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

Regional Transport Rates – Alteration to 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 2000/01 financial year.

2. Background

- 2.1 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. 1998/99 was the first year in this transition and the attached Special Order represents the final third of the recommended changes. It should be noted that Council has resolved to review the Funding Policies related to Regional Transport in 2000/01.
- 2.3 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 the previous financial year. As a consequence the Regional Transport Rate in Waikanae decreased, while rates increased in Paekakariki and Paraparaumu/Raumati. This year with the completion of the transition the three wards will be combined again.
- 2.4 In the past there has been recognition that the small size of the commercial sector relative to the residential in South Wairarapa, Carterton and Porirua means that the

Funding Policy formula placed a high rate burden on commercial properties. For this reason, in these areas, commercial and residential properties were combined as a single rating category. It is now recognised that the principle adopted in relation to Porirua equally applies in Upper Hutt. Therefore in 2000/01 it is proposed that Residential and Commercial properties in Upper Hutt be combined as a single rating category for the purposes of the Regional Transport Rate.

- 2.5 A Special Order determines the proportion of rate to be recovered from different classes of ratepayer in each constituent district. The quantum of rates is determined by the Council's Annual Plan.

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 requires that Council put before a meeting its intention to make the Special Order and confirms the Order at a subsequent meeting. This second meeting must be held between 61 and 70 days after the first meeting or the Order lapses. It is proposed to submit the Special Order for confirmation at a Council meeting to be held on 29 June 2000.

4. **Communication**

In line with the statutory process the Council will publicly notify its intention to make the Special Order twice, on 29 April and 17 June, thereby giving members of the public an opportunity to make submissions. Submissions must be accepted up until the Council considers the confirmation of the Special Order. A copy of the draft public notice is appended (**Attachment 2**).

5. **Recommendation**

That the Council:

- (1) *Adopt, by way of Special Order, a differential rating basis for the purpose of making and levying the 2000/00 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