# SECTION 2

## Financial Strategy

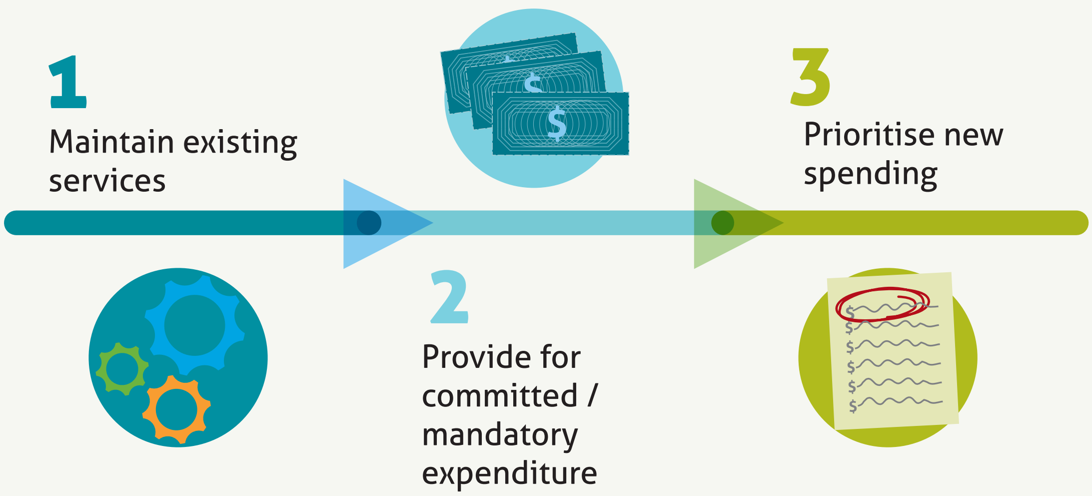
## Te Rautaki Ahumoni

# FINANCIAL STRATEGY

## APPROACH

This Strategy sets out how GWRC will manage its finances over the next 10 years. The key focus areas for the council are investing in regional infrastructure, growing public transport patronage and active travel modes, improving resilience of core infrastructure, and maintaining and improving the quality of our environment.

While financing the planned large infrastructure projects and programmes, we will be focused on balancing affordability with community expectations and equity of costs over (and beyond) our long-term planning timeframes.




In reviewing our financial position and strategy, we firstly considered and provided for the provision of existing services, based on maintaining the most current asset and activity plan information. Planning assumptions for 2015-25 and beyond, including expected population and other changes are set out in Section Seven. Apart from projects identified in our Key issues and planned responses (section 1), we plan to continue to undertake our current activities at a similar level of service over the next 10 years.

Secondly, we provided for committed expenditure and funding of the long-term programmes already underway to improve and maintain our essential regional infrastructure. This includes financing replacement rail rolling stock with an additional 35 two car Matangi Electrical Multiple Units (EMU) to join the other 48 recently purchased Matangi units.

Thirdly, we established what affordable financial capacity is considered appropriate (if any) that could be applied to fund prioritised new spending, either to meet additional demands for service or improve service levels. The proposed enhanced service levels are detailed in the relevant activity group section of the long-term plan.

The majority of our capital investment will be funded through debt, which will be paid back over an appropriate time period for the underlying asset. GWRC is in a strong financial position with a long term AA rating from Standard & Poor's with a stable outlook. This enables the Council to raise funds at very competitive rates. Current debt levels are relatively low but are forecasted to grow over the next 10 years to finance the capital investment programme. Debt levels are forecast to remain within financial covenants.

## FINANCIAL PRINCIPLES

To ensure that we are focused on providing good value for ratepayers' investment by delivering the right services at the best cost, we base our decisions on the following five principles:

- Financial prudence (not taking undue risks)
- Meeting our statutory requirements (we are required to undertake certain functions under various legislation)
- Ensuring fairness across generations (by spreading the cost of major capital over a number of years)
- Transparency (through providing information on options and choices to the community)
- Value for money (by delivering the right services at the best cost).

## OPERATING EXPENDITURE

Projected operating expenditure and revenue is set at a level that will achieve and maintain planned levels of service, including estimated expenses associated with maintaining the service capacity of assets throughout their useful life.

Over the life of the 10 year plan operating expenditure and debt repayments are expected to increase from $230 million to $470 million per year. This includes an estimated $98 million for inflation increases by 2024/25.

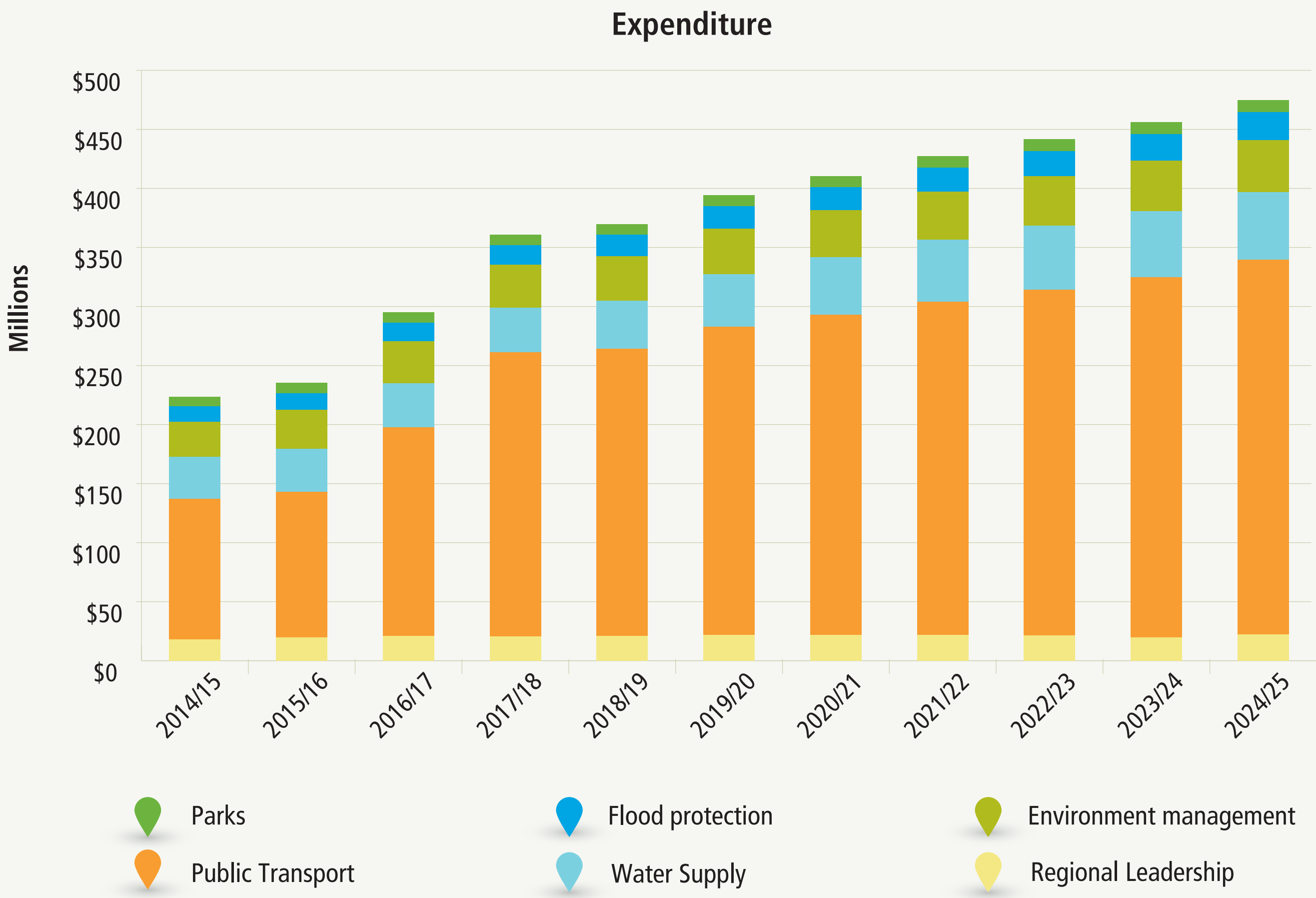
From 2017/18 onwards GWRC will be collecting all public transport fare revenue. This will increase both income and expenditure. Currently the bus operators collect the revenue and receive a subsidy to run their services (see the chart of operating expenditure below).

