

Funding Impact Statement



FUNDING IMPACT STATEMENT

The Funding Impact Statement is required to include the information set out in clause 10 of Part 1 of Schedule 10 of the Local Government Act 2002 and sections 13 to 19 of the Local Government Rating Act.

Revenue and Financing Mechanisms

Council has decided to use the following revenue and financing mechanisms to cover the estimated expenses for each financial year. There is an indication of the level or amount of funds to be produced by each mechanism. This schedule is GST exclusive.

	2005	2006	2006
	Ten Year	Ten Year	Draft
(thousands)	Budget	Budget	Budget
Revenue Mechanisms			
General Rates	28,062	28,596	29,083
Uniform Annual General Charge	8,596	8,760	9,418
Less council rates	(737)	(740)	(788)
Refuse Rate	1,351	1,351	1,351
Sewerage Rates	7,060	7,632	7,335
Water Rates	2,333	2,405	2,476
Environment Enhancement Rate	0	0	347
Water by Meter	2,347	2,405	2,461
Less RDC Internal Use Water By meter	(125)	(125)	(127)
Rural Sewerage Disposal System Rates	0	1,554	74
Total from Rating Mechanisms	48,887	51,838	51,630
Development Contributions	0	500	16
Fees and Charges	11,499	11,803	12,701
Interest and Dividends	897	500	72
Licence Fees	2,954	2,954	3,737
Resource Management Contributions	557	557	657
Petrol Tax	660	660	660
Subsidies and Grants	16,275	9,258	19,592
Vested Assets	1,650	1,650	800
Other Revenue Sources	34,492	27,882	38,235
Total Revenue Funding Mechanisms	83,379	79,720	89,865
Financing Mechanisms			
Debt (Net Funding)	25,785	9,524	24,713
Sale of assets	737	2,022	299
Sinking funds (Net Funding)	3,585	999	999
Net Council Created and Restricted Reserves	670	257	250
Collection of Advances	4,465	82	151
Transfer equity	5,626	0	0
Funding from working capital (Net)	543	0	8,328
Total Funding From Financing Mechanisms	41,411	12,884	34,740
Total Revenue and Financing Mechanisms	124,790	92,604	124,605

The 2005 and 2006 Ten Year Plan revenue figures have been restated as follows: the general rate and uniform annual general charges have been restated to correctly reflect the split between these two categories of income. Licence fees and fees and charges have been re-categorised to reflect our new coding structure.

Variations from The Ten Year Funding Impact Statement

All funding categories

The Ten Year Plan was stated in 2004/05 dollars. This year's Annual Plan has been updated for inflationary changes to reflect 2005/06 dollars. There is commentary about the indices used for inflation in the Report of the Chief Executive in this Plan.

Each year funding categories are reviewed and updated for any change in expected volume and expected growth in revenue.

As part of this Annual Plan preparation, all operating revenues were reviewed and changes made in order to continue to comply with the respective funding policies or to ensure new costs are recovered. The major changes are set out in the Fees and Charges section of this Annual Plan. In addition, the off-street parking and parking building rentals have been increased to \$1.00 per hour to align with the current on-street charges.

Grants and subsidies revenue is updated for any timing changes for completion of capital projects.

General Rates, Uniform Annual General Charge, Lakes Enhancement Rate

Formerly a part of general rates and the uniform annual general charge, \$347,000 has now been separately shown as Lakes Enhancement Rate. This is part of an overall review of the lakes sewerage funding and aims to show ratepayers that part of their rate used in funding lake water improvement initiatives. (Refer Amendment 3 in the accompanying Proposed Amendments to the Ten Year Plan for further details)

Urban rates

Urban sewerage rates revenue is lower than forecast in The Ten Year Plan, by approximately \$300,000. The timing of collection of the sewerage rates for the urban septic tank conversion has now been estimated to be collected over a number of years instead of in the year of expenditure, to provide long term pricing stability.

Eastern Sewerage Rates and Development Contributions

Due to the delay in completing the Eastern Trunk Main sewerage line and the funding policy for this project being further developed during the year, the Eastern sewerage capital rates and developers' contributions to the scheme are lower than expected for 2005/06. As part of the policy change,

lump sum payments are now categorised as fees and charges rather than as part of the rate.

