



Report 06.166
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Committee Rural Services and Wairarapa
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Catchment Schemes Rating Reviews

1. Purpose

To approve new rating classifications for the Awhea-Opouawe and Mataikona-Whakataki Catchment Schemes.

2. 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.

3. Background

Both Catchment Schemes have had the same rating classification since the inception of the respective Schemes. These have been based on the identification of the erosion-prone landforms. Thus the most erosion-prone land has paid the highest rates.

At the time of the creation of these Schemes it was envisaged that the landowners with the most erosion-prone land would receive the most benefit. This eventuated in the initial phase of both schemes. Over time landowners' specific works have generally occurred within a Farm Plan, with an occasional contribution from the Schemes.

In more recent years works have been occurring primarily to maintain access via the roading network. Over time there has been a steady increase in the number of small landowners as a result of the sale of redundant farm houses and coastal subdivisions. Contributions to the Schemes from these small landowners were less than one dollar since the abolition of the minimum rate. This is not considered to be equitable.

Both Advisory Committees requested staff to research an equitable rating classification.

4. The Process

In setting up the new rating classification scheme we need to follow the process as set out in Attachment 1. This process has been completed for both Catchment Schemes.

5. Awhea-Opouawe Catchment Scheme

Requests for a review of this Scheme go back two to three years. The general meeting that considered the 5 year review in November 2004 supported a review of the Scheme classification. The issue of a greater contribution from the smaller landowners was discussed.

The Advisory Committee met on 17 June 2005 and unanimously adopted a change to the classification presented to them by David Bulman (Scheme Classifier).

Key points are:

- A desire to have an equitable rating scheme aligned to the benefits and protection afforded by the Scheme to individual ratepayers
- Under the old classification it was considered that some landowners (predominantly small landowners) of the district and the coast were paying less than realistic rates
- To achieve a rating that reflects the protection provided to residents and landowners as it affects the social and infrastructural asset of the district such as roads and bridges that a charge be placed on each dwelling (curtilage). A charge of \$100 (plus GST) for the first house and \$50 (plus GST) for each additional house was agreed
- Rating revenue is not expected to increase
- The land area classification would be used to raise the balance of the rating revenue (approximately 50%). As a consequence the charges per hectare decreased by 50%. Over the six contributing classes the rates varied by a factor of 10.

The above proposal was put to a general meeting of the Scheme on 29 September 2005 and adopted. Stephen Franks did ask the question of whether the land area classification based on erosion-prone landforms was still relevant. Dan Riddiford believed that the curtilage fees could be doubled and he wondered whether capital value could also be used.

Subsequent to the September meeting Council received further submissions from Stephen Franks on the relevance of the land area classification based on erosion-prone landforms.

Stephen Franks made a presentation to the November 2005 meeting of the Rural Services and Wairarapa Committee. Following the presentation the Committee requested that the matter be further investigated.

On further analysis staff agreed that the prime focus of work in the Scheme in recent years has been protecting access, mainly at four locations –

- Whakapuni Hill
- Tukurumuri
- Usshers Hill
- The Gluepot

Staff agreed with Stephen Franks that the land area classification based on erosion-prone land was no longer fair, e.g. Class A land does not receive four times the benefit of Class E based on the rating change. Further work has resulted in David Bulman (Scheme Classifier) recommending that, in his opinion, the most effective method of raising a rate to reflect road usage is land value with a combination of a dwelling charge.

The effect is to lift the charge on bach owners marginally and to reduce the rates on the large landowners dependent on the number of dwellings on the property. The land value is a proxy for the productivity of the land and hence road usage (assuming a higher producing block has more road usage). Over time the Advisory Committee will have to be aware of the impact of the land value on coastal properties.

At a meeting in March 2006 the Advisory Committee rejected the staffs' recommendation to further change the rating classification. They were concerned about not being involved in the research which justified the change and considered that the previous research was adequate.

A further meeting was held on 20 April. After further explanation and discussion, the Advisory Committee unanimously adopted the proposed amendment.