GWRC's strategy is to fund its operating expenditure out of operating revenue. Rates and levies are set at a level to ensure that GWRC achieves this objective.

There may be circumstances where GWRC will fund operating expenditure from sources other than its operating revenue. These will be considered on a case by case basis and are detailed in the Revenue and Financing Policy. An example of this is where Government funding is provided for funding of infrastructure owned by others i.e the trolley bus infrastructure owned by Wellington Cable Car Ltd (a subsidiary of Wellington City Council).

In order to promote intergenerational equity, rates will only fund debt repayment and finance costs. GWRC will not rate the community to fund depreciation or impairment of assets. This plan includes operating expenditure of $3.8 billion over the 10-year period.

The below graph provides a 10 year view of operating expenditure for each of the Council's activity groups. The large increase in Public Transport in 2017/18 reflects the changed arrangements for collection of fare revenue, and the growth in expenditure over time reflects investment in capital expenditure.



# CAPITAL EXPENDITURE

**This plan includes capital expenditure of $750 million for 2015-25. The major capital projects we will invest in are:**

## Public Transport

- 35 new Matangi two car electric trains
- Matangi heavy maintenance
- Integrated fares and ticketing
- Bus infrastructure
- Rail infrastructure
- Real time information system renewal

## Water Supply

- Cross harbour pipeline
- Wainuiomata pipeline replacement
- Kaitoke pipeline replacement
- Waterloo wells replacement
- Haywards pump station refurbishment
- Takapu emergency storage lake
- Kaitoke main and Porirua branch resilience upgrades

## Flood protection and control works

- Hutt River City Centre project
- Environmental Strategy implementation to progress environmental enhancement works in Hutt, Otaki and Waikanae rivers
- Waiohine Floodplain Management Plan implementation
- Te Kāuru - Upper Ruamahanga Floodplain Management Plan implementation
- Lower Ruamahanga Floodplain Management Plan development

## Environment

- Wairarapa Water Use feasibility study

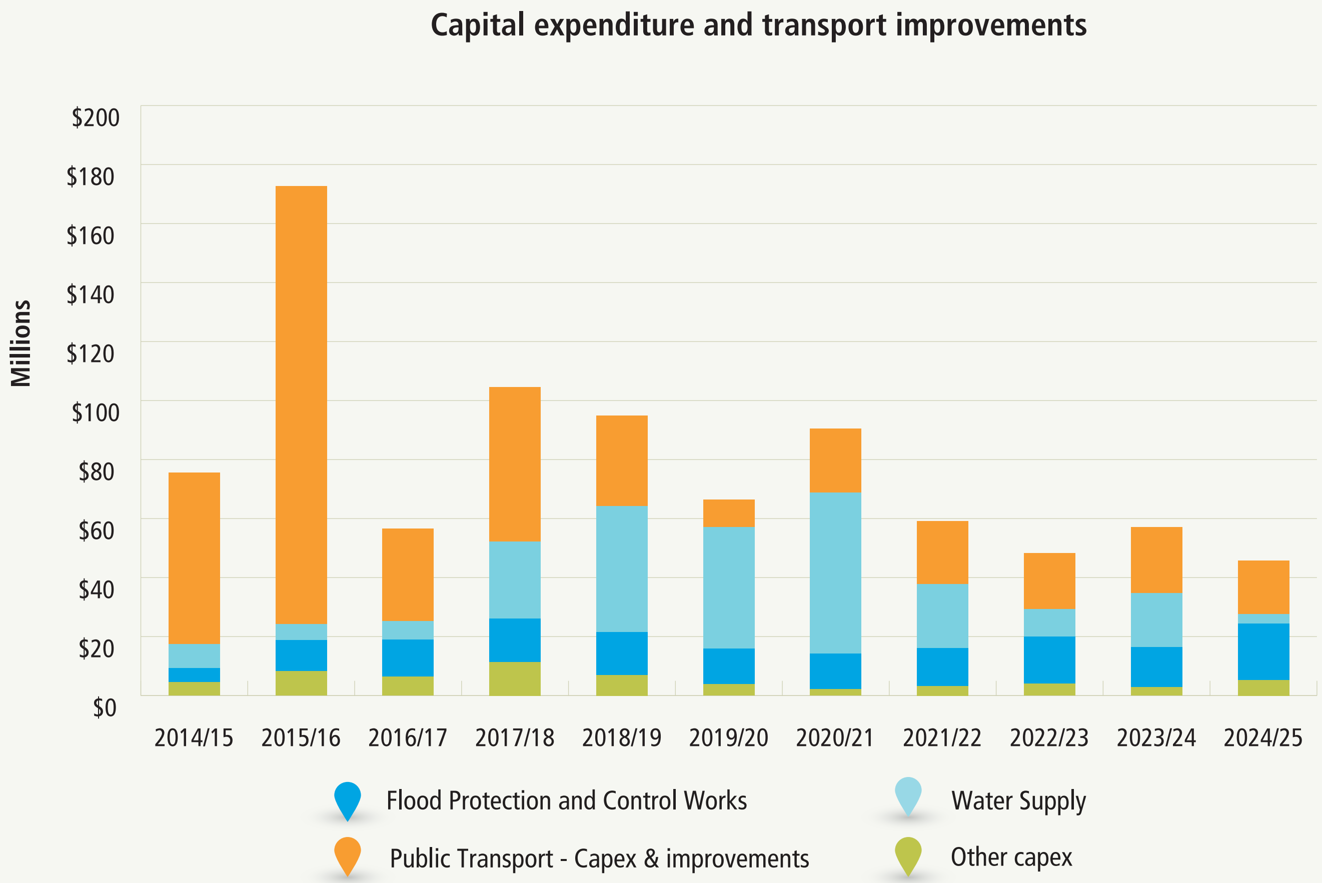
## Parks

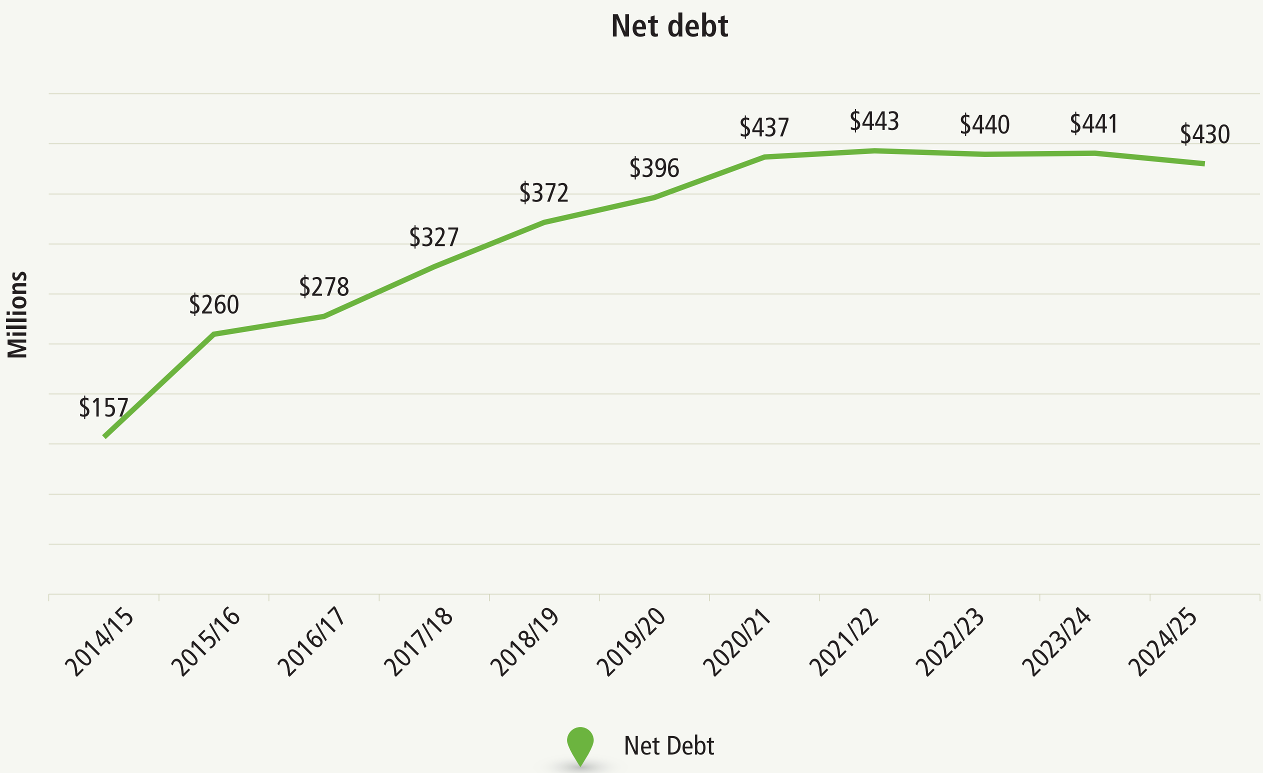
- Belmont Regional Park improvements
- East Harbour Regional Park
- Queen Elizabeth Park Heritage Precinct

**$750m**

The above programme of capital projects primarily drives the rates increases.

