
Wellington City Council

Draft Revenue and Financing Policy

February 2006



Revenue and Financing Policy

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Introduction

The Local Government Act 2002 (the Act) requires Councils to adopt a Revenue and Financing Policy that provides detail on the funding of operational and capital expenditure. This policy illustrates which parts of the community contribute to paying for Council's activities.

We have set out our policy under the following headings:

8. Policy statement on the funding of operating expenditure.
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1. Policy Statement on the funding of operational expenditure

Establishing the level of operating revenue required to fund operating expenditure

Operating expenditure pays for the Council's day-to-day operations and services, from collecting rubbish and providing street lighting to maintaining gardens and issuing building consents.

The Council will set its projected operating revenue at a level sufficient to meet the current year's projected operating expenditure, except where the Council resolves that it is financially prudent not to do so.

When setting projected operating revenue at a level that is different from the level of projected operating expenditure the Council will have regard to:

- The estimated expenses of achieving and maintaining the predicted levels of service provision set out in the LTCCP, including the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life.
- The projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life.
- The equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life.
- The funding and financial policies adopted under section 102 of the Local Government Act 2002.

In accordance with these principles, the Council has determined that the following items will not be funded:

Accounting for fair value changes. Under New Zealand International Financial Reporting Standards (NZIFRS), changes in the fair value of certain assets must be accounted for within the Statement of Financial Performance. In accordance with Section 100 of the Local Government Act 2002, the Council does not consider it financially prudent to fund changes in the fair value of assets or liabilities as these are essentially unrealised accounting adjustments.

Non-funding of depreciation on Council assets. The Council may elect not to fund all or part of the depreciation expenditure on specific assets in those circumstances where it is not financially prudent to do so. In accordance with section 100 of the Local Government Act 2002, the Council considers that it is not financially prudent to fund depreciation in the following circumstances:

- Where the original asset purchase was not funded by borrowings, or the original borrowings have been repaid, and
 - Where, on an ongoing basis, the replacement of the asset at the end of its useful life will be funded by a third party, or
 - Where the Council has elected not to replace the asset at the end of its useful life.
- Where a third party has a contractual obligation to either maintain the service potential of the asset throughout all or part of its useful life (or to replace the

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asset at the end of its useful life) and the Council already effectively funds this through operating grants/tariffs payable to the third party.

Options available for funding Council services

The Council uses the following mechanisms to fund operational expenditure requirements:

- **General rates.** General rates are used to fund public goods where it is not possible to clearly identify customers or users. The general rate is also used to fund activities where, for reasons of fairness, equity and consideration of the wider community good it is considered that this is the most appropriate way in which to fund an activity.
- **Targeted rates.** This form of rate is used where an activity benefits an easily identifiable group of ratepayers (such as the commercial or residential sectors) and where it is appropriate that only this group be targeted to pay for some or all of a particular service. For example, sewerage disposal, water supply and the downtown levy.
- **Fees and charges.** User charges are direct charges to people and/or groups who use certain Council services such as swimming pools. In these instances, an identifiable benefit exists to clearly identifiable people and/or groups and they are required to pay for all or part of the cost of using that service. It is noted that from 1 July 2006 Councils are required to inflation adjust all income and expenditure with their LTCCP. Where appropriate and with consideration to 'ability to pay' principals, user charges will be increased by the rate of inflation to achieve continued alignment with the proposed funding policy targets.
- **Grants and subsidies.** Grants and subsidies apply to some activities when income from external agencies is received to support that particular activity.
- **Other sources of funding.** The Council also funds operating expenditure from other sources, including income from interest and dividends from investments held by the Council, lease income and proceeds from asset sales. Other sources of funding include:

Use of surpluses from previous financial periods. Where the Council has recorded an actual surplus in one financial period it may pass this benefit on to ratepayers in a subsequent financial period. A surplus arises from the recognition of additional income or through savings in expenditure. Council considers that passing this benefit on to ratepayers in future financial periods improves the principle of intergenerational equity, in that any financial benefit is passed on to those ratepayers who shared the rates-funding burden in the financial period that the surplus was generated.

The amount of any surplus carried forward from previous financial periods will be accounted for as an operating deficit in the year the benefit is passed on to ratepayers. A surplus will be available for use in future financial periods if the actual surplus/ (deficit) is improved when compared to the budgeted surplus/ (deficit). In calculating the level of surplus to be carried forward, consideration will be given to the nature of the factors giving rise to the surplus (for example, whether they are cash or non-cash in nature). Generally, only those factors that are cash in nature will be available for use in determining the level of surplus to be carried forward.

The Council will not carry forward surpluses in relation to:

- The sale of assets. Such surpluses shall be used for repayment of borrowings.
- Trust and bequest revenue. Such surpluses shall be applied in accordance with the terms on

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which they are provided.

- Revenue received for capital purposes. Such surpluses shall be retained to fund the associated capital expenditure.
- Unrealised gains arising from fair value adjustments to assets and liabilities. These gains are unrealised accounting adjustments in the period in which they are recognised.

Funding of expenditure from restricted or special funds. Certain operating and capital expenditure may be funded from restricted or special funds. Restricted and Special Funds are those reserves within the Council's equity that are subject to special conditions of use, whether under statute or accepted as binding by the Council, and that may not be revised without reference to the courts or a third party.

Transfers may be made only for specified purposes or when specified conditions are met.

The following restricted and special funds are available for use by Council:

- *Self Insurance Reserve.* The Self Insurance Reserve is used to fund any damages or losses that would otherwise be covered by the Council's insurance policies except for the fact that the Council has elected to set an insurance excess at a level greater than the damage or loss suffered. Each financial period the Council will provide, through funding from rates and levies, an amount intended to reimburse estimated damages or losses not otherwise covered by the Council's insurance policies. Actual expenditure incurred as a result of damages or losses where no claim is made under the Council's insurance policies as a result of the level of excess set will be transferred from retained earnings to the Self Insurance Reserve at the end of the financial period.
- *Trusts and bequests.* The Council is the recipient/holder of a number of trusts and bequests. These funds can only be used for the express purposes for which they were provided to the Council. Each year, the Council may expend money, of an operating or capital nature, from its trusts and bequests in accordance with the specified conditions of those funds. For the avoidance of doubt, the Council does not fund the expenditure from its trusts and bequests from any of the sources of operating revenue.
- *LTNZ subsidies.* Each year the Council receives funding from LTNZ as part of the overall replacement and renewal programme for the City's roading infrastructure. The Council recognises the subsidies as income in accordance with GAAP. As the subsidies are received for capital purposes, they cannot be used to offset the rates requirement. Therefore the Council shall recognise a surplus equivalent to the amount of LTNZ subsidies for capital purposes, to be applied against funding the depreciation expense that results on completion of the associated asset.
- *Development Contributions.* In accordance with the Council's Development Contributions Policy, development contributions are required to fund capital expenditure where development requires the construction of additional assets or increased capacity in network infrastructure, community infrastructure and reserves. Development Contributions will result in an operating surplus being generated for the year. This shall flow through to a Development Reserve within the Council's equity.
- *Other reserves.* Restricted funds also include other reserves, reserve purchase and development reserve and the sub-division development reserve. Subject to meeting any specified conditions associated with these reserves the Council may expend money, of an operating or capital nature, from these reserves.

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Having established its sources of operating revenue, the Council has determined that operational expenditure will be funded through the following mechanisms detailed on the following page:

Operating expenditure	Approximate proportion of funding for 2006/07
Funding mechanism	

General Rate	34%
Targeted rates	
• Sewage rate	10%
• Water rate	9%
• Stormwater rate	4%
• Base (residential)	2%
• Commercial sector	1%
• Downtown levy	2%
• Other minor rates	0%
Total targeted rates	28%
Total fees and charges	27%
Other sources	
• Ground and commercial lease	5%
• Dividends	1%
• LTNZ subsidies	1%
• Interest on investments	1%
• Petrol tax	1%
• Miscellaneous	2%
Total other income	11%
<i>Note:</i>	
Decisions on the use of other funding sources i.e. use of prior period surpluses, non-funded depreciation, special and other reserves are project-specific and made on an annual basis. In such circumstances, revenue from these sources reduces the level of funding provided through the General Rate.	

2. Policy Statement on the funding of capital expenditure

Capital expenditure represents expenditure on property, plant and equipment. Property, plant and equipment are tangible assets that are held by the Council for use in the provision of its goods and services (for example: bridges, libraries, the Wellington Regional Aquatic Centre), for rental to others or for administrative purposes, and may include items held for the maintenance or repair of such assets.

Capital expenditure is funded from depreciation, development contributions, capital subsidies, and restricted funds or through new or extended borrowings as outlined below:

- If the capital expenditure relates to the replacement (renewal) of an existing asset, that expenditure will be funded by depreciation. Funding for depreciation comes from rates. Any surplus depreciation, after paying for the replacement of Council assets, will be used to repay borrowings.
- If the capital expenditure relates to the construction or purchase of a new asset or to the upgrade or increase in service potential of an existing asset, that expenditure will usually be funded from new or extended borrowings. Borrowing is the most cost-effective and equitable way to do this as it spreads the cost of the asset over all the generations who will benefit from it, making it affordable to ratepayers today.
- The Council will use capital subsidies from third parties to fund investment in new or upgraded assets (e.g. funding received from LTNZ).
- The funding of capital expenditure from the sale of surplus assets is decided on a case-by-case basis. Funds received from the sale of surplus assets that are not applied to the funding of capital expenditure shall be used to repay borrowings.
- The funding of capital expenditure from restricted or special funds is decided on a case-by-case basis and is subject to the specified purposes and conditions governing the use of those restricted funds.
- If an approved capital expenditure project is not completed by the end of the financial period, the unspent funds may be carried forward to the next financial period to enable the project to be completed.
- The Council has agreed that Development Contributions are to be used as the primary funding tool for capital expenditure resulting from growth for water, wastewater, stormwater, roads and reserves. The Council has indicated that Development Contributions may also be used to fund growth related expenditure for Community Infrastructure, but that further work is required on the funding options and choices for such activities. The Council will continue to use RMA based Financial Contributions in some circumstances. Funds collected under either the Development Contributions Policy or the Financial Contributions Policy in the District Plan will result in a corresponding decrease in the amount to be funded from new borrowings.

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Capital expenditure	Approximate proportion of funding for 2006/07
Funding mechanism	

Rates funded depreciation	43%
LNTZ transport subsidies	8%
Development contributions	1%
Borrowings	49%

3. Setting the level of revenue from rates

The total level of revenue from rates will be established as the total revenue required to cover all projected operating expenditure after taking into account:

- The projected operating revenue from those sources of other revenue identified above.
- The level of operating surpluses carried forward from previous financial periods and agreed to by Council.
- The level of revenue received for capital purposes (including development contributions) recognised as income for accounting purposes but required to be made available for the funding of capital expenditure.
- An amount equal to the level of depreciation expenditure on Council assets where the Council considers that it is not financially prudent to pass the funding requirement on to ratepayers.
- An amount equal to the level of reimbursement of the Council's self insurance reserve.
- Any other amount that the Council considers not financially prudent to pass (the funding requirement) on to ratepayers.

4. The Council's application of the requirements of the Act

This section shows how the operating expenditure associated with each of the Council's activities are funded through applying the requirements of section 101 (3) of the Act. The Council illustrates the activity areas in which it operates through our Strategy Trees, which are arranged by Key Achievement Area (KAA).

Our activity analysis is organised under the following headings:

- **Activity.** The Council's activities are those areas in which we provide a service to the community. Our activity analysis starts with a statement of what activity we are assessing, where it sits in our strategy tree, and a brief description of the service provided by the Council.
- **Community outcome.** The Council has a number of community outcomes. We make reference to the community outcome to which each activity relates in our analysis.
- **Operating projects.** A list is provided of all operating projects that the Council delivers within a particular activity. Any one activity may have more than one operating project which, when combined, provides the total level of service provided by the Council.
- **Who Benefits??** This analysis looks at the benefits that flow from the activity to individuals, identifiable parts of the community and the community as a whole. The Council acknowledges that this analysis is in part subjective, and has used some basic principles to assist in its decision making.

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- When discussing benefits to the whole community, we are referring to all members, ratepayers and the general public, of the city. Benefits to the whole community accrue when individual users cannot be easily identified or cannot be easily excluded from entry (such as the use of the Town Belt and other open spaces), or where the community in general derives benefit from our activities (such as the provision of citizen information and advice). While it is not possible to charge for some activities, it is also not appropriate to charge for certain activities that benefit the community as a whole. In instances such as these, it is considered appropriate that funding is predominantly provided through the general rate.

- Where individuals or an identifiable part of the community can be identified, it is then possible to consider the use of targeted rates or user charges. Obvious examples of this include services such as pools and recreation centres, but also include activities such as our building consent and licensing services and many of our waste management services. In these instances, it is possible to exclude users who are not prepared to pay for an activity. Those users who choose to pay accrue a particular level of service over and above that available to the community as a whole.

- **Who should pay?** This section of our analysis looks at a variety of factors that may influence our decision-making when establishing a final decision as to who should pay for an activity. Through this analysis it is possible for the nominal funding split derived under the Who Benefits? analysis to be 'modified' based on a consideration of factors including:

- The period of benefit provided by each activity. For instance, investment in the city's roading and stormwater infrastructure provides a long-term and ongoing benefit to the city, whereas a one-off grant for a particular activity will typically be short-term and temporary in nature.

- Whether or not there is an identifiable exacerbator who should pay ('polluter pays' principle).

- The costs and benefits of distinct funding. This includes an assessment of how we fund each individual activity taking into account issues such as transparency and accountability, and the impacts of a chosen funding mechanism. For instance, where a service is deemed to be essential or very important in terms of contributing to the general health and wellbeing of the community, consideration will be given to ensuring that people are not excluded from access to the service because they cannot afford to pay.

- The overall impact of the funding of the activity on the current and future social, economic, environmental and cultural well-being of the community.

While each of these areas were considered when assessing who should pay, not all were relevant to each activity, while some had more weight than others in relation a certain activity.

- **Our funding targets.** This provides the final analysis of how we will fund our activities after consideration of the issues outlined under "Who should pay?"

5. The commercial and residential rating differential and the modifier

In 2000, the Council voted to alter the rates differential (the rates split) that decides the share of general rates only paid by residents and by businesses. Over a 10-year period, the balance will shift from a point where the commercial sector contributed 7.0 times more general rate (for a property with the same value) to a stage where they will end up contributing 2.8 times more to the general rate than the residential ratepayer by 2009/10.

The general rate is split between the base differential rate, which applies to residential ratepayers, community organisations and rural land, and the commercial, industrial and business differential rate.

During the development of the Revenue and Financing Policy, Council has taken the opportunity to review the rating differential and has concluded that the 2.8 ratio is still appropriate.

The Council also believes it is appropriate to spread the impact of proposed activity funding changes, and that a smooth transition to the 2.8 ratio in 2009/10 continues. The target general rates differential for 2006/07 is 4.4 : 1. This means that for that a commercial ratepayer will have 4.4 times the general rate payable by residential (and other base differential) ratepayers on each dollar of property capital value.

The differential transition planned through to 2009/10 is as follows:-

	<i>06/07</i>	<i>07/08</i>	<i>08/09</i>	<i>09/10</i>
GR Ratio	4.4	3.8	3.3	2.8

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6. Summary of operating expenditure funding by activity

Activity Code	Activity	User Fees	Other income	Rates	General	Residential targeted	Commercial targeted	Downtown
1.1.1	Urban planning and policy development	0%	0%	100%	100%	0%	0%	0%
1.2.1	Smart growth	0%	0%	100%	100%	0%	0%	0%
1.3.1	Development regulation and facilitation	40%	0%	60%	60%	0%	0%	0%
1.4.1	Earthquake risk mitigation	0%	0%	100%	100%	0%	0%	0%
1.4.2	Building regulation and facilitation	60%	0%	40%	40%	0%	0%	0%
1.5.1	Waterfront development	0%	0%	100%	100%	0%	0%	0%
1.5.2	Public space and centre developments	0%	0%	100%	100%	0%	0%	0%
1.5.3	Heritage development	0%	0%	100%	100%	0%	0%	0%
2.1.1	Car parking	100%	0%	0%	0%	0%	0%	0%
2.1.2	Transport planning	0%	0%	100%	100%	0%	0%	0%
2.2.1	Regional advocacy	0%	0%	100%	100%	0%	0%	0%
2.2.2	Facilitation of ports access	0%	0%	100%	100%	0%	0%	0%
2.3.1	Travel Demand Management planning	0%	0%	100%	100%	0%	0%	0%
2.3.2	Roads Open Spaces	0%	10%	90%	90%	0%	0%	0%
2.4.1	Vehicle network	0%	5%	95%	95%	0%	0%	0%
2.4.2	Cycle network	0%	15%	85%	85%	0%	0%	0%
2.4.3	Passenger transport network	0%	100%	0%	0%	0%	0%	0%
2.4.4	Pedestrian network	0%	0%	100%	100%	0%	0%	0%
2.4.5	Network-wide control and management	0%	25%	75%	75%	0%	0%	0%
2.5.1	Road safety facilitation	0%	80%	20%	20%	0%	0%	0%
3.1.1	Tourism promotion	0%	0%	100%	0%	0%	0%	100%
3.1.2	Visitor attractions	45%	0%	55%	35%	0%	20%	0%
3.2.1	Facilitation of suburban and city centres vitality	0%	0%	100%	0%	0%	0%	100%
3.3.1	Events attraction and support	0%	0%	100%	0%	0%	100%	0%
3.4.1	Facilitation of ICT access (no projects)	0%	0%	100%	100%	0	0%	0%
3.4.2	Gateway connections facilitation	0%	0%	100%	100%	0	0%	0%
3.5.1	Funder of Positively Wellington Business	0%	0%	100%	100%	0	0%	0%
3.5.2	Economic grants	0%	0%	100%	100%	0	0%	0%
3.6.1	Creative workforce promotion and facilitation	0%	0%	100%	100%	0	0%	0%
3.7.1	Facilitation of external relations	0%	0%	100%	100%	0	0%	0%
4.1.1	Local parks and open spaces	5%	0%	95%	95%	0%	0%	0%
4.2.1	Botanical gardens	10%	0%	90%	90%	0%	0%	0%
4.2.2	Beaches and coast operations	0%	5%	95%	95%	0%	0%	0%
4.2.3	Town belts	0%	5%	95%	95%	0%	0%	0%
4.3.1	Facilitation of community environmental initiatives	0%	0%	100%	0%	100%	0%	0%
4.4.1	Walkways	0%	0%	100%	100%	0%	0%	0%
4.5.1	Energy efficiency facilitation	0%	0%	100%	100%	0%	0%	0%
4.5.2	Quarry	125%	0%	0%	0%	0%	0%	0%
4.5.3	Recycling	100%	0%	0%	0%	0%	0%	0%
4.5.4	Waste minimisation and disposal management	100%	0%	0%	0%	0%	0%	0%
4.5.5	Water network	0%	0%	100%	0%	60%	40%	0%
4.6.1	Water collection and treatment	0%	0%	100%	0%	60%	40%	0%
4.6.2	Stormwater management	0%	0%	100%	0%	80%	20%	0%
4.6.3	Sewage collection and disposal network	0%	0%	100%	0%	60%	40%	0%
4.6.4	Sewage treatment	0%	0%	100%	0%	60%	40%	0%
4.7.1	Stream protection	0%	0%	100%	100%	0%	0%	0%
4.7.2	Pest plant and animal management	0%	0%	100%	100%	0%	0%	0%
4.8.1	Environmental and conservation attractions	0%	0%	100%	100%	0%	0%	0%
5.1.1	Provision of City Archives	10%	0%	90%	90%	0%	0%	0%
5.1.2	Promotion of heritage landmarks	0%	0%	100%	100%	0%	0%	0%
5.2.1	Promoting and hosting cultural festivals	35%	0%	65%	65%	0%	0%	0%
5.2.2	The New Zealand International Arts Festival	0%	0%	100%	0%	0%	0%	100%
5.2.3	Cultural grants	0%	0%	100%	0%	100%	0%	0%
5.3.1	Access and support for community arts	0%	0%	100%	100%	0%	0%	0%
5.4.1	Provision of galleries and museums	0%	0%	100%	75%	0%	0%	25%
5.4.2	Facilitator arts partnerships	0%	0%	100%	90%	0%	0%	10%
6.1.1	Provision of community housing	70%	0%	30%	30%	0%	0%	0%
6.1.2	Facilitation of recreation partnerships	0%	0%	100%	0%	100%	0%	0%
6.2.1	Implementation of the homelessness strategy	0%	0%	100%	100%	0%	0%	0%
6.2.2	Community advocacy	0%	0%	100%	0%	100%	0%	0%
6.3.1	Access support	0%	0%	100%	100%	0%	0%	0%
6.3.2	Social and recreational grants	0%	0%	100%	100%	0%	0%	0%
6.3.3	Recreation programmes	25%	0%	75%	75%	0%	0%	0%
6.4.1	Provision of swimming pools	45%	0%	55%	55%	0%	0%	0%
6.4.2	Provision of sports fields	10%	0%	90%	90%	0%	0%	0%
6.4.3	Provision of recreation centres	25%	0%	75%	75%	0%	0%	0%
6.4.4	Provision of playgrounds	0%	0%	100%	100%	0%	0%	0%
6.4.5	Provision of marinas	100%	0%	0%	0%	0%	0%	0%
6.4.6	Provision of community centres and halls	10%	10%	80%	0%	80%	0%	0%
6.4.7	Provision of community ICT access	100%	0%	100%	100%	0%	0%	0%
6.4.8	Provision of libraries network	10%	0%	90%	90%	0%	0%	0%
6.5.1	Burials and cremations	50%	0%	50%	50%	0%	0%	0%
6.5.2	Provision of public toilets	0%	0%	100%	100%	0%	0%	0%
6.5.3	Regulation of public health	50%	0%	50%	50%	0%	0%	0%
6.6.1	Facilitation of city safety	0%	0%	100%	100%	0%	0%	0%
6.6.2	Wellington Emergency Management Office	5%	0%	95%	95%	0%	0%	0%
7.1.1	Consultation and communication	0%	0%	100%	100%	0%	0%	0%
7.2.1	Mana Whenua partnerships	0%	0%	100%	100%	0%	0%	0%
7.2.2	City governance and decision-making	0%	0%	100%	100%	0%	0%	0%
7.2.3	Provision of civic information	5%	0%	95%	95%	0%	0%	0%

7. Individual activity analysis by key achievement area

7.1 Urban Development Strategy

Directing growth and delivering quality

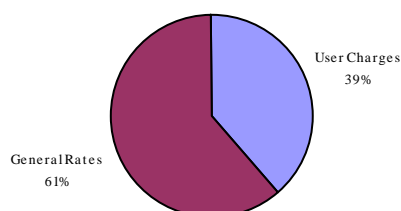
Nestled between harbour and hills, Wellington is a compact and dynamic city. We aim to preserve its special character, making sure developments are safe and in harmony with the environment. Our work in this area includes urban planning, building and development regulation, heritage protection and the development of public spaces.

