

## **Report 02.306**

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Report to: Wellington Regional Council  
From: Hugo Vitalis, Policy Analyst, Council Secretariat

### **Stadium Purposes Rate – Confirmation of Differential Special Order**

#### **1. Purpose**

To consider confirmation of the Special Order altering the system of differential rating in order to include utilities' distribution networks within the Special Order categories of rateable properties for the Stadium Purposes Rate.

#### **2. Background**

At its special meeting on 23 April 2002 the Council resolved to alter the Stadium Purposes Rate made under Section 34 of the Rating Powers Act in order to include utilities' distribution networks within the categories of rateable property.

##### **2.1 *Public Notification***

The Council's intention to confirm the Special Order must be advertised twice in a newspaper in circulation within the region. The first public notice must appear no less than 60 days before the confirmation of the Special Order and the second notice no more than 14 days or less than 7 days before the confirmation of the Special Order. Public notice was advertised on 26 April 2002 and 17 June 2002 in *The Dominion*, *Evening Post* and *Wairarapa Times-Age*.

##### **2.2 *Description of Categories Rateable Property***

The original Stadium Purposes Rate Special Order in 1998 defined the categories of rateable property with reference to the property classifications contained in each territorial authority's rating roll. However, these categories did not anticipate the possibility of new classifications. The Special Order has been amended to take into account the way in which each territorial authority has elected to classify utilities' distribution networks on their rating roll.

### 2.3 *Utilities' distribution networks*

All utilities' distribution networks, both in the private and public sectors, are rateable. The Council has previously considered the rating of utilities' distribution networks and determined that they be included in the "business" classification for differential rating purposes. (**Reports 02.202, 02.204, 02.193** refer).

### 2.4 *Submissions*

Under section 716B of the Local Government Act 1974, submissions must be received up until the time the Special Order is confirmed. At the time of preparing this report one submission had been received from Hutt City Council (**Attachment 1**). Should any further submissions be received they will be tabled for consideration at the meeting.

## 3 **Comment**

### 3.1 *Submission - Hutt City Council*

Hutt City Council's (HCC) submission indicates that the proposed Special Order will have the effect of applying a WRC business differential for two categories of property on the rating roll: "Utility Networks" and "Community Facilities". HCC argues that rating "Community Facilities" as business is inappropriate. Instead it is suggested that, as properties categorised as Community Facilities are generally non-profit community organisations, they be treated as residential for WRC rating purposes.

In view of this Council's decision to treat utilities' distribution networks as it would any other business, the current inclusion of Utility Networks within the business category of the Special Order is appropriate. However, it is agreed that Community Facilities should be treated as residential properties for rating purposes and therefore be defined within the "Lower Hutt City Residential" category. Adjustments to the Special Order category descriptions have been made accordingly.

## 4. **Recommendations**

*The Wellington Regional Council hereby resolves, by way of Special Order, pursuant to Section 5 of the Wellington Regional Council (Stadium Empowering) Act 1996, Sections 34, 80, 84 and 85 of the Rating Powers Act 1988, Section 716B of the Local Government Act 1974, and all other relevant enabling, as follows:*

1. *That alterations be made to the system of differential rating applying to the works and services rate known as the Stadium Purposes Rate.*

2. *That the alteration to that system of differential rating, as set out below, be introduced with effect from 1 July 2002.*
3. *That in accordance with section 84(1)(c) of the Rating Powers Act 1988, the following statement be made on the alteration of the differential basis:*
  - 3.1 *Matters that were taken into account in altering the differential rating system as required by section 5 of the Wellington Regional Council (Stadium Empowering) Act 1996:*
    - (a) *The degree of benefit, both direct and indirect, derived or likely to be derived from the proposed multi-purpose regional stadium by any category of property in different parts of the Region. To this end the following benefits were defined:*
      - (i) *Economic Benefits - arising from flow-on economic activity from the Stadium through increased business and employment opportunities.*
      - (ii) *Existence Benefits - arising from the opportunity to attend events at the Stadium which would not otherwise be held in Wellington.*
      - (iii) *Other Benefits - covering publicity for the region, civic pride, critical mass in tourism, promotion of increased participation in sport and physical leisure and ability of the region to attract new residents and businesses.*
    - (b) *The net equalised capital value of different parts of the Region.*
    - (c) *The type of employment by industry in the different parts of the Region.*
    - (d) *Mean travel times from different parts of the Region to the Stadium.*
    - (e) *The population of different parts of the Region.*
    - (f) *The average incomes of households in different parts of the Region.*
    - (g) *The Capital Value of each class of ratepayer in different parts of the Region.*
    - (h) *Submissions received during public consultation when the system of differential rating for the Stadium Purposes Rate was first proposed.*

- (i) *The reconsideration of the foregoing matters when the Council's Funding Policy was reviewed on 15 June 2000 and it was resolved there be no change to the either the Funding Policy or Funding Mechanism originally adopted.*
- (j) *The addition of utilities' distribution networks within the region as rateable property and the consequent requirement to consider making and levying rates in respect of such property.*

