

REPORT 2
(1215/52/IM)

OPTIONS FOR THE DEVELOPMENT OF A WELLINGTON REGIONAL AMENITIES FUND – UPDATE FROM THE 9 SEPTEMBER 2011 MAYORAL FORUM AND NEXT STEPS

1. Purpose of Report

This report introduces 'Options for the development of a Wellington Regional Amenities Fund' presented to the Mayoral Forum on 9 September 2011 (attached in **Appendix 1**).

The report also provides information and a revised recommended option for the development of a Wellington Regional Amenities Fund that will be presented to all territorial local authorities in the Wellington region through October 2011.

2. Executive Summary

A review of funding arrangements for amenities of regional scale and benefit in the Wellington region has been undertaken to:

- a) ensure regionally significant entities can be developed or sustained in the Wellington region to contribute to the region's quality of life; attractiveness to residents and visitors; and economy
- b) provide more equitable funding arrangements for entities that provide regional benefits.

Work reviewing options for the funding of Wellington's regional amenities began in August 2010. Results of a region-wide survey¹ of residents' views on regional amenities undertaken by Colmar Brunton (key findings attached in **Appendix 2**) were presented to the Mayoral Forum in April 2011.

The Colmar Brunton survey found that:

- 76% of respondents across the region were willing to pay something to support regional amenities
- over half (57%) of respondents were willing to pay \$25 or higher per year
- willingness to pay varied by household income but even within the lowest income bracket (households of up to \$30,000 per year) the majority (67%) were willing to pay something to support regionally important amenities
- backing for region-wide support is not strongly related to level of use - people saw the regional importance of amenities whether they used them or not
- region-wide benefit is viewed as a prerequisite for regional support.

¹ Research was undertaken by independent research company Colmar Brunton. A copy of the full March 2011 report can be found at ww.wellington.govt.nz/aboutwtgn/mayorforum/amenities/pdfs/amenities.pdf

Considering the level of resident support for regional amenities shown in research findings, officers provided options for the development of a Wellington Regional Amenities Fund to the Mayoral Forum on 9 September.

This report seeks the Strategy and Policy Committee's feedback on the recommended option (detailed in section 4.1) to inform a report on the preferred funding mechanism and how it will be operationalised. The report is scheduled to be presented to the Mayoral Forum on 25 November 2011.

The Mayoral Forum will decide on 25 November whether to proceed with the implementation of a Wellington Regional Amenities Fund, informed by the views of all councils across the region at that date. If the decision is to proceed, the proposal will be included in each council's Long Term Plan deliberations and, if agreed, then included in the Wellington Region Triennial Agreement.

3. Recommendations

Officers recommend that the Strategy and Policy Committee:

1. *Receive the information.*
2. *Agree to the recommended option for the development of a Regional Amenities Fund (as listed below) to inform a report that will be presented to the Mayoral Forum on 25 November 2011.*
3. *Agree to the recommended option for the development of a Regional Amenities Fund that:*
 - (a) *will complement existing funding*
 - (b) *can support eligible entities of regional significance with day to day operational expenses and new innovative projects (excluding capital projects) that will achieve identified regional outcomes*
 - (c) *is focused on the key areas of arts and culture and environmental attractions and events*
 - (d) *grows incrementally, starting at \$2 million for 2013/14 (with a half year levy for 2012/13) and increases by \$250,000 each year to a cap to be agreed by the region's councils through the Mayoral Forum*
 - (e) *is assessed and distributed to benefit the Wellington region by a Selection Committee of six external, independent assessors appointed by the Mayoral Forum, whose funding decisions will be ratified by the Mayoral Forum*
 - (f) *is implemented through a binding agreement of all councils in the region, agreed and adopted through each council's 2012-2022 Long Term Plan after public consultation*

- (g) *is established as part of the Wellington Region Triennial Agreement once adopted*
 - (h) *is reviewed as part of the development of each Council's draft Long Term Plan 2015-2025.*
 - (i) *is managed by a Regional Amenities Funding Officer to be based at Wellington City Council. This position would be funded from \$150,000 to be allocated from within the annual regional fund for costs associated with setting up and implementing the scheme.*
4. *Agree to include the development of a Wellington Regional Amenities Fund as a new initiative for public consultation in the draft Long Term Plan 2012-22, subject to Mayoral Forum agreement to progress the project.*

4. Discussion

The development of a regional funding mechanism provides an opportunity for councils across the region to work together and use their collective knowledge and funding power to support those amenities that are vital for the region's liveability, identity and economic success now and in the future.

