

## The financials

### Changes to the 2011-12 fees and charges

**Please note:** Following the GST increase from 12.5 percent to 15 percent in October 2010 a number of the fees and charges have subsequently been rounded up or down to the closest 50 cents.

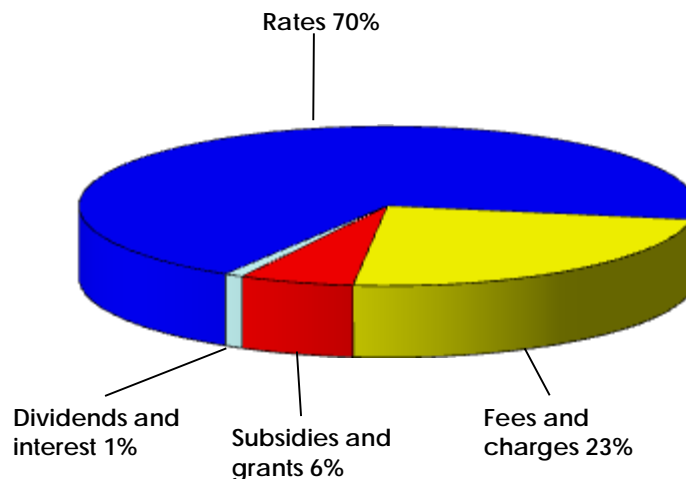
Key changes to the Schedule of Fees and Charges (circulated as a separate document) are:

- all charges associated with Akatarawa Cemetery will increase by 3.5 percent to reflect increases in the provision of services
- a number of administration/miscellaneous charges have changed to reflect current practices. These changes are in relation to requests for plans from tracings and aerial photographs from the printer. The addition, the cost of staff time will also be proportionally allocated to orders requiring greater than half an hour of time
- H<sub>2</sub>O Xtream charges for the slide, Upper Hutt Swimming Club and some 10 trip passes will increase to bring them in line with market value
- within the land transport activity the chip sealing fee per square metre will increase by 4.4 percent
- a number of land transport permit fees will increase to cover the actual costs
- a number of resource management subdivision fees will increase this year to reflect increased costs in the engineering component of these fees. In addition the hourly rate on which all resource consent application fees are based will increase from \$92 | hr to \$100 | hr
- a 2.1 percent increase will occur in regards to Official Information Act work as a recommendation from the office of the Ombudsman, '3 Subject to paragraph 6, staff time will be charged, where the total time involved is in excess of one hour, after the first hour, for each half hour or part thereof at a rate of'
- trade waste charges have increased from 2010-11 by an average 9.3 percent due mostly to an increase in the interest rate from last year
- there will be a small increase in water charges to recover the increased cost of water and to cover the increased cost of inflation
- under the land transport activity an additional fee has been introduced for re-inspections where a works completion notice has been received but the work has not been completed to council's requirements
- car parking overstay charges will increase in line with the national precedent code book for parking related offences
- a new National Multiple-Use Application has been added to the building consent fees. This application relates a building design that has been pre-approved for building code of compliance eg suppliers of kitset buildings, garages, sheds etc. The new fee is \$400.

