Natural Environment initiatives and funding

Purpose

1. Provide options for increased investment in activities that support and protect Auckland's natural environment.

Summary

2. Auckland's natural environment is in decline. There is an ongoing spread of pest plants (weeds), animals and pathogens which will result in loss of Auckland's native plants and animals and ecosystem collapse in the long-term. In particular there is a high risk of kauri dieback spreading. The council's current planned investment is insufficient to stop this decline.

3. Three options for investment in Auckland's natural and marine environments have been proposed. These options have been prepared in response to political requests for Aucklanders to be able to compare the cost of environmental protection against proposed infrastructure investment. (A comparison of options can be found in Attachment A).

   Option A: Current planned investment which will result in significant loss of native ecosystems and species. This option provides:

   - $5 million to control kauri dieback with 80 per cent risk of the disease spreading
   - 30 per cent of significant ecological sites within council parks with adequate control of pest plants and animals.

   Option B: $356 million over the LTP period for an expanded targeted work programme to protect and restore priority ecosystems and species. This option provides:

   - $113 million more to reduce risk of kauri dieback spreading to 10-20 per cent.
   - 100 per cent of significant ecological sites within council parks with adequate control of pest plants and animals
   - 100 per cent of rural Auckland with adequate control of possums
   - Kawau and Waiheke 'pest- free'
   - Potential to leverage up to $125 million in additional partner contributions.

   Option C: $123 million over the LTP period for a limited additional work programme which will result in ecosystem and species loss as per current state but some additional protection for kauri dieback. This option provides an additional $83 million to reduce the risk of kauri dieback spreading to 30-50 per cent, plus:

   - 35 per cent of significant ecological sites within council parks with adequate control of pest plants and animals
   - potential to leverage up to $70 million in additional partner contributions.

   Both options B and C consider the use of a specific targeted rate to fund the additional investment.

4. 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. A fixed charge:

   - enables the impact of the charge to be easily understood
   - reflects that the benefits accrue to ratepayers equally.

5. The small value of the proposed charge supports a fixed rate. The range between what low and high value properties pay for a value based rate is small in comparison each property's total general rates. The rate should be differentiated to reflect the tax advantages for businesses.

6. A fixed rate set to reflect the tax advantages for businesses would see ratepayers pay per annum:
   - **Option B**: $67 ($1.29 a week) for non-business and $108 for business
   - **Option C**: $23 (45c a week) for non-business and $38 for business.

   (See Attachment C for a full discussion of funding options and alternative rates models).

Background

Option A: Current State – significant ecosystem and species loss - no additional spend over the LTP period

7. Around two thirds of native species in the region are threatened with regional extinction. Hygiene stations for Kauri Dieback in many places are inadequate and there is limited track management to reduce the spread of the disease. Other than Tawharanui and Shakespear open sanctuaries, which are mammal free, and the Hunua Ranges Regional Park, which has comprehensive protection, there is limited control of pests on Council parks. A select few of our islands are protected. For example, we have nearly eradicated Argentine ants from Kawau Island but the island continues to be degraded by wallabies, stoats, possums, rats and weeds. Great Barrier Island is being invaded by new pests that are not being prevented from establishing.
8. There is no management of freshwater pests in any of Auckland's 72 lakes and there is a risk of imminent loss of native lake ecosystems from the region. The ongoing spread of freshwater pests is reducing water quality and adversely impacting on recreational activities. There is a passive reactive approach to managing marine biosecurity so new pests are establishing every year. Future costs to marine ecosystems and industries such as aquaculture can be expected to be severe.
9. Non-rates contributions come largely from partnerships with organisations such as the Department of Conservation and the Ministry for Primary Industries. In addition the volunteer sector contributes another conservatively estimated $7 million worth of labour to pest control and restoration programmes.

