

FUNDING IMPACT STATEMENT – OPERATING EXPENDITURE

	Forecast 2007/08 \$000
(All figures shown exclusive of GST)	
FUNDING IMPACT STATEMENT – OPERATING STATEMENT	
Total project expenditure	312,202
Self-insurance reserve	500
Total operating expenditure	312,702
LESS EXPENDITURE NOT FUNDED UNDER SECTION 100 OF LGA	
LITNZ Transport funded projects	(6,852)
Clearwater sewerage treatment plant	(2,356)
Living Earth joint venture	(755)
Total operating expenditure to be funded	302,739
FUNDED BY	
General rates	103,940
TARGETED RATES	
Sewerage rate	30,163
Water rate	27,837
Stormwater rate	11,649
Base (residential) sector targeted rate	6,086
Commercial sector targeted rate	1,849
Downtown levy	9,318
Tawa driveways levy	22
Marsden Village levy	13
Total targeted rates	86,937
Total rates to fund operating expenditure	190,877
USER CHARGES	69,951
OTHER INCOME	
Ground and commercial leases	32,241
Dividends	4,750
Transfund subsidies	3,158
Interest on investments	-
Petrol tax	1,000
Miscellaneous	762
Total funding for operating expenditure	302,739

FUNDING IMPACT STATEMENT – CAPITAL EXPENDITURE AND LOANS TO OTHER ORGANISATIONS

(All figures shown exclusive of GST)	Forecast 2007/08 \$000
Renewal capital expenditure	55,033
Upgrade capital expenditure	44,260
Capital expenditure carried forward from 2005/06	6,771
Capital expenditure carried forward from 2006/07	21,403
Total capital expenditure to be funded	127,467
Loans to other organisations	2,000
Total capital expenditure and loans to be funded	129,467
FUNDED BY	
Depreciation	53,080
LTNZ transport subsidies	9,828
Development contributions	1,274
Targeted rates	1,132
Bequests	450
Borrowings	64,835
Total funding for capital expenditure and loans to other organisations	130,599

Note: The forecast surplus of funding over expenditure reflects targeted rates funding for the repayment of borrowings.

STATEMENT OF PROSPECTIVE CAPITAL EXPENDITURE AND CAPITAL EXPENDITURE FUNDING

(All figures shown exclusive of GST)	Forecast 2007/08 \$000
CAPITAL EXPENDITURE	
Renewals	55,033
New assets	44,260
Total annual capital expenditure programme	99,293
RENEWALS FUNDED BY	
Depreciation	53,080
Borrowings	1,953
NEW ASSETS FUNDED BY	
Borrowings	32,707
Development contributions	1,275
LTNZ subsidies	9,828
Bequests	450
Total capital expenditure	99,293

Assumptions:

1. For Annual Plan purposes it is assumed that Development contributions and Bequests income are utilised in the year it is received.

STATEMENT OF PROSPECTIVE BORROWINGS

(All figures shown exclusive of GST)	Forecast 2007/08 \$000
Opening Gross Borrowings	233,572
Annual Plan capital expenditure	99,293
Capital expenditure carried forward from 2005/06	6,771
Capital expenditure carried forward from 2006/07	21,403
Total capital expenditure to be funded	127,467
New borrowings to fund loans to external organisations	2,000
LESS	
Depreciation	(53,080)
Utilisation of development contributions	(1,274)
Utilisation of ITNZ subsidies	(9,828)
Sale proceeds	(2,000)
Targeted rates for capital projects	(1,132)
Funding from bequests	(450)
Closing gross borrowings	295,275

STATEMENT OF PROSPECTIVE INVESTMENTS

(All figures shown exclusive of GST)	Forecast 2007/08 \$000
Short term investments	1,883
Loans to others	17,606
Investments in associates/subsidiaries	8,712
Income generating commercial equity and property	302,673
Total Investments	330,874

