

REVENUE AND FINANCING POLICY

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1.0 INTRODUCTION

This Revenue and Financing policy sets out how Greater Wellington intends to fund its operating expenditure and capital expenditure. Greater Wellington is permitted to use the funding mechanisms set out in Section 103(2) of the Local Government Act 2002. This section allows the following funding mechanisms to be used when funding operating and capital expenditure:

- general rates
- targeted rates
- grants and subsidies
- interest and dividends from investments
- fees, charges and other operating revenue
- lump sum contributions
- borrowings
- proceeds from asset sales
- development or financial contributions
- any other source (including reserves).

This policy discusses each of the funding mechanisms and their intended use by Greater Wellington. It also identifies sources of funding for all activities within Greater Wellington's "groups of activities". Each activity is considered using the following headings:

- Description
- Greater Wellington's involvement
- Statutory considerations (see 1.1 below)
- Discussion (when required)
- Funding.

1.1 Statutory considerations

Greater Wellington used the considerations listed in Section 101(3) of the Local Government Act 2002 prior to identifying appropriate sources of funding. These considerations are listed for each activity as follows:

- **Primary community outcomes**
Each group of activities contributes primarily to achieving a community outcome(s).

The following community outcomes have been identified for the region:

- Healthy environment
- Quality lifestyle
- Sense of place
- Prosperous community
- Prepared community
- Connected community
- Entrepreneurial and innovative region
- Essential services
- Healthy community
- Strong and tolerant community.

- **Distribution of benefits**

The beneficiaries and type of benefit (individual, group, direct, indirect, etc.) of each activity are identified.

- **Timeframe of benefits**

The period in, or over, which the benefits are expected to occur is identified. The timeframe is most often "on-going," although several activities involve "intergenerational equity" (benefits from a current activity that will accrue to future generations).

- **Contributors to need for activity**

Any individuals or groups are identified who, through their actions or inactions, contribute to the need to undertake the activity. This consideration is generally 'not applicable'.

- **Costs and benefits of funding activity distinctly**

This consideration addresses the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

After giving consideration to the above, Greater Wellington then considered the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environment and cultural well-being of the community. In doing so it considered equity, efficiency and intergenerational equity.

1.2 Rates

Greater Wellington has sought to achieve a rating system that is fair, transparent, and simple, provides flexibility to respond to future needs, reflects the principle of beneficiary pays, and takes account of ability to pay.

In addition, Greater Wellington's approach to rating is to:

- spread the incidence of rates fairly over the region
- provide a consistent approach to different categories of ratepayer across the region
- ensure that all ratepayers contribute as fairly as possible to fund Greater Wellington services
- provide Greater Wellington with the income it needs to achieve its objectives and carry out its activities, in accordance with community needs and expectations.

Greater Wellington is required to make decisions about the following in respect of its general rate:

- valuation system
- differential rates
- Uniform Annual General Charge.

1.2.1 VALUATION BASIS

Greater Wellington uses capital value as its valuation system when allocating rates. The Territorial Authorities undertake property valuations in different years. To ensure properties are valued on the same basis in each territorial area, Greater Wellington undertakes an equalised capital value (ECV) calculation. The movements in ECV reflect the extent to which capital values in each area have moved relative to each other.

1.2.2 DIFFERENTIALS

Rating differentials can be used to shift the incidence of rating between sectors or groups of ratepayers. Greater Wellington does not propose to use rating differentials.

1.2.3 UNIFORM ANNUAL GENERAL CHARGE (UAGC)

The Local Government (Rating) Act 2002 allows councils to collect up to 30% of their total rate requirement through flat rates charges, one of which is known as the UAGC.

A UAGC is a fixed amount per rating unit applied to all rating units regardless of property value. Greater Wellington does not propose to use a UAGC.

2.0 FUNDING OF OPERATING AND CAPITAL EXPENDITURE

2.1 Funding of operating expenditure

Greater Wellington will generally fund its operating expenditure out of operating revenue. Rates and levies will usually be set at a level to ensure that Greater Wellington achieves this objective. There may be circumstances where Greater Wellington will fund operating expenditure from sources other than its operating revenue. These will be considered on a case by case basis.

2.2 Funding of capital expenditure

Greater Wellington intends to primarily fund capital expenditure from borrowings, proceeds from asset sales and the use of reserves (sources other than operating revenue). However, operating revenue will be used to fund interest on the debt as well as the repayment of debt.

Greater Wellington has large infrastructural assets with long economic lives that yield long term benefits (particularly water supply, flood protection and rail rolling stock). It also has strategic investment holdings. The use of debt is seen as an appropriate and efficient mechanism for promoting intergenerational equity between current and future ratepayers in relation to Greater Wellington's assets and investments.

There may be circumstances where Greater Wellington will consider funding capital expenditure from operating revenue. These will be considered on a case by case basis.

3.0 FUNDING MECHANISMS

Greater Wellington has two main types of funding mechanisms available to fund its expenditure:

- Operating revenue
- Other funding sources.

3.1 Operating revenue

3.1.1 GENERAL RATE

The general rate is set to fund activities that reflect “public good”. It is distinct from targeted rates that are intended to recover costs of particular activities from particular groups. The general rate funds activities such as:

- resource management planning
- resource consent service
- compliance and enforcement
- pollution prevention and control
- state of the environment monitoring
- environmental education and community engagement
- harbour management
- civil defence and emergency management
- relationship with Maori
- Wellington Regional Strategy and community engagement
- promoting sustainable land management
- floodplain management planning
- providing a region-wide contribution to flood protection infrastructure, flood warning, soil conservation and biosecurity
- regional parks, including marketing, facilities and services, planning and environment protection
- democratic process
- pest management
- biodiversity
- regional resilience planning.

The general rate is apportioned across the whole region on an equalised capital value basis and then set according to the current rateable capital value of each city or district. Greater Wellington does not charge its general rate on a differential basis (except to equalise values) nor does it levy a uniform annual general charge.

3.1.2 TARGETED RATES

(a) Transport rate

The transport rate funds Greater Wellington’s net expenditure for the region’s public transport services, including public transport operations, infrastructure, planning and marketing activities. This rate is apportioned so as to reflect the benefit to each district and category of property on all rateable land in those districts. It is set on the basis of capital values.

(b) River management rates

Rivers management rates are set in Lower Hutt, Upper Hutt, Porirua, Wellington, Kapiti Coast and Carterton districts, Greytown ward, Greytown urban and Featherston urban rating areas. River management rates are allocated on a uniform capital or land value basis on all rateable land within the defined boundaries.

The river management rates fund local community contributions to river maintenance and flood protection improvements.

(c) Stadium purposes rate

This rate meets Greater Wellington’s annual costs of servicing and repaying the monies raised to fund its contribution to the Wellington Regional Stadium Trust. The rate is made on a differential capital value basis reflecting direct and indirect benefits to different areas and classes of ratepayers. Ratepayers of cities and districts more distant from the Stadium contribute proportionally less.

(d) Bovine Tb vector control rate

This rate is set on rateable land with an area of 10 hectares or more where there are current control programmes in place. There is also a region-wide contribution for vector control operations from the general rate.

(e) Wairarapa scheme rates (river management, catchment and drainage)

Greater Wellington sets rates on specific properties within some 30 river management, catchment and drainage schemes in the Wairarapa Constituency. Generally these rates are made on a differential, land area, basis. They are apportioned to reflect the benefit to each separately rateable property in that part of the district benefiting from the scheme, on the basis of the area and the classification of the property as it appears in the approved classification register. As with the river management rate, the river management and catchment scheme rates fund the local community contributions to river maintenance and flood protection improvements.

(f) Economic Development Agency (EDA) rate

Greater Wellington part funds the activities of Grow Wellington Ltd, a wholly owned Council Controlled Organisation which carries out economic development in the region. The rate is charged on a uniform basis to residential and rural ratepayers. Businesses are charged on a capital value basis.

(g) Home Insulation rate

The Energy Efficiency and Conservation Authority (EECA) intends to provide grants to part fund retrofitting of home insulation. As part of this scheme Greater Wellington may also provide grants to fund some or all of the remaining costs of insulation. If such a grant is made it will be recovered over 10 years (or sooner if certain criteria are met) by a way of a targeted rate set on those properties benefiting from the insulation grant. This rate will meet Greater Wellington's annual costs of servicing and repaying the monies raised to fund those grants.

3.1.3 WATER SUPPLY LEVIES

The water supply group of activities is not funded from regional rates. Greater Wellington directly levies the four metropolitan city councils (Wellington, Hutt, Upper Hutt and Porirua) for the wholesale supply of water. The levy is based on actual water usage. These costs are included as a component of those councils' water rates and charges.

3.1.4 GOVERNMENT SUBSIDIES

The main source of government subsidies received by Greater Wellington is for the funding of Regional Transport through the government agency, the New Zealand Transport Agency.

The New Zealand Transport Agency provides nationally-funded road-user subsidies reflecting the benefits to road users and the social benefits of the Transport group of activities. Greater Wellington also receives a government subsidy in recognition of the national benefit from its civil defence emergency management activity.

3.1.5 INTEREST AND DIVIDENDS

Greater Wellington has a number of investments ranging from equity investments to financial investments (refer to the Treasury Management Policy for more information on the investments of Greater Wellington).