The outcomes we want from this strategy and the activities which we undertake to achieve these outcomes are summarised in the “strategy tree” diagram on the following page.

Operating activities

With the exception of regulatory services provided the majority of activities with the Urban Development Strategy are funded by the whole community via the General Rate. The funding sources for this strategy are illustrated in the graph below.

Urban Development Operating Expenditure Funding Summary



Activity	Funding Sources						
	User Charges	Other Income	General Rates	Targeted Rates			
				Residential	Commercial	Downtown	Other
1.1.1 Urban planning and policy development	0%	0%	100%	0%	0%	0%	0%
1.2.1 Smart growth	0%	0%	100%	0%	0%	0%	0%
1.3.1 Development regulation and facilitation	40%	0%	60%	0%	0%	0%	0%
1.4.1 Earthquake risk mitigation	0%	0%	100%	0%	0%	0%	0%
1.4.2 Building regulation and facilitation	60%	0%	40%	0%	0%	0%	0%
1.5.1 Waterfront development	0%	0%	100%	0%	0%	0%	0%
1.5.2 Public space and centre developments	0%	0%	100%	0%	0%	0%	0%
1.5.3 Heritage development	0%	0%	100%	0%	0%	0%	0%
Total Urban Development Strategy	39%	0%	61%	0%	0%	0%	0%

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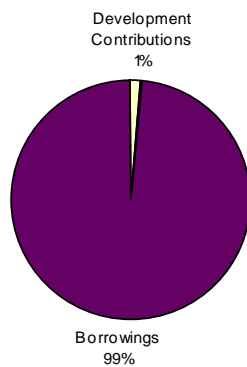
Capital Expenditure

The interest and depreciation costs relating to capital expenditure are incorporated in the operating costs of each activity.

Urban development capital expenditure projects are funded through a combination of rates funded depreciation, borrowings and development contributions, as detailed below.

Activity		Funding Sources			
		LTNZ Capex Subsidies	Development Contributions	Depreciation	Borrowings
1.5.2	Public space and centre developments	0.0%	1.4%	0.2%	98.4%
Total Urban Development Strategy		0%	1%	0%	98%

Urban Development Strategy Capital Expenditure Funding Summary



Urban development strategy – activity funding commentary

Activity 1.1.1: Provider - Urban planning and policy development

The Council wants to ensure the city grows in ways that encourage high-quality development and produce the best long-term result for everyone. To do this, we will use appropriate controls to guide development, particularly in key areas of the city. This includes guiding development in the northern part of the city where rapid growth is expected in coming years and implementing the District Plan.

Community outcome

The very nature of urban planning and policy work means that it will contribute to a large number of community outcomes. Overall our work in this area will make the city more liveable, more sustainable and ensure the city is well connected. Primarily the work contributes to the outcome that “urban development will support Wellington’s uniqueness as a compact harbour city”

Who Benefits?

Whole community 100%

Urban planning ensures the city grows in a controlled way that is environmentally sustainable, enhances community cohesion, and encourages high-quality developments. While the Northern Growth Management Framework is obviously specific to that area, the benefits of improved infrastructure and co-ordinated growth will be felt city-wide.

Who should pay?

Whole community 100%

The Council seeks to build stronger communities through funding this activity. Our aim is to make Wellington even more liveable – making it a great place to be by offering a variety of places to live, work and play within a high quality public environment. Since the community as a whole benefits from this work, it is appropriate for general ratepayers to bear the costs.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

Activity 1.2.1: Provider - Smart growth

An important component of our overall urban planning and policy work is how we manage infill developments. This will be a priority for the Council over the next three years as we work on the ‘growth spine concept’.

Our approach to funding this area

As this activity is a subset of our overall urban planning and policy development we apply the same funding decisions as are outlined under activity 1.1.1 provider – Urban planning and policy development.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

Activity 1.3.1: Regulator - Development control and facilitation

The Council has a statutory responsibility under the Resource Management Act to ensure land and other resources are used sustainably. The District Plan, adopted in 2001 after public consultation, contains specific policies relating to land and resource use in the city. We administer the District Plan, regulating developments to ensure they are safe, sustainable and meet public expectations. Specific activities include issuing resource consents, monitoring compliance and dealing with complaints about environmental matters are covered by this activity.

Community outcome

This work is statutorily required and contributes to each of the community outcomes that relate to urban development. Overall this activity contributes to the Council's long term goal that Wellington will have a contained urban form, with intensification in appropriate areas and mixed land-use, structured around a vibrant central city, key suburban centres and major transport corridors.

Who Benefits?

Individuals	75%
Whole community	25%

The main beneficiaries of this work are the individual people and businesses involved in land subdivision and development or use of other resources. This work helps ensure the developments are safe, sustainable and meet legal obligations.

There is also a significant public benefit. By controlling the safety and environmental effects of developments, we help prevent harm to members of the public both now and in the future.

Who should pay?

<i>Individuals</i>	<i>50%</i>
<i>Whole community</i>	<i>50%</i>

While individuals receive an estimated 75 percent of the benefit from the Council's development control work, our ability to recover costs from those individuals is limited. User charges for some activities are set by law or regulation. For some activities, the law prevents us from charging at all. In addition, while individuals causing damage to the environment should bear the costs of dealing with their actions, it is not always possible to identify them.

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To meet 75 percent of the costs of resource consents through user charges would require raising them to a level that may create a disincentive for growth and development of the city, potentially harming the economy.

These factors mean that, historically, we have been able to recover only about a third of the cost of this activity through user charges. Further initiatives are being investigated to improve this rate in the future.

Our funding targets: operating expenses

User charges	40%
Other revenue	0%
Targeted rate	0%
General rate	60%
TOTAL	100%

Activity 1.4.1: Regulator and funder – Earthquake risk mitigation

The Council has a statutory responsibility under the Building Act to mitigate the risks that earthquakes may have on structures. We have drafted a policy on how we intend to identify substandard structures and facilitate their strengthening. This activity covers that work and also the contribution that the Council may make to a localised earthquake assessment study.

Community outcome

This activity primarily contributes to the outcome that “Wellingtonians will feel safe in all parts of the city”. It also contributes in part to the outcome that “Wellington will protect its heritage buildings and ensure that new developments are sympathetic to them”.

Note that this policy is currently out for consultation. As the policy stands it would be expected that this funding would be drawn from the general rate.

Activity 1.4.2: Regulator - Building control and facilitation

The Council has a statutory responsibility under the Building Act and the Resource Management Act to control building developments. This includes ensuring buildings are safe and sanitary, and do not threaten environmental quality or public health.

Work includes issuing and monitoring building consents - we have building guidelines to make sure buildings meet the required standards. We also have responsibilities under the Fencing of Swimming Pools Act to ensure all swimming pools are adequately fenced.

Community outcome

This activity primarily contributes to the outcome that “Wellingtonians will feel safe in all parts of the city”.

Who Benefits?

Individuals 100%

Our building control work benefits private individuals – the people and companies that build or redevelop homes, offices and other buildings. Our work ensures these buildings are safe and meet legal requirements. These benefits apply to buildings which, in almost all cases, are for

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private and exclusive use. The people who use our building consent services are clearly identifiable and can be stopped from using the service if they refuse to pay.

Similarly, the beneficiaries of our efforts to ensure swimming pools are adequately fenced are private individuals – those people who own and use swimming pools and those who are kept safe because pools are fenced.

Who should pay?

Individuals 100%

While individuals receive the benefits of our building control work, we are constrained in our ability to recover costs from those individuals. User charges for some activities are set by law or regulation. For some activities, the law prevents us from charging at all.

In addition, to meet all the costs of building consents through user charges we would need to raise the charges to a level that may create an incentive for homeowners to avoid the consent process and carry out illegal building work.

These factors mean that, historically we have been able to recover only about half the cost of this activity through user charges. Recent efforts to improve this rate of cost recovery have resulted in some improvements, however additional costs accruing from the Building Act have off-set these gains. Accordingly, the Council's target is to fund 50 percent of the cost of this activity through user charges. However, we plan to raise this target over time.

Our funding targets

User charges	60%
Other revenue	0%
Targeted rate	0%
General rate	40%
TOTAL	100%

Activity 1.5.1: Funder - Waterfront

The Wellington waterfront is a key area of the city. We oversee its development in line with a guiding policy, the Wellington Waterfront Framework. Management of waterfront development is carried out by a Council controlled organisation, Wellington Waterfront Limited.

Our role includes preparing an annual work plan that outlines short- and long- term development proposals for the waterfront and funding the operations of Wellington Waterfront Limited.

Community outcome

Primarily this activity contributes to the outcome that “urban development will support Wellington’s uniqueness as a compact harbour city’. It also contributes in part to the outcome that “Wellington will protect its heritage buildings and ensure that new developments are sympathetic to them”.

Who Benefits?

Whole community 100%

This work benefits the whole community by making the city more attractive and vibrant, and providing valuable recreation opportunities. Through development of public spaces that complement the natural beauty of the waterfront, the image and the “sense of place” that people have for the city is enhanced. Waterfront development attracts people into the city, supporting social cohesion and aiding the economy.

While the direct beneficiaries are mainly people who choose to visit the waterfront, these benefits are not exclusive. When one person visits Queen’s Wharf or Frank Kitts Park, that doesn’t stop anyone else from being in the area too. Nor would it be practical or acceptable to identify users of the waterfront and require them to pay. Similarly, though people living in the inner city benefit from better access to the waterfront, this is outweighed by the benefits to all people in the city.

The operational spending for this activity covers planning and public consultation. All residents benefit from the opportunity to have their views heard.

Who should pay?

Whole community 100%

Since the community as a whole benefits from this work, it is appropriate for general ratepayers to bear the costs.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	0%
<u>General rate</u>	<u>100%</u>
TOTAL	100%

Activity 1.5.2: Provider - Public space and centre development

We fund work to develop the street environments, urban parks and squares, and other public areas in the city and suburban centres. We aim to make these areas safe, accessible and attractive, with plenty of green space. This activity includes maintenance of the city’s public artworks and consultation, planning and co-ordination of suburban centre upgrades.

Community outcome

This work contributes in part to the outcome that “Wellington’s thriving suburban and rural centres offer enhanced services and lifestyle choices”. More specifically the work contributes to the Council’s long term goal of strengthening the city’s ‘sense of place’.

Who Benefits?

Whole community 100%

This work benefits the whole community by enhancing the urban environment, making the city safer and contributing to the vibrancy of Wellington. All residents and visitors to the city are able to enjoy its public spaces. While those who use city or suburban shopping areas, urban parks, squares and other public areas receive direct benefits, these benefits are not exclusive and it would not be desirable or acceptable to require people to pay for them directly. Similarly, though individual suburbs benefit from work on suburban centres, these upgrades are not restricted to

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particular areas of the city – upgrades either have been carried out recently or are timetabled across many suburbs.

As well as enhancing the environment, development of city and suburban centres benefits the economy and enhances people's pride in the city.

Who should pay?

Whole community 100%

While centre development provides a clear benefit to geographical suburban areas, targeted rates to fund these activities are not considered appropriate given the broad benefit to the community as a whole, and that centre upgrades are scheduled to occur throughout the city. The public good benefit over-rides any direct benefit to individual communities. However, if a suburban community asks for a higher standard of upgrade, or an earlier timeline than the Council has planned, the Council may consider imposing a targeted rate.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

Activity 1.5.3: Funder and facilitator - Heritage development

In order to promote Wellington as a place that celebrates its landmarks and heritage, we work to help protect and restore the city's heritage assets.

The District Plan ensures heritage buildings, trees, monuments and other assets, and sites of significance to tangata whenua, are recognised and that controls are in place to manage changes to or removal of these assets.

Our work in this area includes maintaining an inventory of heritage sites, restoring significant heritage buildings in public ownership and upgrading heritage sites.

A priority of the Council is to upgrade the city's Maori heritage trails. These are funded separately under activity 5.1.2 Provider – Promotion of heritage landmarks.

Community outcome

This activity contributes in part to the outcome that "Wellington will protect its heritage buildings and ensure that new developments are sympathetic to them". It also makes an important contribution to the Council's long term goal of strengthening the city's 'sense of place'.

Who Benefits?

Whole community 100%

This work benefits the whole community by protecting the city's heritage. Preservation of city landmarks enhances the city's image, makes it more attractive, and contributes to people's sense of history and community pride. The community also benefits from enhancement of publicly-owned heritage assets.

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Who should pay?

Whole community

100%

Since the community as a whole benefits from this work, it is appropriate for general ratepayers to bear the costs.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	0%
<u>General rate</u>	<u>100%</u>
TOTAL	100%

7.2 Transport Strategy

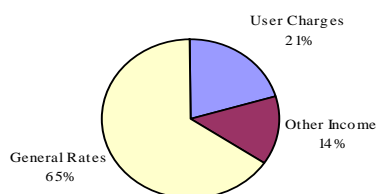
Providing quality connections

We're responsible for Wellington's extensive transport network, and for planning for the city's future transport needs. We see a high-quality transport system as critical to the city's economy and quality of life. Our transport activities include looking after hundreds of kilometres of city roads, as well as accessways, footpaths, cycleways, parking facilities, traffic signs and signals, street lighting and pedestrian crossings. We also manage parking areas and have an ongoing programme of safety promotion. The outcomes we want from this strategy and the activities which we undertake to achieve these outcomes are summarised in the "strategy tree" diagram on the following page.

Operating activities

The funding sources for this strategy are illustrated in the graph below.

**Transport Operating Expenditure
Funding Summary**



Activity	Funding Sources						
	User Charges	Other Income	General Rates	Targeted Rates			
				Residential	Commercial	Downtown	Other
2.1.1 Car parking	100%	0%	0%	0%	0%	0%	0%
2.1.2 Transport planning	0%	0%	100%	0%	0%	0%	0%
2.2.1 Regional advocacy	0%	0%	100%	0%	0%	0%	0%
2.2.2 Facilitation of ports access	0%	0%	100%	0%	0%	0%	0%
2.3.1 Travel Demand Management planning	0%	0%	100%	0%	0%	0%	0%
2.3.2 Roads Open Spaces	0%	10%	90%	0%	0%	0%	0%
2.4.1 Vehicle network	0%	5%	95%	0%	0%	0%	0%
2.4.2 Cycle network	0%	15%	85%	0%	0%	0%	0%
2.4.3 Passenger transport network	0%	100%	0%	0%	0%	0%	0%
2.4.4 Pedestrian network	0%	0%	100%	0%	0%	0%	0%
2.4.5 Network-wide control and management	0%	25%	75%	0%	0%	0%	0%
2.5.1 Road safety facilitation	0%	80%	20%	0%	0%	0%	0%
Total Transport	21%	14%	65%	0%	0%	0%	0%

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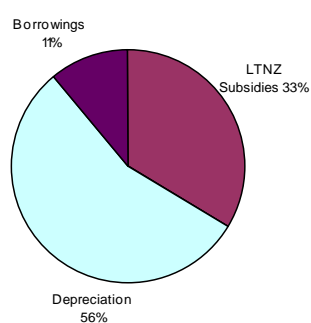
Capital Expenditure

The interest and depreciation costs relating to capital expenditure are incorporated in the operating costs of each activity.

Transport capital expenditure projects are funded through a combination of LTNZ subsidies, rates funded depreciation and borrowings, as detailed below.

Activity		Funding Sources			
		LTNZ Capex Subsidies	Development Contributions	Depreciation	Borrowings
2.1.1	Car parking	0.0%	0.1%	84.3%	15.6%
2.4.1	Vehicle network	41.5%	0.1%	58.4%	0.0%
2.4.2	Cycle network	48.0%	0.1%	26.4%	25.4%
2.4.3	Passenger transport network	0.0%	0.1%	87.3%	12.6%
2.4.4	Pedestrian network	0.0%	0.1%	38.6%	61.3%
2.4.5	Network-wide control and management	44.1%	0.0%	38.5%	17.4%
2.5.1	Road safety facilitation	46.8%	0.1%	19.5%	33.5%
Total Transport		33%	0%	55%	11%

Transport Strategy Capital Expenditure Funding Summary



Transport strategy – activity funding commentary

Activity 2.1.1: Provider – Car parking

The Council provides short-term, metered roadside car parks in the city centre. We aim to have a high turnover of these parks. We also operate coupon and resident parking in areas to give city dwellers on the fringe of the central business district some relief from the daily influx of commuters.

Community outcome

This activity contributes in part to the outcomes that “Wellington’s transport system will be designed to meet the needs of its people efficiently and sustainably.”

Who Benefits?

<i>Individuals</i>	75%
<i>Whole community</i>	25%

The direct beneficiaries of the Council’s parking services are clearly those people who use car parks. These benefits are private and exclusive. Two people cannot use the same car park at the same time and it is appropriate to charge people for using car parks. The Council’s parking services operate in competition with other private sector providers.

It might also be argued that retailers benefit directly from the Council’s provision of car parks. However, there is no practical way of assessing whether people are using car parks to go shopping or for other purposes such as recreation.

The community as a whole also receives benefits from the Council’s parking activities. On-street car parking is time limited to encourage a high turnover of parks, as this helps bring people into the city and benefits the commercial sector. All ratepayers benefit from the income derived from this activity, as it offsets the cost of providing the vehicle network.

Who should pay?

<i>Individuals</i>	100%
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Since the principal benefit from the Council’s parking services is to identifiable individuals it is appropriate for them to bear the costs through user charges.

While it might be argued general ratepayers should meet 25 percent of the costs, reflecting the benefit to the community as a whole, this would be inappropriate for a number of reasons. First, the level of demand for car parks suggests people using them believe they represent good value. As the principal benefit is to these individuals, it is appropriate to set user charges at a level the market will accept. Second, the Council’s parking services operate in competition with private car park operators and setting lower fees would unfairly disadvantage those operators and potentially reduce the supply of off-street parking in the city. Third, the individuals using car parking spaces also benefit through being able to use ratepayer-funded roads and footpaths, and their contribution through parking fees offsets the cost of providing these services.

This activity recovers significantly more revenue, through enforcement and meter charges than the operating costs. The Council believes this is appropriate as it supports our transport and retail policies. These policies aim to improve access to on-street parking and increase turnover of parking.

Our funding targets	
User charges	100%
Other revenue	0%
Targeted rate	0%
General rate	0%
TOTAL	100%

Activity 2.1.2: Provider – Transport planning

The mixed modes and changing demands on transportation means that transportation planning and increasingly important. The Council's work in this area is closely linked to the work that we carryout under urban development.

