



**Report** PE05.572  
**Date** 10 October 2005  
**File** G/06/02/05

**Committee** Policy, Finance and Strategy  
**Author** Wayne Hastie Council Secretary

## Greater Wellington Regional Council rates

### 1. Purpose

To advise the Committee of an error in the collection of rates from Porirua City for 2005/06.

### 2. Exclusion of the Public

Grounds for the exclusion of the public under Section 48(1) of the Local Government Official Information and Meetings Act, 1987 are:

*That the public conduct of the whole or relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists (i.e. to preserve commercial confidentiality and to enable the Council to carry on negotiations), including commercial negotiations, without prejudice or disadvantage.*

### 3. Significance of the decision

The matters for decision in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

### 4. Background

Greater Wellington Regional Council's general, regional transport, river management and stadium purposes rates are all set based on the estimated capital value of rating units as at 20 June each year. Cents in the dollar are calculated by dividing the revenue required by the total capital value of the category of properties to be rated.

Rates that are collected are based on the actual valuations at 30 June each year, and it is common for Greater Wellington to collect more money than anticipated due to late changes in valuations, for example as a result of new subdivisions. It is also possible that less money will be collected if there are

objections to valuations that result in a reduction in the total capital values. Therefore the process of setting rates is not precise.

Greater Wellington has appointed the territorial authorities in the Region as its collection agents to assess, invoice and collect its rates. Greater Wellington has also delegated the power to maintain its rating information database to the territorial authorities in the Region. The territorial authorities supply the valuation information to be used in setting Greater Wellington's rates.

Porirua City Council has notified Greater Wellington that it made a mistake in the valuation information it supplied for the setting of regional rates in Porirua City for 2005/06. As a result Greater Wellington will receive \$230,321 less than anticipated from Porirua City ratepayers this year.

**Attachment 1** to this report sets out in more detail the collection arrangements including Greater Wellington's collection agreement with Porirua City Council. It also identifies six options for dealing with the situation:

1. Do nothing
2. Withhold collection fee
3. Porirua City Council reimburse Greater Wellington for the shortfall
4. Replacement rate
5. Greater Wellington recover the shortfall in the 2006/07 Annual Plan
6. Porirua City Council pay Greater Wellington the shortfall from its insurance

Attachment 1 is an agreed statement from officers of Greater Wellington and Porirua City Council. It is being reported to both councils.

## **5. Comment**

The Council Chairperson has met with the Chairperson of Porirua City Council's Strategy and Finance Committee to discuss the issue. The outcome from that meeting was that the best option is to withhold the full collection fee for the current year (approximately \$137,000 excluding GST). The result of this would be that the majority of the shortfall would be borne by Porirua City Council, but that Greater Wellington would also receive less income than anticipated. The fiscal implications for both councils are minimal.

The proposed option is based on the fact that Greater Wellington contracts Porirua City Council to perform a service, that service has been performed to a standard less than satisfactorily on this occasion, so Greater Wellington has withheld its payment.

It is important that this one mistake is seen in the context of a collection arrangement which has enabled both councils to work successfully in partnership for many years.

## 6. Communication

This matter is being reported to Porirua City Council's Strategy and Finance Committee and Greater Wellington's resolutions will be notified to them.

## 7. Recommendations

*That the Committee recommend that Council:*

1. *notes that there has been a mistake in the setting of regional rates in Porirua City for the 2005/06 financial year due to an error in the valuation information supplied by Porirua City Council*
2. *agrees that the best option for dealing with the mistake is to withhold the full collection fee payable to Porirua City Council for the 2005/06 year*
3. *acknowledges that the rates collection arrangement with Porirua City Council has worked well for many years*

Report prepared by:

Report approved by:



**Wayne Hastie**  
Council Secretary

**Barry Turfrey**  
Chief Financial Officer

**Attachment 1:** Undercharging of Greater Wellington Regional Council Rates in Porirua City  
2005/06