



Report 10.305
Date 16 June 2010
File B/05/02/01

Committee Council
Author Richard Waddy, Manager, Finance and Support
Utilities and Services

Wholesale water levy for 2010/11 and end of year adjustment for levy 2009/10

1. Purpose

To set the wholesale water levy for 2010/11 and the end of year adjustment levies for the 2009/10 year.

2. Significance of the decision

The Council's proposed Annual Plan 2010/11 has been developed in accordance with the special consultative procedure and contains details of the proposed water levy. The matters requiring decision in this report have been considered by officers against the requirements of Part 6 of the Local Government Act 2002.

Officers have considered the significance of the matter, taking the Council's significance policy and decision-making guidelines. Officers recommend that the matter be considered to have low significance.

3. Background

The Council has consulted with its water supply customers (the four metropolitan city councils) and the community about the water supply levy for 2010/11. The proposed Annual Plan outlined that the levy for the 2010/11 financial year would not be increased or changed from that set for the current year.

4. Submissions

There were no significant issues raised in relation to the proposed wholesale water levy for 2010/11 as a result of the consulting process undertaken with the Proposed Annual 2010/11 Plan.

5. Proposed 2010/11 wholesale water levies

The proposed levy for 2010/11, as detailed in the Council's Proposed Annual Plan 2010/11 is unchanged from the current year's levy. This means that if the proposed levy is adopted, as recommended, the 2010/11 year is the 13th occasion over the past 14 years that the levy has been held or reduced. If this position is approved, the levy for the 2010/11 financial year will remain at \$23,459,767 (GST exclusive).

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

Table 1

	2010/11 Levy \$ (GST exclusive)
Hutt City Council	5,928,283
Porirua City Council	2,726,025
Upper Hutt City Council	2,170,028
Wellington City Council	12,635,431
Total	23,459,767

For comparative purposes, the 2009/10 and 2010/11 levies, as calculated at the beginning of each respective year, are as follows:

Table 2

Council	2010/11 Levy \$ (GST exclusive)	2009/10 Levy \$ (GST exclusive)	Change +/- %	Change \$ (GST exclusive)
Hutt City Council	5,928,283	5,950,710	-0.38%	(22,427)
Porirua City Council	2,726,025	2,730,533	-0.17%	(4,508)
Upper Hutt City Council	2,170,028	2,167,674	0.11%	2,354
Wellington City Council	12,635,431	12,610,850	0.19%	24,581
	23,459,767	23,459,767	-	-

6. Proposed end of year adjustment levies for 2009/10

At the beginning of each year an estimate of each city's water consumption is calculated and charges are raised based on the previous year's volumes supplied. Once the amounts of water consumed during 2009/10 are known an adjustment is needed at year end. The metering year ends on the last Wednesday of March and the volumes recorded are used to determine an end of year adjustment. Table 3 shows the end of year adjustments.

Table 3

Council	Adjustment for 2009/10 \$ (GST exclusive)	Charge or refund
Hutt City Council	(22,427)	Refund from GW
Porirua City Council	(4,508)	Refund from GW
Upper Hutt City Council	2,354	To pay GW
Wellington City Council	24,581	To pay GW
Total	Nil	-

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 20 July 2010, a refund will be sent to Hutt City Council and Porirua City Council and invoices will be raised for Upper Hutt City Council and Wellington City Council for payment on the same date.

7. Communications

On 29 June 2010, after the Council has considered Greater Wellington's rates and levies for the 2010/11 financial year, a media statement will announce that the wholesale water levy for 2010/11 had been held. It is suggested that no further statement is required unless Council amends the total levy amount for 2010/11 included in the recommendation below. Each of the four city councils will be advised directly of the contributions payable for 2010/11 and adjustments to the levies charges for 2009/10.

8. Recommendations

That the Council:

1. *Receives the report.*
2. *Notes its contents.*
3. *Approves pursuant to section 91 of the Wellington Regional Water Board Act 1972, the wholesale water contributions payable by constituent authorities for 2010/11 be as follows:*

	2010/11 Levy \$ (GST exclusive)
<i>Hutt City Council</i>	5,928,283
<i>Porirua City Council</i>	2,726,025
<i>Upper Hutt City Council</i>	2,170,028
<i>Wellington City Council</i>	12,635,431
Total	23,459,767

4. *Approves the end of year adjustment levies for 2009/10 be as follows:*

	2009/10 Adjustments \$ (GST exclusive)	
<i>Hutt City Council</i>	(22,427)	<i>Credit</i>
<i>Porirua City Council</i>	(4,508)	<i>Credit</i>
<i>Upper Hutt City Council</i>	2,354	<i>Debit</i>
<i>Wellington City Council</i>	24,581	<i>Debit</i>

5. *Notes that settlement takes place on 20 July 2010.*

Report prepared by:

Richard Waddy
Manager, Finance and
Support, Utilities and Services

Report approved by:



Chris Laidlow
Acting General Manager
Utilities and Services

Report approved by:

Barry Turfrey
Chief Financial Officer

Report approved by:

David Benham
Chief Executive