ANALYSIS OF LOCAL GOVERNMENT RATING TOOLS AND FORECAST REVENUE

2011/03
This report has been prepared by staff from the Strategic Analysis and Information Team of the Policy, Regulatory and Ethnic Affairs Branch of the Department of Internal Affairs (Department).

Any comments, explanations, identification of trends or potential risks facing councils in this report, have been made by the Department and do not necessarily represent the views of councils.

July 2011
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INTRODUCTION

Pursuant to section 23(5) of the Local Government Rating Act 2002 (the Act), local authorities are required to submit a copy of their rates resolution to the Department of Internal Affairs (the Department).

Since financial year (FY) 2007/08, staff from the Department have collated and analysed these resolutions to better understand:

- how the various rating tools are being used
- the amount of revenue forecast to be generated by each mechanism (sector-wide), and
- if there are any trends over time in the way the various tools are being used.

This report details the results of analysis of the 2010/11 rates resolutions as produced by councils. Where needed, information from Funding Impact Statements (FIS) published in councils annual plans for the same financial year, was used to supplement that from the resolutions. The data from 2010/11 was also compared to data collated from resolutions for the previous three years.

Notes regarding the data

Unless otherwise stated, all years referred to in this report are financial years (1 July – 30 June).

There is no adopted format for presentation of a rates resolution or FIS. As a result, no two councils present their rates information exactly the same way. While the Department has put significant effort into recording rates information accurately and consistently from year to year, some errors in interpretation may have occurred.

The Auckland Council, formed on 1 November 2010, will not adopt a rates resolution or annual plan until 2011/12. In the interim, the forecast rates revenue and resolutions for the eight disaggregated former councils are included in this report as a proxy to represent the Auckland Council. This data (which includes the former Auckland Regional Council) is listed under territorial authorities for both 2009/10 and 2010/11.

Rates based upon volume of water consumed have been consistently excluded from the collection of 2009/10 and 2010/11 revenue forecasts. This means that for councils with volumetric-based fixed-water charges, the total rates revenue in this report may be lower than that indicated for the total announced rates revenue.

As of June 2011, some questions still remain for six councils regarding aspects of their forecast rates revenue for 2010/11. The main issue being that councils have combined forecast revenue from two different rating mechanisms (fixed water rates and metered water rates, or fixed and value based rates for a single service). These councils have been approached to seek clarification. When received, the responses from these councils have the potential to alter the total amount reported by up to $50 million.

All rates revenue forecast in this report includes GST at the rate of 12.5% from 1 July 2007, and 15% from 1 October 2010. For 2010/11, this is equivalent to an annual GST of 14.375%. This change will affect the differences between rates forecast in 2010/11, and those from the previous year (2009/10), which had a uniform rate of 12.5% for GST.
SUMMARY RESULTS FOR THE SECTOR

Local authorities are forecasting their total rates revenue (excluding volumetric water charges and including GST) to increase 6% from $4.3 billion in 2009/10, to $4.6 billion in 2010/11.

Across the sector, the rating tools used by local government will collect 54% of total council operating income in 2010/11\(^1\). The remaining operating income derives from a combination of grants and subsidies, development contributions, investments and other sources.

Rates are the single most important (and often most topical) revenue source for most councils. As seen in the analysis of forecast revenue from the 2009 long-term council community plans (LTCCPs)\(^2\), rates appear set to increase in their importance as a revenue source into the future (Figure 1).

The following graph (Figure 2) depicts the percentage of total income made up by rates for all the councils by sector group\(^3\) (rural, provincial, metro, regional and unitary). Within each sector group there can be a significant variation among councils. For example in the case of percentage of total income:

- the rural sector group ranges from a council that collects only 42% of total income through rates (Westland District) to a council that collects 89% of income from rates (Kawerau District);
- the provincial sector group ranges from a council that collects only 40% of total income through rates (Selwyn District) to a council that collects 77% of income from rates (Thames-Coromandel District);
- the metro sector group ranges from a council that collects only 39% of total income through rates (Rodney District), to a council that collects 73% of income from rates (Upper Hutt City);

\(^1\) Total operating income rates, subsidies, development contributions, investments and other income sources (as extracted from the 2009/19 LTCCP).


