Absolutely POSITIVELY Wellington
ME HEKE KI PŌNEKE
WELLINGTON CITY COUNCIL

STRATEGY AND POLICY COMMITTEE
16 JUNE 2009

REPORT 4
(1215/52/IM)

REPORT OF THE FUNDING AND ACTIVITY REVIEW WORKING PARTY: REVIEW OF SUBMISSIONS - REVENUE AND FINANCING POLICY

1. Purpose of Report

This report summarises the Funding and Activity Review (FAR) Working Party's review of Revenue and Financing Policy related submissions on the 2009/10 Draft LTCCP.

2. Executive Summary

Revenue and Financing Policy related submissions were received in relation to the following activities and issues:

	2009/10 draft LTCCP recommendations			
Issue /Area	*For*	*Against*	*Neutral*	*Total submissions*
Rates differential	4	7	3	14
Rating of property under development	0	4	0	4
Fee increases	2	27	0	29
Encroachment fees	0	24	3	27
Water metering /fees	4	18	21	43
Other RFP related submissions	0	3	3	6
Total RFP related submissions	**10**	**83**	**30**	**123**

Of the 503 written submissions received on the 2009/10 Draft LTCCP 123 contained some comment on Revenue and Financing Policy related issues. 18 of these related to rating issues, 29 to fee increases in areas such as pools, libraries and rubbish bags, 24 to changes to the Encroachments Policy, and 43 to issue around water metering as a means of reducing water usage and/or water conservation generally.

Apart from the submissions related to encroachments fees and water metering there were relatively few submissions relating solely to proposed changes to

fees and charges. Instead submissions tended to focus on a wider range of issues briefly commenting on, and in most cases opposing fee increases. Few if any of the submissions opposing fee increases indicated who should pay the users share of the increased cost of these services if fees do not increase. Nor did they support a decrease in service levels as a means of avoiding fee increases.

Of the four submissions relating to the rating of property under development, two were from umbrella organisations representing a number of commercial properties and businesses.

Fourteen submissions commented on the general rate differential and its transition, half of these opposed the shift in the differential to 3.45 to 1.

Having reviewed all the submissions, with the exception of a minor change to the fee increases proposed in the Burials and Cremations area, the Working Party recommends no changes to fees and charges from those consulted on in the Draft LTCCP.

In assessing submissions in relation to the remission of rates on properties under construction officers refuted a number of the points raised by developers in advancing the case for a rates remission. Officers also identified a range of policy precedent risks and implementation issues involved in the granting of a rates remission for such property greater than on the Downtown Levy as consulted on through the draft LTCCP.

It was accepted by officers and the Working Party that a greater level of remission or other form of financial support would increase the financial incentive towards development; although it was not able to determine the extent to which this would influence whether or not a particular property development proceeded.

As the Working Party wished to acknowledge the important contribution of continued property investment to the city's economy, it asked officers to reassess the principle, policy and implementation considerations of providing a more substantial remission during the period a property's development, equivalent to the rates otherwise payable on the increase in improvement value as the development progressed.

The Working acknowledged officers assessment of the risks to the sustainability of the existing policy and potential unintended precedent created by a more significant rates remission. Members also accepted that these issues are exacerbated by the difficulty in a forming a set of parameters and designing a remission mechanism that delivered the remission only to the intended beneficiaries.

Officers recommended that if the will of Council was to meet the above objective, this increased level of financial support to property development/investment in the central city was best achieved through the introduction of a development grant pool. Depending on the desired beneficiaries this could be either funded through the Downtown levy or a through a more general rating mechanism. It was noted that the impact on

other ratepayers would be the same through either a remission or grant pool of the same underlying value, but that a grant pool avoids the implementation and unintended precedent risk and implementation issues involved with a remission and would provide a greater level of transparency of the Council's support to the sector.

Based on the annual growth in the Downtown commercial sector during 2008/09 the indicative value of the grant pool equivalent to providing a remission of rates (except sewage and water) on the increased improvement value of property under development would be approximately $1m for 2009/10; potentially growing to $3m if the cumulative value of central city commercial property under development in a particular year reached $400m.

Should a lower level of support be accepted this could be achieved through a smaller grant pool or through the remission of the Downtown Levy as proposed in the Draft LTCCP. Due to the limited scope, this remission does not carry the same risks as a wider ranging remission. If applied to the entire value of the property under construction it would provide developers with a 15% reduction in rates payable during the development period. In addition the property owner could decide whether to maintain connection status for sewage and determine use of water during development which dictates the rates liability for these services, potentially providing direct owner/developer influence over a further 25% of rates liability. Based on the 2008/09 value of the improvements in the central city of around $140m the value of this remission would be approximately $235k for 2009/10, growing to around $550k if the cumulative value of central city commercial property under development in a particular year reached $400m.

The Working Party noted that the Strategy and Policy Committee will receive a separate report on "Healthy Home Funding Options" and is supportive of the use of a voluntary targeted rate to assist in the funding of insulation and clean heat for Wellington homes. The current proposal is for Greater Wellington Regional Council (GWRC) to establish a region wide rating mechanism with Wellington City Council (WCC) providing promotion and leveraging assistance as well as collecting the rate on GWRC's behalf. This requires no change to the WCC Revenue and Financing Policy.

There were no submissions on Council's proposed changes to borrowing and investment policies. Submissions related to the Council's Development Contributions Policy are contained in a separate report to the Strategy and Policy Committee.

A full list of changes to fees and charges is attached in Appendix 1, proposed amendments to rating policies in Appendix 2 & 3, and borrowing and investment policies in Appendix 4.

