

FUNDING IMPACT STATEMENT

FUNDING IMPACT STATEMENT – Expenditure and Funding

EXPENDITURE AND FUNDING STATEMENT	NOTES	Forecast Annual Plan Year 2 2007/08 (\$ 000)	Forecast LTCCP Year 3 2008/09 (\$ 000)	Forecast Annual Plan Year 3 2008/09 (\$ 000)	Forecast Variation Year 3 2008/09 (\$ 000)
EXPENDITURE					
Operating Expenses		33,811	33,650	36,514	2,864
Capital Expenditure		9,902	7,550	7,676	126
Borrowing (Loan Repayments)		475	529	519	(10)
TOTAL EXPENDITURE		44,188	41,729	44,709	2,980
FUNDING					
General Rates	1	12,844	13,505	13,804	299
Targeted Rates	1	10,567	11,270	10,881	(389)
Fees and Charges		6,776	6,226	7,186	960
Subsidies and Grants	3	2,319	1,984	2,264	280
Borrowing (Net)	5	2,223	1,732	1,921	189
Depreciation	10	7,063	6,887	7,636	749
Special Funds		2,396	125	1,017	892
TOTAL FUNDING		44,188	41,729	44,709	2,980

FUNDING IMPACT STATEMENT - Differential and targeted rating schedule

This schedule defines the detail that will apply for the 2008/2009 rating year and is to be read in conjunction with Council’s Revenue and Financing Policy and the rest of the Funding Impact Statement.

1. General Rates

General rates are calculated on the capital value of all rateable properties in the city and assessed on a differential basis. Under differential rating, all property is allocated to one of the following differential rating groups based on zoning or usage and a differential, based on a factor of 100 for the standard differential group, is used for the calculation of general rates as follows.

For 2008/2009 Council will apply the following differential factors:

Differential Rating Group ¹	Factor
Standard	100
Residential High Value ²	Scaled factor from 99.91 to 59.82
Rural ³	73
Rural High Value ³	Scaled factor from 72.48 to 59.82
Business ⁴	240
Utilities ⁴	355

NOTES

1. The categories are as defined in this document
2. Refer to the Residential High Value Sub-group Table below for the scaled factors
3. Council reviewed the Rural 33 differential rating category in December 2007 and will maintain the existing differential factor for general rates levied from this category in 2008/2009. In 2008/2009 Council will apply the same concessional arrangements applied to high value residential rating units to high value rural rating units where this is to the benefit of the ratepayer. Refer to the Rural High Value Sub-group Table below for the scaled factors
4. Council reviewed the Business and Utilities differential rating categories in December 2007 and will maintain the individual relativity of general rates levied from those categories.

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Residential High Value Sub-group	Capital Value Range		Differential Factor
101	1,025,000	1,049,999	99.91
106	1,050,000	1,074,999	97.77
111	1,075,000	1,099,999	95.73
116	1,100,000	1,124,999	93.78
121	1,125,000	1,149,999	91.92
126	1,150,000	1,174,999	90.14
131	1,175,000	1,199,999	88.43
136	1,200,000	1,224,999	86.80
141	1,225,000	1,249,999	85.23
146	1,250,000	1,299,999	83.73
151	1,300,000	1,399,999	80.89
156	1,400,000	1,449,999	75.83
161	1,450,000	1,474,999	73.56
166	1,475,000	1,524,999	72.48
171	1,525,000	1,549,999	70.43
176	1,550,000	1,649,999	69.46
181	1,650,000	1,699,999	65.85
186	1,700,000	1,749,999	64.21
191	1,750,000	1,849,999	62.66
196	1,850,000	over	59.82

Rural High Value Sub-group	Capital Value Range		Differential Factor
166	1,475,000	1,524,999	72.48
171	1,525,000	1,549,999	70.43
176	1,550,000	1,649,999	69.46
181	1,650,000	1,699,999	65.85
186	1,700,000	1,749,999	64.21
191	1,750,000	1,849,999	62.66
196	1,850,000	over	59.82

2. Targeted Rates

2.1 Water

For 2008/2009 Council has resolved to collect the revenue needed for the water supply service on the following basis:

- Of the total revenue, required for the water supply service, 20% has been identified as required for fire protection purposes. This will be raised by way of a set rate per dollar, on a capital value basis, for each property, differentiated by whether the property is serviced or serviceable. If the rating unit can be but is not supplied with water and is situated within 100 metres of any part of the water works (“a serviceable property”) a “serviceable” rate of 50% of the full “serviced” rate will be made.
- Of the total revenue required for the water supply service, 60% has been identified as required for general water supply by way of uniform annual charges on each serviced or serviceable property. If the rating unit can be but is not supplied with water and is situated within 100 metres of any part of the water works (“a serviceable property”) 50% of the full “serviced” uniform annual charge will apply.

- Of the total revenue, required for the water supply service, 20% has been identified as required for general water supply, by way of a user charge set based on the quantity of water used as calculated by water meters installed on the properties concerned.

