
ROAD ENCROACHMENT AND SALE POLICY – REPORT BACK ON 2012-22 LONG TERM PLAN DECISIONS

1. Purpose of Report

The Council agreed to retain a flat structure for road encroachment fees following deliberations on the 2012-2022 Long-term Plan.

This report updates the Road Encroachment and Sale Policy to reflect this decision and reports back on the request to take account of a remission scheme.

2. Recommendations

Officers recommend that the Strategy and Policy Committee.

1. *Receive the information.*
2. *Note that the Council agreed to retain a flat fee structure for Road Encroachments in the 2012 – 22 Long Term Plan.*
3. *Note that the flat fee structure (inflation adjusted) has been included in the 2013/14 Draft Annual Plan that will be considered as part of this meeting.*
4. *Recommend to Council that it agree to the changes to the Road Encroachment and Sale Policy to retain a flat fee structure as agreed in the 2012 – 22 Long Term Plan attached as Appendix 1.*
5. *Note that officers do not recommend incorporating a remission scheme in the Road Encroachment and Sale Policy.*

3. Background

Following deliberations on the 2012-22 Long-Term Plan, the Council agreed to retain the encroachment fee structure at the current level of \$12.27/m² excl. GST for 2012/13 and inflation adjusted annually. There was significant feedback received during the 2012-22 Long Term Plan process against a changed fee structure. The proposed amendments to section 5.9 of the Road Encroachment and Sale Policy reflect the Council's decision. These changes are included in Appendix 1.

The Council asked officers to review the encroachment fee structure in time for the 2013/14 draft annual plan, and for the review to take into account:

- A possible fee remission scheme.
- The views and issues raised by submitters in the 2012-22 Long-Term Plan.
- Consideration of encroachment differences distinct from capital value differences - including analysis of public good/private good and steep land.

Officers have undertaken this review and no further changes are recommended. The decision to retain a flat fee structure addresses many of the issues raised by submitters and addressed the issues of encroachment differences distinct from capital value differences.

4. Discussion

Officers have considered a fees remission scheme for encroachment licence holders. Officers do not recommend implementing such a scheme, as there is an existing remission scheme for rates which low income rate payers can apply for. The first priority would be for ratepayers to ensure that they apply for this scheme if they are eligible rather than creating an additional scheme. Currently 69 encroachment licence holders received a rates rebate in 2012 and the maximum rebate of \$590 was received by 90% of these people.

In addition retaining the existing flat rate fee structure addresses the majority of the issues that were raised by the community in the Long Term Plan process.

By way of background, the following discounts and fee waivers are available to residents on low incomes:

- Rates - Rates Rebate Scheme (funded by central government) provides a rebate of up to \$590 based on criteria such as household income, level of rates and number of dependants.
- Backdoor rubbish collection (fee waiver, usually \$125 year), if the applicant is physically unable to take their rubbish to the kerbside, is on a low income and no one in the household can do this task.
- Recreation services - Leisure Card gives discounted entry to Council recreation services for residents who may find price to be a barrier.
- Home insulation – The Council collaborates with Capital and Coast DHB and the Sustainability Trust to top up EECA's insulation subsidy for low income households to 80 – 90%. The average contribution from the Council is \$200 per household.

Any rebate for encroachments would need to be funded by redistributing costs across other encroachment holders, or through general rates or reduced services.

5. Conclusion

Officers do not recommend any further review of the charging regime at this time and that the 2012-22 Long Term Plan decisions be incorporated into the existing policy. This is based on the significant feedback received during the 2012-22 Long Term Plan process, feedback from Councillors, and discussions with the Portfolio Leader and as part of planning the Forward Programme for Strategy and Policy Committee.

SUPPORTING INFORMATION

1) Strategic fit / Strategic outcome

The policy enacts decisions made through the Long Term Plan.

2) LTP/Annual Plan reference and long term financial impact

The financial impact of the encroachment fee structure is included in the Fees and Charges section of the 2013-14 Draft Annual Plan.

3) Treaty of Waitangi considerations

The policy does not raise Treaty of Waitangi considerations.

4) Decision-making

This decision will update the Road Encroachment and Sale Policy to take into account the Council's LTP decisions.

5) Consultation

a) General consultation

This paper is seeking approval to consult with the public.

b) Consultation with Maori

No specific consultation with Maori has been undertaken.

6) Legal implications

The policy raises no legal issues.

7) Consistency with existing policy

The policy is consistent with existing policies.

ROAD ENCROACHMENT AND SALE POLICY

Section 5.9 Fees

This section outlines the fees and rental charges applicable to road encroachments.

Residential annual rental fees will be **adjusted annually** according to Consumer Price Index changes and reviewed every three years by the Council as part of its long-term planning process (LTP) ~~every three years~~. The fees review will take into consideration the latest relevant rateable land values for residential properties ~~across the city by suburb~~.

~~Rental fee rates will be based on a differentiated fee structure where the rental rate per square metre is set generally as a proportion of land values in a given suburb. The rate per square metre will be set at a discount to estimated market rental rates for land in the relevant suburb, recognising that legal road is generally less valuable than normal freehold land due to the uncertainties and encumbrances on it. A maximum and minimum rental rate will apply. Some grouping of suburbs may also be considered when setting rental fee rates.~~

The following fees and charges are applicable for existing and proposed legal road encroachments.

- A landowner consent application fee for Council (as landowner) assessing an encroachment and, if approved, issuing a licence or lease that provides for the private occupation of legal road. The fee is also payable where the Council undertakes an assessment of an existing illegal encroachment that is unlicensed and a licence is subsequently issued.
- An administration fee is for changes to existing licences or leases. This applies to changes in:
 - the ownership of the licence or lease holder
 - the use of the road encroachment
 - the size of an existing structure on the road encroachment.
- An annual rental for the use of the legal road. The annual rental is determined according to the nature and size of the encroachment (see 5.9.1 Annual Road Encroachment Rental). ~~For residential encroachments a suburb specific cost per square metre is applied when determining the annual rental for a particular encroachment in a particular area.~~
- For commercial encroachments a market rental will be charged.
- For airspace leases a one-off charge covering the life of the lease may be charged (see 5.9.2).

The market rental will be determined by an independent valuer who may be appointed by the Council or be chosen by the licence applicant/holder, subject to the approval of the Council. The cost of obtaining the valuation will be paid by the licence applicant/holder.