Option B: Expanded targeted protection and enhancement - additional $356m spend over the LTP period

10. For the enhanced investment option, the bulk of the additional funding would be spent on implementing the proposed Regional Pest Management Plan (RPMP). This option will provide for adequate protection of all significant ecological areas on parkland, complemented by enforcement on surrounding land. It will also provide for mammal eradications on Kawau and Waiheke, and comprehensive management of pest plants and animals on Great Barrier, supported by enhanced efforts to reduce the risk of pests spreading to islands. Freshwater pest plants and animals will be managed at two lakes (Tomarata and Rototoa), and further spread of freshwater pests will be minimised through behaviour change initiatives. Comprehensive marine biosecurity measures will also be implemented.
11. The other substantive components of the enhanced investment option are an enhanced kauri dieback programme and amplifying community-based pest control through the Pest Free Auckland programme. In this option, council will be demonstrating conservation leadership throughout our regional and community parks. As a result, council will be in a good position to leverage contributions from organisations like Predator Free NZ 2050, develop partnerships with Auckland's larger companies and philanthropists, deliver joint programmes with DOC, and foster more work undertaken by voluntary organisations.

<u>Option C: Limited additional targeted protection and enhancement - additional $123m spend over the LTP period</u>

12. Under Option C the majority of new investment over and above current state relates to kauri dieback, although at a more modest scale than that presented in Option B. Option C does not provide for an enhanced Regional Pest Management Plan. Rather, it provides for a limited increase to current activity with some additional investment. As a result, many of the region's threatened species and ecosystems would still be at risk of loss from the region. The option also provides for a modest increase in community pest control, as part of the Pest Free Auckland initiative.
13. Under this option council would see a significant increase in non-rates revenue from current state but would not have the same leverage as for option B.

Attachments

No.	Title
A	Options table
B	Funding options discussion
C	Programmes funded by Natural Environment Targeted Rate
D	Statutory decision making criteria

Signatories

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Attachment A: Options Table

	Rationale	Description	Outcomes	Costs and funding
Option One: Significant ecosystem and species loss	*Deliverable within current budgets*	• Continue with existing works programme • Provides a small investment ($5 million) to combat kauri dieback • 250 community groups supported to undertake pest control • Reactive response to marine pests	• Risk of kauri dieback spreading over 80 per cent. • 30 per cent of significant ecological sites within council parks with adequate control of pest plants and animals • 28 per cent of rural Auckland with adequate control of possums • High risk of marine pests establishing with risk to ecosystems and cost to aquatic industries	• Costs in line with current budgets and deliverable with current funding sources
Option Two: Expanded targeted protection and enhancement	*Enables priority sites to be enhanced and minimizes risk of Auckland losing some priority species*	• Provides additional $113 million to combat kauri dieback • Potential to leverage $125 million in partner contributions • 900 community groups supported to undertake pest control • Proactive response to marine pests	• Risk of kauri dieback spreading reduced to 10-20 per cent. • 100 per cent of significant ecological sites within council parks with adequate control of pest plants and animals • 100 per cent of rural Auckland with adequate control of possums • Kawau and Waiheke 'pest- free' • Lower risk of marine pests establishing with risk to ecosystems and cost to aquatic industries	• Total additional cost across the LTP period of $356 million to be funded by a Natural Environment Targeted Rate (discussion in Attachment B)
Option Three: Limited additional targeted protection and enhancement	*Provides limited additional kauri dieback controls and community group support within a constrained fiscal environment*	• Provides additional $84 million to combat kauri dieback • Potential to leverage $70 million in partner contributions • 450 community groups supported to undertake pest control • Reactive response to marine pests	• Risk of kauri dieback spreading 30-50 per cent. • 35 per cent of significant ecological sites within council parks with adequate control of pest plants and animals • 28 per cent of rural Auckland with adequate control of possums • High risk of marine pests establishing with risk to ecosystems and cost to aquatic industries	• Total additional cost across the LTP period of $123 million to be funded by a Natural Environment Targeted Rate (discussion in Attachment B)