\(^3\) Sector group councils are based on Local Government New Zealand (LGNZ) membership.
• the unitary sector group ranges from a council that collects only 5% of total income through rates (Chatham Islands Territory) to a council that collects 63% of income from rates (Nelson City), and

• the regional sector group ranges from a council that collects only 23% of total income through rates (Wellington Region) to a council that collects 69% of income from rates (Waikato Region).

To further illustrate the range of dependence on rates income by different councils, Table 1 shows the top 10 most dependent and the top 10 least dependent councils. This is based upon their total rates income as a proportion of total operating income as reported in their 2009 LTCCP.

Table 1 - Council dependency on rates for 2010/11
Rates are a relatively more important source of income for territorial authorities than for regional councils. This is due, in part, to factors such as:

- territorial authorities are more likely to provide water supplies and sewerage, making them more likely to impose targeted fixed-water and volumetric water rates than regional councils, and
- many regional councils have relatively high investment income through ownership of such things as ports. Dividend payments from these shareholdings are used to offset rates.

Rates can be categorised into two main types:

- General rates – These rates are levied where the council decides the community as a whole should contribute to the cost of a particular activity. These may be in the form of a value based rate (usually called the “general rate”), or a fixed rate called the Uniform Annual General Charge (UAGC). The UAGC is a fixed charge per rating unit, or per separately used or inhabited part (SUIP) of a rating unit, levied on the community as a whole.
- Targeted rates – These rates are levied where a council decides that the cost of all or part of, a particular activity should be met by a particular group of ratepayers. Alternately the council may consider that an activity should be funded outside the general rate. These rates can be levied on property values, but may also be fixed charges, based on land area, number of connections, or on the volume of water consumed. In contrast to general rates, the amount paid may vary depending on where a property is situated.

No council may impose a UAGC or Targeted Fixed-Other rate (not including fixed-water/sewerage) that exceeds 30% of their total rates revenue.

Of the 85 total councils analysed:

- 96% apply a value-based general rate
- 95% apply one or more targeted fixed other rate
- 89% apply one or more value-based targeted rate
- 84% apply one or more targeted fixed water rate
- 78% apply a UAGC
- 36% apply one or more rate per land area
- 8% apply a targeted service provision rate

While the total value of rates collected continues to increase, the proportion of general to targeted rates has remained relatively stable over the last three years. The forecast rates revenue for 2010/11 is split 57% general and 43% targeted. For each, the amount of revenue expected is 6% above the prior year.

Likewise, value based rates (excluding land area) comprise 64% and fixed rates comprise 36% of all rates revenue anticipated in 2010/11. The amount of revenue forecast is up 7% for value-based rates and 4% for fixed rates from the prior year. Capital value is the most commonly used basis for both general and targeted value-based rates.
Figure 3 further illustrates sector-wide trends by rating tool over time. The overall pattern is for relatively little change in the proportion of rates collected using each tool, with some variation in the amounts. A break-down of forecast rates revenue for 2010/11 by sector group is given in Appendix A.

![Local Government Forecast Revenue From Each Rating Mechanism](image)

**Figure 3 – Change in rates revenue by rating mechanism from 2007/08 to 2010/11**

<table>
<thead>
<tr>
<th>TERRITORIAL AUTHORITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Territorial authorities are expecting to collect $4.2 billion in rates revenue for 2010/11. This is a 6% increase over the forecast for the previous year of just under $4 billion.</td>
</tr>
<tr>
<td>The rating tools most commonly used by territorial authorities are value-based general and targeted rates (Figures 4 and 5). The most common base upon which these rates are calculated is capital value.</td>
</tr>
</tbody>
</table>
Analysis of local government rating tools and forecast revenue for 2010/11

