

Report 99.179

14 April 1999

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Report to Wellington Regional Council
From: Lloyd Bezett, Policy Analyst, Council Secretariat

Regional Transport Rates - Differential Special Order

1. Purpose

To seek a Council resolution for the alteration of a system of differential rating, by way of Special Order, to meet costs associated with the provision of regional transport services for the 1999/2000 financial year.

2. Background

- 2.1 As advised in Report 99.134 to the Policy and Finance Committee meeting of 8 April 1999, in 1998 the Council conducted a review of the funding of transport services. That review, and subsequent discussion with territorial authorities, recommended that changes be made to the funding policies related to regional transport. After the Council's statutory Funding Policy document was duly amended, using the Special Consultative Procedure, as required by s.716A of the Local Government Act, it was necessary to change the differentials in the Transport Rate so that the benefits derived by different classes of ratepayers were reflected in the rates to be collected.
- 2.2 The approved Funding Policy also states that, due to the significant changes in the amount of rates required from some ratepayers, these changes be phased in over three years. (Copies of relevant sections were circulated to councillors in the "Information Bulletin" of 9 April 1999 together with information relating to overall impacts.) 1998/99 was the first year in this transition and the attached Special Order represents a further third of the recommended changes.
- 2.3 Next year it will be necessary to pass a further Special Order to reach the proposed final differentials. Thereafter the Funding Policy will be reviewed every three years when the Council's Funding Policy is reviewed in association with the Long Term Financial Strategy and there may be further adjustments to differentials as a result of that process. (In fact the first such review will be over the coming year.)
- 2.4 In 1998/99 Waikanae, Paraparaumu/Raumati and Paekakariki Wards of Kapiti Coast District were combined for rating purposes. The unanticipated increase in rates for Waikanae ratepayers lead the Council to agree to return to separate rates for each

Ward for 1999/2000. The Council also agreed that Waikanae ratepayers would be compensated in 1999/2000 for over payment of rates in this financial year. As a consequence the Regional Transport Rate in Waikanae will decrease, while it will increase in Paekakariki and Paraparaumu/Raumati.

3. **Comment**

- 3.1 Section 84 of the Rating Powers Act 1988 requires that where the Council alters a system of differential rating that applies within the district of the Council, it must do so using the Special Order procedure contained in section 716B of the Local Government Act 1974.
- 3.2 The Special Order procedure relating to differential rates requires that Council put before a meeting its intention to make the Special Order, publicly notifies the fact twice, thereby giving members of the public an opportunity to make submissions, and confirms the Order at a subsequent meeting. It is proposed that public notice of the intention to make the Special Order be advertised on 5 May April and 26 June. A copy of the draft public notice is appended (**Attachment 3**).
- 3.3 The second meeting to confirm the Special Order (**Attachment 1**) must be held between 61 and 70 days after the first meeting or the Order lapses. The Order will be submitted for confirmation to a meeting of Council to be held on 7 July 1999, along with all submissions received.
- 3.4 The Special Order is based on the latest Rateable Capital Value figures supplied by the Territorial Authorities and recent re-valuations conducted by Quotable Value for Wellington, Lower Hutt, Upper Hutt and Porirua Cities and South Wairarapa District. The impact on the incidence of rates is therefore the result of the amended differentials and shifts in capital values.

4. **Recommendation**

That the Council:

- (1) *Adopt, by way of Special Order, a differential rating basis for the purpose of making and levying the 1999/2000 Works and Services rate, to be known as the Regional Transport Rate, as per Attachment 1.*
- (2) *Publicly notify its intention to confirm the attached Special Order.*

Report prepared by

Approved by

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Attachments

1. Regional Transport Differential Rate Special Order
2. Draft Public Notice of intention to alter Regional Transport Rate differentials

Wellington Regional Council Special Order Resolution

Altering the Differential Rating System for Regional Transport Rate

The Wellington Regional Council hereby resolves, by way of Special Order, pursuant to Sections 34, 80 and 84 of the Rating Powers Act 1988, Section 716B of the Local Government Act 1974, and all other provisions enabling it in that behalf, as follows:

1. That the system of differential rating set out below be introduced with effect from 1 July 1999.
2. That the system of differential rating shall apply to a works and services rate, to be known as the Regional Transport Rate, made and levied by the Wellington Regional Council pursuant to section 34 of the Rating Powers Act 1988 on all rateable property in the Wellington Region determined by the Council to benefit from regional transport services, such that the rate made and levied in respect of any specified category of property shall vary from the rate made and levied in respect of any other specified category of property as set out in this Special Order.
3. The Regional Transport Rate shall be made and levied by the Council pursuant to the Rating Powers Act 1988 on the Capital Value of every separately rateable property in the region (other than those separately rateable properties in the Tararua District).

