

Report 01.428

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Report to: Wellington Regional Council
From: Lloyd Bezett, 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 2001/02 financial year.

2. Background

At its special meeting on 19 April 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 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 25 April and 16 June in *The Dominion*, *Evening Post* and *Wairarapa Times-Age*.

It should be noted that the Special Order and the public notices indicated the impact of the differentials on all classes of property.

3. Comment

3.1 *Kapiti District Council Submission*

At the time of preparing this report one submission had been received from Kapiti Coast District Council as part of that Council's submission to the Annual Plan. Under section 716B of the Local Government Act 1974, submissions must be received up until the time the Special Order is confirmed. Should any further submissions be received they will be tabled for consideration at the meeting.

Kapiti Coast District Council's submission (**Attachment 1**) suggests that there is an anomaly in the proposed differentials resulting in the over rating of Otaki rural properties.

The Council's explanation of its funding policy and the reasons for the differentials is included in the Kapiti District Council submission. Focusing on the differential percentages rather than the dollar amounts can be very misleading. The Transport Rate for Otaki rural properties is currently \$4.49 per \$100,000 of capital value, while the Transport Rate for rural properties in the rest of Kapiti Coast District is \$7.45 per \$100,000 of capital value.

The Council's Funding Policy provides that rural properties already receive a 50% discount on planning cost, a 50% discount on total mobility costs and all Kapiti properties receive a 50% discount on the "social" component of transport services costs. While these discounts are substantial, they are less than the discounts provided in the Wairarapa because of the higher use of transport services by rural residents in Kapiti. With the continuing planning activity surrounding the Transmission Gully project there is also more transport planning related to Kapiti.

3.2 *Adjustment to Differentials*

The differentials presented to the Council on 26 April reflected the services, the cost of those services and the equalised capital values that the Council was aware of at that time. With the approval of the Annual Plan and receipt of the **audited** equalised capital values it is necessary to make minor adjustments to the differentials within each city and district to reflect this final position.

Attachment 2 to this report shows the difference between that advertised impact on the incidence of rates and the change to this position as the result of the adoption of the Annual Plan and the confirmation of this Special Order.

4. **Recommendation**

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 2001.*
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:

<i>Area of Benefit</i>	<i>Category</i>	<i>Description</i>
<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 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 classified Business in the rating roll of Lower Hutt City.</i>
	<i>Lower Hutt City Residential</i>	<i>all separately rateable properties classified Residential 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 classified Residential and Business 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 classified Residential, Commercial and Industrial 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>Otaki Ward of Kapiti Coast District</i>	<i>Otaki Ward Urban</i>	<i>all separately rateable properties in the Urban 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 in the Urban 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 in the Urban 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 classified as Residential, Commercial/Industrial and Rural Residential 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 classified Urban 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>

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, Kapiti Coast (excluding Otaki Ward), Otaki Ward of Kapiti Coast District, 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% (congestion relief) to the area of benefit of origin and 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.

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, 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.

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	57.13%
Wellington City Business	1.92%
Wellington City Residential	40.80%
Wellington City Rural	0.15%

7.2 Lower Hutt City

Lower Hutt City Business	21.16%
Lower Hutt City Residential	78.43%
Lower Hutt City Rural	0.41%

7.3 Upper Hutt City

Upper Hutt City Urban	96.84%
Upper Hutt City Rural	3.16%

7.4 Porirua City

Porirua City Urban	98.60%
Porirua City Rural	1.40%

7.5 Otaki Ward

Otaki Ward Urban	67.47%
Otaki Ward Rural	32.53%

7.6	<i>Kapiti Coast District (excluding Otaki Ward)</i>	
	<i>Kapiti Coast Urban</i>	98.33%
	<i>Kapiti Coast Rural</i>	1.67%
7.7	<i>Masterton District</i>	
	<i>Masterton District Urban</i>	80.06%
	<i>Masterton District Rural</i>	19.94%
7.8	<i>Carterton District</i>	
	<i>Carterton District Urban</i>	64.36%
	<i>Carterton District Rural</i>	35.64%
7.9	<i>South Wairarapa District</i>	
	<i>South Wairarapa District Urban</i>	69.18%
	<i>South Wairarapa District Rural</i>	30.82%

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