
REPORT 2
(1215/52/IM)

2010/11 DRAFT ANNUAL PLAN REPORT OF THE FUNDING AND ACTIVITY REVIEW WORKING PARTY

1. Purpose of Report

This report presents the recommendations of the Funding and Activity Review Working Party following its annual review of the Council's Revenue and Financing Policy.

2. Executive Summary

The Funding and Activity Review Working Party, in line with its terms of reference, has reviewed:

- Funding compliance for each of the Council's activities (e.g. the rates versus non-rates income split). The focus has been placed on addressing areas of non-compliance as opposed to a wholesale review of funding assumptions for every activity.
- Funding policy issues on specific activities (e.g. Recycling, Waste minimisation and disposal).
- Rating (e.g. water charges).

2.1 Summary of issues covered

The Revenue and Financing Policy sets out the proportion of each Council activity to be funded by user charges, other revenue (e.g. NZ Transport Agency subsidies), rates or borrowings.

A key principle of the Policy is that where practical fees should be reviewed on an annual basis to avoid large 'one off' increases. An annual review is therefore done. The recommendations of the Working Party for this year are presented here.

The Working Party has focused on those activities where fee increases are recommended to retain policy compliance and/or where a shortfall or surplus in user charge funding exists, which, unless addressed would impact on the proportion of the activity needed to be funded by rates.

For each non-compliant activity the Working Party generally considered a range of remedial actions, including:

- increasing user charges to achieve compliance
- considering options for reducing expenditure without impacting on service levels
- altering the policy to increase/decrease the user charge proportion and operating in variance to the policy until the next RFP review as part of the 2012/22 LTCCP.
- leaving the policy unchanged and noting temporary non-compliance with policy.

2.1.1 Increases to fee and charges

This report recommends a range of changes to fees and charges. Any changes not approved will result in the equivalent value being put back onto 2010/11 rates.

Activities with fee increases recommended include:

Activity Component	Comment	Average fee change
2.5.2 Waste minimisation, disposal and recycling management	Rubbish bags and weighbridge landfill fees	5%
4.5.5 & 4.6.1 Water Network & Water Collection & Treatment (Water Rating)	Fixed fee and Water Meter rates	2%
	Capital Value Rates	1%
5.3.1 Swimming pools	pool fees (excluding swim programmes) and fitness centres	5%
5.3.2 Sports fields	All sports - to work towards each sport being compliant	10%
5.3.3 Synthetic turf sports fields	Hockey fees + some other fee changes	5%
5.3.4 Recreation centres	To enable non-ICSC rec centre costs	4.20%
5.3.6 Marinas	Marina moorings and new fee for 'live-aboard'	2.75%
5.4.1 Burials and cremations	Variable	3.90%
5.4.3 Public health regulations (food/dogs)	Most fees excluding those set by legislation	5%
6.1.1 Urban Planning and Policy Development	Hourly rate changes (first change for 5 years)	16.90%
6.2.1 Building control and facilitation	Variable	variable
6.3.1 Development control and facilitation	Based on an hourly rate (\$5/hr increase)	3.80%
7.3.1 Car Parking	Coupon Parking, residents parking (Approved at SPC)	50%, 28%

2.1.2 Variances to the policy

The Working Party also recommends that the fees are set in variance to the policy funding targets where compliance is not possible and/or preferred. These areas will continue to be monitored. Where non-compliance continues a full change to the funding policy target will be considered as part of the next long-term plan.

The following variances are recommended:

Activity Component	Current RFP User Charges: rate funding ratio	Recommended ratio in variance to policy User charges/Other income :rate funding ratio	(Variance) Comment
2.2.1 Road open spaces	10:90	5:95	Decrease other income from 10% to 5%
2.5.2 Recycling, Waste minimisation & disposal	90:10	100:0	<u>Split the activity into 2, 100% User Funded '2.5.2 Recycling, Waste minimisation and disposal'</u>
	N/A	0:100	100% <u>rates funded '2.5.3 Closed landfill aftercare'</u>
6.2.1 Building control and facilitation	65:35	60:40	Reduce the user funding from 65% to 60% due to cost and revenue implications from the current legislative compliance environment
7.2.5 Cycle network	15:85	10:90	Decrease other income from 15% to 10%

2.1.3 Permitted non-compliance

There are a small number of activities for which the Working Party recommends temporary non-compliance and/or stretch user charge targets. For these activities the Working Party considers that the targets are appropriate but that for specific and acceptable reasons full compliance is unlikely to be achieved in 2010/11.

Activities with recommended permitted non-compliance include:

Activity Component	Comment
7.2.3 Passenger transport network	Income derived from NZTA funding only (3% gap). Officers to look in to further partnership with Adshel
7.2.5 Cycle network	Income derived from NZTA funding only (1% gap). Insignificant \$1k.
2.4.2 Sewage collection and disposal network	Non-compliance may be temporary while testing is performed on closed Landfills trade waste discharge
2.4.3 Sewage treatment	1% non compliance due to contracted cost increases
4.3.1 Promoting & Hosting Cultural Festivals	A review of the structure of event funding will occur in 2010
5.3.4 Recreation centres	Non-compliant as incurring ICSC costs but no revenue until the facility is operational (12.5% gap)
6.3.1 Development control and facilitation	1% (\$63k) non compliance until the expected market recovery begins in 2010/11.

The changes to fees and charges/and or policy are summarised in section 4.2 of this report. A full list of proposed amendments to fees and charges is attached as Appendix 1.

2.2 Changes to rating mechanism

The Working Party proposes the following changes to the Council's rating mechanism from 2010/11:

- **Targeted water rates**

The water network, collection and treatment activity is budgeted to incur operational cost increases (1%) in 2010/11. Additionally current (year to date) water consumption is 1% lower than forecast for 2009/10 which results in a lower than budgeted recovery of costs from the 2009/10 rates. The FAR working party recommend to increase rates to cover the 2% gap in cost recovery for the 2010/11 financial year.

This activity is fully rates funded through a targeted rate. The Working Party considers a pragmatic approach is to spread these cost increases across the various fixed and rate per dollar rating mechanisms which make up the water rate.

The following increases to fixed rating mechanisms are proposed for 2010/11:

- Fixed charge for base (residential) sector properties without a water meter from \$125 to \$127.50 (including GST)
- Annual administrative charge for properties with a water meter from \$107.00 to \$108.00 (including GST)
- Water consumption charge for properties with a water meter from \$1.78 per cubic metre to \$1.82 per cubic metre (including GST).

A proportionate increase (1%) is also proposed for the base (residential) water rate levied via a rate per dollar of capital value.

- **General Rates Differential**

The Working Party noted that the existing LTCCP proposes a shift in the general rates differential from 2009/10 when commercial property paid 3.45 times the General rate per dollar of capital value payable by those properties incorporated under the Base (Residential) differential. The proposed differential transition proposed over the next two years is:

2010/11	2011/12
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 3.45:1 in 2009/10 and a proposed shift to 3.1:1 in 2010/11 the commercial sector will continue to cross subsidise the residential sector by approximately \$33 million.

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

2.3 New Activity component

The working party recommend the closed landfill aftercare be separated from the Recycling, waste minimisation and disposal activity component. This will create two distinct activity components:

- Activity 2.5.2 Recycling, waste minimisation and disposal (100% user pays), and
- Activity 2.5.3 Closed Landfill Aftercare (100% rates funded).

Essentially the funding of these two activities will not change, as the (90:10) User:Rates funding when combined provide the same amount (\$) funding from Users and from Rates.

These activities are proposed to be in variance with the policy and are intended to be incorporated when the Revenue and Financing Policy is reviewed as part of the 2012/22 LTCCP.

