

RATES, CHARGES AND OPERATIONAL SPENDING



To fund our work programme, we're **increasing rates** by an average of **4.37%**. We're also increasing some user charges.

We're forecasting total operational spending of \$312 million during 2007/08. This provides for all of our day-to-day operations and services – things like waste disposal, water supply, operating the transport network, issuing building and resource consents, maintaining parks and gardens and so on.

We fund this spending from a combination of general rates (which are paid on all properties), targeted rates, user charges, grants/subsidies, and other income (such as interest).

Targeted rates include water rates, sewerage rates, stormwater rates, and Marsden Village, downtown, and Tawa driveways rates.

There are two categories of general rates: the base general rate, and the commercial sector general rate. In 2006/07, the commercial sector general rate was 4.4 times higher than the base rate for a property of the same value. We are reducing this to 4.2 in 2007/08 and by 2011/12, we aim to reduce this differential to 2.8.

When we decide how to fund a service, we consider a wide range of factors including who benefits.

Decisions about how to fund a service are guided by our Revenue and Financing Policy. Under the policy, for each activity we consider the following criteria:

- who benefits – individuals, an identifiable part of the community, or the whole community
- whether the people or groups who benefit could be excluded from the service if they don't pay, and whether excluding them would be fair and equitable
- whether the benefits will extend to future generations as well as current ones
- the 'polluter pays' principle – that people and groups should pay for harm they directly cause
- overall impact on social, economic, cultural and environmental well-being.

We then agree the proportion of funding that each sector will contribute to pay for each activity. For instance tourism promotion is funded through the downtown levy (the retailers, restaurants,

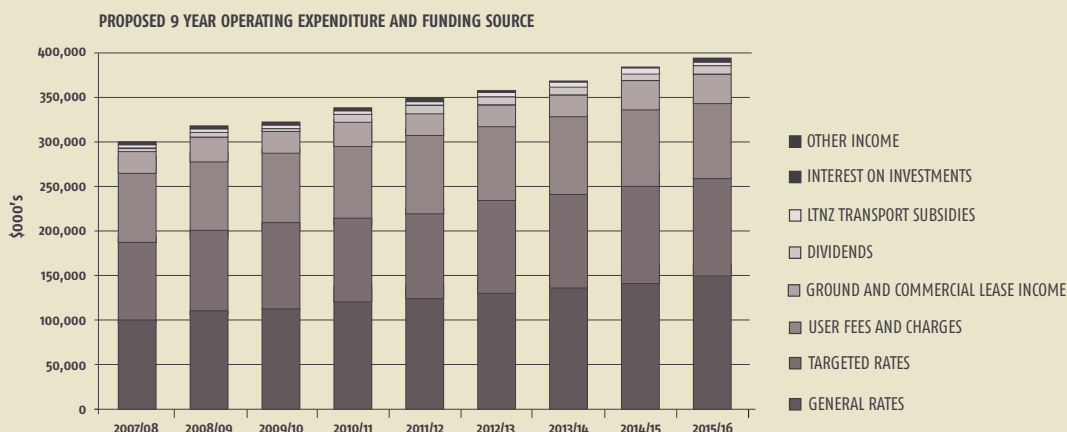
bars, hotels and other businesses located in the downtown area who benefit from visitors spending), while our city safety programme that is beneficial to everyone is funded by the general rate.

The increase in overall rates take is significantly less than we proposed in our long-term plan.

In our long-term plan we had forecast a 5.45% increase (including inflation) in average rates for 2007/08. We're now forecasting a 4.37% average increase.

The lower figure reflects our efforts to manage the city's finances as efficiently and prudently as possible. While we're implementing some new projects which we think will benefit the city, we've also sought operational efficiencies and rescheduled some of our work programme to keep the rates increase below previously forecast levels.

The actual rates changes affect each household or property differently, depending on changes in capital value. The table below shows indicative total rates for a residential property for a range of capital values.



Indicative residential property rates
(without a water meter)

Capital value	Total rates
\$200,000	\$858
\$300,000	\$1,175
\$400,000	\$1,491
\$500,000	\$1,808
\$600,000	\$2,125
\$700,000	\$2,441
\$800,000	\$2,758
\$900,000	\$3,074

We're also changing fees and charges for some of our services.

We're raising fees for marinas, swimming pools, libraries, building consents/controls, trade waste, fire permits, burials and cremations, and recreation centre facility hire.

Decisions about user charges and ratepayer funding of each service are made in accordance with our Revenue and Financing Policy, and reflect the criteria explained above. The increase in swimming pool charges, for example, aims to balance the increased costs of running the pools between those who benefit directly from it (the users) and the general public who have the opportunity to use the pools. The pool charges are offset by an increase in the ratepayer subsidy to the pools – without this charges would be significantly higher.

The increase in marina fees is lower than we proposed in the draft plan.

You can find more detail on all of the changes to user fees and charges in the appendix to this plan.