

23 August 2022

File Ref: OIAP-7-25355

By email: [REDACTED]

Tēnā koe [REDACTED]

Request for information 2022-126

I refer to your request for information dated 4 August 2022, which was received by Greater Wellington Regional Council (Greater Wellington). You have requested the following:

“Why are my husband and I paying for public transport through our rates? We live more than 20km away from the closest bus stop let alone anywhere near a train. Why are we paying for a service we cannot access?”

Greater Wellington’s response follows:

Thank you for your email. Whilst we acknowledge that your property may be some distance from the closest bus stop, Council has identified both private and public benefits of public transport.

By way of information about how Greater Wellington meets its funding needs, the Local Government Act 2002 (LGA) requires Greater Wellington to meet its funding needs from the sources that Greater Wellington determines to be appropriate following consideration of the matters in section 101(3) of the LGA. Those matters are considered in relation to each activity to be funded, and also include the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.

Greater Wellington’s Revenue and Financing Policy (reviewed in 2021/22 with amendments made as part of the consultation process and decision making completed in June 2022) shows how it has, in relation to each of its sources of funding, considered the relevant matters in section 101(3) of the LGA.

As part of making the required judgements about how different activities are funded, the distribution of benefits of each activity between the community, identifiable parts of the community, and individuals is considered. The extent to which any ratepayer or group of ratepayers, receives or does not receive benefits or secondary benefits arising from Greater Wellington’s activities is only one of several relevant considerations when determining funding choices. In

addition, the Courts have, through lines of authority including recent case law, confirmed that rates are a tax rather than a payment for services.

The following is excerpt from the Council 2022 Revenue and Financing Policy which highlights the benefits of Public Transport to both people in the region, and those who use the service:

PUBLIC TRANSPORT

<i>Community outcome</i>	Connected community
<i>Purpose / rationale for activity</i>	Public transport makes a significant contribution to the region's economic prosperity in a way that is environmentally and socially sustainable.
<i>Who benefits? How are the benefits distributed?</i>	The region as a whole benefits from reduced emissions, fewer vehicles on the road, safer roads, abilities for tourism and economic dispersal, and more liveable environments. Public transport benefits the people who use it directly, enabling them to get to work, school, retail, and social activities.
<i>Timeframe of benefits</i>	Ongoing.
<i>Does anyone cause Council to provide this service?</i>	No.
<i>Rationale for separate funding</i>	Public transport is the single largest activity that Council funds. A mixture of user charges (fares) and targeted rates provide transparency to service users, residents, ratepayers, and funders about the costs and relative shares paid by different groups.
<i>Overall rationale for funding</i>	<p><i>Council applies user charges (fares) for individuals/users benefits gained by people who use public transport or receive those a direct benefit.</i></p> <p><i>After receiving subsidy, the Council has concluded that the targeted differential ECV rates, taking into account the location and level of service for public transport, is the most appropriate funding source.</i></p> <p><i>The target differential categories are based on the following:</i></p> <ul style="list-style-type: none"> • Residential and location and level of service • Business and location • Rural

Note: Council will take six years (commencing 2018) to transition the rates onto the new policy. Until the transition is complete, Council will calculate an annual transition differential so that rates progressively shift to their new levels for each category of land use, and for each location.

The following table is a summary of funding sources to be used for both operational and capital expenditure for Public Transport:

Public Transport						
Operational expenditure				Capital expenditure		
Fees and user charges	Subsidies	Targeted rate	General rate	Borrowings (debt)	Proceeds from asset sales	Reserve funds
Average 30 percent of total operating revenue from fares and other user charges over the years of the Long Term Plan. To maintain the fares share of funding, fares will be adjusted annually with inflation within 1 percent to 3 percent, subject to Council decisions through annual fares and budget review.	Level of contribution from Crown agencies, primarily Waka Kotahi is determined by Waka Kotahi's Funding Assistance Rates (51 percent to 100 percent depending on activity) and co-investment policy.	Balance, calculated on ECV, with differentials based on land use, location and provision of service, up to the levels set by the rates (increase) affordability benchmark.		Waka Kotahi does not contribute to debt funding, therefore borrowing is the primary source for capital expenditure.	When available	When available

*ECV – Equalised capital value

Within the region, different territorial authorities undertake general revaluations at different times. To equalise the values, Council engages Quotable Value or another registered valuer to estimate the projected valuations of all the rateable land in the districts within the region. This estimation is enabled under section 131 of the Local Government (Rating) Act 2002. This means that rates are assessed on a consistent valuation basis, regardless of the timing of individual territorial authority revaluations.

You can learn more about our Revenue and financing Policy as well as the other supporting policies to our 2021-31 Long Term plan here: [Supporting Policies](#)

If you have any concerns with the decision(s) referred to in this letter, you have the right to request an investigation and review by the Ombudsman under section 27(3) of the Local Government Official Information and Meetings Act 1987.

Please note that it is our policy to proactively release our responses to official information requests where possible. Our response to your request will be published shortly on Greater Wellington's website with your personal information removed.

Nāku iti noa, nā

Sue McLean

Kaiwhakahaere Matua Ratonga Rangapū | General Manager, Corporate Services