The following graphs show the 10-year horizon for expenditure, net debt, and resulting rates and levy increases required (refer to Section Four on significant assumptions and risks to see the inflation rates used). The capital expenditure and transport improvements graph shows the relative expenditure between the activity areas over time. The large spike in public transport in 2015/16 relates to the purchase of the second set of 35 Matangi trains.



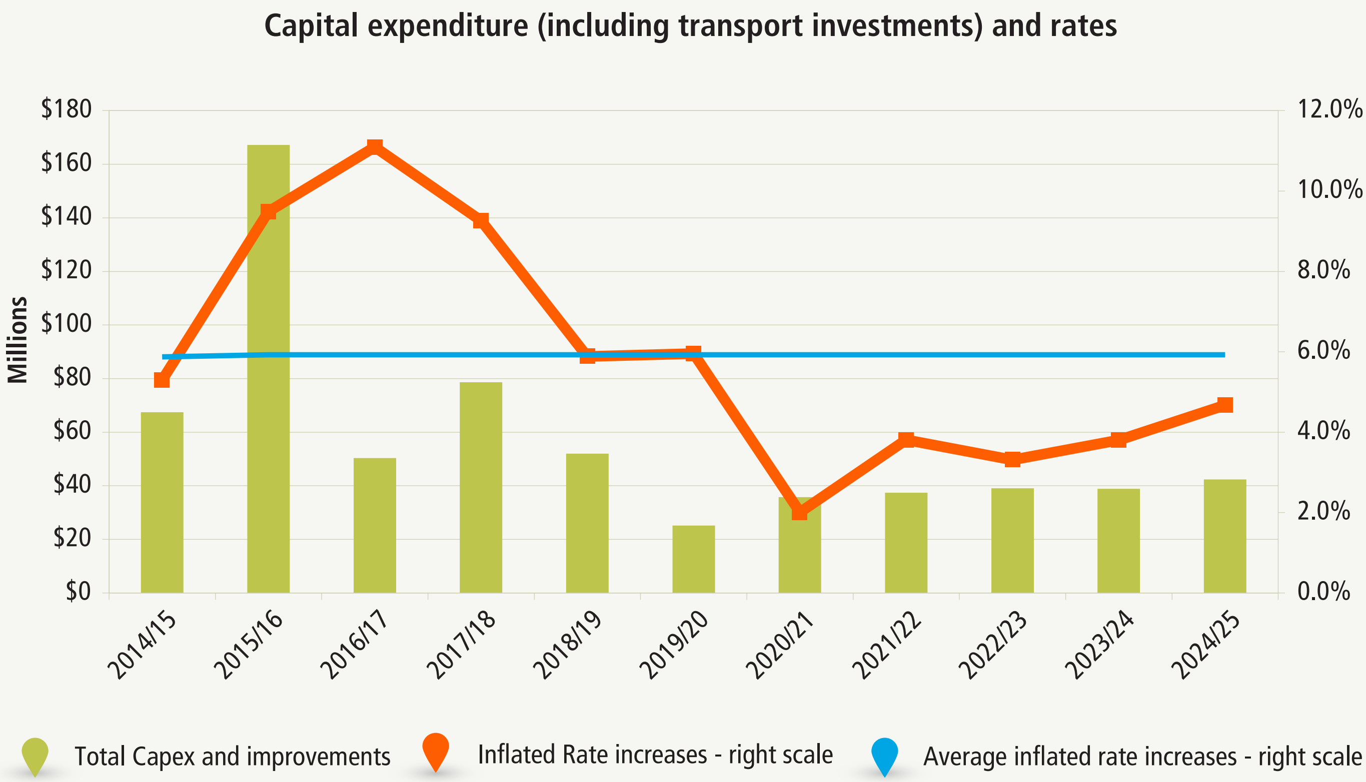



The capital expenditure (including transport investments), rates and levy graphs below show the capital expenditure and debt on the left hand legend and the rates percentage increase on the right. Capital expenditure drives both the cumulative net debt increase and requirements for rates increases.

This expenditure is funded by rates and levy whose annual increases reduce over time as capital expenditure declines.

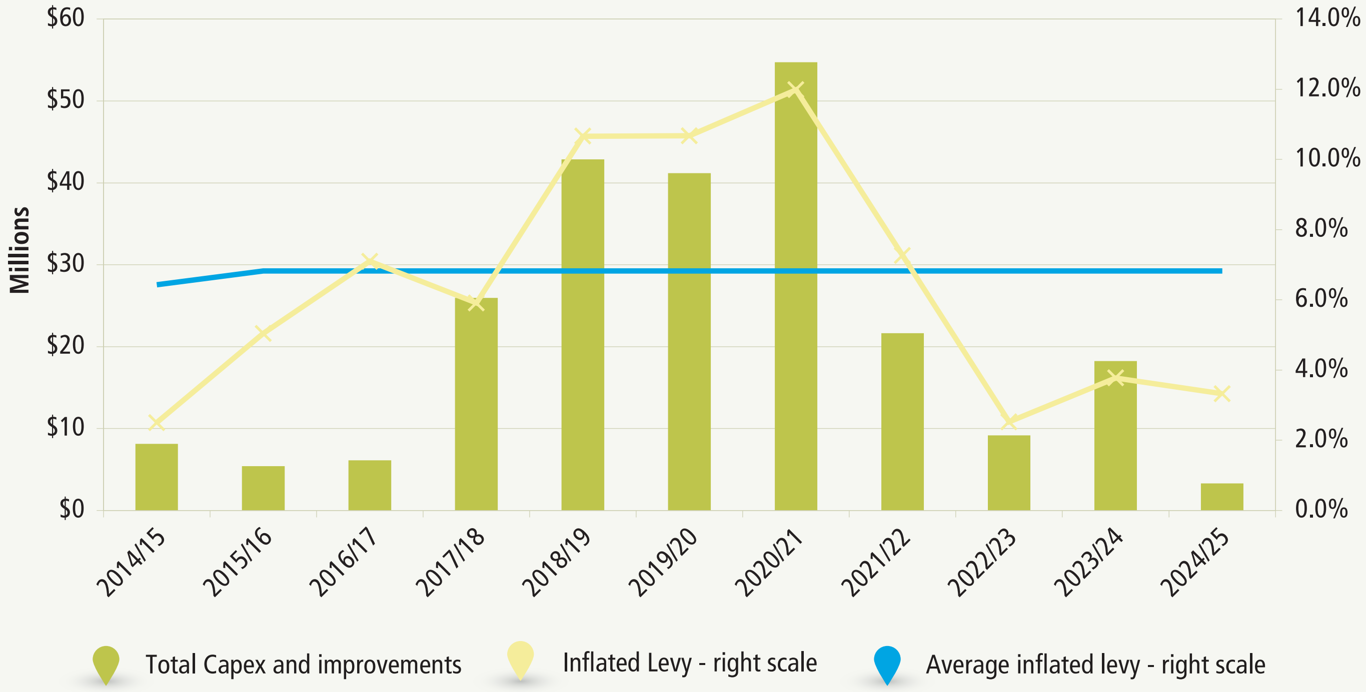
The rates and levy and the capital expenditure are in inflated[1] dollars which is a more likely representation of how the dollars will look over time.

