

Report 02.362

24 June 2002

File: G/6/1/1

Report to the Policy, Finance and Strategy Committee
from Ted Maguire

2002/2003 WRC Rates – Statutory Process

1. Purpose

To recommend that Council commence statutory processes to make its 2002/2003 rates.

2. Background

2.1 *Introduction*

The rates made by the Wellington Regional Council include:

- General Rate
- Works and Services (Regional Transport) Rate
- Works and Services (Rivers) Rate
- Stadium Purposes Rate
- Scheme Rates (Catchment, Drainage and Rural Water Supply)
- Bovine Tb Vector Control Rate

The basis of all rates is in accordance with the Council's approved Funding Policy.

The following paragraphs provide further information on different facets of the rating system.

2.2 *General Rate*

The General Rate is levied to fund "public good" functions across the whole regional community. It is distinct from works and services or other separate rates that are intended to recover costs of particular functions from particular groups that reflect the level of benefit to those communities not appropriately recovered by way of user charges.

The WRC General Rate pays for such activities as the investment in democracy, developing resource management policies and plans, monitoring the state of the environment, managing emergencies, managing harbours, managing regional parks and recreation areas, managing indigenous forests, promoting sustainable land management and providing a region-wide contribution to flood protection, soil conservation and biosecurity.

The General Rate is levied across the whole Region on a uniform capital value basis. It should be noted that a regional council, unlike territorial authorities, cannot make its general rate on a differential basis nor levy a uniform annual general charge.

As previously advised, the Local Government Reorganisation (Wellington Region) Order 1989 requires the Council to apportion the General Rate in accordance with equalised capital values provided by Quotable Value NZ. This is because regional councils, unlike territorial authorities, do not have a valuation roll over the whole council area of responsibility (the Region) at a common date. The equalisation process adjusts total district values (but not individual property values) in districts revalued in earlier years to reflect the overall market changes in the intervening period. It is a price-index type adjustment.

The audited equalised capital values were reported to Council on 4 April 2002 (**Report 02.175**). For the 2002/2003 Wellington Regional Council Rates the date of valuation equalisation in accordance with the policy agreed by Council is 1 September 2001. It should be noted that this rating apportionment only relates to the general rate.

2.3 *Works and Services (Regional Transport) Rate*

This rate funds the Council's net expenditure for the Region's public transport services, transport infrastructure and transport planning. This rate is made on a differential capital value basis.

Minor amendments to the rating differentials are proposed for 2002/03 in order to reflect the changes in the benefits received by different areas and classes of ratepayers within each area.

Confirmation of the Special Order, which determines the new differentials to apply in 2002/2003, and provides for the inclusion of utilities' distribution networks, is the subject of **Report 02.304**.

2.4 *Works and Services (Stadium Purposes) Rate*

This separate rate meets the Council's annual costs of servicing and repaying the loan raised to fund its contribution to the Wellington Regional Stadium. It is made on a differential capital value basis reflecting direct and indirect benefits to different areas and classes of ratepayers. Cities and districts more distant from the Stadium contribute proportionally less.

Confirmation of the Special Order, which provides for the inclusion of utilities' distribution networks, is the subject of **Report 02.306**.

2.5 *Works and Services (Rivers Management) Rate*

A Works and Services (Rivers Management) Rate is levied in Lower Hutt, Upper Hutt, Porirua and Wellington Cities, and Kapiti Coast and Carterton Districts, on a uniform capital value basis. The River Rate funds the local communities' contributions to river maintenance and flood protection improvements – currently 50 percent. The other 50 percent is funded on a region-wide basis from the general rate.

2.6 *Wairarapa Scheme Rates (Catchment, Drainage and Rural Water Supply)*

The Wellington Regional Council levies rates on specific properties within some thirty catchment, drainage and rural water supply schemes in the Wairarapa Constituency.

Generally these rates are made on a differential land area basis, except for the Greytown River Management rate which is levied on a uniform capital value basis. As with the Works and Services (Rivers Management) Rate, the catchment scheme rates fund the local communities' contributions to river maintenance and flood protection improvements – currently 50 percent. The other 50 percent is funded on a region-wide basis from the general rate. The drainage and water supply schemes are fully funded by their scheme rates.

2.7 *Bovine Tb Vector Control Rate*

This rate is made on a uniform land area basis and levied in areas where there are current control programmes. There is also a region wide contribution to Biosecurity from the General Rate.

3. **Comment**

3.1 *Rates and Rate Collection*

With the exception of the land area based Bovine Tb Vector Control Rate and Wairarapa Scheme Rates, which are collected by this Council, WRC rates in 2002/2003 are to be collected by the territorial authorities of the Region as they are made.

The amount of rates to be collected (including GST and rate collection fees) can be found on pages 14-15 of the Annual Plan.

The net rateable capital values at 30 June 2002 for each constituent district are not yet available but will be in mid-July. Accurate information on the impacts on the different areas and classes of ratepayer will be provided to councillors nearer to the time when the rates are made.

3.2 **2002/2003 WRC Rates – Statutory Processes**

The process for making rates follows statutory guidelines and is outlined below:

- (i) Once agreed, the Annual Plan determines the amount of funds Council requires to be raised from rates. The making of the rate in effect becomes a technical exercise.
- (ii) It is very desirable that the Council completes the process of making rates, particularly those that are collected by territorial authorities, as soon as possible. The collecting authorities need prompt notice to enable them to begin their administrative processes.
- (iii) The funds required from each rate are set out in other reports in the Order Paper or in those previously decided by Council.
- (iv) Although the Council has undertaken a public consultation process relating to its 2002/2003 Annual Plan, it must also give public notice of its intention to make 2002/2003 rates.

4. **Communications**

Formal public notice of the intention to make the rates will be given in the Region's three daily newspapers.

5. **Recommendations**

That the Policy, Finance and Strategy Committee:

- (1) *receive the report*

- (2) *recommend that Council:*
- (a) *give public notice of its intention to make the following rates for 2002/2003*
- *General Rate*
 - *Works and Services (Regional Transport) Rate*
 - *Stadium Purposes Rate*
 - *Works and Services (Rivers Management) Rate*
 - *Wairarapa Catchment, Drainage and Water Supply Schemes Rates.*
- (b) *make the 2002/03 rates at the meeting to be held on Tuesday, 6 August 2002.*

TED MAGUIRE
Council Secretary