

14 March 2025

File Ref: IRC-7959

s(7)(2)(a)

Tēnā koe s(7)(2)(a)

Thank you for your email dated 16 February 2025 to Te Kaunihera o Pōneke | Wellington City Council (the Council). Your request has been considered under the Local Government Official Information and Meetings Act 1987 (LGOIMA). You have requested the following information:

- 1. Could you provide me with evidence of the date the levy was changed to a targeted rate and the process, as well as rationale for why?**

The Downtown Targeted Rate, despite being labelled “Downtown Levy” has always been a targeted rate, funding specific activities, and placed on a specific group of ratepayers (2 typical key characteristics of a targeted rate – see s16 of the LGA 2002) since its introduction in 1997/98. For the purpose of this response the Downtown Levy will be referred to as the Downtown Targeted Rate (DTR).

The DTR was formally approved by the Council in 1997. The relevant document can be found here: [Council & standing committees - Full Council meeting | Archives Online](#). As held in the document, “Non-residential Downtown properties shall ... provide 2.4% of the total rate revenue required as a **separate rate** through the Downtown levy (page 30)”. The document also specifies the boundaries of the Downtown City Area.

The 1997/98 Annual Plan ([WCC Annual Plan, 1997-1998 | Archives Online](#)) then formally introduced the “CBD Downtown Levy” and the activities that it funded were specified: Tourism Wellington, retail promotion and events promotion.

- 2. At the time the levy became a targeted rate, did the method of collection change or the methodology for calculating the targeted rate change?**

Please see the answer to the previous question – it always has been a targeted rate.

- 3. What was the consultation process with business in respect of a targeted rate?**

Please see the answer to the previous question – it always has been a targeted rate.

4. Please provide evidence for existing calculation of the Return on Investment (ROI) to business for these funds, such as a rubric, set of principles or calculation?

The funds invested from the DTR provide for a significant return on investment for Wellington City and the businesses that pay the rate.

The Council does not utilise a specific ROI formula or rubric in our assessment process. Instead, as a part of our reporting requirements, the ROI for these funds is evaluated through various economic impact assessments, which considers various factors, including the economic impact on the local economy, job creation, business growth, and other relevant criteria.

For example, funding allocated to WellingtonNZ, a Council Controlled Organisation (CCO), is sourced from the Downtown Rate. WellingtonNZ's activities have been shown to generate:

- For FY22/23 the direct economic impact of WellingtonNZ activities and interventions was \$321.46m on a target of \$150m¹
- During FY23/24 the value of expenditure generated from events was \$103.3m representing a return on investment of \$20 for every \$1 spent.¹

The last economic impact study undertaken for Te Papa by Berl in 2023 showed:

- Pre-COVID-19 Te Papa contributed \$304.2 million in GDP per year on average to Wellington. WCC funding provided a ROI value of \$129 for every \$1 spent. Te Papa at this time generated an economic contribution equivalent to six percent of Wellington region's tourism industry.
- Te Papa contributed \$78.9 million in GDP per year on average during COVID-19. During this time WCC funding provided a ROI value of \$24.4 for every \$1 spent.²

These examples demonstrate how the ROI is measured through the economic benefits generated by the funded initiatives. The economic activities resulting from these investments have a far-reaching impact across multiple sectors, including tourism, hospitality, business retention, and employment. We believe this independent evaluation process provides a comprehensive understanding of the return on investment, ensuring that our funding aligns with Wellington's long-term economic goals.

5. Has the Council assessed the value of business compensation for the Golden Mile as against other uses of the Levy?

No such assessment has been undertaken as it doesn't align to the criteria of the downtown targeted rate. Targeted rates are paid by a specific group of ratepayers who receive a specific service. The Downtown Targeted Rate is assessed on all properties incorporated in the Commercial, Industrial and Business differential rating category in the downtown area and is calculated on a rate per dollar of ratable capital value.

The DTR pays for destination marketing, and events and tourism activities. It incorporates the following activities (*Source: WCC Annual Plan 2023-24*):

- 50 percent of the cost of the Wellington Regional Economic Development Agency (WREDA) and Venues activities
- 40 percent of the cost of Tākina Wellington Convention Centre activity
- 70 percent of the visitor attractions activity
- 25 percent of galleries and museums activity.

In order to consider any other use, a clear rationale would need to be established, and any proposal would require full public consultation.

6. Provide the origin of the funds for the 2019 Earthquake Relief fund. Where did the \$1m of funding come from? I have been told it was drawn from the Downtown Levy fund, but this could be quite incorrect.

We believe that this is what your question refers to the Build Heritage Incentive and Resilience fund.

In the [Wellington City Council's Annual Plan 2019/20](#) we stated that the Build Heritage Incentive and Resilience fund will be increased in funding to \$1 million per year, through two separate funds, to capture a broader range of earthquake resilience projects than the current fund. This fund is 100 percent funded from General Rates and not via the DTR.

Sources:

¹ *WellingtonNZ Annual Report FY22/23*

Please note, we may proactively release our response to your request with your personal information removed.

You have the right, by way of complaint under section 28(1) of the LGOIMA, to request an investigation and review of the Council's decision by the Ombudsman. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

If you require further information, please contact official.information@wcc.govt.nz.

Nāku noa, nā

Asha Harry
Official Information & Privacy
Wellington City Council