3. Recommendations

Officers recommend that the Committee:

1. *Receive the information.*

2. *Recommend to Council that the General rate differential for 2009/10 be set at a level where commercial, industrial and business properties pay 3.45 times the amount of general rate per dollar of capital value than properties incorporated in the Base (residential) differential.*

3. *Agree the following variations from the Revenue and Financing Policy as outlined in the 2009/10 Draft LTCCP:*
   a. *Remove the proposed new fee in regard to 'out of town' cremations.*

4. *Recommend to Council that it approve and adopt the 2009/10 LTCCP Fees and Charges Schedule attached as Appendix 1.*

5. *Recommend to Council that it approve and adopt for 2009/10 the LTCCP Rating Mechanisms attached as Appendix 2.*

6. *a) Note that the Rates Remission and Postponement policies attached as Appendix 3 incorporate the introduction of a downtown levy rates remission for properties under development as consulted on through the Draft LTCCP, and either:*

   b) Recommend to Council that it approve and adopt these policies,

   or

   c) Recommend to Council the introduction of a development grant pool, to support commercial property development in the central city area, to be funded by the Downtown Levy, and

   d) Recommend to Council that this grant pool be set annually at an amount equivalent to the rates payable (excluding water & sewage rates) on the increase in improvement value of property under development, and

   e) Recommend to Council that for 2009/10, the grant pool amount be set at $1m, being the indicative level of additional rates generated from the increase in improvement value of downtown commercial property under development over the 2008/09 year, and

   f) Recommend to Council that it amend the Rates Remission and Postponement policies attached as Appendix 3, to remove the downtown levy rates remission on property under construction.

   g) Note that should the Committee agree to support recommendations c) – f), the FAR working party will prepare a set of qualifying criteria for

the development grant pool, for approval by Council as part of its adoption of the LTCCP.

7. *Recommend to Council that it approve and adopt the Borrowing and Investment Policies attached as Appendix 4.*

8. *Note that the Committee will receive a separate report on 'Healthy Homes Funding Opportunities".*

4. Submission Considerations – Fees and Charges

4.1 General fee increases

Submission Summary

29 submissions were received in regard to fee increases for community facilities such as in pools, libraries and recreation centres. As per historical trends the bulk of these opposed fee increases as part of a general submission.

No submissions opposed the introduction of fees for the new synthetic turfs activity. In support of an accelerated installation programme for artificial turfs Capital Football suggested that the user funding proportion for this activity could be increased from the 40% proposed to 75% over time.

Consideration of Submissions

In considering the prospect of fee increases for 2009/10 the Working Party has been careful to balance affordability for users with that of ratepayers. Where it was considered impractical to increase fees and charges the Working Party recommended minor policy changes. The following changes were incorporated in to the Draft LTCCP.

Activity	Comment
2.4.2 & 2.4.3 Sewage collection, treatment and disposal	Increase user charge funding from 0% to 5% to reflect trade waste charges.
4.3.1 Arts and cultural festivals	Decrease from 25% to 20% non-rates income as proposed in 2008/09.
4.4.2 Arts Partnerships	Decrease from 30% to 25% user charges
5.3.3 Synthetic turf sports fields	New activity 40% user charges
5.2.3 Recreation programmes	Decrease from 25% non-rates income to 5% to reflect loss of SPARC Push Play programme funding
5.4.3 Public health	Increase from 45% to 50% user charges
6.21. Building control and facilitation	Increase from 60% to 65% use charges as proposed in 2008/09
6.3.1 Development control and facilitation	Increase from 45% to 50% user charges
7.2.3 Passenger transport network	Decrease from 100% to 70% non-rates funding, reflecting lower bus shelter advertising income

The changes to fees and charges consulted on through the Draft LTCCP were proposed only to bring the non-rates funding proportion of costs more into line with the funding policy for the activity.

Activities with fee increases proposed included:

Activity	Comment	Average fee increase
2.5.2 Waste minimisation, disposal & recycling	MfE land levy $10/tonne Bag prices	13% 6%
5.1.1 Libraries network	Increases to boxed DVD and audio book CD's only	Variable
5.3.1 Swimming pools (& fitness centres)	New fees at Khandallah Pool Other pools & fitness centres	New 5%
5.3.2 Sports fields	General increase	3%
5.3.3 Synthetic turf sports fields	New fees	New
5.3.4 Recreation Centres	Casual use only	7%
5.3.6 Marinas	Clyde Quay only	3%
5.4.1 Burials and cremations	Variable increases plus introducing out of town fees; minor (2%) non-compliance will remain	5- 10%
6.3.1 Development control & facilitation	Increase to hourly fees	4%
Encroachments	Refer to appendix 1	Variable
Trade Waste Charges	Variable – refer to appendix 1	Variable

While the affordability concerns of submitters are valid the Working Party remains committed to ensuring a balance between affordability for both users and ratepayers. A decision not to pass on a share of the increased cost of an activity to users generally means an increase in the level of subsidy provided by ratepayers. This is particularly valid for community activities where the level of ratepayer subsidy to users is already significant. For example libraries 90% subsidised by rates, pools 60% and recreation centres 75%.

In considering the submission from Capital Football suggesting that an increase in the user charge target for synthetic turfs could accelerate timing of turf installations the Working Party recommended that officers monitor both demand and pricing structures but did not propose a change to the 2009/10 user charge target of 40%.

4.2 Burials and Cremations

The draft LTCCP proposed a range of fee changes in the Burials and Cremation activity. One of these changes relates to the introduction of an 'outside of district fee'. Further investigation of this proposal has revealed a deeper market for cremation services than first envisaged. There is a significant risk that the introduction of an out of district fee for cremation services will result in a decrease in volumes, which is likely to more than offset the additional revenue generated by the introduction of the fee. Accordingly officers have recommended rescinding the draft LTCCP proposal to introduce an outside district fee for cremations for 2009/10. Similar issues do not exist in relation to the introduction of casket and ash 'outside of district fees which are recommended as per the Draft LTCCP.

4.3 Encroachment Fees

27 submissions were received in regard to the proposal to increase fees for road encroachment. Of these 23 were opposed to the increases and 4 were neutral.

Submitters comments included:

- That there was little or no cost to Council and fees should be cost recovery only.
- The timing of fee increases was 'unfair' given the economic downturn.
- That there was little alternative use for the land.
- That increasing fees was counter-intuitive to trying to reduce on-street parking on a number of the narrow hilly roads in the city.

Few submitters considered the advantage accruing to property owners and occupants who held an encroachment licence in regard to exclusivity of use of land, particularly in regard to off-r0ad carports & garages and the positive impact on the value of the adjacent/adjoining property.

One of the principles established to guide the development of the 2009-19 LTCCP is the principle of "recognising the potential impost of new user charges on 'affordability'". The proposed fee changes are consistent with this principle as they are limited to adjusting:

- annual rental fees according to the Consumer Price Index (CPI) 12.5% increase since the last change in 2004.
- one-off fees to ensure full administration costs are recovered.

Based on an average land value of $500/m2 ($272k for 543m2 property) a 6% market rental would equate to approximately $30/m2. The proposed CPI based increase on the existing rental rate results in a rental of $11.25/m2, a return of just over 2%.