Refer Amendment 2 in the accompanying Proposed Amendments to The Ten Year Plan for further details on the Eastern Sewerage Capital Rates.

Interest and Dividends

Interest and dividend income is lower than estimated in The Ten Year Plan to reflect the change in treasury policy. (Refer Amendment 5 in the accompanying Proposed Amendments to the Ten year plan for further details)

Funding from Working Capital

This reflects the change in treasury policy of less funds now required to be held for an emergency, allowing the funds to be used to reduce loan requirement. (Refer Amendment 5 in the accompanying Proposed Amendments to The Ten Year Plan for further details).

\$5 million in cash reserves have been used to reduce loan requirements. This has been off-set by \$7 million of funds for the Rotorua Energy Events Centre received in 2004/05 for projects now to be completed in 2005/06.

Net Debt Funding

The net change in debt in this Annual Plan has changed because of the above as well as any additional capital expenditure requirements and any timing changes in projects from year to year.

Refer to the Report of the Chief Executive, section called Variations from the Ten year plan for 2005/06, for further detail.

The majority of the increase in loan requirements this year is due to projects initially budgeted in 2004/05, now to be completed this year.

Rates set for 2005/2006

Council has set the following rates, pursuant to the Local Government (Rating) Act 2002, for the 2005/2006 rating year:

- a) A uniform annual general charge;
- b) A differential general rate;
- c) Targeted rates for lakes enhancement;
- d) Targeted rates for water supplies;
- e) Targeted rates for sewage disposal;
- f) Targeted rates for capital costs of sewage disposal systems;
- g) Targeted rates for refuse collection.

Uniform Annual General Charge

Council has set a uniform annual general charge for each rating unit (GST inclusive).

The amount to be collected is \$10,595,250.

The uniform annual general charge has been set at a fixed amount per rating unit.

2005/2006	\$400.00
2004/2005 was	\$385.00

Lakes Enhancement Rate

Council has set a lakes enhancement rate by way of a uniform amount for each rating unit that pays a UAGC (GST inclusive).

The amount to be collected is \$389,476.

The lakes enhancement rate is set at:

2005/2006	\$14.63
2004/2005	N/A

General Rates

Council has set a general rate on land value on a differential basis (GST inclusive).

The amount to be collected is \$32,718,380.

The general rate will be collected from ten differential rating categories (three differential rating groups).

The definitions for these categories are in the Rating Policy.

		Rate factor per \$ of land value	
		2005/06	2004/05
Residential rating group			
1	Residential - General - Urban	0.01013	0.00961
2	Residential - General - Rural	0.00709	0.00673
3	Residential - Vacant - Urban	0.00912	0.00865
4	Residential - Vacant - Rural	0.00658	0.00625
5	Residential - Two Unit - Urban	0.01114	0.01057
6	Residential - Multi Unit	0.04302	0.04084
Business rating group			
7	Farming - General	0.00658	0.00625
8	Business - Inside CBD	0.03796	0.03604
9	Business - Urban Outside CBD	0.04353	0.04132
10	Business - Rural	0.02632	0.02499

Targeted Rates for Water Supply

Council has set targeted rates for water supply to properties within the respective service areas (refer to plans in the section titled Targeted Rate Areas of Service) on a differential basis.

For these purposes:

A "**rating unit connected**" is one to which water is supplied from a Council water supply service.

A "**serviceable rating unit**" is one to which water is not connected, but the whole, or some part of which is within 100 meters of a Council water supply area.

The Targeted Rates for water supply are as follows (GST inclusive):

Urban (Plan numbers 10173 sheet 2, 10175 and WS 1053)	Charging unit	2005/06	2004/2005
The amount to be collected is \$2,014,875 (GST inclusive)			
A differential targeted rate of:			
<ul style="list-style-type: none"> A fixed amount on each separately used or inhabited part of a rating unit connected (whether or not metered) 	<ul style="list-style-type: none"> Annual for rating units connected Quarterly for metered supply 	\$144.40	\$138.00
<ul style="list-style-type: none"> A fixed amount on each serviceable rating unit (at 50% of the fixed charge for a rating unit connected). 	Annual	\$72.20	\$69.00
A targeted rate on each metered separately used or inhabited part of a rating unit, of a fixed amount per cubic metre supplied in excess of 58,000 litres.	Per cubic metre, quarterly	\$0.64	\$0.60