(a) Dividends received

Greater Wellington receives dividends from its equity investments, primarily from its main operating subsidiaries – CentrePort Ltd and the WRC Holdings Group.

Dividend revenues are ultimately used to reduce general rates.

(b) Interest received

Greater Wellington receives interest from its financial investments, mainly deposits, sinking funds and special funds.

Revenue earned from Greater Wellington's deposits is used to reduce general rates.

Revenue earned on special funds is added to each fund. These funds have been set up for self insurance purposes.

3.1.6 FEES, CHARGES AND OTHER OPERATING REVENUE

Greater Wellington receives a variety of fees, charges and other operating revenue.

Other operating revenue includes, but is not limited to:

- charges to commercial harbour users for navigation and communication services
- charges for the processing and monitoring of resource consents
- charges to land owners for contribution to land management activities on their land
- charges to territorial authorities and utility companies for water supply services
- rent received on properties owned by Greater Wellington and leased to third parties
- contributions from New Zealand Transport Agency, territorial authorities and gravel extraction revenue for flood protection activities
- sales from the Akura Conservation Centre
- management fees for providing administrative support to our Council Controlled Organisations
- fees received from the use of Greater Wellington assets
- Council fees.

3.2 Other funding sources

3.2.1 BORROWING

Greater Wellington raises external debt primarily for the following purposes:

- to fund Greater Wellington's capital expenditure programme
- to manage timing differences between cash inflows and outflows and to maintain appropriate liquidity
- to fund one-off projects (eg, Greater Wellington's involvement in the Stadium)
- to fund other investment activity as appropriate.

Greater Wellington approves the overall borrowing programme for each financial year during the annual planning process.

3.2.2 PROCEEDS FROM ASSET SALES

Greater Wellington generally uses the proceeds from the sale of assets and investments to repay debt, unless it determines otherwise.

The main exception is where Greater Wellington intends to replace the asset, like motor vehicles. In this instance, the proceeds from sale are used to help fund the replacement of that asset.

3.2.3 RESERVES

From time to time Greater Wellington plans to use surplus funds from previous years (in the form of reserves) to fund expenditure. There is a formal process for establishing and using these specific reserves which is undertaken as part of the annual reporting and planning process. Greater Wellington does not hold reserves in the form of cash assets. Reserves are used to reduce external borrowing, therefore reducing interest expense. When reserves are required to be used, new debt is raised to fund the expenditure.

4.0 GROUPS OF ACTIVITIES

4.1 Resource management

GROUP OF ACTIVITIES – RESOURCE MANAGEMENT

ACTIVITY

Resource management planning

DESCRIPTION

This activity entails developing and implementing the Regional Policy Statement and preparing and implementing the following regional plans: Regional Coastal Plan; Regional Plan for Discharges to Land; Regional Air Quality Management Plan; Regional Freshwater Plan; Regional Soil Plan.

GREATER WELLINGTON'S INVOLVEMENT

Greater Wellington is required by the Resource Management Act 1991 to develop a Regional Policy Statement and a Regional Coastal Plan. It may develop further plans.

STATUTORY CONSIDERATIONS

Primary community outcome	Healthy environment.
Distribution of benefits	The primary beneficiaries for this activity are people and organisations in the regional community. They benefit through the sustainable management of the region's resources.
Timeframe of benefits	On-going.
Contributors to need for activity	Not applicable.
Costs and benefits of distinct funding	Not applicable.

FUNDING

100% general rate.

GROUP OF ACTIVITIES – RESOURCE MANAGEMENT**ACTIVITY****Resource consent service****DESCRIPTION**

This activity entails:

- processing applications for resource consents; procedural steps include: assessing the application; notifying the public (some consents only); holding pre-hearing meetings; conducting a hearing (when necessary); issuing or declining a consent; and defending decisions in the Environment Court.
- advising the public on Greater Wellington's plans, the consent process, the environmental management options open to them, and the consequences of those options.
- carrying out some minor activities under the Building Act 2004, eg, processing project information memorandums.

GREATER WELLINGTON'S INVOLVEMENT

Greater Wellington is an authority for processing consents. Section 36 of the Resource Management Act 1991 enables Greater Wellington to set 'actual and reasonable' user charges. The maximum charge may not cover all the costs incurred in compliance monitoring. Greater Wellington also funds the activity to meet its requirements to provide general advice and information to the public on resource management.

STATUTORY CONSIDERATIONS

Primary community outcome	Healthy environment.
Distribution of benefits	The beneficiaries of this activity (applicants and consent holders) can be readily identified and can be charged.
Timeframe of benefits	On-going.
Contributors to need for activity	Resource consent applicants, consent holders and submitters all drive the need for this activity
Costs and benefits of distinct funding	Charges can be administered cost effectively. There is no alternative funding mechanism that would be a reasonable proxy.

DISCUSSION

The advice Greater Wellington gives to the public is general, not specific. A user charge might serve as a disincentive to seeking advice or information, which could lead to a mismanagement of resources, affecting the regional community. Accordingly, Greater Wellington considers advice should be provided at no cost because of the environmental and community benefits.

FUNDING

Resource consent processing service:
90% user charges
10% general rate (costs of appeals etc.)

Advice to the public:
100% general rate.

GROUP OF ACTIVITIES – RESOURCE MANAGEMENT**ACTIVITY****Compliance and enforcement****DESCRIPTION**

This activity involves monitoring compliance with consent conditions and taking necessary enforcement action.

GREATER WELLINGTON'S INVOLVEMENT

Where individual resource consents require compliance inspections, Greater Wellington believes that the individual or business that holds the consent should pay as it is their activity that requires monitoring. While all compliance monitoring and enforcement work provides a community benefit, in that adverse effects on the environment are investigated and managed, it is not always possible to identify the business or individual who caused the problem. However, whenever possible, and when the exacerbator can be identified, all possible costs, including the cost of prosecutions and appeals, are recovered.

STATUTORY CONSIDERATIONS

Primary community outcome	Healthy environment.
Distribution of benefits	The beneficiaries of this activity is the regional community because non-compliance is identified and the environment is protected.
Timeframe of benefits	On-going.
Contributors to need for activity	Consent holders drive the costs as their activities need to be monitored.
Costs and benefits of distinct funding	Charges can be administered cost effectively. There is no alternative funding mechanism that would be a reasonable proxy.

FUNDING

Compliance monitoring service:

50% user charges

50% general rate (investigations and legal costs).

GROUP OF ACTIVITIES – RESOURCE MANAGEMENT

ACTIVITY

Pollution prevention and control

DESCRIPTION

This activity includes the following:

- investigating complaints
- checking compliance with the regional plans and policies (rather than compliance with consents)
- taking enforcement action (where non-compliance is found, if appropriate).

GREATER WELLINGTON'S INVOLVEMENT

Monitoring regulatory compliance complements other resource management activities.

STATUTORY CONSIDERATIONS

Primary community outcome	Healthy environment.
Distribution of benefits	The beneficiaries of this activity is the regional community because the environment is protected by ensuring an early response to pollution events
Timeframe of benefits	On-going.
Contributors to need for activity	The businesses or individuals who cause problems which need to be addressed drive the need for this enforcement activity.
Costs and benefits of distinct funding	Not applicable.

DISCUSSION

Greater Wellington believes that any businesses or individuals who cause environmental damage should pay to rectify the problems they have caused. However, it is often not possible to recover costs from exacerbators, and in practice, the legal costs of enforcement action far exceed fines recovered.

FUNDING

100% general rate, less any cost recovery from enforcement or legal action.

GROUP OF ACTIVITIES – RESOURCE MANAGEMENT

ACTIVITY

State of the environment monitoring

SUB-ACTIVITY

Environment investigations

DESCRIPTION

This sub-activity involves:

- carrying out targeted studies into significant resource issues
- investigating and monitoring contaminated sites.

GREATER WELLINGTON'S INVOLVEMENT

Greater Wellington is required, under the Resource Management Act 1991, to monitor and report on the state of the environment and is authorised to set charges for this activity in section 36. It is also required to investigate land for the purposes of identifying and monitoring contaminated land (section 30).

STATUTORY CONSIDERATIONS

Primary community outcome	Healthy environment.
Distribution of benefits	The primary beneficiaries for this activity are the people and organisations in the regional community, who benefit through the sustainable management of the region's resources.
Timeframe of benefits	On-going.
Contributors to need for activity	Not applicable.
Costs and benefits of distinct funding	Not applicable.

FUNDING

100% general rate.

GROUP OF ACTIVITIES – RESOURCE MANAGEMENT**ACTIVITY****State of the environment monitoring****SUB-ACTIVITY****Environment monitoring and reporting****DESCRIPTION**

This sub-activity reports to the public on the state of the environment by publishing annual monitoring reports and six-yearly reports on the state of the environment.

GREATER WELLINGTON'S INVOLVEMENT

Greater Wellington is required, under the Resource Management Act 1991, to monitor and report on the state of the environment and ensure the information is made available to the public. It is authorised to set charges for this activity under section 36 of the Act.