This capital expenditure is financed by debt which increases over time and then plateaus. This drives the rate increases which are funding the debt interest and principal repayment.




[1] Inflated dollars means that the expected costs (in today's dollars) have been increased to cater for the effects of expected inflation over the 10 Year Plan.

## Capital expenditure for Water Supply and levy




The water supply levy is charged to the four metropolitan city councils. The larger increases in 2018/19 to 2020/21 are required to fund the planned major resilience projects including the cross harbour pipeline and the Takapu Road emergency storage project.

## REVENUE

GWRC is in a strong financial position as evidenced by its AA credit rating. We have a number of funding sources for the delivery of services and infrastructure investment.

The main sources of revenue for GWRC are rates (general and targeted), levies (for water) and government grants. Dividends and investment income are relatively small but important contributors to total income.

GWRC's strategy is to primarily fund capital expenditure from borrowings, proceeds from asset sales and the use of reserves (sources other than operating revenue). However, operating revenue will be used to fund interest on the debt as well as the repayment of debt principal.

GWRC has large infrastructural assets with long economic lives that yield long-term benefits (particularly water supply, flood protection and rail rolling stock). We also have strategic investment holdings. The use of debt is seen as an appropriate and efficient mechanism for promoting intergenerational equity between current and future ratepayers in relation to GWRC's assets and investments.

For example the second set of 35 Matangi two-car Electric Multiple Units will be funded by borrowings. The borrowings are scheduled to be repaid roughly 50/50 by the Government and the regional ratepayers over a 25 year period which ensures they are fully funded prior to their replacement being required.

The main source of government subsidies received is the New Zealand Transport Agency for the funding of transport activities. GWRC also receives a small government subsidy in recognition of the national benefit from its civil defence emergency management activity. Funds are also received from the Ministry for the Environment and Ministry for Primary Industries.

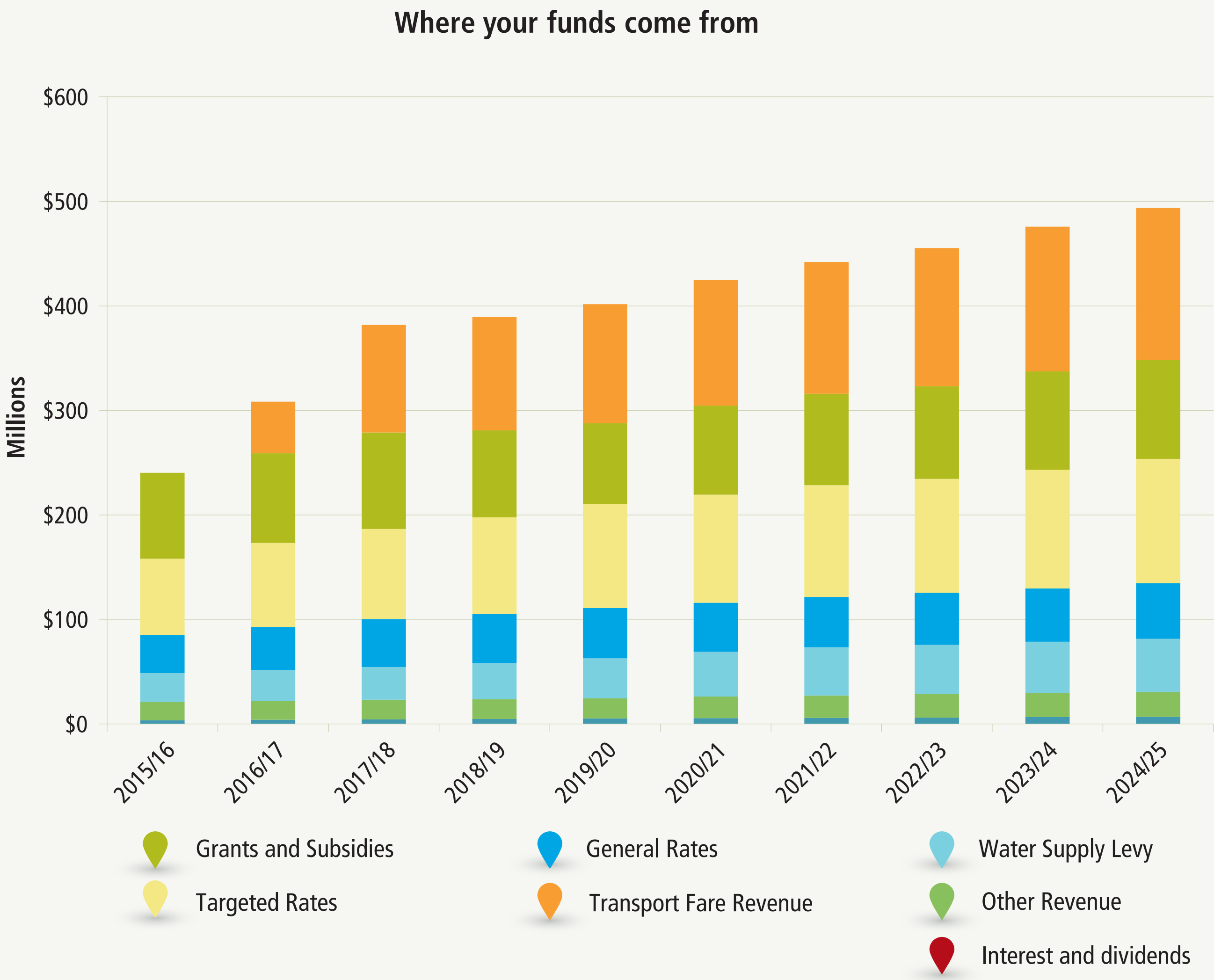
Other revenue in the Environment activity group include consent processing and monitoring fees, residential rentals, possum control, soil conservation and grazing rentals.

The Council is introducing the Government's new Public Transport Operating Model (PTOM). This new approach to contracting public transport will begin in 2017 and be fully in place by 2018. The major financial implication of this is the Council will alter its contracting arrangements with its public transport service providers which will see fare revenue being directly collected by Council rather than being collected and retained by the public transport operator.

Transport operator payments will increase significantly to offset this change as evidenced in the operating expenditure chart.

The Council receives dividends from CentrePort and interest on monies it has on deposit for contingency events and general liquidity purposes.

The graph below shows where your revenue comes from. The large increase in public transport fares in 2016/17 reflect the changes in how revenue is collected from transport service providers. Rates and levies increase over time to fund capital expenditure programme.




## RATES AND LEVIES

In the past several years, GWRC has kept rates increases well below planned levels in order to mitigate the impacts of the difficult economic environment for ratepayers. We have now reached the stage where a number of capital projects need to be paid for, consequently an increase in rates is required to finance the projects. These increases continue for a number of years as new capital expenditure programmes are rolled out.

The regional rates increase in 2015/16 is 9.8%. This consists of:

- Business as Usual/ Existing Services: 1.1%
- Capital commitments already made: 4.8%
- New Projects and enhancements to outcomes: 3.9%

The average rates increase over the 10 year period is 6.1% per year, with increases ranging from 2.8% to 12.0%. While the increases appear large in percentage terms, the actual dollar impact on individual rate payers is modest. The average ratepayer in the region currently pays $7.50 per week for GWRC services. This increases to $13.50 per week by 2024/25. This equates to about 50 cents per day per person in 2015/16.