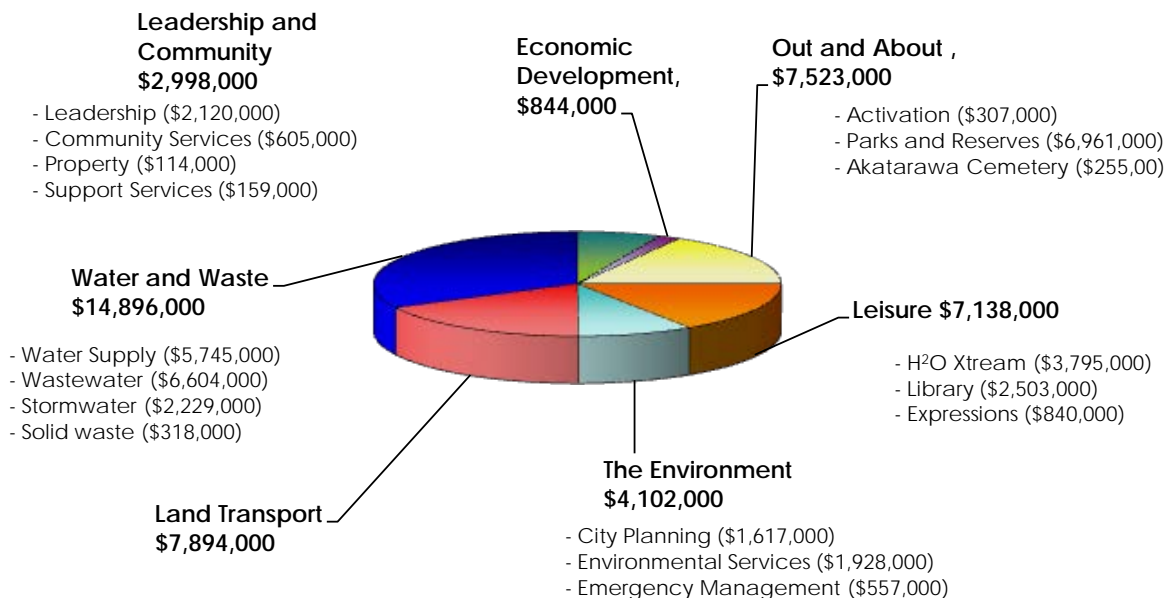
# Financials summarised

## Money coming in, money going out

### Sources of Operating Revenue



### Total Expenditure (excluding Depreciation)



# Financials summarised

## Some facts about your rates

Rates will contribute a total of 70 percent towards council's projected income for 2011-12. Of that amount, your rates bill is made up of two components:

1. general rates accounts for approximately 57 percent of total rates. This is dependant on council expenditure and subsequently on your property value and type i.e. residential, rural, business or utility
2. targeted rates, which contribute approximately 43 percent to council's proposed expenditure, are made up of rates for water supply, wastewater and stormwater (Note: these rates are not charged to rural properties that do not use the services).

Upper Hutt City Council also collects rates on behalf of the Greater Wellington Regional Council for items such as servicing the region's public transport system and managing the regional parks and reserves.

### Rural rates

About 7.6 percent of general rates are collected from rural properties. These are properties that are physically located in the rural area and not just those covered by the rural rating differential<sup>1</sup>. The rural rating differential (those greater than 30 hectares) contributes 0.97 percent of general rates.

### Financial impact for 2011-12

The total rate funding requirement for the activities and work programme for 2011-12 is \$28.516 million. This equates to an average rates increase of 4.61 percent (including an adjustment for city growth). Examples of how this is likely to affect specific properties are shown in the table below. These properties illustrate the rating requirement for a property of average or median value for that rating category. These estimates exclude rates collected on behalf of the Greater Wellington Regional Council, but do include GST at 15 percent for the full year.

The interest Upper Hutt City Council is currently paying on debt is \$1.883 million per annum.

	Residential CV \$333,000	Rural CV \$719,000	Business CV \$899,000
<b>General rates</b>	794	1,252	5,682
<b>Targeted rates</b> (water, wastewater, stormwater)	859	No charge	*2,196
<b>Total rates (incl. GST)</b>	<b>\$1,653</b>	<b>\$1,252</b>	<b>\$7,878</b>

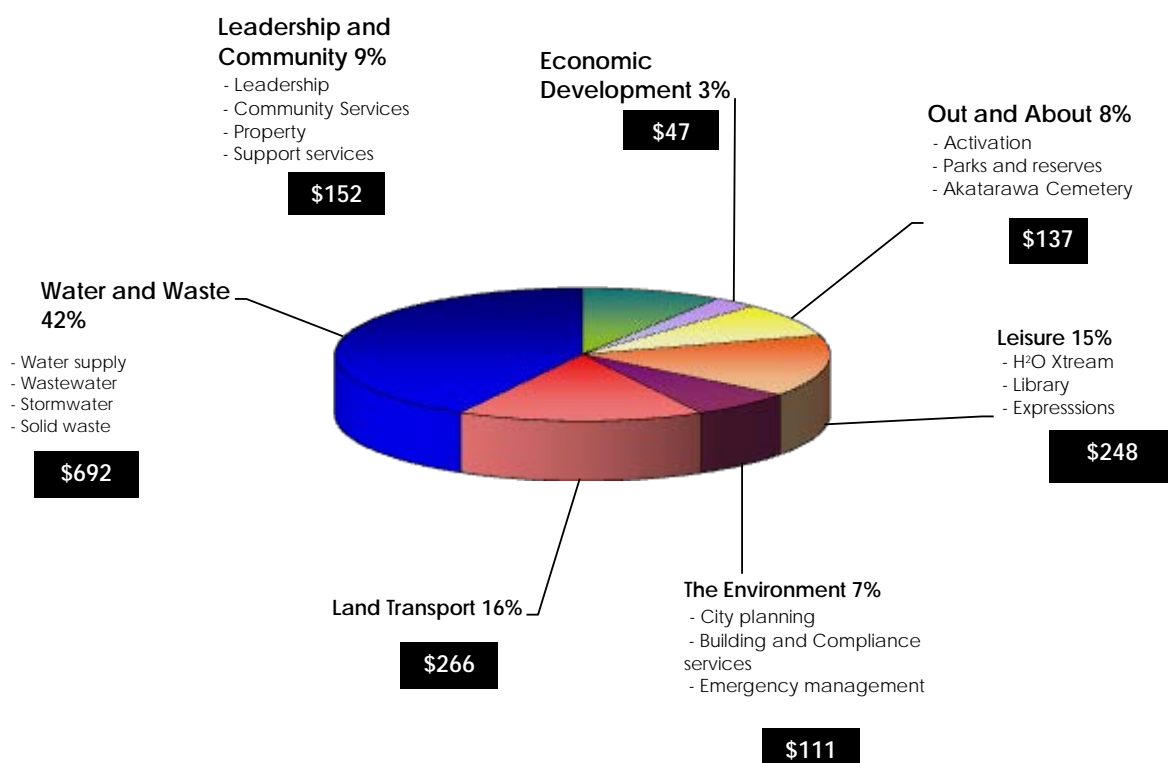
\*Business example is based on 1 water charge and 3 pan charges.

