

Understanding Your Rating Value

By Richard Allen, QV Operations Manager

Throughout NZ many rate payers are receiving their updated Rating Value in the mail. This will inevitably result in a few cries of disbelief and concern about what it might mean for the rates bill. So if you are one of those rate payers, what can you expect?

The calculation of Rating Values and how they impact on rates is complex and varies between Councils. Whether we love them or hate them, the effectiveness of the process needs to be kept in the context of why and how Rating Values are used.

An updated Rating Value will reflect the value of a property (excluding the chattels) at the Council's effective date. QV is contracted by many councils to prepare updated Rating Values and in many councils regions they are updated once every three years.

Rating Values are calculated using a process called mass-appraisal. In its simplest sense, relevant property sales which occurred in your council region before the date of the revaluation are used to establish a market trend, which is then applied to similar properties in the area. The mass-appraisal process is supported by a proportion of individual property inspections as a result of building consents, subdivisions, objections and ratepayer requests to update Rating Values. Not every property can be individually inspected.

The Rating Valuation process is independently audited by the Office of the Valuer General and stringent quality standards are met before a revaluation is confirmed.

Rating Values differ from full Current Market Valuations where a valuer will come out and inspect your property. You have to request and pay for this as a private service, and it has nothing to do with your council or your rates.

Values are behaving differently across NZ. But just because your future Rating Value may show change, it does not necessarily mean that your rates will proportionately change. The total amount of rates required does not change as a result of the total value of properties in the district. Rating Values are just one component which is used to determine the share of the total rates that individual ratepayers need to pay.

The relationship between rates and Rating Values is not simple, and it will always attract some discussion. If, when you receive your updated Rating Value, you believe it is not accurate, you should contact your council.