streams close to areas where there are dense clusters of poor performing systems, hilly terrain and clay soils have the highest risk. Water quality monitoring confirms that settlements on West Coast and Waiheke are affecting water quality.
Sediments	Rural land uses that disturb soil and stock churning up rural streams leads to sediment flows into waterways. Urban land uses can also accelerate stream erosion, introducing large volumes of sediment into the estuaries and harbours. Sediment reduces water visibility and smothers aquatic habitats. (Earthworks for property development can also result in sediment run-off – the council requires sediment to be contained onsite as part of consent conditions.)
Livestock and fertiliser run-off	Livestock and fertiliser use can lead to run-off of excess nutrients into waterways.

The major investment in the WQIP is to address overflows of waste water from the combined stormwater/waste water network in the Western Isthmus. Water pollution in this case can be directly attributed to those properties and roads connected to the combined network. However, these properties do not differ from properties located in other urban stormwater catchments. Overflows are a result of historic design practices when untreated overflows diluted with Stormwater were once acceptable, rather than any particular activities or land uses occurring within the catchment.

Beyond the Western Isthmus network upgrades, it is possible to identify the following differences between ratepayer sectors and proposed investments:

Urban Stream rehabilitation and urban stormwater contaminant removal (4 per cent of investment)

While some land uses (e.g. heavy vehicle yards and petrol station forecourts), generate higher volumes of contaminants, such properties are normally required to install onsite treatment systems as a condition of consent. It is not possible to attribute a greater share of costs to specific business uses.

Urban properties with larger areas of impermeable surfaces will contribute a greater share of stormwater, and contaminants. It is not feasible to set a rate on actual impermeable surface area, as the council does not currently hold this information. The costs of obtaining and maintaining data on ISA would outweigh any benefit of setting a rate on this basis.

A larger proportion of costs can be attributed to urban businesses relative to urban residential properties as they are permitted larger amounts of ISA. Businesses are typically allowed 90-100 per cent land coverage compared to 60 per cent for suburban residential properties.

Sediment removal from Southern Kaipara, and rural stream rehabilitation (8 per cent of investment)

Costs are driven by rural land uses that expose soil in the catchments, stock intrusion into waterways and how erosive the underlying ground is. The Kaipara harbour is particularly sensitive to the effects of sedimentation as it is a nationally significant snapper spawning ground and the size and shape of the harbour promote the settlement of sediments in the harbour rather than washing them out to sea.

Compliance and monitoring programme for on-site waste water systems (2 per cent of investment)

This investment funds the establishment of a database of properties to be monitored. It is proposed that the on-going costs are funded through a fee charged to owners of monitored system.

An examination of the cost drivers suggests a small basis for charging business more than non-business properties.

Affordability and capital value or fixed charges

In general, businesses are better able to manage additional costs than residential properties. Businesses can also claim back GST and expense rates against tax. A business differential of at least 1.6 over non-business properties will reflect the value of these tax advantages.

The owners of higher value properties will in general be better able to afford an increase in rates than the owners of lower value properties. However, higher value properties already pay higher rates. The relation between property (capital) value and ability to pay is stronger for businesses than non-businesses. This is because a business's investment in property will reflect their potential to generate income. There is stronger support for setting the rate on a capital value basis for businesses than for non-business.

Targeted Rate Models

An undifferentiated rate would see business properties pay 9.6 per cent of rates set on a fixed basis, or 15.9 per cent on a capital value basis. A rate that was differentiated to reflect only businesses tax advantages over non-business would see businesses pay 14.6 per cent of rates set on a fixed basis, or 25.8 per cent on a capital value basis. Businesses currently pay 32.7 per cent of general rates. Under the council's Long-term differential strategy, it is planned that the business share of general rates will be 25.8 per cent by 2037/2038.

Currently the water quality improvement activities are funded from general rates. If the council does not proceed with the programme now, then upgrades to the Western Isthmus stormwater network are planned to be funded from general rates in the outer years of the Healthy Waters Departments 30 year Asset Management Plan. Setting the targeted rate on a similar basis to the general rates would maintain existing policy settings.