Icon	Option A: Current State - Significant ecosystem and species loss	Option B: Expanded targeted protection and enhancement	Option C: Limited additional targeted protection and enhancement Ecosystem and species loss with some kauri dieback protection
Additional Partner Contributions	$4million (Government support)	$125 million (Predator Free NZ 2050, corporate partnerships, philanthropists, government support and community sector support)	$70 million (Government and other partnerships)
Community engagement	250 community groups have low level support and 25% of land under community led pest control	900 community groups are well supported and 60% of land under community led pest control	450 community groups have basic support and 40% of land under community-led pest control
Risk of Kauri Dieback spreading	High risk (>80%)	Low risk (10-20%)	Medium risk (30-50%)
High Value ecological areas on regional and community parks	30% with average level control of pest plants and animals. No enforcement on surrounding properties.	100% with adequate control of pest plants and animals. Enforcement coordinates action by neighbouring communities and transport corridors.	35% of parks with adequate control of pest plants and animals. No enforcement on surrounding properties.
Rural Auckland (mainland) possum free	28% of area with possums at acceptable levels	100% of area with possums at acceptable levels	28% of area with possums at acceptable levels
Pest management in lakes	None	Two highest priority lakes (Tomarata and Rototoa) have comprehensive pest plant and animal control to restore lakes. Risk of further pest spread across region reduced through awareness and behaviour change.	None
Marine biosecurity measures	Basic marine biosecurity advocacy and education programme. Inter-Regional Marine Pathway Management Plan developed to prevent the introduction and spread of marine pests. Passive implementation of the Unitary Plan marine biofouling provisions. Annual hull surveillance and monitoring of Great Barrier Mediterranean fanworm infestation. No staff capacity to support	Comprehensive marine biosecurity advocacy and education programme delivered including a summer advocate. Surveillance and monitoring efforts increased with levels of readiness to respond to incursions. Engaged development, implementation and regulation of the Inter-Regional Marine Pathway Management Plan and the Unitary Plan marine biofouling provisions. Increased staff	Enhanced scale and delivery of the marine biosecurity advocacy and education programme with a working relationship with the marine industry Monitoring of moorings, boat facilities and marine farms that are high-risk for spreading marine pests. Gradual introduction in the regulation and enforcement of boat owners who are non-compliant with the Inter-Regional Marine Pathway

Icon	Option A: Current State - Significant ecosystem and species loss	Option B: Expanded targeted protection and enhancement	Option C: Limited additional targeted protection and enhancement Ecosystem and species loss with some kauri dieback protection
	SeaChange.	capacity to support SeaChange recommendations. Marine biosecurity resource consent conditions advanced.	Management Plan, and the Unitary Plan marine biofouling provisions. Increased staff capacity to support SeaChange recommendations.
Hauraki Gulf Islands	Pest Free Warrant programme to reduce pest spread to islands by sub-set of high risk businesses. High priority pest plants eradicated on Gt Barrier. Ants contained but not eradicated on Gt Barrier. Skinks and mammals not controlled on Gt Barrier. Moth plant and other pest plants spread within gulf.	Comprehensive Pest Free Warrant programme to reduce pest spread to islands by full range of high risk businesses. Skinks, ants and high priority pest plants eradicated from Gt Barrier. Mammal pests controlled in priority areas on Gt Barrier. Moth plant and other pest plants contained from spreading within gulf.	Enhanced Pest Free Warrant programme to reduce pest spread to islands by sub-set of high risk businesses. Skinks, ants and high priority plants eradicated from Gt Barrier. Mammal pests controlled in small number of sites on Gt Barrier. Moth plant and other pest plants spread within gulf.
Hauraki Gulf Islands	Feral pigs eradicated from Waiheke. No staff capacity to support community Pest-free Waiheke initiative.	Kawau and Waiheke 'pest- free'. Partner contributions to cover remaining 70%.	No new mammal eradications on islands. Staff time to support community Pest-free Waiheke initiative.
Marine species	Decline in important marine habitats, risk of shorebird and seabird extinction.	Habitat protection and some restoration for high priority sea bird species	Some marine habitat protection and increased bird monitoring.
Other Pest Management programmes	No database. Some plant and animal eradications, control of some pest plants, enforcement education and advice. No compliance inspections in nurseries and petshops.	Database to manage biodiversity and biosecurity data. Enhanced control of deer, goats, cockatoos and cats. Comprehensive control of pest plants. Inspection of petshops and nurseries.	Database to manage biodiversity and biosecurity data. Some additional deer control. Some additional control of pest plants. Some capacity for inspection of petshops and nurseries.