The activities are to be located in the structure tree under:

- Activity - 2.5 Waste Reduction and Energy Conservation
- Strategy – 2 Environment

3. Recommendations

It is recommended that the Committee recommend to Council that it:

1. *Receive the information.*
2. *Agree to consult on changes to fees and charges as detailed in Appendix 1 of this report.*
3. *Note that parking fee changes (Residents permits and coupons) have already been through a special consultative process and approved by SPC on the 3rd of December 2009*
4. *Note a variance to the Revenue and Financing Policy is recommended for the following activity components. The funding targets for the activities listed below are intended to be included when the Revenue and Financing Policy is next reviewed as part of the 2012/22 LTCCP.*
 - (a) *for the 7.2.5 cycle network activity a variance to the rates funding target of 85%, to 90% rates funded to reflect an increase in depreciation from capital expenditure in the activity with a cap on New Zealand Transport Agency (NZTA) funding.*
 - (b) *for the 2.2.1 Roads and open spaces activity a variance to the rates income target of 90%, to 95% rate funding of operating expenditure, due to the cap on revenue from NZTA.*
 - (c) *for 2.5.2 Recycling, Waste minimisation and disposal activity a variance to policy to separate the activity into two. This split will be in variance to the Revenue and Financing policy until it is formalised in the next LTCCP.*
 - i. *One '2.5.3 Closed landfill aftercare' - the introduction of a new activity with a rates funding target of 100% of operating expenditure*
 - ii. *'2.5.2 Recycling, Waste minimisation and disposal' – the activity funding to will operate in variance to the user-charges target, to recover 100% of operating expenditure through user charges.*

- (d) *for the 6.2.1 Building Control & Facilitation activity a variance to the rates funding target of 35%, to 40% of operating expenditure.*
5. *Note that temporary non-compliance with Revenue and Financing Policy activity funding targets is anticipated for the following:*
- (a) *for the Passenger Transport network activity (7.2.3), reflecting that the sole source of external income for the activity is NZTA funding which is variable and project specific.*
- (b) *for the Cycle Network activity (7.2.5), reflecting that the sole source of external income for the activity is NZTA funding which is variable and project specific.*
- (c) *for the Sewage collection and disposal network (2.4.2), due to a current (possibly temporary) loss of revenue whilst the status of closed landfill discharge is tested to ascertain its trade waste status.*
- (d) *for sewage treatment (2.4.3), due to (possibly temporary) increase in costs of sludge disposal into the landfill.*
- (e) *for promoting and hosting cultural festivals (4.3.1), as a review of the structure of funding this activity will occur in 2010.*
- (f) *for the Recreation Centres activity (5.3.4) due to the incurring of costs related to the Indoor Community Sports Centre prior to revenue streams being generated pending opening of the facility.*
- (g) *for development control and facilitation activity (6.3.1) due to cost increases including changes legislative compliance, until the market recovery impacts revenue which is expected in 2010/11.*
6. *Note that the Revenue and Financing Policy outlines a shift in the commercial to residential general rate differential from 3.45 in 2009/10 to 3.1:1 in 2010/11.*
7. *Note that the working party agreed the recommendations in appendix 2 and also requested That officers seek a letter off support from Porirua City Council for the application to the contestable waste minimisation fund and that due diligence is performed on any potential partner where a commitment is sought from Wellington City Council.*

4. Compliance with Revenue and Financing Policy

4.1 Review Parameters

Annual Review

In adopting the 2006 Revenue and Financing Policy the Council agreed that it was appropriate to review activity funding on an annual basis with the intention of ensuring that the user charge component of activity funding policies keeps pace with CPI and other cost increases. It was also considered prudent that any other activity funding issues raised be appropriately addressed with consideration to the Council's funding principles.

The responsibility for conducting the annual review is allocated to the FAR Working Party, which reports through to the Strategy and Policy Committee. The Working Party has conducted its annual review on an exceptions basis. Revenue and Financing Policy funding principles, assumptions and activity specific funding considerations remain valid, unless specifically indicated otherwise.

Non-compliant activities

This review focused specifically on those activities for which 2010/11 draft budgets indicate a variance from the existing Revenue and Financing Policy non-rates revenue target.

In considering the Funding Policy for each of the activities identified the Working Party had available a number of options in regard to forming its recommendations. These include:

- A reduction in service levels/expenditure on the activity (likely to result in a reduction in the dollar rate requirement and/or the user charge policy target).
- Increase user charges (i.e. changes in fees) to improve policy compliance.
- A change to the user charge policy target.
- Leaving the policy unchanged and noting temporary non-compliance with policy.

Where practical, CPI based increases to user charges are also proposed on a number of activities.

4.2 Review recommendations on policy compliance

As part of its review the FAR Working Party has received, for each activity, a report outlining the factors contributing to policy non-compliance, along with options and limitations for achieving compliance with existing Revenue and Financing Policy. The following table summarises the Working Party's key recommendations for each activity. A full list of recommended changes to Fees and Charges is contained in Appendix 1.

<i>Activity</i>	<i>Current Policy</i>	<i>FAR Consideration</i>	<i>Recommended changes to fees and charges</i>	<i>Recommend a variance to the policy</i>	<i>Compliance Gap to recommended target</i>	
2.2.1 Roads open spaces	10% non rates income	The sole source of non-rates income for this activity is NZTA subsidy. Qualification for funding is dependant on the nature of particular projects and this can be variable from year to year. There is also a cap on this funding which has been reached for this activity. A New initiative for increasing the level of service for street cleaning would further reduce the ability of this activity to achieve compliance, if approved.	No changes recommended.	Recommend a variance to the policy for 'Other revenue' funding target from 10% to 5% of Operating Expenditure to enable compliance with policy. This ratio will also enable compliance to be met if the 'Street Cleaning' New Initiative is approved.	+2%	+\$203k
2.4.2 Sewage collection and disposal network	5% user charges	In 2008 the Council introduced a Trade Waste Charges Policy, under which trade waste disposers contribute to the cost of this activity in addition to sewage rates. This better reflects the polluter pays principle and provides an incentive for disposers to reduce trade waste entering the sewer. The closed landfills are currently being tested to establish if their discharge is classified as Trade Waste. This uncertainty has caused a drop in budgeted revenue in 2010/11.	Officers have reviewed the costs and volume assumptions for 2010/11 and as fees are set on a cost recovery basis, with no significant change in cost no fee changes are recommended.	No change to policy. Temporary non-compliance is recommended until the status of Closed landfill discharge is established.	-1%	(\$166)k

Activity	Current Policy	FAR Consideration	Recommended changes to fees and charges	Recommend a variance to the policy	Compliance Gap to recommended target	
2.4.3 Sewage treatment	5% user charges	The income for this activity is set with United Water International (UWI) for sewage sludge disposal. Costs have increased \$102k due to the closure of living earth and now landfilling the sewage sludge, and a UWI management fee inflationary increase.	No change to fees is recommended. Any extra income will not change the funding as any increase in charges will need to be recovered from WCC (by UWI), Therefore non-compliance with policy is recommended, and officers will work on alternative options for sewage sludge disposal/treatment during 2010.	No change to policy.	-1%	(\$243)k
4.3.1 Arts & cultural festivals	25% Non-rates income	An increase in expenditure due to the Civic square events co-ordinator has caused slight non-compliance in this activity.	No changes recommended.	No change to policy. FAR recommend to accept non-compliance in 2010, pending a review of the funding sources and structure of these events.	-2%	-\$36k
5.3.1 Swimming Pools	40% user charges	Expenditure increases in personnel and depreciation (from 2009 revaluation) costs mean fee increases are required to maintain policy compliance. Some expenditure reductions mitigate the fee increase required. e.g. a re-negotiation of the WCC Gas supply contract is forecast to reduce Pools gas expenditure in excess of \$100k in 2010/11.	Average increases of 5% for pools (not including swim programmes) and fitness centres are proposed.	No change to policy proposed.	1%	\$64k

Activity	Current Policy	FAR Consideration	Recommended changes to fees and charges	Recommend a variance to the policy	Compliance Gap to recommended target	
5.3.2 Sports fields	10% user charges	<p>Currently the core sports are only funding 7.2% of the Operational expenditure, with Golf fees making up the difference to meet compliance with the policy user fees target of 10%.</p> <p>The Working Party recommend a preference for each sport to be consistent with the 10% user funding policy (as opposed to golf subsidising other sports).</p>	Average fee increases of 10% are proposed. The increase in golf fees take in to account affordability and market pricing	No change to policy.	0.4%	\$14k
5.3.3 Synthetic Turf sports fields	40% user charges	This activity incorporates the new synthetic turfs and existing hockey stadium expenditures. Expenditure in this activity will increase by \$ 127k with the opening of the new synthetic turf in Mt Cook.	An increase of 5% for Hockey fees, and removal of the RSO rate for Nairnville is recommended. Also new rates for the new full-size synthetic turf to achieve 40% user fees funding target are also recommended. Refer to Appendix 1 for details.	No change to policy.	0%	\$0
5.3.5 Recreation Centres	25% user charges	The Working Party recommends accepting temporary non-compliance during the construction period of the ICSC, as the inclusion of expenditure (primarily interest) prior to user charges being received results in a gap to the user charge funding target. Average user charge increases of 4.2% are required to meet funding policy on existing recreation centres.	Increase in casual usage from \$3 to \$3.2 per adult and \$1.50 to \$1.60 per child. Increases of 6.6% for leagues.	No change to policy – accept ‘non-compliance’ pending completion of ICSC.	-13%	-\$767k