Community outcome

This activity contributes in part to the outcomes that “Wellington’s transport system will be designed to meet the needs of its people efficiently and sustainably.”

Who Benefits?

Whole community 100%

This activity is of benefit to the whole community.

A well planned transportation network plays an important part in making the city more liveable. It provides for the efficient movement of freight and it allows for people to be better connected, aiding social cohesion.

Who should pay?

Whole community 100%

As the activity is of benefit to the whole community it is considered fair and appropriate that it be funded form the general rate.

Our funding targets	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

Activity 2.2.1: Advocate – Regional transportation

An important component of our overall transportation planning is how our networks connect with the wider regions. We work with other local authorities and agencies in the area to ensure that the region has a coherent and efficient transport system that aids to economic development.

There is currently no budget directly allocated to this activity.

Activity 2.2.2: Facilitator and funder – Ports access

The efficient movement of freight to and from the port is an important contributor to the city's economy. We work alongside the port authorities to ensure we can find appropriate solutions to the movement of freight so that these reduce any negative impacts on other users of the vehicle network.

Currently we have no direct funding to this area. We are considering a capital expenditure initiative proposes the construction of a round-a-bout to ease vehicle movements in this area within the next 3 years.

Activity 2.3.1: Provider – Travel Demand Management Planning

We are exploring a Travel Demand Management Planning initiative. This is component part of our overall transport and urban planning work.

Community outcome

This activity contributes in part to the outcomes that “Wellington’s transport system will be designed to meet the needs of its people efficiently and sustainably.”

Who Benefits?

Whole community 100%

This activity is of benefit to the whole community.

The better understanding of travel demands will assist in the planning of the transportation network plays an important part in making the city more liveable. It provides for the efficient movement of freight and it allows for people to be better connected, aiding social cohesion.

Who should pay?

Whole community 100%

As the activity is of benefit to the whole community it is considered fair and appropriate that it be funded from the general rate.

Our funding targets

User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

Activity 2.3.2: Provider - Roads open space

Roads that are clean and have clear edges help make the city attractive and safe. We look after the city's roadside plants – removing or pruning overgrown ones, planting new ones, spraying weeds and supplying free plants to residents for them to plant on road reserves. We also clean city and residential streets, empty rubbish bins in the central city and remove spills and litter.

Community outcome

This activity contributes in part to the outcomes that “Wellington’s transport system will be designed to meet the needs of its people efficiently and sustainably.”

Who Benefits?

Whole community 100%

This work benefits anyone who lives in or moves around the city by ensuring footpaths and roadside verges and open spaces are safe, attractive and free of litter. This work has benefits for the city’s environment and for residents’ safety, health and enjoyment of their surroundings.

Who should pay?

Whole community 100%

A small part of our roads open spaces costs are covered by a subsidy from the Government roading funding agency Land Transport New Zealand (LTNZ), which passes on funding from the fuel taxes it gathers. Of the remaining costs, as the community as a whole benefits, the fairest and most efficient way to fund this is from general rates.

The amount of the LTNZ subsidy varies from year to year depending on the scheduled asset management plan works and changes to the works programme based on reprioritisation.

Our funding targets

User charges	0%
Other revenue	10%
Targeted rate	0%
<u>General rate</u>	<u>90%</u>
TOTAL	100%

Activity 2.4.1: Provider - Vehicle network

We manage a network that includes 59 bridges, four tunnels, and more than 650 kilometres of urban and rural roads, as well as all related pavements and service lanes. Upkeep of these roads includes resurfacing and major structural works, such as maintenance and earthquake-strengthening of bridges and tunnels.

As steward of the roads in a harbour city, we also have a responsibility to maintain sea walls, as well as the walls on dry land that make up the ‘road corridor’.

Community outcome

This activity contributes in part to the outcome that “Wellington’s traffic will flow smoothly through and around the city and its suburbs.”

Who Benefits?

Whole community 100%

The city’s vehicle network is a vital public asset. Roads are available for all residents and visitors to use and, under the current law, we cannot charge anyone for using them. The vehicle network is not in competition with any privately-provided alternative. It benefits all residents by providing the means for safe, efficient travel. This benefits the economy and is also important for social

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reasons. For example, an efficient vehicle network allows people to get to work, visit friends and family, and get their children to school. This 'public good' aspect of the vehicle network is reflected in the fact that the Council's responsibility for providing and maintaining the network is enshrined in law.

The direct beneficiaries of the vehicle network are road users. This includes businesses that use roads for commercial purposes such as transporting goods. It also includes everyone who drives cars. But there are also many indirect beneficiaries, including people who never leave their homes but receive meals on wheels or mail deliveries.

It may be argued that the commercial sector receives a higher direct benefit than city residents. Heavy commercial vehicles cause more wear and tear on the roading network than private cars. However, it is not possible to reasonably assess how much benefit falls to each group.

Who should pay?

Whole community

100%

A significant part of our vehicle network costs are covered by a subsidy from the Government roading funding agency LTNZ, which passes on funding from fuel taxes. Of the remaining costs, as the community as a whole benefits from the vehicle network, the fairest and most efficient way to fund this activity is from general rates. While there may be arguments for imposing some direct costs on road users and, in particular, on heavy vehicles which cause a significant amount of wear and tear, the Council currently has no legal means of charging road users.

The amount of the Transfund subsidy varies from year to year depending on the scheduled asset management plan works and changes to the works programme based on reprioritisation.

Our funding targets: operating expenses

User charges	0%
Other revenue	5%
Targeted rate	0%
<u>General rate</u>	<u>95%</u>
TOTAL	100%

Activity 2.4.2: Provider - Cycleway network

The Council maintains around 20 kilometres of cycleway in the city and suburbs. These require regular upkeep to ensure they have smooth surfaces, clear lane markings and signage, as well as cycle stands at appropriate parking points.

Community outcome

This activity contributes in part to the outcomes that "Wellington's traffic will flow smoothly through and around the city and its suburbs" and that "Wellington will be pedestrian and cyclist friendly."

Who Benefits?

Whole community

100%

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The cycleways provide significant benefits to the whole community. By encouraging people to walk and use cycles, they benefit the environment and improve residents' overall levels of health. By reducing the amount of traffic, they make the city's roads safer. Also, though not all residents use them, the opportunity is available for all. As an integral part of the transport network, the cycleways are a public asset.

The direct beneficiaries of the city's cycleways are clearly the people who use them. This includes both cyclists and pedestrians who use the cycleways as de facto walkways. The cycleways provide these people not only with transport but recreational opportunities. However, it would be impractical to levy a fee on these users.

Who should pay?

Whole community

100%

A significant part of our costs for this activity are covered by a subsidy from the Government roading funding agency LTNZ, which passes on funding from the fuel taxes it gathers.

Of the remaining costs, as the community as a whole benefits from our provision of the cycleway network, the fairest and most efficient way to fund this activity is from general rates. Identifying individual users and charging them for their use would not be practical. Charging would also discourage people from using the cycleways, meaning the benefits from their use to the city's social and environmental well-being would be lost.

The amount of the LTNZ subsidy varies from year to year depending on the scheduled asset management plan works and changes to the works programme based on reprioritisation.

Our funding targets: operating projects

User charges	0%
Other revenue	85%
Targeted rate	0%
General rate	15%
TOTAL	100%

Activity 2.4.3: Provider - Passenger transport network

Support for the city's public transport network is a major commitment for the Council. Our aim is to encourage greater use of the buses and rail, as this would improve energy efficiency and reduce pollution.

Community outcome

This activity contributes in part to the outcomes that "Wellington's public transport system will be accessible and affordable for all."

Who Benefits?

Whole community

100%

The whole community benefits from this activity through improved access to public transport and provision of public shelters and transport information. While individual users of public transport receive the most direct benefit, the Council-provided services such as bus shelters are available

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to all. Encouraging use of public transport has wider community benefits including a cleaner environment and less congested roads.

Who should pay?

Individuals *100%*

While the whole community benefits from this activity, the Council receives income for advertising on bus shelters. This income is enough to cover the cost of providing the Council's passenger transport network services, and as such, the cost of this activity does not need to be borne by the ratepayer.

The Greater Wellington Regional Council also funds projects as a part of its statutory responsibilities for public transport.

Our funding targets

User charges	0%
Other revenue	100%
Targeted rate	0%
General rate	0%
TOTAL	100%

Activity 2.4.4: Provider - Pedestrian network

Pedestrian safety is a crucial aspect of the transport network. The Council maintains more than 800 kilometres of footpaths, as well as pedestrian subways, bridges, canopies, seats bollards and fountains.

Community outcome

This activity contributes in part to the outcomes that "Wellington's traffic will flow smoothly through and around the city and its suburbs" and that "Wellington will be pedestrian and cyclist friendly."

Who Benefits?

Whole community *100%*

This work benefits the whole community by ensuring that footpaths and access-ways are safe and well maintained. While it might be argued the individuals who use footpaths are the direct beneficiaries, in practice that includes most residents, visitors to the city and therefore businesses. It would not be practical to assess benefits on an individual basis.

Who should pay?

Whole community *100%*

Since the community as a whole benefits from this work, it is appropriate for general ratepayers to bear the costs. A small amount of user charge income is received from the operators of street-side commercial activities. However, this income is not consistent or predictable and is therefore not included in our targets.

Our funding targets

User charges	0%
Other revenue	0%
Targeted rate	0%
<u>General rate</u>	<u>100%</u>
TOTAL	100%

Activity 2.4.5: Provider - Network control and management

Traffic flows need to be managed to minimise congestion at busy periods. We run a control system based on over 100 sets of traffic lights, and a dozen closed circuit television camera systems and a central traffic computer system. This activity also covers traffic sign maintenance and road marking maintenance.

Community outcome

This activity contributes to the outcome that “Wellington’s traffic will flow smoothly through and around the city and its suburbs” and that “Wellington will have clear directional signage.”

Who Benefits?

Whole community *100%*

Network management is crucial in a modern, efficient vehicle network. The beneficiaries of our work in this area are the whole community. By controlling traffic flows, we make the city’s roads safer, more efficient and help reduce travel times.

This work also has benefits for the whole community, as a safe, efficient transport system benefits the economy and is important for public health and social connectedness.

Who should pay?

Whole community *100%*

A significant part of our costs for this activity are covered by a subsidy from the Government roading funding agency LTNZ, which passes on funding from the fuel taxes it gathers.

Of the remaining costs, as the community as a whole benefits from our provision of a safe, efficient transport system, it is appropriate for this activity to be funded from general rates.

The amount of the LTNZ subsidy varies from year to year depending on the scheduled asset management plan works and changes to the works programme based on reprioritisation.

Our funding targets

User charges	0%
Other revenue	25%
Targeted rate	0%
<u>General rate</u>	<u>75%</u>
TOTAL	100%

Activity 2.5.1: Facilitator and funder – Road safety

We make ongoing improvements to the safety of our road network. This work involves a wide range of measures including improving lighting, widening footpaths, installing 'traffic calming' measures such as speed humps, and installing barriers and handrails to protect pedestrians.

Community outcome

This activity contributes to the Council's long term outcome that "Wellington will seek to improve the safety and security of its citizens as they move around the city and region."

Who Benefits?

Whole community *100%*

This work helps reduce accidents and ensures the transport network is safe. The benefits are felt by the whole community, including all road users, pedestrians, cyclists and all others who benefit from the city having a safe, efficient transport network.

Who should pay?

Whole community *100%*

A significant part of our costs for this activity are covered by a subsidy from the Government roading funding agency LTNZ, which passes on funding from the fuel taxes it gathers. We also receive some income in relation to this activity from the Land Transport Safety Authority. Of the remaining costs, as the community as a whole benefits from a safe vehicle network, the fairest and most efficient way to fund this activity is from general rates.

The amount of the LTNZ subsidy varies from year to year depending on the scheduled asset management plan works and changes to the works programme based on reprioritisation.

Our funding targets

User charges	0%
Other revenue	80%
Targeted rate	0%
General rate	20%
TOTAL	100%

7.3 Economic Development Strategy

Growing the regional economy for a prosperous community

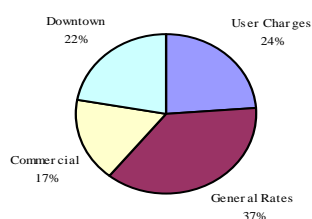
The Economic Development Strategy is about achieving long-term and sustainable growth in Gross Domestic Product per capita. With a dynamic growing economy, Wellington is able to offer residents prosperity and an outstanding quality of life. Our economic activities include funding tourism promotions and visitor attractions, support for the regional economic development agency, and maintaining relationships with other agencies to foster economic growth.

The outcomes we want from this strategy and the activities which we undertake to achieve these outcomes are summarised in the “strategy tree” diagram on the following page.

Operating activities

The funding sources for this strategy are illustrated in the graph below.

**Economic Development
Operating Expenditure Funding
Summary**



Activity	Funding Sources						
	User Charges	Other Income	General Rates	Targeted Rates			
				Residential	Commercial	Downtown	Other
3.1.1 Tourism promotion	0%	0%	0%	0%	0%	100%	0%
3.1.2 Visitor attractions	45%	0%	35%	0%	20%	0%	0%
3.2.1 Facilitation of suburban and city centres vitality	0%	0%	0%	0%	0%	100%	0%
3.3.1 Events attraction and support	0%	0%	0%	0%	100%	0%	0%
3.4.1 Facilitation of ICT access	0%	0%	100%	0%	0%	0%	0%
3.4.2 Gateway connections facilitation	0%	0%	100%	0%	0%	0%	0%
3.5.1 Funder of Positively Wellington Business	0%	0%	100%	0%	0%	0%	0%
3.5.2 Economic grants	0%	0%	100%	0%	0%	0%	0%
3.6.1 Creative workforce promotion and facilitation	0%	0%	100%	0%	0%	0%	0%

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3.7.1	Facilitation of external relations	0%	0%	100%	0%	0%	0%	0%
Total Economic Development		24%	0%	37%	0%	17%	22%	0%

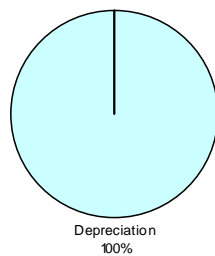
Capital Expenditure

The interest and depreciation costs relating to capital expenditure are incorporated in the operating costs of each activity.

Economic development capital expenditure projects generally relate to renewals and are funded through rates funded depreciation.

Activity		Funding Sources			
		LTNZ Capex Subsidies	Development Contributions	Depreciation	Borrowings
3.1.2	Visitor attractions	0.0%	0.0%	100.0%	0.0%
Total Economic Development		0%	0%	100%	0%

Economic Development Strategy Capital Expenditure Funding Summary



Economic development strategy – activity funding commentary

Activity 3.1.1: Funder - Tourism promotion

The Council funds Positively Wellington Tourism - the city's official visitor marketing agency. It works alongside the accommodation and retail sectors to promote Wellington as a visitor destination.

Community outcome

Positively Wellington Tourism's work contributes to the outcome that "Wellington will be a prime tourist and conference destination, with diverse and changing attractions that fit and highlight Wellington's best features".

Who Benefits?

Identifiable part of the community 100%

The direct beneficiaries of Positively Wellington Tourism's work are the retailers, restaurants, bars, hotels and other businesses located in the downtown area. The marketing and promotional work funded through this activity brings people to the central city, where their spending benefits businesses. While there are some benefits to the community, as tourism benefits the economy and adds to the vibrancy of the inner city, the principal purpose of this activity is to directly assist the downtown business sector. The effects of tourism promotion are cumulative and have positive long-term benefits for the inner-city economy.

Who should pay?

Identifiable part of the community 100%

As the downtown sector benefits directly from this activity, it is appropriate they should pay. This activity is funded from the downtown levy, which is a targeted rate levied on businesses in the downtown area.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate (downtown)	100%
General rate	0%
TOTAL	100%

Activity 3.1.2: Funder and provider - Visitor attractions

Through this activity the Council funds attractions and facilities that bring visitors to the city. It includes an ongoing commitment to Te Papa, a grant to the Carter Observatory located at the top of the Cable Car, and the costs associated with the Wellington Convention Centre and the Events Centre including capital upgrades and renewals.

Also see the following activities: 3.3.1 Events attraction and support and 4.8.1 Environmental and conservation attractions.

Community outcome

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This activity contributes to the outcome that “Wellington will be a prime tourist and conference destination, with diverse and changing attractions that fit and highlight Wellington’s best features”.

How we approach funding this activity

While the overarching purpose of this activity is to have visitor attractions, there are two distinct types of projects within this activity. There are those that are owned and operated by the Council (the convention centre) and those that the Council funds (the observatory and Te Papa). There is therefore a different funding basis for the two. In the case of the convention centre we account for any charges we apply to users. Where as any entry fees that Te Papa or the observatory get resides with them – the Council would not receive any of that revenue.

For the purpose of clarity we have chosen to outline the funding of these distinct parts separately. The funding targets at the bottom of this section reflect the activity as a whole. For the avoidance of doubt, there is no cross subsidisation in this activity.

External attractions

Who Benefits?

<i>Individuals</i>	50%
<i>Whole community</i>	30%
<i>Identifiable parts of the community</i>	20%

The direct beneficiaries are those who visit Te Papa and attend other events funded through this activity.

The community as a whole benefits by having a high-quality visitor experience such as Te Papa available year-round. Major attractions including Te Papa are sources of civic pride. These attractions bring visitors to the city and boost the economy, increasing prosperity for residents. They also play vital roles in Wellington’s vibrant cultural life, contributing to its image as New Zealand’s arts capital.

There are also direct benefits to the businesses located in the downtown area. The attractions funded by this activity bring people into the city, providing custom for hotels, restaurants, retailers and other city businesses. These benefits can be measured through increases in the number of “visitor nights” spent in the city during major events.

Who should pay?

<i>Identifiable parts of the community</i>	70%
<i>Whole community</i>	30%

Though the main beneficiaries of this activity are the individuals who choose to visit Te Papa or the observatory the Council does not believe it is viable or appropriate to charge them directly for these benefits. In the case of Te Papa, entry is free and the Council has no practical way of identifying beneficiaries.

There are strong arguments for the downtown sector to bear a portion of the cost of this activity as they benefit directly from the funding of this activity. The events and attractions bring people and visitors into the city. These people provide business for the retailers, and the wider hospitality sector in the city. The projects funded by this activity make major contributions to the Council’s goal that Wellington will be a prime tourist destination.

The economic and cultural benefits to the community as a whole also justify them bearing the remainder of the cost through the general rate.

Wellington Convention Centre

The Town Hall, Michael Fowler Centre and Events Centre provide Wellington with venues of international quality. The facilities are used for conferences and functions, community events, and entertainment events such as concerts and sports. They are unique in the city, providing larger auditoriums than are available in the private sector.

Who Benefits?

<i>Individuals</i>	55%
<i>Whole community</i>	35%
<i>Identifiable part of the community</i>	10%

The main beneficiaries of these facilities are the businesses and other groups who hold conferences, functions, concerts and other events there, and the people who attend those events. These benefits are private and exclusive.

The community as a whole also benefits in several ways. The facilities existence means people have the option of attending events there if they wish. By helping attract events and visitors to the city, the centre contributes to the economy and to Wellington's vibrant cultural life. It provides a venue for major attractions including the New Zealand Symphony Orchestra and New Zealand Festival performances, which might otherwise have difficulty finding homes in Wellington. The Michael Fowler Centre and Town Hall are major city landmarks and focal points, which contribute to civic pride.

The final beneficiary is the accommodation and entertainment sector, which gains business because of the conferences and other events held at the centre.

Who should pay?

<i>Individuals</i>	55%
<i>Whole community</i>	45%

Users contribute to the cost of operating the centre through venue fees, and commissions on sales of tickets, books, beverages and technical supplies.

While the accommodation and entertainment sector also receives a small part of the benefit, the Council's view is that their share of the costs should be borne by general ratepayers. This is because of the benefit to the community as a whole, through an enhanced cultural life and stronger economy.

The Council has no rating mechanism that directly targets the accommodation and entertainment sectors. While consideration has been given to levying businesses in the downtown area to meet a share of the costs, it would mean rating businesses that are not beneficiaries such as retailers. Given the relatively modest benefit to the accommodation and entertainment sectors, introducing a new rate or other charge targeted at these sectors would not be efficient or cost-effective. Furthermore, the centre would be worth operating even if it did not benefit those sectors, and it does not cost any more to run because those sectors benefit.

The Council believes the majority of this project should be funded by users (55 percent) and the remainder being drawn from general rates.

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The funding targets below reflect the activity as a whole. For the avoidance of doubt, there is no cross subsidisation in this activity - the user charges are drawn from the Wellington Convention Centre.

