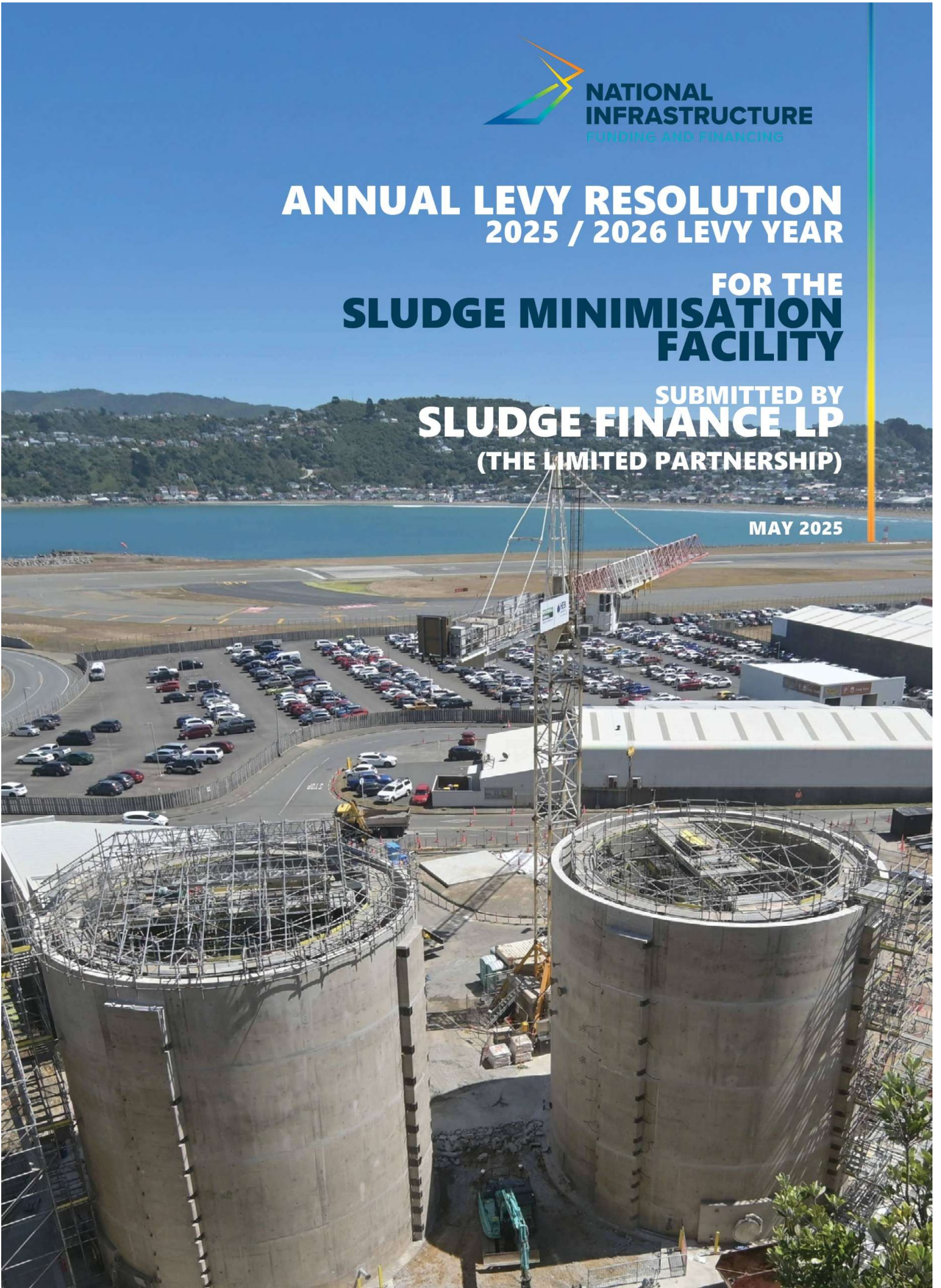


ANNUAL LEVY RESOLUTION 2025 / 2026 LEVY YEAR

FOR THE SLUDGE MINIMISATION FACILITY

SUBMITTED BY
SLUDGE FINANCE LP
(THE LIMITED PARTNERSHIP)