2.2 Stormwater

For 2008/2009 Council has resolved to collect the revenue needed for stormwater purposes by way of a set rate per dollar on capital value, on a differential basis, with businesses having a differential factor of 140 and other properties a factor of 100. This rate will apply to all rating units contained within the Upper Hutt Urban Drainage District (shown as the shaded area on the attached map labelled Upper Hutt Urban Drainage District).

2.3 Wastewater

The targeted rate for wastewater disposal will be a uniform annual charge, which will apply to all water-closets (pans) or urinals connected to a public sewage drain. Business properties will be assessed in accordance with Council's Revenue and Financing Policy. All residential separately used or inhabited parts are deemed to have not more than one part or urinal under the Local Government (Rating) Act 2002 Schedule 3 Note 4. (A separately used or inhabited part is defined in Council's Revenue and Financing Policy).

For 2008/2009 with regard to schools in the city, Council has resolved to calculate the number of whole charges based on a formula which calculates the number of applicable charges as being the **lesser of**;

- (a) the assessed number as above for non-residential rating units, and
- (b) the number of charges based on the following formula:

Volume of water used per annum divided by 260,

(260 being the number of cubic metres assessed as being a standard residential unit annual usage).

2.4 Other Targeted Rates

There is only one Other Targeted rate, the Karapoti Bridge rate. For 2008/2009 Council has resolved to collect the Karapoti Bridge rate, by way of a rate per dollar on capital value. This will be set on land contained within Valuation References 15190-001-00-00, 15190-002-01-A0 and 15190-002-01-B0. The revenue sought from this rate is \$2,177 (inclusive of GST) and is to be applied to meet the cost plus interest of monies advanced from Special Funds for the purposes of construction of the Karapoti Bridge for the benefit of the properties above.

2.5 Lump Sum Contributions

Council will not invite lump sum contributions to targeted rates in 2008/2009.

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FUNDING IMPACT STATEMENT - Differential Definitions

For 2008/2009 Council has resolved to define its differential rating categories, to which all rateable property in the district of Upper Hutt shall be allocated, as follows:

1. Rural

A rating unit will be allocated to the Rural Category for rating purposes if:-

- (a) it is situated in a rural zone; **and**
- (b) has an area of 30ha or more.

If the Council is satisfied that:-

- (a) the same ratepayer is recorded as owner of more than one rating unit; **and**
- (b) all the rating units are situated in a rural zone; **and**
- (c) are being used as one property principally for a farming activity; **and**
- (d) the rating units have a combined total area of 30ha or more.

then the rating units will all be allocated to this category for rating purposes.

2. Rural High Value

A rating unit will be allocated to the Rural High Value Category for rating purposes if:

- (a) it meets all the requirements for the Rural Category in 1) above; **and**
- (b) has a capital value of \$1,475,000 or more; **and**
- (c) contains a single dwelling only.

3. Utilities

Regardless of zoning and notwithstanding that it may meet the requirements for inclusion in another category, a rating unit will be allocated to the Utilities Category for rating purposes if:-

- (a) it is owned or operated by a utility operator and is being used, principally, as part of the utility infrastructure; **and**
- (b) it is identified as a utility in the Upper Hutt City District Valuation Roll.

4. Business

4.1 A rating unit in the Business zone or in the Special Activities zone will be allocated to the Business category for rating purposes, **unless:**

- (a) it has been allocated to the Utilities category; **or**
- (b) it has been allocated to the Standard category (or the Residential High Value or the Rural High Value category) because it is being used, principally, as a single residential dwelling (used principally for private residential purposes).

4.2 A rating unit will be allocated to the Business Category for rating purposes if it is situated in a Residential, Rural or Open Space zone and has not been allocated to the Utilities category but is being used, principally, for a business activity.

For the purposes of clause 4.2:

Where the business activity is the principal activity on a rating unit, the whole rating unit will be allocated to the Business category.

4.3 For the purposes of this definition:

(a) the following are **not** business activities:

- Farming activities
- Intensive animal farming
- Forestry
- Wellington Racing Club

(b) business activities include the following:

- Commercial sawmills and timber yards
- Farm products processing plants
- Retail nurseries and garden centres
- Veterinary hospitals and clinics
- Service Stations

4.4 A rating unit that is occupied by or for the purposes of a penal institution or as a defence area will be allocated to this category for rating purposes unless:

- (a) it has been allocated to the Utilities category; **or**
- (b) it has been allocated to the Rural category; **or**
- (c) it is used principally as a single residential dwelling (used principally for private residential purposes); **or**
- (d) it is being used principally for a farming activity but does not satisfy the criteria for inclusion in the Rural category.

5. Residential High Value

A rating unit will be allocated to the Residential High Value Category for rating purposes if it contains a single dwelling only and has a capital value of \$1,025,000 or more **and**:

- (a) is situated in a residential zone; **or**
- (b) is situated in a rural zone and has an area of less than 3oha; **or**
- (c) is situated in any other zone, and has an area of less than 3oha and is being used, principally, for a residential activity.

