

REPORT 1C
(1215/52/IM)

**REPORT OF THE FUNDING AND ACTIVITY REVIEW
 WORKING PARTY REPORT BACK: REVIEW OF REVENUE
 AND FINANCING POLICY**

1. Purpose of Report

This report presents the recommendations of the Funding and Activity Review Working Party following its annual review of the Council's Revenue and Financing Policy.

2. Executive Summary

Terms of reference

In October 2005 the Strategy and Policy Committee (SPC) agreed to the establishment of the Funding and Activity Review Working Party (FAR).

A key responsibility of the FAR Working Party is to "Guide officers in the review of the Revenue and Financing Policy as it applies to all activities and recommend any changes to the Strategy and Policy Committee".

In 2006 the Council undertook a major review of its Revenue & Financing Policy in conjunction with the triennial LTCCP process. This culminated in the approval of a new policy applicable from 1 July 2006.

The terms of reference for the FAR Working Party were updated in August 2006. This included an extension to the term of the Working Party through to the end of the current triennium in October 2007.

In amending the terms of reference the SPC agreed the forward programme for the FAR Working Party in relation to the Revenue and Financing Policy which included:

2006/07 Forward Programme	Current status
The ongoing review of areas of non-compliance with current policy (current and forecasts).	Recommendations contained within this report.
Review of funding options as they relate to the water network	Recommendations contained within this report

Review of funding options as they relate to the sewerage network (particular as they apply to the commercial sector)	Update on progress contained within this report
Review of the appropriateness of creating a differential rating category for land used for wind farms (and the review of rating category options or utilities generally)	Recommendations contained within this report
The application of targeted rates for capital funding	Ongoing
The appropriateness of applying annual uniform general charges	Update of water & sewerage charges contained within this report
The review of the allocation of interest and financing costs	On forward programme
Consideration of depreciation funding principles and allocation of funding of renewal capital projects	On forward programme

In addition to the above other funding issues referred to the FAR for consideration and summarised within this report include:

- Consideration of rates relief for heritage properties.
- Funding implications of Footpaths Management Policy Guidelines

Policy compliance

The Revenue and Financing Policy sets out the proportion of each Council activity to be funded by either user charges, other revenue (e.g. Transit NZ subsidies), rates or borrowings.

It is prudent that Revenue and Financing Policy compliance is reviewed on an activity by activity basis each year to ensure that the revenue collected from each of the Council's funding sources is in line with policy.

At the Strategy and Policy Committee Workshop in December 2006 it was noted that preliminary 2007/08 budgets showed a potential \$4.2 million gap in funding policy compliance i.e. a shortfall in user charge funding which unless addressed would need to be funded by rates. The reasons for this gap include:

- Stretch targets set for user charges set in policy but not yet achieved
- Inflationary impacts resulting in increased activity expenditure (e.g. staff costs in swimming pools activity)
- Change in project mix, within an activity (e.g. Community Centres and Halls activity where revenue generating projects have been removed from the activity)

In the December 2006 officers proposed a target of \$3.3 million of increased user charges to improve Revenue and Financing Policy compliance and to assist in limiting the rates increase for 2007/08.

For each non-compliant activity the Working Party considered a range of remedial actions, including:

- Increasing user charges to achieve compliance
- Amending the policy to reduce the user charge proportion
- Leaving the policy unchanged and noting temporary non-compliance with policy.

This report recommends changes to fees and charges which if approved will improve policy compliance by \$2.29 million. Any changes not approved will result in an equivalent change in the rates requirement for 2007/08.

There are four activities for which the Working Party is recommending a revision to the user fees proportion of the activity. These are:

- Development Control and Facilitation – increase User Charges from 40% to 45%
- Public Health – decrease User Charges from 50% to 45%
- Promoting and Hosting Cultural Events – decrease User Charges from 35% to 25%
- Swimming Pools – decrease user charges from 45% to 40%
- Community Centres and Halls – decrease user charges from 20% to 2%

The remaining compliance gap of \$1.2 million is made up of those activities where either the Working Party has agreed that a funding gap is prudent or where non compliance is marginal and does not justify fee increases from a practical perspective.

The changes to fees and charges/and or policy are summarised in section 4.4 (pages 10 -14) of this report. A full list of proposed amendments to fees and charges is attached as Appendix 1.

Rating for Water network and supply

The Working Party has reviewed the options and methodology in regard to rating for water. It concluded that the existing rating basis for residential ratepayers remains appropriate, given the only genuine alternative of compulsory metering is not currently considered a viable option. In addition it has advocated for a continuation of non-metering initiatives to enhance water conservation.

The Working Party has not proposed any change to the proportion of residential water rates collected via a fixed charge.

The review noted that some anomalies were created by the existing rating mechanisms for non-metered commercial properties, whereby the non-metered properties share of rates is calculated based on the total non-residential share less the amount budgeted to be collected through metered water. This can lead to significant variation in water rates between years due to changes in budgeted water meter revenue (i.e. water consumption or the charge per m³). As a consequence the Working Party has completed preliminary investigation into the viability of compulsory water metering for non-residential properties. It recommends that officers develop a proposal for consideration by the Strategy and Policy Committee with a view (if approved) to introduction for the 2008/09 rating year.

Rating for Sewerage Network

It is recognised that anomalies also exist in rating for sewerage. The Working Party has concluded that for the residential sector, other alternatives such as pan charges do not necessarily offer a fairer or more equitable rating solution. No changes to the current rating basis have been proposed.

For the commercial sector anomalies caused by rating on the basis of capital value are more pronounced. The Working Party has investigated other options, including the possibility of rating non-residential properties for sewerage on a 'water in – water out' basis. This option would have major ramifications for high water users and from a legal perspective is yet untested amongst New Zealand Councils. The Working Party recommends that this and other options be considered further over the coming year in conjunction with the development of the Council's Trade Waste Policy.

Utilities Rating Policy (Wind farms)

An extensive review of the options and implications for the rating of utilities was conducted in conjunction with the Local Government Rating Act requirement for utility property to be rated from 1 July 2002. With the impending development of a wind farm by Meridian Energy on land in the Makara area it was also prudent for the Working Party to consider how this type of development should be rated.

The Working Party has concluded that the existing policy under which utility networks are rated i.e. on a similar basis to other non-residential property, but not rateable for sewerage or water is appropriate.

The existing provisions are also considered appropriate to cope with the potential introduction of wind farm utility infrastructure onto the Council's rating database.

Rates relief for heritage properties

Plan Change 48 – Central Area Review proposes creating nine heritage areas within the Central Area of Wellington city. If the Plan changes are adopted,

sites within these nine heritage areas will have height restrictions imposed on them to reflect the existing scale and built form of the areas. These proposed height restrictions may result in a loss of development potential for these sites. Submitters have requested that the Council consider compensating affected building owners in the form of rates relief. A report was commissioned that considered compensation options including the provision of rates relief. This Working Party agrees with the report findings that rates relief is not recommended as a means of addressing loss of development potential and recommends that the issue of compensation be re-considered in conjunction with the hearing of final submissions on the proposed District Plan change.

Footpaths Management Policy Guidelines– fees and charges

At its meeting on 8 February 2007 the Strategy and Policy Committee referred the funding implications in relation to pavement permissions to the FAR Working Party.

The Working Party considered a range of options including full cost, rating value and market value based fees and charges. It recommends that a full cost recovery basis be adopted in regard to outdoor seating, sandwich boards and trading in public places pavement permission activities and 50% recovery for retail displays. In making this recommendation the Working Party has given consideration to 'public benefit' and noted that this is partly accounted for by the opportunity foregone in the proposal to set fees and charges on a cost recovery rather than market rental basis. In addition it is proposed that no charges are recommended in relation to Street Performance and Busking and Street Appeals and Charity Fundraising activities. It is also noted that the fee increases proposed are as a direct result of increases in costs in relation to licence approvals, monitoring and enforcement under the proposed policy and do not reflect a change from the existing funding/cost recovery policy.