Attachment B: Funding options discussion

Funding

In considering options for funding increased investment for the natural environment, 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?
    a. Should the rate be set on fixed or capital value basis?

General rates or Targeted rate

Activities that support Auckland's natural environment are currently funded from the general rate. This reflects the shared public benefit of this activity.

If the council decides to consult on increasing funding for the natural environment a targeted rate is proposed for funding so ratepayers can clearly identify the costs and benefits of the programme. Such an approach is likely to generate more feedback from public consultation that informs the question of whether ratepayers are willing to take on additional costs to protect Auckland's natural environment.

Setting the targeted rate on a similar basis to the general rates would maintain existing policy settings. 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.

Ratepayer benefits of increased investment in the natural environment.

A thriving natural environment is an asset for all Aucklanders. The majority of the additional investment is aimed at protecting native ecosystems and biodiversity. This generates regional benefits that cannot be attributed to individuals or groups of ratepayers.

Some components of the enhanced investment option are designed to deliver improved biodiversity outcomes, but also have some secondary economic benefits to some industries or individuals. For example:

- rural possum control can result in increased productivity for stock farmers and reduce the need for private possum control
- pest eradication on Waiheke and Kawau may reduce the need for private pest control.

It is difficult to link benefits to rateable properties in a way that would enable a targeted rate or rates differential to be charged to those benefiting. This is because:

- the level of benefit varies between properties due to factors not able to be captured in rating, such as the proximity to possum habitats
- primary production benefits may be distant in space and time from sites in which control work occurs. This will be true for programmes to eradicate or contain primary production pest plants.
- in some instances beneficiaries may be readily identified, but the value of the programme is sufficiently small as to render such targeting inefficient.

Even if beneficiaries can be identified accurately, consideration must be given to avoiding potential perverse outcomes from applying a spatially targeted rate. For instance, many rural landowners already undertake pest management voluntarily. While some of this action may no longer be required under a coordinated regional approach, much of the need will remain. If a targeted rate were to disincentivise rural communities and reduce community support for biosecurity, then there may be an overall loss rather than gain in outcomes.

Cost drivers for Natural Environment investment

Costs for most of the proposed projects cannot be attributed to either individuals or groups of ratepayers, and should therefore be charged generally.

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, activities related to improving the natural environment are funded from the general rates. Setting the targeted rate on a similar basis to the general rates would maintain existing rates settings.

Fixed rate models:

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

.	Option B: $356m		Option C: $123m	
Business Share:	**Non-Business pay: (per SUIP)**	**Business pay: (per SUIP)**	**Non-Business pay: (per SUIP)**	**Business pay: (per SUIP)**
Model 1: 14.6%	66.91	107.74	23.41	37.70
Model 2: 25.8%	58.13	190.39	20.34	66.62

Model 3: Capital value model:

The table following 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 25.8 per cent.

		Option B: $356m		Option C: $123m	
		Non-business pays:	Business pays:	Non-business pays:	Business pays:
	Rate (per $ of CV):	$0.00005559	$0.00009672	$0.00001945	$0.00003385
Property Value:	$300,000	$16.68	$29.02	$5.84	$10.15
	$500,000	$27.80	$48.36	$9.73	$16.92
	$890,000	$49.48	$86.08	$17.31	$30.12
	$1,080,000	$60.04	$104.46	$21.01	$36.55
	$5,000,000	$277.97	$483.62	$97.27	$169.23
	$10,000,000	$555.95	$967.24	$194.54	$338.46

Model 4: Fixed and Capital value model

The Natural Environment 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.

		Option B: $356m		Option C: $123m	
		Non-business pays:	Business pays:	Non-business pays:	Business pays:
	Rate (per SUIP)	$9.49	$9.49	$3.32	$3.32
	Rate (per $ of CV):	$0.00004652	$0.00009190	$0.00001628	$0.00003216
Property Value:	$300,000	$23.45	$37.06	$8.20	$12.97
	$500,000	$32.75	$55.44	$11.46	$19.40
	$890,000	$50.89	$91.28	$17.81	$31.94
	$1,080,000	$59.73	$108.75	$20.90	$38.05
	$5,000,000	$242.08	$469.00	$84.71	$164.11
	$10,000,000	$474.67	$928.51	$166.10	$324.91

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 benefits funded by the Natural Environment targeted rate 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 following shows the additional increase in rates for each of the models on the urban and rural business, urban and rural residential, and farm/lifestyle properties for Option C the $123 million investment option.