As such, officers believe the recommendations in this paper balance current affordability issues for property owners with the Council's need to cover the full cost of administering encroachments while continuing to receive an appropriate return on its investment.

Further options for making broader changes to the encroachments fees structure, based on how some of the policy's objectives and principles are applied, were considered by officers but not recommended at this time. These included:

- reducing the $50m^2$ threshold before land encroachments are charged for to either $25m^2$ or removing the threshold altogether
- adjusting the annual rental fee as a percentage of the average land market rental.

In line with the above-mentioned principle of affordability, it is recommended that the Committee delay consideration of these options until a broader review of the policy is undertaken. This review will be scheduled for report back to the Strategy and Policy Committee by the end of 2010.

Working Party Recommendation

With the exception of the rescinding of the proposal to introduce an out of district fee for cremation services, the Working Party recommend the adoption of fee changes and activity funding policy amendments as outlined in Draft Revenue and Financing Policy incorporated in the Draft LTCCP.

5. Amendments to rating mechanisms

5.1 Water rates & metering

Submission summary

43 submissions were received in regard to water metering. Most of these submissions were in relation to the use of water meters, rather than the increase in water rates specifically. While not proposed in the draft plan, 20 submissions indicated their opposition to the introduction of compulsory water metering, while a further 18 submissions were generally supportive of the need to conserve water, but not necessarily through metering. Five submissions expressed concern at the 12% increase in water charges and in particular the increase in the fixed charge. Consistent with last years consultation a small number of submissions expressed concern at the lack of incentive for residents to take up water meters and conserve water. Submitters considered that this is exacerbated by increasing water meter charges.

Consideration of submissions

The water network, collection and treatment activity is budgeted to incur significant operational cost increases (11%) in 2009/10, primarily due to increased depreciation costs arising from revaluation and increased componentisation of infrastructural assets.

This activity is fully rates funded through a targeted rate. Given the extent of cost increases, the Working Party considered a pragmatic approach was to spread these cost increases across the various fixed and rate per dollar rating mechanisms which make up the water rate. The exception being the water meter annual administration fee which increased from $84 to $107, in consideration of there having been no increase in this fee for a number of years.

The following increases to fixed rating mechanisms were incorporated in the 2009/10 Draft LTCCP:

- Fixed charge for base (residential) sector properties without a water meter from $112.50 to $125.00 (including GST)
- Annual administrative charge for properties with a water meter from $84.00 to $107.00 (including GST)
- Water consumption charge for properties with a water meter from $1.58 per cubic metre to $1.78 per cubic metre (including GST).

A proportionate increase (11%) is also proposed for the base (residential) water rate levied via a rate per dollar of capital value.

Working Party Recommendation

The Working Party recommended n change to the Draft LTCCP.

5.2 Targeted stormwater rates

Stormwater rates are funded by the Commercial and Base (residential) sectors based on the relative capital value of each sector. The Draft LTCCP for 2009/10 proposed a revision to this basis from 80% residential and 20% commercial, to 77.5% residential and 22.5% commercial, to better reflect the distribution of the city's capital value.

No submissions were received on this change.

5.3 Change to funding of Indoor Community Sports Centre

In 2007, consistent with the Revenue and Financing Policy the Council resolved to fund the capital cost of the ICSC through borrowings, and agreed that 25% of this borrowing should be repaid through a targeted rate (based on capital value) across all ratepayers, over 10 years, with the remaining capital cost repaid over the life of the asset through depreciation. From 2009, and in direct response to impending issues of affordability, we are proposing to remove the targeted rate and initially fund the full capital cost through borrowings, to be repaid over the life of asset through ratepayer funded depreciation.

A number of submissions were received in relation to the Council's investment in the Indoor Community Sports Centre however few made specific comment in relation to the removal of the targeted rate.

5.4 General Rates Differential

Submission Summary

Fourteen submissions commented on the rates differential, four of these supported the continuation of the differential transition and seven were opposed. The other three were neutral.

Consideration of Submissions

As with previous years the submissions in favour of the continuation of the differential transition come from organisations representing commercial ratepayers, while those opposed come from residents.

The draft 2009-19 LTCCP proposes a shift in the general rates differential from 2008/09 when commercial property paid 3.8 times the General rate per dollar of capital value payable by those properties incorporated under the Base (Residential) differential to 3.45 in 2009/10. The proposed differential transition proposed over the next three years is:

2009/10	2010/11	2011/12
3.45	3.10	2.8

The differential, which was introduced to avoid a sudden shift of rates burden onto the residential sector as a result of the collapse of commercial property values in the early 1990's, was 7.1:1 when the transition process began in 2000. Despite a decrease in the differential to 3.8:1 in 2008/09 and a proposed shift to 3.45:1 in 2009/10 the commercial sector will continue to cross subsidise the residential sector by approximately $33.8 million. It is also pertinent to note that due to the increase in overall rates requirement, if the differential was held at 2008/09 levels, the level of cross subsidisation would increase to $36.5m.

Changes to indicative rates including those calculated based on a rate per dollar of capital value will be incorporated in the draft Funding Impact Statement.

Working Party Recommendation

No change from to the draft LTCCP is recommended.

6. Amendment to Rates Remission and Postponement Policies

6.1 Special Circumstances Remission Policy

The 2009/10 Draft LTCCP proposed minor amendments to the Special Circumstance rates remission to:

a) permit applications to be received and accepted and applied for a rating year after the start of that rating year, noting that a remission will not be back dated to the previous year.

b) provide the flexibility for a Special Circumstances remission to be applied to any part of the rates liability for a property(s). The policy current restricts the application of this remission to the general rate.

No submissions commented specifically on this amendment.

6.2 Rating of property under development

6.2.1 The case advanced by developers for a remission

In February 2009 Mr Martin Sheldon (AMP Capital) and Mr Ian Cassells (The Wellington Company) met with members of the Council's FAR Working Party[1] on behalf of a number of property developers to state their claim for rates relief on partially completed commercial building developments.

The Council also received contrasting correspondence from some existing commercial property owners who supported the application of consistent rating policies for fully developed and under development properties.

---

[1] Members of the Funding and Activity Review Working Party are Councillor's Andy Foster (Chair), Ian McKinnon, Celia Wade-Brown, Iona Pannett and Mayor Kerry Prendergast.