The Wellington Region Mayoral Forum and Chief Executive Group were generally supportive of the recommended option included in the attached report presented to them in September. However three concerns were raised:

- a) **the overall amount of the proposed fund:** \$2 million was preferred as a starting amount for the fund considering the capacity of the region to sustain further rates increases
- b) **the distance from potential amenities to be funded and each Council area:** other councils thought it would be easier to secure local support for the development of a regional fund if there was some recognition of distance included in the formula used to apportion the funding requirement for each council. A formula that included a differential for distance such as that used for the Wellington Regional Stadium was preferred by the Mayoral Forum
- c) **the selection of entities:** there was some debate as to whether the Wellington region should name entities to be supported through the fund (as Auckland did when developing the Auckland Regional Amenities Funding Act 2008) or use an independent external panel to assess and select applications from eligible entities. It is considered that a selection panel to assess and select eligible entities would provide greater transparency and flexibility over time and remains the recommended option.

The recommended option provided below is a revision of the option provided in the 9 September Mayoral Forum report. It addresses concerns about the initial amount of the fund and includes a differential for distance.

4.1 Recommended option (revised from the Mayoral Forum report)

Officers have recommended a Wellington Regional Amenities Fund that will:

- complement existing funding as a top up fund of \$2 million, funded by all territorial local authorities in the Wellington region but not Greater Wellington Regional Council
- support eligible entities of regional significance with day to day operational expenses and new innovative projects (excluding capital projects) that will achieve identified regional outcomes
- focus on arts and culture and environmental attractions and events (consistent with the findings of the regional residents survey presented in April 2011)
- grow incrementally, starting at \$2 million for 2013/14 (with a half year levy for 2012/13) and growing by \$250,000 each year to a cap to be agreed by the region's councils through the Mayoral Forum (see **Table 1**)
- include a differential considering distance in the formula used to apportion the funding requirement of each council (see **Table 2**)
- allow each Council to determine how the rates burden should be allocated
- support applications assessed by a Selection Committee of six external members (selected by the Mayoral Forum) with decisions of the Selection Committee ratified by the Mayoral Forum
- be administered by an officer based in Wellington City Council (but funded by all councils through the fund) as Wellington City has led the review of Regional Amenities project to date and currently funds and manages relationships with the largest number of entities currently seen by residents across the region as 'regional amenities'
- be implemented through a binding agreement of all councils in the region (each Council providing funding), agreed and adopted through the 2012-2022 Long Term Plan process (the Mayoral Forum would recommend that each council includes the Wellington Regional Amenities Fund for consultation in their draft Long Term Plan)
- be established as part of the Wellington Region Triennial Agreement once adopted
- be reviewed every three years as part of the review of each Long Term Plan.

Table 1: timing for the set up and distribution of a Wellington Regional Amenities Fund

2011/12	2012/13		2013/14		2014/15		2015/16	
Jan - Jun	Jul- Dec	Jan - Jun	Jul- Dec	Jan - Jun	Jul- Dec	Jan - Jun	Jul- Dec	Jan - Jun
LTP deliberations	Set up \$150,000	Distribute \$850,000				Review for LTP 2015-2025		
TOTAL FUND AMOUNT	\$1m		\$2m		\$2.25m		\$2.5m	

Table 2: Rates impact of \$2 million fund using distance differential

Council	Average %	SET UP 2012/13 \$1million		YEAR ONE 2013/14 \$2million		YEAR TWO 2014/15 \$2.25million		YEAR THREE 2015/16 \$2.5million		YEAR FOUR 2016/17 \$2.75million	
		Dollar Share	Average increase per rateable property	Dollar Share	Average increase per rateable property	Dollar Share	Average increase per rateable property	Dollar Share	Average increase per rateable property	Dollar Share	Average increase per rateable property
Wellington City	59.4	\$ 594,000	8.01	\$ 1,188,000	16.02	\$ 1,336,500	18.02	\$ 1,485,000	20.02	\$ 1,633,500	22.03
Hutt City	19.5	195,000	5.08	390,000	10.15	438,750	11.42	487,500	12.69	536,250	13.96
Upper Hutt City	5.3	53,000	3.30	106,000	6.60	119,250	7.43	132,500	8.25	145,750	9.08
Porirua City	7.2	72,000	4.06	144,000	8.12	162,000	9.13	180,000	10.15	198,000	11.16
Kapiti District	4.8	48,000	1.98	96,000	3.96	108,000	4.46	120,000	4.95	132,000	5.45
Masterton	2.0	20,000	1.64	40,000	3.28	45,000	3.69	50,000	4.10	55,000	4.51
Carterton	0.7	7,000	1.71	14,000	3.41	15,750	3.84	17,500	4.27	19,250	4.70
South Wairarapa	1.1	11,000	1.87	22,000	3.74	24,750	4.21	27,500	4.67	30,250	5.14

