

# Where the Money Comes From

## WE AIM TO ENSURE THAT COUNCIL SERVICES ARE FUNDED IN THE MOST APPROPRIATE WAY.

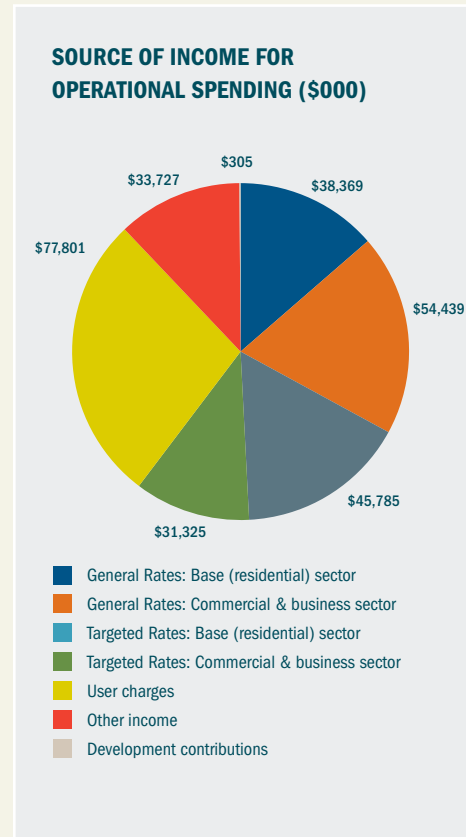
To determine how operational services are funded, we consider who benefits from the service (individuals, part of the community or the community as a whole). We also consider issues of fairness and equity, and what alternative sources of funding exist.

Our approach means that residential ratepayers shouldn't be asked to pay for a service that only benefits the business community, and that individuals should meet at least part of the cost for services that benefit them directly.

### SOURCES OF FUNDING

This pie chart shows how our operational spending is funded.

All properties pay general rates. As explained below, commercial properties pay a higher general rate per dollar of property value than residential ratepayers do.



Targeted rates include water, sewerage and stormwater rates, base (residential) sector targeted rates, commercial sector targeted rates, the downtown rate, and the Tawa driveways and Marsden Village rates. Water rates include a fixed fee of \$112.50 for any property without a water meter. Sewerage rates include a fixed fee of \$112.50 on all properties.

Other income includes income from leases, dividends and interest, subsidies from transport funding agency Transfund, and petrol tax income.

Our capital spending is funded from depreciation and borrowings.

### DIFFERENT RATES FOR COMMERCIAL AND RESIDENTIAL SECTORS

Historically, commercial ratepayers have paid far higher general rates than residential ratepayers. In 2000, for example, the rates on a commercial property were seven times higher than the rates on a residential property of the same value.

We do not regard this level of differential as justified. Over the last few years, we have been gradually bringing the two rating levels closer together. For 2005/06, the rates on a commercial property will be 4.9 times higher than the rates on a residential property of the same value. By 2009/10, the difference will have dropped to 2.8.

## USER CHARGES

For 2005/06, we are increasing user charges in some areas to make the costs better reflect where the benefits lie. The fee changes will affect:

- libraries
- swimming pools and recreation centres
- public health activities including dog control, trade waste, licensing of food premises, and use of footpaths by cafes and bars
- building and resource consents and monitoring.

New fees will be implemented at different times throughout the year. For more information see [www.Wellington.co.nz](http://www.Wellington.co.nz).

## RATES TAKE FOR 2005/06

For 2005/06, the total rates take will increase by 8.69 percent from the year before. Taking into account growth in the number of households in the city, the average rates take will increase by 6.99 percent. This is below the level projected in the Draft Annual Plan we published in April.

The actual rates change for each household will depend on how its capital value has changed in the last year.

See the Funding Impact Statement in the Financial Information section of this plan for further detail.

INDICATIVE RATES FOR 2005/06	
Residential property (without water meter)	
GST inclusive	
Capital value	Rates (\$)
\$200,000	899
\$250,000	1068
\$300,000	1237
\$350,000	1405
\$400,000	1574
\$450,000	1743
\$500,000	1911
\$550,000	2080

INDICATIVE RATES FOR 2005/06			
Commercial property			
GST inclusive			
Capital value	Rates (\$)	Rates (\$)	Rates (\$)
	Downtown*	Downtown**	Suburban*
\$250,000	3269	3807	2903
\$500,000	6538	7615	5806
\$750,000	9807	11,422	8710
\$1,000,000	13,076	15,229	11,613
\$1,500,000	19,613	22,844	17,419
\$2,000,000	26,151	30,459	23,226
\$5,000,000	65,378	76,147	58,065
\$10,000,000	130,756	152,295	116,130

\* with water meter \*\* without water meter