The rationale advanced by developers in support of the case for a remission on properties under development (*in italics*) and followed by officer comment was that:

- *Rating on the value of improvements during construction is making Wellington a less attractive place for developers to invest.*

  There is no evidence to suggest (including in the submissions from developers) that a rates remission will make the difference as to whether a development goes ahead or not. No other metropolitan councils have a specific remission for properties under construction. However, it was noted that Hutt City Council are considering the introduction of an economic development remission as part of its 2009/10 LTCCP. Remissions provided in the past by other councils in the Wellington region have been one-off special remissions, with none currently operational.

- *That once development is completed other ratepayers receive the benefit of a wider capital base over which to spread the rates requirement.*

  It can be assumed that the more substantial the remission the greater level of financial incentive, as it reduces the developers operating costs during the construction phase. Assuming the development adds to and not just replaces another building it is also acknowledged that in some (but not all) situations other ratepayers may receive the benefit of a wider rating base, once the development is completed. However it is questionable why other ratepayers should effectively subsidise developer margins on a new development. For example, it is difficult to substantiate why a struggling (not fully tenanted) building owner, should subsidise a new development which may only increase rental space in a market possibly facing over supply, or why residential ratepayers should subsidise a developer by remission of general rates.

- *Applying these additional rates to developments with no prior notice adds significant cost which may not have been factored into rentals or the overall business case. Many existing developers are under significant commercial pressure from increased costs.*

  There is no doubt that the current development climate has placed increased cost and other financial pressure on developers. However such pressures confront various sectors of the rating base from time to time. Trying to address these issues through a change to rating policy is likely to set undesirable precedent in terms of rating equity and fairness. Experienced developers are aware of the revaluation process and should take revaluation considerations into account in developing their business case. However, in light of concerns expressed by some developers the Council will be increasing its communication with pending developers in regard to the statutory and Council policy positions on this issue.

- *That buildings that are partially complete are unable to derive revenue to fund such additional rates impost.*

  Given that general rates in particular are principally a property tax, taking revenue generating ability into account also potentially sets a dangerous precedent – and could be equally applied to any vacant commercial space or vacant residential dwellings.

- *That buildings under construction do not use the full range of city services*

  As a large proportion of rates (general rates and the sector targeted rate) are a property tax, and sewerage and water rates are only charged when connected, the utilisation of services is largely irrelevant in establishing rateability. That said, it could be contended that buildings under construction actually incur a greater consumption of number of city services. It is also pertinent to note that even those properties statutorily non-rateable (e.g. schools and churches) pay full sewerage and water rates when connected to the network.

6.2.2 The policy rationale for a remission

Having established that there were a number of 'in principle' impediments to the arguments put forward by developers, officers assessed whether sufficient policy rationale existed for a remission of any kind for buildings under construction.

The assessment against existing policy contained three elements:

- The legal requirement to revalue property during development
- Consideration of the Council's rating policies
- The case for remission of specific rate types

The legal requirement to revalue property during development

During 2008 concern was expressed by a number of large scale developers in the city in regard to the rating of property during construction.

Valuation rules are clear that all councils are legally required to revalue properties prior to the start of each rating year to reflect an updated record of the value of improvements in the rating valuation of the property. This has always being implicit in the valuation rules, but was further clarified from 2002.

Historically because of the Council's annual revaluation programme, subsequent revaluation was generally only relevant for larger developments spanning more than one year, or properties that underwent subdivision after the September revaluation and prior to the start of the following rating year (July).

In response to questions from developers in late 2008 officers conducted a review of the rating of large scale property developments undertaken since

2000. Of the 57 building consents (with a value of $10m or greater) reviewed, two *probably* should have been revalued by QV a year earlier than occurred. The information in regard to a further two properties was inconclusive, with the review assessing that they *possibly* should have been revalued a year earlier. The review concluded that the revaluation of the remaining properties was consistent with valuation rules. The processes by which the need for revaluation is identified have since been amended and improved.

The few cases where the timing of revaluation was questionable were an issue of valuation practice not the execution of rating policy. There is absolutely no case for amending current rating policy on the basis of questions over historical revaluation processes. It is also important to note that the Council can not legally correct rating anomalies in its favour further back than the current rating year.

Consideration of Council's Rating Policies

It is generally accepted that having established a property's rateable capital value, the decision in regard to how that property is rated is a matter of Council policy.

The Council's rating mechanisms and remission policies are purposefully simple and utilise relatively blunt rating tools, as permitted under the Local Government Rating Act.

The Council has only two differentials, uses targeted rates where appropriate and remissions only exist where there is a little or no risk of setting an unintended or undesirable precedent. This has multiple benefits:

- Rating policies are uncomplicated and (relatively) simple to understand
- There is a consistency in the application of rating principles, supporting rationale & methodology
- The rating policy remains robust and is less likely to be subject to the setting of unintended or undesirable precedents
- Transparency is maximised through limiting the scope of rates remissions.

The Council's Revenue and Financing Policy Guiding Principles assist in the consistent and fair application of its rating and related funding policies.

Examples of where the simplicity of the Council's policy has assisted in rating decision determination include:

- 'Utilities' being rated under the Council's rating policy as commercial property and therefore liable for full commercial general & sector targeted rate
- The precedent of financial relief or incentives being provided through grants (e.g. heritage) rather than through rates remission.

The Council's existing rates remission policy includes an Open Space Remission, which provides a 50% remission on the general rate for properties of 30ha or more where the land value makes up more than 50% of the capital value. This remission is akin to a separate rating differential, the rationale being to acknowledge the value to the city of large tracts of open space within the Council's boundaries. The fact that the remission was preceded for many years

by a farmland differential and is addressing a unique property type allows a remission to exist without creating a precedent applicable to other sectors. The comparatively low value of the remission (approximately $70k per year), also means it does not unfairly disadvantage other ratepayers.

In unforeseen circumstances where the rating policy is deemed to disadvantage a particular ratepayer, Council can utilise its Special Rates Remission policy, so long as it does not set a precedent that unfairly disadvantages other ratepayers. The utilisation of this policy for buildings under construction is not recommended due to:
- the potential value of remission and the need to ensure that Council collects sufficient rates to meet its annual funding requirement
- the uncertainty around precedent risks that the remission may create.

Officers concluded that the existence of the Open Space and Special Circumstances Remissions did not create sufficient precedent to warrant the remission of rates on properties undergoing development solely for the reasons of providing a financial incentive.

The case for remission of specific rate types

Officers then assessed whether any rationale existed for a remission of a specific rate on other grounds, as opposed to a remission on a portion of all rates as advanced by developers.