Council applies the following limits on total rates and rate increases within the period of the LTP:

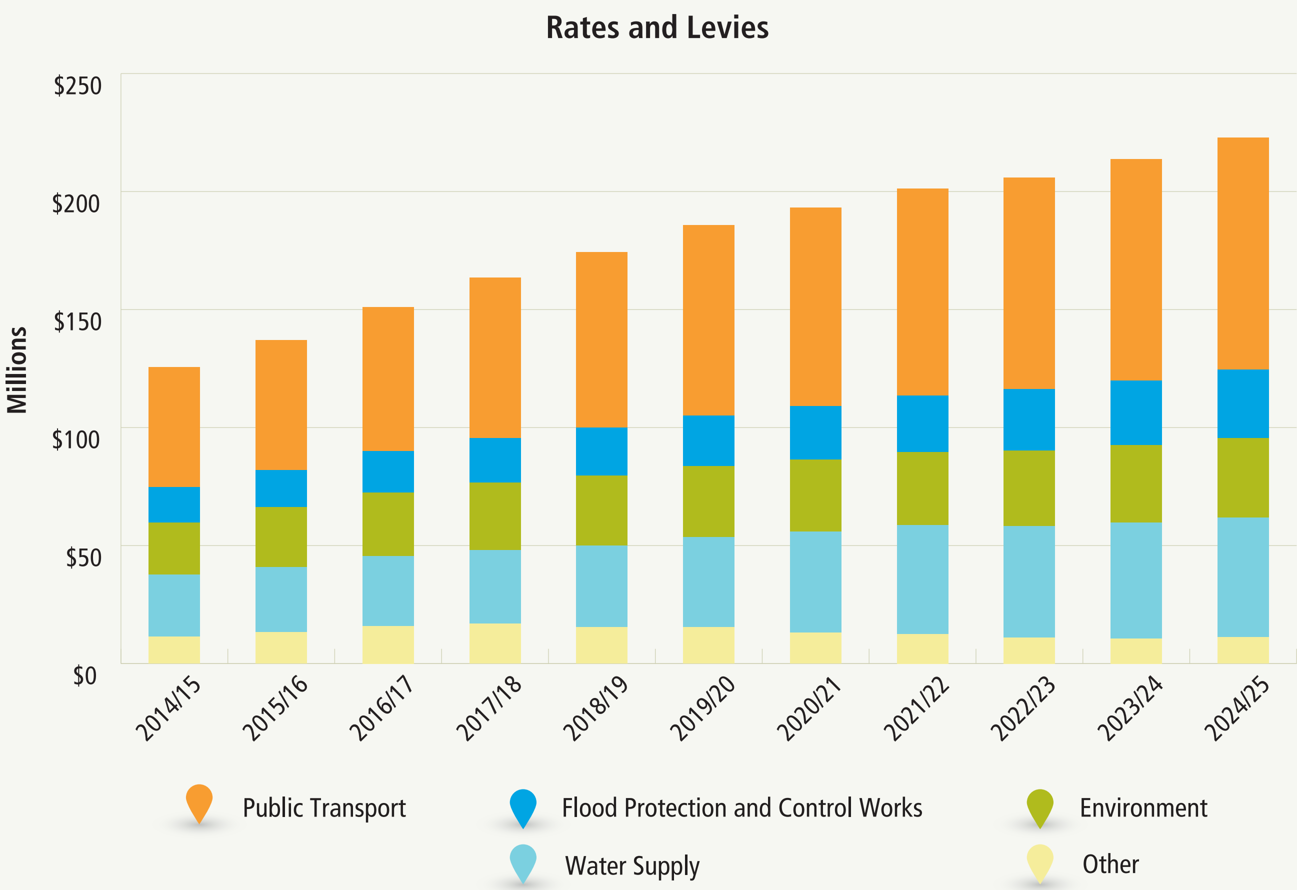
- No more than a 6.5% average increase in total rates per year over the 10 year period with a rates limit of $175.5 million by 2025.
- For existing services the average annual rates increases will be limited to the BERL Local Government Cost Index (this estimates an average cost increase of 3% per annum over 10 years).

## Water Supply Levy

GWRC, via the joint council controlled organisation Wellington Water, delivers bulk water to the metropolitan cities of Wellington, Lower Hutt, Upper Hutt and Porirua. This service is funded via a water levy charged directly to the local Councils. This in turn is on charged to their respective rate payers.

The levy increase in 2015/16 is 5.0%. We are planning to increase the levy by an average 7% per year over the 10 year period with increases ranging from 2.3% to 11.1%. The levy increases are mostly driven by the major capital projects including the cross harbour pipeline and Takapu emergency storage lake.

The graph below shows rates and levies over time by activity area. The big drivers are public transport and water supply - both driven by capital expenditure.



## TARGETED INVESTMENTS RETURNS AND DEBT

### Internal borrowing

GWRC reviews and sets the interest rates charged in relation to internal borrowing as part of its 10 year plan process. The rates set will be in line with the forecast long-term weighted average cost of debt, based on advice from GWRC's external treasury advisor. A borrowing premium will be applied, to provide certainty of costs to the business units borrowing. The treasury function will manage all external investment and borrowing activity in accordance with the Treasury Management Policy and the policy parameters detailed in this strategy.

### Working capital funds

In order to ensure that GWRC has access to funds to meet day to day expenditure requirements, working capital funds are held in a combination of on call and term deposit accounts which are administered by treasury staff in accordance with the Treasury Management Policy. When investing these funds, we aim to maximise returns achieved, while ensuring sufficient funds are available to meet cash flow demands.

### Investment funds

GWRC holds a number of cash investments to ensure funds are available in case of emergency and holds significant self-insurance reserves, which help to reduce insurance premium cost.

The medium-term (5 to 10 years) investment policy objective for the GWRC investment fund is to achieve an average annual real rate of return in line with expected market norms for the risk levels involved.

### Direct equity investments in Council Controlled Organisations (CCO's) and Council Controlled Trading Organisation (CCTO's)

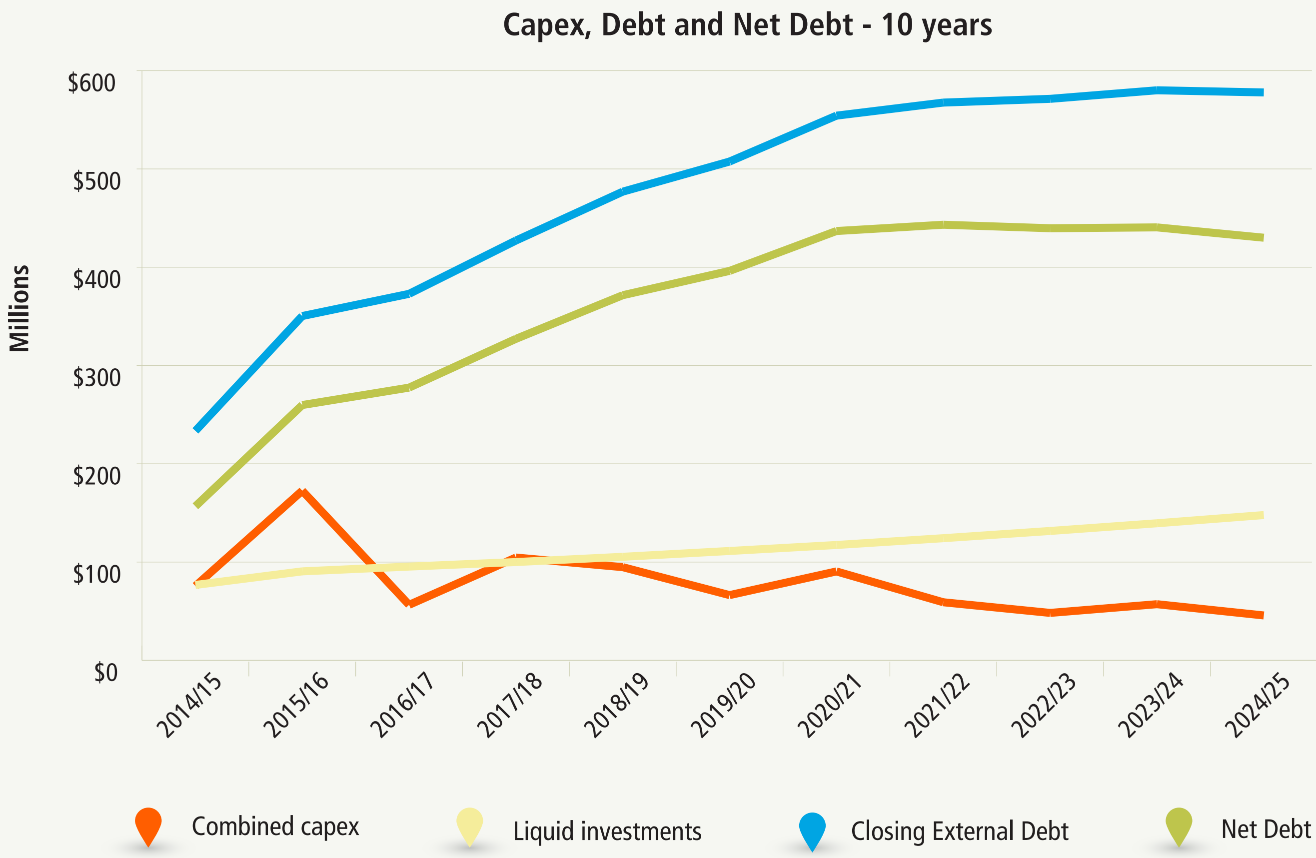
Investments in CCO's and CCTO's are made for strategic purposes consistent with GWRC's 10 year plan and to hold revenue earning investments.