Council consultation on the Water Quality targeted rate was on the basis that the rate was set on capital value as shown in model 1 below.

Proposed model: Model 1 -Capital value model:

The table below shows the rate in the dollar and how much business and non-business properties of different value would pay, for a capital value based rate. The business share of the rate is set at 25.8per cent. This equates to a differential of 1.74.

Property Value	Non-business pays:	Business pays:
Rate (per \$ of CV):	\$0.00006145	\$0.00010690

Property Value	Non-business pays:	Business pays:
\$300,000	\$18.43	\$32.07
\$500,000	\$30.72	\$53.45
\$890,000	\$54.69	\$95.14
\$1,080,000	\$66.36	\$115.46
\$1,500,000	\$92.17	\$160.36
\$2,000,000	\$122.89	\$213.81
\$2,882,000	\$177.09	\$308.10
\$3,000,000	\$184.34	\$320.71
\$5,000,000	\$307.23	\$534.52
\$10,000,000	\$614.46	\$1,069.04

Alternative rating models considered prior to consultation

Fixed rate models: Model 2 and Model 3

The table below shows the fixed rate each property (or separately used part of a property) will pay under two model options. In the first, business pay 14.6 per cent of the total rates, and the second, business pay 25.8 per cent of the rates.

Business Share:	Business Differential	Non-Business pay: (per SUIP)	Business pay: (per SUIP)
Model 2: 14.6%	1.6	\$73.95	\$119.20
Model 3: 25.8%	3.3	\$64.25	\$210.43

Model 3: Fixed and Capital value model

The Water Quality targeted rate could also be set on a similar basis to general rates with a part fixed and part capital value based rate. In the table below 13.4 per cent of the revenue is collected on a fixed basis (the same proportion as for general rates) and the business share is 25.8 per cent.

Property Value:	Non-business pays:	Business pays:	
	Rate (per SUIP)	\$10.49	\$10.49
	Rate (per \$ of CV):	\$0.00005141	\$0.00010157
\$300,000	\$25.91	\$40.96	
\$500,000	\$36.20	\$61.28	
\$890,000	\$56.25	\$100.89	
\$1,080,000	\$66.02	\$120.19	
\$1,500,000	\$87.61	\$162.85	
\$2,000,000	\$113.32	\$213.64	
\$2,882,000	\$158.67	\$303.23	

	\$3,000,000	\$164.73	\$315.21
	\$5,000,000	\$267.56	\$518.36
	\$10,000,000	\$524.63	\$1,026.24

The four models shown do not include a differential for rural properties as is currently applied to general rates. This is because the distribution of investment and benefits from the WQIP are shared between urban and rural areas. This differs from general rates funding where rural properties are charged a lower rates differential to reflect the lower investment in stormwater and transport services in rural areas compared to urban areas.

The table below shows the impact of each of the models on the urban and rural business, urban and rural residential, and farm/lifestyle properties.

General rates category:	Model:			
	Fixed (Business share 14.6%)	Fixed (Business share 25.8%)	Capital Value	Fixed and Capital Value
Urban Business	1.2%	2.2%	2.1%	2.1%
Urban Residential	3.4%	2.9%	2.8%	2.8%
Rural Business	0.6%	1.0%	2.0%	2.0%
Rural Residential	4.1%	3.5%	3.0%	3.1%
Farm and Lifestyle	2.7%	2.4%	4.0%	3.8%

Attachment C: Statutory decision making criteria

To set a targeted rate the council must consider the criteria in the Local Government Act 2002 below.