That in accordance with section 84(1)(c) of the Rating Powers Act 1988, the following statement be made on the creation of the differential basis:

4. **Matters taken into account in preparing the proposed system of differential rating:**
 - (a) the degree to which different parts of the Region are served by regional transport services; and
 - (b) the degree of benefit derived or likely to be derived by any category of property from regional transport services provided in that part of the Region; and
 - (c) the population of that part of the Region; and
 - (d) the value of infrastructural assets to be provided within different parts of the Region.
5. **Proposed groups of property for differential rating**

That for the purposes of this Special Order, properties in the region shall be divided into the following categories in the rating rolls of the territorial authority in whose district the area of benefit is located:

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Area of Benefit	Category	Description
Wellington City	Wellington City Downtown City Centre Business	all separately rateable non-residential properties within the Downtown City Centre, currently shown on Map 32 of the Proposed District Plan of Wellington City, as may be amended from time to time by Wellington City Council (Copy of Map 32 on Page 7).
	Wellington City Business	All separately rateable properties classified Non-residential in the rating roll of Wellington City outside the Downtown City Centre.
	Wellington City Residential	all separately rateable properties classified Residential in the rating roll of Wellington City.
	Wellington City Rural	all separately rateable properties classified Rural and Farm in the rating roll of Wellington City.
Lower Hutt City	Lower Hutt City Business	all separately rateable properties classified Business in the rating roll of Lower Hutt City.
	Lower Hutt City Residential	all separately rateable properties classified Residential in the rating roll of Lower Hutt City
	Lower Hutt City Rural	all separately rateable properties classified Rural in the rating roll of Lower Hutt City.
Porirua City	Porirua City Rural	all separately rateable properties classified Rural in the rating roll of Porirua City.
	Porirua City Urban	all separately rateable properties classified Residential and Business in the rating roll of Porirua City.
Upper Hutt City	Upper Hutt City Business	all separately rateable properties classified Commercial and Industrial in the rating roll of Upper Hutt City.
	Upper Hutt City Residential	all separately rateable properties classified Residential in the rating roll of Upper Hutt City.
	Upper Hutt City Rural	all separately rateable properties classified Rural in the rating roll of Upper Hutt City.
Otaki	Otaki Ward Rural	all separately rateable properties in the Rural rating area of the Otaki Ward of Kapiti Coast District.
	Otaki Ward Urban	all separately rateable properties in the Urban rating area of the Otaki Ward of Kapiti Coast District.

Waikanae	Waikanae Rural	all separately rateable properties in the Rural rating area of the Waikanae Ward of Kapiti Coast District
	Waikanae Urban	all separately rateable properties in the Urban rating area of the Waikanae Ward of Kapiti Coast District. .
Paekakariki	Paekakariki Rural	all separately rateable properties in the Rural rating area of the Paekakariki Community Board area of Paekakariki/Raumati Ward of Kapiti Coast District
	Paekakariki Urban	all separately rateable properties in the Urban rating area of the Paekakariki Community Board area of Paekakariki/Raumati Ward of Kapiti Coast District. .
Paraparaumu/ Raumati	Paraparaumu/Raumati Rural	all separately rateable properties in the Rural rating areas of the Paraparaumu Ward and Paekakariki/Raumati Ward (excluding Paekakariki Community Board area) of Kapiti Coast District
	Paraparaumu/Raumati Urban	all separately rateable properties in Urban rating areas of the Paraparaumu Ward and Paekakariki/Raumati Ward (excluding Paekakariki Community Board area) of Kapiti Coast District.
Masterton District	Masterton District Rural	all separately rateable properties in the Rural rating areas of Masterton District.
	Masterton District Urban	all separately rateable properties in the Urban rating areas of Masterton District.
Carterton District	Carterton District Rural	all separately rateable properties classified Rural and Rural/Industrial in the rating roll of Carterton District.
	Carterton District Urban	all separately rateable properties classified as Residential, Commercial/Industrial and Rural Residential in the rating roll of Carterton District.
South Wairarapa District	South Wairarapa District Rural	all separately rateable properties classified Rural, Rural/Residential, Rural/Commercial and Rural/Retail in the rating roll of South Wairarapa District.
	South Wairarapa District Urban	all separately rateable properties classified Residential and Commercial in the rating roll of South Wairarapa District.

6. In each rating year the amount of the Regional Transport Rate shall be calculated as follows:

- 6.1 The Region is divided into the following areas of benefit - Wellington, Lower Hutt, Upper Hutt, Porirua, Paekakariki, Paraparaumu/Raumati, Waikanae, Otaki, Masterton, South Wairarapa and Carterton.