The key objective for GWRC is to ensure that the capital investment made in such entities is protected.

GWRC has strategic investments in Wellington Regional Economic Development Agency Limited and Wellington Water Limited. GWRC is also the majority shareholder of CentrePort which provides an acceptable level of cash return plus an on-going increase in the value of the investment.

GWRC is a founding shareholder of the Local Government Funding Agency (LGFA) for strategic reasons.

The graph below shows GWRC's external debt compared to cash investments. Debt increases over time but then levels out as the rate of capital expenditure declines. This is because debt repayments levels are nearing new levels of capital expenditures. Most planned capital expenditure is funded through borrowing, which is paid back over a number of years to ensure fairness across generations. GWRC's net debt is projected to increase from $160 million to $470 million over the life of this Long-Term Plan, but we will remain within sustainable and prudent limits.



## EXTERNAL DEBT AND BORROWING LIMITS

GWRC raises external debt for the following purposes:

- to fund the capital expenditure programme
- to fund working capital i.e. timing differences between cash inflows and outflows and to maintain appropriate liquidity
- to fund one-off projects e.g. GWRC's involvement in the Wellington Regional Stadium Trust
- to fund other investment activity .e.g. Local Government Funding Agency (LGFA) Shares.

GWRC's Treasury raises funds and lends these on to internal business groups. The business groups borrow for the life of the asset and repay the interest and principal loans over the assets life with funds sourced from rates or levies. This method ensures the users of the assets over time contribute to the asset cost.

GWRC as a founding shareholder and supporter of the LGFA intends to continue sourcing the bulk of its financing from this source as it is currently the most cost effective source of funds.

GWRC's financial covenants with the LGFA are:

| | |
|---|---|
| • Net debt/total revenue | <250% |
| • Net interest/total revenue | <20% |
| • Net interest/annual rates and levies | <30% |
| • Liquidity | 110% |

We have set the following limits on borrowing:

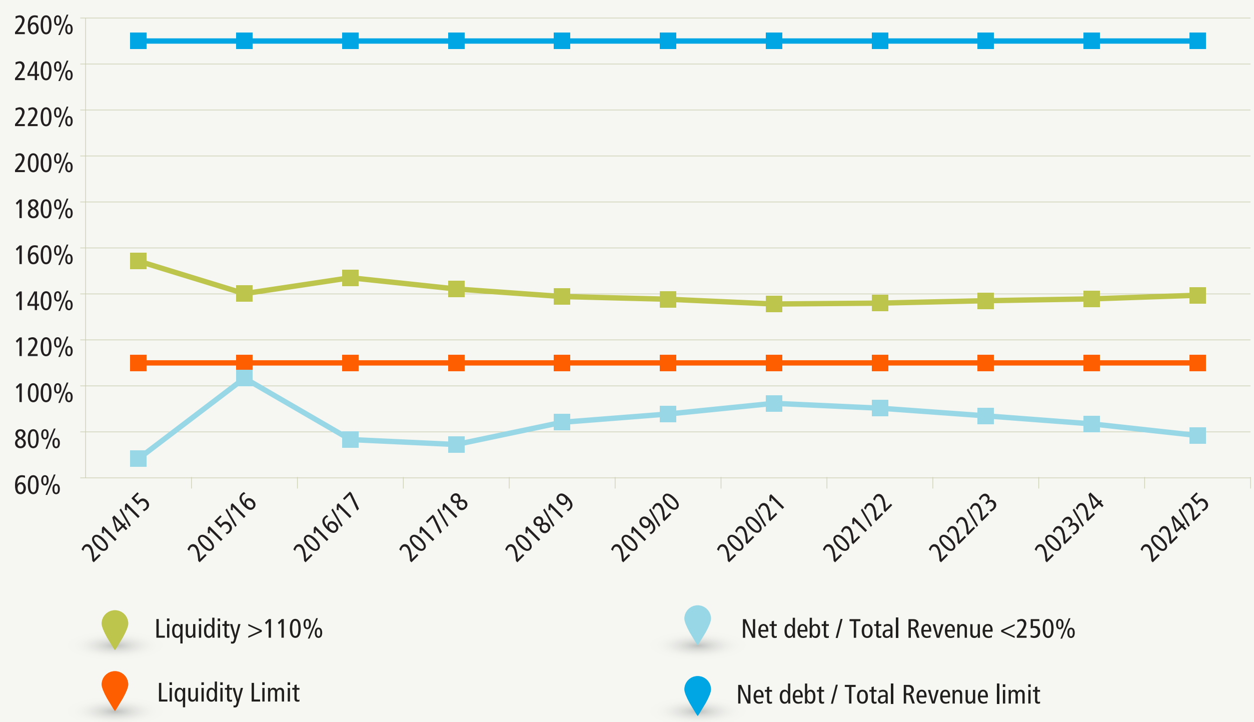
- A maximum external debt level where interest costs are no more than 30% of rates and levy income, occurring within the 10-year period
- A maximum external debt balance of $590 million during the 10-year period. The peak balance is currently expected to be reached in 2023/24.

The following graph shows the forecast ratios compared to financial limits over the next 10 years. With the forecast level of expenditure GWRC remains within its prudent financial limits, and within the financial covenants set by the LGFA.

GWRC's debt increase is driven by the level of capital expenditure as discussed earlier in this Strategy.

The financial strategy borrowing limits graph below shows the forecast ratios compared to financial limits over the next 10 years. The forecast level of borrowing remains within its prudent financial limits, and within the financial covenants set by the LGFA.

**Financial Strategy Borrowing Limits**



## POLICY ON THE GRANTING OF SECURITY ON BORROWING

The Council borrows funds and grants security to its lenders via a Debenture Trust Deed (DTD). The DTD gives the lenders a charge or security over the Council's rates and rates revenue.

A DTD was entered into in 2011 as part of the Council's initiative and requirements to borrow funds from the Local Government Funding Agency (LGFA).

A Trustee has been appointed to act as Trustee under the DTD for the benefit of the lenders, or stock holders.

From time to time, with prior Council approval, security maybe offered by providing a security interest in one or more of Greater Wellington's assets other than its rates and rates revenue. Security interest in physical assets will only be granted when:

- there is a direct relationship between a debt and the purchase or construction of the secured assets which it funds (e.g. through a finance lease, or some form of project finance)
- the Council considers a security interest or security in the physical assets to be appropriate.

In addition, the Council may grant security interests in physical assets where those security interests are leases or retention of the arrangements which arise under the terms of any lease or sale and purchase agreement.

## OBJECTIVE FOR HOLDING AND MANAGING FINANCIAL INVESTMENTS AND EQUITY SECURITIES

GWRC holds a number of cash investments to ensure funds are available in case of emergency and holds significant self-insurance reserves, which help to reduce insurance cost.

GWRC is also the majority shareholder of CentrePort which provides an acceptable level of cash return plus an on-going increase in the value of the investment.

GWRC is a founding shareholder of the holder of the Local Government Funding Agency (LGFA) which has enabled cheaper sourcing of funds for the sector given the economies of scale and at the same time providing a dividend.

## SUMMARY OF RATES AND LEVIES

This table below shows the rates and levies for Greater Wellington Regional Council in 2015/16, together with the changes from 2014/15. Rates comprise the general rate and various targeted rates. Greater Wellington Regional Council also charges a water supply levy directly to the four city councils in the region. The city councils then rate accordingly for this levy.