Rating Policy

Officers have recommended two minor amendments to the Council's rating policy.

It is proposed that the minimum value at which a rating unit with both a residential and non-residential use component must be 'divided' for rating purposes be increased from \$500,000 to \$800,000 to reflect increases in capital values since the policy was introduced.

The Council's Downtown Levy targeted rate is currently based on the following "the downtown area refers to the area designated as the "Central Area" under the operative Wellington City District Plan". Under the proposed District Plan change the "Central Area" is no longer applicable. It is recommended that the description is modified to retain the existing rating units within this rating category.

3. Recommendations

That the Committee recommend that Council:

1. *Receive the information.*
2. *Note that volume and price changes proposed as a result of this review result in a reduction in rates requirement of \$2.29 million from the “business as usual” position presented to the 13 December 2006 workshop.*
3. *Approve changes to fees and charges as detailed in Appendix 1 of this report.*
4. *Approve the amendment of the Revenue and Financing Policy, as contained in the 2006/07 LTCCP and request officers to prepare a Statement of Proposal to reflect the following:*
 - a. *Development Control and Facilitation – increase User Charges from 40% to 45%*
 - b. *Public Health – decrease User Charges from 50% to 45%*
 - c. *Promoting and Hosting Cultural Events – decrease User Charges from 35% to 25%*
 - d. *Swimming Pools – decrease user charges from 45% to 40%*
 - e. *Community Centres and Halls – decrease user charges from 20% to 2%*
5. *Request officers to develop a proposal for compulsory water metering of all rating units within the commercial, industrial and business rating differential for consideration by the Strategy and Policy Committee with a view (if viable) to introduction for the 2008/09 rating year.*
6. *Request officers to further consider alternative options for sewerage rating of commercial properties over during 2007/08 in conjunction with the development of the Council’s Trade Waste Policy.*
7. *Notes that the existing utility rating policy is appropriate to cope with the potential introduction of wind farm utility infrastructure onto the Council’s rating database.*
8. *Agrees that the full Council costs associated with licensing, monitoring and enforcing outdoor seating, sandwich board and trading in public places pavement permissions and 50% of the cost of retail displays be recovered through user fees, noting that no charges are proposed in relation to the cost associated with Street Performance & Busking and Street Appeals & Charity Fundraising activities.*
9. *Agree to revise within the Council’s rating policy, the minimum value at which a rating unit with both a residential and non-residential use*

component must be 'divided' for rating purposes from \$500,000 to \$800,000.

10. *Agree to modify, within the Council's rating policy, the definition of the Downtown Area to "...the downtown area refers to the area designated as the "Central Area" under the Wellington City District Plan shown on map 32 as reprinted on 02/11/2005 and operative as at that date."*
11. *Note that the Revenue and Financing Policy outlines a shift in the commercial and residential rating differential from 4.4 in 2006/07 to 3.8 in 2007/08.*

4. Compliance with Revenue and Financing Policy

4.1 Review Parameters

Annual Review

In adopting the 2006 Revenue and Financing Policy the Council agreed that it was appropriate to review activity funding on an annual basis with the intention of ensuring that the user charge component of activity funding policies keeps pace with CPI and other cost increases. It was also considered prudent that any other activity funding issues raised be appropriately addressed with reference to the Council's funding principals.

The responsibility for conducting the annual review was allocated to the FAR Working Party, which reports through to the Strategy and Policy Committee.

The Working Party has conducted its annual review on an exceptions basis. Revenue and Financing Policy funding principles, assumptions and activity specific funding considerations remain valid, unless specifically indicated otherwise.

Stretch targets

In addition there are a number of activities for which the Council has, in the past, agreed to set "stretch targets" for the proportion of non-rates revenue derived from the activity. It is pertinent that these stretch targets are reassessed in light of the funding compliance gap showing in some activities.

Non-compliant activities

The review of non-compliant activities was commenced in December 2006. At the time, 2007/08 draft budgets indicated non-compliance with current Revenue and Financing Policy targets to the value of \$4.3m (i.e. \$4.3m would need to be funded through rates, where the R & F Policy indicates the activity to be funded through user charges).

This review focused specifically on those activities for which December 2006 draft budgets indicated a Revenue and Financing Policy variance of 3% or \$100k from the existing Revenue and Financing Policy non-rates revenue target, as follows:

Activity		Projects
1.3.1	Development Control and Facilitation	C479
1.4.2	Building Regulation and Facilitation	C480
2.4.3	Passenger Transport Network	C072A, C550, C576, C655
3.1.3	Convention Centre	C101
4.5.4	Waste Minimisation & Disposal Network	C076, C077, C078A & others
4.5.5 & 4.6.1	Water Network & Water Collection and Treatment	Various
5.2.1	Promoting & hosting cultural festivals	C020, C130E, C587
6.4.1	Provision of Swimming Pools	C034
6.4.3	Provision of Recreation Centres	C037, C 669
6.4.5	Provision of Marinas	C418
6.4.6	Provision of Community Centres and Halls	A468, C068, C130B, C130I
6.4.8	Provision of Libraries Network	C050, C467
6.5.1	Burials and Cremations	C007

In considering the Funding Policy for each of the activities identified the Working Party had available a number of options in regard to forming its recommendations. These include:

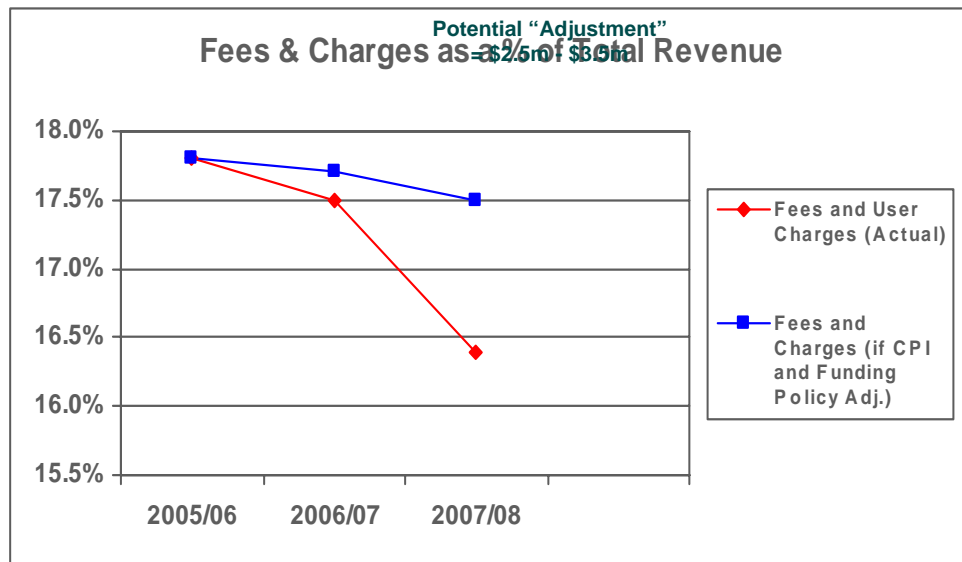
- A reduction in service levels/expenditure on the activity (likely to result in a reduction in the \$'s rate requirement and the user charge policy target)
- Increase user charges (i.e. changes in price)
- A change to the policy target

In addition to the above and where practical, CPI based increases to user charges are also proposed on a number of activities which fall below the 3% or \$100k variance criteria.

4.2 CPI / inflation considerations

In recent years there has been considerable variability in the increase in fees and charges to offset CPI (inflation) impacts. By not increasing fees and charges

in proportion to increases in expenditure the non-compliance gap on a number of activities has ballooned. As the graph below indicates the impact of the drop in proportion of costs recovered through user charges Council-wide between 2005-06 and 2007/08 budgets is approx. \$2.5 to \$3.5m. This is equivalent to a 2% impact on the total rates line. Given the significant cost pressures surrounding the 2007/08 budget the initial expectation was that this 'leakage' would be recovered though increased user charges.