As summarised in the FAR report to SPC (10 March 2009):

- General rates are fundamentally a property tax. Actual use of services by a property is considered irrelevant in establishing rateability.

- Liability for sewerage and water rates is determined by connection status. If a property is connected to the sewer it is liable to pay sewerage rates based on a rate per dollar of capital value. For most commercial properties water is rated by meter, so the liability is directly related to the level of consumption.

- The Downtown levy is not a property tax or a connection based service. It is a targeted rate based on an assessed benefit gained by a specific group of ratepayers.

Officers considered that a remission of Downtown Levy on property under construction could be substantiated on the basis that during the construction period properties not able to be occupied or 'used' were unlikely to be able to derive the benefits of activities funded by this rate. The same cannot be said for general & sector targeted rates (which are property taxes) and water and sewerage (which are rated dependant on connection status). Also of importance was the fact that remission of this rate did not conflict with existing rating policy and guidelines.

It was also noted that many properties 'under development' are in fact re-development and already have some improvement value. This has the potential to cause difficulty in assessing the starting point for the application of a

remission based on an 'increase in improvement value'. Officers therefore proposed a remission of the full Downtown Levy on a property during the period it is not available for use due to it undergoing development. The Strategy and Policy Committee subsequently agreed to consult on this proposal subject to certain qualifying criteria through the Draft LTCCP.

6.2.3 LTCCP Submissions and Working Party Consideration

Submissions

Four submitters[2] to the LTCCP continued to advocate for a remission of all rates levied on the value of improvements added during a development, up until the development was completed, property occupied and returning a revenue stream. All but one of these submitters was involved in pre-consultation communications with FAR and/or Council officers prior to the Draft LTCCP consultation process. None of these submitters acknowledged the remission on the Downtown Levy proposed through the Draft LTCCP, despite it representing around 15% of rates on a central city commercial property (excluding water) and the ability to directly control up to a further 25% of rates liability through water usage and connection status to the sewage network.

The arguments advanced were consistent with those raised by the submitters pre-consultation and discussed early in this report. All of these factors were considered in developing the proposal to consult through the Draft LTCCP on a remission of the Downtown Levy only.

Working Party Response

Irrespective of merits of the case advanced by *developers* through submissions the FAR Working Party acknowledged the important contribution of continued property development and investment to the city's economy. In response to these submissions the Working Party requested officers to re-consider the possible mechanism(s) for providing a more significant remission that would achieve the following outcomes:

- to provide properties under-going building development with a remission on rates equal to the increase in improvement value for the duration of the development phase; on the basis that existing ratepayers will receive the benefit of a greater capital value base over which to spread the rates burden once the building development was complete.
- to encourage the development of green buildings, possibly by restricting the development to '5 star rated' green buildings.

Officer assessment

Officers undertook a comprehensive review of their initial assessment and concluded that the existing rating policy does not support the inclusion of a remission for property solely on the basis of the principle of providing a financial incentive to one group of ratepayers over another.

---

[2] The Wellington Property Council, AMP Capital, The Wellington Company and the Wellington Chamber of Commerce.

This does not prevent the Council from considering the introduction of a rates remission or other form of financial incentive which is inconsistent with or requires a change to its existing rating policy rationale and/or guiding principles; but this should be done with due consideration of the associated issues and risks. For the purpose of advising the Working Party, officers divided these into two parts, 'principle and precedent issues' which are discussed below and 'parameter, design and implementation issues' which are covered in the next section.

Principle and precedent issues

It is important to objectively assess the justification for the remission and whether the remission conflicts with any previous policy decisions or might create unintended precedent which may either legally or politically oblige Council towards unintended remissions in future.

The key considerations surrounding the merit of a rates remission are primarily covered by our comments in response to *developer's* arguments for a remission covered in section 6.2.1 of this report. These are:

- It can be assumed that the more substantial the remission the greater level of financial incentive, as it reduces the operating costs for a developer during the construction phase of a (re)development. However, there is no evidence to suggest that a rates remission will make the difference as to whether a development goes ahead or not.
- Other major metropolitan councils have similar rating policies in regard to rating of buildings under construction as Wellington City, i.e. we have not been able to identify a remission akin to that proposed.
- There is some merit to the case advanced that other property's may benefit from a wider rating base once the development is concluded – but it is questionable whether developer margins should be subsidised when there is no evidence to suggest that a rates remission would be the determining factor as to whether a development proceeds or not.
- The economic climate has placed increased cost and other financial pressure on developers. However such pressures confront various sectors of the rating base from time to time. Trying to address these issues through a change to rating policy is likely to set undesirable precedent in terms of rating equity and fairness.
- Experienced developers are aware of the revaluation process and should take revaluation considerations into account in developing their business case. In light of concerns expressed by some developers the Council will be increasing its communication with pending developers in regard to the statutory and Council policy positions on this issue.
- General rates in particular are principally a property tax. Taking revenue generating ability into account in assessing general rates liability is inconsistent with Council rating policy and sets a potentially dangerous precedent – it could be equally applied to any vacant commercial space & even vacant residential rating unit.

- Given that a large proportion of rates (general rates and the sector targeted rate) are a property tax, the utilisation of general services is irrelevant in establishing rateability.
- Sewage and water rates are only charged when connected Even those properties statutorily non-rateable pay full sewerage and water rates when connected to the network. It is difficult to substantiate why a rateable property should be remitted these rates.

6.2. 4 Remission parameters, design and implementation

Aside from the principle and policy considerations there are a number of permutations in regard to the parameters of a remission and in its design and implementation. The following table has assesses the practical viability of a more substantial remission compared to the status quo or the Downtown Levy remission as proposed in the Draft LTCCP.

