

## **Equity Issues - Proposed Approach - Council Funding Sounds Roothing Recovery**

### **The Status Quo**

Marlborough roads have been traditionally funded equally by all ratepayers. The rationale for this is simple and is articulated in Section 4.5 of the Order report for Council's 26 February meeting – that being *“every Marlburian has an equal opportunity to travel over the roading network.”*

Under this policy all major event costs are shared across the whole region. This avoids the need for primary users of specific roads to have to front up alone when they suffer an extraordinary major event in their area. The existing policy recognises that equal pay is fair as everybody's turn for an extraordinary major event will come.

### **The Unfairness Issue**

To suddenly propose, *after* a major event has occurred, that an affected region's users should instead pay a greater share of the road recovery costs in their particular area is effectively renegeing on this policy - and on the understanding and expectation that all ratepayers have carried as they have purchased property and taken up residence and dutifully paid their rates in the past.

### **No Justification**

Section 4.5 of the Order report purports to justify isolating the Sounds and renegeing on the existing policy because *“the damage caused by the 2021 and 2022 events is magnitudes higher than the normal level of storm damage paid for by rates and... the recovery expenditure will likely provide significant social and economic benefits to Sounds residents, above what can be expected for the balance of Marlborough residents..”*

The problem here is that the relative level of benefit as between Sounds residents and non-residents is not changed by the magnitude of the event. Nor is it changed by the magnitude of the recovery costs. It is the same as it has always been. More to the point, it also the same for all *other* roads in the region as well. So it makes no sense to suddenly suggest that the magnitude of costs and the relative benefit is a reason for making Sounds residents pay a larger share than the existing policy pre-proposes.

In our view Council is thus erring, and being inherently unfair, by arbitrarily isolating Sounds residents for this particular recovery event. The only rationale that would conceivably justify Council's proposals is to say that Sounds residents always get a materially higher relative economic benefit from their road than non Sounds residents get from their roads. If this is the case it has certainly not been made out in the Order report

As they stand in our view the proposals arbitrarily broach existing policy and amount to little more than cheery-picking recovery events to fund through targeted rates. This stands as a potentially very uncomfortable policy breach precedent.

## **Breaking down Sounds into Zones**

Exactly the same issue of fairness arises with the proposal to break matters down further - with options 4 and 5 having different roads in the Sounds making different degrees of recovery contribution. No basis is made out for this. There is certainly no suggestion that Kenepuru Road users get any greater benefit for their road than other Sounds residents get from their roads, nor any suggestion that Kenepuru Road is any more expensive to maintain, at least per KM of road, than any other Sounds road. Why then, is it appropriate for the existing policy for Sounds roads to suddenly be breached just for this particular event?

The proposals in the Order paper would appear to assume that major events will not occur anywhere else in the Sounds and/or that there is always going to be some form of disproportionate damage to or benefit arising to Kenepuru Road ratepayers. However, no basis for such is made out in the Order report.

## **Recommendation**

In short, it is manifestly unfair to break the existing common share policy for an isolated event just because it happens to have hit one area more than others. The existing policy anticipates this – everybody's turn will come. If this practice is to be adopted for major events then shouldn't that be effected by altering the rating policy – and not just by way of arbitrarily determining if and to what degree areas should be cut off from common funding if and when events occur?

If Council is to propose anything at all then in our view it must do so on full disclosure – the proposals must clearly identify the fundamental fairness issue that arises with a breach the existing road funding policy.

In our view, and given no basis has actually been made for departing from the existing policy for this event, the default option must be the status quo – application of the existing roading cost policy.

KCSRA Discussion Paper

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