RATES FUNDING STATEMENT

Rate	Factor	Differentiation	Total Value of Factor	Rate/charge	Rates yield GST Inclusive 000's
GENERAL RATE	Capital Value	Base differential use	\$30,281,269,415	¢0.168082	50,897
	Capital Value	Commercial, industrial and business use	\$9,309,656,822	¢0.709320	66,035
	TOTAL				116,932
SEWERAGE RATE	Fixed charge	Base differential use/connection status	62,536 properties	\$112.50	7,035
	Capital Value	Base differential use/connection status	\$31,685,628,488	¢0.042053	13,325
	Capital Value	Commercial, industrial and business use / connection status	\$7,949,276,928	¢0.170751	13,573
	TOTAL				33,933
WATER RATE	Fixed charge	Base differential use/connection status	56,559 properties	\$112.50	6,363
	Capital Value	Base differential use/connection status	\$26,439,572,888	¢0.045514	12,034
	Consumption unit charge	Base differential use/connection status	n/a	\$1.37/m ³	394
	Capital Value	Commercial, industrial and business use /connection status	\$768,719,152	¢0.278706	2,142
	Consumption unit charge	Commercial, industrial and business use /connection status	n/a	\$1.37/m ³	10,384
	TOTAL				31,317
STORMWATER RATE	Capital value	Base differential use (excluding rural)	\$29,889,254,972	¢0.035076	10,484
	Capital value	Commercial, industrial and business use (excluding rural)	8,314,133,238	¢0.031525	2,621
	TOTAL				13,105
INDOOR COMMUNITY SPORTS CENTRE RATE	Capital value	Base differential use	\$30,281,269,415	¢0.003274	991
	Capital value	Commercial, industrial and business use	8,314,133,238	¢0.003392	282
	TOTAL				1,273

Rate	Factor	Differentiation	Total Value of Factor	Rate/charge	Rates yield GST Inclusive 000's
BASE SECTOR TARGETED RATE	Capital Value	Residential use	\$30,281,269,415	¢0.022612	6,847
COMMERCIAL SECTOR TARGETED RATE	Capital Value	Commercial, industrial and business use	\$9,309,656,822	¢0.022338	2,080
DOWNTOWN LEVY	Capital Value	Commercial, industrial and business use/central city location	\$6,428,690,918	¢0.163064	10,483
TAWA DRIVEWAYS LEVY	Fixed Charge	Shared residential access driveways in the suburb of Tawa and maintained by the Council	247 properties	\$100.00	25
MARSDEN VILLAGE LEVY	Capital Value	Commercial, industrial and business use located in Marsden shopping village	\$10,534,048	¢0.132420	14
TOTAL RATES REQUIREMENT (INCLUDING GST)					216,009

INDICATIVE RATES FOR 2007/08

The tables below provide a guide for rates for 2007/08 (inclusive of GST). Indicative rates are shown for different types of property depending on the increase in the property's value since last year. Residential rates include a Uniform Targeted Rate of \$225 (including GST) per property for water and sewage. This assumes you have no water meter – if you do have a water meter, your rates bill will not include the Uniform Targeted Rate for water. Greater Wellington – The Regional Council rates are excluded from these figures.

TOTAL RATES 2007/08 (INCLUDING GST)

	Base (residential) share \$000	Commercial share \$000	Total Rates \$000
General Rate	50,897	66,035	116,932
Water Rate (incl. water meters & UAC)	18,791	12,527	31,317
Sewerage Rate (incl. UAC)	20,360	13,573	33,933
Stormwater rate	10,484	2,621	13,105
Targeted sector rates	6,847	2,080	8,927
Downtown Levy	-	10,483	10,483
Indoor Community Sports Centre	991	282	1,273
Tawa driveways	25	-	25
Marsden Village	-	14	14
Total Rates	108,395	107,615	216,009

INDICATIVE RESIDENTIAL PROPERTY (WITHOUT A WATER METER)

2007/08 Capital Values \$	2007/08 Rates \$	Percentage change in capital value from last year			
		5%	10%	15%	20%
		Expected percentage change in rates			
200,000	858	2%	5%	9%	13%
300,000	1,175	2%	6%	10%	14%
400,000	1,491	2%	6%	11%	15%
500,000	1,808	2%	6%	11%	15%
600,000	2,125	2%	7%	11%	16%
700,000	2,441	2%	7%	11%	16%
800,000	2,758	2%	7%	11%	16%
900,000	3,074	2%	7%	12%	16%

INDICATIVE DOWNTOWN COMMERCIAL PROPERTY RATES (WITHOUT A WATER METER)