4.3 Key assumptions and expectations

The draft 2007/08 budget figures used in the assessment of compliance for each activity are based on 'business as usual' budgets, prior to the inclusion of organisation review and capacity initiatives as proposed at the Councillor Workshop on 13 December 2006.

The provisional allocation of organisational savings initiatives when combined with fees and charges increases has resulted in a re-adjustment of the funding compliance gap for some activities. The resulting impact for each activity is incorporated in the table overleaf (section 4.4, pages 1- 14).

4.4 Review recommendations on policy compliance

As part of its review the FAR Working Party has received, for each activity, a report outlining the factors contributing to policy non-compliance, along with options and limitations for achieving compliance with existing Revenue and Financing Policy. The following table summarises the Working Party's key recommendations for each activity. A full list of recommended changes to Fees and Charges is contained in Appendix 1.

	Current Policy	2007/08 Funding Gap at 13/12/06		FAR considerations	FAR recommendation	Additional Revenue / Reduction in Cost	Policy Change Rec.	Revised Funding Gap at 25/02/07 (+ is favourable)	
		%	\$000's					%	\$000's
1.3.1 Development Control and Facilitation				Noise monitoring does not 'fit' within this activity. WCC currently contribute 50% of airport noise monitoring. Working Party view that WIAL should pay full costs.	1. Oncharge full cost of expert advisors 2. Two application meeting free. Charge for additional. 3. Split out Noise monitoring and transfer to Public Health activity.	\$130 \$120 \$80	Increase user charges proportion by 5% to reflect removal of Noise Monitoring activity, which is 100% rates funded. Corresponding reduction in Public Health activity user charge funding target from 50% to 45%.		
	40% user charges	7%	\$330			\$330	Revise policy to 45% user charges with offsetting change in Public Health activity.	- 3 %	(\$141)
1.4.2 Building Regulation and Facilitation				Fee increases relate to Building Act additional criteria for TA's to become an accredited building consent authority which requires additional administration and procedural costs.	Fee increases: Lodging fee : \$75 - increase to \$90 Approval fee \$110 – increase to \$130 Code of compliance fee \$75 – increase to \$90		Note that as a result of recommended fee increases we provisionally expect the activity to over-recovery in the short term prior to additional accreditation costs being incurred.		
	60% user charges	6%	\$745			\$0	No change to policy	-5%	(\$498)

	Current Policy	2007/08 Funding Gap at 13/12/06		FAR considerations	FAR recommendation	Additional Revenue / Reduction in Cost	Policy Change Rec.	Revised Funding Gap at 25/02/07 (+ is favourable)	
		%	\$000's					%	\$000's
2.4.3 Passenger Transport Network				User charge 'gap' relates to variation in Adshel contract expectations. No change to policy – however estimate 3 yrs to achieve compliance.	Note non-compliance. Contractual obligations prevent additional recoveries.				
	100% user charges	53%	\$498			\$0	No change to policy	47%	\$435
3.1.3 Convention Centre				Arena and MFC/Town Hall achieve similar recovery rates of approx. 72% of direct costs. A 7.4% increase in charges would be required to achieve full compliance. Fee structure generally market driven.	Recommend 3.5% increase in fees (1.8% improvement in compliance for 07/08) and further 3.5% for 08/09 as market allows and as required to meet policy compliance.		3.5% fee increases along with organisational savings impact is now forecast to result in compliance with R & F Policy for 2007/08.		
	55% user charges	5%	\$353			\$166	No change to policy	0%	\$13
4.5.3 & 4.5.4 Recycling and Waste Minimisation & Disposal				Business unit reviewing collection methods for refuse and recycling. Business unit forecasting to meet compliance gap through cost efficiency and volume factors. Options for increasing rubbish bag prices considered – market factors indicate limited benefit from funding policy perspective. Review confirmed LGA compliance of funding recycling through dump fees.	Recommend no change to charges based on officer advice.				
	90% user charges	9%	\$899			\$899	No change in policy	0%	\$0

	Current Policy	2007/08 Funding Gap at 13/12/06		FAR considerations	FAR recommendation	Additional Revenue / Reduction in Cost	Policy Change Rec.	Revised Funding Gap at 25/02/07 (+ is favourable)	
		%	\$000's					%	\$000's
5.2.1 Promoting and hosting cultural events					Change policy – reduce user charge component from 35% to 25% to reflect transfer out of income generating activities (i.e. part externally sponsored).				
	35% user charges	10%	\$138			\$0	Reduce policy to 25% user charges	1%	\$16
6.4.1 Swimming Pools				2007/08 draft budget shows significant policy non-compliance. Due primarily to 1. Additional costs of WRAC (shallow water play) for which the initial Business Case indicated fee increases would be required. 2. Increases in personnel costs (job sizing) and flow on impact of share of organisational costs. Consideration given to achieving balance between fee increases and an adjustment to R & F Policy for activity.	Weighted average increase in pool attendance fees of 27% (\$510k), noting concession card initiative means no impact for swimmers visiting pool 3 or more times per week. Decrease in User Charge component by 5% to 40%. \$800k nominal rates funding impact.		Note that combined impact of increased user fees, reduction in user charges funding target and the corporate (overhead) savings initiatives mean that it is now forecast that compliance with the revised R & F policy will be met in 2007/08.		
	45% user charges	7.4%	\$1,726			\$0	Reduce Policy to user charges to 40%	0%	\$6
6.4.3 Provision of Recreation Centres				Non-compliance due to inclusion of ICSC interest and depreciation costs. Funding policy impacts for ICSC to be reviewed once project planning and costing phase completed.	No change to policy – accept 'stretch-target' pending confirmation of forecast ICSC operating costs and revenue streams.				
	25% user	5%	\$166			\$0	No policy change	5%	\$166

	Current Policy	2007/08 Funding Gap at 13/12/06		FAR considerations	FAR recommendation	Additional Revenue / Reduction in Cost	Policy Change Rec.	Revised Funding Gap at 25/02/07 (+ is favourable)	
		%	\$000's					%	\$000's
	charges								
6.4.5 Provision of Marinas				Continued trend of non-compliance with R & F Policy in recent years. Market elasticity considered in relation to competitor pricing for moorings and multiple use alternatives for boat-sheds. Working Party concluded that full cost recovery remains a realistic target.	Fees to be revised to achieve full policy compliance in 2007/2008. Increase in total fee revenue required for Evans Bay 19% and Clyde Quay 60.6%. Specific fee increases will vary depending on impact of market forces.				
	100% user charges	26%	\$136			\$136,000	No policy change	0%	\$0
6.4.6 Community Centres and Halls				In 2006/07 non-rates revenue of \$436k forecast. All but \$53k of this revenue is budgeted to be removed from this activity in 2007/08 (Betty Campbell Centre closure - loss of accommodation assistance fund and building leases – revenue shifted to commercial lease project	Recommend adjust policy to reflect impact of removal of revenue streams from activity.		A reduction in R & F Policy for this activity has no overall negative impact on rates.		
	20% user charges	18%	\$421			\$0	Reduce policy to user charges to 2%	0%	\$0
6.4.8 Library				While not material as a	Proposed fee increases:				