Remission Parameters

Parameter	Options	Risks/issues	Possible solution
Building type	- Green buildings only - All commercial buildings - All buildings	Incorporating 'green building' factors into the remission parameters blurs the purpose of the remission (unless the development of green buildings is considered the principle purpose of the remission – which doesn't necessarily address the property under construction issue). Other concerns in regard to standards and consistency. It is not recommended that a green building proviso be incorporated in the rates remission at this time. More appropriately addressed under Development Contributions policy.	All buildings covered. Note under 'downtown remission proposal, only Downtown commercial buildings included by nature of rate remitted.
Who will pay the rates that are being remitted	- Downtown ratepayers only - Commercial sector only - All ratepayers (dependant on the distribution of the particular rate remitted.	A remission of the downtown levy is straight-forward as only other downtown ratepayers would fund the remission. A wider remission is more complex. All city ratepayers will fund a remission on the general rate unless the differential is adjusted to push liability back onto commercial sector. This is counter-intuitive to the differential transition.	Downtown only or if wider remission all ratepayers would subsidise.
Baseline for remission	- Remission on all improvements (i.e. back to land value) - Remission on improvement value pre-consent	Often no record of value for a re-developed property is held post demolition, so unless remitting total rate (i.e. not just on improvements) other options will be to either remit back to land value or to most recent pre-development RV held. Other issues with remitting rates on the value of improvements include: - treatment of increases to land value caused by granting of consents to develop - how to treat reductions in improvement value caused by demolition pre re-development - how to ensure market shifts in underlying property values can still be reflected in rates. Simpler and preferable to remit a specific rate in its entirety, but this really only works for the Downtown Levy proposal. For a wider remission going back to land value appears the only other feasible option – but this could result in misuse or manipulation of the remission entitlement by developers.	Remission of a particular rate, rather than a range a rates based on a proportion of a properties value is significantly easier to manage.
Property use	- Only commercial use - All property uses	No rationale to support the exclusion of residential or other base differential properties if their 'under development' period runs for a similar duration. The benefit of the Downtown Remission is that it naturally excludes residential properties.	All property uses, except under downtown remission option.
Area covered by the remission	- Downtown (central city) - Suburban centres/growth spine - All areas of the city	Little rationale for limiting to a specific area, if the financial benefit to the city is similar. Opening the remission up to all property types in all areas has the potential to create a far wider coverage that possibly intended which will significantly increase a) the proportion of rates to met by remaining ratepayers b) administration costs. Note the advantage of the downtown remission was that it only relates to central city properties.	All property, except under downtown remission option.

Level of investment	- A minimum level of investment - No limit	Apart from the quantum of rates paid by an individual property, it is difficult to substantiate why a single property development of $80m has a stronger case for remission than 10 individual developments of $8m. No substantive evidence that the current rating policy is a determining factor whether or not property development proceeds in the city or not.	No limit
Duration of each remission	- Minimum - Maximum	Under existing valuation & rating rules developers of property already receive up to one year of rates relief i.e. any improvement added after 1 July is not included for rating purposes until the following rating year. While larger scale developments typically take 2 -3 years to build, it is difficult to substantiate why there should be a minimum or maximum remission duration so long as it extends over more than one rating years.	Minimum = spanning more than one rating year. No maximum.
Duration of remission programme	Is this a permanent remission or in response to economic conditions?	Dependant on view whether the remission is in response to the current economic conditions or a permanent policy change. The Downtown Levy remission option was proposed as a permanent remission.	Permanent if on Downtown Levy only. Temporary if wider.
Retrospective application	- Only apply from 2009/10 and on change in value since 1 July 2008 - Only apply from 1 July 2009 forward - Allow retrospective applications	Some risk in relation to rating of properties currently under development or recently completed. Risk can be partially managed by restricting remission to movement in value over the last year only.	Only apply from 2009/10 using last CV as base. Not an issue for downtown proposal as will apply from 09/10 year.
Timing of introduction	1 July 2009	There are significant challenges to assessing the possible value of a remission that potentially covers the entire city. The key risk is in the ability to accurately adjust the rate per dollar of CV requirement to ensure the rates requirement is met.	

6.2.5 Options summary and recommendations

Non-remission tools

Officers have identified a significant number of challenges (both principle and parameter/design related) to the introduction of a more significant rates remission than the downtown levy remission proposed in the draft LTCCP.

To be able to advance the Working Party objective of providing central city properties under-going building development with a remission on rates equal to the increase in improvement value for the duration of the development phase, it was necessary to consider other funding tools.

Two further options were therefore included in the evaluation summary that follows:

- **The use of the Council's rates postponement policy**

One of the *developers'* key arguments was the impact of rates on the development during a period when the property was generating no revenue. If Councillors consider the issue to be addressed is one of 'affordability' during the development phase the existing rates postponement policy could provide short term cash-flow assistance, with only minor modification to the existing qualification criteria.

Under this scenario a qualifying property would have its rates postponed with interest costs applied over the duration of the development with rates repaid either upon sale of the property (or its subdivided rating units) or once occupied and generating an income stream. The repayment period could be over a period of say five years.

There would be no additional rates impost on other ratepayers, as the postponed rates requirement would be temporarily funded through Council borrowing until such a time as they were repaid.

- **The use of grants pool**

If Councillors consider it is appropriate to provide a financial incentive to developers to ensure that property development continues in the city, the simplest way to achieve this is through the introduction of grants pool. This is more consistent with current policy (e.g. heritage, community grants etc.), and allows the assistance to be considerably more targeted. Assessment criteria would need to be formulated and the value of the grant pool established prior to the start of the rating year to assess the funding requirement.

This option has the advantage of avoiding precedent or policy conflict issues which arise with rates remissions and of being able to be revised on an annual basis with less concern over the establishment of undesirable or unintended consequences.

A grant would require an increase in the published total rates requirement, but fundamentally it has the same impact on other ratepayers as the granting of remissions of a similar value. The only difference being a grant is considerably more transparent by increasing the actual rates requirement, where as a remission changes how much subsidising ratepayers pay by adjusting the rate per dollar of capital value. However the rates impost could be targeted to a specific ratepayer group dependant on the target recipients of the grant.

Options Analysis

Summarised below are officers' consideration of the relative merits of five potential options:

1. No remission		
Conditions	**Benefits**	**Risks**
Fully and partly developed properties are rated consistently Properties under development are rated based on capital valued as assessed prior to the start of the new rating year.	Can be aligned to existing rating policy rationale Low risk of setting unintended or undesirable precedent.	Does not address issues raised Is less than the financial incentive proposed is the Draft LTCCP.

2. Remission of Downtown Levy on total property during development		
Conditions	**Benefits /Pros**	**Risks/Cons**
By nature of the remission available to commercial buildings only Subsidised by downtown ratepayers only Indicative total remission $200 - $500k/yr.	The rationale is consistent with existing policy Limited to specific set of applicants – reduced risk of unintended precedent Subsided by downtown commercial ratepayers only.	Viewed by developers a insufficient to reduce the disincentive towards development.