2007/08 Capital Values \$	2007/08 Rates \$	Percentage change in capital value from last year			
		5%	10%	15%	20%
		Expected percentage change in rates			
250,000	3,448	-2%	3%	9%	14%
500,000	6,895	-2%	3%	9%	14%
750,000	10,343	-2%	3%	9%	14%
1,000,000	13,791	-2%	3%	9%	14%
1,500,000	20,686	-2%	3%	9%	14%
2,000,000	27,582	-2%	3%	9%	14%
5,000,000	68,955	-2%	3%	9%	14%
10,000,000	137,910	-2%	3%	9%	14%

INDICATIVE SUBURBAN COMMERCIAL PROPERTY RATES (WITH WATER METER)

2007/08 Capital Values \$	2007/08 Rates \$	Percentage change in capital value from last year			
		5%	10%	15%	20%
		Expected percentage change in rates			
250,000	2,343	-3%	3%	8%	14%
500,000	4,687	-3%	3%	8%	14%
750,000	7,030	-3%	3%	8%	14%
1,000,000	9,373	-3%	3%	8%	14%
1,500,000	14,060	-3%	3%	8%	14%
2,000,000	18,747	-3%	3%	8%	14%
5,000,000	46,866	-3%	3%	8%	14%
10,000,000	93,733	-3%	3%	8%	14%

INDICATIVE DOWNTOWN COMMERCIAL PROPERTY RATES (WITH WATER METER)

2007/08 Capital Values \$	2007/08 Rates \$	Percentage change in capital value from last year			
		5%	10%	15%	20%
		Expected percentage change in rates			
250,000	2,751	-3%	2%	8%	13%
500,000	5,502	-3%	2%	8%	13%
750,000	8,253	-3%	2%	8%	13%
1,000,000	11,004	-3%	2%	8%	13%
1,500,000	16,506	-3%	2%	8%	13%
2,000,000	22,008	-3%	2%	8%	13%
5,000,000	55,020	-3%	2%	8%	13%
10,000,000	110,039	-3%	2%	8%	13%

RATING MECHANISMS

RATES

Rates are assessed under the Local Government (Rating) Act 2002 on all rateable rating units in the Rating Information Database. Where rates are based on value, the capital value of the property as assessed annually by Quotable Value New Zealand Limited will apply. The latest revaluation was carried out as at 1 September 2006 and will be effective for the 2007/08 rating year.

Policy Objective

- To provide the Council with adequate income to carry out its mission and objectives.
- To support the Council's achievement of its strategic objectives.
- To be simply administered, easily understood, allow for consistent application and generate minimal compliance costs.
- To spread the incidence of rates as equitably as possible, by balancing the level of service provided by the Council with ability to pay and the incidence of costs in relation to benefits received.
- To be neutral in that it does not encourage people to redirect activity in order to avoid its impact.
- To reflect the decisions of the Council's policies and rating reviews.

GENERAL RATES

General rates are set under section 13 of the Local Government (Rating) Act 2002 on all rateable rating units in the City of Wellington.

The Council proposes to set a general rate based on the Capital Value of each rating unit within the city.

The general rate will be set on a differential basis, based on land use. All rating units (or part thereof) will be classified for the purposes of General rates within one of the following rating differentials:

DIFFERENTIAL RATING CATEGORIES NON-RATEABLE

Included any land referred to in Part 1, Schedule 1 of the Local Government (Rating Act 2002). This land is non-rateable with the exception of targeted rates for sewerage and water where rates are applicable.

50 PERCENT NON-RATEABLE

Includes all land referred to in Part 2, Schedule 1 of the Local Government (Rating) Act 2002. This land is 50 percent non-rateable in respect of the rates that would have applied had the property not been classified as non-rateable, with the exception of targeted rates for sewerage and water for which the land is fully rateable.

BASE DIFFERENTIAL

This includes:

- a) Separately rateable land used solely for one or more household units; excluding those properties that provide short stay (28 days or less) commercial accommodation for which a tariff is charged
- b) Vacant land zoned residential
- c) Rural land (including farmland and lifestyle blocks) under the District Plan that is administered by Council, but excluding any rating unit that is zoned rural industrial
- d) Separately rateable land occupied by a charitable organisation, which is deemed by the Council to be used exclusively or principally for sporting, recreation or community purposes and that does not generate any private pecuniary profit.