On Friday, 12 May, a further general public meeting was held at Tukurumuri. After considerable discussion the meeting passed a motion adopting the proposed amendment and requested staff to investigate the feasibility of placing a rate on vacant allotments. The meeting did not want the investigation to impede the implementation of the proposed amendment. Staff believe that the proposed amendment should be adopted for the 2006/07 financial year while they fully investigate how vacant land can be considered in any new classification.

6. Mataikona-Whakataki Catchment Scheme

Requests for a review of the Mataikona-Whakataki Catchment Scheme go back one to two years. As for the Awhea-Opouawe Catchment Scheme, the Advisory Committee was concerned about the equity of the land area based methodology. Again, the small landowners (primarily coastal bach owners) were only making a minor contribution to the Scheme. There was also the desire to reward landowners with the appropriate land use, e.g. forestry.

Prior to amendments to the rating legislation, bach owners had been required to pay a minimum rate of \$10 plus GST. There were problems with the rating roll

in that it did not capture very old subdivisions so some bach owners paid nothing.

Staff have watched closely how the rating classification of the Awhea-Opouawe Catchment Scheme developed. A number of options were considered but staff recommended a similar rating classification to the Awhea-Opouawe Scheme based on land value and a fixed amount per separately used or inhabited part of the rating unit (a dwelling charge). This option has been discussed with a number of key members in the Scheme who live at both the coast and in the headwaters of the Scheme. This option was adopted by the Scheme's Advisory Committee at its annual meeting on 28 April 2006.

The change means that all bach owners will contribute an equitable amount. It will also be possible to undertake work in the headwaters and the cost to forested areas is therefore considerably reduced.

A general public meeting is to be held on 15 May at the Castlepoint Golf Club where it is expected the new rating classification will be adopted.

7. Scheme Budgets

Typical annual works programmes for the two Schemes are:

- Awhea-Opouawe - \$31,000
- Mataikona-Whakataki - \$12,000

Greater Wellington funds 50% of the works programme. Provision has been made in the LTCCP to fund the Schemes at these levels. The new rating classifications will not alter the scale of the normal works programmes. The Schemes are encouraged to create flood damage reserves to enable them to complete repairs following significant storm events, e.g. the Awhea-Opouawe Scheme was able, with the assistance of the Council, to fund significant flood damage repairs following the 2006 flood event.

8. Communication

Ratepayers within both Schemes have been provided with information at public meetings and by mail. No further communication is required.

9. Conclusion

Subject to the endorsement by both communities at a general public meeting, the requirements of the Rating Act have been complied with. As a consequence, targeted rates can be set on all rateable units in the areas of the Awhea-Opouawe and Mataikona/Whakataki Catchment Schemes. The rates will comprise two parts, land value and fixed amounts per separately used or inhabited part of the rating unit.

10. Recommendations

That the Committee

1. **Receive** the report.
2. **Recommends** that Council at its meeting on 29 June 2006:
 - (a) *Set a differential targeted rate on all rateable rating units in the area of the Awhea-Opouawe Catchment Scheme on the following basis:*
 - *up to 55% of the revenue required will be set based on land value. Land value best represents the extent of benefits received by landowners in the Scheme.*
 - *up to 55% of the revenue required will be set and assessed on rating units (whether or not as the principal use) for residential purposes, as a fixed amount per separately used or inhabited part of the rating unit. The fixed amount will be \$100 plus GST for the first inhabited part and \$50 plus GST for any further dwellings. Rating units which have no residential use will not be rated the fixed amount per separately used or inhabited part.*
 - (b) *Set a differential targeted rate on all rateable rating units in the area of the Mataikona/Whakataki Catchment Scheme on the following basis:*
 - *up to 55% of the revenue required will be set based on land value. Land value best represents the extent of benefits received by the landowners in the Scheme.*
 - *up to 55% of the revenue required will be set and assessed on rating units (whether or not as the principal use) for residential purposes, as a fixed amount per separately used or inhabited part of the rating unit. The fixed amount will be \$15 plus GST. Rating units which have no residential use will not be rated the fixed amount per separately used or inhabited part.*

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