Activity	Current Policy	FAR Consideration	Recommended changes to fees and charges	Recommend a variance to the policy	Compliance Gap to recommended target	
5.3.6 Marinas	100% user charges	Increases in expenditure mainly due to extra depreciation from capital expenditure on the Marinas	<p>A 2.5% increase in fees for Evans Bay for 2010/11 is recommended.</p> <p>A new 'Live Aboard' fee is recommended at \$502 p.a. and has been discussed with the Evans Bay Marina Tenants Group (EBMTG)</p> <p>A 3% increase in fees for Clyde Quay is recommended.</p>	No change to policy.	0%	\$0
5.4.1 Burials and cremations	50% use charges	Increased net cost due to ceasing of WINZ funded employee programme	Targeted Fee changes to achieve compliance with policy is recommended (this would equate to an overall fee increase of 3.9%). Refer to Appendix 1 for details.	No change to policy.	0%	\$0
5.4.3 Public Health	50% user charges	This activity is budgeted with a favourable variance to funding policy in 2010/11, however over-compliance is recommended until the outcomes and any associated extra costs of the changes in legislation by the NZ Food Safety Authority (NZFSA) review. Also the working party recommend the costs of dog signage remain in the activity and are recovered through dog owner fees. This will practically take effect in 2011/12 when the depreciation costs will impact the activities operational costs from 2010/11 capital expenditure.	<p>A 5% increase to health licence fees, and other health related fees that are not governed by legislation, is recommended. Also a new fee for food control plan registration is recommended</p> <p>Note: Consideration of an urgent fee change request in this activity has been included in the agenda of the Council meeting on the 24th of February.</p>	No change to policy.	3%	\$128k

<i>Activity</i>	<i>Current Policy</i>	<i>FAR Consideration</i>	<i>Recommended changes to fees and charges</i>	<i>Recommend a variance to the policy</i>	<i>Compliance Gap to recommended target</i>	
6.1.1 Urban Planning and Policy Development	0% user charges	This activity has a policy of 100% rates funding, however some fees are charge on a reactive basis to private district plan changes, designations and heritage orders etc. fees for this activity have not increased in the last four years.	A \$20 per hour increase (to \$135/hr) is recommended to create alignment with the planner fees for resource consent processing. Also increasing the level of deposits required is recommended. Refer to Appendix 1 for details.	Income generated in this activity is minor and on an ad-hoc basis so no change to policy is recommended.	1%	\$32k
6.2.1 Building Control and Facilitation	65% user charges	Building Act changes are forecast to create extra compliance and accreditation costs. This will also impact negatively on income levels for 2010/11 (e.g. by making P.I.M's voluntary to the applicant). FAR considered the implications and recommends the proposed changes in Fee structures, fee banding, new fees, and fee increases. In addition changing the User funding target back to 60% is recommended to adapt to the new cost base due to the changes mentioned above and to ensure sustainable achievement of the target in the future.	A series of fee changes (including changes to fee banding, and fee structures) are recommended. Refer to Appendix 1 for details. Two new Building Warrant of fitness (BWOFF) fees are recommended: 1. \$135/hr for new compliance schedule 2. \$135/ hr (after first hour) for processing an annual certificate Note: Consideration of some urgent fees change requests in this activity has been included in the agenda of the Council meeting on the 24 th of February.	Recommend a variance to the policy for the activity to be funded by user charges from 65% to 60% on the basis that changes in legislation have caused significant increase in compliance costs and accreditation costs.	1%	\$100

<i>Activity</i>	<i>Current Policy</i>	<i>FAR Consideration</i>	<i>Recommended changes to fees and charges</i>	<i>Recommend a variance to the policy</i>	<i>Compliance Gap to recommended target</i>	
6.3.1 Development Control and Facilitation	50% user charges	Expenditure in this activity has increased mainly due to legislative compliance costs. The Working Party also noted the non-chargeable aspects of this activity and some increase in costs in this area.	Increase hourly charge out rate for planners on which consent charges are based from \$130 to \$135 per hour.	No change to policy. Non compliance of 1% (\$83k) is recommended until the expected market recovery in 2010/11 begins to take effect.	-1%	-\$83
2.2.3 Passenger Transport Network	70% user charges	The only source of revenue for this activity is through the Adshel bus shelter contract. Non-compliance with policy is caused due to costs associated with the Lambton Quay Bus terminal. Officers are working to resolve the issues and if successful will return the activity to compliance with policy.	No changes recommended to fees although FAR has requested officers work with Adshel to identify opportunities for further bus shelters (mainly inbound).	No change to policy.	-3%	-\$41
7.2.5 Cycle network	15% other income	The sole source of non-rates income for this activity is NZTA subsidy. Qualification for funding is dependant on the nature of particular projects and this can be variable from year to year. There is a cap to this funding which has been reached and further capital expenditure has increased operational costs through depreciation and interest.	No changes recommended.	Recommend a variance to the policy to 10% other income (NZTA) for 2010/11 due to the increase in costs of asset ownership with little ability to generate further income. Due to further Capital Expenditure budgeted in the LTCCP it is also recommended that this activity vary to policy further for the other income funding to 5% in 2011/12.	-1%	-\$570
7.3.1	100% user income	The working party noted the impact of SPC decisions on Residential and Coupon parking changes, are expected to generate \$250k extra revenue in 2010/11.	Changes approved by SPC	No change to policy.	-%	\$-

5. Other Revenue and Financing Policy Issues Considered

5.1 Amendments to rating mechanisms

5.1.1 Water rates

Cost drivers

This activity is fully rates funded with funding split 60% to the residential (base) sector and 40% to the commercial sector. This split is based on the historical share of water consumption between the two sectors. Rates are based on the aggregated cost of the following activities:

2.3.1 Water Network (2010/11 forecast \$20.93m)

WCC owns a water network that includes 75 reservoirs, 34 water pumping stations, more than 7,900 hydrants and about 1,000km of underground pipes. This network is managed by Capacity, the joint Wellington-Lower Hutt owned water management company, to ensure both cities have high-quality water available at all times for drinking and other household and business uses, and for emergencies such as fire fighting.

For 2010/11 the Council is forecasting a 2% increase in expenditure for this activity over 2009/10 budget.

2.3.2 Water Collection and Treatment (2010/11 forecast \$12.82m)

WCC purchases potable water in bulk from the Greater Wellington Regional Council (GWRC), as well a minor amount from Porirua City Council, and supplies it to Wellington properties. Wellington city's proportion of total regional water consumption has remained relatively consistent at approximately 30,000 million litres of water.

In understanding the impact of consumption on the cost and the unit price of water it is important to note that under GWRC costing models approximately 90% of the water activity costs are fixed. Changes in consumption have only a minor affect on overall costs of water to consumers (apart from where capex investment thresholds are reached). Generally this means that to recover costs, higher per m³ charges across the region are required in response to lower consumption.

For the combined activity funded by the water rate there is an 1% increase in expenditure compared to 2009/10. As the activity is fully funded by a targeted rate the Working Party has been required to consider small increases across all water rating mechanisms.

Existing water rates

On the basis that the 60/40 split for the activity remains valid an overall increase of approximately 2% is required in the level of rates collected from each of the base(residential) and commercial sectors.

Under the rating policy the 60% residential share is currently collected through:

- a fixed charge of \$125 (incl. GST) per separately occupied rating unit connected to the water supply, without a water meter.
- a rate per cubic metre of water consumed by those properties with a water meter.
- The balance collected through a rate per dollar of capital levied on all properties without a water meter.

The 40% commercial share is currently collected through:

- a rate per \$ of capital value for those properties without a water meter.
- A rate per cubic metre of water consumed by those properties with a water meter.
- An annual administration fee (\$107) is also charged to all properties with a water meter.

Note that there was an increase in the rate per m³ of water consumed in 2009/10 from \$1.58 to \$1.78.

Rate changes required to meet 2010/11 compliance

The table below indicates the increases to rating mechanisms to meet the indicative funding requirement for the activity. Note that current modelling is based on current capital value, water meter numbers and information. These may require some adjustment prior to confirmation of the Draft Annual Plan.