The total rate increase in regional rates for 2015/16 is 9.8%. The water supply levy, which is charged to the four metropolitan city councils is proposed to increase by 5% over 2014/15. When the water supply levy is included, Greater Wellington Regional Council's overall increase is 8.8%.

| By rate and levy type: | 2014/15 Budget $000s | 2015/16 Plan $000s | Change $000s | Change % |
|---|---|---|---|---|
| General rates | 31,170 | 36,523 | 5,353 | |
| **Targeted rates:** | | | | |
| Region wide targeted rates: | | | | |
| River management rates | 5,079 | 5,219 | 140 | |
| Transport rates | 50,864 | 54,940 | 4,076 | |
| Stadium rates | 2,676 | 2,676 | - | |
| WRS rates | 4,633 | 4,711 | 78 | |
| Specific area targeted rates: | | | | |
| Bovine Tb rates | 284 | - | (284) | |
| Possum / Predator rates | 348 | 348 | - | |
| South Wairarapa district – river rates | 90 | 91 | 1 | |
| Wairarapa scheme and stop bank rates | 1,395 | 1,492 | 97 | |
| **Total targeted rates** [1] | 65,369 | 69,477 | 4,108 | |
| **Total regional rates** | **96,539** | **106,000** | **9,461** | **9.8%** |
| **Water supply levy** | **26,276** | **27,600** | **1,324** | **5.0%** |
| **Total regional rates and levies** [1] | **122,815** | **133,600** | **10,785** | **8.8%** |
| Warm Wellington rates [2] | 2,742 | 3,353 | | |
| **Total rates and levies** | **125,557** | **136,953** | | |

**All figures on this page exclude GST**

Figures labelled "2014/15 Budget" are sourced from Greater Wellington Regional Council's 2014/15 Annual Plan.

[1] This total excludes any "Warm Greater Wellington" targeted rates as they impact only those ratepayers that participate in the scheme.

[2] Warm Greater Wellington is the scheme to assist regional ratepayers install insulation in their home. Only ratepayers participating in the scheme are charged this rate.

This information should be read in conjunction with the Funding Impact Statement and the Revenue and Financing Policy contained in the separate 10 Year Plan Policies volume.

## WHAT IS THE IMPACT ON YOUR CITY OR DISTRICT?

Rates increases vary between city and district councils because of differing capital values. Further, some of Greater Wellington Regional Council's work programmes impact differently across the region, especially flood protection and public transport. See the next page for a break down by city and rate type.

| By area: | 2014/15 Budget $000s | 2015/16 Plan $000s | Change $000s |
|---|---|---|---|
| Wellington city | 49,961 | 54,858 | 4,897 |
| Lower Hutt city | 18,399 | 20,254 | 1,855 |
| Upper Hutt city | 6,606 | 7,237 | 631 |
| Porirua city | 7,561 | 8,359 | 798 |
| Kapiti Coast district | 7,584 | 8,324 | 740 |
| Masterton district | 1,927 | 2,229 | 302 |
| Carterton district | 898 | 1,059 | 161 |
| South Wairarapa district | 1,484 | 1,747 | 263 |
| Tararua district [1] | 2 | 2 | - |
| **Region-wide rates [2]** | **94,422** | **104,069** | **9,647** |
| | | | |
| Bovine Tb rate | 284 | 0 | (284) |
| Possum / predator rates | 348 | 348 | - |
| South Wairarapa district – river rates | 90 | 91 | 1 |
| Wairarapa scheme and stopbank rates | 1,395 | 1,492 | 97 |
| **Total regional rates** | **96,539** | **106,000** | **9,461** |
| | | | |
| **Water supply levy** | | | |
| Wellington City Council | 14,082 | 14,773 | 691 |
| Hutt City Council | 6,717 | 6,838 | 121 |
| Upper Hutt City Council | 2,475 | 2,702 | 227 |
| Porirua City Council | 3,002 | 3,287 | 285 |
| **Water supply levy** | **26,276** | **27,600** | **1,324** |
| | | | |
| **Total regional rates and levies [3]** | **122,815** | **133,600** | **10,785** |
| | | | |
| Warm Wellington rate [4] | 2,742 | 3,353 | |
| | | | |
| **Total rates and levies** | **125,557** | **136,953** | |

**All figures on this page exclude GST**

Notes:

Figures labelled "2014/15 Budget" are sourced from Greater Wellington Regional Council's 2014/15 Annual Plan.

[1] 11 rural properties in the Tararua district are within the boundaries of the Greater Wellington region.

[2] Region-wide rates are rates that are charged to all ratepayers in the region. It excludes Possum / Predator, South Wairarapa Region river rates, Wairarapa river and drainage scheme rates and any "Warm Greater Wellington" targeted rates as they impact only certain ratepayers that are covered by these programmes.

[3] This total excludes any "Warm Greater Wellington" targeted rates as they impact only those ratepayers that participate in the scheme

[4] Warm Wellington is the scheme to assist regional ratepayers install insulation or clean heating appliances in their home. Only ratepayers participating in the scheme are charged this rate.

This information should be read in conjunction with the Funding Impact Statement and the Revenue and Financing Policy contained in the separate 10 Year Plan Policies volume.

## RATES AND LEVIES - RESIDENTIAL REGION-WIDE RATES

## WHAT IS THE IMPACT ON YOUR CITY OR DISTRICT?

2015/16 Residential Region wide rates by rate type and for an average valued residential property.

| | General rate per average valued residential property | | River management rate per average valued residential property | | Transport rate per average valued residential property | | Stadium-purposes rate per average valued residential property | | Region-wide residential[1] per average valued residential property excluding WRS rate | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2014/15 | 2015/16 | 2014/15 | 2015/16 | 2014/15 | 2015/16 | 2014/15 | 2015/16 | 2014/15 | 2015/16 |
| Wellington city | $166.69 | $190.54 | $0.62 | $0.47 | $150.52 | $159.54 | $14.92 | $14.77 | $332.75 | $365.32 |
| Lower Hutt city | $116.62 | $136.22 | $64.74 | $69.82 | $197.53 | $210.48 | $10.64 | $10.54 | $389.53 | $427.06 |
| Upper Hutt city | $106.18 | $126.02 | $31.26 | $30.39 | $194.65 | $211.57 | $8.02 | $8.07 | $340.12 | $376.05 |
| Porirua city | $118.59 | $139.79 | $2.05 | $1.45 | $233.41 | $250.43 | $9.32 | $9.24 | $363.37 | $400.91 |
| Kapiti Coast district | $114.12 | $136.58 | $51.19 | $48.62 | $96.36 | $102.52 | $5.01 | $4.97 | $266.69 | $292.68 |
| Masterton district | $74.48 | $89.73 | $0.00 | $0.00 | $20.54 | $21.86 | $4.23 | $4.24 | $99.26 | $115.82 |
| Carterton district | $76.45 | $102.56 | $2.64 | $2.99 | $37.34 | $42.79 | $4.09 | $4.19 | $120.52 | $152.53 |
| South Wairarapa district | $82.29 | $97.69 | $0.00 | $0.00 | $53.04 | $55.02 | $5.30 | $5.16 | $140.63 | $157.87 |

| | Average value of residential property in each city or district | | Total Region-wide[1] per average valued residential property excluding WRS rate | | WRS rate[2] per residential property | | Total Region-wide[1] rates per average residential property including WRS rate | |
|---|---|---|---|---|---|---|---|---|
| | 2014/15 | 2015/16 | 2014/15 | 2015/16 | 2014/15 | 2015/16 | 2014/15 | 2015/16 |
| Wellington city | $516,191 | $518,323 | $332.75 | $365.32 | $14.00 | $14.00 | $346.75 | $379.32 |
| Lower Hutt city | $373,335 | $376,592 | $389.53 | $427.06 | $14.00 | $14.00 | $403.53 | $441.06 |
| Upper Hutt city | $339,830 | $347,756 | $340.12 | $376.05 | $14.00 | $14.00 | $354.12 | $390.05 |
| Porirua city | $386,698 | $391,414 | $363.37 | $400.91 | $14.00 | $14.00 | $377.37 | $414.91 |
| Kapiti Coast district | $371,479 | $385,258 | $266.69 | $292.68 | $14.00 | $14.00 | $280.69 | $306.68 |
| Masterton district | $241,689 | $249,501 | $99.26 | $115.82 | $14.00 | $14.00 | $113.26 | $129.82 |
| Carterton district | $242,008 | $274,135 | $120.52 | $152.53 | $14.00 | $14.00 | $134.52 | $166.53 |
| South Wairarapa district | $266,538 | $275,773 | $140.63 | $157.87 | $14.00 | $14.00 | $154.63 | $171.87 |

All figures on this page exclude GST

Notes:

Figures labelled "2014/15 Budget" are sourced from Greater Wellington Regional Council's 2014/15 Annual Plan.