4.2 A 'top-up' fund

Options provided in the Mayoral Forum report are predicated on all councils maintaining their existing levels of funding investment in local entities (facilities, services, attractions, organisations and events) that could be considered to be regional amenities. The proposed mechanism would 'top up' existing local funding arrangements.

While the proposed scheme does not address the historical issues of equitable funding across the region, it does provide an opportunity for the region to work together and contribute towards future equitable funding to sustain regional amenities.

4.3 Consultation and Engagement

Options contained in this report build on the findings of the March 2011 Colmar Brunton survey conducted with 2000 residents across the Wellington region and meetings with a range of entities that could be considered regional amenities.

If the Mayoral Forum agrees to proceed with the development of a Wellington Regional Amenities Fund, further public engagement will be undertaken as part of consultation on each council's draft Long Term Plan 2012-22.

4.4 Financial Considerations

The development of a Wellington Regional Amenities Fund using a differential considering distance would require an additional \$594,000 in funding from Wellington City in the set up year (2012/13) requiring a total of \$1 million.

In Year One (2013/14) of the fund Wellington City's dollar share of the fund would be \$1,188,000 for a \$2 million fund – Wellington City providing 59.4% of the fund.

It would be up to each Council how they apportioned the funding requirement for each year either via a targeted or general rate.

4.5 Climate Change Impacts and Considerations

There are no direct climate change considerations in proposed option for the development of a Wellington Regional Amenities Fund.

4.6 Long Term Plan Considerations

Officers have recommended that the regional funding mechanism for Wellington be developed through a binding agreement between all councils that will be consulted on, agreed and adopted through each council's Long Term Plan.

The cross-council working group involving officers from Wellington City, Porirua City, Hutt City, Upper Hutt City and Kapiti Coast District Councils would work to draft text to be used in each council's Long Term Plan.

5. Conclusion

Feedback received from all councils across the region will be presented to the Mayoral Forum on **25 November 2011** alongside details on the preferred funding mechanism and how it will be operationalised. The Mayoral Forum will then decide whether to proceed with the implementation of a Wellington Regional Amenities Fund, informed by the views of all councils across the region.

Contact Officer: *Aroha Rangī, Senior Policy Advisor*

Options for the development of a Wellington Regional Amenities Fund – Mayoral Forum – 9 September 2011

1. Introduction

The development of a regional funding mechanism provides an opportunity for councils across the region to work together and use their collective knowledge and funding power to support those amenities that are vital for the region's liveability, identity and economic success now and in the future.

Work reviewing options for the funding of Wellington's regional amenities began in August 2010. The results of a region-wide survey² of resident views on regional amenities were presented to the Mayoral Forum in April 2011. The Mayoral Forum requested that officers provide information on the options available to develop a regional fund and report back in September 2011.

This report provides options to focus the development of a potential regional funding mechanism for Wellington and:

- clarify the purpose of the fund
- determine the amount of the fund and the process for apportioning the funding requirement across participating councils
- determine the criteria to select entities eligible for regional funding support
- establish the governance model and fund administration processes
- identify models for collecting the rate and the most appropriate process to formalise a regional funding mechanism.

The options provided in this report are predicated on all councils maintaining their existing levels of funding investment in local entities (facilities, services, attractions, organisations and events) that could be considered to be regional amenities. The proposed mechanism would 'top up' existing local funding arrangements.

2. Executive Summary

The development of a Wellington Regional Amenities Fund is being considered to:

- a) ensure regionally significant entities can be developed or sustained in the Wellington region to contribute to the region's quality of life, resident and visitor attractiveness and the region's economy
- b) provide more equitable funding arrangements for entities that provide regional benefits.

Officers recommend a Wellington Regional Amenities Fund that has the following elements. These recommendations are intended to provide starting points for a regional conversation about how best to support regionally significant and beneficial entities.