2010/11 WATER RATE PRICING	Volume		Rate / Charge		\$ total		Change	Change %
	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10		
Total Expenditure (excl GST)					33,742,769	33,449,266	293,503	0.88%
Revised Total Expenditure (excl. GST)					33,742,769	33,449,266	293,503	0.88%
Total Expenditure (incl GST)					37,960,615	37,630,424	330,191	0.88%
Increase UAC rounded to including GST	58,027	57,985	\$ 127.50	\$ 125.00	7,398,443	7,248,125	150,318	2.07%
Water meters (cubic meter)	7,138,292	7,278,652	1.82	1.78	12,956,000	12,956,000	-	0.00%
Water meter reading fees	3,178	3,178	108.00	107.00	343,224	340,000	3,224	0.95%
Residential rate in \$ (*)	30,112,418,150	31,265,302,000	0.0496322	0.04731	14,945,457	14,791,614	153,842	1.04%
Commercial rate in \$ (*)	858,213,500	955,382,000	0.2659862	0.236568	2,282,729	2,260,128	22,601	1.00%
Other income (new connections)					34,763	34,557	206	0.59%
Total Income (incl GST)					37,960,615	37,630,424	330,190	0.88%

5.1.2 Rates Differential

The Working Party has noted that the existing LTCCP proposes a shift in the general rates differential from 2009/10 when commercial property paid pay 3.45 times the General rate per dollar of capital value payable by those

properties incorporated under the Base (Residential) differential. The proposed differential in 2010/11 is 3.1:1 which is consistent with the LTCCP.

It should be noted that despite the decrease in the differential from 7.1 to 1 in 2000, under a 3.1:1 differential in 2010/11 the commercial sector will continue to cross subsidise the residential sector by approximately \$33 million (compared to the proportion of total Capital Value between the Commercial and Base sectors). This is reduced from the \$34.3m in 2009/10. The final change to the differential is planned for 2011/12 which will reduce the amount to \$30.78m where the targeted balance is achieved.

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

5.1.3 Waste Minimisation Contestable Fund application

A report on a proposal to apply for funds from the Waste Minimisation Projects fund (recently created under the Waste minimisation act 2008) was considered by the working party. Please see appendix 2 for further details.

The paper was received by FAR as the deadline for the application is the 1st of March, preceding the Strategy and Policy Committee deliberations scheduled for the 2nd of March 2010.

The lead applicant is a private company (spectioNZ Technologies) that is seeking support of the Wellington City and Kapiti Coast district councils. Grow Wellington is also supporting the application.

The application is in response to a request for WCC to commit to a pilot project where it would have a private company (SpectioNZ Technologies) to process waste using microwave pyrolysis on the councils behalf for a fee and to support the spectioNZ application to the contestable Waste Minimisation Fund.

It was noted that final decisions on any contract(s) and fees would not be needed until May 2010.

The working party agreed all the recommendations (Please see appendix 2 for further details) and requested officers to seek a letter of support for the Wellington City Council (partnership) application from Porirua City Council.

6. Conclusion

The Funding and Activity Review Working Party has performed its annual review of the Council's Revenue and Financing Policy.

The Working Party has focused on those activities that draft 2010/11 budgets indicate are non-compliant with the existing policy and on specific funding issues raised since the 2009 review.

In recognition of the fact that the principles on which the existing Policy is based remain sound, the review has been conducted on an exceptions basis. Consideration has also been given to the key principle that where practical fees should be reviewed on an annual basis to avoid large 'one off' increases, while also being mindful of the need for balance in regard to impact on both users of the city's services and ratepayers. In isolated cases where more significant increases are required, such as in sports fields the Working Party has recommended a pragmatic approach, spreading the impact over a number of years in a staged approach.

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

Contact Officer: *Martin Read, Manager, Financial Planning*

Supporting Information

1) Strategic Fit / Strategic Outcome

This Report summarises the work of the FAR Working Party which considers the Revenue and Financing Policy

2) LTCCP/Annual Plan reference and long term financial impact

This report recommends variations to the Revenue and Financing Policy. The Policy is included in the 2009-19 LTCCP

3) Treaty of Waitangi considerations

There are no Treaty of Waitangi considerations for this report.

4) Decision-Making

The report seeks decisions on a number of variations to our fees and user charges in accordance with our Revenue and Financing Policy. These decisions will form part of the consultation of the 2010/11n Draft Annual Plan.

5) Consultation

a) General Consultation

Variations to the Revenue and Financing Policy will be consulted on with the community through the 2010/11 Draft Annual Plan.

b) Consultation with Maori

Mana whenua will be consulted through the Draft Annual Plan consultation process.

6) Legal Implications

Legal Counsel has been consulted during the development of this report.

7) Consistency with existing policy

This report recommends certain variations to existing Revenue and Financing policy funding targets and some permitted non-compliance as outlined in the Executive Summary.

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Fees and User Charges

Our Revenue and Financing Policy guides our decisions on how to fund Council services. Under the policy, we take into account who benefits from a service (individuals, parts of the community, or the community as a whole) to help us determine how the service should be funded. The policy sets targets for each Council activity, determining what proportion should be funded from each of user charges, general rates, targeted rates and other sources of income.

For 2010/11, in line with that policy, we are proposing some changes to fees and charges in the following areas.

- Recycling, Waste Minimisation and Disposal
- Swimming Pools
- Sports fields
- Synthetic Turf Sports fields
- Recreation Centres
- Marinas
- Burials and Cremations
- Public health regulations (food/dogs)
- Urban Planning and Policy Development
- Building control and facilitation
- Development control and facilitation

New fees will be implemented as of 1 July 2010 and are inclusive of GST unless otherwise stated. For more information see www.Wellington.co.nz

Note that the following list of fees and charges is not a complete list of all fees and charges levied by the Council. It consists of those fees and charges subject to consultation and which are proposed to change from 1 July 2010.

Recycling, Waste Minimisation and Disposal

We are proposing to increase our fees for waste disposal.

General	Current Fee	Proposed Fee
Landfill levy (per tonne inclusive of recycling levy)	\$93.25	\$97.35
Rubbish Bags (RRP each)	\$1.96	\$2.06

Swimming Pools

We are proposing to increase our range of fees for swimming pools by an average of 5%. Fee increases include:

All Pools except Khandallah	Current Fee	Proposed Fee
Adult Swim	\$5.30	\$5.50
Child Swim	\$3.20	\$3.30
Under 5 Swim	\$1.10	\$1.20
Adult - Passport to Leisure	\$2.70	\$2.80
Child - Passport to Leisure	\$1.60	\$1.70
Family Pass (2 adults, up to 3 kids)	\$13.50	\$14.20

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Swim memberships - All Pools except Khandallah	Current Fee	Proposed Fee
Adult Monthly	\$52.50	\$55.20
Adult Yearly	\$630.00	\$661.50
Child Monthly	\$31.50	\$33.10
Child Yearly	\$378.00	\$397.00

Club Active	Current Fee	Proposed Fee
Active 1	\$78.00	\$82.00
Active 2	\$63.50	\$66.70
Active 12	\$795.60	\$835.40
Active 12 Off-Peak	\$647.70	\$680.00

For a complete list of proposed fee changes see www.Wellington.co.nz

Sportsfields

We are proposing to increase our fees for sportsfields.

Sportsfields	Current Fee	Proposed Fee
Cricket		
Casual		
Level 1	\$242.00	\$266.00
Level 2	\$160.00	\$176.00
Artificial pitch on concrete base	\$103.00	\$113.00
Artificial pitch on grass base	\$103.00	\$113.00
Seasonal		
Level 1	\$1,825.00	\$2,010.00
Level 2	\$1,525.00	\$1,680.00
Level 3	\$890.00	\$980.00
Artificial pitch on concrete base	\$610.00	\$670.00
Artificial pitch on grass base	\$485.00	\$535.00
Rugby, League, Soccer, Aussie Rules		
Casual		
Level 1	\$88.00	\$97.00
Level 2	\$67.00	\$74.00
Level 3	\$51.50	\$56.50
Seasonal		
Level 1	\$1,260.00	\$1,385.00
Level 2	\$960.00	\$1,055.00
Level 3	\$815.00	\$895.00
Softball		
Casual		
Level 1	\$110.00	\$121.00
Level 2	\$77.00	\$85.00
Seasonal		
Level 1	\$465.00	\$510.00
Level 2	\$310.00	\$340.00
Touch, 5-a-side, Ultimate Flying Disk, Gridiron		

