



Waikato Chamber of Commerce and Industry Inc.

Submission – to Hamilton City Council

Subject – 2011 Rating System Review

Introduction

Waikato Chamber of Commerce is a membership based organisation that has been operating independently in Hamilton and Waikato for 105 years. The Chamber currently represents 520 member organisations in Hamilton and Waikato and an accredited member of the New Zealand Chambers of Commerce.

With 90 percent of its members domiciled in the greater Hamilton region, the Chamber takes particular interest in strategies and plans that impact on the commercial sector of Hamilton and to that end presents a submission to the Hamilton City Council in response to the 2011 Rates Review proposal.

The Chamber is looking for smart plans, initiatives and incentives that enable vitality and equity for commercial operators across Hamilton. Messages that demonstrate a positive interest in business development and/or business relocation to Hamilton are key to the ongoing growth and development Hamilton are of particular interest to the Chamber. The Chamber board accepts that rating is part of the message but respectfully suggests that rating systems are not the right tool to incentivise vitality and energy in areas like the CBD.

In general terms the Waikato Chamber of Commerce supports the proposed change from Land Value rating system to the proposed Capital Value rating system. Responses and comments to the questions posed by Hamilton City Council for this review follow.

The Waikato Chamber board wishes to represent this submission in person at the appropriate hearing that is not specific to one area of the 2011 rating proposal.

Rating system review questions and responses

1. It is proposed to change our rating system to one which is based on the total value of a property including land and buildings (Capital Value or CV), instead of the current system which is based only on the land value of a property (LV).

Do you support this change? Yes

Comments:

Agreement is based on fairness and equity for the commercial sector.

2. The proposal suggests a charge per property for water and rubbish based on the total capital value of a property. This charge would vary from property to property and would mean higher valued properties would pay more for water and rubbish, and lower value properties would pay less.

Do you support this idea? Yes – in the short term.

Comments:

Agreement with this section of the proposal demonstrates an acceptance to change the system however the Chamber considers that neither option is the best. The Chamber board looks forward to the opportunity to work with the Council team to develop a plan that will move towards the installation of water meters as soon as possible to;

- enable the Council to monitor water usage and drive the reduction in water wastage, and
- minimise any extra expense in the short to medium term regarding the growth or development of the water management system.

The Chamber considers a 'user pays' approach to provide the greatest equity and drive changes in behavior for water conservation, rubbish reduction and recycling.

3. There are currently 7 different rates (differentials) for properties. The proposal is to remove 4 of these, which would mean all residential, multi-unit, inner city and commercial properties would be rated the same amount per dollar of capital value. Rural properties would still be rated a lesser amount.

Do you support this idea? Yes

Comments:

The Chamber supports the reduction of differentials purely on greater simplicity and transparency.

4. The proposal recommends central city businesses pay a lower rate so that the change to their rates will bring them into line with other commercial properties. In the past they have been paying a higher rate. This will give a boost to the central city.

Do you support this idea? Yes

Comments:

Like many Hamilton based commercial agencies, the Chamber is concerned about the state of CBD buildings and the number of vacant buildings. This initiative to bring parity back into the rating equation is important to support the message that businesses are desirable in the CBD.

An effective central business association is the next step with some serious funding to enable more effective leverage for businesses in the CBD. A central business association that drives the average level of business knowledge up and also has the skill base to measure service. A central business association, or similar agency that is market driven, is strong enough to make a tangible difference to business and business attraction in the CBD.

5. In order to give ratepayers time to adjust, it is suggested to phase in the change to capital value rating over 5 years from 1 July 2012.

Do you support this idea? No

Comments:

The Chamber considers the lead time of 3 years to be more appropriate than the proposed 5 years based on the need to make some change now to drive vitality and business growth in Hamilton. The Chamber would prefer to see the installation of a fairer system, sooner rather than later.

6. Are there any further comments or other rating issues you would like considered?

The Chamber considers this proposed rating system change to be 'a step in the right direction' but does question if it goes far enough to enable significant change to the business climate in Hamilton. The Chamber looks forward to the opportunity to discuss this submission as part of the public hearing process and is also keen to support the development of strategies that encourage business growth in Hamilton.