- 6.2 The cost of public transport services and public transport infrastructure provided in each area of benefit is allocated on the following basis:
- 42.5% (access to jobs) to the area of benefit of origin and charged to residential properties in that district),
 - 42.5% (increased sales) to the area of benefit of destination (to be charged to the commercial properties in that district),
 - 10% (less congestion) to be divided equally between the residential ratepayers in the area of benefit of origin and the commercial ratepayers in the area of benefit of destination,
 - 5% (social) to all ratepayers in the Region, with a 50% discount in Paekakariki, Paraparaumu/Raumati, Waikanae and Otaki, and a 75% discount in Masterton , Carterton and South Wairarapa.
- 6.3 The cost of the total mobility programme is allocated between each area of benefit according to the actual expenditure in those areas of benefit where that information is available. Otherwise it is allocated on the basis of weighted population. A 50% discount is applied to rural properties to reflect their reduced access to the service.
- 6.4 The cost of regional transport planning is allocated between each area of benefit according to equalised capital value, with a 50% discount applied to Paekakariki, Paraparaumu/Raumati, Waikanae and Otaki, a 75% discount to Masterton, Carterton and South Wairarapa, and a further 50% discount applied to rural properties to reflect that metropolitan areas are the major beneficiaries of transport planning.
- 6.5 Adjustments have also been made to the amount of rates to be collected in Waikanae, Paekakariki and Paraparaumu/Raumati to remedy a miscalculation in the rates levied in the 1998/99 financial year.
7. The Regional Transport Rate shall be made and levied on the Capital Value of all separately rateable properties in the Region, (other than those in Tararua District) at such rates in the dollar as are required to yield (as nearly as practicable) the following proportions of the total revenue required for the rate from each differential category in each area of benefit:
- 7.1 **Wellington City**
- | | |
|-----------------------------------------------|--------|
| Wellington City Downtown City Centre Business | 58.87% |
| Wellington City Business | 2.33% |
| Wellington City Residential | 38.58% |
| Wellington City Rural | 0.22% |
- 7.2 **Lower Hutt City**
- | | |
|-----------------------------|--------|
| Lower Hutt City Business | 22.52% |
| Lower Hutt City Residential | 76.72% |
| Lower Hutt City Rural | 0.76% |

- 7.3 **Upper Hutt City**

	Upper Hutt City Business	7.20%
	Upper Hutt City Residential	86.35%
	Upper Hutt City Rural	6.45%
7.4	Porirua City	
	Porirua City Rural	2.42%
	Porirua City Urban	97.58%
7.5	Otaki Ward	
	Otaki Ward Rural	37.10%
	Otaki Ward Urban	62.90%
7.6	Waikanae Ward	
	Waikanae Rural	0.01%
	Waikanae Urban	99.99%
7.7	Paekakariki	
	Paekakariki Rural	8.04%
	Paekakariki Urban	91.96%
7.8	Paraparaumu Ward/Raumati	
	Paraparaumu Ward/Raumati Rural	0.86%
	Paraparaumu Ward/Raumati Urban	99.14%
7.9	Masterton District	
	Masterton District Rural	30.58%
	Masterton District Urban	69.42%
7.10	Carterton District	
	Carterton District Rural	36.35%
	Carterton District Urban	63.75%
7.11	South Wairarapa District	
	South Wairarapa District Rural	47.81%
	South Wairarapa District Urban	52.19%

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8. Effect on the incidence of rates

The approximate changes to the incidence of rates for 1999/2000, to the nearest ten cents, will be as follows:

Constituent City/District		Residential (per Average Capital Value Property)	Business (per \$100,000 Capital Value)	Rural (per \$100,000 Capital Value)
Wellington		+\$4.9	-\$6.8 (Suburban) -\$1.9 (CBD)	-\$5.7
Lower Hutt		-\$0.6	-\$14.0	-\$19.8
Upper Hutt		-\$7.1	-\$23.6	-\$25.0
Porirua		+\$18.0	+\$2.4	-\$24.5
Kapiti Coast	Otaki	+\$0.6	+\$0.5	-\$0.1
	Waikanae	-\$14.7	-\$10.3	-\$17.3
	Paraparaumu/Raumati	+\$14.0	+\$10.5	-\$0.4
	Paekakariki	+\$16.8	+\$12.5	+\$1.6
Masterton		+\$0.8	+\$0.8	-\$0.9
Carterton		+\$0.3	+\$0.4	-\$0.1
South		+\$3.4	+\$0.5	-\$1.9
Wairarapa				

The impact of the Transport Rate on an individual property will vary depending on the movement of that property's capital value, overall movements in the capital value experienced by that rating category and changes in the level of service in any one year.

This is the second year in a three year transition to a revised Funding Policy. There will therefore be a further amendment to the differentials in the next financial year and thereafter the differentials will be reviewed every three years as part of the Council's Funding Policy review - as required by section 122N of the Local Government Act 1974

After due public notice has been given, this Special Order shall be submitted for confirmation at a meeting of the Wellington Regional Council to be held on 7 July 1999.