STATUTORY CONSIDERATIONS

Primary community outcome	Healthy environment.
Distribution of benefits	The regional community is the primary beneficiary of this activity since the information is used by Greater Wellington to develop policies and plans to manage the region's natural physical resources and report on the efficiency and effectiveness of these plans.
Timeframe of benefits	On-going.
Contributors to need for activity	Consent holders who are using a resource that is under pressure contribute to the need for this activity
Costs and benefits of distinct funding	Not applicable.

FUNDING

100% general rate, less state of the environment monitoring charges paid by some consent holders.

GROUP OF ACTIVITIES – RESOURCE MANAGEMENT**ACTIVITY****Environmental education and community engagement****DESCRIPTION**

This activity entails the implementation of Greater Wellington's environmental education strategy. This has three parts: Take Care – assisting community groups to improve their local environment; Take Action – teaching young people in schools about their environment; and Take Charge – helping small business to find ways to improve their environmental performance. The activity also includes initiatives to raise community awareness more generally about the environment.

GREATER WELLINGTON'S INVOLVEMENT

Greater Wellington is required by the Resource Management Act 1991 to manage the region's natural resources in a sustainable way. Environmental education, which shows people how to live in more sustainable ways, can help achieve this.

STATUTORY CONSIDERATIONS

Primary community outcome	Healthy environment.
Distribution of benefits	The primary beneficiaries for this activity are the regional community who benefit through the sustainable management of the region's resources.
Timeframe of benefits	On-going.
Contributors to need for activity	Not applicable.
Costs and benefits of distinct funding	Not applicable.

Funding

100% general rate.

4.2 Transport

GROUP OF ACTIVITIES – TRANSPORT

ACTIVITY

Regional transport network planning

DESCRIPTION

This activity has five main components:

- production and monitoring of the Regional Land Transport Strategy (RLTS) and servicing the Regional Transport Committee
- production and monitoring of plans to implement the RLTS
- production of a Regional Land Transport Programme
- advocacy for and promotion of Greater Wellington's transport policies.
- monitoring a Regional Transport Model.

GREATER WELLINGTON'S INVOLVEMENT

Preparation of the Regional Land Transport Strategy is a legal requirement under the Land Transport Management Act 2003, as amended by the Land Transport Management Act 2008. A strategy has to be renewed every six years.

The preparation of a Regional Land Transport Programme is a legal requirement under the same Act, and is required to be prepared every three years.

STATUTORY CONSIDERATIONS

Primary community outcome	Connected community
Distribution of benefits	The following benefit from this activity: <ul style="list-style-type: none"> • people and organisations in local communities benefit directly from transport planning undertaken in their area. • people and organisations in the regional community benefit directly by getting a planned land transport system that supports the economy. • those members of the national community who use the Wellington region land transport system also benefit directly.
Timeframe of benefits	On-going.
Contributors to need for activity	Not applicable.
Costs and benefits of distinct funding	The total sum raised by the targeted transport rate is very considerable. As that rate is collected in conjunction with the general rate, the marginal costs of collection are very minor, fully justifying a distinct funding source.

DISCUSSION

There are currently more specific studies of the metropolitan part of the region and the Kapiti area than there are of the Wairarapa because of the greater traffic problems in these areas. In general, rural capital values are significantly higher than urban capital values and, if they were not discounted, their relative contribution would exceed their relative benefit.

FUNDING

- A nationally funded road-user contribution reflecting the national interest
- 100% of remainder by Greater Wellington contribution via a targeted rate set for each constituent district according to equalised capital values, and then within a district by that district's capital values, discounted as follows: 25% Wairarapa; and 50% rural for all constituent districts.

GROUP OF ACTIVITIES – TRANSPORT**ACTIVITY****Encouraging sustainable transport choices****DESCRIPTION**

This activity had two main components:

- Developing and promoting school, workplace and community travel plans
- promoting walking and cycling.

GREATER WELLINGTON'S INVOLVEMENT

The travel planning activities are provided for the Regional Travel Demand Management Strategy and the Regional Walking and Cycling Plans. All these implement the Regional Land Transport Strategy.

STATUTORY CONSIDERATIONS

Primary community outcome	Connected community, Healthy environment
Distribution of benefits	The following benefit directly from this activity: <ul style="list-style-type: none"> • people and organisations for whom travel plans are prepared. • communities for which travel plan programmes are implemented. • people and organisations that use the roads benefit from less congestion as others make the choice to use alternate modes.
Timeframe of benefits	On-going.
Contributors to need for activity	Not applicable.
Costs and benefits of distinct funding	The total sum raised by the targeted transport rate is very considerable. As that rate is collected in conjunction with the general rate, the marginal costs of collection are very minor, fully justifying a distinct funding source.

FUNDING

- A nationally funded road-user contribution reflecting the national interest
- 100% of remainder by Greater Wellington contribution via a targeted rate set for each constituent district according to equalised capital values, and then within a district by that district's capital values, discounted by 75% for the Wairarapa and by 50% for rural properties in all districts.

GROUP OF ACTIVITIES – TRANSPORT
ACTIVITY Public transport services
SUB-ACTIVITY Planning public transport services
SUB-ACTIVITY Public transport operations
SUB-ACTIVITY Maintain infrastructure assets and invest in new infrastructure
SUB-ACTIVITY Marketing and information management

DESCRIPTION

The provision of public transport services has the following components:

- planning public transport services, including the preparation of the Regional Public Transport Plan and sub regional service reviews
- funding rail, bus and local harbour ferry passenger services
- administering the SuperGold Card Travel Scheme
- funding Total Mobility services
- providing and maintaining urban passenger trains, park and ride commuter car parks, train stations, bus-rail interchanges, signage, bus shelters and a real-time information system
- providing information about public transport services through printed timetable leaflets, timetable information at bus stops and stations, maps, guides and leaflets, SMS text messages, a comprehensive Metlink website with timetable and fare information and a journey planner, and a 24 hour 7 days per week Metlink service centre
- promoting services changes (eg, Christmas timetables) and new services, as well as the more general use of public transport.

GREATER WELLINGTON'S INVOLVEMENT

Greater Wellington is involved in providing public transport services, for the following two reasons, despite the fact that public transport is a private good:

- market failure (road use in the region is cheaper than it should be because road users in the region do not pay a price that reflects the congestion and environmental costs they impose on others)
- social issues (meeting the needs of the transport disadvantaged).

STATUTORY CONSIDERATIONS

Primary community outcome	Connected community.
Distribution of benefits	<p>The following people and groups benefit from this activity</p> <ul style="list-style-type: none"> • road users benefit directly by getting less congested roads • public transport users benefit directly by getting transported to their destination for a subsidised fare, and from more frequent and better quality services • people in the region benefit indirectly through reduced pollution (reduced car emissions) and the existence of a public transport system as an alternative transport option • roading authorities benefit from reduced wear and tear on their networks and delayed construction of new roads • the transport disadvantaged, including people with disabilities, benefit directly by obtaining transport services • family and friends of those with disabilities benefit indirectly by less need to "taxi" people with disabilities.

Timeframe of benefits	Significant capital costs are incurred in providing this activity and thus there are significant intergenerational equity considerations - future generations benefit from capital expenditure made now. Other benefits are on-going.
Contributors to need for activity	The following people or groups contribute to the need for this activity: <ul style="list-style-type: none"> • road users cause the problems (and associated costs) of congestion and pollution • road operators may contribute to congestion and pollution (and associated costs) through poor road design or poor traffic management • businesses and residents expect and demand the existence of a certain level of public transport services in the region.
Costs and benefits of distinct funding	The total sum raised by the targeted transport rate is very considerable. As that rate is collected in conjunction with the general rate the marginal costs of collection are very minor, fully justifying a distinct funding source.

DISCUSSION

Congestion relief

Greater Wellington believes that a congestion charge should be levied on users of congested roads. It is estimated that 85% of services contribute to congestion relief. Greater Wellington's strategic transport model shows that congestion pricing would remove completely the need for this relief funding. However, while Greater Wellington has the ability to calculate the congestion charge (and has done so), there is no legal framework for Greater Wellington to levy, or to have others levy, a congestion charge on motorists. Accordingly, the funding needs to come from a surrogate for users of congested roads. The surrogates for congestion pricing considered were: charging based on peak time origin/destination travel statistics; charging people in the district of origin; charging businesses in the district of destination; car park charges; and a general rate across the region. (Greater Wellington notes that none of the proposed surrogates

force road users to face the full costs of the road usage; the surrogates thus provide an incentive to road users to live further away and let others meet a component of their travel costs.) Greater Wellington decided that charging ratepayers based on peak time origin/destination travel statistics is a reasonable surrogate for users of congested roads.

Concessionary

Public transport provides a reduced cost travel option for the transport disadvantaged, including children and the elderly. Under the new SuperGold Card Travel Scheme, central government funds off-peak travel for people over 65 and for those receiving a veteran's pension.

Many young people travel to and from school using public transport, which reduces the need for parents to drive their children to school and hence has a congestion benefit. Accordingly, the ratepayer contribution for concessionary fares is levied using the surrogate for congestion charges, peak time origin/destination travel statistics.

Social services

Public transport services provide a social good as they:

- provide an option for those members of the community who are unable to travel by private means, for example by their own motor car
- provide a travel option as an alternative or back-up to other means
- improve safety and health
- reduce air, noise and visual pollution, including reduced greenhouse gas emissions
- reduce energy use.

