PT Rates Discussion

Option 1   General rate

How it works

100% General rates, no differentials, no discounts

Step 1   Funding formula based on ECV for each TA

Step 2   Then allocate by actual CV within each TA

For every $100k of property EC value, all ratepayers would pay the same rate.

Getting there

Large change for some groups – would need a transition mechanism.

Pros

Responsive to changing service levels

Stable – only marginal changes each year.

Transparent - and easy to explain.

Cons

Distribution of benefits - Poorly reflects the benefits that different groups receive.

Fairness ???

Option 2: CBD fixed share

How it works

Step 1   Allocate a fixed share of the funding requirement to the CBD

Step 2   Allocate the balance using the Option 1 General rate mechanism. (No differentials, no discounts)

Funding formula based on ECV for each TA

Then allocated by actual CV within each TA

Getting there

Large change for some groups – would need a transition mechanism.

Pros

Distribution of benefits – Could reflect CBD benefits of PT, if the share was set at the right level.

Responsive to changing service levels

Stable – only marginal changes each year.

Cons

Poorly reflects the benefits that different groups receive.

Transparent – it will not be obvious why the CBD share is fixed at any particular level.

Fairness - ??

Option 3   Levels of service

How it works

Step 1   Allocate costs to ratepayers based on levels of service within TA

Step 2   Apply differentials for ???

Getting there

Large change for some groups – would need a transition mechanism.

Pros

Stable – only marginal changes each year.

Responsive - Changing service levels will trigger changing rates.

Cons

Fairness –The model treats all services as identical, ignoring distance and duration of each service.

Distribution of benefits - Ignores benefits and is focused on costs (like current model)

Transparent - ??

Option 4   Levels of benefit

How it works

Steo1   Assign differentials based on different levels of benefit

Wellington CBD, Businesses, Residential, Rural

Step 2   Allocate funding requirement using ECV

Getting there

Large change for some groups – would need a transition mechanism.

Pros

Fairness – If differentials are set at fair levels

Distribution of benefits – Allocates funding requirements in line with benefits.

Stable – only marginal changes each year.

Cons

Responsive - Changing service levels will not trigger changing rates.

Transparent - ??