Our funding targets: operating expenses

User charges	45%
Other revenue	0%
Targeted rate(downtown)	20%
General rate	35%
TOTAL	100%

Activity 3.2.1: Facilitator - suburban and city centres vitality

A number of the Council's activities contribute to the vitality of the city and suburban centres. This activity covers two specifically targeted projects.

The Council manages a rolling programme of improvements on behalf of the proprietors at the Marsden Village in Karori. The Council also provides its car parks free on weekends to attract custom to the inner city. This forms part of a wider retail strategy.

Community outcome

This activity contributes in part to "Wellington's suburban centres offering enhanced services and lifestyle choices" and to the Council's outcome that "the central city will be the premier and most rapidly growing speciality retail, entertainment, service and knowledge centre for the region."

Who Benefits?

<i>Identifiable part of the community</i>	50%
<i>Individuals</i>	50%

The direct beneficiaries of the free weekend parking policy are the people who get to make use of the parks. Their benefit is private and exclusive – two cars obviously cannot use the same park at once.

The other beneficiaries of the free weekend parking policy are the retailers, restaurants and other businesses located in the downtown area. Free parking brings people to the central city, where their spending benefits businesses.

The Marsden Village levy is managed by the Council on behalf of the proprietors and is of direct benefit to them.

Who should pay?

<i>Identifiable part of the community</i>	100%
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The main purpose of this activity is to encourage people into the city by subsidising their car parking. Clearly, this means someone other than the people using the car parks has to pay. Since the other beneficiaries of this policy are downtown businesses, it is appropriate they should bear the cost so long as the free weekend parking policy continues. Free weekend parking is funded from the downtown levy, which is a targeted rate levied on businesses in the downtown area.

Our funding targets: operating expenses

User charges	45%
Other revenue	0%
Targeted rate (downtown)	20%
General rate	35%
TOTAL	100%

Activity 3.3.1: Funder – Events attraction and support

Through this activity the Council attracts and supports major events in the city. Major events such as the Rugby Sevens and the World of Wearable Art show attract visitors and add a spark of vitality to the city. The new spending that they bring boosts the local economy and is an important part of maintaining Wellington’s place as the “events capital”.

In addition to this activity the Council promotes and host a wide array of arts and cultural festivals. See: 5.2.1 Funder and provider – Arts and cultural festivals.

Community outcome

This activity directly contributes to the Council’s long term goal that the city will be more eventful. It also contributes to the community outcome that “Wellington will be a prime tourist and conference destination, with diverse and changing attractions that fit and highlight Wellington’s best features’.

Who Benefits?

<i>Individuals</i>	<i>50%</i>
<i>Whole community</i>	<i>30%</i>
<i>Identifiable parts of the community</i>	<i>20%</i>

The direct beneficiaries are those who attend the events funded through this activity. These benefits are private and exclusive.

The community as a whole benefits in a number of ways. They have the opportunity to attend high-quality events that arguably wouldn’t come without the Council’s support. Major events, such as the Rugby Sevens, also contribute to social cohesion – they are an opportunity for people to mix and celebrate together. The events also play vital roles in Wellington’s vibrant cultural life, contributing to its image as New Zealand’s arts capital.

There are also direct benefits to the businesses located in the downtown area. The events funded by this activity bring people into the city, providing custom for hotels, restaurants, retailers and other city businesses. These benefits can be measured through increases in the number of “visitor nights” spent in the city during major events.

Who should pay?

<i>Identifiable parts of the community</i>	<i>100%</i>
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Though the main beneficiaries of this activity are the individuals who choose to take part in the events, the Council does not believe it is viable or appropriate to charge them directly for these benefits. Council’s contribution to the hosting of the events reflects the collective benefit to the wider public, while any private benefit received by people attending shows is reflected in the tickets they purchase to attend.

APPENDIX 3

There are strong arguments for the commercial sector to bear the cost of this activity as they benefit directly from the funding of it. The events bring people and visitors into the city. They also provide an important connection to the world, which is seen as a critical factor in attracting and retaining a highly-skilled creative workforce. The activity is an integral part of the Council's "Creative Wellington – Innovation Capital" vision and our goal to maximise the economic value from promoting and hosting high profile events. The activity also strongly supports our overall economic strategy of building a strong economy based around an environment that fosters innovation and entrepreneurship. To this end the Council considers it appropriate that the commercial sector pays for the activity.

Our funding targets: operating expenses

User charges	0%	
Other revenue	0%	
Targeted rate (commercial)	100%	0%
General rate	0%	
TOTAL	100%	

Activity 3.4.1: Facilitator – Information communication technology infrastructure

The Council's aim is that Wellington will be connected locally, nationally and globally by offering world class accessibility and linkages, which includes high-capacity broadband. The Council is developing its strategy to achieve this. As such, no projects or costs are directly associated with the activity.

See also: 6.4.7 Provision of community ICT access.

Activity 3.4.2: Facilitator - Transport gateway connections

The airport and the seaport are important factors in any city's economy. Ensuring they are readily accessible and connected locally, nationally and globally are central to their continued viability. Given its role in the city the Council can play a useful part in facilitating elements of this.

The Council is considering its support of an initiative aimed at attracting more long haul airlines to the city. This activity covers the cost of that project. The Council's proposed improvements to access the port and ferry terminal clearly has a close linkage to this activity. It is funded through activity: 2.2.2 Facilitator – Port access.

Community outcome

This activity contributes to the outcome that "Wellington will have an increasing diversity of vibrant, internationally competitive businesses and industries of all sizes and sustainable employment opportunities".

Who Benefits?

<i>Identifiable part of the community</i>	<i>50%</i>
<i>Community as a whole</i>	<i>50%</i>

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The port, the airport and the users of those facilities benefit from Council's funding of this activity. The purpose of the activity is to facilitate ease of access to these gateways so that the movement of freight and of their customers remains efficient overtime.

The community as a whole also benefits from this activity. These major transport gateways are central components of the local economy. The connections they offer to other markets and places are also important to the social fabric of the community.

Who should pay?

Whole community 100%

Through the benefits of this activity are split between the businesses and users of the gateways and the wider community, the Council believes the activity is most appropriately funded from general rates. The main reason for this is that identifying individual beneficiaries and requiring them to pay would be impractical. It also believes that any of these benefits are outweighed by those to the community as whole.

Funding the activity from the general rates is considered the fairest and most effective way of funding this.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	0%
<u>General rate</u>	<u>100%</u>
TOTAL	100%

NB: this is a new activity and primarily covers a new initiative

Activity 3.5.1: Funder - Positively Wellington business

Maintaining a strong economy is essential to sustaining Wellingtonian's quality of life. In recognition of this, the region's councils contribute funding to the regional economic development agency Positively Wellington Business (PWB). PWB's work includes marketing the region as a great place to invest and do business.

Community outcome

PWB's activities primarily contribute to the outcome that "Wellington will have an increasing diversity of vibrant, internationally competitive businesses and industries of all sizes, and sustainable employment opportunities".

Who Benefits?

Identifiable part of the community 50%
Whole community 50%

The benefits are split between the community and industries that benefit from Positively Wellington Business's efforts. The core aim is to help the city and regional economy grow. This benefits residents by providing jobs, raising incomes, and ensuring a wider range of career choices. PWB's work also benefits those industry sectors it supports, such as the film industry and the business clusters. It also benefits individual businesses that receive investment or develop skills or business opportunities as a result of its efforts.

Though the benefits to the community are immediate and relate to economic well-being, these efforts to improve the city's prosperity are cumulative and have positive, long-term spin-offs both for the economy and social well-being.

Who should pay?

Whole community 100%

Though the benefits are split between the community and certain business sectors, the Council believes this activity is most appropriately funded from general rates. There are several reasons for this.

Although business sectors benefit from these activities, identifying individual beneficiaries and requiring them to pay would in many cases be impractical. For example, identifying the beneficiaries of PWB's marketing and investment promotion work would not be easy.

Levying the industries that benefit directly from the work done by PWB would run counter to the Council's aim of attracting those industries to the region. The Council's marketing and relationship-building efforts also complement the efforts of businesses themselves.

Our funding targets

User charges	0%
Other revenue	0%
Targeted rate	0%
<u>General rate</u>	<u>100%</u>
TOTAL	100%

Activity 3.5.2: Funder - Economic grants

The Council maintains four grants pools. This activity covers the grants to community groups and organisations whose projects seek to promote economic wellbeing. The grants process is overseen by a subcommittee of Council.

Community outcome

This activity contributes to overall economic wellbeing.

Who Benefits?

Identifiable part of the community 50%
Whole community 50%

The groups and organisations that receive grants clearly benefit from this activity. But the community as a whole also benefits. The grants pool itself is not exclusive - it is open so that anyone has the opportunity to apply. And the projects of the successful applicants will have flow on benefits for the wider community.

Who should pay?

Whole community 100%

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While grants recipients benefit directly from this activity seeking to recoup the cost from them would defeat the purpose of the grants pool. Given this and that there are benefits to the community as a whole, the Council believes the fairest and most effective way to fund it is from general rates.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

Activity 3.6.1: Facilitator and promoter - Creative workforce

The core aim of this activity is to attract and retain an increasing diversity of vibrant, internationally competitive people, businesses and industries to Wellington.

Our work includes marketing the city's Creative Wellington Innovation Capital vision and celebrating success with a creative achievers programme.

Through this activity we also consult with the city's universities and other tertiary providers to develop programmes that support the development of a "creative" workforce. Our work in this area is closely linked to out activities under 3.7.1 External relationships.

Community outcome

This activity contributes primarily to the outcome that "Wellington will have an increasing diversity of vibrant, internationally competitive businesses and industries of all sizes, and sustainable employment opportunities."

Who Benefits??

<i>Whole community</i>	<i>80%</i>
<i>Individuals</i>	<i>20%</i>

The "creative workforce" initiatives primarily benefit the Wellington community by encouraging development of a vibrant economy.

Individuals and employers are also likely to receive benefits as a result of the programme.

Who should pay?

<i>Whole community</i>	<i>100%</i>
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Although there is some benefit to individuals, the principal benefit is to the community. The creative workforce programme contributes strongly to the Council's "Creative Wellington – Innovation Capital" vision and our strategic priority of attracting talented and innovative people to the city. Identifying the individual beneficiaries and the level of benefit they receive is not practicable. Furthermore, if it were practicable charging people who benefit from the activity would tend to defeat its purpose by discouraging people from taking part.

For these reasons, the Council believes the fairest and most effective way of meeting the costs of this activity is through general rates.

Our funding targets

User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

Activity 3.7.1: Facilitator - External relationships

The Council works to make Wellington's economy more competitive and innovative by promoting the city's interests to central government, local authorities, the business community, and to educational providers. We also maintain relationships offshore to promote the region. The activity also covers the cost of our contribution to the Wellington Regional Strategy office.

Community outcome

This activity contributes primarily to the outcome that "Wellington will become a centre of excellence for education and training, and the promotion of entrepreneurship".

Who Benefits?

<i>Whole community</i>	<i>50%</i>
<i>Identifiable part of the community</i>	<i>50%</i>

The benefits of this activity are split between the community as a whole and institutions that benefit from our efforts. The core aim of this work is to help the city and regional economy grow through innovation. This benefits residents directly by providing jobs, raising incomes, providing a wider range of career choices, and making the city more prosperous. Our work in this activity also benefits some business sectors, such as export education and creative industries, by boosting their profile and helping build the investor base and potential business partnerships in foreign markets.

Though the benefits to the community are immediate and relate to economic well-being, our efforts to improve the city's prosperity and in particular any partnerships with the training and educational sector have positive, long-term spin-offs both for the economy and social well-being.

Who should pay?

<i>Whole community</i>	<i>100%</i>
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Though the benefits are split between the community and certain sectors, the Council believes this activity is most appropriately funded from general rates. This is because in most situations it would be impractical to identify the individuals or business that benefit directly from our activity. For example, it would not be possible to identify the direct beneficiaries of a sister city relationship or a trade delegation. Furthermore, the Council's and relationship-building efforts complement the efforts of businesses or institutions themselves. The Council's contributions can fairly be seen as reflecting the public benefits only.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%

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Targeted rate	0%
<u>General rate</u>	<u>100%</u>
TOTAL	100%

7.4 Environmental development strategy

Protecting and enhancing our natural environment

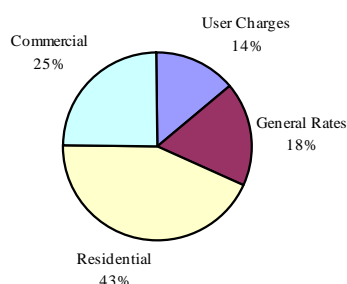
Under this area of activity we seek to protect and enhance our natural environment. Wellington is a city shaped by nature. From bush-clad hills to sparkling harbour to rugged coastline, the city's unique character derives from the land. As the city grows, the challenge is to preserve this natural beauty and drama. Part of protecting the environment is looking after the city's water supply, rubbish and recycling operations, and sewage and stormwater networks. This is by far our biggest area of operation.

The outcomes we want from this strategy and the activities which we undertake to achieve these outcomes are summarised in the "strategy tree" diagram on the following page.

Operating activities

The funding sources for this strategy are illustrated in the graph below.

Environmental Operating Expenditure Funding Summary



Activity	Funding Sources						
	User Charges	Other Income	General Rates	Targeted Rates			
				Residential	Commercial	Downtown	Other
4.1.1 Local parks and open spaces	5%	0%	95%	0%	0%	0%	0%
4.2.1 Botanical gardens	10%	0%	90%	0%	0%	0%	0%
4.2.2 Beaches and coast operations	0%	5%	95%	0%	0%	0%	0%
4.2.3 Town belts	0%	5%	95%	0%	0%	0%	0%
4.3.1 Facilitation of community environmental initiatives	0%	0%	0%	100%	0%	0%	0%
4.4.1 Walkways	0%	0%	100%	0%	0%	0%	0%
4.5.1 Energy efficiency facilitation	0%	0%	100%	0%	0%	0%	0%
4.5.2 Quarry	125%	0%	0%	0%	0%	0%	0%
4.5.3 Recycling	100%	0%	0%	0%	0%	0%	0%
4.5.4 Waste minimisation and disposal management	100%	0%	0%	0%	0%	0%	0%
4.5.5 Water network	0%	0%	0%	60%	40%	0%	0%

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4.6.1	Water collection and treatment	0%	0%	0%	60%	40%	0%	0%
4.6.2	Stormwater management	0%	0%	0%	80%	20%	0%	0%
4.6.3	Sewage collection and disposal network	0%	0%	0%	60%	40%	0%	0%
4.6.4	Sewage treatment	0%	0%	0%	60%	40%	0%	0%
4.7.1	Stream protection	0%	0%	100%	0%	0%	0%	0%
4.7.2	Pest plant and animal management	0%	0%	100%	0%	0%	0%	0%
4.8.1	Environmental and conservation attractions	0%	0%	100%	0%	0%	0%	0%
Total Environment		14%	0%	18%	43%	25%	0%	0%

APPENDIX 3

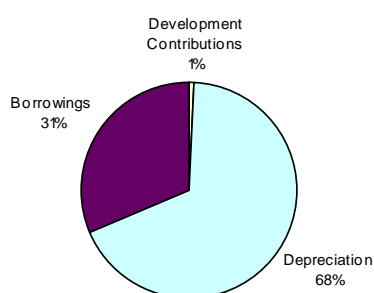
Capital Expenditure

The interest and depreciation costs relating to capital expenditure are incorporated in the operating costs of each activity.

Environmental capital expenditure projects are funded through a combination of rates funded depreciation, borrowings and development contributions, as detailed below.

Activity		Funding Sources			
		LTNZ Capex Subsidies	Development Contributions	Depreciation	Borrowings
4.1.1	Local parks and open spaces	0.0%	2.5%	97.5%	0.0%
4.2.1	Botanical gardens	0.0%	2.4%	97.6%	0.0%
4.2.2	Beaches and coast operations	0.0%	0.6%	50.7%	48.7%
4.3.1	Facilitation of community environmental initiatives	0.0%	0.5%	0.0%	99.5%
4.4.1	Walkways	0.0%	0.5%	22.6%	76.9%
4.5.4	Waste minimisation and disposal management	0.0%	0.0%	100.0%	0.0%
4.5.5	Water network	0.0%	1.1%	45.2%	53.7%
4.6.2	Stormwater management	0.0%	0.7%	73.8%	25.5%
4.6.3	Sewage collection and disposal network	0.0%	0.8%	69.7%	29.5%
4.8.1	Environmental and conservation attractions	0.0%	0.0%	11.0%	89.0%
Total Environmental		0%	1%	68%	31%

Environmental Strategy Capital Expenditure Funding Summary



Environmental development strategy – activity commentary

Activity 4.1.1: Local parks and open spaces

The Council owns and looks after the city's parks and reserves, horticultural plantings and street trees. We aim to provide a high-amenity, safe open space environment that gives people a wide range of recreation opportunities. Our work includes the upkeep of grass areas, sports pavilions and other buildings on reserve land. (For information on sports fields, see activity 6.4.2).

Community outcome

This activity primarily contributes towards the outcomes that "Wellington will preserve and improve its parks trees and open spaces" and that "Wellingtonians will protect and have access to public green open spaces and the coast".

Who Benefits?

<i>Whole community</i>	90%
<i>Identifiable part of the community</i>	10%

The city's parks and reserves benefit the whole community. They give all residents and visitors access to high-quality open spaces for a wide range of recreation activities, such as walking or mountain biking. This encourages healthy lifestyles. They also make the city's environment greener and more pleasant for all residents, and provide focal points for communities. This not only improves quality of life but also adds to people's sense of pride in the city and makes it an attractive place to live and visit.

While those who choose to use the city's open spaces receive a direct benefit, they cannot be readily identified or excluded from these areas. From time to time our park pavilions are leased to sports and community groups who benefit from their exclusive use.

The provision of parks and reserves brings long-term benefits to the city, which is reflected in the Council's commitment to fund this activity on an ongoing basis.

Who should pay?

<i>Whole community</i>	95%
<i>Identifiable part of the community</i>	5%

Since the community as a whole is the main beneficiary from this activity, it should bear most of the costs through general rates. These costs reflect the enhanced social and environmental well-being through the existence of parks and reserves and the opportunity for residents to use them for recreational activities.

The exception is the lease of park pavilions to sports and community groups. In these situations, the group concerned receives an exclusive benefit and therefore should bear a share of the cost. While our analysis suggests these groups receive 10 percent of the benefit, we have decided they should bear only 5 percent of the cost. This is because the Council wants to ensure that the pavilions are not priced out of reach of these groups. We want to see high levels of participation in recreation activities and encourage people to use the city's open spaces, and we believe raising user charges on the parks and pavilions could work against that outcome.

Our funding targets: operating expenses

User charges	5%
Other revenue	0%
Targeted rate	0%
General rate	95%
TOTAL	100%

Activity 4.2.1: Botanic gardens

Wellington has four botanic gardens: Wellington Botanic Garden, Otari-Wilton's Bush, Bolton Street Memorial Park and Truby King Park (in Melrose). The Council maintains these gardens with the help from community groups and trusts which help provide voluntary guides, fund new development and carry out practical work such as planting.

Community outcome

This activity primarily contributes towards the outcomes that "Wellington will preserve and improve its parks trees and open spaces" and that "Wellingtonians will protect and have access to public green open spaces".

Who Benefits?

<i>Whole community</i>	90%
<i>Individuals</i>	10%

The city's four botanic gardens benefit the whole community. They are of international quality, providing residents and visitors with access to open spaces for recreation and relaxation, as well as opportunities to learn. They play a valuable conservation role, preserving native and exotic plants. By attracting visitors to Wellington they help its economy, and by making the city's environment more pleasant for all residents they improve quality of life and adds to people's sense of pride in the city.

While those who choose to use the gardens receive the most direct benefit, in most instances these people cannot be identified and nor can they be excluded from these areas.

The gardens do provide a few services which exclusively benefit individual people or organisations. These include:

- the shop and cafe at the Begonia House in the Botanic Garden
- function rooms at Begonia House, Tree house and Otari-Wilton's Bush
- sale of plants at the Otari-Wilton's Bush annual open day
- lease of a house at Truby King Park to the Biology Institute
- provision of memorial seats in the Botanic Gardens

The gardens also provide educational seminars and programmes which have some private benefit. However, as these programmes help people learn about the environment, the Council believes the principal benefit is to the community as a whole.

The provision of the botanic gardens brings long-term benefits to the city, which is reflected in the Council's commitment to fund them on an ongoing basis.

Who should pay?

