

# Establishment of targeted roading rates

---

<b>TO</b>	Thames-Coromandel District Council
<b>FROM</b>	Scott Summerfield - Policy and Planning Manager
<b>DATE</b>	10 January 2018
<b>SUBJECT</b>	<b>Establishment of targeted roading rates</b>

---

## 1 Purpose of Report

This report seeks Council approval to create a set of new targeted roading rates to pay for all district and local roading and footpath activity costs.

## 2 Background

The Council's roading activity is currently funded from the general rate (both the UAGC and the land value based rate), the Roads and footpaths and building control targeted rate and the local works and services targeted rate for each Community Board area.

The Roads and footpaths and building control targeted rate is set as a rate in the dollar on capital value on every rateable rating unit in the district.

The proportions of rating, as set out in the current Revenue and Financing Policy are:

District roading:

UAGC - low

General rate (land value based) - medium

Targeted rate - medium

Local roading:

Targeted rate - high

In 1877 the Thames County Council entered into an agreement with rangatira of Ngāti Maru to acquire land for a road from Thames to Paeroa. In exchange, the agreement provided that Ngāti Maru landowners would be exempt in perpetuity from payment of road rates. The agreement has been a source of contention between successive councils in the affected area between Thames and Hikutaia, and Ngāti Maru descendants. Ngāti Maru, Council and the Waikato Regional Council are nearing formal agreement on the settlement of the 1877 Road Rates Agreement, which will be given effect to by legislation. A local Bill to be passed alongside the Treaty of Waitangi settlement legislation for Ngāti Maru is currently being drafted.

The draft Deed of Agreement sets out that Council will give an exemption from rates as they apply to district transportation, local transportation and any other rate associated roading rate in perpetuity to any descendant of Ngāti Maru who owns now or becomes the owner in future of any of the prescribed ' Ngāti Maru Rating Land.':

The Ngāti Maru Rating Land referenced in the draft deed of agreement is identified on the map included as **Attachment A**. The effect of the agreement is that at any time the land is owned by a registered member of Ngāti Maru or the Ngāti Maru Post-Settlement Governance Entity (PSGE) then those properties become legally exempted from payment of all portions of rates which apply to roading.

This exemption for Ngāti Maru owners becomes overly difficult to apply under the current rating model for roading and so a new specific funding source for roading is proposed.

### **3 Issue**

The Council is unable to exempt from payment portions of the general rate and/or portions of a targeted rate. Therefore Council is advised to create a set of targeted district and local roading rates to give effect to the pending settlement of the 1877 Road Rates Agreement. While the Deed of Agreement with Ngāti Maru is yet to be signed and the local Bill which will give effect to the agreement is yet to be introduced, it is considered prudent to set these new rates as part of the 2018-2028 Long Term Plan to ensure a smooth transition once the legislation takes effect.

### **4 Discussion**

Staff recommend that Council approve new targeted roading rates, including district and local rates for each community board area, to provide for a distinct funding source for district and local roads and footpaths activities in the District in order to provide for the rating relief for Ngāti Maru landowners contemplated by the draft 1877 Road Rates Deed of Agreement.

The district targeted roading rate will be applicable to all rateable rating units in the district as the funding source for district roads and footpaths activities. The local targeted roading rate in each community board area will be applicable to all rateable rating units within that community board area as the funding source for local roads and footpaths activities.

Staff recommend that the new district targeted rate be a rate set in the dollar on land value on every rateable rating unit in the district. This will simplify the Council's rating system as the current Roads and footpaths and building control targeted rate is the only rate using capital value. The current background documentation to our Revenue and Financing Policy and our rating system do not explain the use of capital value for the current targeted rate.

Staff recommend that the residual Building control activity funding be funded from the general rate. The proportion of activity funding is low as the majority of this activity is funded by user fees and charges.

The local Bill giving effect to the pending Deed of Agreement will define identified land parcels, should they be owned by a descendant of Ngāti Maru or the Ngāti Maru PSGE (or successor) as non-rateable for the purposes of district roading rates applying to that property, and the local roading rates of the Thames Community Board.

The rating impact of funding the Roads and Footpaths activity in this new proposed manner will be different for different ratepayers. There will be small incidence shifts by moving from capital value to land value for the small portion of the Roads and Footpaths activity and Building control activity that is funded this way. In 2017/18 this targeted rate raised \$2,649,062.

Setting of new rates requires public consultation as per the special consultative procedure set out in the Local Government Act 2002. Consultation on these proposed rates will be undertaken as part of the 2018-2028 Long Term Plan consultation.

### **5 Suggested Resolution(s)**

That the Thames-Coromandel District Council:

1. Receives the 'Establishment of targeted roading rates' report, dated 10 January 2018.
2. Approves the proposed targeted roading rates as per section 16 of the Local Government (Rating) Act 2002 to be included in the 2018-2028 Long Term Plan consultation document.

**References-Tabled/Agenda Attachments**

**Attachment A** *Ngāti Maru Rating Land map*

**[Attachment A 1877 Ngati Maru Rating Land overview map](#)**