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Sportsfields	Current Fee	Proposed Fee
Casual		
Level 1	\$115.00	\$126.00
Level 2	\$93.00	\$102.00
Seasonal		
Level 1	\$960.00	\$1,055.00
Level 2	\$740.00	\$815.00
Netball - per Court		
Court per season	\$88.00	\$97.00
Off-season or organised	\$6.00	\$6.50
Casual	\$27.00	\$30.00
Tennis		
Court per season	\$118.00	\$130.00
Off-season or organised	\$11.00	\$12.00
Casual	\$27.00	\$30.00
Cycling		
Casual	\$108.00	\$119.00
Seasonal	\$1,095.00	\$1,205.00
Athletics		
Casual	\$395.00	\$435.00
WRFU Speed Trials	\$88.00	\$97.00
Seasonal	\$6,620.00	\$7,280.00
Croquet - one lawn		
Casual	\$108.00	\$119.00
Seasonal	\$500.00	\$550.00
Training		
Ground only:		
1 night	\$67.00	\$74.00
1 night (season)	\$240.00	\$264.00
2 nights (season)	\$480.00	\$528.00
3 nights (season)	\$720.00	\$792.00
4 nights (season)	\$960.00	\$1,056.00
5 nights (season)	\$1,200.00	\$1,320.00
Training		
Ground and Changing Rooms:		
1 night	\$118.00	\$130.00
1 night (season)	\$505.00	\$555.50
2 nights (season)	\$1,010.00	\$1,111.00
3 nights (season)	\$1,515.00	\$1,666.50
4 nights (season)	\$2,020.00	\$2,222.00
5 nights (season)	\$2,525.00	\$2,777.50
Elite Parks		
Rugby League Park	\$400.00	\$440.00
Newtown Park	\$400.00	\$440.00

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Sportsfields	Current Fee	Proposed Fee
Picnics	\$37.00	\$40.00
Marquees		
Booking Fee (non-refundable)	\$53.00	\$58.00
Marquee up to 50m2	\$320.00	\$350.00
Marquee up to 100m2	\$530.00	\$585.00
Marquee > 100m2	\$850.00	\$935.00
Add-Ons		
Groundsman - hourly rate (minimum 2 hours)	\$22.00	\$24.00
Toilets Open	\$22.00	\$24.00
Toilets and Changing Rooms Open	\$53.00	\$58.00
Litter collection	discretion	discretion
Golf Course		
Passport to Leisure - Round	\$6.70	\$7.50
Adults - Round Weekdays	\$13.50	\$15.00
Adults - Round Weekend	\$19.50	\$22.00
Junior - Round	\$6.70	\$7.50
Passport to Leisure - Yearly	\$175.00	\$190.00
Passport to Leisure - Half Yearly	\$98.00	\$110.00
Adults - Yearly	\$345.00	\$380.00
Adults - Half Yearly	\$195.00	\$215.00
Juniors – Yearly	\$82.50	\$90.00
Juniors – Half Yearly	\$50.00	\$55.00

Synthetic Turf Sports fields

We are proposing to increase our fees for Synthetic Turf sports fields.

Synthetic turf Sports Fields	Current Fee	Proposed Fee
Nairnville Synthetic Turf		
Peak (per hour)	\$40.00	\$40.00
Off Peak (per hour)	\$25.00	\$25.00
Junior/College (per hour)	\$17.00	\$20.00
Seasonal Peak (affiliated sport club – per hr)	\$34.00	n/a*
Seasonal Off Peak (affiliated sport club – per hr)	\$21.25	n/a*
<i>*note seasonal discount removed</i>		
Full Size Synthetic Turf		
Peak (per hour)	new	\$60.00
Off Peak (per hour)	new	\$40.00
Junior/College (per hour)	new	\$30.00
Winter Weekend Daily Rate	new	\$600.00
National Hockey Stadium	\$29,210.00	\$30,670.00
Notes:		
<i>Charges for events, tournaments and commercial activities are by quotation.</i>		
<i>Charges for charity events will be charged at the Operation Manager's discretion.</i>		

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Recreation Centres

We are proposing to increase some fees for recreation centres. These include:

	Current Fee	Proposed Fee
Adult – per admission	\$3.00	\$3.20
Child – per admission	\$1.50	\$1.60
Gym hire per hour – peak (Karori, Nairnville, Tawa)	\$45.00	\$47.00
Gym hire per hour - peak (Kilbirnie)	\$55.00	\$57.00

For a complete list of proposed fee changes see www.Wellington.co.nz

Marinas

We are proposing to increase our fees for Marinas.

	Current Fee	Proposed Fee
Clyde Quay Marina - Facility Type		
Boat Shed (2 to 13)	\$1,938.00	\$1,998.00
Boat Shed (14 to 27)	\$1,743.00	\$1,794.00
Boat Shed (38B)	\$1,398.00	\$1,440.00
Boat Shed (38A to 42B, 48A and 48B)	\$2,010.00	\$2,070.00
Boat Shed (43A to 47B)	\$2,325.00	\$2,394.00
Moorings	\$918.00	\$948.00
Dinghy Racks	\$164.00	\$168.00
Evans Bay Marina - Facility Type		
Berths (12m to 20m)	\$2,382.00	\$2,442.00
Berths (8m)	\$1,407.00	\$1,440.00
Boat Shed Small	\$939.00	\$960.00
Boat Shed Medium	\$1,878.00	\$1,926.00
Boat Shed Large	\$2,817.00	\$2,886.00
Dinghy Lockers	\$282.00	\$288.00
Live Aboard (per person per annum)	new	\$502.00

Burials and Cremations

We are proposing to increase our fees for burials and cremations.

Burials and Cremations	Current Fee	Proposed Fee
Karori Cemetery		
Rose Garden Plots:		
Ash Plots (2 interments)	\$800.00	\$880.00
Memorial Plots	\$450.00	\$495.00
Niches:		
New Single Niche (bronze)	\$875.00	\$960.00
2 nd Inscription	\$100.00	\$220.00
Interment Fees		
Niche Placement / Removal	\$120.00	\$144.00
Ashes	\$120.00	\$144.00

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Burials and Cremations	Current Fee	Proposed Fee
Extras:		
Extra Width (per 300mm)	\$150.00	\$180.00
Extra Depth (per 300mm)	\$200.00	\$240.00
Concrete Cutting Floor	new	\$250.00
Ash Disinterment	\$220.00	\$242.00
Plot search charges. 1-3 no charge. 4> \$2 per search.	\$1.00	\$2.00
Plot Photo (if not in cemetery database)	\$2.00	\$5.00
Makara Cemetery		
Second Interments:		
2 nd Inscription	\$100.00	\$220.00
Overtime:		
Casket Interment (weekend)	\$500.00	\$600.00
Ash Plots:		
Ash Beam		
Plot	\$250.00	\$275.00
Maintenance Fee	\$125.00	\$150.00
Interment Fee	\$120.00	\$144.00
Ash Circle		
Plot	\$425.00	\$467.00
Maintenance Fee	\$125.00	\$150.00
Interment Fee	\$120.00	\$144.00
Miscellaneous:		
Temporary grave marker	\$120.00	\$130.00
Funerals Booked after 3.30pm	\$150.00	\$180.00
Late Service Fee	\$100.00	\$120.00
Cremations and Ashes		
Adult:		
Committal Service (1/2 Hour)	\$610.00	\$670.00
Full Service (1 Hour)	\$650.00	\$715.00
Chapel Hire:		
Per 1/2 hour	\$120.00	\$150.00
Ashes:		
Interment of Ashes	\$120.00	\$144.00
Disinterment of Ashes	\$220.00	\$242.00
Niche Placement / Removal	\$120.00	\$144.00
Book of Remembrance:		
2 Lines name, date of death, age	\$80.00	\$90.00

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Public health regulations

Health Licensing and Inspection	Current Fee	Proposed Fee
New food premises (1st yr set up)	\$420.00	\$440.00
New Non Food Premises (1st yr set up)	\$210.00	\$220.00
Change of occupiers fee base fee	\$105.00	\$112.50
Change of Occupiers Fee base fee - charge over 1 hr (per hr)	\$105.00	\$112.50
Inspections (per hr) for legal action	\$105.00	\$112.50
Late payment +10%		
Annual licence for registered food premises		
Excellent Grade	\$157.50 - \$525.00	\$165.50 - \$550.00
Good Grade	\$262.50 - \$735.00	\$275.00 - \$775.00
Ungraded	\$315.00 - \$945.00	\$330.00 - \$ 995.00
Ungraded – high risk	\$420.00 - \$1,575.00	\$440.00 - \$1,710.00
Food Control Plan registration & verification	-	\$435.00 – \$1,650.00
Additional inspections (over 3 hr) per hr	\$105.00	\$112.50
Re-grading of Premises (per hr)	\$105.00	\$112.50
Health Licence		
Small clubs (min. food prep)	\$131.25	\$137.50
Unregistered Eating Houses	\$183.75	\$193.00
Temporary License		
Temporary/mobile food stalls base fee	\$157.00	\$164.50
Temporary/mobile food stalls base fee- charge over 1hr (per hr)	\$105.00	\$110.25
Fairs: "small"	\$131.25	\$137.50
One day food stall	\$105.00	\$110.00
Fairs "large"	\$315.00	\$330.75
Annual license for registered premises		
Animal boarding	\$210.00	\$220.00
Camping grounds	\$210.00	\$220.00
Hairdressers	\$105.00	\$110.00
Mortuaries / Funeral Directors	\$131.25	\$137.50
Offensive Trades	\$262.50	\$275.00
Poultry Farm / Piggeries	\$131.25	\$137.50
Annual License		
Pools: commercial pools / spas	\$210.00	\$220.00
Pools: commercial pools / spas – excellent	\$105.00	\$110.00
Schools – Pools (no entry fee)	\$0.00	\$0.00
Saunas only	\$84.00	\$88.00
Health Check		
Building consent for food premises base fee	\$210.00	\$220.00
Per hr fee (Over 2 hrs)	\$105.00	\$105.00
Trade Waste		
Trade Waste License fee		