	Current Policy	2007/08 Funding Gap at 13/12/06		FAR considerations	FAR recommendation	Additional Revenue / Reduction in Cost	Policy Change Rec.	Revised Funding Gap at 25/02/07 (+ is favourable)	
		%	\$000's					%	\$000's
Network				percentage, the non-compliance equates to a significant dollar amount. The Working Party concluded that 10% user charge proportion was appropriate and sought Business Unit recommendations for initiatives to close funding gap.	Adult's DVDs \$3 to \$4 /wk Child DVD's \$0.50/wk Adult reserves \$1 to \$2 Adult overdues \$0.50 to \$0.60 Child overdues \$0.25 to \$0.30 Adult's magazines \$0.50 /wk In addition to the above cross selling (diverting promotional emphasis to revenue generating products is expected to improve volume by \$20k.				
	10% user charges	2%	\$316			\$316	No policy change	-1%	(\$180)
6.5.1 Burials and cremations				A combination of volume change assumptions, cost efficiencies and price increases were proposed by the business unit to achieve compliance. The Working Party concluded that the 50% rates funding proportion of the activity was a realistic reflection of the cost of providing the amenity value associated with the provision of cemeteries and that the funding options proposed be accepted.	An average increase of 12.8% in burial and cremation fees				
	50% use charges	10%	\$162			\$162	No policy change	-2%	(\$39)

5. Other Revenue and Financing Policy Issues Considered

5.1 Funding of water network, collection and treatment

In reviewing the funding of 'Water' the Council considered three aspects:

i) Metered water charge for 2007/08

Draft 2007/08 budgets for the water activity indicate an increase in metered water volume sufficient to offset CPI increases in this activity. No adjustment to the metered water rate is recommended for 2007/08.

ii) The methodology for rating non-metered commercial properties

There are currently 830 commercial rating units (estimated 400 water connections) which do not have water meters and are therefore rated based on a rate per dollar of capital value. While technically this rating methodology is sound, the total water rates payable by non-metered commercial properties is equivalent to the non-residential sector's share of total water costs (i.e. 40%) less that budgeted to be collected from water meter consumption. As a result significant variances can be experienced in rates payable by non-metered commercial properties.

The Working Party recommends that further investigation be undertaken in regard to the feasibility of shifting all non-residential properties to water meters.

iii) The fixed charge portion of residential water rates.

The proportion of fixed charges for both water and sewerage were reviewed in depth as part of the 2006 Revenue and Financing Policy Review. The Working Party recommended (not unanimously) no change to the existing fixed charge of \$112.50 (incl. GST) per residential rating unit for each of these activities, with the balance of the rates for these activities based on a rate per dollar of capital value.

The Working Party has again asked officers to review the rationale for these charges.

The generally accepted rationale is that the fixed charge (currently approximately 30% of total residential share of rates for each of the water and sewerage activities) reflects the fixed costs associated with the provision of the activity. While this is relevant for sewerage rates, where an equivalent fixed charge of \$110 - \$140 represents the indicative fixed cost of the activity, in officer's view, due to the charging regime operating by GWRC, 95% of the costs of the provision of the water activity are fixed. As a result, officers' advice is that any rationale for a change in the fixed charge component of water charges is likely to be based on philosophical / ability to pay factors rather than a split based on what may be considered fixed as opposed to variable costs.

5.2 Commercial Sewerage Rates

Wellington City Council sewerage rates are currently split 60%:40% between base (residential) and commercial ratepayers. This split is based on the water in, water out assumption whereby base (residential) properties use approximately 60% of the water in the city.

Residential sewerage rates are calculated based on a fixed charge of \$112.50 per rating unit, with the balance of the 60% share of total costs of the activity made up by a rate per dollar of capital value.

Commercial sewerage rates are calculated solely based on a rate per dollar of capital value.

Using the above rating methodology a \$1,000,000 residential property pays \$568 in sewerage rates, while a commercial property of the same value pays \$1,915, irrespective of the level of use of sewerage services.

Figure 1: 2006/07 Sewerage Rates

<i>Rate</i>	<i>Factor</i>	<i>Differentiation</i>	<i>Total Value of Factor</i>	<i>Rate/charge</i>	<i>Rates yield GST Inclusive</i>
Sewerage Rate	Fixed charge	Base differential use / connection status	61971 properties	\$112.50	6,972
	Capital Value	Base differential use / connection status	\$28,644,325,914	¢0.045572	13,054
	Capital Value	Commercial, industrial and business use / connection status	\$6,969,177,607	¢0.191564	13,350
	TOTAL				33,376

Issues for consideration

The general nature of the existing rating mechanism creates a level of inequity for both residential and commercial ratepayers.

The 60:40 split

The share of total sewerage costs borne by the base (residential) and commercial sectors is calculated using the water in water out methodology – hence the Revenue and Financing Policy for sewerage as that which applies to the water activity. While the general nature of this assumption results in some anomalies (e.g. variability in the water in water/sewage out ratio between differing property uses) there are limited practical alternatives available.

Residential ratepayers

For residential ratepayers there is no consideration given to the number of persons living in a residence and/or other factors which impact on the ‘usage’ of sewerage services. However, given the limited alternatives available, the use of fixed charge and rate per dollar of capital, appears to be the most fair and equitable mix of mechanisms through which to collect the residential share of rates.

The use of mechanisms such as pan charges for residential properties would not only require significant administration to establish pan numbers but also create further anomalies because the number of pans does not necessarily represent utilisation of sewerage services.

Other alternatives such as rating based on the number of persons residing in a household would also be administratively cumbersome and would be unlikely to significantly improve equity and fairness in the rating mechanism.

Given the above, the focus for the Working Party in regard to residential sewerage rating centres around the proportion of rates paid through the rate per dollar of capital value versus the proportion paid based on a fixed charge. While historically this has been based on an approximate split between fixed and variable costs of operating the sewerage system, there is a level of subjectivity in what constitutes fixed versus variable costs. As increasing the fixed charge proportion and decreasing the rate per dollar proportion increases rates for lower value properties and decreases rates for higher value properties (and vice versa) 'ability to pay' factors tend to have a significant impact on consideration of the appropriate split between the two mechanisms.

Commercial ratepayers

The anomalies created by the existing rating mechanisms are considerably greater for commercial properties than for residential properties.

Rating commercial properties based on a rate per dollar of capital value takes no account of the properties actual utilisation of the sewerage services. Although the premise that all properties benefit from having an effective sewerage system for the city is relevant, the Working Party has recognised that there is a potential for inequity in the existing rating mechanism.

Commercial sewerage rating alternatives

Water in water out

The Working Party asked officers to investigate continuing the 'water in - water out' assumption used to establish the proportion paid by each sector down to a property by property basis as an alternative to the existing methodology. This option has potential for the Commercial sector because the majority of properties have water meters through which the water in component can be established. However there are a number of factors which could hinder the effectiveness of this alternative. These include:

- 12% of the value of the commercial sector does not have a one to one water to meter to rating unit relationship i.e. a body corporate (or similar structure) pays for water consumption.
- a further 11% of the value of the commercial sector (20% of the total number of properties) do not have water meters installed so pay water rates based on a rate per dollar of capital value.
- rates would need to be set based on historical water consumption.
- Variability exists between the ratio of water in to water out between properties. This is particularly relevant for some of the major water users.

The adoption of this methodology would also result in a significant change in the rates burden for individual properties within the commercial sector. An initial review of those commercial ratepayers where there is a one to one relationship between the rating unit and water meter indicates that sewerage rates would decrease for approximately 80% of properties and increase for 20%. This is because a significant proportion of the commercial sectors water usage is consumed by a small proportion of properties.

As an indication of the considerable impact on individual ratepayers of this option, sewerage rates for the ten commercial properties with the greatest water usage would increase from a combined total of \$140,000 to a combined total of approximately \$7.7 million.

There are also potential legal issues around whether rating for sewerage on a water in water out methodology is legally compliant with the Local Government Rating Act. To date other Councils who have considered the option have not pursued it, largely based on the risk of legal challenge.

Other alternatives

Given the potential issues and impacts of the water in – water out methodology for sewerage rating the working party recommends that other alternatives continue to be investigated in conjunction with development of the Council’s Trade Waste Policy.

5.3 Rating of utilities (windfarms)

The Working Party has reviewed the existing policy in regard to utilities and has concluded that the existing rating categorisation (i.e. liable for the Commercial General Rate, sector targeted and storm water rates) is appropriate.

