

Report 00.439

26 June 2000

File: G/6/1/1

Report to the Policy and Finance Committee
from Ted Maguire

2000/2001 WRC Rates – Statutory Process

1. Purpose

To recommend that Council commence statutory processes to make its 2000/2001 rates.

2. Background

2.1 *Introduction*

The rates made by the Wellington Regional Council are as follows:

- 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 functions across the whole Regional community and reflect "public good". 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 30 May (Report 00.335). For the 2000/2001 Wellington Regional Council Rates the date of valuation equalisation in accordance with the policy agreed by Council is 1 September 1999. 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. In 2000/2001 new rating differentials that better reflect benefits to different areas and classes of ratepayers within each area will be fully implemented. This is the third and final year of a three-stage transition initiated in 1998/99.

Confirmation of the Special Order, which determines the new differentials to apply in 2000/2001 is the subject of a separate report.

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.

2.5 *Works and Services (Rivers Management) Rates*

Works and Services (Rivers Management) Rates are levied in Lower Hutt, Upper Hutt, Porirua and Wellington Cities, and Kapiti Coast and Carterton Districts, on a uniform capital value basis. The River 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.

2.6 *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. As with the Works and Services (Rivers Management) Rates, 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 *Biosecurity (Bovine Tb) Rate*

This is levied region-wide on properties of 10 hectares or more. It is a differential rate that is made on a land area basis. A higher rate applies in areas where there are current control programmes. There is also a region wide contribution to Biosecurity from the General Rate.

Confirmation of the Special Order which determines the new differentials to apply in 2000/2001 is the subject of a separate report.

3. **Comment**

3.1 *Rates and Rate Collection*

With the exception of Bovine Tb Rates and Scheme Rates, which are collected by this Council, WRC rates in 2000/2001 are to be collected by the territorial authorities of the Region as they are made. The **attached** table sets out the amount of rates to be collected, including GST and rate collection fees.

The net rateable capital values at 30 June 2000 for each constituent district are not yet available but will be in mid-July. (Indicative information on the impacts on the different areas and classes of ratepayer has been provided to Councillors).

3.2 *2000/2001 WRC Rates – Statutory Processes*

The process for making rates follows statutory guidelines and generally incorporated the steps set out 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 considered by the Committee on 15 June 2000.
- (iv) Although the Council has undertaken a public consultation process relating to its 2000/2001 Annual Plan, it must also give public notice of its intention to make 2000/2001 rates.

4. **Recommendations**

- (1) *That the report be received.*
- (2) *That the Policy and Finance Committee recommend that Council give public notice of its intention to make the following rates for 2000/2001:*
 - *General Rate*
 - *Works and Services (Regional Transport) Rate*
 - *Stadium Purposes Rate*
 - *Works and Services (Rivers Management) Rate*
 - *Bovine Tb Vector Control Rate*
 - *Wairarapa Catchment, Drainage and Water Supply Schemes Rates.*
- (3) *That, at the meeting to be held on Thursday, 3 August 2000, Council make the 2000/2001 rates.*

TED MAGUIRE
Council Secretary

Attachment: 2000/2001 Rates including GST and the rate collection fees.