3. Remission of all rates (excluding water and sewage) on the additional improvement value created during development		
Conditions	**Benefits**	**Risks**
Assumed that cannot include water & sewerage rates due to policy conflicts Available to all types of property Subsidised by all ratepayers (unless the general differential is recalibrated)	Provides a greater financial incentive for developers Council can be seen to be doing something to support development during difficult economic times.	Conflicts with existing rating policy The arguments put forward for the remission are not strong It is difficult to justify why other ratepayers should subsidise development Difficulty in establishing value of

Indicative total remission $1m - $3m/yr.		improvements to which remission applied Increased risk of unintended precedent Increased financial exposure (risk in ensuring sufficient rates are collected) due to potential wide application of remission.

4. Rates postponement		
Conditions	**Benefits**	**Risks**
Modify the existing rates postponement policy to incorporate remission of rates on property under construction. Postponed properties would have interest applied to postponed rates, which would be payable on sale of the property or completion of the development. In the latter case repayment could be spread over a number (say five) years. No remission or additional rates requirement.	Possible solution if the fundamental issue is considered to be short term cash flow No subsidisation by other ratepayers Minimal conflict/risk with existing rating policy	May not address developer concerns Will require modification of existing rates postponement policy Requires Council to increase borrowings to fund postponement Potential repayment complications if development stalls indefinitely or other financial impediments to completing the development arise.

5. Provide the equivalent financial incentive through a 'development grant' pool to be funded by (downtown) commercial ratepayers only		
Conditions	**Benefits**	**Risks**
A grant pool would be established and a sub-committee would adjudicate on grants applicants, ideally on an annual basis, based on a set of predetermined criteria The criteria could specify the range of beneficiaries including property type, value, location etc. The value of the grants fund could be either arbitrarily capped or set at a level equivalent to value of the remission under option 3.	Increased transparency Can be directed to specific beneficiaries Easy to administer Can be distributed with less risk of creating a rating precedent Can influence who pays for the grant through funding policy.	Higher reported rates increase - potentially 1% - 2% onto rates line Difficulty in assessing amount required – risk to ensuring sufficient rates are collected if no cap put on grant fund Subjectivity in establishing qualifying criteria.

Indicative financial implications

The Downtown Levy is equivalent to approximately 13% of commercial rates excluding water, or 15% of rates payable by the average downtown commercial ratepayer. The make up of rates for the average downtown ratepayer is summarised as follows:

Pre-remission Downtown Commercial Ratepayer

Downtown Commercial Ratepayer - rates per $1m of CV				
Rate type	Rate/$ CV	Rates /$1m CV		%
General Rate	0.00608828	$	6,088	64%
Sewerage Rate (incl. UAC)	0.00136612	$	1,366	14%
Stormwater rate	0.00035159	$	352	4%
Targeted sector rates	0.00027958	$	280	3%
Downtown Levy	0.00138375	$	1,384	15%
Total	**0.00946932**	**$**	**9,469**	**100%**

The example below provides an indication of the level of remission which would be applied to an individual property development, with a pre-development capital value of $10m increasing to $100m over a three year development period, for each of the remission options.

Indicative value of rates remission for an example property developed over three years

Assumptions:	
Pre-development value	$20m
Total value of under development properties year 2	$50m
Total value of under development properties year 3	$100m

Option 1 - No remission	Capital value	Remittable CV	Full rates (excl. water)	Value of remission
Value pre-development	$20,000,000	$0	189,386	-
Value year 2	$50,000,000	$0	473,466	-
Value year 3	$100,000,000	$0	946,932	-
Total over 3 years			1,609,784	-

Option 2 - Remission of Downtown levy *	Capital value	Remittable CV	Rates paid (excl. water)	Value of remission
Value pre-development	$20,000,000	$20,000,000	161,706	27,680
Value year 2	$50,000,000	$50,000,000	404,266	69,200
Value year 3	$100,000,000	$100,000,000	808,532	138,400
Total over 3 years			1,374,504	235,280

* note this does not include additional rates reductions achievable through water usage and sewage connection status

Option 3 - Remission of all rates except sewage & water on improvements only

	Capital value	Remittable CV	Rates paid (excl. water)	Value of remission
Value pre-development	$20,000,000	$20,000,000	27,306	162,080
Value year 2	$50,000,000	$30,000,000	230,346	243,120
Value year 3	$100,000,000	$80,000,000	298,612	648,320
Total over 3 years			556,264	1,053,520

The estimated value of the increased improvements made to central city commercial properties under development over the 2008/09 year is $140m. On this basis, the total annual financial implications under each option would be as follows:

Value of development improvements $140m *	Capital value	Remittable CV	Full rates (excl. water)	Value of remission
Option 1 - No remission	$170,000,000	$0	$1,609,784	$0
Option 2 - Remission of Downtown levy**	$170,000,000	$170,000,000	$1,374,504	$235,280
Option 3 - Remission of all rates except sewage & water on improvements only	$170,000,000	$140,000,000	$475,224	$1,134,560

* example based on $30m of pre-development CV

* *option 2 analysis does not include additional rates reductions achievable through water usage and sewage connection status

If a remission was granted on all rates except sewage and water (options 3), but only on the value of the improvements made to the property during construction the value of the remission based on central city commercial development growth over 2008/09 year (approx. $140m would be approximately $1.0m compared to approximately $235k for the remission of the Downtown Levy only .

Value of development improvements $400m *	Capital value	Remittable CV	Full rates (excl. water)	Value of remission
Option 1 - No remission	$400,000,000	$0	$3,787,728	$0
Option 2 - Remission of Downtown levy **	$400,000,000	$400,000,000	$3,234,128	$553,600
Option 3 - Remission of all rates except sewage & water on improvements only	$400,000,000	$350,000,000	$951,328	$2,836,400
* example based on $50m of pre-development CV				
** option 2 analysis does not include additional rates reductions achievable through water usage and sewage connection status				

If the total value of the properties under development peaked at $400m per year the remission the remission of the Downtown Levy could grow to approximately $550k per year. Under this proposal this cost would be met by commercial downtown ratepayers paying an additional $100 of rates per $1m of CV.

Under the more comprehensive remission option $400m of property under development would result in a remission in the vicinity of $3m per year. If it were possible to direct the subsidisation of this remission entirely to the downtown sector this could require other downtown ratepayers to pay an additional $500 - $600 per $1m of capital value, equivalent to an additional 7% on their existing rates bill. However the way the distribution of the general rate works the reality would be that this cost would have to be shared across all ratepayers with residential ratepayers paying for portion of the remission of the general rate (unless the differential was recalibrated) , even if the benefit was only accruing to downtown commercial properties.