With the approval of the consent (subject to Environment Court appeal) for the development of Project West Wind, a 70 turbine wind farm development by Meridian energy on land in the Makara area, it was also appropriate for the Working Party to consider how such land should be rated.

A wind farm has some unique facets which need to be considered when establishing the rating categorisation for such property. These include:

- The turbine structures only utilise a small proportion of the land holding. The bulk of the land tends to be used for farming purposes.
- The granting of consent to construct a wind farm is likely to result in an increase in Land Value (due to increased potential) and a significant increase in Improvement Value (to account for the value of the tower structures and associated infrastructure).
- Under the Rating Valuations Act 1998 and the Local Government (Rating) Act 2002, “machinery” is excluded from rating valuations. Specific mention is made of excluding “...turbines, generators and associated equipment through which the electricity is produced by the generator passes”. While wind turbines are not specifically mentioned, in the case of wind farm developments in the Tararua region the same provision has been applied as to the valuation of hydro-electric power stations. Effectively this means that only the basic tower structures, administration buildings etc, as well as improvements such as roading and fencing are included.

Rating classification and value changes

In terms of rating classification the inclusion of wind farms within the valuation roll should be relatively straight forward. However there appears to be an increasing tendency for QV to value property which incorporates an element of ‘utility’ type infrastructure into the overall value of the rating unit. This is because in these cases there is a ‘land’ element associated – as opposed to those ‘traditional’ utilities which run through roading corridors and can be clearly separated for rating purposes.

The most likely scenario in the case of the Meridian property at Makara is that the bulk of the property would continue to be rated as farmland. Separate rating units already exist for a radio mast (utility) and residences (rated as residential) on the property. These would continue.

It is noted that the Land Value of the farmland portion is likely to increase due to the increased 'potential' created by the consent to construct a wind farm. As an example in the case of the Te Apiti wind farm in the Tararua District land value increased by approximately \$50,000 per turbine permitted through the consent.

Once the wind farm was constructed the value of the tower structures and other 'non-machinery' improvements would be added to the valuation roll. Because of the differential rating between farmland and utilities, which are rated at the commercial general rate a further division of the rating unit would likely be created to separate the utility assets and they would be rating accordingly. As a general indication the increase in value for the Te Apiti wind farm in the Tararua District was approximately \$500,000 per turbine. This would equate to approximately \$5,000 of rates per turbine.

5.4 Consideration of rates relief for heritage buildings

5.4.1 Rates relief for reduction in development potential

Proposed *District Plan Change 48 – Central Area Review* was released in September 2006. The *Central Area Framework* discussion document was also released at this time. Both these documents discuss proposals for the management of development in Wellington City's Central Area.

The intention of the Plan change, in respect of heritage areas, was to maintain precincts of low-rise, human scale shops, restaurants, streets and alleyways, especially in areas which are seen to define the nature and character of Wellington. The main changes are to reduce the height for new developments in some areas. Sites in close proximity to heritage sites and significant urban design features will be affected. These changes will reduce the financial return and total scale of development which are available on some sites. The result may change the underlying commercial viability of development and the complete nature of some developments.

The issue of rates relief to compensate owners of Heritage buildings have been discussed a number of times and papers have been presented to various committees over the years. Most recently, a report by Brett Nahkies was used in the review of the Built Heritage policy which took place from December 2003 to June 2005. Nahkies' report discussed various mechanisms for compensating heritage building owners. The conclusion was that targeted grants were the most appropriate and this led to the establishment of a Heritage Incentive Fund which is a key component of the Built Heritage Policy. This fund is used to encourage the conservation of the city's significant listed heritage buildings

The focus of previous papers has always been from a conservation point of view with the use of rates relief to encourage the retention and restoration of buildings. The proposed District Plan brings to light a further issue, compensation for development potential taken from owners of buildings within heritage areas but not listed heritage buildings.

A report was commissioned in August 2006 to consider the impact that the proposed Plan Change would have on the development potential of sites contained within the nine Heritage areas. The report also considered options for compensation for owners of buildings contained within the Heritage areas. The findings of this report are outlined below.

The report considered the impact that the proposed changes to the Plan would have by reviewing:

A. The impact of the proposed changes on the current market.

The report concluded that three factors were driving the current market:

- The apartment market is continuing to grow in Wellington and restricting the development potential for sites within the proposed Heritage areas will likely result in sites outside the Central Area such as Te Aro and Thorndon being developed. Due to high levels of demand, these developments will still take place, they will just be outside the core CBD area
- Large floor plates are being demanded by all sectors and particularly by the Government sector. Buildings and sites which allow large floor plates are of most interest to property developers.
- Retail is giving property owners levels of return comparable to several floors of apartment or office development. Therefore initiatives which impact on retail performance such as pedestrian counts, safety or image are as likely to impact on the market value of a site as height limitations

B. The impact of changes to allowable height

It is an important fact that the theoretical development potential of all sites is significantly different to the market opportunities. Very few sites in the entire CBD have been developed to their theoretical maximum. The number and capacity of sites in the Central Area significantly exceeds the market demand. This means that it is very difficult to quantify the true development potential which will be lost if the new rules are applied.

Three factors were identified that would preclude a site being developed to its theoretical maximum:

- The shape of the site. It could be an irregular shape, it could be too large or could be too small to make a development economically viable
- The existing buildings. It may be hard to justify the loss of the existing revenue and the cost of demolishing existing modern buildings
- Heritage buildings occupying the site may have existing limitations on their development.

After allowing for the above three factors, the estimated lost development potential to sites within the proposed Heritage areas was more than halved from a theoretical total of 642,000 m² to 310,000 m².

C. Option and applicability of compensation

As mentioned above, Council has considered the option of compensation for restrictions on development on a number of occasions, most commonly in the context of heritage buildings. Currently, this is addressed through grants available to owners of heritage buildings to assist with restoration.

Changes to height restrictions are an integral part of any District Plan review process and commonly sites may gain or lose development potential without expectations of compensation. Markets are by nature fickle and changes in market conditions, such as changing Government philosophy, resulting in increases or decreases in the Government sector or fuel prices affecting location decisions all impact on the financial viability of property development. Similarly a wide range of Council interventions, such as development of sporting or conference centres, changes to retail or restaurant requirements, promotion of events, transport or traffic circulation may also affect the viability and financial return of property development. However, there would be limited expectation of increased rates to support, or reduced rates to compensate, for these changes.

Three categories of tools to compensate property owners were considered:

- Rates relief through spot reductions for specific buildings or rating differentials applied to precincts. Spot reductions are not appropriate as they would only apply where a development is being undertaken. No compensation would be provided to owners of properties excluded from developing their property. Rating differentials applied to defined areas would 'reward' all property owners in the area, and as rates is partially based on capital value, rating differentials would favour more highly developed sites. This would mean sites which are vacant or less highly developed would lose the most in terms of development potential but would be rewarded the least due to their existing lower capital value. Conversely, properties in the heritage areas which are already highly developed would in fact be compensated the most based on capital value.

Any adjustment to rates provided to one property or group of properties must be passed on to all other rate payers.

Administration costs will increase to administer any rates differentials introduced.

- Project or development compensation. This is commonly used by Council to negotiate more desirable outcomes. This approach favours smaller developments where the contributions from Council can amount to a larger percentage of the total development cost. A problem with this approach is the perceived lack of fairness. A developer who is familiar with Council's guidelines may be able to negotiate a better compensation package.
- Urban Design initiatives. These have been used very successfully by Council in the past to influence development.

The report considered by the FAR Working Party concluded that rates relief was not an appropriate mechanism to address any loss of development potential on properties impacted by any changes or potential changes in the Council's District Plan. The Working Party recommends that the issue of compensation be re-considered in conjunction with the hearing of final submissions on the proposed District Plan change.