<sup>1</sup> The rural rating differential relates to properties that are greater than 30 hectares and which are rated at 73 percent of the standard differential (for general rates).

# Financials summarised

## Where does your rates money go?

The average total residential rates for 2011-12 are \$1,653. This is broken down in more detail below:



## Key financial and project adjustments from the Long Term Council Community Plan 2009-2019

The LTCCP originally forecast a net debt of \$21.366 million and a rates increase requirement of 4.4 percent. Council is now proposing a net debt as at 30 June 2011, of \$24.699 million, and a 4.61 percent rates increase.

In comparison to the Long Term Council Community Plan Year 3 forecast there is a \$33,000 decrease in the rate funding requirement and a \$259,000 increase in interest expenses.

There are a range of adjustments from the 2011-12 Long Term Council Community Plan projected expenditure level and these are primarily due to changes in prices, priorities and/or circumstances such as the current economic climate.

Another significant impact on rates is in respect of rising insurance premiums. A key reason for the increase in rates, particularly since the draft Annual Plan was released for consultation, is due to an increase in insurance premiums.

# Financials summarised

As with all local authorities in New Zealand the Council's insurance cover has been significantly impacted by the Christchurch earthquakes.

Insurance cover for underground assets via the Local Authority Protection Programme Disaster Fund (LAPP) scheme has been reinstated on a very limited basis at four times the previous premium.

Cover for above ground assets has also been obtained using a collection of London and local insurers, again on a more restricted basis, with a high access and at three times the previous premium level.

## Amended/deferred projects from the Long Term Council Community Plan

- sealing of the Hutt River trail between Awakairangi Park and Norbet Street – this project has been postponed and the \$130,000 set aside in 2011-12 has been re-allocated towards the Maidstone Park development
- Akatarawa Road bridges renewal programme – \$1,055,000 was set aside in 2011-12 for this project. In recognition of the decayed condition of the three timber bridges NZTA agreed to bring forward their share of the funding for replacing the three bridges to 2010-11. Council did likewise by bringing forward the funding from 2011-12 and 2013-14. The bridges will be built over the period March 2011 to November 2011
- the development of netball and tennis courts - \$318,000 has been deferred. It is proposed that this funding now be allocated to the development of hockey and rugby/soccer turfs at Maidstone Park. Special provision will be made to reserve land adjacent to the hockey turf to allow for future development of netball/tennis courts if justified by demand
- the Waste Management Plan contained within the current Long Term Council Community Plan (under the Solid Waste activity) is proposed to be amended and was the subject of parallel consultation with the 2011-12 draft Annual Plan. Currently council has a joint Waste Management Plan with Hutt City Council. The proposal is to move to a Wellington Regional Plan
- the major promotion campaign - \$65,000 has been postponed in light of the current economic climate
- the habitat improvement study - \$95,000 has been postponed in light of the current economic climate.