COMMERCIAL, INDUSTRIAL AND BUSINESS DIFFERENTIAL

This includes:

- a) Separately rateable land used for a commercial or industrial purpose
- b) Vacant land zoned commercial, industrial or rural industrial under the District Plan administered by the Council
- c) Land used for offices, administrative and/or associated functions
- d) Land used for commercial accommodation for which a tariff is charged and where the principle purposed is the provision of short stay accommodation
- e) Business-related premises used principally for private pecuniary benefit
- f) Utility networks
- g) Any property not otherwise categorised within the Base differential.

ANNUAL UNIFORM GENERAL CHARGE

The Council does not assess a Uniform Annual General Charge.

DIFFERENTIAL RATING CATEGORY CONDITIONS

- The Council has resolved to achieve a target in 2011/12, which modifies the differential apportionment so that the commercial, industrial and business sector pay 2.8 times the General rate per dollar of capital value payable by those properties incorporated under the Base (Residential) differential. For 2007/08 the General rate differential ratio will be 4.2:1.
- The separated parts of a rating unit will be differentially rated where a part of the property is non-rateable or the property fits under one or more rating differential and either:
 - a) The total capital value of the rating unit is above \$800,000 or
 - b) Minority use(s) account for more than 30 percent of the total capital value of the rating unit.

In any other case, the General rate differential is determined by principal use.

Note that the threshold at which a property with both base differential (residential) and non-residential uses is required to be divided for rating purposes has increased from \$500,000 to \$800,000.

- In regard to the rates attributable to a rating unit during the transition period between two differential rating categories, a ratepayer may apply for a change in rating category at any time between the lodgement of a consent application with the Council (on the condition that the principal prior use has ended) and the earlier of either:
 - a) The time at which the Council gives final approval of the completed works, or
 - b) The property is deemed (by the Council) to be available for its intended use.

In situations where the change in land use does not require a Council consent, but warrants a change in differential rating category, the onus is on the ratepayer to inform the Council prior to the property being utilised under the new use.

- The rating differential classification of all rating units must be set prior to the commencement of a rating year and will remain in place for that entire rating year. Any change in circumstances that results in a change of differential classification during a rating year will apply from 1 July of the following rating year.
- Any property eligible for mandatory 50 percent non-rateability under Part 2, Schedule 1, of the Rating Powers Act will be first classified under the appropriate General rate differential classifications and the non-rateability applied to that rate.

TARGETED RATES

Targeted Rates are set under section 16 of the Local Government (Rating) Act 2002.

SEWERAGE RATE

A targeted sewerage rate is to be apportioned 60 percent:40 percent between properties incorporated under the Base differential and the Commercial, Industrial and Business differential in accordance with the Revenue and Financing Policy. This rate pays for the cost of the provision of the sewerage treatment facilities for the city.

For the purposes of these rates the sewerage collection and disposal service is treated as being provided if the rating unit is connected to a public sewerage drain (either directly or indirectly), irrespective of whether the property is considered fully rateable or is mandatory non-rateable or 50 percent non-rateable under Schedule 1 of the Local Government (Rating) Act 2002.

The targeted Sewerage rate is calculated as follows:

For rating units incorporated in the Commercial, Industrial and Business differential:

A rate per dollar of capital value on all rating units connected to a public sewerage drain, to collect 40 percent of the required rates funding.

For rating units incorporated in the Base differential:

A fixed amount of \$112.50 (incl. GST) and a rate per dollar of capital value on all rating units connect to a public sewerage drain, to collect 60 percent of the required rate funding.

WATER RATE

A targeted rate for water is to be apportioned with the aim of achieving a 60 percent:40 percent split between properties incorporated under the Base differential and the Commercial, Industrial and Business differential in accordance with the Revenue and Financing Policy.

This rate pays for water collection and treatment facilities, the water distribution network and water conservation for the city.

This rate is set on all rating units serviced by a water connection. For the purposes of these rates, the water service is treated as being provided if the rating unit is connected to the public water supply (either directly or indirectly), irrespective of whether the property is considered fully rateable or is mandatory non-rateable or 50 percent non-rateable under Schedule 1 of the Local Government (Rating) Act 2002.