As a 'top up' funding mechanism all councils would need to agree not to reduce their existing investment.

² Research was undertaken by independent research company Colmar Brunton. A copy of the full March 2011 report can be found at www.wellington.govt.nz/aboutwgtgn/mayorforum/amenities/pdfs/amenities.pdf

Recommended option

It is recommended that the proposed Wellington Regional Amenities Fund will:

- be available to support eligible entities of regional significance with day to day operational expenses and new innovative projects (excluding capital projects) that will achieve identified regional outcomes
- focus on arts and culture and environmental attractions and events
- grow incrementally (based on the allocation method illustrated in Table 3 of this report), starting at \$3 million in 2013/14 (with a half year levy for 2012/13) and increasing each year to a cap to be determined and agreed by the region's councils
- support applications assessed by a Selection Committee of six external expert members (appointed by the Mayoral Forum) with decisions ratified by the Mayoral Forum
- be implemented through a binding agreement of all councils in the region (each Council providing funding), agreed and adopted through the 2012-2022 Long Term Plan after public consultation (the Mayoral Forum would recommend that each council includes the Wellington Regional Amenities Fund for consultation in their LTP)
- established as part of the Wellington Region Triennial Agreement once adopted
- be reviewed every three years as part of the review and development of each council's Long Term Plan.

It is recommended that the fund be set up from July 2012 with \$150,000 met from within the total half-year levy of \$1.5 million for 2012/13 (illustrated in Table 1 below) and that \$150,000 per annum be allocated from within the annual regional fund to provide for costs associated with the implementation of the scheme.

Officers do not recommend using a differential to consider distance from each council to amenities funded under the Wellington Regional Amenities Fund as:

- a) it is not yet known where projects and/or amenities that are eligible for regional funding support may be located
- b) other benefits from amenities such as the contribution to regional employment and increased regional attractiveness and liveability should also factor alongside physical access to amenities when considering regional support
- c) Wellington City already provides significant funding to a number of the entities identified by the region's residents as being 'regional amenities' in Colmar Brunton's survey.

Table 1: Timing for the set up and distribution of the Wellington Regional Amenities Fund

2011/12	2012/13		2013/14		2014/15		2015/16	
Jan - Jun	Jul- Dec	Jan - Jun	Jul- Dec	Jan - Jun	Jul- Dec	Jan - Jun	Jul- Dec	Jan - Jun
Long Term Plan deliberations	Set up \$150,000	Distribute \$1.35m				Review for LTP 2015-2025		
TOTAL FUND AMOUNT	\$1.5m		\$3m		\$3.25m		\$3.5m	

Next steps

Officers recommend that the options (including the recommended option), provided to the 9 September 2011 Mayoral Forum are presented to all councils through October 2011.

Details on the preferred funding mechanism and how it will be operationalised will then be presented to the Mayoral Forum on **25 November 2011** taking into account feedback received from all councils across the region. The Mayoral Forum will decide whether to proceed with the implementation of a Wellington Regional Amenities Fund, informed by the views of all councils across the region.

3. Recommendations

Officers recommend that the Mayoral Forum:

1. *Receive the information.*
2. *Agree to proceed with the recommended option for the development of a Regional Amenities Fund that:*
 - a) *can support eligible entities of regional significance with day to day operational expenses and new innovative projects that will achieve identified regional outcomes*
 - b) *is focused on the key areas of arts and culture and environmental attractions and events*
 - c) *grows incrementally (based on a proportional allocation method outlined in Table 3 of this report) starting at \$3 million in 2013/14 (with a half year levy in 2012/13) and increases by \$250,000 per annum to an agreed cap to be determined by the region's councils*
 - d) *is assessed and distributed to benefit the Wellington region by a Selection Committee of six external 'expert' assessors appointed by the Mayoral Forum, whose funding decisions will be ratified by the Mayoral Forum*
 - e) *is implemented through a binding agreement of all councils in the region, agreed and adopted through each council's 2012-2022 Long Term Plan after public consultation*