6. Standard

A rating unit will be allocated to the Standard Category if it does not meet all of the criteria for inclusion in any other category.

FUNDING IMPACT STATEMENT – Rates Remission

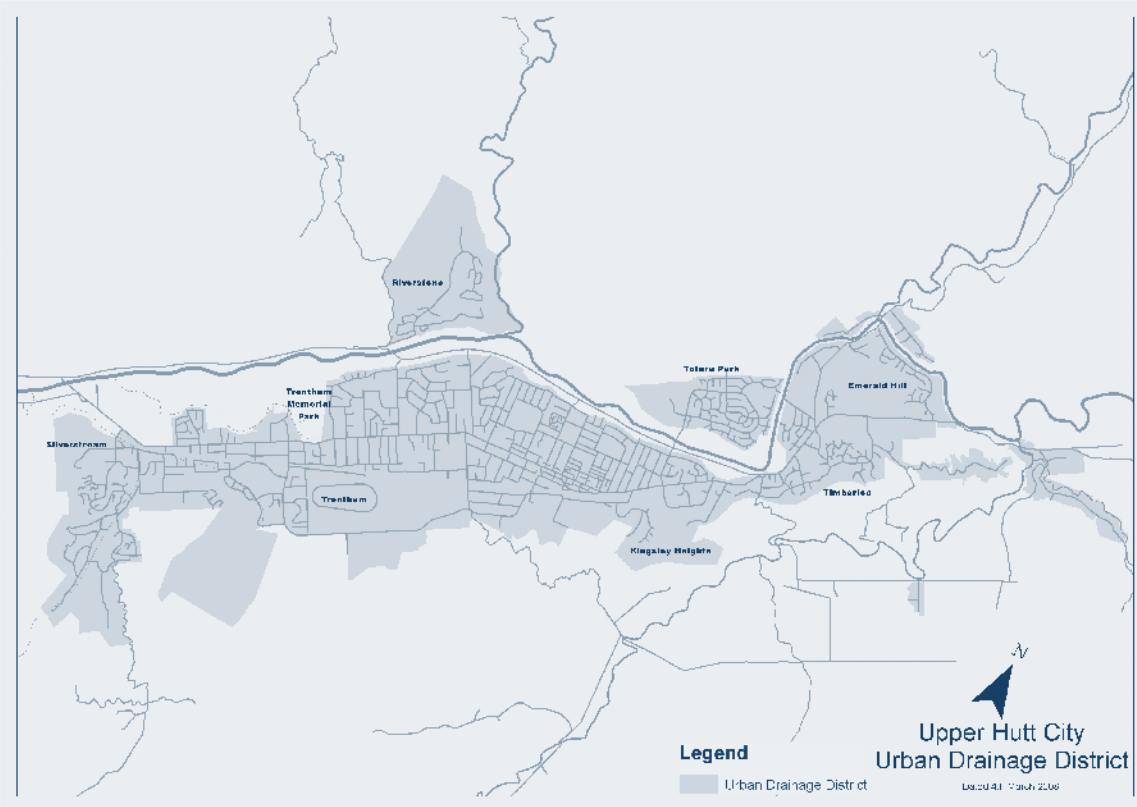
For 2008/2009 Council has resolved to set the following criteria for its Rates Remission for Economic Development policy.

1. New Employment Opportunities – developments for which remission is being sought are expected to create at least 20 full time equivalent jobs.
2. New Capital Investment - developments for which remission is being sought are expected to bring at least \$1,000,000 (GST exclusive) of new capital investment into the city.

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Upper Hutt Urban Drainage District Map used for Stormwater Rates:

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INDICATIVE RATES

INDICATIVE RATES - STANDARD	CV \$200,000	CV \$300,000	CV \$400,000	CV \$500,000	CV \$600,000
General Rates	394	592	789	986	1,183
Water – Uniform Charge	207	207	207	207	207
Water – Fire Protection	42	64	85	106	127
Stormwater	84	126	168	211	253
Wastewater	334	334	334	334	334
Total Indicative Rates [Upper Hutt City]¹	1,061	1,323	1,583	1,844	2,104

INDICATIVE RATES – BUSINESS ²	CV \$500,000	CV \$700,000	CV \$900,000	CV \$1,000,000	CV \$1,200,000
General Rates	2,367	3,313	4,260	4,733	5,680
Water – Uniform Charge	207	207	207	207	207
Water - Fire Protection	106	149	191	212	255
Stormwater	295	413	531	590	708
Wastewater	1,002	1,002	1,002	1,002	1,002
Total Indicative Rates [Upper Hutt City]¹	3,977	5,084	6,191	6,744	7,852

INDICATIVE RATES - RURAL	CV \$600,000	CV \$800,000	CV \$1,000,000	CV \$1,200,000	CV \$1,400,000
General Rates	864	1,152	1,440	1,728	2,016
Total Indicative Rates [Upper Hutt City]¹	864	1,152	1,440	1,728	2,016

1 Includes GST but no GWRC Rates

2 Includes one water connection and three pan charges