Figure 4 – Forecast revenue for each rating tool in 2010/11 (territorial authorities)

Figure 5 – Number of territorial authorities using the various rating mechanisms in 2010/11

General rates – Value based

The number of territorial authorities assessing value-based general rates has remained the same, at 71 councils. Revenue expected from the use of this rating mechanism increased by 5.2% from $1.8 billion in 2009/10 to $1.9 billion in 2010/11. According to 2010/11 rates resolutions:

- the most common value base on which the general rate is levied is capital value (51%), followed by land value (46%) and annual value (3%) – all of which is consistent with the prior year
- while only relatively few councils use annual value, the amount collected ($371 million) is significant as it is used by two large Auckland councils, (they also use differentials)
- of the 36 instances where general rates are levied on the basis of capital value:
  - 44% use differentials
Analysis of local government rating tools and forecast revenue for 2010/11

- 23% are metro councils
- 35% are provincial councils
- 38% are rural councils
- 5% are unitary authorities, and
- total revenue forecast is $831 million

- of the 32 instances where general rates are levied on the basis of land value:
  - 78% use differentials
  - 18% are metro councils
  - 42% are provincial councils
  - 36% are rural councils
  - 3% are unitary authorities, and
  - total revenue forecast is $707 million.

All metro councils use value-based general rates. They are also very commonly used by rural and provincial (96%), and unitary councils (75%).

Looking at the four years of forecast rates information available (2007/08 to 2010/11), 71 territorial authorities used the value-based general rates mechanism to collect an average total of $1.8 billion per year. This represents around 47% of their average annual rates revenue.

Uniform Annual General Charge (UAGC)

The number of territorial authorities assessing a UAGC has remained the same at 57 councils. The revenue expected from this rating mechanism increased by 8.2%, from $500 million in 2009/10 to $541 million in 2010/11. Of the 57 territorial authorities applying a UAGC in 2010/11:

- 18% are metro councils
- 33% are provincial councils
- 44% are rural councils, and
- 5% are unitary authorities.

According to 2010/11 rates resolutions the average UAGC levied per rating unit (unit), or separately used or inhabited part (SUIP), is $323.62. This is a decrease of 6.8% from the average for the previous year of $347.08

For the 57 instances where territorial authorities are applying a UAGC, 35% were calculated per unit, and 65% per SUIP. Five more councils are using SUIP as the basis for their UAGC than in the previous year.

UAGCs are most commonly used by rural councils (93%), followed by unitary (75%), provincial (73%) and metro (59%) councils. The following map shows the range of UAGCs per rating unit or SUIP (Figure 6). It appears that higher values for UAGCs tend to occur in councils in the (central) North Island, while lower (or no) values are seen in councils down the east coast of the South Island. These trends are likely to reflect historical preferences in applying rating tools.
Looking at the four years of forecast rates information available (2007/08 to 2010/11), 57 territorial authorities used the UAGC mechanism to collect an average total of $477 million per year. This represents 12.4% of their average annual rates revenue. Under the Act, councils are able to collect up to 30% of their total revenue through the UAGC.

**Targeted rates – Value based**

The number of territorial authorities assessing value-based targeted rates remained the same at 65. Revenue forecast from the use of this rating mechanism increased by 8%, from $663 million in 2009/10 to $718 million in 2010/11. According to 2010/11 rates resolutions:

- the most common value base for levying the targeted rate is capital value (78%). Of these instances,
  - 19% are metro councils
  - 33% are provincial councils
  - 39% are rural councils, and
  - 9% are unitary authorities, and
  - total revenue forecast is $536 million
• the next most common value base is land value (59%), of which:
  o 24% are metro councils
  o 32% are provincial councils
  o 34% are rural councils, and
  o 10% are unitary authorities, and
  o total revenue forecast is $142 million
• followed by value of improvements (5%), of which:
  o no metro or unitary councils
  o 75% are provincial councils
  o 25% are rural councils, and
  o total revenue forecast is $2 million
• annual value, used by two Auckland councils, resulted in an expected revenue collection of $38 million.