Separate from the issue of compensation for properties where development potential is impacted by a change of policy, the Working Party proposed that rates relief for properties undertaking development which enhance their heritage value be re-considered. While this issue was traversed through the development of the existing Built

Heritage Policy adopted in 2005 the Working Party has expressed concern in regard to the effectiveness of grants under the Heritage Incentive Fund. Officers' advice is that this issue be considered in conjunction with a study on the social, cultural, environmental and economic benefits of retaining built heritage identified as a milestone in the 2005 Heritage Policy document and scheduled to be completed during 2007.

5.4.2 Rates relief encourage the retention and restoration of heritage buildings

While not specifically addressed in the paper presented, the FAR Working Party has also considered the issue of rates relief for properties undertaking development or restoration which enhanced their heritage value.

The Working Party noted that this issue was traversed through the development of the existing Built Heritage Policy adopted in 2005 and that a Heritage Incentive Fund, allocated through a grants process was introduced in conjunction with the policy. Members of the Working Party have expressed concern in regard to the effectiveness of grants under the Heritage Incentive Fund and the ability of the fund to adequately support high cost restoration.

The Working Party has requested officers to consider how best to reconsider this form of rates relief. Officers' advice is that this issue be considered in conjunction with a study on the social, cultural, environmental and economic benefits of retaining built heritage identified as a milestone in the 2005 Heritage Policy document is scheduled to be completed during 2007.

5.5 Footpaths - Revenue and Financing Policy implications

At its meeting of 8 February 2007 the Strategy and Policy Committee considered the Pathways Management Policy Guidelines. The proposed policy guidelines stated that fees will be set in alignment with the Council's revenue and financing policy. It further stated that the licence fees would be expected to include the cost of licensing, monitoring and enforcement and administration. The Strategy and Policy Committee referred the issue of funding for this activity to the FAR Working Party, to report back to the Committee with a recommendation.

In considering the funding policy for the activities under the pavement permissions umbrella, it is important to note their unique nature in regard to the Revenue and Financing Policy. That being that the activities are split across Public Health and Pedestrian Network funding policies. While the funding policy for Public Health indicates a 50/50 split between rates and user charges, this is an 'averaged' funding rate for a range of functions under the Public Health banner.

Analysis shows that licensing, monitoring and enforcement costs of pavement sited outdoor seating and sandwich boards are currently fully user fee funded. However, if this funding policy is to be retained, as is recommended by officers, price increases are required to offset the additional costs incurred in an increased level of service in regard to monitoring and enforcement of licence conditions. Council officers have also recommended full recovery of the cost of monitoring, enforcement and licensing of trading in public places activity and 50% of the cost of pathway sited retail displays, which will increase from \$10,000 to \$41,000 under the proposed Footpath Management Policy implementation.

Footpath Management Policy			Costs and Revenue (including GST)			Costs and Revenue (including GST)		
Service	Activity	Description	Total Costs 2006/07 (Inc GST)	Total Recovery 2006/07 (Inc GST)	% Recovery 2006/07	Total Costs 2007/08 (Inc GST)	Total Recovery 2007/08 (Inc GST)	% Recovery 2006/07
Outdoor Seating	6.5.3	Public Health	67,500	94,000	139%	142,573	142,519	100%
Sandwich Boards	2.4.4 (shift to 2.4.5)	Pedestrian Network	90,000	90,000	100%	158,625	150,900	95%
Retail Displays	2.4.4 (shift to 2.4.5)	Pedestrian Network	10,000	-	0%	41,625	20,000	48%
Street Performance & Busking	2.4.4 (shift to 2.4.5)	Pedestrian Network	22,000	-	0%	39,375	-	0%
Street Appeals & Charity Fundraising	2.4.4 (shift to 2.4.5)	Pedestrian Network	11,000	-	0%	40,500	-	0%
	Cost Recovery rate		200,500	184,000	92%	422,698	313,419	74%

* Note: No cleaning costs have been included in the proposed fees. The additional cost incurred as a consequence of this activity is minimal.

The Working Party has considered a range of funding options for pavement permissions including full cost recovery and rateable value or discounted market value based recovery. The latter two alternatives apply to outdoor seating only and would result in annual licence fees of between two and three times the cost of providing the service (excluding the cost of pavement cleaning for which there is considered to be minimal marginal cost).

The Working Party have also considered the issue of public benefit in relation to pavement permission activities and noted that this is partly accounted for by the opportunity foregone in the proposal to set fees and charges on a cost recovery rather than market rental basis. In addition it is proposed that no charges are recommended in relation to street performance and busking and street appeals and charity fundraising activities. It is also emphasised that the fee increases proposed are as a direct result of increases in costs in relation to licence approvals, monitoring and enforcement under the proposed policy and not a change in the policy.

The Working Party proposes that the Strategy and Policy Committee recommends the following fee structure to Council based on full cost recovery for outdoor seating, sandwich board and trading in public places activity, 50% recovery for retail stand activities and zero recovery for street performance and busking and street appeals and charity fundraising activities.

Pavement Permissions - indicative fee schedule			
Service	Activity	Current (Inc GST)	Recommended (Inc GST)
Outdoor Seating	6.5.3	Annual lease Fee CBD \$75 sq m Suburbs \$45 sq m Application Fee New \$165 Renews \$82.50 Specials \$220	Annual Licence Fee CBD \$110 sq m Suburbs \$60 sq m Application Fee New \$300 Renews \$200 Specials \$300
Sandwich Boards	2.4.4 (shift to 2.4.5)	Annual Fee CBD \$150 Suburbs \$90	Annual Licence Fee CBD \$420 Suburbs \$250
Retail Displays	2.4.4 (shift to 2.4.5)	NIL	Annual Fee Licence fee \$400 Application Fee Applications \$300 -Non refundable deposit on annual licence fee.
Street Performance & Busking	2.4.4 (shift to 2.4.5)	NIL	NIL
Street Appeals & Charity Fundraising	2.4.4 (shift to 2.4.5)	NIL	NIL
Trading in public places	2.4.4 (shift to 2.4.5)	NIL	Annual Fee Licence fee \$400 Application Fee Applications \$300 -Non refundable deposit on annual licence fee.

6. Conclusion

The Funding and Activity Review Working Party has performed its annual review of the Council's existing Revenue and Financing Policy. A detailed review of the policy was conducted in 2006, and recommendations implemented in conjunction with the 2006/07 LTCCP. As a result the 2007 review, while detailed, has focused on those activities that draft 2007/08 budgets indicated were non-compliant with the existing policy and on specific funding issues raised since the 2006 review.

In recognition of the fact that the principles on which the existing Policy is based remain sound, the review has been conducted on an exceptions basis. The Working Party has also been mindful of the need for balance in regard to impact on ratepayers and has again taken a moderate approach to the review of the policy.

As a result, while having a significant effect on reducing the overall rates burden (\$2.29 million in additional fees and charges), the changes are predominantly focused around achievement of existing Revenue and Financing Policy targets rather than revision of the targets themselves. In the few situations where the Working Party has considered the current funding targets are no longer appropriate, amendments to the Revenue and Financing Policy have been proposed.

Contact Officer: *Andy Matthews, Manager Funding & Financial Strategy*

2007/08 DRAFT ANNUAL PLAN - FEES AND CHARGES SCHEDULE

Fees and User Charges

Our Revenue and Financing Policy guides our decisions on how to fund Council services. Under the policy, we take into account who benefits from a service (individuals, parts of the community, or the community as a whole) to help us determine how the service should be funded. The policy set targets for each Council activity, determining what proportion should be funded from each of user charges, general rates, targeted rates and other sources of income.

For 2007/08, in line with that policy, we're proposing some changes to fees and charges in the following areas.