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Initial inspection fee	\$161.25	\$170.00
High risk	\$1,612.50	\$1,710.00
Medium risk	\$806.25	\$846.50
Low risk	\$268.75	\$282.00
Minimal risk	\$86.00	\$120.00
Trade Waste / Health fees		
Grease traps	\$107.50	\$120.00
Shared Grease trap (per premises)	\$26.88	\$30.00
Grit traps	\$107.50	\$120.00
Charge after first hr (per hr)	\$107.50	\$120.00
Monitoring (lab) charges	Actual	Actual
Collection and Transport of trade waste		
Initial application fee	\$134.38	\$141.00
Charge after first hr (per hr)	\$107.50	\$113.00
Annual license fee	\$161.25	\$169.50
Monitoring (lab) charges	Actual	Actual
Animal Control		
Registration per animal		
Entire	\$145.00	\$152.00
Neutered / spayed (with proof)	\$105.00	\$110.00
Working Dogs	\$40.00	\$42.00
Approved responsible owner	\$50.00	\$52.50
Application for RDO status or change of RDO address	\$50.00	\$52.50
Pavement permissions		
Initial application	\$165.00	\$173.50
Renewal	\$82.50	\$86.50
Special application	\$220.00	\$250.00
Extension of liquor licensing area	\$82.50	\$86.50
Central city (per m2)	\$75.00	\$80.00
Suburbs (per m2)	\$45.00	\$50.00

Urban planning and policy development

<i>Urban Planning and policy development</i>		
Plan changes	\$10,000.00	\$15,000.00
Designations & heritage orders	\$5,000.00	\$10,000.00
Additional planner / advisor's time (\$/hour)	\$115.00	\$135.00
Additional administrative officer's time (\$/hour)	\$60.00	\$70.00

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Building Control and Facilitation

We are proposing to increase our fees for Building Control and Facilitation services.

Building Consent fees	Current Fee	Proposed Fee
Lodging fee		
Code Compliance Certificate	\$90.00	Replaced
Code Compliance Certificate (for category 1 applications)		\$90.00
Code Compliance Certificate (for category 2 applications)		\$90.00
Code Compliance Certificate (for category 3 applications)		\$112.50
PIM (if lodged with building consent)		
<\$5,000	\$65.00	Replaced
\$5,001 - \$12,000	\$130.00	Replaced
\$12,001 - \$50,000	\$195.00	Replaced
\$50,001 - \$250,000	\$260.00	Replaced
\$250,000 +	\$455.00	Replaced
PIM only – not lodged with a Building Consent project value \$5,000 to \$250,000	\$155.00 - \$545.00	Replaced
PIM only – single resident dwelling including accessory buildings		\$320.00
PIM only – other		\$410.00
Plan check fees		
<\$5,000	\$130.00	Replaced
\$5,000 - \$12,000	\$228.00	Replaced
\$12,001 - \$25,000	\$293.00	Replaced
\$25,001 - \$50,000	\$325.00	Replaced
\$50,001 - \$75,000	\$423.00	Replaced
\$75,001 - \$100,000	\$455.00	Replaced
\$100,001 - \$250,000	\$845.00	Replaced
\$250,001 - \$500,000	\$1,170.00	Replaced
\$500,001 - \$1,000,000	\$1,950.00	Replaced
\$1,000,001 +	\$1,800.00 +	Replaced
For each \$500k or part thereof over \$1,000,000	\$650.00	Replaced
<\$10,000 (Category 1)		\$304.00
<\$10,000 (Category 2)		\$473.00
<\$10,000 (Category 3)		\$608.00
\$10,001 - \$20,000 (Category 1)		\$675.00
\$10,001 - \$20,000 (Category 2)		\$675.00
\$10,001 - \$20,000 (Category 3)		\$675.00
\$20,001 - \$100,000 (Category 1)		\$743.00
\$20,001 - \$100,000 (Category 2)		\$743.00
\$20,001 - \$100,000 (Category 3)		\$743.00
\$100,001 - \$500,000 (Category 1)		\$810.00
\$100,001 - \$500,000 (Category 2)		\$1,215.00
\$100,001 - \$500,000 (Category 3)		\$1,215.00
\$500,001 - \$1,000,000 (Category 1)		\$1,890.00
\$500,001 - \$1,000,000 (Category 2)		\$2,160.00
\$500,001 - \$1,000,000 (Category 3)		\$2,430.00
\$1,000,001 + (Category 1)		N/a

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\$1,000,001 + (Category 2)		\$2,500.00
\$1,000,001 + (Category 3)		\$2,500.00
Consent suspend fee (to review additional information). Charged per additional hour of officer re-assessment time.		\$135.00
Plan Check for National Multi-use approval fees (NMUA)		
Building Consent Fee, for applications using a NUMA (approved by Dept. of Building & Housing). Deposit of 3 hours, then hourly rate and charges apply after this.		Variable based on actual costs
Fast Track - consents only – issued with 10 days (criteria applies, and applications will only be accepted on a case by case basis)		2 x consent approval charges
Fast Track - consents only – issued with 5 days (criteria applies, and applications will only be accepted on a case by case basis)		3 x consent approval charges
Building Certificate (pre-requisite for liquor licence application)		
Where application received with application for town planning certificate		\$135.00
Where application received independently		\$225.00
Certificates of Acceptance		
If the certificate is NOT for work carried out under urgency (or other special circumstances) a 20% surcharge applies to the below fees. Includes deposit for inspections. Additional inspections charged at \$135 per hour.		
<\$5,000	\$458.00	Replaced
\$5,000 - \$12,000	\$620.00	Replaced
\$12,001 - \$25,000	\$653.00	Replaced
\$25,001 - \$50,000	\$685.00	Replaced
\$50,001 - \$75,000	\$783.00	Replaced
\$75,001 - \$100,000	\$815.00	Replaced
\$100,001 - \$250,000	\$1,238.00	Replaced
\$250,001 - \$500,000	\$1,530.00	Replaced
\$500,001 - \$1,000,000	\$2,310.00	Replaced
\$1,000,001 +	\$2,140.00 +	Replaced
For each \$500k or part thereof over \$1,000,000	\$1,010.00	Replaced
<\$10,000 (Category 1)		\$664.00
<\$10,000 (Category 2)		\$833.00
<\$10,000 (Category 3)		\$968.00
\$10,001 - \$20,000 (Category 1)		\$1,035.00
\$10,001 - \$20,000 (Category 2)		\$1,035.00
\$10,001 - \$20,000 (Category 3)		\$1,035.00
\$20,001 - \$100,000 (Category 1)		\$1,373.00
\$20,001 - \$100,000 (Category 2)		\$1,373.00
\$20,001 - \$100,000 (Category 3)		\$1,373.00
\$100,001 - \$500,000 (Category 1)		\$1,440.00
\$100,001 - \$500,000 (Category 2)		\$1,845.00
\$100,001 - \$500,000 (Category 3)		\$1,845.00
\$500,001 - \$1,000,000 (Category 1)		\$2,520.00