These social benefits contribute to the overall economic and social cohesion of the region, making it a more attractive location for industry and for individuals to reside.

TOTAL MOBILITY

The cost of providing Total Mobility services exceeds the ability of people with disabilities to pay, so communities must contribute. In general, people with disabilities are a consistent proportion of the population. Accordingly, the amount to be collected from a community for Total Mobility should be allocated by relative population or by using actual costs where known.

Funding mechanism issues

Rural discount on rates: High rural capital values, and the inability to distinguish between farms and lifestyle blocks and residential housing, mean that if the targeted rate was struck uniformly, then that rate would be disproportionate to the relative level of benefit that most rural ratepayers receive. Accordingly, a reduction of 75% is applied to rural capital values.

Rural discount on social services component: Greater Wellington believes that access to public transport services is important for regional cohesion, so a portion of the social services charge should be rated across the region. However, there are generally fewer services available in rural areas, so a reduction of 50% for Kapiti and 75% for Wairarapa is applied.

Total Mobility: People in rural areas use the service but not as much as people living in the urban areas. In recognition of this, a rural discount of 50% is applied.

Wellington central business district: People travelling to and from the central business district (CBD) of Wellington City are a major cause of congestion. Travel statistics from the latest national census show over 30% of peak hour travel movements in the region are to the CBD. Therefore, a proportion of congestion costs are charged directly to the CBD.

CHARGING FOR PARK & RIDE CAR PARKS

Currently 30% of rail commuters use park and ride car parks provided by Greater Wellington. There is no charge for parking. At some stage in the future Greater Wellington may introduce a charge for Park & Ride parking for the following reasons:

- to provide funding to cover the cost of providing and maintaining the car parks including the associated security services (patrols and CCTV)
- to discourage those living in close proximity to the car parks from driving to the station (a 2002 survey showed that 50% of users travelled from within 1.85 km of a station)
- to encourage users to consider other modes of travel to the station where these are available and practicable (eg, using a connecting bus service, walking and cycling)
- to manage demand. The ability of Greater Wellington to provide additional parking spaces in line with growing rail patronage and demand is limited by the availability of land in close proximity to stations.

Parking charges would be levied directly on the users of the car parks and become part of the direct user charge for public transport services. Charges would be set at a level that remained substantially cheaper than parking in the Wellington CBD, and would take into account the total cost of the trip so that public transport remained a competitive travel mode. Charges could be introduced on a trial basis and may be targeted at certain car parks where demand exceeds supply.

FUNDING

Greater Wellington uses the following funding allocations in respect of expenditure for providing public transport services other than Total Mobility:

- a target of 45-50% user charges
- the remainder from a community contribution (national and regional).

This community contribution is funded as follows:

- the maximum contribution is from Crown agencies, primarily New Zealand Transport Agency, reflecting the benefits to transport users and social services (ranges from 50-100%, depending on the type of service)
- the balance is from a Greater Wellington contribution funded via a targeted rate set as follows (with a discount of 75% for rural capital values)
 - *congestion relief and concessionary, 95%:*
Of this 20- 25% of the inter-district costs are borne by the Wellington CBD and the remainder equally by ratepayers in the district of origin and the district of destination. Within districts, costs are allocated on rateable capital values.
 - *social, 5%:* From ratepayers across the region with a reduction of 50% for Kapiti and 75% for Wairarapa.

Note 1: Rail network costs, including infrastructure and rolling stock, are allocated on the total intra-district movements (with the Wairarapa being treated as one district).

Note 2: Where bus services feed rail services, the costs are allocated to the origin and destination districts of the rail.

Note 3: Bus costs are allocated directly to ratepayers in each district based on the routes that the buses travel. If a service runs through two territorial authorities a cost apportionment is made.

Note 4: Call centre, marketing, network-wide infrastructure and administration costs are apportioned across ratepayer groups based on the weighted average of total allocated expenditure.

Greater Wellington uses the following funding allocations in respect of Total Mobility:

- 50% user charges – collected and held by the providers
- 50% community (national and regional), funded from:
 - Nationally funded transport grants
 - The balance by a contribution from Greater Wellington via a targeted rate. The amount for each community is set by relative population, or using actual costs where known. Within districts, costs are allocated on rateable capital values with a 50% discount for rural properties.

Note 5: The New Zealand Transport Agency funds the national community benefit from the scheme.

4.3 Water supply

GROUP OF ACTIVITIES – WATER SUPPLY

ACTIVITY

Water collection, treatment and delivery

ACTIVITY

Water supply infrastructure

ACTIVITY

Planning for future water demand and supply

ACTIVITY

Water conservation programmes

DESCRIPTION

These activities entail the collection, treatment and delivery of bulk water to the cities of Lower Hutt, Porirua, Upper Hutt and Wellington. This involves providing adequate water supply infrastructure, such as treatment plants, and planning to ensure that future demand can be met.

GREATER WELLINGTON'S INVOLVEMENT

Greater Wellington is the owner and manager of the bulk water system under the Wellington Regional Water Board Act 1972.

STATUTORY CONSIDERATIONS

Primary community outcome	Essential services, Healthy community
Distribution of benefits	People in the cities of Lower Hutt, Porirua, Upper Hutt and Wellington benefit directly from the supply of high quality potable water, treated to the Ministry of Health's Drinking-Water Standards.
Timeframe of benefits	There is significant capital expenditure and thus there are inter-generational equity effects.
Contributors to need for activity	Not applicable.
Costs and benefits of distinct funding	A water levy on the four customers is a cost effective collection mechanism recognising the singularity of this function.

DISCUSSION

Greater Wellington is of the view that pricing should reflect the fixed and variable costs of supplying each customer, the short run marginal costs of supply, and all other costs.

The Wellington Regional Water Board Act 1972 constrains the ability of Greater Wellington to price the services to reflect the costs of supply. The four cities have previously advised they are of the unanimous view that the current charging methodology is the most appropriate for the medium term. Greater Wellington is of the view that a form of peak pricing should be adopted to signal the future impacts of peak demand.

FUNDING

The funding policy is prescribed by the Wellington Regional Water Board Act 1972. The costs of operating the water supply system are apportioned to the cities based on the individual city's proportion of total water deliveries.

4.4 Parks and Forests

GROUP OF ACTIVITIES – PARKS AND FORESTS

ACTIVITY

Recreational facilities and services

ACTIVITY

Parks network planning

ACTIVITY

Environmental protection and enhancement

ACTIVITY

Marketing and community relations

DESCRIPTION

These activities involve the management of five regional parks the Hutt River trail and significant recreation areas in the Akatarawa and Pakuratahi forests. Wairarapa Moana and Whitireia Park are being included in the network and will be managed in conjunction with other parties.

GREATER WELLINGTON'S INVOLVEMENT

Greater Wellington's parks provide those living in major urban areas with recreation opportunities and allow regionally significant landscapes, ecosystems and heritage features to be protected and enhanced.

STATUTORY CONSIDERATIONS

Primary community outcome	Quality lifestyle, Healthy environment, Healthy community.
Distribution of benefits	The following people and groups benefit from this activity: <ul style="list-style-type: none"> Individuals who use the parks benefit directly from that usage The regional community benefits from preservation of regionally significant landscapes, forests and heritage features for future generations. The national community benefits from preservation of nationally significant landscapes, forests and heritage features for future generations.
Timeframe of benefits	If new parks were purchased there would be significant intergenerational equity effects. There are significant intergenerational benefits from maintaining the present network.
Contributors to need for activity	Not applicable.
Costs and benefits of distinct funding	Not applicable.

DISCUSSION

Funding by a regional contribution is considered appropriate because it is not feasible to identify and charge users. A specific charge is only feasible for value-added services such as events and camping facilities. Government funding will be sought to cover areas that affect the national interest over and above that of the regional community.

FUNDING

- 90% general rate
- 10% user charges for organised events, leases, license fees and added value services.

Note: New land is loan-funded (serviced by 100% general rate).

4.5 Safety and flood protection

GROUP OF ACTIVITIES – SAFETY AND FLOOD PROTECTION

ACTIVITY **Floodplain management planning**

DESCRIPTION

This activity involves research and planning associated with the general management of rivers and floodplains, including the following:

- Investigating flood hazards
- Identifying and refining risk alleviation options
- Defining environmental issues
- Preparing floodplain and/or river management plans.

The activity also provides advice on the use and protection of flood and erosion prone land. Flood protection planning is an integral component of flood protection works and the beneficiaries and benefits are the same.

GREATER WELLINGTON'S INVOLVEMENT

Greater Wellington plans for flood protection to decide how best to protect life and property in the floodplain and to preserve or enhance the environment and amenity values of river corridors. Greater Wellington has a general duty to avoid or mitigate natural hazards, stipulated in the Resource Management Act 1991.

STATUTORY CONSIDERATIONS

Primary community outcome	Prepared community
Distribution of benefits	<p>The following benefit from this activity:</p> <ul style="list-style-type: none"> • ratepayers in the floodplain (residents and businesses) in the area directly affected by the planning and subsequent works benefit directly through avoiding the risk of floods and potentially through increased property values. • owners and providers of infrastructure (telephone, roads, rails etc.), including territorial authorities, also benefit directly through avoiding damage to their assets. • ratepayers in the surrounding economic "catchment" adjacent to the floodplain benefit indirectly through their association with the area affected by the flood protection scheme. • the regional community also benefits indirectly through protection of their means of access around the region. (However this benefit should be addressed through the owners of the infrastructure.)
Timeframe of benefits	Future generations will benefit from implementation of the plans. The planning work is funded by loans repaid over time
Contributors to need for activity	Not applicable.
Costs and benefits of distinct funding	Not applicable.