Mamaku (Plan number WS 4020)	Charging unit	2005/2006	2004/2005
The metered water amount to be collected is \$50,625 (GST inclusive)			
A targeted rate of a fixed amount per connection on each rating unit connected.	Quarterly	\$26.50	\$26.50
A targeted rate on each metered rating unit of a fixed charge per cubic metre supplied to the rating unit.	Per cubic metre, quarterly	\$0.36	\$0.35
Rotoiti (Plan number WS 6013)	Charging unit	2005/2006	2004/2005
The metered water amount to be collected is \$46,125 (GST inclusive)			
A differential targeted rate:			
• A fixed amount per connection on each rating unit connected.	Quarterly	\$21.00	\$21.00
• A fixed amount (being 50% of the above amount) on each serviceable rating unit.	Annual	\$42.00	\$42.00
A targeted rate on each metered rating unit of a fixed amount per cubic meter supplied to the rating unit.	Per cubic metre, quarterly	\$0.27	\$0.29
Rotoma (Plan number WS 6514)	Charging unit	2005/2006	2004/2005
The metered water amount to be collected is \$43,875 (GST inclusive)			
A differential targeted rate:			
• A fixed amount per connection on each rating unit connected.	Quarterly	\$59.00	\$58.00
• A fixed amount (being 50% of the above amount) on each serviceable rating unit	Annual	\$118.00	\$116.00
A targeted rate on each metered rating unit of a fixed amount per cubic metre supplied to the rating unit.	Per cubic metre, quarterly	\$0.76	\$0.72
Kaharoa (Plan number WS 3529 sheet 2)	Charging unit	2005/2006	2004/2005
The metered water amount to be collected is \$158,625 (GST inclusive)			
A targeted rate of a fixed amount per connection on each rating unit connected.	Quarterly	\$67.50	\$72.00
A targeted rate on each metered rating unit of a fixed amount per cubic metre supplied to the rating unit.	Per cubic metre, quarterly	\$0.25	\$0.24
Reporoa (Plan number 10174)	Charging unit	2005/2006	2004/2005
The metered water amount to be collected is \$380,250 (GST inclusive)			
A differential targeted rate:			
• A fixed amount per connection on each Domestic/Non-Farming rating unit connected	Quarterly	\$26.00	\$26.00
• A fixed amount per connection on each Farming/Dairy-Factory rating unit connected.	Quarterly	\$35.00	\$35.00
A differential targeted rate:			
• A fixed amount on each metered Domestic/Non-Farming rating unit per cubic metre supplied in excess of the 83 cubic metres per quarter.	Per cubic metre, quarterly	\$0.31	\$0.31
• A lower fixed amount on each metered Farming/Dairy-Factory rating unit per cubic metre supplied in excess of 206 cubic metres per quarter.	Per cubic metre, quarterly	\$0.17	\$0.17

Hamurana (Plan number WS 3024)	Charging unit	2005/2006	2004/2005
The metered water amount to be collected is \$45,000 (GST inclusive)			
A differential targeted rate:			
• A fixed amount per connection on each rating unit connected	Quarterly	\$19.00	\$19.00
• A fixed amount (being 50% of the above amount) on each serviceable rating unit.	Annually	\$38.00	\$38.00
A targeted rate on each metered rating unit of a fixed amount per cubic metre supplied.	Per cubic metre, quarterly	\$0.23	\$0.21
A targeted rate on each rating unit for which no lump sum has been made towards the construction of the supply of a rate in the dollar in land value.	Rate per dollar of land value, annually	0.00108	0.00106
Okareka (Plan number WS 5024)	Charging unit	2005/2006	2004/2005
The metered water amount to be collected is \$29,250 (GST inclusive)			
A differential targeted rate:			
• A fixed amount per connection on each rating unit connected	Quarterly	\$17.50	\$17.00
• A fixed amount (being 50% of the above amount) on each serviceable rating unit.	Annually	\$35.00	\$34.00
A targeted rate on each metered rating unit of a fixed amount per cubic metre supplied.	Per cubic metre, quarterly	\$0.23	\$0.22

Targeted Rates for Sewage Disposal

Council has set the following targeted rate on a differential basis for sewage disposal in the urban area.