6.2.6 Summary and recommendations

The Working Party's objective has been to attempt to acknowledge the important contribution continued investment through property development makes to the city's economy.

In response to submissions in regard to the rating of property during development officers were asked to reassess the principle, policy and implementation considerations of providing a remission during the period a property's development, equivalent to the rates payable on the increase in improvement value as the development progressed.

Officers recommended that if the will of Council was to provide this level of financial support to property development in the city this could only realistically be achieved through the introduction of a development grant fund, which depending on the intended beneficiaries could be either funded through the Downtown levy or a through a more general rating mechanism. If the 2008/09 value of the improvements in the central city of around $140m was used as the basis for this grant pool, the value of the grant pool to meet the stated objective would be approximately $1m. If the cumulative value of property under

development in any year grew to $400m, and the grant pool requirement would increase towards $3m.

Through its assessment of the myriad of issues involved officers re-emphasised the significant policy precedent risks and parameters setting and implementation issues involved in extending a remission beyond that of a remission of the Downtown levy for commercial property development in the central city.

The Downtown levy remission as proposed in the Draft LTCCP would provide developers with a 15% reduction in rates payable during the development period on both the existing CV and the CV increase during construction. In addition the property owner can decide on whether to maintain connection status for sewage and use of water during development which dictates the rates liability for these services. Based on the 2008/09 value of the improvements in the central city of around $140m the value of this remission would be approximately $235k. If the cumulative value of property under development in any year grew to $400m, the value of this remission would increase to approximately $550k.

The Working acknowledged officers' assessment of the risks to the sustainability of the existing policy and potential unintended precedent created by a more significant rates remission. Members also accepted that these issues are exacerbated by the difficulty in a forming set of parameters and designing a remission mechanism that deliver the remission only to the intended beneficiaries.

The Working Party therefore recommends:

a) Either the confirmation of the Downtown Levy remission for property under development as outlined in the Draft LTCCP, or

b) The introduction of a development grant pool, to support commercial property development in the central city area, to be funded by the Downtown Levy. The level of grant pool being equivalent to the rates payable (excluding water and sewage) on the increase in improvement value of property under development. For 2009/10 this require the grant pool amount to be set at $1m, being the indicative increase in improvement value on downtown commercial property under development over the 2008/09 year.

7. Amendments to Investment and Liability Policies

7.1 Liability policy

Officers, working with the Council's treasury advisors reviewed the Councils Liability (borrowing) Policy and recommended some minor changes to the Council's liquidity and interest rate risk management maturity profile limits (see Appendix 4). No submissions were received in regard to these changes.

7.2 Investment Policy

The Draft LTCCP also contained some minor changes to wording in the Council's Investment Policy. These changes are generally editorial in nature, with the exception of proposed amendments to the 'investment mix' and associated objectives. These changes proposed grouping the Council's investments into 5 categories, according to their associated investment objectives and characteristics. These categories are those currently used in the Council's quarterly reporting – this change simply aligns the policy definitions with our reporting framework.

No submissions were received on these changes.

8. Other RFP related submissions

8.1 Healthy Homes Funding Opportunities

A submission has been received from the Energy Efficiency and Conservation Authority (EECA) promoting the concept of local authorities developing a voluntary targeted rate mechanism to make insulation and clean-heating (healthy homes) retrofits more affordable and accessible for households.

A separate report will be presented to the Strategy and Policy Committee on this matter. The current draft of this report incorporates a proposal whereby, subject to formal GWRC approval, GWRC will establish a region wide rating mechanism to support EECA's grant initiatives, with WCC providing promotion and leveraging assistance as well as collecting the rate on GWRC's behalf. This proposal will not require a change to the WCC Revenue and Financing Policy.

Rating will occur in arrears of the funding requirement (i.e. any borrowing for a retrofit completed in 2009/10 would start being repaid through a targeted rate from 2010/11). This means that should the scope of the initiative agreed by GWRC insufficient to meet the demand of Wellington city residents, WCC could incorporate the provision of additional or alternative support in its 2010/11 LTCCP.

9. Other Issues for Consideration

9.1 Passport to Leisure – over 65's

In December 2008 Council resolved that officers monitor superannuitants' usage of the Council's facilities for three months to determine the impact of extending the Passport to Leisure scheme to all over 65's. The results of this monitoring and the consequential recommendations are contained in a separate report to be considered by the Strategy and Policy Committee on 11 June.

Research was undertaken from 1 February to 30 April 2009. The results from this research indicate that the financial impact of widening access to the scheme for all superannuitants would be insignificant when compared to the good will achieved through acknowledging older adults' contribution to the community and ability to engage further with this target group.

The draft report indicates that even under a worst case scenario i.e. no increase in visitation, the negative revenue impact would be $7,200 per year. As this equates to only 0.04% of total pools spend, should this change be approved, no adjustment to Revenue & Policy targets will be required.

10. Conclusion

The Funding and Activity Review Working Party has considered the submissions received on the 2009/10 Draft LTCCP which relate to the Council's Revenue and Financing Policy.

In consideration of submissions supporting a remission of rates for properties under development the Working Party has given lengthy consideration to the importance of recognising the value to the economy of continued property development investment in the central city. In forming its recommendations the Working Party has given due consideration to officers assessment of the risks and difficulties associated with the provision of a more substantial remission for property under development than that of the Downtown Levy as proposed in the Draft LTCCP. The Working Party acknowledges that if the will of the Strategy and Policy Committee is to recommend to Council a greater level of financial support towards property development in the city this is best achieved through the introduction of a development grant pool.

The Working Party proposes only one minor change to the fees and charges changes consulted on through the draft LTCCP, being the removal of the additional 'out of town cremation' fees due to market elasticity considerations.

In proposing no further changes to user fee funding proportions from those proposed in the 2009/10 Draft LTCCP, the Working Party has placed emphasis on achieving compliance with our funding policy targets and acknowledges that any failure to comply with Revenue and Financing Policy user fees targets results in the shortfall having to be met by ratepayers.

Contact: *Councillor Andy Foster, Chair of the Funding and Activity Review Working Party*

Contact Officer: *Andy Matthews, Manager Funding & Financial Strategy*