FUNDING

100% funded by general rate

GROUP OF ACTIVITIES – SAFETY AND FLOOD PROTECTION

ACTIVITY

Flood protection infrastructure

ACTIVITY

Environmental enhancement of river corridors

DESCRIPTION

These activities consist of the operation, maintenance, on-going asset management, construction and improvement of schemes throughout the region to manage flooding, control erosion and manage a river in its course subject to environmental considerations. The environment in flood corridors is enhanced.

GREATER WELLINGTON'S INVOLVEMENT

Greater Wellington delivers flood protection to protect life and property in the flood plain and to preserve or enhance the environment and amenity values of river corridors. Greater Wellington has a general duty to avoid or mitigate natural hazards, stipulated in the Resource Management Act 1991.

STATUTORY CONSIDERATIONS

Primary community outcome	Prepared community, Healthy environment
Distribution of benefits	The following people and groups benefit from this activity: <ul style="list-style-type: none"> • The ratepayers in the floodplain (residents and businesses) in the area directly affected by the planning and subsequent works benefit directly through avoiding the risk of floods and potentially through increased property value. • Owners and providers of infrastructure (telephone, roads, rails etc.) (including territorial local authorities) also benefit directly by avoiding damage to their assets.

- Ratepayers in the surrounding economic "catchment" adjacent to the floodplain benefit indirectly through their integration with the area affected by the flood protection scheme.
- The regional community also benefits indirectly through protection of their means of access around the region. (However this benefit should be addressed through the owners of the infrastructure.)

Timeframe of benefits	Significant capital costs are incurred in providing this service and thus there are significant intergenerational equity considerations – future generations benefit from capital expenditure made now.
Contributors to need for activity	Not applicable.
Costs and benefits of distinct funding	A targeted or scheme rate is a cost-effective mechanism that makes sure that significant beneficiaries of the activity pay their reasonable share of the costs.

DISCUSSION

Source of funding issues

Ability to pay and equity across the region: Greater Wellington is concerned about the ability of direct beneficiaries (residents and businesses) to pay for the majority of the costs of flood protection. Addressing ability to pay requires an element of regional funding. The difficulty with using funding by the region to address ability to pay concerns is that it is a transfer from one group to another. Since flood protection raises property values, residents in the region are paying for services that raise other residents' property values.

Valuing safety and security: Greater Wellington values the protection of all residents and businesses in the region from the risk of flooding and from the associated effects of dislocation, stress and trauma, as well as from losses to the region's productive capacity.

However, the downside of spreading costs across the region can be that residents and businesses on the floodplain do not have the appropriate incentives to weigh up the costs of flood protection works against the level of risk. Greater Wellington has decided that it is appropriate for the whole region to pay for some of the protection for those areas at risk from flooding because of these wider considerations.

Environmental and amenity benefits: Greater Wellington has decided that it is appropriate for the regional community to contribute to flood protection strategies which are designed (at additional costs) to comply with environmental or amenity conditions (eg, not disturbing the river during trout spawning and riverbank planting requirements).

Sense of community: Greater Wellington has decided that it is appropriate for a regional contribution to be made in recognition of the value that each area of the region provides to the overall wellbeing of the total region.

Summary of source of funding issues: Greater Wellington has decided that, because of wider regional considerations discussed above, it is appropriate that the region contributes up to 50% towards the costs of flood protection works through the general rate. Greater Wellington considers that the importance of these regional issues to each flood protection works may vary between schemes and that some flexibility is needed for Greater Wellington to determine the proportion of funding from the general rate up to a maximum of 50%.

Feasibility issues

Surrogates: In practice, it may not be realistic to precisely identify either direct beneficiaries on the floodplain or indirect beneficiaries in the economic catchment, and proxies will need to be used. Also it may not be feasible for Greater Wellington to recoup costs from some types of direct beneficiaries and so a surrogate may need to be found for these benefits too.

Residents and businesses on the floodplain: In theory, the direct beneficiaries on the floodplain can be identified and rated accordingly through a

combination of mapping and Greater Wellington's knowledge and judgment. However this approach is currently not considered to be cost effective in all circumstances, and Greater Wellington has decided to use the local authority boundary as a surrogate for the direct beneficiaries in some cases.

Economic catchment: A reasonable surrogate for the economic catchment adjacent to the floodplain can be taken to be the local authority.

Community facilities: There are a number of significant properties, for example schools and hospitals, which have a Crown exemption and do not pay rates. Here, there is a considerable risk to both property and life but many of those with lives at risk are not likely to be able to provide their own security. Greater Wellington has decided that the indirect beneficiaries, the regional community, should pay for protection of community facilities.

Summary of feasibility issues

Greater Wellington has decided for practical reasons to continue its general practice of not distinguishing between the direct beneficiaries on the floodplain and the indirect beneficiaries in the economic catchment, and to treat these as one group.

FUNDING

Greater Wellington sets two rates on a scheme-by-scheme basis (combined capital and operations):

- 0 - 50% general rate from the regional community
- The balance of costs (i.e. 50 - 100%) met via a targeted rate on the local authority area or scheme rate or direct contribution (for both the direct beneficiaries on the flood plain and the beneficiaries in the economic catchment).

Note: Where a utility provider makes a contribution for protection of infrastructure assets, the revenue is directly applied to alleviate the scheme's costs.

GROUP OF ACTIVITIES – SAFETY AND FLOOD PROTECTION**ACTIVITY****Flood warning service****DESCRIPTION**

This activity involves the establishment, maintenance and operation of a flood warning system with core data coming from a range of rainfall and river level sites established across the region.

The flood warning service is directed at territorial local authorities and specified landowners and communities, where agreed.

The service aims to provide early warning of flood events, and ongoing monitoring through a flood event so that the TLA and landowners can make appropriate decisions to reduce the risk to people, and minimise business losses.

GREATER WELLINGTON'S INVOLVEMENT

Greater Wellington has a monitoring network and the capability to be able to provide a service to much of the region. The level of service to individual communities will vary depending on the level of risk, and the location of rainfall and river flow monitoring stations.

STATUTORY CONSIDERATIONS

Primary community outcome	Prepared community.
Distribution of benefits	The following benefit from this activity: <ul style="list-style-type: none"> ratepayers in the floodplain (residents and businesses) in the area. owners and providers of infrastructure (telephone, roads, rails etc.), including territorial local authorities, also benefit directly. the regional community also benefits indirectly through knowing where flooding may occur.
Timeframe of benefits	On-going.
Contributors to need for activity	Not applicable.
Costs and benefits of distinct funding	Not applicable

FUNDING

100% general rate.

GROUP OF ACTIVITIES – SAFETY AND FLOOD PROTECTION

ACTIVITY

Civil defence and emergency management

DESCRIPTION

Greater Wellington's emergency management activity focuses on:

- planning for emergency events
- maintaining a group emergency operations centre for the region
- educating people about the risks they face.

GREATER WELLINGTON'S INVOLVEMENT

Under the Civil Defence Act 2002 Greater Wellington is required to be the administering authority for the Wellington Region Civil Defence Emergency Management Group. The Group has decided that Greater Wellington will be responsible for the Group Emergency Management Office and Group Emergency Operations Centre.

STATUTORY CONSIDERATIONS

Primary community outcome	Prepared community.
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Distribution of benefits	The individuals and groups who benefit from this activity include regional and national communities who benefit directly from the maintenance of a response capability and from planning for major emergency events.
Timeframe of benefits	On-going.
Contributors to need for activity	Not applicable.
Costs and benefits of distinct funding	Not applicable.

FUNDING

Government grant in recognition of the national benefit. 100% general rate for remainder.

GROUP OF ACTIVITIES – SAFETY AND FLOOD PROTECTION**ACTIVITY****Harbour management****1 NAVIGATIONAL AIDS
AND COMMUNICATIONS SERVICE****DESCRIPTION**

This work focuses on the provision of navigational aids, and a 24 hour communications service (Beacon Hill) to monitor shipping movements and broadcast navigational warnings.

GREATER WELLINGTON'S INVOLVEMENT

Greater Wellington is empowered under the Local Government Act 1974 to provide navigational aids.

STATUTORY CONSIDERATIONS

Primary community outcome	Prepared community.
Distribution of benefits	The following people and groups benefit from this activity: <ul style="list-style-type: none"> ▪ Recreational users benefit directly by avoiding natural and other hazards (eg. collisions). ▪ Commercial shipping and commercial fishing owners and operators benefit directly by avoiding natural and other hazards (eg. collisions); they also enjoy a direct commercial benefit.
Timeframe of benefits	On-going.
Contributors to need for activity	Not applicable.
Costs and benefits of distinct funding	Collection of user-charges via CentrePort Limited is a cost-effective funding mechanism that is appropriately targeted.

