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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 River Management Scheme

1. Purpose

To obtain Committee approval of a proposed new rating classification approach for the Waiohine River Management Scheme, prior to a preliminary public consultation process. This will be followed by the Special Order process under the Rating Powers Act.

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 correctly apportion benefit between 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 among rural ratepayers that the current rating basis is unfair.
- 2.2 The existing classification consists of two different rating approaches. The rural floodplain area is rated on a differential land area basis, and the urban Greytown area is rated on a land value basis. Of the existing rate take of \$201,800 approximately 23% is collected from the urban area and 77% from the rural area.
- 2.3 The rural rating district has an area of 3,424 hectares, with an average rate per hectare of \$45, and 262 ratepayers with an average rate of \$590. The urban Greytown area has 984 ratepayers with an average rate of \$48.
- 2.4 The rural classification was based on the degree of benefit expected from the flood protection works proposed at the time of Scheme inception. Benefits from flooding, bank erosion, course change, and drainage were assessed for the floodplain area. The class areas, weightings, and rates per hectare in place under the current classification are shown in Table 1.

Table 1

Class	Area (Ha)	Weighting	Rate (\$/Ha)
A	865	3.22	62
B	554	3.08	59
C	419	2.61	50
D	1,385	2.31	44
E	140	1.85	35
F	101	1	19
Total	3,424		

- 2.5 The original 1953 flood protection proposal included the upgrade of the Apple Barrel Floodway, and stopbanking on both sides of the river downstream of SH2 Bridge. These works were not completed, and a few properties have been paying rates based on proposed rather than actual benefit.
- 2.6 Assessments of relative rural and urban benefits suggest that a lower proportion of the rates should be collected from the rural floodplain area.

3. Classification Review Team

- 3.1 A classification review has been underway since early 1999. The leading member of the review team is David Bulman (Valuation Consultant). David has had many years experience with Valuation NZ based in Masterton, and has been working closely with Wairarapa Division staff members
- 3.2 At each key stage of the review the Waiohine Floodplain Advisory Committee have been consulted and their approval obtained. This committee is made up of representatives of the Greytown Community Board, the South Wairarapa District Council, the Carterton District Council, Iwi, and rural Scheme ratepayers.
- 3.3 Ted Maguire, Council Secretary, who is very familiar with rating systems, has reviewed and endorsed the proposed classification approach.

4. Options Considered

- 4.1 A total of four alternatives to the current rating classification approach were considered. These alternatives applied a benefit differential over the whole of the floodplain area, or just over the rural area. Also they used land area, land value, or capital value bases over the whole floodplain area, or differing combinations of each over the rural and urban areas.
- 4.2 Uniform annual charges and house site curtilages were also considered as means of ensuring an urban house and section was rated comparably to an equivalent rural house and section.
- 4.3 The advantages and disadvantages of the various options are as listed in Attachment One. The proposed classification approach is described in the next section. It is seen as giving the best combination of fairness, practicality, simplicity, and low maintenance cost.

5. Proposed Classification Approach

5.1 The proposed rating classification approach is to:

- Rate the urban area on a capital value basis, and the rural area on a classified differential land area basis.
- Ensure the rural rating classification reflects current levels of flood relief.
- Apportion rates between the rural and urban areas based on relative land value.
- Draft a new boundary for the urban Greytown area capturing properties of urban character.
- Remove the section of Mangatarere Stream between Hodders Road and Belvedere Road from the proposed new rating classification.
- Set up the existing classification for this section of the Mangatarere Stream as a separate rating district.
- Every three years (the District re-valuation cycle) review the urban Greytown boundary and rural to urban rate apportionment.
- Amend the classification as appropriate to reflect benefit from new flood protection works.
- Introduce a site weighting (curtilage) to reflect benefit to rural houses, commercial enterprises and major utilities.
- Update the site weighting at a three yearly cycle recognising inflation, construction, demolition/removal and the balance between comparable urban and rural properties.

5.2 Using this approach there would be a 50/50 rating split between the rural and urban areas, based on relative land value. The current rate for each area would be \$100,900, giving an increase in average rate for the urban area from \$48 to \$103, and reducing the average rate for the rural area from \$590 to \$385.

5.3 The new rural rating classification is based on the pre-scheme “banks-down” flood hazard compared to the current standard of flood protection at any location.

A “banks-down” flood hazard plan was prepared identifying three levels of pre-scheme flood risk; up to 5 year frequency; 5 to 20 year frequency; and 20 to 100 year frequency. The current standard of flood protection was then overlain on this, enabling five levels of marginal benefit to be identified, representing the five rating classes from A to E. The class areas, weightings, and rates per hectare for the new classification are shown in Table 2. Attachment Two summarises the definitions of each of the new rating classes.

Table 2

Class	Area (Ha)	Weighting	Rate (\$/Ha)
A	117	6	46
B	379	5	39
C	1,345	4	31
D	363	3	23
E	906	2	15
S	22	100	773
Total	3,132		

- 5.4 A “Special” rating class S was introduced over the 0.1 hectare area surrounding houses and commercial buildings within the rural area. This is equivalent to applying a site weighting of \$77 for each rural house or commercial building. No more than two site weightings will be applied for any rural property.

6. Communications

It is planned to work with the Waiohine Floodplain Advisory Committee over the next six months to carry out a preliminary consultation programme with both rural floodplain and urban Greytown residents.

This preliminary consultation programme will consist of:

- Newsletters to ratepayers in both the rural and urban areas describing the proposed rating approach and inviting feedback.
- Letters to individual rural ratepayers describing the effect of the proposed new classification on their rates.
- Meetings with individual ratepayers or small groups with a common interest.
- Public exhibitions based in Greytown

The results of this preliminary consultation programme will be reported to the Rural Services and Wairarapa Committee, prior to a Special Order notification process starting in late February 2001. The Special Order process would conclude in time to implement the new rating classification approach during the 2001/2002 financial year.

7. Recommendation

- (1) *That the Committee approve the proposed new rating classification approach for the Waiohine River Management Scheme as the basis for a preliminary consultation programme.*
- (2) *That the results of the preliminary consultation programme be brought back to the Committee, and approval sought for proceeding with the Special Order notification process under the Rating Powers Act.*

Report prepared by:

David Bulman
Valuation Consultant

I Heslop
Divisional Engineer

Approved for submission by:

Ian Gunn
Manager, Operations

Colin Wright
Divisional Manager, Wairarapa