- Building control and facilitation
- Urban planning – District Plan
- Development control and facilitation
- Public health
- Wellington Emergency Management Office
- Roothing, Traffic and Transport
- Burials and cremations
- Marinas
- Recreation centres
- Community halls
- Swimming Pools
- Libraries

New fees will be implemented as of 1 July 2007. For more information see www.Wellington.co.nz

Building control and facilitation

We are proposing to increase our fees for building control and facilitation work, including fees for consents, inspections and compliance schedules.

Activity	Current Fee (\$)	Proposed Fee (\$)
Building Permissions (incl. building inspection services)		
Small Works		
Drainage/Plumbing (<\$2,000)	160.00	256.25
Free Standing Fireplace	122.50	166.25
In-built Fireplace (<\$2,000)	265	357.50
Additional Inspection Fee	-	101.25
Building Consents		

Activity	Current Fee (\$)	Proposed Fee (\$)
Lodging Fee	75	90
Code Compliance Certificate	75	90
Project Information Memorandum (PIM)		
PIM (if lodged with building consent):		
<\$5,000	55	65
\$5,001 - \$12,000	110	130
\$12,001 - \$50,000	165	195
\$50,001 - \$250,000	220	260
\$250,001 +	385	455
PIM only – not lodged with a building consent. Project value \$5,000 - \$250,001	130 – 460	155 – 545
Plan Check		
<\$,5000	83	130
\$5,001 - \$12,000	220	228
\$12,001 - \$25,000	248	293
\$25,001 - \$50,000	275	325
\$50,001 - \$75,000	358	423
\$75,001 - \$100,000	385	455
\$100,001 - \$250,000	743	845
\$250,001 - \$500,000	990	1,170
\$500,001 - \$1,000,000	1,650	1,950
\$1,000,000+	1,650+	1,800+
For each \$500k or part thereof over \$1,000,000	550	650
Building Certificate (pre-requisite for liquor licence application):		
Where application received with application for town planning certificate	110	130
Where application received independently	185	220
Certificates of Acceptance (includes lodging fee and inspection deposit)		
< \$ 5,000	398	458
\$5001 - \$12,000	535	620
\$12,001 - \$25,000	563	653
\$25,001 - \$50,000	590	685
\$50,001 - \$75,000	673	783
\$75,001 - \$100,000	700	815
\$100,001 - \$250,000	1058	1,238
\$250,001 - \$500,000	1,305	1,530
\$500,001 - \$1,000,000	1,965	2,310
\$1,000,000+	1,965+	2,140+
for each \$500k or part there of over \$1,000,000	865	1,010
S77 Fees (Construction of on two or more allotments)		
Processing time	110	130

Activity	Current Fee (\$)	Proposed Fee (\$)
Legal costs	Actual cost	Actual cost
LINZ lodgement	Actual cost	Actual cost
Vehicle Access		
Linked to a building consent or resource consent	220	260
Received independently	405	0
Received independently (small)	0	285
Received independently (multiple)	0	480
Vehicle Crossing		
Initial Inspection Fee	110	130
Vehicle Crossing Inspection Fee over 1 hour	110	130
Earthworks Consent		
Linked to a building consent	165	195
Received independently	240	285
Processing time over 1 hour	110	130
Amended Plan		
Initial Fee (includes 1 hour processing time)	166.25	197.50
Process time over 1 hour	110	130
Marquee Licenses		
Consent	90	130
Inspection	120	135
Compliance schedule/ Building Warrant of Fitness		
New compliance schedule (linked with Building Consent)	110	130
Alterations to compliance schedule (linked to Building Consent)	82.50	97.50
Amendments to compliance schedule	195	225
Building Warrant of Fitness – Annual Certificate	120	135
Building Warrant of Fitness Inspection (per hour)	120	135
	Actual cost	Actual cost
Fire Service reports		
	Actual cost	Actual cost
Consultants reports		
Structural Fee/ Producer Statements		
Structural fee for checking elements of specific design on projects comprising structural works, not supported by a producer statement, for:		

Activity	Current Fee (\$)	Proposed Fee (\$)
• single element	355	395
• several separate element	505	560
• major design aspects on project valued under \$250,000	982.50	1,087.50
• major design aspects on larger projects	1,582.50	1,747.50
Structural fee for checking elements of specific design on projects comprising structural works, supported by a producer statement for:		
• single element	167.50	196.25
• several separate element	242.50	278.75
• major design aspects on project valued under \$250,000	280	320
• major design aspects on larger projects	355	402
Building Inspections		
Standard Inspection Fee: 45 minute inspection	90	101.25
Standard Final Inspection: 1 hour inspection	120	135
Engineering inspections (not covered by a Producers Statement) , including fire engineering, structural engineering for unusual proposal, specific design	Actual cost, plus 45	Actual cost, plus 90
Swimming Pool		
Fencing Inspection: first standard inspection free	Free	Free
Fencing Inspection: additional standard inspection – 45 minutes (first standard inspection free)	90	101.25
Exemptions: Base fees (including 5.5 hours of processing time)	660	742.50
Exemptions: processing costs after the initial 5.5 hours	120	135
Hearing costs	Actual cost	Actual cost
Public Drainage		
Consents – major works (with pipes)	As per calculation	As per calculation
\$400 for the first \$4,000 plus 8% of the balance over \$4,000 (excl GST)	240	330
Customer Services		
Pre-application meeting (per quarter hour)	27.50	32.50
Monthly report of issued building consents	56.25	67.50
Administration Fee	40	67.50

Public health fees

We are proposing to increase our fees for environmental health activities, including fees for health licensing and animal control.

Activity	Current Fee (\$)	Proposed Fee (\$)
Public Health		
Environmental Health		
Health Licensing and Inspection		
New Food Premises (1 st yr. set-up)	400	420
Annual license for registered food premises :		
• Excellent Grade	150 – 500	157 – 525
• Good Grade	240 – 700	262 – 735
• Ungraded	305 – 920	315 – 945
• Ungraded – High risk	410 – 1,537.50	420 – 1,575
Additional Inspections (over 3 hours) per hour	100	105
Regarding of Premises (per hour)	100	105
Health License:		
• Small Clubs (min food prep)	125	131.25
• Unregistered Eating Houses	175	183.75
Temporary License:		
• Temporary/mobile food stalls base fee	150	157.50
• Temporary/mobile food stalls base fee – charge over 1 hour (per hour)	100	105
• Fairs: “small”	125	131.25
• One day food stall	100	105
• Fairs: “large”	300	315
Trade Waste		
Trade Waste Licence Fee:		
• Initial Application Fee	157.50	161.25
• High Risk	1,600	1,612.50
• Medium Risk	800	806.25
• Low Risk	252.50	268.75
• Minimal Risk	85	86
Trade waste health fees:		
Grease traps	78.75	107.50
Shared grease trap (per premises)	26.25	27.00
Grit traps	78.75	107.50
Charge after first hour (per hour)	105	107.50
Monitoring (lab) charges	Actual	Actual
Collection and transport of trade waste:		
Initial application fee	131.25	134.50
Charge after first hour (per hour)	105	107.50
Annual licence fee	157.50	161.25
Monitoring (lab) charges	Actual	Actual

Activity	Current Fee (\$)	Proposed Fee (\$)
Animal Control		
Micro-chipping	-	Actual cost
National Dogs Database Levy (registration per animal)	-	2.50
Impounding Fees:		
• Sustenance per day	12.50	15
Pavement Permissions		
• Initial Application	165	300
• Renewal	82.50	200
• Special Application	220	300
• Central City (m2)	75	110
• Suburbs (m2)	45	60

Development control and facilitation

We are proposing to increase our fees for development control and facilitation activities, including fees for consents, compliance monitoring and enforcement.