The percentage use of the various value bases above is consistent with the previous year’s distribution of targeted rate value bases. Value-based targeted rates are most commonly used by metro councils (100%), followed by rural (89%), provincial (81%) and unitary (75%) councils.

Looking at the four years of forecast rates information available (2007/08 to 2010/11), 66 territorial authorities used the value-based targeted rates mechanism to collect an average total of $609 million in revenue per year. This represents 15.4% of their average annual rates revenue.

**Land area**

The number of territorial authorities assessing rates based upon land area remains the same at 21. However, revenue expected from this rating mechanism decreased by 3%, from $7.14 million in 2009/10, to $6.92 million in 2010/11. Regional councils use this mechanism proportionately more than territorial authorities (82% of all regional councils). For territorial authorities reporting use of this tool in 2010/11:
  o 75% are unitary authorities,
  o 42% are provincial councils,
  o 19% are rural councils, and
  o 12% are metro councils.

Looking at the four years of forecast rates information available (2007/08 to 2010/11), 20 territorial authorities used the land area mechanism to collect an average total of $6.5 million in revenue per year. This represents 0.2% of their average annual rates revenue.

**Fixed rates – Water**

The number of territorial authorities assessing fixed rates for the targeted provision of water and sewerage services has increased from 69 in 2009/10 to 70 in 2010/11 (difference = Hamilton City). Likewise, forecast revenue from this rating mechanism increased by 7% from $577 million in 2009/10, to $619 million in 2010/11.

Fixed (targeted) rates for water and sewerage are only used by territorial authorities. All provincial, rural and unitary councils utilise this rating mechanism. Only 76% of
metro councils impose fixed-water rates directly, although in this case the councils are all from Auckland where these services are delivered using a council controlled organisation.

Looking at the four years of forecast rates information available (2007/08 to 2010/11), 70 territorial authorities used the fixed-water rating mechanism to collect an average total of $555 million in revenue per year. This represents 15% of their average annual rates revenue.

**Fixed rates – Other**

The types of services typically funded by this targeted mechanism include:

- stormwater and drainage
- local roading
- swimming pools, libraries, museums and parks
- community boards.

The number of territorial authorities assessing fixed rates for the provision of services other than water supply and wastewater decreased from 72 in 2009/10, to 71 councils in 2010/11 (difference = Tauranga City). Councils using this mechanism are also forecasting a decrease in revenue from this source of 2%, from $407 million in 2009/10 to $398 million in 2010/11.

While all provincial, rural and unitary councils apply this type of rate, only 82% of metro councils are seen to use fixed rates for the provision of services other than water.

Looking at the four years of forecast rates information available (2007/08 to 2010/11), 71 territorial authorities used the fixed-other rating mechanism to collect an average total of $375 million revenue per year. This represents 9.7% of their average annual rates revenue. Under the Act, councils can collect up to 30% of their total revenue through targeted fixed-other rates.

**Service provision**

Councils can charge a rate only to those rate-payers who actually use a particular council service, based upon the volume or amount of that service. The types of services typically funded by this mechanism include wheelie bin collection (charged per bin), and loans to improve the warmth and energy efficiency of homes.

The number of territorial authorities using service provision rates has remained the same at 5 councils. There will be a decrease in revenue from the use of this rating mechanism of 10% from $14 million in 2009/10, to $13 million in 2010/11.

All but one of the five territorial authorities applying the service provision rating tool are provincial councils. The remaining council is a rural council.

Looking at the four years of forecast rates information (2007/08 to 2010/11), 7 territorial authorities used service provision rating mechanisms to collect an average total of $9 million per year. This represents 0.2% of average annual rates revenue.
Regional councils are expecting to collect $398 million in rates revenue for 2010/11. This represents a 5% increase from the previous year. The rating tools most commonly used by regional councils are value-based general and targeted rates. The most common basis used for setting these rates is capital value (Figure 7 and 8).

