



Report 06.287
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Committee Policy, Finance and Strategy Committee
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Wholesale Water Levy 2006/7 and End of Year Adjustment Levy 2005/6

1. Purpose

To set the wholesale water levy for 2006/7 and the end of year adjustment levies for 2005/6.

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 2006/7. The proposed Annual Plan outlined that the levy for the 2006/7 financial year would be the same as the levy for the current year. There have been no significant changes to the financial information for Water Supply since the 2006/7 Proposed Annual Plan, included as part of the LTCCP 2006-16, was released for public consultation.

4. Submissions

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

5. Proposed 2006/7 Wholesale Water Levies

The proposed levy for 2006/7, as contained in the Council's proposed ten year plan 2006-16 incorporating the 2006/7 Annual Plan, is the same as the current year's levy. If adopted, 2006/7 would represent the tenth year in succession that the levy has been held or reduced.

If this position is approved, the levy for the 2006/7 financial year will be \$25,623,531 GST inclusive, the same as for 2005/6.

Levies for individual city councils would be as follows:

	2006/7 Levy (GST Inclusive)
	\$
Hutt City Council	6,393,191
Porirua City Council	2,867,588
Upper Hutt City Council	2,467,996
Wellington City Council	13,894,756

Total	25,623,531

For comparison purposes, the 2005/6 and 2006/7 levies, as calculated at the beginning of the respective years, are as follows:

Table 1

Council	2005/6 Levy \$(GST inclusive)	2006/7 Levy \$ (GST inclusive)	Change + / (-) %	Change \$ GST inclusive
Hutt City Council	6,424,833	6,393,191	(0.5)	(31,643)
Porirua City Council	2,771,762	2,867,588	3.5	95,826
Upper Hutt City Council	2,446,450	2,467,996	0.9	21,547
Wellington City Council	13,980,486	13,894,756	(0.6)	(85,730)
	25,623,531	25,623,531	-	-

6. Proposed End of Year Adjustment Levies for 2005/6

Because the percentage consumption assumed for each city in setting the 2005/6 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 2006. Table 2 is the end of year adjustments.

Table 2

Council	Adjustment for 2005/6 \$ (GST inclusive)	
Hutt City Council	(31,643)	Refund from GW
Porirua City Council	95,826	To pay GW
Upper Hutt City Council	21,547	To pay GW
Wellington City Council	(85,730)	Refund from GW

The adjustments are between the cities and do not affect Greater Wellington's total revenue. Refund cheques will be sent to Hutt City and Wellington City on 20 July 2006. Likewise, invoices will be sent to the other cities for payment on 20 July 2006.

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.

8. Recommendations

That the Committee:

(1) **Recommend** to Council that:

- *Pursuant to section 91 of the Wellington Regional Water Board Act 1972, the wholesale water contributions payable by constituent authorities for 2006/7 be as follows:*

	2006/7 Levy \$ (GST inclusive)
<i>Hutt City Council</i>	6,393,191
<i>Porirua City Council</i>	2,867,588
<i>Upper Hutt City Council</i>	2,467,996
<i>Wellington City Council</i>	13,894,756
Total	25,623,531

- *The end of year adjustment levies for 2005/6 be as follows:*

	2005/6 Adjustments \$ (GST inclusive)	
<i>Hutt City Council</i>	(31,643)	<i>Credit</i>
<i>Porirua City Council</i>	95,826	<i>Debit</i>
<i>Upper Hutt City Council</i>	21,547	<i>Debit</i>
<i>Wellington City Council</i>	(85,730)	<i>Credit</i>

- *Settlement takes place on 20 July 2006.*

(2) **Forward** the Council resolution to each of the city councils under the Common Seal of the Wellington Regional Council.

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