MAY 2025



ANNUAL LEVY RESOLUTION

(Section 42 of the Infrastructure Funding and Financing Act 1993)

1. PURPOSE

To authorise Sludge Finance LP to set the annual levy for the levy year commencing 1 July 2025 and ending 30 June 2026 (the 2025/26 levy year) in accordance with the Wellington Sludge Minimisation Facility Levy Order 2023 (the Sludge Levy Order).

2. BACKGROUND

Sludge Finance LP is the responsible special purpose vehicle (SPV) with the authority to charge a levy to the Wellington City Council's rating area. The SPV is responsible for setting the amount of levy for each levy year and Wellington City Council is the responsible levy authority who will collect the levy on behalf of the SPV.

The levy is used to fund up to \$400m of eligible costs for the Sludge Minimisation Facility, located at Moa Point, Wellington. The Sludge Levy Order authorises the use of the levy to fund the eligible costs directly relating to this infrastructure.

This resolution sets the amount of annual levy intended to be collected in the 2025/26 levy year commencing 1 July 2025 and ending 30 June 2026. This is the second levy year of the 33-year levy period.

The Sludge levy area is the district in which Wellington City Council is entitled to charge general rates under the Local Government (Rating) Act 2002 but excludes protected Māori land and any rating units that a levy remission applies.

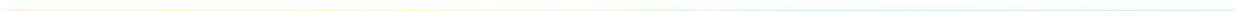
The Wellington Sludge Minimisation Facility Levy Order authorises a levy to be set for two different rating units or beneficiary groups (BG) for properties that are directly connected to the Sludge Minimisation Facility (BG1) and all other properties that receive indirect benefits of the facility (BG2). The levy would also apply differentially to properties categorised as "base" (residential properties) and properties categorised as "commercial" in accordance with clause 12 of the Sludge Levy Order. As all properties within the levy area will receive indirect benefits, they are not mutually exclusive and therefore there are four different categories of land:

1. Base rating units categorised as **BG1 (Base)**; and
2. Base rating units categorised as **BG2 (Base)**; and
3. Commercial rating units categorised as **BG1 (Commercial)** and
4. Commercial rating units categorised as **BG2 (Commercial)**.

The liability for the levy is to be assessed for commercial rating units based on the capital value (CV) of the property. Levies for base properties includes both a fixed component and a variable component based on the CV of the property in accordance with clause 13 of the Sludge Levy Order.

If a rating unit is categorised in more than 1 category of leviable land, a levy is imposed on the rating unit for each such category.

All levy payers within the Sludge levy area are liable under section 37 of the Infrastructure Funding and Financing Act to pay the levy due on a rating unit.



3. ANNUAL RECONCILIATION

In accordance with clause 19 and 20 of the Sludge Levy Order, Sludge Finance LP must carry out an annual reconciliation of the 2024/25 levy year (year A) during each relevant period. This reconciliation must be taken into account when setting the annual levy for the following 2025/26 levy year (year B).

The annual levy for the 2024/25 levy year, as specified in the annual levy resolution for that year, was \$7,634,303.11 plus GST. At the time of the reconciliation in March 2025, a levy of \$7,654,962.88 plus GST had been assessed for that levy year. The difference between these amounts is the reconciliation amount, being -\$20,659.77. In accordance with clause 14 of the Sludge Levy Order, as this amount is negative, it must be deducted (as a positive number) from the 2025/26 annual levy and consequently reduce the annual levy by this reconciliation amount. The annual levy for the 2025/26 levy year is therefore \$15,384,696.42 and is the total amount of levy revenue that the SPV intends to collect for that levy year.