Forecast revenue from each rating mechanism for 2010/11
($millions)

<table>
<thead>
<tr>
<th>Rating Mechanism</th>
<th>Forecast Revenue ($millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>UAGC</td>
<td>33</td>
</tr>
<tr>
<td>Fixed - Other</td>
<td>25</td>
</tr>
<tr>
<td>Service Provision</td>
<td>50</td>
</tr>
<tr>
<td>Land Area</td>
<td>24</td>
</tr>
<tr>
<td>Targeted - Value Based</td>
<td>176</td>
</tr>
<tr>
<td>General - Value Based</td>
<td>140</td>
</tr>
</tbody>
</table>

Figure 7 - Forecast revenue for each rating tool in 2010/11 (regional councils)

Number of regional councils using each rating mechanism (2010/11)

- General - Value Based: 10
- Targeted - Value Based: 10
- Fixed - Other: 8
- Land Area: 8
- UAGC: 8
- Service Provision: 1

Figure 8 – Number of regional councils using the various rating mechanisms in 2010/11

General rates – Value based

The number of regional councils using value-based general rates has remained the same at ten. Forecast revenue from this rating mechanism has remained virtually the same at $140 million in 2010/11.

The most common value base for levying the general rate is capital value (80% or 8 councils). All these councils use differentials to raise forecast revenue of $132 million. The remaining two councils use a land value base to raise forecast revenue of $9 million (only one of these councils uses differentials).

The proportions of general rates based on capital and land value are consistent with the previous year.
Looking at the four years of forecast rates information available (2007/08 to 2010/11), 11 regional councils used the value-based general rates mechanism to collect an average total of $172 million in revenue per year. This represents 40% of their average annual rates revenue.

**Uniform Annual General Charge (UAGC)**

The number of regional councils assessing a UAGC (8) is the same as the previous year. Revenue expected from the use of this rating mechanism increased by 4%, from $32 million in 2009/10, to $33 million in 2010/11.

According to 2010/11 rates resolutions the average UAGC levied per rating unit (unit) or separately used or inhabited part (SUIP) is $97. This is an increase of 87% from the prior year’s average of $52. This suggests that regional councils are making more use of the UAGC.

For regional councils using the UAGC, 63% are applied per unit, and 38% per SUIP. This is consistent with the previous year.

Looking at the four years of forecast rates information available (2007/08 to 2010/11), 8 regional councils used the UAGC mechanism to collect an average total of $30.4 million per year. This represents 6.5% of their average annual rates revenue. Under the Act, councils are able to collect up to 30% of their total rates revenue through UAGC.

**Targeted rates – Value based**

The number of regional councils assessing value-based targeted rates increased from 9 in 2009/10 to 10 in 2010/11 (difference = Southland Regional). Revenue expected from the use of this rating mechanism increased by 15%, from $153 million in 2009/10 to $176 million in 2010/11.

According to 2010/11 rates resolutions the most common value base for levying targeted rates is capital value (71%), resulting in $146 million of forecast revenue. This was followed by land value (27%) to raise $28.6 million, and value of improvements (1%) to raise $1 million. The proportions of rates based on capital, land and improvements is consistent with the previous year.

Looking at the four years of forecast rates information available (2007/08 to 2010/11), 10 regional councils used the value-based targeted rates mechanism to collect an average total of $191 million per year. This represents 43% of their average annual rates revenue.

**Land area**

The number of regional councils assessing rates based on land area has remained the same at 10 councils. The revenue expected from the use of this rating mechanism increased by 17%, from $20.6 million in 2009/10 to $24 million in 2010/11. Regional councils are more likely to use this rating mechanism than territorial authorities, partly because more of their activities are based on provision of services to the land (i.e., drainage, flood protection or pest control).