	Option C: $123m			
General rates category:	Fixed (Business share 14.6%)	Fixed (Business share 25.8%)	Capital Value	Fixed and Capital Value

	Option C: $123m			
General rates category:	**Fixed (Business share 14.6%)**	**Fixed (Business share 25.8%)**	**Capital Value**	**Fixed and Capital Value**
Urban Business	0.4%	0.7%	0.7%	0.7%
Urban Residential	1.1%	0.9%	0.9%	0.9%
Rural Business	0.2%	0.3%	0.6%	0.6%
Rural Residential	1.3%	1.1%	0.9%	1.0%
Farm and Lifestyle	0.9%	0.7%	1.3%	1.2%

Attachment C: Programmes funded by Natural Environment Targeted Rate

Option B – Expanded targeted protection and enhancement

Activity	Programme	Additional investment required ($000s opex and capex)	Share of funding requirement
RPMP	Management of pest plants and animals, including on parks, regional programmes, spread to islands, freshwater	$177,552	49.87%
RPMP	Pest eradication - Waiheke and Kawau multi-species	$7,671	2.15%
Kauri	Research, community engagement, hygiene stations	$71,865	20.19%
Kauri	Capex track upgrades, installation of vehicle wash downs	$41,400	11.69%
Marine biosecurity	Marine Biosecurity pathway management and response	$3,418	0.96%
Grant funding	Regional Ecological and Natural Heritage fund to support community action	15000	4.21%
Pest Free Auckland	Community engagement programme to support trapping, data management, grants, monitoring and reporting	$33,400	9.38%
Pest Free Auckland	CAPEX - Traps, data systems, telemetry	$2,275	0.64%
Marine ecology	Habitats - survey and evaluation	$2,250	0.63%
Marine ecology	Seabirds - implement monitoring and restoration	$1,645	0.46%
Total		**$356 million**	

Option C – Limited additional targeted protection and enhancement

Activity	Programme	Additional investment required ($000s opex and capex)	Share of funding requirement
RPMP	Management of pest plants and animals, including on parks, regional programmes, spread to islands. No freshwater.	$10,350	8.4%
RPMP	Pest eradication - Waiheke multi-species - support for community process only	$1,200	1.0%
Kauri	Community engagement, hygiene station management, research	$54,000	43.8%
Kauri	Capex upgrade of tracks, installation of vehicle washdowns	$29,000	24.2%
Marine biosecurity	Marine Biosecurity pathway management and response	$3,487	2.8%
Pest Free Auckland	Community engagement programme to support trapping, data management, grants, monitoring and reporting	$19,996	16.2%
Pest Free Auckland	Capex - Traps, data systems, telemetry	$2,275	1.8%
Marine ecology	Habitats - survey and evaluation	$2,300	1.1%
Marine ecology	Seabirds - implement monitoring and restoration	$735	0.6%
Total		**$123 million**	

Attachment D: 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 Auckland's natural environment, 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

The community outcomes to which the activity (local environmental management) primarily contributes are set out in the LTP 2015-2015 as:

1. A green Auckland
   - through working with local boards and communities on a range of initiatives that protect and restore important environments and waterways though participating in environmental programmes and partnering with trusts and volunteers to deliver these programmes.
2. A beautiful Auckland loved by its people
   - helping to preserve our natural environment for future generations
   - 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 increased investment in the natural environment" in Attachment B to this report.

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

The majority of additional funding is for operational costs that occur within the period the rate is charged. The small number of assets to be built 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

Costs for most of the proposed projects cannot be attributed to either individuals or groups of ratepayers, and should therefore be charged generally.

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 outcomes for Auckland's natural environment.

The total cost of a targeted rate applied over the region on a per SUIP basis is around $71 (including GST) per property per annum or less than a $1.40 per week for the most expensive option. For the lower investment option ($123 million) the cost per SUIP is $25 per annum or less than 50c a 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.