- f) is established as part of the Wellington Region Triennial Agreement once adopted*
- g) is reviewed as part of the development of each council's Long Term Plan 2015-2025.*
- 3. *Agree that \$150,000 be allocated from within the annual regional fund for costs associated with setting up and implementing the scheme (Funding Officer salary; legal fees; honoraria for Selection Committee members and incidentals)*
- 4. *Agree that a Regional Amenities Funding Officer be appointed and based at Wellington City Council.*
- 5. *Agree that report options and recommendations presented to the 9 September 2011 Mayoral Forum meeting can be presented to all councils through October 2011.*
- 6. *Note that details on operationalising the proposed funding mechanism will be presented to the Mayoral Forum on 25 November 2011, taking into account feedback received from all councils across the region.*
- 7. *Agree that the Mayoral Forum will decide whether to proceed with the development of a Regional Amenities Fund and the preferred approach for the mechanism at the 25 November 2011 Mayoral Forum meeting.*
- 8. *Agree to recommend that each council includes the agreed approach for the Wellington Regional Amenities Fund, for consultation in their Long Term Plan with text drafted by the cross-council working group.*
- 9. *Agree to Wellington City Council continuing to lead the project in the next phase of the Regional Amenities Fund work programme, working with the cross-council group.*

4. Context

The review of regional amenities funding in the Wellington region was originally proposed after the enactment of the Auckland Regional Amenities Funding Act 2008 (ARAFA).

Similar to Auckland, there were concerns in Wellington about the:

- a) **sustainability of funding** for entities that are essential to the vitality, liveability identity and economic success of the Wellington region
- b) **equitable nature of funding** – councils across the region contributing towards entities that provide regional benefit.

The current environment is challenging for a number of entities that could be considered to be Wellington's 'regional amenities'. Demand for services is still strong with costs going up (insurance, rents, salaries) while sponsorship and philanthropic and gaming trust funding has been reduced. Many organisations are considering or have already reduced programmes or service levels to ensure they break even.

The funding gap between established entities based in Wellington and other centres is growing wider. For example, in 2009/10 the Auckland Philharmonia Orchestra received funding of \$1.5 million from the combined Auckland councils via the ARAFA, Christchurch Symphony Orchestra received \$300,000 from Christchurch City Council, while the Vector Wellington Orchestra received a total of \$76,500 from Wellington City Council and \$4,000 from Hutt City Council. A table comparing levels of local authority funding for a select range of 'regional amenities' across the Wellington region is provided in **Appendix B**.

Emerging entities that could prove crucial for the region in the future are struggling to maintain visibility and develop their potential as greater financial resource is being provided to established organisations perceived to be less of a financial risk.

In the face of all of these challenges there is clear merit in planning on a region-wide basis and using the collective resources of the region to:

- maintain and develop entities that enhance the region's unique points of difference and quality of life
- adequately support regional amenities through a regional fund and provide greater flexibility in the region's cities and districts to build the capacity, skill and experience of local emerging talent and entities; and
- meet the changing demographic make up of the region and the related needs and expectations of residents and visitors.

Creative New Zealand's proposed move to a national/regional tiered funding structure for leading arts organisations, where councils across the region would be expected to contribute to maintain leading arts organisations providing more regional (vs. national) benefit, has been another consideration for the development of a regional fund.