<i>Whole community</i>	90%
<i>Individuals</i>	10%

Since the principal benefits of the city's botanic gardens are to the community as a whole, it is appropriate for general ratepayers to bear the majority of costs. The Council views the gardens as public amenities and is committed to maintaining free public access.

These costs are offset by some income-generating activities (as above). These are generally commercial activities; the beneficiaries include souvenir hunters and groups renting function rooms. It is appropriate that these activities are carried out on a user-pays basis.

Our funding targets: operating expenses

User charges	10%
Other revenue	0%
Targeted rate	0%
General rate	90%
TOTAL	100%

Activity 4.2.2: Beaches and coast

A well maintained coast, with strong natural values and secure structures, is important for public safety and enjoyment. The Council is responsible for the upkeep of many of the city's wharves, breakwaters, jetties and public boat ramps, as well as the Carter Fountain in Oriental Bay.

Community outcome

This activity primarily contributes towards the outcome that "Wellingtonians will protect and have access to public green open spaces and the coast".

Who Benefits?

<i>Whole community</i>	100%
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Wellington's coastline is a distinct part of the city's identity. By ensuring people have safe access to the coast, the Council is increasing the range of recreation opportunities available to people and encouraging healthy lifestyles, as well as protecting public safety. By beautifying the coast and protecting it from erosion, the Council is enhancing the city's environment, improving quality of life and adding to people's sense of the city as an attractive place to live.

While those who use the city's wharves, jetties and breakwaters receive a direct benefit, in most instances these people cannot be identified. Nor can they be excluded from using the coast. The one exception is boat ramps, which directly benefits an identifiable part of the community: recreational boat users. However, the Council regards these facilities as part of its provision of safe, secure access to the coast and encouraging outdoor recreation.

The Council's work on the city's beaches and coastline brings long-term benefits to the city, which is reflected in the Council's commitment to fund this activity on an ongoing basis.

Who should pay?

Whole community 100%

Since the whole community benefits from this activity, it is appropriately funded through general rates.

This activity also derives modest rents from club houses on or adjacent to beaches and that revenue is reflected here.

Our funding targets: operating expenses

User charges	0%
Other revenue	5%
Targeted rate	0%
<u>General rate</u>	<u>95%</u>
TOTAL	100%

Activity 4.2.3.: Provider - Town belts and green belts

Wellington's Town Belt, Outer Green Belt and reserves offer fantastic recreation venues for the public, but they need a lot of care. The Council manages the Town Belt, the Outer Green Belt and other reserves to ensure they are maintained to high standard. This includes custodial duties, operational planning and implementation, education programmes and upgrade projects.

Community outcome

This activity primarily contributes towards the outcomes that "Wellington will preserve and improve its parks trees and open spaces" and that "Wellingtonians will protect and have access to public green open spaces and the coast".

Who Benefits?

Whole community 100%

The Town Belt and Outer Green Belt benefit the whole community. They give all residents and visitors access to high-quality open spaces for recreation activities, encouraging healthy lifestyles. They also make the city's environment greener and more pleasant for all residents, and provide focal points for communities. This not only improves quality of life but also adds to people's sense of pride in the city and makes it an attractive place to live and visit.

While those who choose to use the Town Belt and Outer Green Belt receive a direct benefit, in most instances these people cannot be practically identified and nor can they be excluded from these areas.

The provision of the Town Belt and Outer Green Belt brings long-term benefits to the city, which is reflected in the Council's commitment to fund this activity on an ongoing basis.

Who should pay?

Whole community 100%

Since the community as a whole benefits from the provision of the Town Belt and Outer Green Belt, it should bear the costs through general rates. These costs reflect the enhanced social and

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environmental well-being through the existence of these open space areas and the opportunity for residents to use them for recreational activities.

Through this activity we receive modest revenue from the rental we charge for use of facilities such as Scout Clubs that are housed on Town Belt land.

Our funding targets: operating expenses

User charges	0%
Other revenue	5%
Targeted rate	0%
General rate	95%
TOTAL	100%

Activity 4.3.1: Facilitator and funder: Community environmental initiatives

This activity covers initiatives that directly support the community's engagement in advancing environmental well-being. The Council provides grants for projects that promote environmental sustainability or greater understanding of environmental issues. It also covers environmental education initiatives and our community greening programmes.

Community outcome

This activity contributes to the outcome that: "Wellington will promote the sustainable management of the environment, and support increased opportunities for the exercise of kaitiakitanga or environmental guardianship."

Who Benefits?

Whole community 100%

This activity benefits the community as a whole. While individuals or groups can apply for the grants, the work they fund helps enhance the environment and provides educational benefits for all city residents.

The activity has long-term benefits, as the projects it funds are aimed at ensuring future generations can enjoy a cleaner and more pleasant environment.

This work contributes directly to the Council's long term goal of pursuing a collaborative, participatory approach towards environmental kaitiakitanga (guardianship), by sharing information within the community and establishing partnerships to achieve environmental goals.

Who should pay?

Whole community 100%

Since this activity benefits the community as a whole, the fairest and most effective way to fund it is from general rates.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

Activity 4.4.1: Provider - Walkways

The Council encourages public use of the Town Belt and reserves, and recognises that tracks are important for people's access to and enjoyment of the city's bush and open spaces. We currently maintain over 100km of track.

Community outcome

This activity helps achieve the outcome that "Wellingtonians will protect and have access to public green open spaces and the coast". It also contributes directly to our long term goal that Wellington will be better connected – that it will have a network of green spaces and corridors linking the coastline, Town Belt and Outer Green Belt.

Who Benefits?

Whole community

100%

The whole community benefits from the Council's provision of walkways. The walkways give all residents and visitors access to the Town Belt and reserves, encouraging them to enjoy the city's bush and lead healthy lifestyles.

While those who choose to use the walkways receive a direct benefit, in most instances these people cannot be practically identified and nor can they be excluded from these areas.

The provision of walkways brings long-term benefits to the city, which is reflected in the Council's commitment to fund this activity on an ongoing basis.

Who should pay?

Whole community

100%

Since the community as a whole benefits from the provision of the walkways, it should bear the costs through general rates. These costs reflect the enhanced social and environmental well-being through the existence of the walkways and the opportunity for residents to use them.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

Activity 4.5.1: Facilitator – Energy efficiency and conservation

One of the Council's long term aims is for it and Wellington to be more sustainable. This means that Wellington will reduce its environmental impact by making efficient use of energy, water, land and other resources; shifting towards renewable energy resources; conserving resources; and minimising waste. Our immediate focus is on developing an energy management plan for the Council itself. This work will be supported by promotion of energy efficiency.

Community outcome

This activity will contribute in part to the following outcomes “Wellingtonians’ use of non-renewable energy resources will decrease” and “Wellington’s urban development and buildings will be energy-efficient.”

Who Benefits?

Whole community 100%

The whole community benefits from the Council’s commitment to and promotion of sustainability. By definition the work is of benefit to current and future generations. By reducing environmental impacts and making more efficient use of existing resources more opportunities will be open to the whole community in the future.

It should also be noted that it is expected that the costs of this project will be met by savings overtime.

Who should pay?

Whole community 100%

Since the community as a whole benefits from this activity, it considered appropriate that it be funded from the general rate.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

Activity 4.5.2: Provider - Quarry operations

We provide a source of aggregate and base materials for use in maintaining and building the city infrastructure (drainage and roads). This activity covers the costs of that work.

Community outcome

This work helps achieve the outcome that “Wellington’s long term environmental health will be protected by well planned and well maintained infrastructure”.

Who Benefits?

Individuals and identifiable parts of the community 80%
Whole community 20%

The vast majority of aggregate produced by the Kiwi Point Quarry (90-95%) is used to build and maintain the city’s drainage and roading networks. The businesses who purchase this material are the primary beneficiary of this activity.

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While the individual business is the primary beneficiary, the Council acknowledges that roads and drains are vital public assets. They benefit the economy by providing efficient systems for travel and transport and meet our requirements for effective water and sewerage systems. The Kiwi Point Quarry also allows the Council to rapidly respond to these infrastructure needs in the event of an emergency. As such the whole community also benefit from this activity.

The base materials are also available to individuals. They gain a benefit from this and are charged the market rate. However, the amount purchased is a small part of the operations.

Who should pay?

Individuals 125%

The Council believes it is appropriate for the businesses who win Council contracts and individuals who purchase aggregate to bear the cost of this activity.

Kiwi Point Quarry operates in a competitive environment. Efficient management means Kiwi Point is able to generate revenue in excess of the operating expenditure while maintaining competitive pricing.

Our funding targets: operating expenses

User charges	0%
Other revenue	125%
Targeted rate	0%
General rate	0%
TOTAL	125%

Activity 4.5.3: Provider - Recycling

We encourage recycling by providing most residents with recycling bins and bags for weekly kerbside collection.

Community outcome

This activity contributes to the outcome that "Wellington will move towards a zero waste strategy."

Who Benefits?

Whole community 50%
Individuals 50%

The direct beneficiaries of this work are the householders who have recyclable goods collected or who use our recycling stations. These people are able to dispose of their recyclable and reusable waste in a safe, efficient and environmentally-friendly manner.

The whole community receives the environmental benefits from having less waste deposited in landfills.

Who should pay?

Individuals 100%

Though the benefits of this activity are split between the community and individuals, the Council believes it is appropriate for users of the city's landfills (see Activity 4.5.4 Provider - Waste minimisation and disposal management) to bear the costs. The Council believes it is appropriate

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to take a “polluter pays” approach to its solid waste operations, meaning landfill fees should be set at levels that discourage waste. This approach is justified by the significant benefits to the city’s environment from reducing the amount of waste dumped in landfills.

The Council has adopted a Life Cycle Costing Model for Landfills. This model is designed to deliver a full cost recovery system over a landfills life.

The Council also receives a small amount of income from the sale of recycling bins.

Our funding targets: operating expenses

User charges	100%
Other revenue	0%
Targeted rate	0%
General rate	0%
TOTAL	100%

Activity 4.5.4: Provider - Waste minimisation and disposal management

The Council operates the Southern and Northern Landfills. As well as the day-to-day management of the landfills, we are involved in landscaping, erosion control, resource consent compliance and water quality monitoring. The Council also collects refuse and household hazardous waste which is sent for safe disposal. This ensures hazardous wastes such as oils and solvents do not contaminate the landfills. We also provide aftercare of our closed land fill sites.

Community outcome

Operating the landfills and contributing to waste minimisation generally contribute to the outcome that “Wellington’s long-term environmental health will be protected by well-planned and well-maintained infrastructure”.

Who Benefits?

Individuals 75%

Whole community

25%

People using the landfills receive the main benefit from this activity, as they are able to dispose of their waste in a safe and efficient manner that also ensures the harm to the environment is kept to a minimum.

There are also benefits to the whole community. Without the landfills, people would have nowhere safe to dispose of their waste. That would clearly pose a major hazard to public health and harm the city’s environment.

In 2003 the Council adopted the Life Cycle Costing Model for Landfills. This model is designed to deliver a full cost recovery system over a landfill’s life.

Who should pay?

Individuals

100%

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Though the benefits of this activity are shared between individuals and the community as a whole, the Council believes users of the city's landfills should bear the costs. The Council believes it is appropriate to take a "polluter pays" approach to its solid waste operations, meaning landfill fees should be set at levels that discourage waste. This approach is justified by the significant benefits to the city's environment from reducing the amount of waste dumped in landfills. Landfill fees are set in accordance with the Life Cycle Costing Model, which determines the cost of operating a landfill over the full term of its life.

Our funding targets: operating expenses

User charges	100%
Other revenue	0%
Targeted rate	0%
General rate	0%
TOTAL	100%

Activity 4.5.5: Provider - Water network

The Council owns a water network of over 80 reservoirs, 30 pumping stations, more than 7,000 hydrants and about 900 odd kilometres of underground pipes. We maintain this network to ensure Wellingtonians have high-quality drinking water available at all times. Our work includes monitoring water quality to ensure it meets the required standards, and cleaning reservoirs and pipes.

Community outcome

This work helps achieve the outcome that "Wellington's long term environmental health will be protected by well planned and well maintained infrastructure".

Who Benefits??

Identifiable parts of the community 75%

Whole community 25%

Water supply is a fundamental Council service. Residents need clean drinking water, as well as water for washing. Water is also vital for industry and commerce. The benefits to commercial users are entirely private and exclusive. The benefits to individual people are mainly private, but there are also significant benefits to the community as a whole in terms of public health and safety, and economic well-being.

Who should pay?

Identifiable parts of the community:

Base (residential) sector 60%

Commercial sector 40%

While it is recognised that there is a whole community benefit from the provision of the water supply activity, this, along with the benefit received by individuals is best reflected through a targeted rate imposed on those properties connected to the public water supply.

The division of costs between the two sectors is based on a water consumption split of 75%/25%, modified on the basis of the additional maintenance and service response required in the commercial sector, to a 60% residential 40% commercial split.

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The 60% residential share is funded through a targeted rate. The majority of properties (those that do not have a water meter) are charged a fixed charge of \$112.50 incl. GST), to reflect the fixed cost component of funding these activities, with the balance of the sector share funded through a rate per dollar of capital value. Those properties that have elected to have a water meter contribute to the targeted rate through a consumption charge.

The 40% of costs funded through the Commercial sector is drawn from a targeted rate primarily through a consumption charge of \$xxx (incl. GST) per cubic meter of water consumed. The balance of commercial properties without a water meter, pay their share of the targeted rate through a rate per dollar of capital value.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	100%
<i>(60% base [residential] 40% commercial)</i>	
General rate	0%
TOTAL	100%

Activity 4.6.1: Funder and provider - Water collection and treatment

We buy water for the city in bulk from the Greater Wellington Regional Council. The regional council treats the water at four sites in the Hutt Valley – Te Marua, Waterloo, Gear Island and Wainuiomata – to ensure it meets New Zealand drinking water standards. We pay based on how much water the city uses. Some of our costs are recovered from customers with water meters, while the rest is covered by water rates. Responsibility for water supply is vested in the Council under the Local Government Act.

Community outcome

This work helps achieve the outcome that “Wellington’s long term environmental health will be protected by well planned and well maintained infrastructure”.

Who Benefits?

<i>Identifiable parts of the community</i>	<i>75%</i>
<i>Whole community</i>	<i>25%</i>

Water supply is a fundamental Council service. Residents need clean drinking water, as well as water for washing. Water is also vital for industry and commerce. Though water supply is essential in a modern city, the benefits are largely private.

There are also some benefit to the community as a whole from the Council’s provision of clean, drinkable water. This includes public health benefits, provision of water for fire-fighting, and the benefits of a reliable water supply for the economy.

Who should pay?

<i>Identifiable parts of the community:</i>	
<i>Base (residential) sector</i>	<i>60%</i>
<i>Commercial sector</i>	<i>40%</i>

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While it is recognised that there is a whole community benefit from the provision of the water supply activity, this, along with the benefit received by individuals is best reflected through a targeted rate imposed on those properties connected to the public water supply.

The division of costs between the two sectors is based on a water consumption split of 75%/25%, modified on the basis of the additional maintenance and service response required in the commercial sector, to a 60% residential 40% commercial split.

The 60% residential share is funded through a targeted rate. The majority of properties (those that do not have a water meter) are charged a fixed charge of \$xxx (incl. GST), to reflect the fixed cost component of funding these activities, with the balance of the sector share funded through a rate per dollar of capital value. Those properties that have elected to have a water meter contribute to the targeted rate through a consumption charge.

The 40% of costs for activities funded through the Commercial sector is drawn from a targeted rate primarily through a consumption charge of \$xxx (incl. GST) per cubic meter of water consumed. The balance of commercial properties without a water meter, pay their share of the targeted rate through a rate per dollar of capital value.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	100%
<i>(60% base [residential] 40% commercial)</i>	
<u>General rate</u>	0%
TOTAL	100%

Activity 4.6.2: Provider - Stormwater management

Each year, Wellington's stormwater network carries around 80 million cubic metres of runoff from gutters and drains to the harbour and city streams. This drainage network helps protect the city from flooding. This network is made up of over 600 kilometres of stormwater pipes and tunnels.

Because stormwater is discharged into the city's streams, harbour and coastal waters, it needs to be as clean as possible. Stormwater can be contaminated by sewage leaking from sewerage pipes, runoff from roads, and by waste such as oil, paint and litter being tipped or washing into drains. The Council has resource consents from the Greater Wellington Regional Council for our stormwater discharges, and we are required to meet the standards set out in these consents. While we do not treat stormwater runoff, we monitor stormwater quality at more than 80 sites, to ensure it meets the required standards.

Community outcome

This work helps achieve the outcome that "Wellington's long term environmental health will be protected by well planned and well maintained infrastructure" and that "Wellingtonians will protect and have access to the coast."

Who Benefits?

<i>Identifiable parts of the community</i>	50%
<i>Whole community</i>	50%

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The stormwater system provides significant benefits to individual property owners by protecting their property from flooding. Though these benefits are private, they are not exclusive – all homes and businesses benefit, and the network would have to exist for public good reasons regardless of the individual benefits.

The stormwater system benefits the whole community, both by protecting public property and by protecting public health and safety. The system is a fundamental part of the city's infrastructure. Without it, Wellington could not operate as a modern, efficient city, and both economic and social well-being would suffer.

Who should pay?

Identifiable parts of the community:

<i>Residential (urban) sector</i>	<i>80%</i>
<i>Commercial sector</i>	<i>20%</i>

While it is recognised that there is a whole community benefit from this activity, this, along with the benefit received by individuals is best reflected through a targeted rate imposed on the residential (urban) sector and the commercial sector.

Some stormwater runoff may be the direct result of new developments or other land works, or individual actions such as people tipping paint down drains. In these cases, there is a clear “polluter pays” argument for the people or businesses responsible to meet some of the costs. However, identifying those responsible and assessing the costs are difficult.

The Council has decided to exclude rural areas from paying for this activity as this service is not provided to them and as a result they receive no individual benefit. It is therefore appropriate to fund this activity from targeted rates, excluding the rural sector.

The 80% residential share is collected through a targeted rate. This rate is funded through a rate per dollar of capital value.

The 20% commercial sector share is collected through a targeted rate based on a rate per dollar of capital value.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	100%
(80% residential [all urban properties] 20% commercial)	
General rate	0%
TOTAL	100%

Activity 4.6.3: Sewage collection/disposal network

The Council is responsible for more than 1,000 kilometres of sewer pipes and tunnels, of which almost half are over 50 years old. The sewage network also includes 62 pumping stations which need regular maintenance and ultimately replacement once they have come to the end of their economic life.

Community outcome

This work helps achieve the outcomes that “Wellington’s long term environmental health will be protected by well planned and well maintained infrastructure” and that “Wellingtonians will protect and have access to the coast.”

Who Benefits?

<i>Identifiable parts of the community</i>	80%
<i>Whole community</i>	20%

The sewage network mainly benefits individuals by providing for the safe, sanitary removal of sewage waste from their homes and businesses, and ensuring that waste is treated and disposed of in ways that do not harm the environment. Though these benefits are private they are not exclusive – all homes and businesses use the system, and it would have to exist for public good reasons regardless of the individual benefits.

The sewage system benefits the whole community by protecting public health and the overall state of the environment. The system is a fundamental part of the city’s infrastructure. Without it, Wellington could not operate as a modern, efficient city.

Who should pay?

<i>Identifiable parts of the community:</i>	
<i>Base (residential) sector</i>	60%
<i>Commercial sector</i>	40%

While it is recognised that there is a whole community benefit from this activity, this, along with the benefit received by individuals is best reflected through a targeted rate imposed on those properties with sewer connections.

The division of costs between the two sectors is based on a ‘water in, water out’ concept. As a result the sector split for this targeted rate is the same as for water supply. The cost of network installation and maintenance in the commercial area is more expensive due to its size, pressures, standards and service levels. This is reflected in the 60%/40% split.

The 60% residential share is collected through a targeted rate. This rate incorporates a fixed charge of \$112.50 (incl. GST) per property, with the balance of the sector share funded through a rate per dollar of capital value.

The 40% commercial sector share is collected through a targeted rate based on a rate per dollar of capital value.

Council is, however, investigating mechanisms to implement user charges for the commercial sector based on the consideration of issues relating to equity and exacerbator pays.

Our funding targets

User charges	0%
Other revenue	0%
Targeted rate	100%
<i>(60% base [residential]</i>	
<i>40% commercial)</i>	
<u>General rate</u>	<u>0%</u>

TOTAL	100%
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Activity 4.6.4: Provider - Sewage treatment

Sewage is treated at three plants: Moa Point, Karori, and Porirua. The waste treatment plants at Moa Point and Karori are financed by the Council and operated by United Water. Sewage from Wellington's northern suburbs is transferred to the Porirua plant, in which the Council has a 27.6% stake. Once sewage is treated at Moa Point and Karori, waste water is piped into the Cook Strait and the sludge is taken to the Southern Landfill, where it is combined with green waste to make high-quality compost. This work is carried out by a joint venture, Living Earth, which sells the compost.