Looking at the four years of forecast rates information available (2007/08 to 2010/11), 10 regional councils used the land area mechanism to collect an average total of $23.8 million per year. This represents 5% of their average annual rates revenue.
Fixed – Water
Regional councils did not assess any fixed rates for the provision of water or sewerage services to households in 2010/11 as this is a function of territorial authorities.

Fixed – Other
The types of regional council services typically funded by this mechanism include:

- flood protection and drainage
- regional passenger transport
- environmental initiatives.

The number of regional councils assessing fixed rates for the provision of various services other than water supply and wastewater has stayed the same at 9 councils. However, these councils are forecasting a decrease in revenue from the use of this rating mechanism of 27%, from $34 million in 2009/10 to $25 million in 2010/11.

Looking at the four years of forecast rates information available (2007/08 to 2010/11), 8 regional councils used the fixed-other rating mechanism to collect an average total of $26.4 million per year. This represents 5.6% of their average annual rates revenue. Under the Act, councils are able to collect up to 30% of their total revenue through this mechanism.

Service provision
The service provision mechanism allows councils to charge a rate only to those rate-payers who actually use a particular council service, based upon the volume or amount of that service. Only one regional council uses the service provision rate, in this case to fund a special loan offered by the council to homeowners wishing to improve the warmth and energy efficiency of their home.

The number of regional councils assessing service provision rates stayed the same at one. This council is forecasting a 27% decrease in the revenue expected from $49 thousand in 2009/10, to $36 thousand in 2010/11.

Looking at the four years of forecast rates information available (2007/08 to 2010/11); only regional council used the service provision rating mechanism to collect an average total of $46 thousand per year. This represents only 0.01% of their average annual rates revenue.

CONCLUSIONS

Overall, rates are forecast to increase their proportion of total council income over the next 10 years. However, while rates look set to remain the primary source of local authority revenue, the level of dependence upon rates varies significantly from council to council.

Historical analysis suggests that actual rate increases will be slightly lower than that forecast. This may be a result of projects being deferred or reduced in order to reduce rate increases to more acceptable levels. Councils may also take a more conservative approach to forecasting income from other sources such as user charges, investment income, grants and subsidies, where they may have reduced control. If the actual income from these other sources is higher than estimated, this may result in a reduced need for rates.

\(^4\) Source: 2009-19 Long-Term Council Community Plan.
Decisions by individual councils on rating systems are the result of complex political processes, reflecting unique local situations, communities and trends. Similar types of councils with comparable population sizes often select quite different rating systems to fund their activities.

It is apparent from this analysis that there has been a lack of significant changes in the use of rating tools over the last four years. This is seen in terms of the continuing predominance in councils’ use of general rates over targeted rates, their use of differentials and their basis for valuations. There has also been a steady increase in total income received from rates.

Consistent with previous years, forecast rates revenue for 2010/11 is split 57% general and 43% targeted rates. For each of these types of rates, the amount of revenue is expected to increase by 6% from the previous year.

Likewise for 2010/11, value based rates (excluding land area) comprise 64%, and fixed rates 36% of all rates revenue. The amount of revenue is forecast to increase 7% for value-based rates and 4% for fixed rates.

Capital value is the most commonly used basis for setting both general and targeted value-based rates. Following a slight down-turn in capital-value based forecast revenue for 2009/10, councils are now projecting this revenue stream will rebound to historic levels in 2010/11.

While 95% of all councils use the targeted fixed-other rating tool, on average the sector anticipates collecting only 12% of its total rates revenue from this mechanism in 2010/11. The Act allows for up to 30% of total rates revenue to come from fixed-other rates, so there appears to be significant flexibility for increased use of this tool by many councils.

Forecast revenue from UAGC has continued to rise. As with the capital-value based rates, councils appear to have increased their forecast revenue from this source for 2010/11, with a 9% increase proposed, compared to a 7.7% increase for the previous year.
In 2010/11, five additional councils have also chosen to apply their UAGC to separately used or inhabited parts (SUIP) of rating units, rather than the whole rating units they used last year.

