



Report 07.315  
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Committee Council  
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## Wholesale water levy 2007/8 and end of year adjustment levy 2006/7

### 1. Purpose

To set the wholesale water levy for 2007/8 and the end of year adjustment levies for 2006/7.

### 2. Significance of the decision

The matters in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

### 3. Background

As is normal practice, the Council consulted with its water supply customers (the four metropolitan city councils) and the community about the water supply levy for 2007/8. The proposed Annual Plan outlined that the levy for the 2007/8 financial year would increase by 3%. This compares with a rise of 6.2% indicated in last year's LTCCP.

There have been some changes to the financial information for Water Supply since the 2007/8 Proposed Annual Plan was released for public consultation.

Debt at 30 June 2007 is now expected to be \$44.3M compared to an earlier forecast of \$48.7M. This reduction would have reduced financing costs for 2007/8 by \$0.3M, but it has largely been offset by a 0.50% increase in the proposed cost of borrowing for 2007/8.

As a result of an independent desktop revaluation exercise, the asset values have increased by approximately \$50M. Hence depreciation will increase by \$0.8M though this is a non cash item.

Reducing the amount of laboratory water testing work as allowed for in the latest Drinking Water Standards will also result in savings over time. The work will be contracted out when the Greater Wellington laboratory closes at

30 June 2007. However, this is expected to be cost neutral in 2007/8 due to one off transition costs.

Overall, the deficit will increase by \$0.6M compared with the Proposed Plan but the cash position is substantially unchanged

#### 4. Submissions

No significant issues in relation to the proposed wholesale water levy for 2006/7 were raised through the Annual Plan consultation process.

Upper Hutt City Council made a submission to the proposed Annual Plan about the proposal water levy they will pay. This has been resolved in calculating the dollar amounts in this report. There were no other issues.

#### 5. Proposed 2007/8 Wholesale Water Levies

The proposed levy for 2007/8, as contained in the Council's proposed 2007/8 Annual Plan, is three percent more than the current year's levy. If adopted, 2007/8 would represent the first time the levy has been increased since July 1996.

If this position is approved, the levy for the 2007/8 financial year will be \$26,392,238 GST inclusive.

Levies for individual city councils would be as follows:

	<b>2007/8 Levy (GST Inclusive)</b>
	\$
Hutt City Council	6,523,199
Porirua City Council	2,943,289
Upper Hutt City Council	2,417,702
Wellington City Council	14,508,048
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Total	26,392,238

For comparison purposes, the 2006/7 and 2007/8 levies, as calculated at the beginning of the respective years, are as follows:

Table 1

Council	2006/7 Levy \$(GST inclusive)	2007/8 Levy \$(GST inclusive)	Change +/(-) %	Change \$ GST inclusive
Hutt City Council	6,393,191	6,523,199	2.0	130,008
Porirua City Council	2,867,588	2,943,289	2.6	75,701
Upper Hutt City Council	2,467,996	2,417,702	(2.0)	(50,295)
Wellington City Council	13,894,756	14,508,048	4.4	613,292
	<b>25,623,531</b>	<b>26,392,238</b>	-	-

## 6. Proposed end of year adjustment levies for 2006/7

Because the percentage consumption assumed for each city in setting the 2006/7 levies a year ago differed from the actual consumption, year end adjustments are required. Actual consumption is based on the metering year that finished at the end of March 2007. Table 2 is the end of year adjustments.

Table 2

Council	Adjustment for 2006/7 \$ (GST inclusive)	
Hutt City Council	(59,988)	Refund from GW
Porirua City Council	(10,026)	Refund from GW
Upper Hutt City Council	(120,713)	Refund from GW
Wellington City Council	190,727	To pay GW

The adjustments are between the cities and do not affect Greater Wellington's total revenue. Refund cheques will be sent to Hutt City, Porirua City and Upper Hutt City on 20 July 2007. Likewise, an invoice will be sent to Wellington City Council for payment on 20 July 2007.

## 7. Communications

It is suggested that a media release is made after the Council meeting highlighting the number of years the levy has either remained static or has been reduced. Attachment 1 shows the levy, GST inclusive, since 1994/95.

## 8. Recommendations

*That the Council:*

(1) *Approves:*

- *Pursuant to section 91 of the Wellington Regional Water Board Act 1972, the wholesale water contributions payable by constituent authorities for 2007/8 be as follows:*

	<b>2007/8 Levy</b> <b>\$ (GST inclusive)</b>
<i>Hutt City Council</i>	6,523,199
<i>Porirua City Council</i>	2,943,289
<i>Upper Hutt City Council</i>	2,417,702
<i>Wellington City Council</i>	14,508,048
<b>Total</b>	<b>26,392,238</b>

- *The end of year adjustment levies for 2006/7 be as follows:*

**2006/7 Adjustments**  
**\$ (GST inclusive)**

<i>Hutt City Council</i>	<i>(59,988)</i>	<i>Credit</i>
<i>Porirua City Council</i>	<i>(10,026)</i>	<i>Credit</i>
<i>Upper Hutt City Council</i>	<i>(120,713)</i>	<i>Credit</i>
<i>Wellington City Council</i>	<i>190,727</i>	<i>Debit</i>

- *Settlement takes place on 20 July 2007.*

- (2) **Approves** the Council resolution being forwarded to each of the city councils under the Common Seal of the Wellington Regional Council.

Report prepared by:



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Report approved by:

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Report approved by:

**David Benham**  
Chief Executive

**Attachment 1:** Wholesale water levy since 1994/95 (GST inclusive)