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\$500,001 - \$1,000,000 (Category 2)		\$2,790.00
\$500,001 - \$1,000,000 (Category 3)		\$3,060.00
\$1,000,001 + (Category 1)		N/a
\$1,000,001 + (Category 2)		\$3,130.00
\$1,000,001 + (Category 3)		\$3,130.00
For each \$500k or part thereof over \$1,000,001	\$1,010.00	\$1,010.00
S77 Fees (building over two or more allotments)		
Processing time	\$130.00	\$135.00
Vehicle Access		
Linked to building consent or resource consent	\$260.00	\$270.00
Vehicle Crossing		
Initial inspection fee	\$130.00	\$135.00
Vehicle crossing inspection fee over 1 hour	\$130.00	\$135.00
Amended Plan		
Initial fee (includes 1 hour processing time)	\$197.50	\$202.50
Processing time over 1 hour	\$130.00	\$135.00
Marquee Licenses		
Consent processing	\$130.00	\$135.00
Inspection (per hour)	\$135.00	\$135.00
Compliance Schedule / Building Warrant of Fitness		
New compliance schedule (linked with Building Consent)	\$130.00	Replaced
New compliance schedule (linked with Building Consent). This is the minimum charge (based on one hour of processing), additional charges will apply for time taken over this, at \$135 per hour for additional hours		\$135.00
Additional charge per hour for new compliance schedule (linked with Building Consent)		\$135.00
Alterations to compliance schedule (linked to Building Consent)	\$97.50	Replaced
Amendments to compliance schedule	\$225.00	Replaced
Alterations & Amendments to compliance schedule (linked to Building Consent) will be charged on a time taken basis. At \$135 per hour of officer time		\$135.00
IQP Registration Fee (New & Renewal)	\$123.75	\$135.00
Building Warrant of Fitness - Annual Certificate	\$135.00	Replaced
Building Warrant of Fitness - Annual Certificate. This is the minimum charge (based on one hour of processing), additional charges will apply for time taken over this, at \$135 per hour for additional hours		\$135.00
Additional charge per hour for processing an Annual Certificate		\$135.00
Building Warrant of Fitness Inspection (per hour)	\$135.00	\$135.00

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Fire Service		
Fire service review deposit, collected with consent		\$272.95
Structural fee / Producer statement		
Structural fee for checking elements of specific design on projects comprising structural work for:		Replaced
single element	\$395.00	Replaced
several separate element	\$560.00	Replaced
major design aspects on project valued under \$250,000	\$1,087.50	Replaced
Major design aspects on larger projects	\$1,747.50	Replaced
Structural fee for checking elements of specific design on projects comprising structural works, supported by a producer statement for:		Replaced
single element	\$196.50	Replaced
several separate element	\$278.75	Replaced
major design aspects on project valued under \$250,000	\$320.00	Replaced
Major design aspects on larger projects	\$402.50	Replaced
Structural fee deposits and additional charges		
Structural fee for checking elements of specific design on projects comprising structural works, supported by a producer statement from a Chartered professional engineer		
Deposit for Category 1 structural work (on Plan Reviews)		\$232.00
Deposit for Category 2 structural work (on Plan Reviews)		\$320.00
Deposit for Category 3 structural work (on Plan Reviews)		\$583.00
Deposit for Category 1 structural work (for Ammended Plans)		\$261.00
Deposit for Category 2 structural work (for Ammended Plans)		\$261.00
Deposit for Category 3 structural work (for Ammended Plans)		\$348.00
Hourly Charge for Engineers (including internal overheads), over and above deposit		\$235.00
Hourly charge for Contract Management, over and above deposit		\$112.00
Deposit for all categories for structural checking not supported by a producer statement from a Chartered professional engineer		\$538.00
Building Inspections	Current Fee	Proposed Fee
Standard Inspection fee : 45 min inspection	\$101.25	Replaced
Final Inspection: 1 hour inspection	\$135.00	Replaced
Hourly charge: Deposit based on estimate of inspections required. Charges on basis of actual time.	\$135.00	\$135.00
Engineering inspections (not covered by a Producers Statement), including fire, engineering, structural engineering for unusual proposal, specific design	Actual costs plus \$90.00	Actual costs plus \$90.00

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Special Activity and monitoring		
Hourly charge for officer time considering proposals and monitoring compliance		\$135.00

Development control and facilitation

We are proposing to increase our fees for development control and facilitation work, including fees for consents, compliance monitoring and enforcement.

Resource Consent Fees Service	Current Deposit / Fee	Proposed Deposit / Fee
The following four deposit fees have been amended to better reflect estimated officer time on consent applications. Final fees payable are on actual officer time, administration and other disbursement costs.		
Pre-application meetings: planner / expert / compliance officer (2 hours total officer time free, then per hour).	\$130.00	\$135.00
Non-notified consent: subdivision and/or land use - deposit includes allowance for up to 8 hrs planner / advisor, 1 hr admin, \$45 disbursements	\$1,150.00	\$1,195.00
Limited notified consent: subdivision and/or land use – deposit includes allowance for up to 30 hrs planner / advisor, 8 hr admin, \$580 disbursements	\$5,000.00	\$5,190.00
Notified consent: subdivision and/or land use - deposit includes allowance for up to 75 hrs planner / advisor, 8 hr admin, includes \$1,500 towards cost of public notices and \$830 general disbursements.	\$12,500.00	\$13,015.00
Note: The change proposed for notified consents reflects an increase to the 35 deposit hours in 2008/09 to better reflect officer time and cost.		
All other approvals including: Non-notified resource consent application for earthworks only, Outline Plan approval; NES approval; Certificate of Compliance; Extension of time (s125); Change or cancellation of conditions (s127); Consents notices (s221); Amalgamations (s241); easements (s243), Right of Way or similar - up to 6 hrs Planner / Advisor, 1 hr admin, \$55 disbursements	\$900.00	\$935.00
Certificates: Town Planning, Sale of Liquor, Overseas investments, LMVD - up to 2 hrs Planner / Advisor, 1 hr admin,	\$325.00	\$340.00
Fast Track - non-notified consents only - issued with 10 days (criteria applies, and applications will only be accepted on a case by case basis)	2 x normal fee	2 x normal fee
Fast Track - non-notified consents only - issued with 5 days (criteria applies, and applications will only be accepted on a case by case basis).	3 x normal fee	3 x normal fee

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<i>Additional Charges</i>		
Additional hours (per hour):		
- All consents: additional processing hours (per hour) – planner/advisor / compliance officer	\$130.00	\$135.00
- All consents: additional processing hours (per hour) – administrative officer	\$65.00	\$70.00
<i>Bylaw Application</i>		
Applications relating to signs (Commercial Sex Premises) -up to 6 hrs	\$780.00	\$810.00

<i>Compliance Monitoring</i>		
Monitoring Administration of Resource Consents: subdivision or land use – minimum of 1 hr, (previously based on up to 2 hrs), – then based on actual time over and above that.	\$130.00	\$135.00
Additional hours (per hour):		
- planner / expert / compliance officer	\$130.00	\$135.00
- administrative officer	\$65.00	\$70.00

<i>Subdivision Certification</i>		
<i>Below are minimum fees. Charges will be based on actual time if over and above that.</i>		
Stage certification: each stage for s223, s224(f), s226 etc - up to 2 hrs,	\$260.00	\$270.00
Combination of two or more Stage certifications: s223, s224(f), s226 etc - up to 4 hrs, (previously based on 3.5 hrs)	\$520.00	\$540.00
Certification s224 (c) - up to 4 hrs, (previously based on 2 hrs)	\$520.00	\$540.00
All other RMA and LGA certificates, sealing, transfer documents etc - up to 2 hrs - disbursements will be on-charged	\$260.00	\$270.00
Bonds: each stage of preparation or release - up to 2 hrs	\$260.00	\$270.00

<i>Terms and late payment</i>		
Deposits and additional fees:		
<ul style="list-style-type: none"> - As set out above, the fees are based around initial deposits with further charges to be invoiced if there is additional time spent processing requests or disbursements incurred. Initial deposits will be required prior to the processing of requests. Additional fees and refunds will only be payable / refunded for amounts greater than \$65 		
Terms for payment:		
<ul style="list-style-type: none"> - Payment of additional fees are due by the 20th of the following month from invoice being processed. Where payment is not made by the 20th of the month following the date of the invoice, the customer agrees to pay council the following: <ul style="list-style-type: none"> - An additional / administrative fee of the lesser of 10% of the overdue amount or \$300 		

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- All costs and expenses (including debt collection or legal fees), incurred by the council in seeking to recover the over-due amount, and
- Daily interest (rate of 15% p.a.) from the date of default

Further information on the proposed fees and policy changes, including a full copy of the amended policy, is available on request. Please contact the Council on 499 4444 for this information.

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APPLICATION TO THE WASTE MINIMISATION FUND

1. Purpose of Report

To brief Councillors on a proposal to apply for funds from the waste minimisation projects fund, a pool of funding recently created under the Waste Minimisation Act 2008. The deadline for the application is 1 March 2010, which is why this report is before FAR. The lead applicant is a private company (SpectioNZ Technologies) that is seeking the support of the Wellington City and Kapiti Coast District Councils. Grow Wellington is also supporting the application.