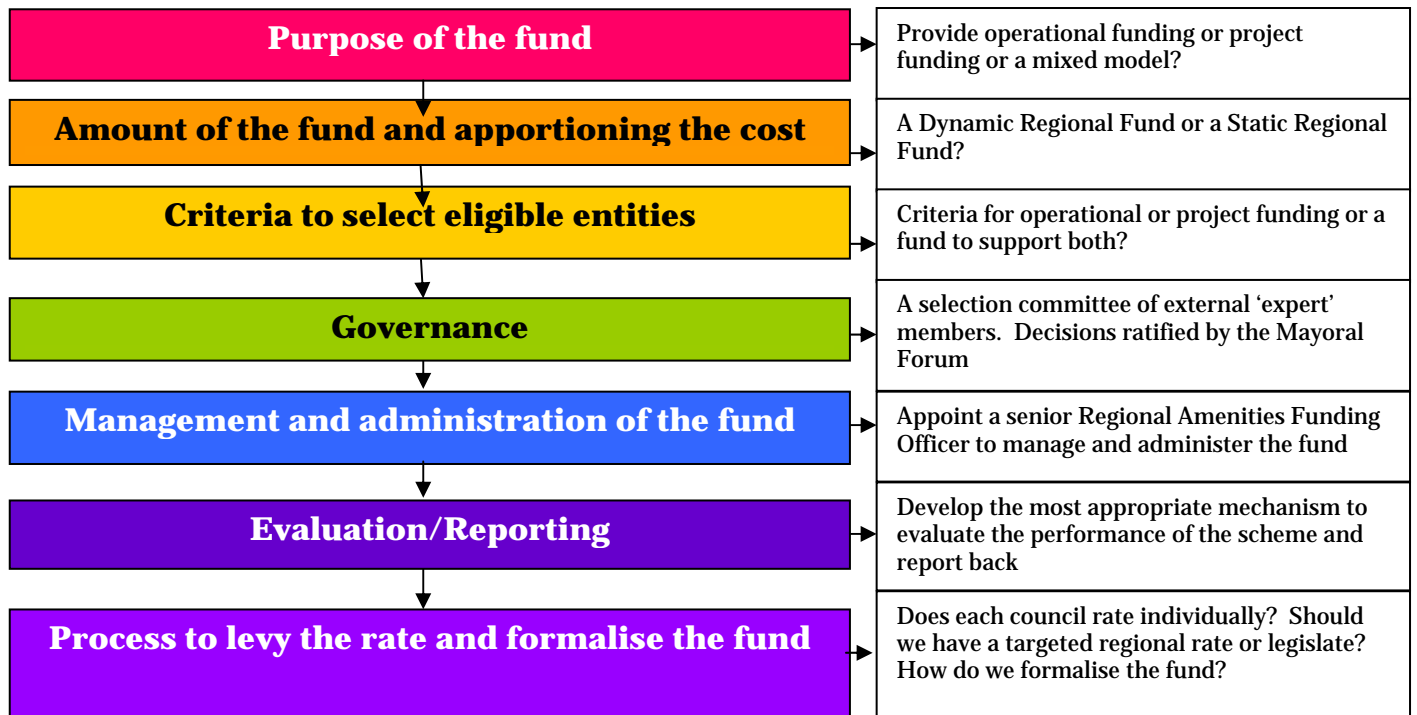
4.1 Building on regional survey results

Options contained in this report build on the findings of the March 2011 Colmar Brunton survey conducted with 2000 residents across the Wellington region that found:

- a wide range of amenities (cultural, environmental and social organisations, events and attractions) were seen as regionally important and beneficial across the region
 - backing for region-wide support is not strongly related to level of use - people saw the regional importance of amenities whether or not they used them or not
 - region-wide benefit is viewed as a prerequisite for regional support
 - most respondents (76%) across the region were willing to pay something to support regional amenities³ with over half (57%) willing to pay \$25 or higher per year.
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5. Discussion

This report is divided into sections to discuss the core considerations in developing a regional amenities funding mechanism:

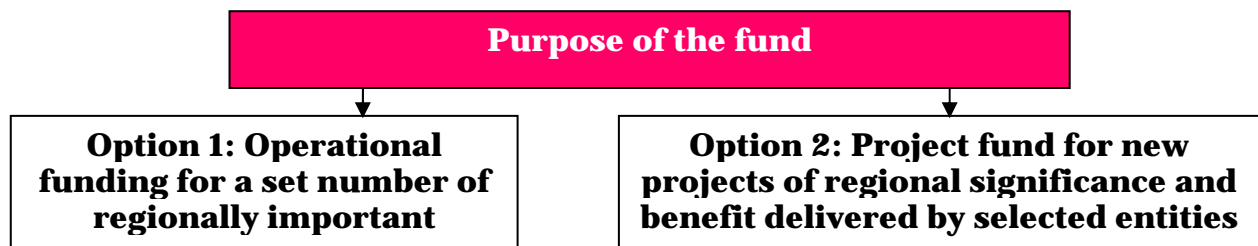


As illustrated in the diagram above, components of the funding scheme are linked. The amount of the fund determines, to a certain extent, the type of funding mechanism that can be developed and the selection criteria to be used. Officers have provided background information for each component of the fund with preferred options to develop the mechanism recommended in each section of the report.

5.1 Purpose of the fund

Two key options were reviewed to focus the development of a regional amenities fund:

- a) A fund to support the day to day operational expenses of selected regional amenities
- b) A fund to support new projects of regional significance and benefit to be delivered by selected amenities.



5.1.1 Option 1: Operational funding for a set number of regional entities

Similar to the ARAFA model, Wellington could decide to develop a regional fund to support the day to day operational expenses of a set number of regionally important entities.