Community outcome

This work helps achieve the outcomes that "Wellington's long term environmental health will be protected by well planned and well maintained infrastructure" and that "Wellingtonians will protect and have access to the coast."

Who Benefits?

<i>Identifiable parts of the community</i>	80%
<i>Whole community</i>	20%

The sewage treatment system mainly benefits individuals by ensuring the waste removed from their homes and businesses is disposed of in ways that do not harm the environment. Though these benefits are private they are not exclusive – all homes and businesses use the sewage system, and sewage would have to be treated for public good reasons regardless of the individual benefits.

The sewage treatment system benefits the whole community by protecting public health and the overall state of the environment. The system is a fundamental part of the city's infrastructure. Without it, Wellington could not operate as a modern, efficient city.

Who should pay?

<i>Identifiable parts of the community:</i>	
<i>Base (residential) sector</i>	60%
<i>Commercial sector</i>	40%

While it is recognised that there is a whole community benefit from the provision of this activity, this, along with the benefit received by individuals is best reflected through a targeted rate imposed on those properties with sewer connections.

The division of costs between the two sectors is based on a 'water in, water out' concept. As a result the sector split for this targeted rate is the same as for water supply. The cost of network installation and maintenance in the commercial area is more expensive due to its size, pressures, standards and service levels. This is reflected in the 60%/40% split.

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The 60% residential share is collected through a targeted rate. This rate incorporates a fixed charge of \$112.50 (incl. GST) per property, with the balance of the sector share funded through a rate per dollar of capital value.

The 40% commercial sector share is collected through a targeted rate based on a rate per dollar of capital value.

Council is, however, investigating mechanisms to implement user charges for the commercial sector based on the consideration of issues relating to equity and exacerbator pays.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	100%
<i>(60% base [residential] 40% commercial)</i>	
General rate	0%
TOTAL	100%

Activity 4.7.1: Facilitator – Stream protection

The Council plans to work with the Greater Wellington Regional Council and with community groups and volunteers on stream protection programmes over the coming. The activity covers that work.

Community outcome

This activity contributes to the outcome that “Wellingtonians will protect and have access to green open spaces and the coast.”

Who Benefits?

Whole community 100%

This activity benefits the whole community by helping ensure the city’s streams are clean and healthy.

This activity has long-term benefits. For example, an entire stream restoration programme will benefit the surrounding ecosystem and will mean that future generations are less likely to have to deal with the problems that can be faced today. The work aids the health of the environment by protecting and restoring land- and water-based ecosystems to sustain their natural processes, and to provide habitats for a range of indigenous and non-indigenous plants and animals.

The long-term nature of these benefits is reflected in the Council’s decision to fund this activity on an ongoing basis.

Who should pay?

Whole community 100%

This activity benefits the community as a whole. Therefore, the fairest and most effective way of funding it is from general rates.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

Activity 4.7.2: Provider - Pest plant and animal management

The Council runs programmes to control animal pests and weeds on the 3,000 plus hectares of open space land we own and manage.

Community outcome

This activity contributes to the outcome that “pest animals and plants will be eliminated as methods become available, and no new pests will become established.”

Who Benefits?

Whole community 100%

This activity benefits the whole community by helping ensure the city’s open space land is safe and pleasant to use. While there are direct benefits to those who choose to use the city’s open spaces, these people cannot easily be identified or excluded from using those areas. There may also be benefits to certain communities within the city – for example, from a programme to eradicate possums from a particular suburb – but, in general, the benefits of this activity are to the community as a whole.

This activity has long-term benefits. For example, eliminating a pest from an area means future generations are less likely to have to deal with the problems that pests cause. The work aids the health of the environment by protecting and restoring land- and water-based ecosystems to sustain their natural processes, and to provide habitats for a range of indigenous and non-indigenous plants and animals.

The long-term nature of these benefits is reflected in the Council’s decision to fund this activity on an ongoing basis.

Who should pay?

Whole community 100%

This activity benefits the community as a whole. Therefore, the fairest and most effective way of funding it is from general rates.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

Activity 4.8.1: Funder – Environmental and conservation visitor attractions

The Council funds the Wellington Zoo Trust and has provided interest free loans to the Marine Education Centre and to the Karori Wildlife Sanctuary Trusts. While each of these organisations has specific goals and approaches to conservation and education they all provide attractions for residents and visitors.

Community outcome

This activity in part contributes to the outcome that “Wellington will protect and showcase its natural landforms and indigenous ecosystems”.

Who Benefits?

<i>Individuals</i>	40%
<i>Whole community</i>	40%
<i>Identifiable part of the community</i>	20%

These facilities benefit the individuals that choose to attend by providing them with a high-quality recreational and educational experience. These benefits are private and exclusive.

These facilities provide (or in the case of marine education centre will provide) significant benefits to the whole community. They play a major conservation role by protecting endangered species and educating the public about conservation and biodiversity issues.

There existence is also of benefit to those who are not visitors generally but have the option of going.

The facilities also aim to attract tourists to the city, contributing to the local economy.

Who should pay?

<i>Whole community</i>	100%
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Each of these trust’s operate separately from the Council. User charges, which in he case of the Zoo account for about 45 percent of the trust’s income, reflect the private benefits to people who visit these facilities. These user charges do not appear in the Council’s books.

The Council’s contribution to these facilities reflects the benefits to the community as a whole. For this reason, it is appropriate for the Council’s contribution to be funded from general rates.

Rates funding is also justified because these facilities contribute to the Council’s long term goal that the city high quality natural environment will attract visitors, residents and visitors.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

7.5 Cultural Wellbeing Strategy

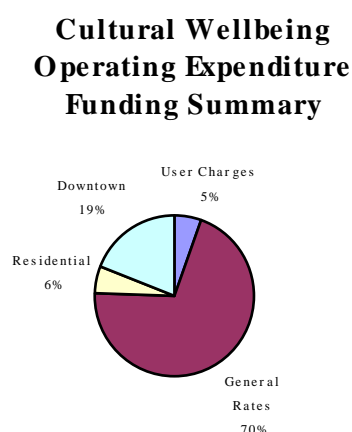
Shaping Wellington’s unique identity

The Council supports a wide range of cultural and artistic activity in Wellington. The aim is to foster a lively and creative city that offers rich and varied cultural experiences to residents and visitors. We fund galleries, museums, arts organisations, and art and sculpture in public spaces. We also provide grants to community programmes that foster diversity and encourage people to participate in the arts.

The outcomes we want from this strategy and the activities which we undertake to achieve these outcomes are summarised in the “strategy tree” diagram on the following page.

Operating activities

The funding sources for this strategy are illustrated in the graph below.



Activity	Funding Sources						
	User Charges	Other Income	General Rates	Targeted Rates			
				Residential	Commercial	Downtown	Other
5.1.1 Provision of City Archives	10%	0%	90%	0%	0%	0%	0%
5.1.2 Promotion of heritage landmarks	0%	0%	100%	0%	0%	0%	0%
5.2.1 Promoting and hosting cultural festivals	35%	0%	65%	0%	0%	0%	0%
5.2.2 The New Zealand International Arts Festival	0%	0%	0%	0%	0%	100%	0%
5.2.3 Cultural grants	0%	0%	0%	100%	0%	0%	0%
5.3.1 Access and support for community arts	0%	0%	100%	0%	0%	0%	0%
5.4.1 Provision of galleries and museums	0%	0%	75%	0%	0%	25%	0%
5.4.2 Facilitator arts partnerships	0%	0%	90%	0%	0%	10%	0%
Total Cultural Wellbeing	5%	0%	70%	6%	0%	19%	0%

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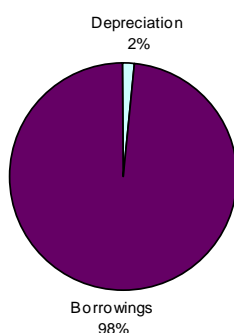
Capital Expenditure

The interest and depreciation costs relating to capital expenditure are incorporated in the operating costs of each activity.

Cultural wellbeing capital expenditure projects are funded through a combination of rates funded depreciation and borrowings, as detailed below.

Activity		Funding Sources			
		LTNZ Capex Subsidies	Development Contributions	Depreciation	Borrowings
5.3.1	Access and support for community arts	0.0%	0.0%	1.7%	98.3%
Total Cultural Wellbeing		0%	0%	2%	98%

Cultural Wellbeing Strategy Capital Expenditure Funding Summary



Cultural wellbeing strategy – activity commentary

Activity 5.1.1: Provider - City Archives

This activity covers the operations of and community access to the City Archives.

Community outcome

This activity primarily contributes to the outcome of ‘Wellingtonians celebrating their unique cultural identity’.

Who Benefits?

Whole community

50%

Individuals 50%

The whole community benefits from this activity. Maintaining the City Archives collection for posterity and ensuring that it can be easily accessed is an important community service. The City Archives contribute to our understanding of the past and to forging a strong local community – it contributes to our sense of place.

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Individuals who choose to use the City Archives can be seen to benefit directly from their access to the collection. The collection is used for private study and for research. Staff provide assistance with searches and with photocopying and with copying of archived photographs.

Who should pay?

<i>Individual</i>	10%
<i>Whole community</i>	90%

Although the individuals that access the collection receive benefits from this activity, the Council believes that preserving aspects of the city's past are of significant benefit to the community as a whole.

Nevertheless it is considered appropriate that individual users should bear a small cost for any staff research and associated copying costs that they may generate.

The user charges for these services are broadly in line with those charged by the Alexander Turnbull Library and Archives New Zealand.

Our funding targets: operating expenses

User charges	10%
Other revenue	0%
Targeted rate	0%
General rate	90%
TOTAL	100%

Activity 5.1.2: Provider - Promotion of heritage landmarks

This activity covers the promotion of heritage landmarks and features, in particular it covers the maintenance of Te Are o Nga Tupuna – Maori heritage trails.

Community outcome

This activity primarily contributes to the outcome that “Tangata Whenua and our multicultural diversity will be recognised and valued, and reflected in our city's culture.”

Who Benefits?

<i>Whole community</i>	100%
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The whole community benefits from this activity. Access to the heritage trails is open and maintaining them for posterity contributes to our understanding of the past and to forging a strong local community – it contributes to our sense of place.

Who should pay?

<i>Whole community</i>	100%
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Since this activity benefits the community as a whole, the fairest and most effective way to fund it is from general rates.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

Activity 5.2.1: Funder and provider - Arts and cultural festivals

The Council runs and supports artistic and cultural events that encourage Wellingtonians to get out and enjoy themselves. These include Summer City, the Sky Show, and the Diwali festival and more than 100 other events, all of which are provided free to the public.

We aim to use the Civic Square as the stage for a large number of these events. As the civic and cultural heart of the city the Square offers a safe and accessible venue.

Community outcome

By supporting and hosting events we contribute to “Wellingtonians celebrating their unique cultural identity” and to “the venues that suit a range of events and reflect the needs of the city.”

Who Benefits?

Whole community 100%

While the people attending these events obviously benefit from the enjoyment they receive, the events are generally run outdoors in public areas making it impossible to identify individual beneficiaries. The benefits, in any case, are not exclusive.

There are generally no limits on the number of people who attend these events and, as the intention is to encourage participation, it would not be appropriate or acceptable to charge for entry.

The principal benefits are to the community as a whole. These events bring people together, encouraging community identity and cohesion. They help build a sense of pride in the city and add to Wellington’s reputation as an “events capital”. Many events attract people to the city centre, bringing economic benefits.

Who should pay?

Whole community 100%

Since this activity benefits the community as a whole, the fairest and most effective way to fund it is from general rates.

The Council receives significant sponsorship for this activity from organisations such as the New Zealand Community Trust. We expect this to continue and are increasing our sponsorship target from 2008/09 to 35 percent.

Our funding targets: operating expenses

User charges	0%
Other revenue	35%
Targeted rate	0%
General rate	65%
TOTAL	100%

Activity 5.2.2: Funder - The New Zealand International Arts Festival

The Council provides ongoing funding for the New Zealand International Arts Festival. Held every two years, the festival brings international acts to Wellington and provides entertainment to city residents and a large number of visitors.

Community outcome

Our support for the Festival contributes to the outcome that 'Wellington will be recognised as New Zealand's arts and cultural capital, encouraging visual and performing arts'.

Who Benefits?

<i>Identifiable part of the community</i>	60%
<i>Whole community</i>	30%
<i>Individuals</i>	10%

The Festival is a major event which brings significant numbers of people to the city. This, along with the fact that it attracts Wellingtonians into the central city in large numbers, enhances the local economy and is of considerable benefit to the local businesses, particularly in the tourism, hospitality and retail sectors.

The wider community also benefits from the Festival. It helps make the city a vibrant place, and plays an important part in the city's identity as New Zealand's arts and culture capital. It also provides residents with opportunities to see major national and international acts.

Those individuals who perform and attend shows at the Festival clearly benefit from their participation.

Who should pay?

<i>Identifiable part of the community</i>	100%
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The Council believes this activity is most appropriately funded from rates targeted to the Downtown sector. While the Festival benefits the wider community, the Council funds it principally as an economic development initiative. The Festival contributes both to cultural and economic well-being. It should also be noted that, as this is a funding arrangement, the Council's contribution to the Festival reflects the collective benefit to businesses in the Downtown area and the wider public, while any private benefit received by people attending Festival shows is reflected in the tickets they purchase to attend.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate (downtown)	100%
General rate	0%
TOTAL	100%

Activity 5.2.3: Funder - Cultural grants

The Council maintains a cultural grants pool to allow community organisations access to funding.

Community outcome

These grants help us achieve the outcome that “Wellington will be a dynamic and multicultural city that respects and celebrates cultural diversity”.

Who Benefits?

<i>Individuals and identifiable part of the community</i>	50%
<i>Whole community</i>	50%

The direct beneficiaries of this activity are the individuals and groups who receive funding. The grants provide them with opportunities for artistic and cultural expression. This activity gives individuals the opportunity to participate, even though they may choose not to. Though these benefits are private, they are not exclusive – all residents are able to apply for funding.

Funding cultural initiatives also benefits all city residents by making the city a more vibrant place, enhancing community identity, and contributing to the city’s reputation as New Zealand’s arts and culture capital.

Who should pay?

<i>Whole community</i>	100%
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The purpose of this activity is to add to the mix of cultural events in the city and to encourage participation. Clearly, this means that someone other than the grant recipients has to pay. This activity has no benefit, economic or otherwise, to the commercial sector. Funding is directed to residents, and as such, the Council believes it is appropriate to fund the cost of this activity from rates targeted to the residential sector.

The people and groups who receive funding also contribute their own resources to initiatives that benefit the city’s cultural and social well-being.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate (residential)	100%
General rate	0%
TOTAL	100%

Activity 5.3.1: Funder - Access and support for community art

This activity covers the wide range of community arts programmes that the Council runs every year. It also covers a subsidy for non-profit community groups using the Wellington Convention Centre. This ensures the venue is open to a wide range of organisations.

Note that the Convention Centre itself operates under Activity 3.1.2.

Community outcome

Support for the art programme contributes to the outcome that “Wellington will be a dynamic and multicultural city that respects and celebrates cultural diversity”. The provision of the subsidy ensures that there is access to a “venue that suits a range of events and reflects the needs of the city”.

Who Benefits?

<i>Whole community</i>	50%
<i>Individuals</i>	50%

Both the individuals that take part in the arts programmes and the non-profit groups that make use of the venue subsidy directly benefit from this activity. But the activity also benefits the community as a whole. The arts programmes are open events and the groups who are supported by the subsidy help make the city a vibrant place and foster cultural identity.

Who should pay?

<i>Whole community</i>	100%
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The purpose of this activity is to promote tolerance and, celebrate through the arts, people’s differences to create a sense of belonging. The provision of the community arts programme eliminates cost as a barrier as does the venue subsidy. Clearly, the cost of this support has to be met elsewhere. The Council believes the cost is most appropriately funded from general rates.

Our funding targets

User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

Activity 5.4.1: Funder - Galleries and museums

The Council is the main funder of the Wellington Museums Trust, which operates the Museum of Wellington City and Sea, the City Gallery, Capital E, the Wellington Cable Car Museum and the Colonial Cottage Museum.

Community outcome

Our support for the Trust contributes to a number of outcomes. It contributes to “Wellington having venues that suit a range events and reflect the needs of the city” and to the goal that

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“Wellington will be recognised as New Zealand’s arts and cultural capital, encouraging visual and performing arts.”

Who Benefits?

<i>Individuals</i>	70%
<i>Identifiable part of the community</i>	15%
<i>Whole community</i>	15%

The individuals who attend the exhibitions and shows at the galleries and museums clearly benefit from their attendance.

The various venues are also important attractions for visitors and residents alike. The location of these in these draws people into the downtown area and boosts local businesses, particularly those in the tourism, hospitality and retail sectors.

The museums and galleries funded by this activity also benefit the whole community in many ways. They help make the city vibrant and interesting, preserve its heritage, form a vital part of Wellington’s image as a creative city, and are a source of civic pride. The exhibitions run by the galleries and museums also foster community identity. These benefits are felt even by people who choose not to visit the facilities.

Who should pay?

<i>Whole community</i>	75%
<i>Downtown sector</i>	25%

The Council funds the museums and galleries to encourage greater participation in the arts and because it believes that high quality cultural amenities add to a vibrant city life.

While there are clearly direct benefits to people who choose to visit the galleries and museums, the Council believes these are outweighed by the overall community benefit and the benefits that flow to the businesses in the downtown sector.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate (downtown)	25%
General rate	75%
TOTAL	100%

Activity 5.4.2: Facilitator - Arts partnerships

The Council maintains a number of partnerships with artistic organisations that call Wellington home. We provide subsidised rehearsal space for the NZ Symphony Orchestra and are paying the interest on a loan that helped the St James Theatre Trust upgrade its flying system. We also provide grants to: the Chapman Tripp Theatre Awards; Professional Theatres; the NBR Opera; and to the NGC Sinfonia.

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The Council also houses a number of independent artists at the Wellington Arts Centre, which is covered by this activity.

Community outcome

Our support for this activity contributes to the outcome that 'Wellington will be recognised as New Zealand's arts and cultural capital, encouraging visual and performing arts'.

Who Benefits?

<i>Identifiable part of the community</i>	<i>60%</i>
<i>Whole community</i>	<i>30%</i>
<i>Downtown sector</i>	<i>10%</i>

The artists and organisations are clearly direct beneficiary of these partnerships. These benefits are private and exclusive to the extent that the Council's support cannot be transferred.

The community also benefits from this activity in many ways. Through our support we help ensure these organisations remain viable and based in Wellington. In the example of the orchestra this means the city is home to one of the nation's foremost arts institutions, which contributes to Wellington's vibrancy and its image as a creative city. It also means residents have the option of attending concerts on a regular basis, and have far greater access to top-class music than would otherwise be the case.

These partnerships add to the city's exceptional range of artistic and cultural amenities that cater to all tastes, which in turn add to an environment that fosters a vibrant city life and boosts the local economy.

Who should pay?

<i>Whole community</i>	<i>70%</i>
<i>Individuals</i>	<i>30%</i>

The overall aim of this activity is to encourage greater engagement and participation in the arts. By supporting these organisations and artists we are ensuring that their work continues and can be experienced by residents and visitors. The Council believes that the majority of the cost is most appropriately funded from general rates.

It is also considered appropriate that those artists that are housed at the Arts Centre should make a contribution to the cost of the space that they have exclusive use over.

Our funding targets: operating expenses

User charges	30%
Other revenue	0%
Targeted rate	0%
General rate	70%
TOTAL	100%

7.6 Social and Recreation Strategy

Building strong, safe and healthy communities for a better quality of life

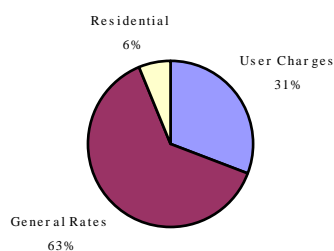
A city is only as strong as its people. Wellington is built on strong communities. It's a safe city where people have plenty of opportunities to fulfil their potential and engage with each other. As the city's biggest provider of recreation facilities and social housing, we aim to promote healthy lifestyles and build strong communities.

The outcomes we want from this strategy and the activities which we undertake to achieve these outcomes are summarised in the "strategy tree" diagram on the following page.

Operating activities

The funding sources for this strategy are illustrated in the graph below.

