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## **Report 01.413**

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Report to the Rural Services and Wairarapa Committee  
from Ian Gunn, Manager, Operations

### **Separate Scheme Rates and Balances**

#### **1. Purpose**

To obtain approval for the proposed 2001/02 Separate Scheme Rates, to be collected by the Wairarapa Division for scheme operation and maintenance, and to inform members of current and projected scheme balances.

#### **2. Background**

- 2.1 Meetings have been held for fifteen river and catchment management schemes, to review progress and expenditure, and to confirm proposed 2001/02 activities and funding. In the case of the Maungaraki and Homewood schemes, general meetings were held where all scheme ratepayers were invited to attend. For the other schemes, meetings were held with their elected advisory committees.
- 2.2 For each of the sixteen drainage schemes papers were circulated to ratepayers, and programmes and funding levels were subsequently confirmed with each scheme advisory committee chairman.
- 2.3 The Opaki and Fernridge water supply schemes manage their own operations as incorporated societies for which the Council collects their annual rates. They have advised their rating requirements for 2001/02, which have been set at their recent Annual General Meetings.
- 2.4 A summary of both current and projected recommended rates and scheme balances is given in the attached spreadsheet (Attachment 1).

#### **3. Discussion**

The meetings have been positive and constructive, reflecting a good co-operative understanding between ratepayers, Councillors, and Council staff.

Particular matters for Committee information or discussion are:

### **3.1 Floods of October 2000**

Extensive flood damage occurred as a result of the October floods. The extent of the flood damage in the Waiohine and Waipoua River schemes has resulted in large rates increases. This is to achieve the policy of paying off debt within three years.

### **3.2 Cost Construction Index (CCI)**

The CCI increased by 12.8% over this past year. This was due primarily to the weaker New Zealand dollar and increased fuel costs. At most of the scheme meetings the advisory committees were given the option of a rates increase in line with the CCI increase. There was usually plenty of debate and the advisory schemes have all made their own decisions, e.g. the Lower Wairarapa Valley Development Scheme has decided to pay off its loan two years early rather than apply the CCI and only increase their substantial reserves while others maintained the original works programme but put less into their reserves.

### **3.3 Lower Wairarapa Valley Scheme Loans**

The Lower Wairarapa Valley Scheme has two loans from government administered by the Ministry for the Environment. These 20 year loans were set up in 1983 to assist the Scheme ratepayers meet their local community share of the initial capital works. The balance of the capital works were met by government.

These loans had a relatively low interest rate on the condition that the Scheme rates were increased by at least the CCI each year. However, the Scheme now has over a million dollars in reserves and there is no justification to increase the Scheme rates at the present time.

Accordingly, the advisory committee wishes the balance of the two loans to be repaid early to remove the CCI adjustment requirement. The loans principal outstanding is \$165,803 and it is proposed to repay this from the Scheme reserve on 16 July 2001. If not repaid early, the loans would run until 1 April 2003.

### **3.4 Lower Taueru**

The rates are to be reduced by 25% on previous years. The scheme deficit will be paid off by the end of 2001/02. It is likely in future years that the rates will be reduced further just to fund a maintenance programme.

### **3.4 Reclassification of River Schemes**

Reclassification of the Waipoua and Waiohine Rivers has virtually been completed. There is a better understanding of the issues in both schemes now.

The Upper Ruamahanga River scheme review is about to commence. It is possible that this scheme will be split into three areas.

#### **4. Acknowledgement**

These meetings can be quite onerous to both Wairarapa councillors and staff, as they are concentrated within a tight six-week period. However they continue to prove most rewarding, and provide an excellent opportunity to consult with and obtain feedback from the rural community. The efforts of the Scheme Advisory Committees, Councillors Long and Buchanan, and staff in ensuring the success of these meetings are gratefully acknowledged.

#### **5. Communication**

The recommended Scheme rates, as scheduled in Attachment 1, have been agreed to by the respective Scheme Advisory Committees, subject to Council approval, and will be advertised accordingly.

#### **6. Recommendation**

*That the Rural Services and Wairarapa Committee resolve to recommend to Council:*

- (a) That the 2001/02 separate scheme rates be approved as scheduled.*
- (b) That a minimum rate of \$10.00 be applied to all rateable property as provided for under the Rating Powers Act 1988.*
- (c) That the Lower Wairarapa Valley Scheme Loans Nos. 1 & 2 totalling \$165,803 be repaid early on 16 July 2001.*

Report prepared by:

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