2. Executive Summary

Diverting biosolids from landfill is a major challenge. A fairly new technology, microwave pyrolysis shows some potential in early feasibility studies and prototypes.

To encourage the development of this technology, WCC along with Kapiti Coast Council and Grown Wellington have been supporting a private company (SpectioNZ Technologies) to test the feasibility of processing biosolids and plastics using microwave pyrolysis. The preliminary results are positive and SpectioNZ Technologies is now developing an application to the contestable Waste Minimisation Fund in collaboration with the Council, the Kapiti Coast District Council, Grow Wellington and potentially other partners as well. The Council's involvement would require it contract to pay SpectioNZ a dollar per tonne fee for processing biosolids.

There are too many uncertainties over the business case for microwave pyrolysis and the financial implications for WCC to make a final commitment to any contract with SpectioNZ. However, officers consider that the potential benefits justify taking the next step with the project and providing "support in principle" to the Waste Minimisation Fund application. This support is subject to due diligence and the Council ultimately being satisfied with the business case and financial implications. Final decisions on contracts and fees would not be needed until May 2010.

3. Recommendations

Officers recommend that the Funding and Activity Review Working Party:

1. *Receive* the information.
2. *Note* that diverting biosolids from landfill is a major challenge, but that a new technology, microwave pyrolysis, shows some potential in feasibility studies and prototypes.
3. *Note* that to encourage the development of this technology, WCC has been asked to commit to a pilot project where it would contract a private company (SpectioNZ Technologies) to process waste using microwave pyrolysis on the Council's behalf for a fee and to support SpectioNZ application to the contestable Waste Minimisation Fund.
4. *Note* that the application to the contestable Waste Minimisation Fund is due by 1 March 2010, which is why this report is before FAR.
5. *Note* that officers "support in principle" the further development of microwave pyrolysis, but that any decisions on contracting need to be subject to due diligence and the Council being satisfied with the financial implications.
6. *Note* that final decisions on contracts and fees would not be needed until May 2010.
7. Agree to recommend to SPC that the proposal be considered for consultation as part of the Draft Annual Plan deliberation.

4. Background

The Waste Minimisation Act 2008 established a fund from which the Minister for the Environment may approve projects to promote or achieve waste minimisation. The pool of funds for projects is expected to be \$15 M a year. A further pool of funds of approximately \$15M a year will be distributed to Local Authorities directly. WCC's share of the direct funding pool is expected to be around \$550,000 per year. This direct funding must also be used to promote or achieve waste minimisation, and must be spent in accordance with an authority's Waste Management and Minimisation Plan.

The Ministry for the Environment (MfE) has published guidance for applications to the projects fund. Under MfE guidance projects funding will be contestable. Applications must be made by 1 March 2010. MfE will not allow any extension to this deadline. In May 2010 a first cut of projects will be made by MfE. Those that are successful at this first stage will be asked to proceed to stage 2, at which time a full project plan and funding deed will be developed. Final approval of projects is expected in July 2010.

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The LTCCP contains an aspirational goal that Wellington is a sustainable city. It is also a three-year priority under the LTCCP to reduce waste. Some 80,000 tonnes of waste is disposed of at the Southern Landfill each year. Around 18,000 tonnes (23 percent) of this total is biosolids. This waste is difficult and relatively expensive to manage since it must be mixed with general waste when it is disposed of. It had previously been composted, but this is no longer economic viable or practical.

5. Discussion

Officers have been working on solutions to recover the biosolids waste stream. One emerging technology is microwave pyrolysis. The process converts biosolids (and any organically based material including plastics) into biochar, biogas, and potentially waxes. Biochar is an inert form of carbon that can be added to soil as a conditioner to improve productivity and may even reduce emissions of the powerful greenhouse gas nitrous oxide from soils. Biogas can potentially be used on site to generate energy from existing equipment.

WCC officers have been working with a private company, SpectioNZ Technologies, to test the feasibility and prototype microwave pyrolysis technologies. SpectioNZ owns the intellectual property for the technology. Wellington City and Kapiti Coast Councils along with Grow Wellington have helped fund feasibility studies and prototype equipment. Other Parties have also expressed an interest in the technology.

Earlier work has given us confidence that further assessment of the technology is justified.

This would involve the establishment of a pilot phase, including a “Wellington Carbon Plant” at the Southern Landfill to process up to 30,000 tonnes of organic waste each year. An additional plant is envisaged for Kapiti. A further phase could be considered later, turning the project into a regional-wide initiative.

SpectioNZ intends to apply to the waste minimisation projects fund to partially fund the pilot phase. The SpectioNZ application would be greatly enhanced if it is accompanied by specific support from Wellington City and Kapiti Coast Councils and Grow Wellington.

SpectioNZ is looking for support from Councils in the form of a contract to process waste on the Councils’ behalf for a fee. There is still uncertainty about both the duration of any such contract and the fee paid by Council to SpectioNZ (see financial considerations below).

There are also uncertainties over other aspects of the business case for the proposal. In particular, it is not yet clear: what the capital requirements are for a plant; what its operating costs will be; or what the products produced (biochar, biogas and waxes) can be sold for.

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We therefore do not recommend that the Council makes a commitment to any contract until more information is available on the business case. However, we do consider that the potential benefits justify taking the next step with the project and providing “support in principle” subject to due diligence and the Council being satisfied with the financial implications. Final decisions on contracts and fees would not be needed until May 2010. We propose that FAR recommend to SPC that the proposal be considered for consultation as part of the Draft Annual Plan deliberation. This would allow funding decisions, if any, to be included in the next financial year.

5.1 Consultation and Engagement

Much of the information about this proposal is commercially sensitive. Widespread consultation has not therefore been carried out. A number of entities have expressed an interest in the proposal. Grow Wellington is supporting the project as an element of its initiative for Wellington to be a centre of excellence for clean technology.

5.2 Financial Considerations

The main financial issue is the request that WCC commit to contract SpectioNZ to process waste on its behalf for a fee. The level of fee is not yet clear.

Before making any final decisions, officers will need to provide the Council with a full analysis of the financial implications of the project. The Council will need to be mindful that most of the landfill’s costs are fixed and that processing of organic waste by an external entity could erode the revenue base of the landfill without commensurate reductions in operating expenses.

It is possible that additional funding may be needed if the project is to proceed (that is funding beyond the savings made in operational costs). If so, Council might consider allocating some or all of the estimated \$550,000 per year in direct funding it receives under the Waste Minimisation Act. However, in making any such decision Council should consider alternative options for this funding and prioritise these accordingly.

5.3 Climate Change Impacts and Considerations

The technology could have useful implications for climate change mitigation through:

- Removing organic waste from landfill thus reducing methane production;
- Producing biogas for renewable energy generation;
- Improving the economics of methane recovery at landfills by augmenting supplies of biogas
- Producing biochar, that may reduce nitrous oxide production in agricultural soils

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5.4 Long-Term Council Community Plan Considerations

As noted above, the project, if successful, would go a considerable way to delivering to LTCCP aspirations and commitments on sustainability and waste reduction.

6. Conclusion

There are too many uncertainties over the business case for microwave pyrolysis and the financial implications for WCC for the Council to make a final commitment to any contract with SpectionZ. However, officers consider that the potential benefits justify taking the next step with the project and providing “support in principle” subject to due diligence and the Council being satisfied with the business case and financial implications. Final decisions on contracts and fees would not be needed until May 2010.

Contact Officer: *Bryan Smith, Principal Advisor, Policy*

Supporting Information

1) Strategic Fit / Strategic Outcome

The proposal described in the report would support Council's overall vision of sustainable City and its obligations under Waste Minimisation Act 2008.

2) LTCCP/Annual Plan reference and long term financial impact

The LTCCP contains a commitment to operate the Southern landfill with the aims of minimising the amount of waste disposed of and ensuring waste is disposed of safely. If successful, the project described in the report would go a considerable way to delivering on this commitment.

3) Treaty of Waitangi considerations

There are no Treaty of Waitangi issues raised by this report.

4) Decision-Making

There are no significant decisions sought in this report.

5) Consultation

a) General Consultation

The proposal to provide "in principle support" for an application to the Waste Minimisation Fund does not require consultation. However, it is possible that additional funding may be required to implement the project. If so, this possibility could be considered for consultation as part of the Draft Annual Plan deliberation.

b) Consultation with Maori

The proposal described in the report does not require consultation with Maori. Much of the information contained in the proposal is commercial in confidence.

6) Legal Implications

There are no legal implications arising from the report.

7) Consistency with existing policy

The proposal described in the report is consistent with existing policy, in particular the Solid Waste Management Plan.

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