Social and Recreation Operating Expenditure Funding Summary



Activity	Funding Sources						
	User Charges	Other Income	General Rates	Targeted Rates			
				Residential	Commercial	Downtown	Other
6.1.1 Provision of community housing	70%	0%	30%	0%	0%	0%	0%
6.1.2 Facilitation of recreation partnerships	0%	0%	0%	100%	0%	0%	0%
6.2.1 Implementation of the homelessness strategy	0%	0%	100%	0%	0%	0%	0%
6.2.2 Community advocacy	0%	0%	0%	100%	0%	0%	0%
6.3.1 Access support	0%	0%	100%	0%	0%	0%	0%
6.3.2 Social and recreational grants	0%	0%	100%	0%	0%	0%	0%
6.3.3 Recreation programmes	25%	0%	75%	0%	0%	0%	0%
6.4.1 Provision of swimming pools	45%	0%	55%	0%	0%	0%	0%
6.4.2 Provision of sports fields	10%	0%	90%	0%	0%	0%	0%

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6.4.3	Provision of recreation centres	25%	0%	75%	0%	0%	0%	0%
6.4.4	Provision of playgrounds	0%	0%	100%	0%	0%	0%	0%
6.4.5	Provision of marinas	100%	0%	0%	0%	0%	0%	0%
6.4.6	Provision of community centres and halls	10%	10%	0%	80%	0%	0%	0%
6.4.7	Provision of community ICT access	100%	0%	100%	0%	0%	0%	0%
6.4.8	Provision of libraries network	10%	0%	90%	0%	0%	0%	0%
6.5.1	Burials and cremations	50%	0%	50%	0%	0%	0%	0%
6.5.2	Provision of public toilets	0%	0%	100%	0%	0%	0%	0%
6.5.3	Regulation of public health	50%	0%	50%	0%	0%	0%	0%
6.6.1	Facilitation of city safety	0%	0%	100%	0%	0%	0%	0%
6.6.2	Wellington Emergency Management Office	5%	0%	95%	0%	0%	0%	0%
Total Social and Recreation		31%	0%	63%	6%	0%	0%	0%

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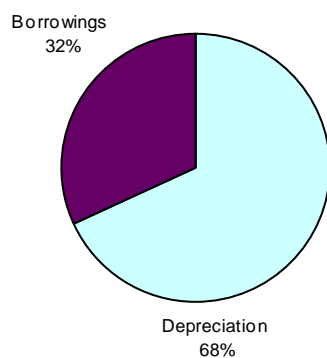
Capital Expenditure

The interest and depreciation costs relating to capital expenditure are incorporated in the operating costs of each activity.

Social and recreation capital expenditure projects are funded through a combination of rates funded depreciation and borrowings, as detailed below.

Activity		Funding Sources			
		LTNZ Capex Subsidies	Development Contributions	Depreciation	Borrowings
6.1.1	Provision of community housing	0.0%	0.0%	83.6%	16.4%
6.4.1	Provision of swimming pools	0.0%	0.0%	42.1%	57.9%
6.4.2	Provision of sports fields	0.0%	0.0%	40.6%	59.4%
6.4.3	Provision of recreation centres	0.0%	0.0%	100.0%	0.0%
6.4.4	Provision of playgrounds	0.0%	0.0%	71.9%	28.1%
6.4.5	Provision of marinas	0.0%	0.0%	47.2%	52.8%
6.4.6	Provision of community centres and halls	0.0%	0.0%	24.3%	75.7%
6.4.8	Provision of libraries network	0.0%	0.0%	100.0%	0.0%
6.5.1	Burials and cremations	0.0%	0.0%	46.2%	53.8%
6.5.2	Provision of public toilets	0.0%	0.0%	15.5%	84.5%
6.6.2	Wellington Emergency Management Office	0.0%	0.0%	80.2%	19.8%
Total Social and Recreation		0%	0%	68%	32%

Social and Recreation Capital Expenditure Funding Summary



Activity 6.1.1: Provider - Community housing

The Council owns over 2000 housing units, which we rent to low income people whose housing needs are not met by the private sector. We allocate these homes according to need. Tenants are charged 70 percent of the estimated market rent for their property.

Community outcome

Provision of community housing contributes to the outcome that “social services, especially public health and housing, will be affordable, available and accessible to all Wellingtonians”.

Who Benefits?

<i>Individuals</i>	90%
<i>Whole community</i>	10%

The main beneficiaries of this activity are the tenants, who receive accommodation at below market rent. Their benefits are private and exclusive. While the Council’s rental housing units are aimed at meeting needs that the market does not or cannot meet, to some extent these housing units are in competition with properties provided by private landlords.

However, there are also some benefits to the community as a whole. By providing homes for people who otherwise may be unable to afford them, the Council also contributes to community cohesion and may have benefits for public health and safety.

Who should pay?

<i>Individuals</i>	70%
<i>Whole community</i>	30%

As the main beneficiaries, it is appropriate for tenants to pay most or all of the costs involved in providing community housing. The Council’s current policy is to provide homes at 70 percent of market rental. It is considered appropriate that the remainder of the costs should be funded from the general rate.

It should be noted that recent increases in Wellington property values mean the depreciation costs associated with these properties are rising faster than rental levels. If this lag continues for a prolonged period it could create a situation in some years where the income for this activity does not adequately meet the costs of upgrades and major maintenance works. At that point, further decisions will have to be made about how this activity is funded.

It should be noted that the user charges take no account of the Council’s significant opportunity cost of owning a housing portfolio well in excess of \$150m.

Our funding targets: operating expenses

User charges	70%
Other revenue	0%
Targeted rate	0%
General rate	30%
TOTAL	100%

Activity 6.1.2: Facilitator - Recreation partnerships

The Council maintains relationships with a number of groups that seek to provide publicly accessible facilities that contribute to both passive and active recreation. Currently these include grants to the Basin Reserve Trust, and the Indoor Stadium working group, and support for the Boys and Girls Institute's development of the Spinks Café, and support for the development of an ice skating rink.

Community outcome

Our recreation partnerships contribute to the outcome that "Wellington's communities will have ready access to multi-use indoor and outdoor facilities and spaces".

Who Benefits?

<i>Individuals</i>	80%
<i>Whole community</i>	20%

The organisations we fund and the people that take part in their programmes also receive direct benefits.

Through the development of recreational partnerships, the Council aims to promote the benefits of sport and recreation to Wellingtonians. This has benefits for residents' overall levels of health and fitness, which in turn helps economic and social well-being. In addition, by supporting recreation partners, the city receives the economic benefits from having sport and recreation organisations located here.

Who should pay?

<i>Whole community</i>	100%
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While the individuals who choose to access these facilities receive some benefits, the Council believes it is appropriate for the residential sector to bear the costs of our recreation partnerships.

The Council is just one source of funding for its recreation partners. The Council's contribution represents the public benefits to Wellington residents while the other funding sources represent the private benefits to participants and other organisations.

In this context the benefits to the community clearly outweigh the benefits to individuals. These benefits include healthier lifestyle and overall additions to social wellbeing.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate(residential)	100%
General rate	0%
TOTAL	100%

Activity 6.2.1: Funder and facilitator – support for the homeless

We work in partnership with key agencies to understand and support Wellington's homeless. We are supporting the Wellington Night shelter Trust's work to renovate the downtown shelter. And we are playing a role in project margin.

Community outcome

These initiatives contribute in part to the outcomes that “Wellington communities will be inclusive and welcoming to all people” and that “Wellington will have responsive social services and a strong volunteer sector”.

Who Benefits?

Whole community 100%

This activity provides benefit to the community as a whole through the development of cooperative working relationships with key agencies to ensure that the city’s diverse population including those who are homeless are supported and embraced by a tolerant caring and welcoming community.

This activity also promotes the safety of individuals by enhancing access to safe overnight shelter for those who may otherwise not have access to it. While there is a tangible benefit to those people who use the night shelter, its presence is to ensure that those who could not otherwise afford to pay have access to overnight shelter.

Who should pay?

Whole community 100%

Since this activity benefits the community as a whole, the fairest and most effective way to fund it is from general rates.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	0%
<u>General rate</u>	<u>100%</u>
TOTAL	100%

Activity 6.2.2: Provider – Community advocacy

We encourage people to contribute to their community and participate in city activities. Our City Communities advisors support a wide range of community groups such as senior citizens, Maori, youth, Pacific Islanders, refugees and migrants, and people with disabilities. This work aims to ensure that Wellington’s diverse population is supported and embraced by a tolerant, caring and welcoming community.

Community outcome

Given the breadth of this activity it can be seen to contribute generally to social wellbeing. In particular it contributes to “Wellington’s communities being inclusive and welcoming to all people” and to the “city having strong social services and a strong volunteer sector”.

Who Benefits?

Whole community 60%
Individuals 40%

The projects funded under this activity benefit all Wellington residents. They strengthen people’s sense of identity, and enhance community cohesion and social well-being. Some projects, such

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as provision of concerts and other youth activities, may help prevent crime and improve public safety.

There are also some private benefits from these activities. The very nature of this work is targeted towards discrete communities. However while the support we provide to these individuals or groups may be tailored to their needs often this will not constitute a greater level of service than that provided to the wider community. For instance tailoring a consultation document for someone who is blind allows that person to contribute to the same extent as those that are sighted.

Who should pay?

Whole community 100%

The Council believes it is appropriate to fund the majority of costs for this activity from rates targeted to the residential sector. This is because the benefits accrue to all residents.

Our funding targets

User charges	0%
Other revenue	0%
Targeted rate (residential)	100%
<u>General rate</u>	<u>0%</u>
TOTAL	100%

Activity 6.3.1: Funder - Access support

The Council offers discounted access to recreation facilities for holders of our Passport to Leisure card, which is issued free to all residents on low incomes.

Community outcome

Funding the Passport to Leisure programme primarily contributes to the outcome that "opportunities for active and passive recreation are diverse, safe, affordable, accessible and attractive".

Who Benefits?

Individuals 75%

Whole community 25%

The Passport to Leisure programme benefits individual participants by giving them affordable access to recreation and leisure opportunities. The programme helps boost participants' health, fitness and overall well-being.

The programme also benefits the wider community by encouraging healthy lifestyles, which enhances social and economic well-being. It adds to social cohesion by reducing barriers to people on low incomes.

Who should pay?

Whole community 100%

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While the programme mainly benefits individuals the Council believes it is appropriate for the whole community to share the costs.

The programme is aimed at increasing access to recreation and leisure for people on low incomes, by making facilities available at reduced cost. Clearly, this means someone else has to pay. The benefits to all wider community justify the costs being drawn from the general rate.

This programme makes a significant contribution to the Council's goal that Wellington residents will be more actively engaged in their communities, and in recreation and leisure activities.

Our funding targets

User charges	0%
Other revenue	0%
Targeted rate	0%
<u>General rate</u>	<u>100%</u>
TOTAL	100%

Activity 6.3.2: Funder – Social and recreational grants

The Council maintains four grants pools. This activity covers the grants to community groups and organisations whose projects seek to promote recreational activity and overall social wellbeing. The grants process is overseen by a subcommittee of Council.

Community outcome

This activity contributes to overall social wellbeing.

Who Benefits?

<i>Identifiable part of the community</i>	<i>50%</i>
<i>Whole community</i>	<i>50%</i>

The groups and organisations that receive grants clearly benefit from this activity. But the community as a whole also benefits. The grants pool itself is not exclusive - it is open so that anyone has the opportunity to apply. And the projects of the successful applicants will have flow on benefits for the community.

Who should pay?

<i>Whole community</i>	<i>100%</i>
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While grants recipients benefit directly from this activity seeking to recoup the cost from them would defeat the purpose of the grants pool. Given this and that there are benefits to the community as a whole, the Council believes the fairest and most effective way to fund it is from general rates.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	0%
<u>General rate</u>	<u>100%</u>
TOTAL	100%

Activity 6.3.3: Recreation programmes

The Council organises programmes to encourage people into leisure activities. These include organised walks and recreation programmes such as Kiwitri and Artsplash aimed at children. This activity covers the cost of providing those.

Community outcome

This activity primarily contributes to the outcome that “Wellingtonians will enjoy recreation and be amongst the most active in New Zealand”.

Who Benefits?

<i>Individuals</i>	50%
<i>Whole community</i>	50%

The Council’s recreation programmes benefit the individuals who take part by providing them with access to recreation and leisure opportunities. The programmes not only promote health but can also boost participants’ overall sense of well-being.

The recreation programmes also benefit the community as a whole. They not only encourage recreation and healthy lifestyles but also operate as community events, helping bring people together. The programmes are targeted at people who may have difficulty organising their own recreation activities.

Who should pay?

<i>Whole community</i>	100%
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While individuals receive significant direct benefits, the Council believes it is appropriate for the community as a whole to bear the costs of running these programmes.

The benefits to the community as a whole justify ratepayer funding and it would not be desirable to impose fees as that may discourage participation and provide barriers to people on low incomes taking part.

Some of the programmes we run attract sponsorship and subsidies, such as the Push Play programme, and we reflect this in our overall funding targets.

Our funding targets: operating expenses

User charges	0%
Other revenue	25%
Targeted rate	0%
General rate	75%
TOTAL	100%

Activity 6.4.1: Swimming pools

This activity covers the cost of providing

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the Council's seven swimming pools: Wellington Regional Aquatic Centre (Kilbirnie); Freyberg Pool (Oriental Bay); Karori Pool; Thorndon Pool; Khandallah Pool; Keith Spry Pool (Johnsonville); and Tawa Pool.

Community outcome

The provision of swimming pools primarily contributes to the outcomes that "opportunities for active and passive recreation are diverse, safe, affordable, accessible and attractive" and that "Wellington's communities will have ready access to multi-use indoor and outdoor facilities and spaces".

Who Benefits?

<i>Individuals</i>	80%
<i>Whole community</i>	20%

Our swimming pools mainly benefit the people who use them. These people gain access to high-quality facilities for recreation, fitness and relaxation. The benefits are private and exclusive. It is appropriate and acceptable to charge people to use the pools.

However, there are also benefits to the community as a whole. By providing recreation facilities, the pools help increase the overall levels of residents' health, providing economic and social benefits. Pools provide important community focal points as well as health and recreation programmes that bring people together.

Most people regard the pools as important facilities and are prepared to contribute to the costs through their rates. Many people also like to have the option of using the pools even if they do not choose to do so.

Who should pay?

<i>Whole community</i>	50%
<i>Individuals</i>	50%

While individuals receive the direct benefits, the Council believes it is appropriate for the community as a whole to bear half of the costs of running the city's swimming pools.

The benefits to the community as a whole and the widespread community support for the facilities justify a significant ratepayer contribution. Though there are other pools in the city, the Council-operated ones are unique for the size and scale of their operations; they are not in direct competition with the private sector and can legitimately be seen as public facilities.

It would not be desirable to raise fees to levels that discouraged people from using them or provided barriers to people on low incomes. These accessibility and affordability considerations mean that this activity is expected to be below policy targets until the upgrade of facilities provides additional market leverage to allow fees to be increased without impacting on patronage. Accordingly, it is anticipated that only 40 percent of the cost of this activity will be from user charges until the completion of a major upgrade at the WRAC.

Our funding targets: operating expenses

User charges	45%
Other revenue	0%
Targeted rate	0%
General rate	55%
TOTAL	100%

Activity 6.4.2: Provider - Sports fields

This activity covers the costs of providing the city's sports fields, including their turf and artificial surfaces. These provide year-round venues for recreation and competitive sport for people of all ages.

Community outcome

The provision of sports fields primarily contributes to the outcomes that "opportunities for active and passive recreation are diverse, safe, affordable, accessible and attractive" and that "Wellington's communities will have ready access to multi-use indoor and outdoor facilities and spaces".

Who Benefits?

<i>Individuals</i>	30%
<i>Identifiable part of the community</i>	30%
<i>Whole community</i>	40%

The city's sports fields provide significant benefits for private individuals and sports clubs. For individuals, they provide facilities for recreation, fitness and relaxation. These benefits are private and partially exclusive. While the fields are booked out at certain times for organised sports such as club football, they are also often available for members of the public to use for informal recreation.

The Council estimates individual people receive about 30 percent of the benefits from sports fields and sports clubs receive about the same benefit.

The sports fields also benefit the community as a whole. By providing recreation facilities they help increase the overall levels of residents' health, providing economic and social benefits. They also provide important community focal points. Most people recognise them as important facilities and are prepared to contribute to the costs through their rates.

Who should pay?

<i>Whole community</i>	90%
<i>Individuals</i>	10%

While individuals receive significant direct benefits, the Council believes it is appropriate for the community as a whole to bear most of the costs of operating the city's sports fields.

The benefit to the community as a whole and the widespread community support for the facilities justifies a ratepayer contribution. The Council-operated sports fields are not in competition with private sector providers and can legitimately be seen as public facilities.

It is not always possible or desirable to identify individual users. While sports clubs who book sports fields can be identified and are charged, many other people use the fields informally and cannot be charged. It would not be desirable to raise fees to levels that discouraged organised sports. Nor would it be desirable to raise fees to levels that provided barriers to people on low incomes taking part in organised sports.

Our funding targets: operating expenses

User charges	10%
Other revenue	0%
Targeted rate	0%
<u>General rate</u>	<u>90%</u>
TOTAL	100%

Activity 6.4.3: Provider - Recreation centres

This activity covers the costs of providing the Council recreation centres in Karori, Newlands (Newlands College), Kilbirnie and Khandallah (Nairnville), and Tawa. These multi-purpose centres provide a range of recreational opportunities while also helping build a sense of community.

Community outcome

The provision of recreation centres primarily contributes to the outcomes that “opportunities for active and passive recreation are diverse, safe, affordable, accessible and attractive” and that “Wellington’s communities will have ready access to multi-use indoor and outdoor facilities and spaces”.

Who Benefits?

<i>Individuals</i>	<i>80%</i>
<i>Whole community</i>	<i>20%</i>

Our recreation centres mainly benefit the people who use them. These people gain access to high-quality facilities for sports, recreation and fitness. These benefits are private and exclusive. It is appropriate and acceptable to charge people to use the centres.

However, there are also benefits to the community as a whole from our provision of recreation centres. These facilities help increase overall levels of residents’ health, providing economic and social benefits. Recreation centres also provide community focal points and recreation programmes that bring people together.

Who should pay?

<i>Whole community</i>	<i>75%</i>
<i>Individuals</i>	<i>25%</i>

While individuals receive most of the benefits, the Council believes it is appropriate for the community as a whole to bear most of the costs of running the city’s recreation centres.

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The benefit to the community and the significant role these centres play in their local areas justifies a significant ratepayer contribution. The accumulated health benefits to the community as a whole from organised and recreational physical activities at their centres also suggests the whole community should bear the majority of the cost.

In addition, it would not be desirable to raise fees to levels that discouraged people from using the centres or provided barriers to people on low incomes. Ability to pay issues limits the opportunity to recover the cost of this activity through user charges. Accordingly, the

Council's target is to fund 30 percent of the cost of this activity through user charges.

Recreation centres make a significant contribution to our goal that Wellington will offer excellent access to a sound social infrastructure that supports high levels of social cohesion.

Our funding targets	
User charges	30%
Other revenue	0%
Targeted rate	0%
<u>General rate</u>	<u>70%</u>
TOTAL	100%

Activity 6.4.4: Provider - Playgrounds

The Council provides more than 100 neighbourhood playgrounds across the city to give families a safer place to play near home. This activity covers the cost of providing those.

Community outcome

The provision of recreation centres primarily contributes to the outcomes that "opportunities for active and passive recreation are diverse, safe, affordable, accessible and attractive" and that "Wellington's communities will have ready access to multi-use indoor and outdoor facilities and spaces".

Who Benefits?

<i>Individuals</i>	<i>80%</i>
<i>Whole community</i>	<i>20%</i>

The city's playgrounds provide safe, entertaining places for children to play. The benefits to the children and their families are significant. These benefits are private but not exclusive. It would not be desirable or acceptable to charge people for using playgrounds. The Council's playgrounds policy states that access to playgrounds is a basic right of all children.

The playgrounds also benefit the community as a whole. Playgrounds not only encourage recreation and healthy lifestyles but are also important community focal points. Most people recognise them as important facilities and are prepared to contribute to the costs through their rates.

Who should pay?

<i>Whole community</i>	<i>100%</i>
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While individuals receive significant direct benefits, the Council believes it is appropriate for the community as a whole to bear the costs of running the city's playgrounds.

Even if the individual beneficiaries could be identified it would not be desirable or acceptable to charge them. The Council believes access to playgrounds is a fundamental right for children.

The benefits to the community as a whole and the widespread community support for the playgrounds justifies ratepayer funding. The Council believes the vast majority of ratepayers would strongly support ratepayer funding of this activity. The playgrounds are public facilities and are not in competition with private sector providers.