Details of the annual reconciliation and annual levy for the 2025/26 year are provided below:

ANNUAL RECONCILIATION (EXCLUDING GST)	
Annual Levy for the 2024/25 Levy Year (year A)	\$7,634,303.11
Less the total levy assessed to date for the 2024/25 Levy Year	(\$7,654,962.88)
ANNUAL RECONCILIATION AMOUNT (EXCLUDING GST)	(\$20,659.77)

ANNUAL LEVY FOR 2025/26 LEVY YEAR AFTER THE ANNUAL RECONCILIATION (EXCLUDING GST)	
Intended Annual Levy for the 2025/26 Levy Year as per the Levy Order	\$ 15,781,172.00
Forecast Excess Levy adjustment as at 1 October 2023 Forecast Date	(\$375,815.81)
INTENDED ANNUAL LEVY AFTER FORECAST EXCESS LEVY ADJUSTMENT	\$15,405,356.19
Less the Annual Reconciliation Amount	(\$20,659.77)
ANNUAL LEVY FOR THE 2025/26 LEVY YEAR (EXCLUDING GST)	\$15,384,696.42



4. RESOLVED

In accordance with the Sludge Levy Order, the total amount of levy revenue that Sludge Finance LP intends to collect for the 2025/26 levy year to which this resolution relates, including the levy revenue expected from each category of land is \$15,384,696.42 excluding GST.

3.1 Levy liability for each category of land

The assessed liability for each category of land in accordance with the Sludge Levy Order is as follows:

ASSESSING LEVY LIABILITY	LEVY ORDER REFERENCE	TOTAL LEVY REVENUE 2025/26 (EXCL GST)
Annual Levy for 2025/26 Levy Year	14	\$15,384,696.42
ALLOCATED LEVY ACROSS BG1 AND BG2 CATEGORIES		
BG1 levy amount is 70% of the annual levy	15(1)	\$10,769,287.50
BG2 levy amount is 30% of the annual levy	15(2)	\$4,615,408.92
TOTAL LEVY FOR 2025/26 LEVY YEAR (EXCL GST)		\$15,384,696.42

In accordance with clause 12 of the Sludge Levy Order, for each category of land specified, the factors to be used in the assessment of the levy would apply differentially to properties categorised as “base” (residential properties) and properties categorised as “commercial”. 75 percent of the total levy would be charged across base properties, and 25 percent would be charged across commercial properties. Levies for a commercial property would be allocated based on the CV of the property. Levies for a base property would include a 25 percent fixed component and a 75 percent variable component based on CV.

For the avoidance of doubt the total amount that will be assessed for BG1 (Base) and BG1 (Commercial) properties will be the sum of both BG1 (Base) plus BG2 (Base) and BG1 (Commercial) plus BG2 (Commercial), as all connected properties will also have indirect benefits and are not mutually exclusive in accordance with clause 12(2) of the Sludge Levy Order.

3.2 Assessing Liability for BG1

The assessed liability for BG1 categories of land in accordance with clause 13 of the Sludge Levy Order is allocated as follows:

ASSESSING LIABILITY FOR BG1 RATING UNITS	LEVY ORDER REFERENCE	25% OF LEVY FIXED	75% OF LEVY CV LINKED	100% OF LEVY CV LINKED	TOTAL LEVY (EXCL GST)
Levy amount for each BG1 (Base) rating unit at 75% of BG1 Annual Levy	16 (2)	\$2,019,241.41	\$6,057,724.22	\$0.00	\$8,076,965.63
Levy amount for each BG1 (Commercial) rating unit is 25% of the BG1 Annual Levy	17 (2)	\$0.00	\$0.00	\$2,692,321.87	\$2,692,321.87
TOTAL BG1 LEVY TO BE COLLECTED (EXCL GST)		\$2,019,241.41	\$6,057,724.22	\$2,692,321.87	\$10,769,287.50

