

Report 02.193

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Report to: Wellington Regional Council
From: Hugo Vitalis, 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 (**Attachment 1**), to meet costs associated with the provision of regional transport services for the 2002/03 financial year.

2. Background

2.1 Regional Transport Rate

The Regional Transport Rate is a Works and Services differential rate made and levied by the Regional Council pursuant to section 34 of the Rating Powers Act 1988. It is applied to all constituent districts within in the Wellington Region that derive benefits from the Council's regional transport responsibilities. These responsibilities include the funding of:

- a) Public transport services,
- b) Total mobility and planning; and
- c) Monitoring the transport network.

A differential transport rating system allows the making and levying of different rates between different categories of ratepayers, as determined by Council, in order to take account of the varying benefits of the transport services provided.

The Council's determination of the respective ratepayer benefits derived from transport services is contained in its statutory Funding Policy document, adopted 15 June 2000 (**Attachment 2**). The Regional Transport Rate differentials are allocated in accordance with the Funding Policy.

The structure of the Funding Policy means that increases in different elements of the overall budget proposed for 2002/03 will require minor changes to the proportions paid by the various rating classifications within each constituent city/district. The proposed changes in the amount of Regional Transport Rate to be collected and the proposed changes in differential when compared to 2001/02 are shown in **Attachment 3**.

2.2 *Special Order Process*

Alterations to a system of differential rating (i.e. the Regional Transport Rate), must, with few exceptions, be done in accordance with section 84, “with the necessary modifications”. Section 84 requires that a resolution to alter a special order shall include a statement specifying:

- a) The matters taken into account in altering the proposed system of differential rating;
- b) The proposed types or groups of property for differential rating within the district, part of the district, or special rating area, as the case may be;
- c) That the proposed system of differential rating has the object of establishing and preserving, as far as practicable, a stated relationship between the total proceeds of rates received from any type or group or combination of types or groups of property and any other type or group or combination of types or groups of property, if such is the case;
- d) The general effect that the alteration is expected to have on the incidence of rates as between ratepayers or groups of ratepayers within the district, part of the district, or special rating area, as the case may be;
- e) Such other matters as the local authority considers relevant.

In addition, section 84 requires such alterations to be done using the Special Order procedure contained in section 716B of the Local Government Act 1974. This procedure entails that Council put before a meeting its intention to make the Special Order and confirms the Order at a subsequent meeting which must be held between 61 and 70 days after the first meeting or the Order lapses.

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 which must be held between 61 and 70 days after the first meeting or the Order lapses.

The Council must also publicly notify its intention to make the Special Order twice. The first public notice must be published not less than 60 days before the Order is confirmed, the second must be published not less than 7 days and not more than 14 days before confirmation of the Order.

The public notification process provides members of the public the opportunity to make submissions. Submissions must be accepted up until the Council considers the confirmation of the Special Order.

3. **Comment**

3.1 *Alteration of Special Order*

The Regional Transport Rate Special Order determines the proportion of rate 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.

The proposed alteration to the Regional Transport Rate (**Attachment 1**) contains the statement as required by section 84 (see 2.2 above). The statement includes alterations to the categories of rateable property that take into account the way in which each territorial authority has elected to classify utility distribution networks on their rating roll.

3.2 *Impact of the new classifications on the Special Order categories of rateable property.*

In previous Special Orders for differential rates, this Council has 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 a new, separate classification and therefore require amendment.

Most territorial authorities have opted for a separate classification for utilities' distribution networks on their rating rolls. This has meant that it is possible for this Council to include utility distribution networks within the "Business" category of the WRC Special Order (**Attachment 1**, pp. 2-3).

However, as noted in **Report 02.204**, where a territorial authority decides to split the utilities' distribution networks into two separate classifications (e.g. half as "urban" and half as "rural") it impacts on the WRC's ability to treat these assets as "businesses" for rating purposes.

The Regional Transport Rate categories are only impacted where a territorial authority splits the classification of utilities' distribution networks between "urban" and "rural" (the PCC split referred to in **Report 02.204** does not effect the Regional Transport Rate categories). Kapiti Coast District Council is proposing such a split. This will mean that some utilities' distribution networks are classified "rural" in the rating area of Kapiti Coast District will pay the "rural" rather than "urban" portion of the Regional Transport Rate.

Officers consider such issues to be difficult to avoid due to the manner in which the WRC special order categories are defined. In any case, the alterations ensure that all utilities' distribution networks are subject to the Regional Transport Rate.

3.3 *Future alterations to differential rates*

When the Local Government (Rating) Act 2002 comes into force on 1 July 2003 (repealing the Rating Powers Act 1988), alterations to differential rates will not require a separate Special Order procedure. Under the new Act such alterations will be part of the ordinary public consultative process on the Council's Annual Plan.

4. **Communication**

In line with the statutory process the Council will publicly notify its intention to make the Special Order twice, on 26 April and 15 June 2002. It is proposed to submit the Special Order for confirmation at a Council meeting to be held on 27 June 2002.

5. **Recommendation**

That the Council:

- (1) *Alter, by way of Special Order, the differential rating basis for the purpose of making and levying the 2002/03 Works and Services rate, known as the Regional Transport Rate, as per **Attachment 1**.*
- (2) *Publicly notify its intention to confirm the attached Special Order at the meeting of Council set down for Thursday 27 June 2002.*

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Attachments

1. Regional Transport Differential Rate Special Order
2. WRC Regional Transport Funding Policy (Extract)
3. Transport Rate Analysis Table