DISCUSSION

Maritime New Zealand has investigated a number of systems for charging non-commercial users for navigational aids and found them to be impractical. It is not feasible to stop non-payers from benefiting from the navigational aids and, therefore, the inequity between commercial and non-commercial users cannot be addressed.

FUNDING

- 10% from the general rate for non-commercial users
- 90% from user charges on commercial shipping.

Note: CentrePort Ltd collects the user charge from commercial shipping on Greater Wellington's behalf.

**2 ENFORCE MARITIME SAFETY REGULATIONS
AND EDUCATE PEOPLE ABOUT WATER SAFETY****DESCRIPTION**

This enforcement role focuses on:

- preparing policies and plans for use of the harbours
- maintaining safety and compliance with relevant legislation relating to recreational use of coastal waters and regional harbours
- providing advice to recreational users
- authorising special events in the harbour
- educating recreational water users about safety.

GREATER WELLINGTON'S INVOLVEMENT

Greater Wellington has a statutory responsibility under the Local Government Act 1974 and the Maritime Transport Act 1994 to maintain safety and ensure recreational users are law-abiding in the regional harbours and coastal waters.

STATUTORY CONSIDERATIONS

Primary community outcome	Prepared community.
Distribution of benefits	The regional community benefits from having safe harbours and coastal waters available for their use
Timeframe of benefits	On-going.
Contributors to need for activity	Those actively using the harbours and coastal waters for recreational purposes contribute to the need for this activity
Costs and benefits of distinct funding	Not applicable.

DISCUSSION

While Greater Wellington believes that recreational users of the harbour should pay, it is not practical to collect user charges or to levy recreational users or swimmers because the transaction costs are too high.

FUNDING

100% general rate.

3 CLEAN UP OIL SPILLS IN OUR HARBOUR AND COASTAL WATERS

DESCRIPTION

This sub activity has two components:

- developing and maintaining oil pollution response plans
- managing the clean-up of marine oil spills in the harbours and regional coastal waters out to twelve miles.

These two components carry the following corresponding costs:

- the standing cost of the preparedness and mitigating role
- the costs of cleaning up pollution in the regional harbours.

GREATER WELLINGTON'S INVOLVEMENT

Greater Wellington has a statutory responsibility under the Local Government Act 1974 and the Maritime Transport Act 1994 to provide pollution management in coastal waters out to twelve miles.

STATUTORY CONSIDERATIONS

Primary community outcome	Healthy environment.
Distribution of benefits	The following benefit from this activity: <ul style="list-style-type: none"> • Commercial harbour users benefit directly from a clean marine environment, and through shorter duration of pollution (thus avoiding delays and loss of business) • Recreational harbour users benefit directly from a clean marine environment and shorter duration of pollution • The regional community benefits from a clean marine environment and shorter duration of pollution.
Timeframe of benefits	On-going.
Contributors to need for activity	The polluters create the need for any clean-up activities and services.
Costs and benefits of distinct funding	Not applicable.

DISCUSSION

It is not feasible to levy recreational harbour users.

FUNDING

Standing costs:

- 5% general rate (for recreational users)
- 95% user charge (paid via Maritime New Zealand as an agent for all shipping)

Pollution clean up costs are fully recovered from the polluter (any costs that cannot be recovered to be funded by the general rate)

Note: Maritime New Zealand pays the direct standing costs (no overheads) on behalf of all shipping. It also provides the capital items (equipment etc.).

4.6 Land management

GROUP OF ACTIVITIES – LAND MANAGEMENT

ACTIVITY

Pest (animal and plant) management

SUB-ACTIVITY

Regional pest management strategy

DESCRIPTION

This sub-activity entails managing and controlling pest animals and plants throughout the region through the development and implementation of a Regional Pest Management Strategy. The pests include species that impact on the environment and on agricultural production. There are four components of this sub-activity:

- inspections, education and enforcement
- surveillance and monitoring
- control (eradication and containment species, various pests in Key Native Ecosystems; others on request)
- control trials (including biocontrol).

GREATER WELLINGTON'S INVOLVEMENT

Greater Wellington manages pest animals and plants throughout the region to protect ecosystems. It also carries out pest management to negate the potential long-term threats to both ecosystems and agricultural production capacity that may be posed by recent immigrant species.

Greater Wellington controls some agricultural pests when a high level of pest control expertise is required or when the pests are transitory.

STATUTORY CONSIDERATIONS

Primary community outcome	Healthy environment, Prosperous community.
Distribution of benefits	The following benefit from this activity: <ul style="list-style-type: none"> • private landowners benefit by reduced loss of pasture and crops, reduced damage to trees and shrubs, and better production • the regional community benefits by reduced spread of unwanted pest damage to high value ecosystems. • the regional community benefits by the flow - on economic effects of improved production systems.
Timeframe of benefits	On-going.
Contributors to need for activity	Not applicable.
Costs and benefits of distinct funding	Not applicable.

FUNDING

100% general rate for inspections, surveillance, monitoring and approved control work.

GROUP OF ACTIVITIES – LAND MANAGEMENT**ACTIVITY****Pest (animal and plant) management****SUB-ACTIVITY****Bovine Tb funder****DESCRIPTION**

- This sub- activity provides funding for implementation of the regional Bovine Tb vector control programme. The programme is developed by the Animal Health Board, as the management agency responsible for implementing the National Pest Management Strategy for Bovine Tb control.
- Funds for this strategy are also provided by the Crown and affected industries (beef, dairy and deer). Funding apportionment is currently Crown (50%), industries (40%) and regional landowners (10%).

GREATER WELLINGTON'S INVOLVEMENT

- Greater Wellington collects the regional share on behalf of all landowners who either act as exacerbators to the Tb strategy (i.e. landowners who provide habitat for Tb vectors) or who benefit directly and or indirectly from its implementation.

STATUTORY CONSIDERATIONS

Primary community outcome	Healthy environment, Prosperous community.
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Distribution of benefits	The following benefit from this activity: <ul style="list-style-type: none"> • Cattle and deer farmers benefit by reduced exposure to Bovine Tb infected wildlife, thus reducing associated on-farm production costs. • Private landowners benefit by reduced loss of pasture and crops, reduced damage to trees and shrubs, and better production • The regional community benefits by reduced spread of unwanted pest damage to high value ecosystems.
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Timeframe of benefits	On-going.
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Contributors to need for activity	Not applicable.
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Costs and benefits of distinct funding	Not applicable
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FUNDING

40% works and services rate (land area) on all rateable properties exceeding 4 hectares

60% general rate

Note: a review of this funding policy will occur prior to implementation of the new National Bovine Tb Pest Management Strategy, scheduled for July 2010.

GROUP OF ACTIVITIES – LAND MANAGEMENT**ACTIVITY****Pest (animal and plant) management****SUB-ACTIVITY****Regional possum control****DESCRIPTION**

This sub activity seeks to maintain the environmental, social and economic benefits provided by long standing possum control programmes completed under the Bovine Tb control strategy. Work will be undertaken in areas of the region recently declared free of Bovine Tb. The focus will mainly be on maximising biodiversity benefits.

GREATER WELLINGTON'S INVOLVEMENT

Greater Wellington will organise possum and predator control programmes in collaboration with landowners in Tb free areas. Control may be undertaken in house or in conjunction with private contractors. Greater Wellington will undertake performance and outcome monitoring to ensure the programme achieves its objectives.

STATUTORY CONSIDERATIONS

Primary community outcome	Healthy environment, Prosperous community.
Distribution of benefits	The following people and groups benefit from this activity: <ul style="list-style-type: none"> • Private landowners benefit by reduced loss of pasture and crops, reduced damage to trees and shrubs, and better production • The regional community benefits by reduced spread of unwanted pest damage to high value ecosystems. • Cattle and deer farmers in operational areas benefit by reducing the risk of Bovine Tb re-entering wildlife vectors and spreading the disease to farmed animals
Time frame of benefits	On-going.
Contributors to need for activity	Not applicable.
Costs and benefits of distinct funding	Not applicable.

FUNDING

100% general rate for trend monitoring in 2010/11.

A review of funding options for works beyond 2010/11 will occur during 2009/10.

GROUP OF ACTIVITIES – LAND MANAGEMENT

ACTIVITY

Biodiversity**DESCRIPTION**

Greater Wellington has developed a Biodiversity Implementation Plan, guided by the NZ Biodiversity Strategy and Regional Policy Statement, which includes a range of programmes aimed at enhancing regional biodiversity. The Plan takes an ecosystem based approach to management, seeking to sustain the life giving processes that support indigenous biodiversity.

GREATER WELLINGTON'S INVOLVEMENT

Greater Wellington's Biodiversity Implementation Plan provides for a number of services, including:

- management of key remnant ecosystems through the Key Native Ecosystem programme
- undertaking riparian enhancement through the Streams Alive programme
- providing financial support to landowners wishing to protect indigenous habitat through the QEII National trust
- helping landowners fence and restore wetlands
- providing advice and education through the Take Care programme
- protecting and enhancing ecosystems on Council owned land.