The targeted Water rate is calculated as follows:

For rating units incorporated in the Commercial, Industrial and Business differential, either:

- a) A fixed water meter charge of \$1.37 (incl. GST) per cubic meter of water used by all rating units connected to the public water supply with a water meter installed, plus an administrative charge of \$84.37 (incl. GST) per annum

Or

- b) A rate per dollar of capital value on all rating units connected to the public water supply, without a water meter installed.

For rating units rated incorporated in the Base differential, either:

- a) A fixed water meter charge of \$1.37 (incl. GST) per cubic meter of water used by all rating units connected to the public water supply with a water meter installed, plus an administrative charge of \$84.37 (incl. GST) per annum Or
- b) A fixed amount of \$112.50 (incl. GST) per rating unit and a rate per dollar of capital value on all rating units connected to the public water supply without a water meter installed, to collect the required Base differential contribution.

STORMWATER NETWORK RATE

A targeted stormwater rate is to be apportioned 80 percent to the non-rural rating units incorporated under the Base differential and 20 percent to the Commercial, Industrial and Business differential in accordance with the Revenue and Financing Policy. This rate pays for the cost of the provision of the stormwater collection/disposal network for the city.

Properties classified as "rural" under the Council's operative District Plan are excluded from the liability of this rate.

The targeted Stormwater network rate is calculated as follows:

For non-rural rating units incorporated in the Commercial, Industrial and Business differential:

A rate per dollar of capital value to collect 20 percent of the required rates funding.

For non-rural rating units incorporated in the Base differential:

A rate per dollar of capital value to collect 80 percent of the required rates funding.

COMMERCIAL, INDUSTRIAL AND BUSINESS SECTOR TARGETED RATE

This rate pays for activities where the Council's Revenue and Financing Policy identifies that the benefit can be attributed to the commercial, industrial and business sector and where the activity is not incorporated in other service related targeted rates. This incorporates the following:

- 100% of the cost of the events attraction and support activity

This rate is levied on all properties incorporated in the commercial, industrial and business sector and is calculated on a rate per dollar of rateable capital value.

BASE SECTOR TARGETED RATE

This rate pays for activities where the Council's Revenue and Financing Policy identifies that the benefit can be attributed to properties incorporated under the Base differential rating category (incorporating residential ratepayers). This incorporates the following activities:

- 100% of the facilitation of community environmental initiatives, cultural grants, facilitation of recreation partnerships and community advocacy activities.
- 80% of the provision of community centres and halls activities.

This rate is levied on all properties incorporated under the Base differential rating category and is calculated on a rate per dollar of rateable capital value.

DOWNTOWN LEVY

This rate pays for tourism promotion, facilitation of suburban and city centres vitality, the New Zealand International Arts Festival. It also pays for 70% of the visitor attractions activity and 25% of the provision of galleries and museums activity.

This rate is levied on all commercial, industrial and business properties in the downtown area and is calculated on a rate per dollar of rateable capital value. For the purpose of this rate, the downtown area refers to the area designated as the "Central Area" under the operative Wellington City District Plan.

The definition of the Downtown Area has been amended as follows: "...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 2/11/2005 and operative as at that date". There is no change to the actual area to which the Downtown levy targeted rate applies.

TAWA DRIVEWAYS LEVY

This rate pays for the maintenance of a specified group of residential access driveways in the suburb of Tawa, overseen by the Council. This rate is levied on a specific group of rating units in the former Tawa Borough at a fixed amount of \$100 (including GST).

MARSDEN VILLAGE LEVY

This rate is collected by the Council on behalf of the Marsden Village Association on all commercial, industrial and business properties in the Marsden shopping village and is calculated on a rate per dollar of capital value.

INDOOR COMMUNITY SPORTS CENTRE TARGETED RATE

As signalled in the LTCCP, a targeted rate will be introduced from 2007/08 to cover \$11 million of the capital cost of the new indoor community sports centre.

Over a ten year period this rate is levied on rateable properties and is calculated based on a rate per dollar at rateable capital value.

RATES REMISSION AND POSTPONEMENT POLICIES

Refer to the Council Remission and Postponement Policies.