Key rate funding and project adjustments include:

## Rate funding adjustments

- as with all other local authorities council has been negatively affected by the impact from the Christchurch earthquakes. Insurance costs have increased by \$366,000
- land transport's rate funding requirement is to rise by \$184,000. The main components of the 2011-12 increase are due to increased contract costs and market fluctuations. Land transport costs also fluctuate from year to year due to changes in the asset management plan that recognises when the most economical time is to replace an asset. Council brought forward the Akatarawa Road bridges renewal project which has brought forward \$59,021 in interest costs
- the rate funding requirement for H<sub>2</sub>O Xstream has dropped by \$742,000. This is mainly due to a change in funding extraordinary maintenance by loans rather than rate funding
- the property division's rate funding requirement is to increase by \$72,000. This increase is due to the removal of rental housing in Maidstone Terrace

# Financials summarised

- the wastewater activity's rate funding requirement has increased by \$274,000. This is largely due to increased capital expenditure on the Hutt Valley Bulk Wastewater project and insurance increase of \$100,000. Wastewater costs also fluctuate from year to year due to changes in the asset renewal upgrade programme
- water supply costs have decreased by \$21,000 mainly due to a change in fees and charges. Stormwater has increased by \$254,000 due to changes in the asset renewal upgrade programme
- Activation's rate funding requirement is to reduce by \$16,000 due to a reduction in staff. If this funding level is not achieved, activity levels will be scaled back accordingly
- the leadership activity rate funding requirement has increased by \$45,000
- the economic development activity rate funding requirement has decreased by \$39,000 due to the removal of regional marketing initiatives costs of \$14,000 and the major promotional campaign \$65,000 offsetting the increase in insurance and a new staff member. In addition, the WOW publication costs of \$13,000 have been transferred to Recreation Services
- the city planning activity proposed rate funding requirement has decreased by \$113,000. This activity is proposed to have reduced income levels, the sustainability strategy and associated funding has been transferred to the support services division, and the proposed income levels for the reserve fund contribution have reduced by \$227,650
- the proposed rate funding requirement for the building and compliance activity has increased by \$139,000 due to the reduced level of building activity income of \$124,000.

## Summary of the proposed revised regional Waste Management and Minimisation Plan

The Waste Management Plan contained within the current Long Term Council Community Plan (under the Solid Waste activity) is proposed to be amended and was the subject of parallel consultation with the 2011-12 draft Annual Plan. Currently Council has a joint Waste Management Plan with Hutt City Council. The proposal is to move to a Wellington Regional Plan.

### Introduction

The Waste Minimisation Act 2008 came into force in September 2008. Under the Act territorial authorities are required to develop a Waste Management and Minimisation Plan to encourage and promote effective and efficient waste management and minimisation.

Officers from councils across the Wellington region identified significant potential benefits in developing a regional response to waste issues. Consequently, officers have prepared a regional waste assessment and regional waste management and minimisation plan.

### Summary

A key success factor for Wellington as a region will be how efficiently we use the resources we have and how effectively we reduce our environmental impact. Sustainability has become increasingly vital not only to social, environmental and cultural outcomes, but to our economic success as well.

With this in mind the councils of the Wellington region have agreed to prepare and adopt a joint Waste Management and Minimisation plan. The plan represents a major step forward, in that, for the first time, all councils of the region formally commit themselves to work together to promote efficient and effective waste management and minimisation.

# Financials summarised

## **Consequential amendment**

The adoption of the Waste Management and Minimisation Plan would result in a consequential amendment to the Funding Impact Statement contained in the current LTCCP. This Plan contains a Regional Action Plan and an individual Upper City Council Action Plan, both of which will have funding implications, which will require consideration by council as a part of the 2012-2022 Long Term Plan process.

## **Consultation**

The adoption of the Statement of Proposal, which includes the proposed Waste Management and Minimisation Plan may be inspected or obtained at the Council Office, Upper Hutt Libraries, or at the i-SITE. Copies can also be downloaded from the website [www.upperhuttcity.com](http://www.upperhuttcity.com). The submission timeframe and requirements are the same as for the Annual Plan 2011-12.

Submitters are also welcome to present their submission in person. Submissions made on the Waste Management and Minimisation Plan will be reviewed and heard by a regional committee of councillors, which is a separate process to the Annual Plan process.