STATUTORY CONSIDERATIONS

Primary community outcome	Healthy environment
Distribution of benefits	The following benefit from this activity: Private landowners benefit from having indigenous ecosystems protected and enhanced; The regional community benefits from having rare and endangered indigenous ecosystems protected and enhanced, as well as from improved water quality, reduced flood risk and enhanced recreational opportunities
Timeframe of benefits	On -going
Contributors to need for activity	Not applicable
Costs and benefits of distinct funding	Not Applicable

DISCUSSION

Greater Wellington believes that protection and enhancement of indigenous ecosystems provides a range of benefits to the regional community. These benefits exceed those available to individually affected landowners. Regional funding is, therefore, appropriate to fund these services.

FUNDING

100% general rate.

GROUP OF ACTIVITIES – LAND MANAGEMENT**ACTIVITY****Akura Conservation Centre****DESCRIPTION**

This activity involves the management of the Akura Conservation Centre. The Centre is operated as a business unit and is required to be self funding while returning an annual dividend to Greater Wellington. Greater Wellington has operated the Centre for more than fifteen years.

Its primary activity is the growing of poplar and willow poles for soil conservation and river management purposes. Greater Wellington owns 40 hectares of nursery land for this purpose. Additionally the Centre provides a wide variety of native and exotic seedlings, and supplies chemicals, protectors, and a range of hardware to assist landowners in their planting programmes.

GREATER WELLINGTON'S INVOLVEMENT

Greater Wellington is involved because it is able to supply its internal needs for trees and poles in an environment where external markets are very limited. It also sells to the public and is able to provide a wide range of land management advice as part of its retail activities.

STATUTORY CONSIDERATIONS

Primary community outcome	Healthy environment, Prosperous community
Distribution of benefits	The following people and groups benefit from this activity: <ul style="list-style-type: none"> • Private landowners benefit directly from quality material and advice from nursery staff. • The local community benefits directly from landowners implementing soil conservation programmes, thereby ensuring that sustainable land management is a developing ethic within the region. • The regional community also benefits indirectly through preserved landscapes, improved water quality, and enhanced local ecology.
Time frame of benefits	Ongoing
Contributors to need for activity	Not applicable
Costs and benefits of distinct funding	Not applicable

FUNDING

100% user pays.

GROUP OF ACTIVITIES - LAND MANAGEMENT

**ACTIVITY
Soil conservation**

**SUB-ACTIVITY
Farm plans**

DESCRIPTION

This is achieved in four different ways:

(i) The delivery of sustainability and property plans.

The Sustainability Plans target severely eroded land and provide works aimed at an integrated long-term approach to sustainable land management. Property Plans are also designed to stabilise erosion prone land and protect natural environments.

(ii) The provision of a commercial specialised consultancy service comprising:

- woodlot establishment on erosion prone land
- silviculture on conservation woodlots planted for soil erosion purposes
- farm shelter establishment to complement the wind erosion control scheme.

(iii) The Wellington Regional Erosion Control Initiative (WRECI).

This new initiative is targeted at five selected catchments within the region. Catchments have been selected on the basis of moderate to high sediment generation from the erosion prone land. The initiative is a partnership between the Crown (MAF), Greater Wellington and landowners that will speed up the protection of erosion prone land and improve water quality in the receiving environments.

(iv) The delivery of Greater Wellington's Riparian Management Strategy primarily by implementing the Streams Alive programme.

Twelve priority catchments have been identified in the programme to enhance biodiversity through improved riparian management.

GREATER WELLINGTON'S INVOLVEMENT

Greater Wellington is involved because it wishes to encourage sustainable land management, improve water quality and promote biodiversity.

STATUTORY CONSIDERATIONS

Primary community outcome	Healthy environment, Prosperous community.
Distribution of benefits	The following benefit from this activity: <ul style="list-style-type: none"> • private landowners benefit directly from property protection and stabilised soil, and the maintenance of a long-term productive asset • the local community benefits directly as the sub-activity reduces flood risk, improves water quality and addresses other downstream problems (a considerable benefit in erosion prone areas). It also protects infrastructure. • The regional community benefits indirectly through preserved landscapes, improved water quality, and enhanced local ecology.
Time frame of benefits	Soil conservation benefits start to accrue 5 to 7 years after planting and the income from the woodlot may take up to 30 years after planting. Accordingly, landowners do not see a cash benefit for a considerable time, if at all, and may not make an appropriate decision about work required.
Contributors to need for activity	Private landowners drive the costs as past land management practices have not always been sustainable. However, it is often not the current landowner who caused the problems. For example, past government policies sometimes resulted in unsustainable land management practices. Hill country farming is only sustainable when appropriate protection methods are used. There is a demand from landowners to maximise returns, even on relatively small blocks of land.
Costs and benefits of distinct funding	The significant beneficiaries are required to pay a reasonable share of the costs.

DISCUSSION

Greater Wellington believes that those who benefit most from land management activities should pay the greater part of the cost. However, it is Greater Wellington's policy to encourage soil conservation for erosion-prone soil types through plans and biodiversity measures, so a regional contribution is considered appropriate.

FUNDING

- Sustainability and Property Plans
 - 60% to 70% user charge
 - 30% to 40% general rate
- WRECI Plans
 - 40% user charge
 - 30% crown funding
 - 30% general rate
- Consultancy – all costs are to be funded by way of direct payment by those who seek the service. Typically Greater Wellington's operational staff supervise contractors to do the work. A service fee on the services delivered by the contractors pays for the costs of Greater Wellington's supervision.
- Streams Alive programme – Greater Wellington contributes to site preparation, planting and maintenance of vegetation; the landowner provides the fencing. This equates to 70% general rate and 30% user charge.

GROUP OF ACTIVITIES – LAND MANAGEMENT
ACTIVITY Soil conservation
SUB-ACTIVITY Catchment schemes

DESCRIPTION

This sub - activity involves planting in the headwaters of rivers and the management of the river downstream. As good catchment management lessens the flood risk downstream, catchment schemes are similar to flood protection. Each of the six catchment schemes operate closely within a local Scheme Advisory Committee.

GREATER WELLINGTON'S INVOLVEMENT

Greater Wellington is involved because it wishes to encourage sustainable land management, protect community assets and promote biodiversity.

STATUTORY CONSIDERATIONS

Primary community outcome	Healthy environment, Prosperous community.
Distribution of benefits	The following benefit from this activity: <ul style="list-style-type: none"> • private landowners benefit directly from property protection, stabilised soil, flood protection and the maintenance of a long term productive asset • the wider or district community benefits directly through reduced flood risk, improved water quality and better infrastructure protection • the regional community benefits indirectly though preserved landscapes, improved water quality, and enhanced local ecology.
Timeframe of benefits	Soil conservation benefits start to accrue 5 to 7 years after planting and consolidation of river management works has a similar timeframe. Accordingly, ratepayers do not see benefit for a considerable time.

Contributors to need for activity	Private landowners drive the costs as past land management practices have often been unsustainable. However, it is often not the current landowner who caused the problems. For example, past government policies sometimes resulted in unsustainable land management practices within catchments, leading to increased erosion and flooding.
Costs and benefits of distinct funding	The significant beneficiaries are required to pay a reasonable share of the costs, e.g. scheme rate.

DISCUSSION

Greater Wellington believes that the benefits to the region are similar to those of the local scheme ratepayers and the district ratepayers. The strong emphasis on sustainable land management, river management, flood protection and biodiversity ensures that a regional contribution is considered appropriate.

FUNDING

- Catchment Schemes
 - 50% regional rate
 - 30% to 40% scheme rates (landowners)
 - 10% to 20% district council contribution.

GROUP OF ACTIVITIES – LAND MANAGEMENT**ACTIVITY****Soil conservation****SUB-ACTIVITY****Soil conservation reserves****FUNDING**

100% general rate.

DESCRIPTION

This sub - activity involves the protection and enhancement of indigenous vegetation and riparian areas within each of the four soil conservation reserves. Exotic plantings have been established in Tauanui, Hiwinui and Stoney Creek reserves. Rough Hill reserve is completely covered by indigenous vegetation.

GREATER WELLINGTON'S INVOLVEMENT

Greater Wellington is involved because it wishes to encourage sustainable land management, river management, flood protection and promote biodiversity.

STATUTORY CONSIDERATIONS

Primary community outcome	Healthy environment, Prosperous community.
Distribution of benefits	The following benefit from this activity <ul style="list-style-type: none"> ▪ private landowners benefit directly from reduced flood risk, less soil deposition and better protection of infrastructure: ▪ the local community benefits directly through reduced flood risk, improved water quality and better infrastructure protection ▪ The regional community benefits indirectly through preserved landscapes, improved water quality, and enhanced local ecology.
Timeframe of benefits	Ongoing
Contributors to need for activity	Not applicable
Costs and benefits of distinct funding	Not applicable

GROUP OF ACTIVITIES – LAND MANAGEMENT
ACTIVITY Soil conservation
SUB-ACTIVITY Land management advice

DESCRIPTION

This sub-activity provides advice to a wide range of individuals, agencies, groups and communities on sustainable land use activities. There are four major components:

- inspections, education and advice
- consent advice
- promotion and advocacy
- regional monitoring.

GREATER WELLINGTON'S INVOLVEMENT

Greater Wellington promotes sustainable land use for the long term benefits of the region and its ratepayers.

STATUTORY CONSIDERATIONS

Primary community outcome	Healthy environment, Prosperous community.
Distribution of benefits	The following benefit from this activity: <ul style="list-style-type: none"> • Private landowners benefit through the use of sustainable land use practices. • The regional community benefits by having its land used sustainably
Timeframe of benefits	On-going.
Contributors to need for activity	Not applicable.
Costs and benefits of distinct funding	Not applicable.

