

Report 14.15
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Committee Council
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Proposed Rates and Levies for 2014/15

1. Purpose

To seek approval for the proposed rates and levies for inclusion in the Council's draft Annual Plan 2014/15. The draft annual plan will be presented to council for approval on 6 March 2014.

2. Background

Over the last six months management has been developing the Council's draft Annual Plan 2014/15. Councillors have had workshops on the Annual Plan in November 2013 and February 2014. Prior to Christmas the detailed business plans for each Group were circulated to Councillors.

3. Proposed Rates and Water Levy Increases for 2014/15

Greater Wellington Regional Council proposed rates for existing services in 2014/15 will increase by 1.5%, when compared with 2013/14. This excludes the impact of future contractual and committed items and the service level increases committed in the 2012-22 Long Term Plan (LTP).

Including the contracted and committed items and the service level increases committed in the 2012-22 LTP the overall rate increase for 2014/15 is 5.9%. This compares with the rate increase signalled in the 2012-22 LTP for 2014/15 of 11.3%.

The increase in the water levy is 2.5%. Overall, the increase in rates and water levy is 5.1%, as detailed below.

The major assumptions used to prepare the budget are as follows:

- 1.0% patronage growth on rail
- 2.0% public transport fare revenue increase
- Oil price \$95/barrel; \$NZ/\$US exchange rate 0.8

- 2.2% CPI and BERL Local Govt Index for 2014/15
- 6.0% internal debt rate
- No significant legislation changes

It should be noted that all numbers in this report exclude GST unless otherwise stated.

	\$000s	Increase
Rates 2013/14	91,304	
Proposed rates increases		
Existing services	1,376	1.5%
Commitments (4.1)	3,492	3.8%
Proposed service improvements – in LTP (4.2)	515	0.6%
Proposed rates increases	5,576	5.9%
Proposed rates for 2014/15	96,687	5.9%
Water Levy	26,276	2.5%
Total rates and levy for 2014/15	122,963	5.1%

3.1 Commitments

Commitments are decisions that have been made previously and where there is an additional rate impact in the coming year. They are either contractually committed or are the increased finance costs associated with the approved capital expenditure programme

Commitments	\$000s
Public Transport	
Hutt buses 110 +120 routes deregistered	875
Financial Assistance Rate changes	432
Network charges	114
Wellington Public Transport Scheme (Spine Study)	415
Debt Servicing	
Parks	62
Wairarapa Water Use Project	55
Public Transport including Matangi 2	963
ICT (Information Communication Technology)	98
Flood Protection-Hutt/Boulcott stopbank	237
Shed 39 Fitout	241
	3,492

3.2 Service improvements signalled in the Long Term Plan

Service improvements are new work or increased investment on council programmes that were included in the 2012/22 long term plan for 2014/15. The programmes have been reviewed and expected rates requirement updated.

Service improvements included in LTP	\$000s
Regional Possum Predator Control Programme extension	200
Reinstate Flood Protection Reserve Contribution	200
Belmont Park Fencing	85
Belmont Magazine Bunkers	30
	515

4. Water Levy

The water levy is proposed to increase in 2014/15 to \$26,276,000 a 2.5% increase on 2013/14. The LTP for the corresponding year had an increase of 4%.

5. Financial Risks

There are a number of risks surrounding this year's budget. The major ones are:

- Contract negotiations - trolley bus infrastructure, rail operations
- Patronage on public transport changes
- CentrePort dividends may be affected by the impact of earthquakes
- Interest rates change more than anticipated
- Potential amalgamation direct costs and staff impacts

6. Process from here

The process from here regarding the completion of the Annual Plan is as follows:

6 March	Council adopts the Draft 2014/15 Annual Plan
24 March – 28 April	Draft 2014/15 Annual Plan submission period
27-29 May	Hearings of submissions
26 June	Council approval of the final Annual Plan and setting of the rates/levies

7. Communications

A press release has been prepared and will be circulated to Councillors separately.

8. The decision-making process and significance

The subject matter of this report is part of a decision-making process that will lead to the Council making a decision of high significance within the meaning of the Local Government Act 2002. The decision-making process is explicitly prescribed for by section 95 of the Local Government Act 2002 and includes use of the special consultative procedure.

9. Recommendations

That the Council:

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Approves for inclusion in the Council's Draft 2014/15 Annual Plan, the rates and levies increase included in **Section 3** including the service level improvements included in the 2012-22 Long Term Plan for 2014/15 (as may be amended by the Council).*

Report prepared by:

Report approved by:

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