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Report to the Rural Services and Wairarapa Committee
from David Bulman, Valuation Consultant, and Ian Heslop, Divisional Engineer

Proposed New Rating Classification - Waiohine (Rural) River Management Differential and Waiohine (Greytown) River Management Rates

1. Purpose

To obtain a Committee resolution recommending that Council proceed by way of Special Order to alter the existing Waiohine-Mangatarere River Management Scheme Rate and rename it the Waiohine (Rural) River Management Rate

To obtain a Committee resolution recommending that Council create the Waiohine (Greytown) River Management Rate.

2. Background

2.1 The Waiohine-Mangatarere River Management Scheme and existing rating classification have been in place since 1953. The existing classification needs to be updated, as it doesn't reflect current levels of flood protection, or appropriately apportion benefit between the rural and urban floodplain areas. Also there is a requirement to bring the classification into the framework of the Rating Powers Act, and to address the widely held perception amongst rural ratepayers that the current rating basis is unfair.

2.2 At the June 1998 meeting this Committee approved the formation of a Waiohine Floodplain Advisory Committee (WFAC) to assist Council with the review of the current rating basis and the related public consultation process.

2.3 At the March 2000 meeting this Committee endorsed the WFAC rating review progress, and at the August 2000 meeting the proposed new Waiohine River Management Scheme rating classification approach was approved for public consultation purposes. At the February 2001 meeting a further report summarising progress with the public consultation process was endorsed by this Committee.

3. Comment

- 3.1 At present the Waiohine-Mangatarere River Management Scheme local contribution to the scheme is funded by a rate struck by the WRC on all rural properties, and a contribution is levied from South Wairarapa District Council to meet the urban (Greytown) part of the scheme. South Wairarapa District Council strikes and collects over all Greytown properties a rate on land value using its rating system.
- 3.2 A rating scheme must use a single rating system (i.e. land area, land value, or capital value). As the proposed funding for works on the Waiohine River uses land area (rural properties) and capital value (urban properties) it is necessary to create two separate rates to achieve this funding mix. The two rates will be the Waiohine (Rural) River Management Rate and the Waiohine (Greytown) River Management Rate.
- 3.3 The key components of the proposed new rating classification approach are as follows:
- The benefiting floodplain area will be divided into an urban area enclosing Greytown, and a rural area consisting of the remaining floodplain area.
 - The urban area will include those properties considered to be of urban character, and will be larger than the current South Wairarapa District Council urban zone.
 - The Waiohine (Rural) River Management Rate (Attachment 1) will meet 50% of the local contribution to the costs of the scheme and be collected only in rural areas on a differential land area basis.
 - The Waiohine (Greytown) River Management Rate will meet 50% of the local contribution to the costs of the scheme and be collected only in the defined urban area of Greytown on a uniform capital value basis. This rate doesn't require a Special Order.
 - For the rural area, in addition to the differential land area rate, a site weighting (curtilage) will be applied for each house and commercial building.
 - Site weightings will be added for new or relocated houses or commercial buildings, and removed on demolition or removal of existing houses or commercial buildings.
 - The urban area will expand in line with additional urban or commercial development, and the rural to urban rate allocation will be revised as appropriate.
 - The rural rating classification will be adjusted as new flood protection measures are put in place.
- 3.4 Attachment 2 includes the proposed Rating Rolls for each of the rural and urban areas, and the rating incidence for each property within these areas. WRC Plan Number 3/112 shows the differential rating classification proposed for the rural area, and the proposed boundaries to be adopted for Scheme rating purposes.

- 3.5 Section 84 of the Rating Powers Act 1988 requires that where the Council introduces 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. 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 no later than 70 days after the day of the first meeting or the Special Order lapses.
- 3.6 The intended timetable for the Special Order process is:
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| 19 April 2001 | Council approval of intention to establish rating district. |
| 25 April 2001 | First public notice given. |
| 16 June 2001 | Second public notice given. |
| 28 June 2001 | Council confirmation of Special Order. |
| 2 August 2001 | Rates are struck. |
- 3.7 It should be noted that, as the proposed Waiohine (Greytown) River Management Rate would be struck on a uniform capital value basis, the Council is not required to go through the Special Order process. South Wairarapa District Council has expressed its willingness to levy and collect this rate for the WRC as part of our current rate collection agreement.

4. Consultation

- 4.1 The consultation process has consisted of the following:
- regular meetings with the Waiohine Floodplain Advisory Committee, which includes representatives of both rural and urban ratepayers, the Greytown Community Board, South Wairarapa District Council, and Wellington Regional Council;
 - newsletters distributed to rural and urban ratepayers;
 - letters to all 262 rural ratepayers, and to 44 of the 984 urban ratepayers with substantial increases, advising of their proposed new rate in comparison to their current rate;
 - a public exhibition held in Greytown;
 - articles in local newspapers.
- 4.2 The feedback from the consultation process has been positive. From a total of 250 rural ratepayers only eleven enquiries have been received. The majority of these enquiries were from small property owners concerned about significant increases resulting from the introduction of site weightings.
- 4.3 From a total of 980 urban ratepayers only five enquiries have been received. The main concerns expressed were unhappiness with inclusion in the new urban area, or rate increases caused by the change to capital value rating. Staff have responded to these enquiries, and the explanations given have generally been well received.