A differential targeted rate calculated as a fixed amount per toilet connected to the sewerage system on each rating unit as follows (GST inclusive):

Urban (Plan number 10192)	Proportion of the uniform sum	2005/2006	2004/2005
The amount to be collected is \$8,251,875 (GST inclusive).			
Category 1			
- means the rating units with 1 to 4 toilets (water closets or urinals)	100% of the uniform sum	\$273.50	\$266.00
Category 2			
- means the rating units with 5 to 10 toilets (water closets or urinals)	85% of the uniform sum	\$232.48	\$226.10
Category 3			
- means the rating units with 11 or more toilets (water closets or urinals)	80% of the uniform sum	\$218.80	\$212.80
Availability			
- means the rating units which are serviceable rating units.	50% of the uniform sum	\$136.75	\$133.00

Targeted Rates for Capital Cost of Sewerage Schemes

Council has set the following targeted rates on a differential basis for sewerage schemes in the Mourea, Okawa Bay and Duxton Hotel areas (GST inclusive).

Okawa Bay (Plan number 10450 Sheet 13)	Charging Unit	2005/2006	2004/2005
The amount to be collected is \$26,742			
A fixed amount on each service allotment equivalent (SAE).	Per SAE, annually	\$477.55	N/A
Mourea (Plan number 10450 Sheet 14)	Charging Unit	2005/2006	2004/2005
The amount to be collected is \$64,375			
A fixed amount on each service allotment equivalent (SAE).	Per SAE, annually	\$289.00	N/A
Duxton (Plan number 10450 Sheet 13)	Charging Unit	2005/2006	2004/2005
The amount to be collected is \$12,972			
A fixed amount.	Annually	\$12,972.15	N/A

Targeted Rates for Refuse Collection

Council has set targeted rates for refuse collection from separately used or inhabited parts of a rating unit within the respective service areas on a differential basis for refuse collection in urban and rural areas respectively, where the service is provided, as follows (GST inclusive):

Refuse Collection (Plan numbers 10196-001 [urban] and 10196-002 [rural])	Charging Unit	2005/2006	2004/2005
The amount to be collected is \$1,351,000			
Urban (weekly collection)	Annual	\$56.60	\$56.60
Urban (CBD twice-weekly collection)	Annual	\$113.20	\$113.20
Rural (weekly collection)	Annual	\$59.10	\$59.10

Due dates for payment of rates

All rates (including targeted rates for water supply charged annually, but excluding targeted rates for water supply charged quarterly) will be payable in four instalments by the due dates, as follows:

Instalment	Due Date
Instalment Number 1	25 August 2005
Instalment Number 2	25 November 2005
Instalment Number 3	25 February 2006
Instalment Number 4	25 May 2006

Targeted rates for metered water supply charged quarterly (separately) will be payable within 30 days of invoice.

Discount for Prompt Payment

A discount, at a rate set annually, is allowed to any ratepayer who pays the total rates, charges, and levies as specified on the rates assessment, (excluding targeted rates for water supply charged quarterly), by the final payment date for the first instalment. The discount for 2005/2006 is 2%.

Penalties on unpaid rates

- Current overdue rates instalments:**
 A penalty will be added to any part of an instalment that remains unpaid after the due date for payment of the instalment. The penalty will be 10% of the unpaid instalment.
- Arrears of rates (including past instalments):**
 A further penalty will be added to any unpaid rates (including penalties) at the beginning of the next financial year. The penalty will be 10% of the unpaid amount.

Penalties on unpaid water invoices

- **Current overdue invoices for water supply charged quarterly:**
A penalty will be added to any part of an invoice that remains unpaid after the due date for payment of the invoice. The penalty will be 10% of the unpaid invoice.
- **Arrears of water rates (including past instalments):**
A further penalty will be added to unpaid water invoices (including penalties) at the beginning of the next financial year. The penalty will be 10% of the unpaid amount.
A further penalty will be added on water invoices still owing 6 months after the above further penalty was added. The penalty will be 10% of the unpaid amount.

