

Report 02.304

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

Regional Transport Rate - Confirmation of Differential Special Order

1. Purpose

To consider confirmation of the Special Order altering the system of differential rating to meet costs associated with the provision of regional transport services for the 2002/03 financial year.

2. Background

At its special meeting on 23 April 2002 the Council resolved to alter the differential Works and Services Rate made under Section 34 of the Rating Powers Act to fund transport activities.

The Regional Transport Rate Special Order determines the proportion of rates to be recovered from different classes of ratepayer within each constituent district but not the proportion between each district, which is determined by the Council's Annual Plan.

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 *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).

2.3 *Description of Categories of Rateable Property*

In previous Special Orders for differential rates, this Council 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.

2.4 *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 has been received from Lower 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 – Lower Hutt City*

The 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: "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.

3.2 *Adjustment to Differentials*

The differentials presented to the Council on 23 April 2002 reflected the services, the cost of those services and the equalised capital values that the Council was aware of at that time. During the Annual Plan consultation process, it was decided to postpone the required funding for the Transmission Gully project. With the approval of the Annual Plan it is necessary to make minor adjustments, reducing the proposed rates to be collected within each city and district, in order to reflect the deferral of funding (**Attachment 2**).

4. Recommendations

That the Wellington Regional Council hereby resolve, 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 relevant enabling provisions, as follows:

1. *That alterations be made to the system of differential rating applying to the works and services rate known as the Regional Transport 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 taken into account in altering 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; and*
 - (e) *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.*

3.2 *Proposed groups of property for differential rating*

For the purposes of this 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:

Area of Benefit	Category	Description
<i>Wellington City</i>	<i>Wellington City Downtown City Centre Business</i>	<i>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.</i>
	<i>Wellington City Business</i>	<i>All separately rateable properties classified Non-residential in the rating roll of Wellington City outside the Downtown City Centre.</i>
	<i>Wellington City Residential</i>	<i>All separately rateable properties classified Residential in the rating roll of Wellington City.</i>

	<i>Wellington City Rural</i>	<i>All separately rateable properties classified Rural and Farm in the rating roll of Wellington City.</i>
<i>Lower Hutt City</i>	<i>Lower Hutt City Business</i>	<i>All separately rateable properties not classified Residential, Community Facilities or Rural in the rating roll of Lower Hutt City.</i>
	<i>Lower Hutt City Residential</i>	<i>All separately rateable properties classified Residential or Community Facilities in the rating roll of Lower Hutt City.</i>
	<i>Lower Hutt City Rural</i>	<i>All separately rateable properties classified Rural in the rating roll of Lower Hutt City.</i>
<i>Porirua City</i>	<i>Porirua City Urban</i>	<i>All separately rateable properties not classified Rural in the rating roll of Porirua City.</i>
	<i>Porirua City Rural</i>	<i>All separately rateable properties classified Rural in the rating roll of Porirua City.</i>
<i>Upper Hutt City</i>	<i>Upper Hutt City Urban</i>	<i>All separately rateable properties not classified Rural in the rating roll of Upper Hutt City.</i>
	<i>Upper Hutt City Rural</i>	<i>All separately rateable properties classified Rural in the rating roll of Upper Hutt City.</i>
<i>Kapiti Coast District (Otaki Ward)</i>	<i>Otaki Ward Urban</i>	<i>All separately rateable properties not in the Rural rating area of the Otaki Ward of Kapiti Coast District.</i>
	<i>Otaki Ward Rural</i>	<i>All separately rateable properties in the Rural rating area of the Otaki Ward of Kapiti Coast District.</i>
<i>Kapiti Coast District (excluding Otaki Ward)</i>	<i>Kapiti Coast Urban</i>	<i>All separately rateable properties not in the Rural rating areas of the Paekakariki/Raumati, Paraparaumu and Waikanae Wards of Kapiti Coast District.</i>
	<i>Kapiti Coast Rural</i>	<i>All separately rateable properties in the Rural rating areas of the Paekakariki/Raumati, Paraparaumu and Waikanae Wards of Kapiti Coast District</i>
<i>Masterton District</i>	<i>Masterton District Urban</i>	<i>All separately rateable properties not in the Rural rating areas of Masterton District.</i>
	<i>Masterton District Rural</i>	<i>All separately rateable properties in the Rural rating areas of Masterton District.</i>
<i>Carterton District</i>	<i>Carterton District Urban</i>	<i>All separately rateable properties not classified Rural and Rural/Industrial in the rating roll of Carterton District.</i>
	<i>Carterton District Rural</i>	<i>All separately rateable properties classified Rural and Rural/Industrial in the rating roll of Carterton District.</i>

<i>South Wairarapa District</i>	<i>South Wairarapa District Urban</i>	<i>All separately rateable properties not classified Rural in the rating roll of South Wairarapa District.</i>
	<i>South Wairarapa District Rural</i>	<i>All separately rateable properties classified Rural in the rating roll of South Wairarapa District.</i>

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

The Region is divided into the following areas of benefit - Wellington, Lower Hutt, Upper Hutt, Porirua, Kapiti Coast (excluding Otaki Ward), Otaki Ward of Kapiti Coast District, Masterton, South Wairarapa and Carterton.

The cost of public transport services and public transport infrastructure provided in each area of benefit is allocated on the following basis:

- 42.5% (congestion relief) to the area of benefit of origin (to be charged to residential properties in that district),*
- 42.5% (congestion relief) to the area of benefit of destination (to be charged to the commercial properties in that district),*
- 10% (concessionary) 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 Kapiti Coast District (including Otaki), and a 75% discount in Masterton, Carterton and South Wairarapa.*

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.

The cost of regional transport planning is allocated between each area of benefit according to equalised capital value, 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.

3.4 Differentials

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:

Wellington City	
<i>Wellington City Downtown City Centre Business</i>	57.08%
<i>Wellington City Business</i>	1.92%
<i>Wellington City Residential</i>	40.85%
<i>Wellington City Rural</i>	0.15%
Lower Hutt City	
<i>Lower Hutt City Business</i>	21.65%
<i>Lower Hutt City Residential</i>	77.94%
<i>Lower Hutt City Rural</i>	0.41%
Upper Hutt City	
<i>Upper Hutt City Urban</i>	96.87%
<i>Upper Hutt City Rural</i>	3.13%
Porirua City	
<i>Porirua City Urban</i>	98.62%
<i>Porirua City Rural</i>	1.38%
Otaki Ward	
<i>Otaki Ward Urban</i>	67.44%
<i>Otaki Ward Rural</i>	32.56%
Kapiti Coast District (excluding Otaki Ward)	
<i>Kapiti Coast Urban</i>	98.33%
<i>Kapiti Coast Rural</i>	1.67%
Masterton District	
<i>Masterton District Urban</i>	80.52%
<i>Masterton District Rural</i>	19.48%
Carterton District	
<i>Carterton District Urban</i>	64.86%
<i>Carterton District Rural</i>	35.14%
South Wairarapa District	
<i>South Wairarapa District Urban</i>	69.53%
<i>South Wairarapa District Rural</i>	30.47%

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