- 4.4 Staff are confident that sufficient consultation has been undertaken to make ratepayers aware of the proposed changes, and to gauge what is considered to be a very high level of support for the changes.

5. Communication

There are no further communication measures suggested other than those relating to the Special order process. The Special Order process will provide formal notification to the general public, as well as the opportunity to examine the proposed Classification Plan and Rating Roll, and to make submissions to Council before confirmation or otherwise.

6. Recommendation

That the Committee recommend that the Council:

- (1) Adopt, by way of Special Order, a differential rating system for the purpose of collecting a catchment board separate rate from 2001/02, to be known as the Waiohine (Rural) River Management Rate, as per Attachment 1.*
- (2) Adopt the Waiohine (Greytown) River Management Rate as a rate made on a uniform capital value basis on all property in the Greytown urban area as defined by WRC Plan Number 3/112.*


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Wellington Regional Council Special Order Resolution

Alteration of Differential Rating System for the Waiohine (Rural) River Management Rate

That the Wellington Regional Council, pursuant to the sections 40, 80 and 84 of the Rating Powers Act 1988 and section 716B of the Local Government Act 1974, and in pursuance of all other Acts, powers and authorities enabling it in that behalf, hereby resolves by way of Special Order as follows:

- (1) That the system of differential rating set out below be introduced with effect from 1 July 2001.
- (2) That the system of differential rating shall apply to a Catchment Board Separate Rate, to be known as the Waiohine (Rural) River Management Rate, made and levied by the Wellington Regional Council pursuant to section 40 of the Rating Powers Act 1988 on a land area basis on all rateable property in that part of the Wellington Region determined by the Council to be the rural area of benefit from flood protection on the Waiohine River, such that the rate made and levied in respect of any specified category of property shall vary from the rate made and levied in respect of any other specified category of property as set out in this Special Order.
- (3) That in accordance with section 84(1)(c) of the Rating Powers Act 1988, the following statement is made on the introduction of the differential system:

A. Matters taken into account in preparing the proposed introduction of the system of differential rating:

The Council has, in consultation with the Waiohine Floodplain Advisory Committee (which includes representatives of both rural and urban ratepayers, the Greytown Community Board, and South Wairarapa District Council) redesigned the rates funding of the Waiohine River Management Scheme.

The Council has taken into account the following matters in preparing the system of differential rates:

- The benefits that are likely to accrue directly and indirectly to any property from the degrees of flood protection and reduced erosion given to each property by the maintenance of existing flood protection structures and erosion mitigation measures,
- The characteristics or use of any property or any actions of its occupier that either contribute to, or alleviate the need for flood protection or erosion mitigation measures,
- The likelihood, frequency, depth and severity of flooding and erosion,

- The likelihood, frequency and extent of damage to land and improvements to land,
- The improvement to drainage,
- The need for water management generally,
- The establishment or preservation of economic units of land,
- The protection or establishment of water, sewerage, drainage, electrical, gas, and other services and amenities, and
- The protection or establishment of communications, and of any other property, service, or amenity with or benefiting the land.

B. The proposed types or groups of property for differential rating and their proportions of benefit are:

Class	Proportion	Description
A	6	Land receiving a high degree of flood relief. Flooding occurred regularly prior to provision of the current high level of flood protection.
B	5	Land receiving a moderate degree of flood relief. Flooding occurred occasionally prior to provision of the current high level of flood protection, <u>or</u> flooding occurred regularly prior to the current moderate level of flood protection.
C	4	Land receiving a moderate to low degree of flood relief, or land receiving protection from erosion due to river course change. Flooding occurred rarely prior to provision of the current high level of flood protection <u>or</u> flooding occurred occasionally prior to the current moderate level of flood protection <u>or</u> river channel maintenance reduces the risk of course change.
D	3	Land receiving a low degree of flood relief. Flooding occurred occasionally prior to the current low level of flood protection.
E	2	Land receiving a very low degree of flood relief. Flooding occurred rarely prior to the current low level of flood protection.
S	100	Dwellings or commercial buildings and their immediate surroundings, which without the current flood protection measures would be at an increased risk of being surrounded or entered by floodwaters.

C. General effect on the incidence of rates

The alteration of this differential rate will establish a relationship between the rates received from different classes of land, and the degree of flood and erosion relief benefit anticipated from Scheme works. The general effect of the changes to the rating area boundary, and an increase to the urban contribution to the Waiohine River Management Scheme, will be a decrease in the level of rates for rural properties.

The rates will be levied on a per hectare basis applied differentially in terms of the stated proportions to Classes A, B, C, D, E and S, as detailed in the Council Classification Plan 3/112 and accompanying Classification roll.

- (4) The effect that the introduction of the differential rate is expected to have on the incidence of rates for individual ratepayers is detailed on the accompanying Classification roll.
- (5) That after due public notices have been given, this Special Order be submitted for confirmation at the meeting of the Wellington Regional Council to be held on 28 June 2001.