FUNDING

100% general rate for inspections, promotion, monitoring and advice.

4.7 REGIONAL SUSTAINABLE DEVELOPMENT

GROUP OF ACTIVITIES – REGIONAL SUSTAINABLE DEVELOPMENT
ACTIVITY Wellington Regional Strategy

1 WELLINGTON REGIONAL STRATEGY

DESCRIPTION

In response to a request by the district and city councils of Wellington Region, Greater Wellington has set up a Wellington Regional Strategy Committee to act as the keeper of the Wellington Regional Strategy. The aim of the strategy is to build an internationally competitive region and to ensure sustainable economic prosperity and quality of life, with particular emphasis on the next 10-20 years.

GREATER WELLINGTON'S INVOLVEMENT

Greater Wellington is acting as “keeper” of the Wellington Regional Strategy because the councils’ collectively in the region agreed that this is the most appropriate model.

STATUTORY CONSIDERATIONS

Primary community outcome	Entrepreneurial and innovative region, Prosperous community.
Distribution of benefits	The primary beneficiaries for this activity are people and organisations in the regional community. They benefit through the planned approach to the sustainable economic growth of the region.
Timeframe of benefits	On-going.
Contributors to need for activity	Not applicable.
Costs and benefits of distinct funding	Not applicable.

FUNDING

100% general rate.

2 REGIONAL ECONOMIC DEVELOPMENT AGENCY

DESCRIPTION

The local authorities in the Wellington region, including Greater Wellington, have developed the Wellington Regional Strategy. The aim of the Strategy is to build an internationally competitive region and to ensure sustainable economic prosperity and quality of life, with particular emphasis on the next 10-20 years. Economic development is a key aspect of the Strategy.

GREATER WELLINGTON'S INVOLVEMENT

Greater Wellington is involved because this is a joint local government initiative and because Greater Wellington has a key role in implementing the Wellington Regional Strategy. Greater Wellington has established an economic development agency, Grow Wellington, to undertake this activity.

STATUTORY CONSIDERATIONS

Primary community outcome	Entrepreneurial and innovative region, Prosperous community.
Distribution of benefits	The primary beneficiaries for this activity are people and organisations in the regional community. They benefit through economic growth in the region. Economic growth includes the creation of new jobs and more opportunities for businesses to establish and expand.
Timeframe of benefits	On-going.
Contributors to need for activity	Not applicable.
Costs and benefits of distinct funding	A dedicated rate is justified as the funds raised are significant and the whole region pays a reasonable share of the costs. A targeted rate provides transparency and accountability for this activity that is distinct from Greater Wellington's other activities, and is carried out on behalf of all the region's local authorities. A fixed charge basis for non-business ratepayers distributes the costs to this group equitably, recognising the benefit of this activity to these ratepayers. A capital value rating basis is weighted towards higher value properties (for businesses) which is a fair basis for the collection of revenue where businesses will receive a proportional benefit.

FUNDING

100% targeted rate.

GROUP OF ACTIVITIES – REGIONAL SUSTAINABLE DEVELOPMENT**ACTIVITY****Regional resilience****DESCRIPTION**

Strategies are required from time to time for issues that cut across the activities of Greater Wellington Regional, city and district councils and other organisations in the region. These strategies, for example, the regional water strategy, contribute to the sustainable development and resilience of the region.

Specific programmes may also be undertaken to increase the resilience of the region eg. part funding EECA's scheme for retrofitting home insulation.

GREATER WELLINGTON'S INVOLVEMENT

Greater Wellington generally coordinates and funds the development of these resilience/sustainability plans and programmes and can have and a key role in their implementation.

STATUTORY CONSIDERATIONS

Primary community outcome	Healthy community, Entrepreneurial and innovative region, Prosperous community.
Distribution of benefits	<ul style="list-style-type: none"> The primary beneficiaries are people and organisations in the regional community. They benefit through the contribution that these strategies and programmes make to increasing the resilience of the region. The primary beneficiaries of the EECA home insulation scheme are ratepayers who take advantage of this scheme to insulate their homes, resulting in warmer homes and/or lower energy costs.
Timeframe of benefits	On-going.
Contributors to need for activity	Not applicable.
Costs and benefits of distinct funding	Not applicable.

FUNDING

100% general rate for plans/strategies.

100% targeted rate on properties that would benefit if Greater Wellington was to proceed with the home insulation scheme.

4.8 Community**GROUP OF ACTIVITIES – COMMUNITY****ACTIVITY****Democratic services****DESCRIPTION**

The democratic services activity includes leadership, representation and decision making at a political level and support to elected members. This activity also includes general advocacy for the regional community.

GREATER WELLINGTON'S INVOLVEMENT

This is the core governance and advocacy activity of Greater Wellington.

STATUTORY CONSIDERATIONS

Primary community outcome	Strong and tolerant community.
Distribution of benefits	Democracy is a public good whose benefits accrue to, or are shared by, the people, communities, and organisations of the entire region. Greater Wellington acts in the best interests of the Wellington region as a whole. The people of the region benefit through representation at a regional level and involvement in regional decision-making, and by having an advocate for the regional community.
Timeframe of benefits	On-going.
Contributors to need for activity	Not applicable.
Costs and benefits of distinct funding	Not applicable.

FUNDING

All Greater Wellington functions are controlled at a governance level by elected members. Therefore, the majority of this activity is funded from the general rate, with the remaining funding coming from the specific areas of regional transport and regional water supply, where the majority of funding is derived from a targeted rate and levy respectively.

GROUP OF ACTIVITIES – COMMUNITY**ACTIVITY****Westpac Stadium****DESCRIPTION**

This activity services and repays a \$25 million contribution to the Stadium Trust which facilitated the planning, development and construction of the Westpac Stadium in Wellington.

GREATER WELLINGTON'S INVOLVEMENT

Greater Wellington funds this activity because there are benefits to the region beyond the direct private benefits that accrue to individuals from attending events. Greater Wellington is thus funding the indirect benefits. The funding of Greater Wellington's \$25 million contribution is governed by the Wellington Regional Council (Stadium Empowering) Act 1996.

STATUTORY CONSIDERATIONS

Primary community outcome	Quality lifestyle.
Distribution of benefits	<p>The degree of indirect benefit derived from the multipurpose regional stadium by any category of property in different parts of the region has been assessed by Greater Wellington as follows:</p> <ul style="list-style-type: none"> • 70% – benefits arising from flow-on economic activity from the Stadium through increased business and employment opportunities. • 20% – benefits arising from the opportunity to attend events at the Stadium which would not otherwise be held in Wellington. • 10% – other benefits arising from publicity for the region, civic pride, critical mass in tourism, promotion of increased participation in sport and physical leisure and ability of the region to attract new residents and businesses

Greater Wellington took into account the following features for different parts of the region:

- Net equalised capital value
- Types of employment by industry
- Average travel times to the
- Stadium
- Population
- Average household incomes.

Timeframe of benefits	There are significant intergenerational equity considerations as the facility will be available for future generations. For reasons of intergenerational equity and transparency, this funding requirement was met by way of loans over 20 years, fully serviced and funded by a targeted rate. Ratepayers are made fully aware of their annual contribution to the provision of a stadium, and those who benefit over the life of the asset contribute to it.
Contributors to need for activity	Not applicable.
Costs and benefits of distinct funding	A dedicated rate is justified as the funds raised are significant, the costs of collection are reasonable and the distribution of benefit is particular.

FUNDING

The contribution by Greater Wellington to the Stadium Trust is funded by commercial loans, which are serviced by a 100% targeted (stadium purposes) rate on the indirect beneficiaries. The rate is struck across the region on a differential basis to reflect the benefit derived from the provision of the stadium to different classes of ratepayer in the different parts of the region.

GROUP OF ACTIVITIES – COMMUNITY

ACTIVITY

Relationship with Māori**DESCRIPTION**

Involving Māori in our work includes servicing and facilitating the central relationship Greater Wellington has with the iwi of the region.

GREATER WELLINGTON'S INVOLVEMENT

Greater Wellington has a long established relationship with the iwi of the region. There is a statutory obligation to improve opportunities for Māori to contribute to Greater Wellington's decision-making.

STATUTORY CONSIDERATIONS

Primary community outcome	Strong and tolerant community.
Distribution of benefits	The beneficiaries are the community as a whole, Greater Wellington and iwi. The community benefits from the enhanced opportunity provided to a key group to participate in decisions that affect them and the well being of the whole community. Greater Wellington benefits through greater access to iwi and their increased ability to provide input to Greater Wellington and to assist with its work. Iwi benefit from the increased resources which enable them to participate and also from the collective forum which provides a regular opportunity for collective discussion.
Timeframe of benefits	On-going.
Contributors to need for activity	Not applicable.
Costs and benefits of distinct funding	Not applicable.

FUNDING

The majority of this activity is funded through the general rate because of the public good component of this work and the inability of iwi to participate in a meaningful way without assistance. The remaining funding should come from the specific areas of transport and water supply, where the majority of funding is derived from a targeted rate and levy respectively, rather than from the general rate.