Playgrounds make a significant contribution to our goal that Wellington will offer excellent access to a sound social infrastructure that supports high levels of social cohesion.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

Activity 6.4.5: Provider - Marinas

The Council owns two marinas at Evans Bay and Clyde Quay. These provide private storage facilities for boat owners as well as supporting the recreational activities of a large number of boat owners. This activity covers the cost of providing these.

Community outcome

The provision of recreation centres primarily contributes to the outcomes that "opportunities for active and passive recreation are diverse, safe, affordable, accessible and attractive" and that "Wellington's communities will have ready access to multi-use indoor and outdoor facilities and spaces".

Who Benefits?

Individuals 100%

The marinas benefit the people who use them by providing boat sheds for safe storage, moorings and access by marina piers. These benefits are private and exclusive and it is appropriate and acceptable to charge for this service.

Who should pay?

Individuals 100%

As identifiable individuals receive private benefits from this activity, it is appropriate for them to meet the costs. The benefits accrue to a narrow sector of the community who use these facilities and the user charges are set at an appropriate market rates.

Our funding targets

User charges	100%
Other revenue	0%
Targeted rate	0%
General rate	0%
TOTAL	100%

Activity 6.4.6: Funder and provider - Community centres and halls

We own 15 community centres and halls, and support another six community-owned centres. These centres provide places for people to hold meetings and other events. Eight of them also provide locations for crèches.

We also maintain and accommodation assistance fund that provides community groups with access to subsidised office space. This includes those housed at the Betty Campbell Centre.

Community outcome

This activity contributes to the outcomes that “opportunities for active and passive recreation are diverse, safe, affordable, accessible and attractive” and that “amenities will be accessible to all Wellingtonians”.

Who Benefits?

<i>Individuals and identifiable part of the community</i>	<i>60%</i>
<i>Whole community</i>	<i>40%</i>

The people and groups who use community facilities receive a clear and direct benefit. Though the facilities are available to all, this benefit is private and exclusive – only one group can use a room in a community centre at any one time.

However, the provision of these facilities also has benefits for the wider community. Not only do the facilities help bring people together, the groups that use them often make significant voluntary contributions to community well-being.

Who should pay?

<i>Individuals and identifiable part of the community</i>	<i>20%</i>
<i>Whole community</i>	<i>80%</i>

The purpose of providing these facilities is to encourage community groups and support the benefits they bring to the city. Clearly, this means someone other than the people using the facilities has to bear most of the costs. The Council believes it is appropriate to fund this activity mostly from rates targeted to the residential sector.

However it is also fair and reasonable that the people and groups using these spaces and offices meet some part of the costs by paying fees. These should be kept at nominal levels as charging more would mean some people and groups could not afford to use the facilities.

Our funding targets: operating expenses

User charges	10%
Other revenue	10%
Targeted rate (residential)	80%
General rate	0%

TOTAL	100%
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Activity 6.4.7: Facilitator – Community ICT access

This activity covers Council’s role in reducing the digital divide by providing access to computers at targeted sites in the city.

Community outcome

This activity contributes in part to the outcome that “Wellington city and its amenities will be accessible to all Wellingtonians”. It also contributes to our long term goal of being “better connected”.

Who Benefits?

<i>Whole community</i>	50%
<i>Individuals</i>	50%

Access to computers and to the internet is increasingly important way for people to remain connected. The Council recognises this and wants to ensure that all Wellingtonians benefit from these advances. The wider community benefits from this as it contributes to social cohesion.

The individuals who access these facilities can be seen to benefit. Learning new skills strengthen people’s self esteem and may have spine off in terms of employment opportunities.

Who should pay?

<i>Whole community</i>	100%
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While it may be possible to identify the individuals that benefit from this activity it is not considered appropriate to charge them. Most users are on limited incomes and cost is considered a barrier to them making use of the activity. The general rate is considered the fairest way of covering the cost of this activity.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	0%
<u>General rate</u>	<u>100%</u>
TOTAL	100%

Activity 6.4.8: Libraries network

The Council provides a network of libraries including the Central Library, branch libraries, a mobile library and a highly-popular website.

Community outcome

This activity contributes in part to the following community outcomes “information required by citizens and groups will be easily accessible to enable participation in the community’ and “Wellington will have venues that suit a range of events and reflect the needs of the city” and “Wellingtonians will celebrate their unique cultural identity” and “opportunities for active and passive recreation in Wellington will be diverse, safe, affordable, accessible and attractive”.

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Who Benefits?

<i>Individuals</i>	80%
<i>Whole community</i>	20%

Libraries mainly benefit the people who use them. These people gain free or low-cost access to books, videos, magazines, music and other items. The breadth of the network means that the services it provides are easily accessed by those opting to use it. They use these services for recreation or business and to enhance their knowledge and overall well-being.

We monitor the use of libraries. Our indicators suggest that the vast majority of use is for recreational and personal use while up to 30 percent is in part used for business purposes.

The libraries also provide significant benefits to the community as a whole. By providing access to information, the libraries enhance the overall levels of skill and knowledge in the city, providing economic and social benefits. They act as important community centres. And they host events and outreach services that bring people together, as well as information for immigrants and information about local communities and their history.

The library network adds to residents' quality of life. The vast majority of Wellingtonian's are library members or users - even those who are not regular users generally like to have the option of using library services. The branch libraries draw people in to suburban centres bringing vitality to those areas and added custom to local businesses. The Central Library is a significant city landmark which contributes to civic pride.

Who should pay?

<i>Whole community</i>	90%
<i>Individuals</i>	10%

While individuals receive many of the direct benefits, the Council believes it is appropriate that most of the cost of running libraries should be met by the wider community. Some user charges will apply for some 'added' services and through penalty fines for late returns.

The community benefits as a whole and the widespread community support for the facilities justifies a significant ratepayer contribution. Libraries are among the most popular of Council services and there is strong support for them to be free at the point of use. The libraries are significant public facilities that are not in direct competition with the private sector.

It would not be desirable to raise fees to levels that discouraged people from using the library services or provided barriers to people on low incomes. It would not be desirable or acceptable to impose user charges for entry to the libraries or basic book lending services.

Fees are imposed on services that are provided in addition to the core services of the library. For instance modest fees apply for the rental of videos. Penalty fees also apply to the late return of items.

Since the vast majority of residents are also library users, the application of a uniform targeted rate is considered an effective way of funding the portion of the service that is known to be used by residents.

As it is not possible to distinguish a direct beneficiary of the remaining portion of users it is considered fair and efficient that a significant portion of the library service be paid for by the whole community.

Our funding targets: operating expenses

User charges	10%
Other revenue	0%
Targeted rate	0%
General rate	90%
TOTAL	100%

NB: see separate paper on annual targeted rate.

Activity 6.5.1: Burials and crematorium services

We operate the crematorium and cemetery at Karori and the cemetery at Makara.

Community outcome

The cemeteries provide sensitive and respectful bereavement services catering for a wide range of communities and beliefs. Cemetery and crematorium services also fulfil an important public health function.

Who Benefits?

<i>Whole community</i>	50%
<i>Identifiable part of the community</i>	50%

The cemeteries provide families of the deceased with access to appropriate burial or cremation facilities, allowing them to farewell their loved ones with dignity.

They also have significant benefits to the community as a whole. These include the public health benefits of ensuring burials and cremations are conducted appropriately, the contribution made by the cemeteries to the city's heritage, the social benefits of ensuring a wide range of religious and cultural needs are catered for, and the provision of park-like surroundings that benefit not only families of the deceased but also all members of the community. Members of the public expect cemeteries to be properly maintained and accessible to all.

The provision of these services can also be seen to benefit funeral homes and other private businesses in this field.

Who should pay?

<i>Whole community</i>	50%
<i>Identifiable part of the community</i>	50%

Since the benefits of this activity are split between individuals and the community as a whole, it is appropriate for the costs to also be split.

It should be noted that historically we have been able to recover less than 50 percent of the cost of this activity through user charges. Recent efforts to improve this rate of cost recovery have resulted in some improvements, however due to price elasticity we anticipate that on occasions we will not meet this target. The remaining costs are appropriately met through general rates.

Our funding targets: operating expenses

User charges	45%
Other revenue	0%
Targeted rate	0%
General rate	55%
TOTAL	100%

Activity 6.5.2: Provider - Public conveniences

We own and maintain around 100 public toilets throughout the city, located at public places such as parks, playgrounds, sports fields, and shopping centres and in the central business district. This activity includes ensuring they are kept clean and fit for public use.

Community outcome

These facilities contribute in part to the outcome “Wellingtonians will be healthy and experience a high quality of life”.

Who Benefits?

<i>Whole community</i>	60%
<i>Individuals</i>	40%

Council-owned public toilets clearly benefit people who use them. Their provision also benefits everyone who lives and works in the city, by protecting people in public places from the health hazards that would arise if there were no facilities or if facilities were not kept clean.

Who should pay?

<i>Whole community</i>	100%
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Since this activity benefits the whole community, the fairest and most effective way to fund it is through the general rate. Though individuals also benefit, the Council does not believe it would be appropriate to refuse access to people who cannot or will not pay.

Our funding targets

User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

Activity 6.5.3: Regulator - Public health

This activity covers the Council's role in licensing and monitoring food outlets, licensing liquor outlets, registering and impounding dogs, responding to noise, nuisance, animal and litter complaints, and handling infectious disease investigations and the sorting and processing of dangerous goods.

Community outcome

These facilities contribute in part to the outcome “Wellingtonians will be healthy and experience a high quality of life”.

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Who Benefits?

<i>Whole community</i>	50%
<i>Individuals</i>	50%

The Council's public health work is required under several laws including the Liquor Act, the Resource Management Act and legislation covering hazardous substances. It provides significant benefits to the community as a whole, including protection of the public from hazards such as dangerous chemicals, unsafe food, excessive noise and diseases.

Most of this work involves protecting the public from hazards created or potentially created by identifiable businesses and people. There are benefits to individual businesses which could not legally operate without the Council providing these services, and there are benefits to individuals who have their complaints dealt with or otherwise are protected from a hazard or nuisance.

There are also a number of users who benefit from this activity. Businesses use Council services to monitor and licence their food and liquor outlets. Dog owners benefit from the dog licensing scheme. These users are charged a fee for the benefits they receive.

Who should pay?

<i>Whole community</i>	50%
<i>Individuals</i>	50%

As this work largely protects the community from harm, it is appropriate that the people or businesses causing the harm should pay. The Council's public health activities include a range of user charges. For example, licensing and monitoring of food outlets is carried out on a full cost-recovery basis, while user charges recover about 75 percent of animal control costs. Some charges, such as those for liquor licensing, are determined by statute.

For some services, it is not appropriate or possible to charge users. For example, the cost of responding to public complaints about noise, nuisance, litter, animals and other public health issues cannot be recovered as it would not be appropriate to charge those making the complaints and it is not always possible to identify the person or business responsible for the hazard. Overall, user charges recover about 50 percent of the cost of providing these public health services. Accordingly, the Council's target is to fund 50 percent of the cost of this activity through user charges. However, we plan to raise this target over time.

Since the benefits to the community as a whole are significant, it is appropriate for the remaining costs to be funded from general rates.

Our funding targets: operating expenses

User charges	50%
Other revenue	0%
Targeted rate	0%
General rate	50%
TOTAL	100%

Activity 6.6.1: Facilitator – City safety

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This activity covers our efforts that are directed at making the city safe at ensuring people feel safe. This includes 24 hour patrols by city safety officers, closed circuit television monitoring of some inner-city streets, and safety audits which identify necessary improvements such as better street lighting.

Community outcome

This activity contributes directly to the outcome that “Wellington will feel safe in all parts of the city”.

Who Benefits?

Whole community

100%

Our city safety initiatives benefit the whole community. By preventing crime, these initiatives have a clear and tangible effect on residents' well-being. This, in turn, has several other positive spin-offs. Increased safety levels encourage people into the city centre, which makes the city more vibrant and also benefits retailers and other businesses. These efforts also contribute to civic pride by enhancing Wellington's reputation as a very safe city by national and international standards.

Though individuals benefit from reduced crime, the benefits are felt community-wide and are not exclusive to individuals. As a lot of this work is directed at the inner city it may be argued that there are greater benefits to those who live and work in the city than to residents who do not use the inner city often. However, making the city safer means even those who don't use the inner city are more likely to feel they have the option to safely access the inner city.

Who should pay?

Whole community

100%

Since this activity benefits the community as a whole, the fairest and most effective way to fund it is from general rates.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

Activity 6.6.2: Provider – Wellington Emergency Management Office

We operate the Wellington Emergency Management Office (WEMO). Its role is to help the city prepare for disasters such as earthquakes and floods, and to co-ordinate the city's response in the event of a disaster. WEMO works with government agencies, other councils in the region and international agencies.

Community outcome

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This activity directly contributes to the outcome that “Wellingtonians will be well prepared and co-ordinated to deal with any civil emergency and its aftermath”.

Who Benefits?

<i>Individuals</i>	10%
<i>Whole community</i>	90%

All residents and businesses benefit from preparation work to alleviate and cope with disasters like fires, floods and earthquakes. WEMO is a focal point for help and gives the entire community some comfort that a ready response is available to cope with disasters and quickly return the community to normality.

Individual property owners benefit from the availability of a fire-fighting service. This reduces the potential for total loss in the event of a fire. This service is also available to individuals to help with other emergencies such as major earthquakes and storm/ wind damage to homes and property.

WEMO's emergency management and fire-fighting roles are required under the Civil Defence Act.

Who should pay?

<i>Whole community</i>	100%
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While individuals benefit from this work in the event of a disaster, the benefit to the whole community far outweighs this. The Council believes the fairest and most effective way to fund this activity is from general rates.

From time to time, WEMO may receive income in the form of grants from the National Rural Fire Authority (based on the number and size of fires fought in a season), funding from the Ministry of Civil Defence and Emergency Management, and other sources. However, this income varies significantly from year to year. We anticipate 5 percent revenue over the foreseeable future.

Our funding targets: operating expenses

User charges	5%
Other revenue	0%
Targeted rate	0%
<u>General rate</u>	<u>95%</u>
TOTAL	100%

7. 7 Governance Strategy

Delivering confidence in civic decision-making

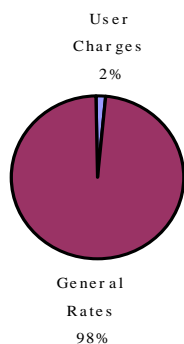
One of our key responsibilities is to ensure that decisions about the city are made in ways that are democratic and inclusive. This means making sure residents are kept informed about what we're doing, are able to have their say, and feel confident that their views – and votes – count.

The outcomes we want from this strategy and the activities which we undertake to achieve these outcomes are summarised in the “strategy tree” diagram on the following page.

Operating activities

The funding sources for this strategy are illustrated in the graph below.

Governance Operating Expenditure Funding Summary



Activity	Funding Sources						
	User Charges	Other Income	General Rates	Targeted Rates			
				Residential	Commercial	Downtown	Other
7.1.1 Consultation and communication	0%	0%	100%	0%	0%	0%	0%
7.2.1 Mana Whenua partnerships	0%	0%	100%	0%	0%	0%	0%
7.2.2 City governance and decision-making	0%	0%	100%	0%	0%	0%	0%
7.2.3 Provision of civic information	5%	0%	95%	0%	0%	0%	0%
Total Governance	2%	0%	98%	0%	0%	0%	0%

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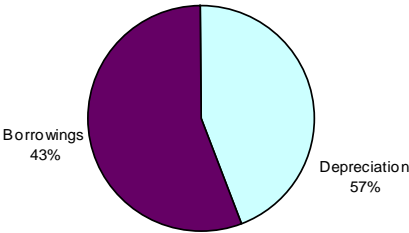
Capital Expenditure

The interest and depreciation costs relating to capital expenditure are incorporated in the operating costs of each activity.

Governance capital expenditure projects are funded through a combination of rates funded depreciation and borrowings, as detailed below.

Activity		Funding Sources			
		LTNZ Capex Subsidies	Development Contributions	Depreciation	Borrowings
7.2.2	City governance and decision-making	0.0%	0.0%	44.2%	55.8%
Total Governance		0%	0%	44%	56%

Governance Strategy Capital Expenditure Funding Summary



Governance strategy – activity commentary

Activity 7.1.1: Consultation and communication

The Council is committed to open and honest consultation practices and understands the importance of communicating clearly with the community. Council conducts numerous consultation exercises throughout the year to guide its decision-making and utilises various communication tools to inform the community of council business.

Community outcome

This activity primarily contributes to the outcome that ‘Wellington will have a culture of open and honest, no surprises consultation involving all age groups that is genuine, timely and well informed’.

Who Benefits?

Whole community 100%

The free and open exchange of ideas and information is a central tenet of democracy. This activity seeks to ensure that the whole community has the opportunity to be informed and comment about the work of the Council.

While some individuals may benefit from choosing to participate directly in a consultation exercises the aim of this activity is to gain views from a broad spectrum of the community.

Who should pay?

Whole community 100%

Since this activity benefits the community as a whole, the fairest and most effective way to fund it is from general rates.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

Activity 7.2.1: Mana whenua partnerships

The Council recognises and acts on its obligations under the Treaty of Waitangi. We foster partnerships with mana whenua (local iwi) and consultation relationships with the wider Maori community. The relationship between the Council and mana whenua is supported by a dedicated directorate which provides us with advice and administrative support on Treaty-based relationships.

Community outcome

This activity helps us ensure that our partnerships with mana whenua achieve the city’s obligations under Te Tiriti O Waitangi (the Treaty of Waitangi).

APPENDIX 3

Who Benefits?

<i>Whole community</i>	50%
<i>Individuals</i>	50%

The benefits of this activity are equally spread between the whole community and the Council's mana whenua partners. Mana whenua partners benefit by having a direct input into Council decisions and therefore the future direction of the city. The community benefits because the partnership leads to better understanding and cooperation between local Maori and the wider community. These benefits contribute to the general cultural, economic, social and environmental wellbeing of the city.

Who should pay?

<i>Whole community</i>	100%
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Though the benefits of this activity can nominally be split between the city's iwi and the whole community, the Council believes it is appropriately funded from general rates. There are two main reasons for this.

First, it is not possible to distinguish iwi beneficiaries on an individual basis, and therefore it is not practicable to apply targeted rates or user charges.

Second, since this activity is about meeting Treaty obligations, it would not be appropriate to exclude local iwi from the roles they play. For these reasons, and because the benefit of the activity also flows to the entire community, it is appropriately funded from general rates.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

Activity 7.2.2: City governance and decision making

This covers our decision-making and accountability processes. It includes managing the local elections every three years, and holding meetings of the Council and its committees. It also includes developing plans and strategies to promote the city's well-being, such as the annual plan.

Community outcome

This activity helps us achieve our aim that Wellington residents are encouraged to participate in city decision-making.

Who Benefits?

<i>Whole community</i>	100%
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APPENDIX 3

The whole community benefits from this activity. Policy formation, consultation and planning are essential Council services. They enable elected members to set policies and manage resources to benefit the whole community. Along with elections, they also allow people to influence the Council. These decision-making and accountability processes enhance residents' well-being by improving the quality of Council decisions and by giving them a sense of empowerment arising from the fact they can have their voices heard.

Who should pay?

Whole community 100%

Since this activity benefits the community as a whole, the fairest and most effective way to fund it is from general rates.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

Activity 7.2.3: Citizen information

This activity provides for the community to easily access Council information and services such as the Council's 24 hour call centre, the city's service centres, and maintenance of or property system. It also includes the cost of the contract for valuation services.

Community outcome

Our work in this area aims to ensure that 'information required by citizens and groups will be easily accessible, to enable participation in the community'.

Who Benefits?

Whole community 50%
Individuals 50%

The whole community benefits from this activity. Providing information and services to the community and having points of contact where residents can contact us are essential Council services. They enable Council to rapidly respond to information received from the public regarding service problems and other customer feedback.

Individuals may also benefit from access to Council information like valuation and property systems. But these remain core components of the Council's ratings systems and are utilised by the Greater Wellington Regional Council.

Who should pay?

APPENDIX 3

<i>Individual</i>	5%
<i>Identifiable part of the community</i>	5%
<i>Whole community</i>	90%

The Council receives revenue from the Greater Wellington Regional Council for access to our property and valuation databases. This data sharing arrangement provides cost savings for both organisations.

Although individuals receive significant benefits from this activity and it would be possible to increase user fees, the Council believes the benefit to the community as a whole out-weighs this. For the city to run efficiently it is important there is a constant two-way flow of information and the Council does not wish to limit this with the introduction of further charges. It is therefore appropriate that this activity is mostly funded by the general rate.

Our funding targets: operating expenses

User charges	5%
Other revenue	5%
Targeted rate	0%
<u>General rate</u>	<u>90%</u>
TOTAL	100%