3.3 Assessing Liability for BG2

The assessed liability for BG2 categories of land in accordance with clause 13 of the Sludge Levy Order is located as follows:

ASSESSING LIABILITY FOR BG2 RATING UNITS	LEVY ORDER REFERENCE	25% OF LEVY FIXED	75% OF LEVY CV LINKED	100% OF LEVY CV LINKED	TOTAL LEVY (EXCL GST)
Levy amount for each BG2 (Base) rating unit at 75% of BG2 Annual Levy	16 (3)	\$865,389.17	\$2,596,167.52	\$0.00	\$3,461,556.69
Levy amount for each BG2 (Commercial) rating unit is 25% of the BG2 Annual Levy	17 (3)	\$0.00	\$0.00	\$1,153,852.23	\$1,153,852.23
TOTAL LEVY TO BE COLLECTED (EXCL GST)		\$865,389.17	\$2,596,167.52	\$1,153,852.23	\$4,615,408.92

3.4 Estimated rating units and aggregate values

Sludge LP has assumed the information received from Wellington City Council's rating information database in March 2025 is forecast to be the same as at 30 June 2025. For the purposes of clauses 16, 17 and 18 of the Sludge Levy Order, the SPV has estimated the aggregate capital values and the number of rating units (excluding protected Māori land and rating units that are subject to remission) as at 30 June immediately preceding the levy year to which this resolution relates.

3.4.1 Estimated rating units

ESTIMATED RATING UNITS	LEVY ORDER REFERENCE	TOTAL RATING UNITS
The number of BG1 (Base) rating units	18(2)(a)	62,804
The number of BG2 (Base) rating units	18(2)(b)	78,030

3.4.2 Estimated aggregate values

ESTIMATED AGGREGATE VALUES	LEVY ORDER REFERENCE	AGGREGATE VALUES
Aggregate capital values of BG1 (Base) rating units	18(2)(a)	\$67,592,540,550
Aggregate capital values of BG2 (Base) rating units	18(2)(b)	\$79,706,789,400
Aggregate capital values of BG1 (Commercial) rating units	18(2)(c)	\$14,999,360,751
Aggregate capital values of BG2 (Commercial) rating units	18(2)(d)	\$19,005,873,301

3.5 Levy rates applied in assessing liability

The levy rates to be applied in assessing the levy liability for each category of land are as follows:

CATEGORY	LEVY IN THE DOLLAR ON CAPITAL VALUE (EXCLUDING GST)	FIXED LEVY AMOUNT (EXCLUDING GST)
BG1 (Base)	\$0.00008962	\$32.15
BG2 (Base)	\$0.00003257	\$11.09
BG1 (Commercial)	\$0.00017950	\$0.00
BG2 (Commercial)	\$0.00006071	\$0.00

As all properties in the Sludge levy area will receive indirect benefits, all properties will incur the BG2 base or commercial levy. Properties that receive direct benefits of the SMF facility will also incur the BG1 base or commercial levy.

Indicative levy amounts of the levy for the 2025/26 levy year (excluding GST):

- Residential, connected being BG1 (base) plus BG2 (base) with a capital value (CV) of \$1 million, the levy will be \$165.43.
- Commercial, connected being BG1 (commercial) plus BG2 (commercial) with a CV of \$1 million, the levy will be \$240.21.
- Residential, not connected being BG2 (base) with a CV of \$1 million, the levy will be \$43.66.
- Commercial not connected being BG2 (commercial) with a CV of \$1 million, the levy will be \$60.71.

This levy will be invoiced and collected by Wellington City Council in the same manner that rates are invoiced and collected with the levy included in Wellington City Council's rating invoices as a separable portion for the 2025/26 financial year. Late payments will follow the same penalty regime as Wellington City Council applies to rates.

SIGNED on behalf of **Sludge Finance LP**, by
its general partner **Sludge Finance GP**
Limited by two directors by:



Graham Mitchell
Director



Michael Sean Wynne
Director

Dated: 2 May 2025