1. When deciding from what sources to meet its funding needs, council must consider the matters set out in section 101(3) of the Local Government Act 2002.
2. For the proposed targeted rate to fund expenditure on WQIP, council must consider, in relation to this activity:
 - the community outcomes to which the activity primarily contributes
 - the distribution of benefits between the community as a whole; any identifiable part of the community; and individuals
 - the period over which the benefits are expected to occur
 - the extent to which individuals or a group contribute to the need to undertake the activity
 - the costs and benefits (including consequences for transparency and accountability) of funding the activity distinctly from other activities.
3. Having considered these matters, the council must stand back and consider the overall impact of any allocation of liability for revenue needs on the community. This involves elected members exercising their political judgement and considering the proposal in the context of council's funding decisions as a whole.

Assessment of options

The following section considers the proposed funding options against the statutory criteria.

The community outcomes to which the activity primarily contributes

Services provided by the WQIP include upgrades of the stormwater network, rehabilitation of urban and rural streams, and the introduction of monitoring of onsite waste management systems. These services will improve Auckland's water quality, which contribute to the following community outcomes as set out in the LTP 2015-2025:

1. A green Auckland:
 - through working with local boards and communities on a range of initiatives that protect and restore important environments and waterways through participating in environmental programmes and partnering with trusts and volunteers to deliver these programmes
 - by ensuring the effects of runoff to the environment are managed and our stormwater network is robust to cater for urban growth and changing environmental conditions
2. A beautiful Auckland loved by its people:
 - through ensuring that our natural environment and heritage is valued, understood and celebrated
3. Maori identity:
 - by empowering mana whenua and mataawaka to participate in natural resource management decision-making processes to realise shared aspirations and mutual outcomes and protect our Māori cultural heritage

All of these outcomes relate to the overall well-being of the city, and suggest a funding mechanism to which all ratepayers contribute. All of the options for additional funding provide for all ratepayers to make a contribution.

The distribution of benefits between the community as a whole; any identifiable part of the community; and individuals

See “Ratepayer benefits of the Water Quality Improvements Programme” in Attachment B to this report.

The period in or over which the benefits are expected to occur

The assets to be built with additional funding will deliver benefits over their lifetime. It would therefore be more desirable to meet the capital costs from borrowing thus spreading them over the life of the assets. However, given constraints on council borrowing it is appropriate to fund the upfront investment from general or targeted rates in order to realise the benefits. The ongoing operating and replacement costs will be funded from general rates.

The extent to which the actions or inactions of particular individuals or as a group contribute to the need to undertake the activity

See “Cost drivers for the Water Quality Improvements Programme” in Attachment B.

The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities

Funding these projects from a targeted rate will improve the transparency of decision making on additional funding. Ratepayers will be able to clearly see exactly how any additional funding they provide will be used. This will make it easier for them to express a preference on increased funding.

The use of a targeted rate will also improve accountability for expenditure. If a decision is made to raise additional funding by use of a targeted rate then ratepayers can be confident it will be used for that purpose. Targeted rates can only be spent on the activity for which they are raised.

It is administratively straight forward to implement a targeted rate in the manner proposed.

Consideration of overall impact

Having considered the above criteria, the council needs to consider the proposal in terms of the overall impact on the community. This involves elected members exercising their judgement and considering the proposal in the context of council’s funding decisions as a whole, not just in relation to this activity.

The overall affordability of any increase in funding demands on the community needs to be assessed against the pressing need for more investment to improve the health and safety of Auckland’s waterways. Investment in improved water quality:

- provides benefits to the environment
- improves the everyday lives of residents
- facilitates the intensification of development in the Western Isthmus and enables urban development in East Tamaki thus easing the pressure on housing.

The total cost of a targeted rate applied over the region on a per SUIP basis is around \$78 (GST inc) per property per annum or less than a \$1.50 per week. Higher capital value properties and business properties will in general be better able to manage increases in rates and accordingly consideration may be given to applying the rate on capital value or differentiating the rate between business and non-business properties. There is a correlation between capital value and income for residential properties with the average household income being higher in areas with higher capital value. Business properties can expense rates and claim back GST.

For those residential ratepayers for whom it may be an issue the council offers rates postponement and administers the rates rebate scheme on behalf of the Department of Internal Affairs.