Activity	Current Fee (\$)	Proposed Fee (\$)
Resource Consent Fees		
Pre-application meetings (per hour) – planner/advisor (2 pre-application meetings are free of charge)	0	115
All consents: additional processing hours (per hour) – planner/advisor	115	115
All consents: additional processing hours (per hour) – administrative officer	115	60
Compliance Monitoring		
Additional hours (per hour) – administrative officer	115	60
Additional hours (per hour) – planner/advisor	115	115

Urban Planning – District Plan

The District Plan project generates revenue by processing private plan changes, designations and heritage orders on behalf of private entities. The calculation of the charge-out rate of \$115 per hour is based on the actual cost of the unit.

Under the RMA there are 2 types of fees. First are those fixed under section 36(1) RMA. Second are additional charges under section 36(3) RMA which are payable where the section 36(1) fee charged is not enough to cover Council’s actual and reasonable costs. If the actual cost is less than the fee paid, a refund will be made to the applicant under section 36. Where a fixed fee applies, no refund or additional invoicing is made.

Activity	Current Fee (\$)	Proposed Fee (\$)
Planning Policy		

Activity	Current Fee (\$)	Proposed Fee (\$)
Plan Changes		
Application for District Plan change. (This covers the initial decision to accept plan change, mail out, processing submissions and further submissions, offer's report, hearing and decision provided that the fee only covers the plan change application process described to the extent that the planner/adviser time @ \$115 per hour and administrative officer time @ \$60 per hour and Council's further actual costs do not exceed \$10,000. If Council's actual costs are more than \$10,000 Council will charge its actual and reasonable costs under section 36(3) in accordance with the additional charges set out below).	10,000	10,000
Designations and heritage orders		
Notice of requirement for designations and heritage orders (fee is for assessing the application, notification, processing submissions, officer's report, hearing and recommendation provided that the fee only covers the designation or heritage order process described to the extent that the officer time @ \$115 per hour and administrative officer time @ \$60 per hour, and Councils further actual costs do not exceed \$5,000. If Council's actual costs are more than \$5,000 Council will charge its actual and reasonable costs under section 36(3) in accordance with the additional charges set out below)	5,000	5,000
Additional charges applying to above		
Additional planner / advisor's time (\$/hour)	115	115
Additional administrative officer's time (\$/hour)	115	60

Wellington Emergency Management Office

Fire Permits	Current Fee (\$)	Proposed Fee (\$)
Urban Areas	15	25

Roading, Traffic and Transport

Road Works Notices	Current Fee (\$)	Proposed Fee (\$)
Administration Fee	45	55
Inspection Fee	60	75
Trading in Public Places		
New fees will be implemented for the following licences that may now be approved by the Council under the new Trading in Public Places Policy (i.e. there are no historical fees for this): * Temporary Retail Stall Licence * Mobile Food Stall Licence * Recreational Equipment Hire Licence Fees are as below, and to be reviewed annually:		
Per application for processing (non-refundable, waived if the licence is competitively tendered out by the Council)	0	300
Per license per year	0	400
Per hour for any special considerations such as modifications to existing licenses	0	100
In addition the Council may approve: * Retail Kiosks * Open Air Markets * Hawking Retail Kiosks will have lease costs associated with them and the applicable processes and fees are yet to be established. No licence fees have been set for open air markets or hawking at this time but may be applied in future.		
Footpath Management		
Some of the fees applicable for footpath activities will change under the Footpath Management Policy:		
Retail Displays		
Per application for processing (non-refundable – becomes a deposit on the annual licence fee)	0	300
Per licence per year (less any application fee paid for the first year)	0	400
Per hour for any special considerations such as modifications to existing licences	0	100
Sandwich Boards, and other temporary obstructions such as welcome mats and menu boards		
CBD (fee per year)	150	420
Suburbs (fee per year)	90	250

Burials and Cremations

	Current Fee (\$)	Proposed Fee (\$)
Burials and Cremations		
Cremations		
Delivery Only	425	480
Committal Service	450	495
Full Service (1 Hour)	500	545
Chapel Hire (per half hour)	80	90
Bio tissue (Wgtn Hospital)	425	480
Foetal Tissue (Wgtn Hospital)	50	55
Ash Scattering	45	60
Ash Scattering overtime	160	180
Certificate of Cremation	35	40
Cremation Overtime	250	290
Funerals booked after 3:30pm Crem	50	60
Chapel Hire Burials	100	115
Chapel Hire Cremations Elsewhere	150	170
Viewing Casket change	40	70
Public Holiday Fee	500	565
Late Service Fee	100	115
Mem Book Entry	70	80
Express Ash	160	180
Burials @ Karori		
Ash Interments		
Ash Plot (2 Interments)	630	710
Ash Plot (4 Interments)	1280	1300
Ash Interment	90	100
Ash Disinterment	180	200
Memorial Plots	400	450
Overtime – Ash Interments	160	180
Core Drilling Ash Interments	140	200
Burials		
Second Interment	900	1015
Breaking of Concrete Floor	140	160
Grave Reuse (Disinterment, Dig Down, Reinter below new burial)	1400	1580
Grave Disinterment	1400	1580
Vault Placement	140	250
Burial Overtime	350	400
Public Holiday Fee	700	790
Funerals booked after 3:30pm Burial	50	80
Niches		
Single Bronze Niche (old)	830	830
Plaque (name, date of death, age)	280	315
Singe Bronze Niche (new)	875	875
Double Bronze Niche (new)	1100	1100
Double Granite Niche (new)	1500	1100

	Current Fee (\$)	Proposed Fee (\$)
Plaque (name, date of death, age)	350	395
Niche placement/removal	90	100
Plaque placement/removal	45	50
Overtime niche placement	80	90
Burials @ Makara		
Ash Interments		
Ash Beam (4 interments)	200	225
Ash Circle Plot	400	450
Ash Interment	90	100
Beam fee	115	130
Plot maintenance fee	110	125
Lawn Cemetery		
Adult plot	690	780
Plot maintenance	300	340
Babies plot	320	360
Babies plot maintenance	155	175
Ash plot 2x2	180	200
Beam fee	115	130
Denominational		
Plot	860	970
Extra depth (per 300mm)	150	170
Plot maintenance	425	480
Beam fee	115	130
Interment fee	490	555
Interment fee – children	100	110
Interment fee – babies	75	85
2 nd interments	700	790
Boards	120	135
Miscellaneous		
Temporary grave markers	80	100
Permits	80	100
Permit fee soldiers	45	50
Embossed plaque	450	510
Engraved plaque and 1 st inscription	366	415
2 nd inscription	90	100
Bronze plaques – wall plaques	250	280
Bronze plaques – rose garden	250	280
Bronze plaques – lawn plaques	450	500
Plaque refurbishment	80	90
Concrete stand for plaque	50	70
Courier fee	10	15
Change of deed	35	40
Rimu Urn	25	30
Cancellation fee	100	115
Funerals booked after 3:30pm burial	50	80

Marinas

Marinas		
Evans Bay Marina:		
Berths (12m to 20m)	1,813	2,163
Berths (8m)	1,072	1,279
Boat Shed Small	715	852
Boat Shed Medium	1,429	1,705
Boat Shed Large	2,144	2,557
Dinghy Lockers	216	258
Clyde Quay Boat Harbour:		
Boat Shed (2 to 13)	1,192	1,915
Boat Shed (14 to 27)	1,072	1,722
Boat Shed (38B)	859	1,379
Boat Shed (38A to 42B, 48A and 48B)	1,235	1,983
Boat Shed (43A to 47B)	1,429	2,296
Moorings	565	908
Dinghy Racks	101	163

Recreation Centres

Recreation Centres		
Facility Hire	35	40

Swimming Pools

Swimming Pools		
Adult Swim	4	5
Child Swim	2	3
Under 5's	0.50	1
PTL Swim	2	2.50

Wellington City Libraries

Wellington City Libraries		
Adult's DVD	3	4
Child's DVD	0	0.50
Young Adult's DVD	0	0.50
Reserve fees for Adults	1	2
Overdue fees for adults (per day)	0.50	0.60
Overdue fees for children (per day)	0.25	0.30
Adult's magazines	0	0.50