# Financials summarised

<b>A - Rate funding requirement for each significant activity</b>	<b>Forecast Annual Plan Year 2 2010-11 (\$ 000)</b>	<b>Forecast LTCCP Year 3 2011-12 (\$ 000)</b>	<b>Forecast Annual Plan Year 3 2011-12 (\$ 000)</b>	<b>Forecast Variation Year 3 2011-12 (\$ 000)</b>
Leadership	1,926	2,040	2,085	45
Economic development	747	854	815	(39)
Community services	576	583	530	(53)
Activation	148	201	185	(16)
Parks and reserves	2,154	2,358	2,182	(176)
H <sup>2</sup> O Xstream	1,215	2,015	1,273	(742)
Library	2,054	2,198	2,209	11
Expressions	779	732	793	61
Property	(22)	(109)	(37)	72
Akatarawa Cemetery	(2)	0	1	1
Emergency management	470	486	473	(13)
City planning	1,292	1,118	1,005	(113)
Building and Compliance Services	325	297	436	139
Land transport	4,465	4,393	4,577	184
Water supply	4,284	4,337	4,358	21
Wastewater	5,886	5,443	5,717	274
Stormwater	2,655	1,933	2,187	254
Solid waste	(272)	(371)	(323)	48
Support services	84	40	50	10
<b>Total rate funding requirement</b>	<b>28,764</b>	<b>28,548</b>	<b>28,516</b>	<b>(32)</b>
Change in rate funding requirement	4.1%	4.9%	5.46%	0.56%
Forecast growth in the rating database	1.0%	0.5%	0.85%	0.35%
<b>Forecast in net change in rate funding requirement</b>	<b>3.1%</b>	<b>4.4%</b>	<b>4.61%</b>	<b>0.21%</b>
Forecast Inflation	0.0%	2.7%	4.00%	1.30%
<b>Forecast real change in rates funding requirement</b>	<b>3.1%</b>	<b>1.7%</b>	<b>0.61%</b>	<b>-1.09%</b>
<b>Funded by</b>				
Accumulated general fund	1,724	0	0	0
Rates	27,040	28,548	28,516	(32)
<b>Total</b>	<b>28,764</b>	<b>28,548</b>	<b>28,516</b>	<b>(32)</b>

# Financials summarised

<b>B - Rates</b>	Forecast Annual Plan Year 2 2010-11 (\$ 000)	Forecast LTCCP Year 3 2011-12 (\$ 000)	Forecast Annual Plan Year 3 2011-12 (\$ 000)	Forecast Variation Year 3 2011-12 (\$ 000)
	General rates	15,622	16,836	16,254
Targeted rates water fire protection	999	1,096	1,076	(20)
Targeted rates water supply	2,884	3,241	3,282	41
Targeted rates stormwater	2,132	1,933	2,187	254
Targeted rates wastewater	5,401	5,443	5,717	274
<b>Rates total</b>	<b>27,038</b>	<b>28,549</b>	<b>28,516</b>	<b>(33)</b>
Targeted rate Karapoti bridge	2	2	2	0
Rates penalties	228	201	232	31
<b>Total rates income</b>	<b>27,268</b>	<b>28,752</b>	<b>28,750</b>	<b>(2)</b>

<b>C - Public debt</b>	Forecast Annual Plan Year 2 2010-11 (\$ 000)	Forecast LTCCP Year 3 2011-12 (\$ 000)	Forecast Annual Plan Year 3 2011-12 (\$ 000)	Forecast Variation Year 3 2011-12 (\$ 000)
	Opening balance	18,642	20,457	21,349
Loans raised during the year	3,638	1,518	3,940	2,422
Less repayments during the year	(572)	(609)	(620)	(11)
<b>Total public debt</b>	<b>21,708</b>	<b>21,366</b>	<b>24,669</b>	<b>3,303</b>
New loans consist of:				
Land transport	2,253	764	289	(475)
Wastewater	181	527	599	72
Water	0	106	102	(4)
Library	1,204	0	0	0
Parks and reserves	0	0	1,950	1,950
H <sup>2</sup> O Xstream	0	0	1,000	1,000
Stormwater	0	121	0	(121)
<b>Total new loans</b>	<b>3,638</b>	<b>1,518</b>	<b>3,940</b>	<b>2,422</b>
<b>Interest expenses</b>	<b>1,637</b>	<b>1,624</b>	<b>1,882</b>	<b>258</b>

# Financials summarised

<b>D - Restricted reserve funds</b>	Forecast Annual Plan Year 2 2010-11 (\$ 000)	Forecast LTCCP Year 3 2011-12 (\$ 000)	Forecast Annual Plan Year 3 2011-12 (\$ 000)	Forecast Variation Year 3 2011-12 (\$ 000)
	Special funds	1,883	1,489	1,019
Other accounts restricted by law	319	13	1,106	1,093
<b>Total restricted reserves</b>	<b>2,202</b>	<b>1,502</b>	<b>2,125</b>	<b>623</b>

<b>E - Comparison of key indicators</b>	Annual Plan Year 2 2010-11 (\$ 000)	LTCCP Year 3 2011-12 (\$ 000)	Annual Plan Year 3 2011-12 (\$ 000)	Variation Year 3 2011-12 (\$ 000)
	Rate funding requirement	27,038	28,549	28,516
Public debt	21,708	21,366	24,669	3,303
Restricted reserves	2,202	1,502	2,125	623