4. *Alteration to the categories of property for differential rating*

*That for the purposes of this alteration to the system of differential rating by Special Order, properties in the region shall be divided into the following categories, defined by reference to the rating roll of the territorial authority in whose district those properties are located:*

*Wellington City Business - all separately rateable properties not classified Residential, Rural or Farm in the rating roll of Wellington City.*

*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 Business - all separately rateable properties not classified Residential, Community Facilities or Rural in the rating roll of Lower Hutt City.*

*Lower Hutt Residential - all separately rateable properties classified Residential or Community Facilities in the rating roll of Lower Hutt City.*

*Lower Hutt Rural - all separately rateable properties classified Rural in the rating roll of Lower Hutt City.*

*Porirua Business - all separately rateable properties not classified Residential and Other or Rural in the rating roll of Porirua City.*

*Porirua Residential - all separately rateable properties classified Residential and Other in the rating roll of Porirua City.*

<i>Porirua Rural -</i>	<i>all separately rateable properties classified Rural in the rating roll of Porirua City.</i>
<i>Upper Hutt Business -</i>	<i>all separately rateable properties not classified Residential or Rural in the rating roll of Upper Hutt City.</i>
<i>Upper Hutt Residential -</i>	<i>all separately rateable properties classified Residential in the rating roll of Upper Hutt City.</i>
<i>Upper Hutt Rural -</i>	<i>all separately rateable properties classified Rural in the rating roll of Upper Hutt City.</i>
<i>Kapiti Coast Urban -</i>	<i>all separately rateable properties not classified Rural in the rating roll of Kapiti Coast District.</i>
<i>Kapiti Coast Rural -</i>	<i>all separately rateable properties classified Rural in the rating roll of Kapiti Coast District.</i>
<i>Masterton Urban -</i>	<i>all separately rateable properties not classified Rural in the rating roll of Masterton District.</i>
<i>Masterton Rural -</i>	<i>all separately rateable properties classified Rural in the rating roll of Masterton District.</i>
<i>Carterton Other -</i>	<i>all separately rateable properties not classified Rural and Rural/Industrial in the rating roll of Carterton District.</i>
<i>Carterton Rural -</i>	<i>all separately rateable properties classified Rural and Rural/Industrial in the rating roll of Carterton District.</i>
<i>South Wairarapa Other -</i>	<i>all separately rateable properties not classified Rural, Rural/Commercial and Rural/Retail in the rating roll of South Wairarapa District.</i>
<i>South Wairarapa Rural -</i>	<i>all separately rateable properties classified Rural, Rural/Commercial and Rural/Retail in the rating roll of South Wairarapa District.</i>

## 5 Preserving Relationships

*The Stadium Purposes Rate has the object of establishing and preserving, as far as practicable, the following relationships between the total proceeds of rates received from any type or group of property and any other type or group of property.*

*The Stadium Purposes Rate shall be made and at such rates in the dollar as are required to yield (as nearly as practicable) the following proportions of the total revenue for the rate from each of the following categories:*

<i>Wellington City Business</i>	<i>20.55%</i>
<i>Wellington City Residential</i>	<i>38.56%</i>
<i>Wellington City Rural</i>	<i>0.29%</i>
<i>Lower Hutt Business</i>	<i>5.09%</i>
<i>Lower Hutt Residential</i>	<i>14.20%</i>
<i>Lower Hutt Rural</i>	<i>0.23%</i>
<i>Porirua Business</i>	<i>1.24%</i>
<i>Porirua Residential</i>	<i>5.80%</i>
<i>Porirua Rural</i>	<i>0.14%</i>
<i>Upper Hutt Business</i>	<i>0.79%</i>
<i>Upper Hutt Residential</i>	<i>4.27%</i>
<i>Upper Hutt Rural</i>	<i>0.20%</i>
<i>Kapiti Coast Rural</i>	<i>0.43%</i>
<i>Kapiti Coast Urban</i>	<i>4.41%</i>
<i>Masterton Rural</i>	<i>0.53%</i>
<i>Masterton Urban</i>	<i>1.47%</i>
<i>Carterton Rural</i>	<i>0.31%</i>
<i>Carterton Other</i>	<i>0.39%</i>
<i>South Wairarapa Rural</i>	<i>0.38%</i>
<i>South Wairarapa Other</i>	<i>0.72%</i>

## 6 Effect on the incidence of rates

*The alteration of the Stadium Purposes Rate results from the requirement to treat utilities' distribution networks as rateable property. The categories in this Special Order have therefore been changed to reflect the classification of utilities' distribution networks in each of the territorial authority rating rolls. The amendments made do not alter the proportions of the total rate paid by each category of ratepayer.*

*The overall amount of the rate proposed for 2002/03 is unchanged from 2001/02 at approximately \$3 million for the year. The rating of utilities' distribution networks has no effect on the total amount of the Stadium Purposes Rate payable. However, it will affect the incidence of such rates generally within the business category.*

*The impact of the Stadium Purposes Rate on an individual property will vary depending on the movement of that property's capital value and movements in the capital value experienced by that rating category.*

Report prepared by

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**Attachments**

1. Hutt City Council Submission