The application of UAGC on a SUIP basis could be considered a fairer system than charging per whole unit. For example, ratepayers using their property for a single purpose (personal residence) pay less than those ratepayers using their property for both a home and a ‘business’ (personal residence + residence for let).

On average, councils only collect 12% of all their annual rates revenue from a UAGC. As with the targeted fixed-other rating tool, the Act allows for up to 30% of total rates revenue to come from the UAGC. While some councils appear to be at or near this limit, there remains significant flexibility for the use of this tool by many councils.

Over the past four years there has been very little change in the overall proportions of the different rating tools used. Therefore it would appear that while the Act has given local government flexibility in the way they use the rating tools at their disposal, councils have taken a relatively ‘steady’ approach to changing their rating systems. This may be due to political sensitivity to major change. It may also reflect the fact that the councils consider that the current mechanisms are working effectively.
APPENDIX A

<table>
<thead>
<tr>
<th>Rates Forecast from Resolutions &amp; FIS</th>
<th>Amounts $(in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2010/11</td>
<td>Territorial Authority*</td>
</tr>
<tr>
<td>Total All Forecast Rates Revenue</td>
<td>4,204</td>
</tr>
<tr>
<td><strong>General Rates</strong></td>
<td></td>
</tr>
<tr>
<td>General Rate Value Based</td>
<td></td>
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<tr>
<td>Annual Value (AV)</td>
<td>371</td>
</tr>
<tr>
<td>Capital Value (CV)</td>
<td>831</td>
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<tr>
<td>Land Value (LV)</td>
<td>707</td>
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<tr>
<td>Total General Rate Value Based</td>
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<tr>
<td>Uniform Annual General Charge (UAGC)</td>
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<tr>
<td>Total General Rates</td>
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<td><strong>Targeted Rates</strong></td>
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<td>Land Area</td>
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<td>Service Provision</td>
<td>13</td>
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<tr>
<td>Targeted Fixed Water Sewage</td>
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<td>Targeted Fixed Other</td>
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<td>Targeted Rates Value Based</td>
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<td>Annual Value (AV)</td>
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<td>Capital Value (CV)</td>
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<td>Land Value (LV)</td>
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<tr>
<td>Value of Improvements</td>
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<td>Total Targeted Rate Value Based</td>
<td>718</td>
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<td>Total Targeted Rates</td>
<td>1,754</td>
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</tbody>
</table>

The following table shows the same information (as above) broken down by council classification.

<table>
<thead>
<tr>
<th>Rates Forecast from Resolutions &amp; FIS</th>
<th>Amounts $(in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2010/11</td>
<td>Auckland</td>
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<tr>
<td>Total All Forecast Rates Revenue</td>
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<td><strong>General Rates</strong></td>
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<td>Annual Value (AV)</td>
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<td>Total General Rate Value Based</td>
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<tr>
<td>Service Provision</td>
<td>-</td>
</tr>
<tr>
<td>Targeted Fixed Water Sewage</td>
<td>95</td>
</tr>
<tr>
<td>Targeted Fixed Other</td>
<td>70</td>
</tr>
<tr>
<td>Targeted Rates Value Based</td>
<td></td>
</tr>
<tr>
<td>Annual Value (AV)</td>
<td>38</td>
</tr>
<tr>
<td>Capital Value (CV)</td>
<td>139</td>
</tr>
<tr>
<td>Land Value (LV)</td>
<td>27</td>
</tr>
<tr>
<td>Value of Improvements</td>
<td>-</td>
</tr>
<tr>
<td>Total Targeted Rate Value Based</td>
<td>204</td>
</tr>
<tr>
<td>Total Targeted Rates</td>
<td>369</td>
</tr>
</tbody>
</table>

*Categorisation of councils by “metro”, “provincial”, “rural” and “unitary” is based on membership in Local Government New Zealand (LGNZ).*