[1] Region-wide rates are rates that are charged to all ratepayers in the region. It excludes Possum / Predator, South Wairarapa Region river rates, Wairarapa river and drainage scheme rates and any "Warm Greater Wellington" targeted rates as they impact only certain ratepayers that are covered by these programmes.

[2] The WRS rate is a targeted rate allocated on a fixed amount basis for residential and rural ratepayers. It is allocated on capital value for businesses. For residential properties the fixed amount is $14.00 + GST and rural properties $28.00 + GST. This rate is used to part fund the Wellington Regional Strategy and WREDA.

Rates for Greater Wellington are mostly allocated to ratepayers on the basis of their capital values. The territorial local authorities undertake valuations in different years. To ensure properties are valued on the same basis in each territorial area, Greater Wellington undertakes an equalised capital value (ECV) calculation to ensure fair distribution of rates based on capital values.

This information should be read in conjunction with the Funding Impact Statement and the Revenue and Financing Policy contained in the separate 10 Year Plan Policies volume.

## RATES AND LEVIES - REGION-WIDE RATES

## WHAT IS THE IMPACT ON YOUR CITY OR DISTRICT?

| Residential Property - including GST | Average Capital Value | Average Increase per year | Average Increase per week | Average Rates per year | Average rates per week |
|---|---|---|---|---|---|
| Wellington city | $518,000 | $37 | $0.71 | $436 | $8.38 |
| Upper Hutt city | $348,000 | $41 | $0.79 | $449 | $8.63 |
| Porirua city | $391,000 | $43 | $0.83 | $477 | $9.17 |
| Kapiti Coast district | $385,000 | $30 | $0.58 | $353 | $6.79 |
| Masterton district | $250,000 | $19 | $0.37 | $149 | $2.87 |
| Carterton district | $274,000 | $37 | $0.71 | $192 | $3.69 |
| South Wairarapa district | $276,000 | $20 | $0.38 | $198 | $3.81 |
| These projected rates exclude the targeted rural pest and river management rates that are not charged to all ratepayers | | | | | |

| Rural Property - excluding GST | Average Capital Value | Average Increase per year | Average Increase per week | Average Rates per year | Average rates per week |
|---|---|---|---|---|---|
| Wellington city | $731,000 | $28 | $0.54 | $365 | $7.02 |
| Lower Hutt city | $566,000 | $43 | $0.83 | $431 | $8.29 |
| Upper Hutt city | $595,000 | $23 | $0.44 | $392 | $7.54 |
| Porirua city | $879,000 | $55 | $1.06 | $495 | $9.52 |
| Kapiti Coast district | $590,000 | $23 | $0.44 | $357 | $6.87 |
| Masterton district | $594,000 | $37 | $0.71 | $260 | $5.00 |
| Carterton district | $715,000 | $52 | $1.00 | $338 | $6.50 |
| South Wairarapa district | $773,000 | $52 | $1.00 | $345 | $6.63 |
| Tararua | $523,000 | $40 | $0.77 | $235 | $4.52 |
| These projected rates exclude the targeted rural pest and river management rates that are not charged to all ratepayers | | | | | |

| Business Property - excluding GST | Average Capital Value | Average Increase per year | Average Increase per week | Average Rates per year | Average rates per week |
|---|---|---|---|---|---|
| Wellington city | $1,792,000 | $86 | $1.65 | $1,500 | $28.85 |
| Wellington city - CBD | $2,146,000 | $636 | $12.23 | $7,295 | $140.29 |
| Lower Hutt city | $1,418,000 | $148 | $2.85 | $1,780 | $34.23 |
| Upper Hutt city | $1,493,000 | $127 | $2.44 | $1,770 | $34.04 |
| Porirua city | $1,201,000 | $107 | $2.06 | $1,372 | $26.38 |
| Kapiti Coast district | $933,000 | $77 | $1.48 | $808 | $15.54 |
| Masterton district | $691,000 | $47 | $0.90 | $395 | $7.60 |
| Carterton district | $474,000 | $67 | $1.29 | $317 | $6.10 |
| South Wairarapa district | $585,000 | $64 | $1.23 | $397 | $7.63 |
| These projected rates exclude the targeted rural pest and river management rates that are not charged to all ratepayers | | | | | |

Notes:

Rates for Greater Wellington are mostly allocated to ratepayers on the basis of their capital values. The territorial local authorities undertake valuations in different years. To ensure properties are valued on the same basis in each territorial area, Greater Wellington undertakes an equalised capital value (ECV) calculation to ensure fair distribution of rates based on capital values.

This information should be read in conjunction with the Funding Impact Statements and the Revenue and Financing Policy contained in the separate 10 Year Plan Policies volume.

## RATES AND LEVIES - RESIDENTIAL REGION-WIDE RATES CALCULATOR
## WHAT IS THE IMPACT ON YOUR PROPERTY?

The table below shows how you can calculate your own residential proposed region-wide rates for 2015/16. For example, if you live in Lower Hutt city and have a residential property with a capital value of $350,000 your indicative annual regional rates are $410.87 plus GST @ 15% = $472.50

Please note: The above calculation does not include rates set by your local city or district council and any district or property specific targeted rate.

| | 2015/16 Region-wide[1] rates per $100,000 of capital value, excluding the WRS rate | | Enter the capital value of your property | | | WRS rate[2] residential property | | Indicative rates on your property for 2014/15 [1] |
|---|---|---|---|---|---|---|---|---|
| Wellington city | $70.48 | x | | ÷ 100,000 | + | $14.00 | = | |
| Lower Hutt city | $113.39 | x | | ÷ 100,000 | + | $14.00 | = | |
| Upper Hutt city | $108.13 | x | | ÷ 100,000 | + | $14.00 | = | |
| Porirua city | $102.42 | x | | ÷ 100,000 | + | $14.00 | = | |
| Kapiti Coast district | $75.97 | x | | ÷ 100,000 | + | $14.00 | = | |
| Masterton district | $46.43 | x | | ÷ 100,000 | + | $14.00 | = | |
| Carterton district | $55.65 | x | | ÷ 100,000 | + | $14.00 | = | |
| South Wairarapa district | $57.24 | x | | ÷ 100,000 | + | $14.00 | = | |
| Lower Hutt city example | $113.39 | x | $350,000 | ÷ 100,000 | + | $14.00 | = | $410.87 |
| | | | | | | Including GST @ 15% | | $472.50 |

A calulator to assist you check your region-wide rates for all property types is available on our website www.gw.govt.nz

[1] Region-wide rates are rates that are charged to all ratepayers in the region. It excludes South Wairarapa Region river rates, Wairarapa river and drainage scheme rates and any "Warm Greater Wellington" targeted rates as they impact only certain ratepayers that are covered by these programmes.

[2] The WRS rate is a targeted rate allocated on a fixed amount basis for residential and rural ratepayers. It is allocated on capital value for businesses. For residential properties the fixed amount is $14.00 + GST and rural properties $28.00 + GST. This rate is used to part fund the Wellington Regional Strategy and WREDA.

Greater Wellington rates are set and assessed by Greater Wellington but are invoiced and collected by the relevant territorial authority in the Wellington region. Such combined collection arrangements are cost effective and more convenient for ratepayers.

This information should be read in conjunction with the Funding Impact Statements and the Revenue and Financing Policy contained in the separate 10 Year Plan Policies volume.