



Report 08.405
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Committee Council
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Wholesale water levy 2008/09 and end of year adjustment levy 2007/08

1. Purpose

To set the wholesale water levy for 2008/09 and the end of year adjustment levies for 2007/08.

2. Significance of the decision

Because the setting of the water levies implements the provisions of the Council's 2008/09 Annual Plan the decision does not trigger the Council's significance policy or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

The Annual Plan has been developed in accordance with the special consultative procedure and contains details of the proposed levies.

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 2008/09. The proposed Annual Plan outlined that the levy for the 2008/09 financial year would not increase. This compares with a rise of 6.0% signalled in the June 2007 amended version of the 2006-16 LTCCP.

When the LTCCP was prepared, it was expected a levy increase would be required in 2008/9 because of increased capital expenditure for a major water source. This development will not now occur in 2008/09. There have also been some productivity improvements in electrical energy and chemical usage.

4. Submissions

There were no significant issues raised in relation to the proposed wholesale water levy for 2008/09 through the proposed Annual Plan consultation process.

5. Proposed 2008/09 wholesale water levies

The proposed levy for 2008/09, as contained in the Council's proposed 2008/09 Annual Plan, is unchanged from the current year's levy. If adopted, as recommended, the 2008/09 year would represent the 11th time in the last 12 years that the levy has been held or reduced.

If this position is approved, the levy for the 2008/09 financial year will remain at \$26,392,238 GST inclusive.

The Levy applicable to each city council would be as follows:

Table 1

	2008/09 Levy (GST inclusive) \$	2008/09 Levy (GST exclusive) \$
Hutt City Council	6,721,702	5,974,846
Porirua City Council	3,035,334	2,698,075
Upper Hutt City Council	2,430,601	2,160,534
Wellington City Council	14,204,601	12,626,312
Total	26,392,238	23,459,767

For comparative purposes, the 2007/08 and 2008/09 levies, as calculated at the beginning of each respective year, are as follows:

Table 2

Council	2007/08 Levy \$(GST inclusive)	2008/09 Levy \$(GST inclusive)	Change +/(-) %	Change \$ GST inclusive
Hutt City Council	6,523,199	6,721,702	3.0	198,503
Porirua City Council	2,943,289	3,035,334	3.1	92,045
Upper Hutt City Council	2,417,702	2,430,601	0.5	12,899
Wellington City Council	14,508,048	14,204,601	(2.1)	(303,447)
	26,392,238	26,392,238	-	-

A significant part of the change for each city is due to increased consumption in 2006/07 by Wellington City because of a water leak. This had the effect of overstating Wellington City's expected levy at the start of the 2007/08 year. The cities are provided with a rolling levy adjustment amount each week so the end of year adjustments will not come as a surprise to any city.

6. Proposed end of year adjustment levies for 2007/08

Because the percentage consumption assumed for each city in setting the 2007/08 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 2008. Table 3 shows the end of year adjustments.

Table 3

Council	Adjustment for 2007/08 \$ (GST inclusive)	Charge or refund
Hutt City Council	198,503	To pay GW
Porirua City Council	92,045	To pay GW
Upper Hutt City Council	12,899	To pay GW
Wellington City Council	(303,447)	Refund from GW

Although Greater Wellington's overall financial position does not change, some accounting adjustments are needed to reflect the amount of water actually consumed by each city. Accordingly, charges raised to the cities previously are to be revised. On 21 July 2008, we plan to process a refund for Wellington City Council and similarly, an invoice will be raised for each of the cities; Hutt City Council, Porirua City Council and Upper Hutt City Council for payment on the same date.

7. Communications

It is suggested that a media release is made immediately after the Council meeting, highlighting that the water levy has been held at the previous level and, further, that it has been increased only once since July 1997.

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 2008/09 be as follows:*

	2008/09 Levy \$ (GST inclusive)
<i>Hutt City Council</i>	<i>6,721,702</i>
<i>Porirua City Council</i>	<i>3,035,334</i>
<i>Upper Hutt City Council</i>	<i>2,430,601</i>
<i>Wellington City Council</i>	<i>14,204,601</i>
<i>Total</i>	<i>26,392,238</i>

- *The end of year adjustment levies for 2007/08 be as follows:*

2007/08 Adjustments
\$ (GST inclusive)

<i>Hutt City Council</i>	<i>198,503</i>	<i>Debit</i>
<i>Porirua City Council</i>	<i>92,045</i>	<i>Debit</i>
<i>Upper Hutt City Council</i>	<i>12,899</i>	<i>Debit</i>
<i>Wellington City Council</i>	<i>(303,447)</i>	<i>Credit</i>

- *Settlement takes place on 21 July 2008.*

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

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