The model would aim to lift funding from baseline levels, (currently provided by many councils on an ad hoc and voluntary basis), to more adequate and secure amounts to allow entities to deliver a particular outcome(s) rather than a limited service based on what the entity can afford to deliver from year to year.

Benefits of this approach

The approach would allow amenities to:

- focus more on their core business
- reduce the amount of time spent on securing funding across the region
- improve their ability to perform on a wider regional basis
- improve accessibility to their services
- ensure staffing requirements are met adequately for a fixed term.

Weaknesses of the approach

- **lack of fund flexibility:** As the amount generated for a Wellington regional fund would be much smaller than Auckland (due to Wellington's smaller rating base and affordability) it is likely that Wellington could only afford to provide operational funding to a limited number of entities for a short to medium fixed term (1-3 years).
- **lack of funding sustainability for organisations** – the ARAFA model provides operational funding to entities on an *ongoing basis* so entities can plan and grow their services with confidence. While a Wellington regional fund providing fixed term support would give some degree of security, it may not support entities to be sustainable in the long term.
- **perceived 'double dipping'** - risk as many regional entities could receive funding from their local council and then apply for regional support for the same service.
- **seen as a potential replacement option** – the fund could be seen by other funders, including central government, as an opportunity to reduce their funding in the future.

5.1.2 Option 2: Project Fund for new innovative projects of regional significance

Option 2 is a contestable fund to support new innovative projects of regional significance and benefit. Projects could be defined as programmes of operational activity that have a clear start and end date and specific deliverables and/or outcomes. In the early stages of developing the fund, officers do not recommend extending support to regionally significant capital projects.

Benefits of this approach

The approach would allow amenities to:

- develop or import and deliver significant projects that would maximise economic benefit to the region
- increase community access, audiences and relevance of supported entities projects
- leverage other public and private funding with regional support provided both in funding and regional community endorsement.

Councils across the region could target projects that:

- ensured a wide reach across the region, increasing the audience and participation in projects
- would deliver regionally desired priorities and outcomes.

Weaknesses of the approach

Entities in need of operational funding would have no choice than to apply for project funding to secure regional support. Projects in turn could be unsuccessful if an applying entity is not operationally secure (i.e. if core infrastructural requirements of the entity have not been met).

Funding for innovative projects is easier to secure through other funding avenues than operational funding.

5.1.3 Recommendation: A mixed model

Officers recommend a mixed model that allows the appointed Selection Committee of external 'experts' to ascertain and provide for the specific need of eligible amenities applying to the fund. As such the Selection Committee could choose whether to provide day to day operational funding support for a fixed term **or** funding for new innovative projects (excluding capital projects) across the region as required.

This model will respond to the original issues raised in the 1 April 2011 paper including:

- the declining ability of any single council to maintain existing amenities or to develop new amenities that meet resident and visitor expectations
- entities struggling to maintain talent and levels of service due to a reduction in local funding and constraints on household budgets
- a desire to retain regional talent and organisations; and

- Creative New Zealand’s proposed move to a national/regional tiered funding structure for leading arts organisations⁴

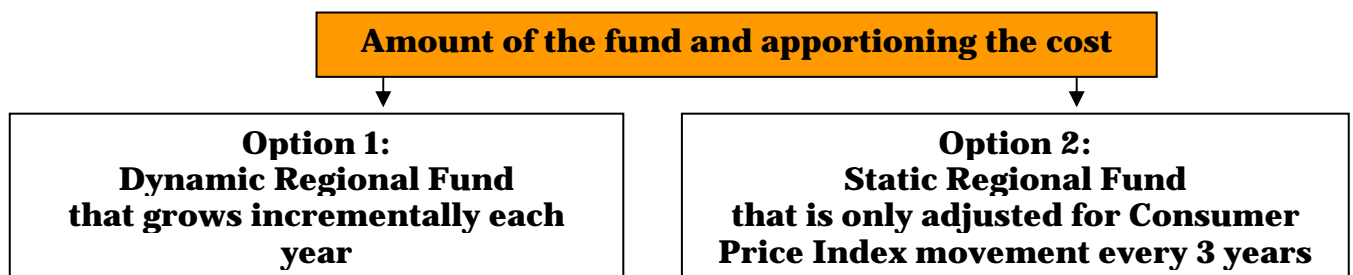
5.2 Amount of the fund and apportioning the cost

Wellington is a region of approximately **448,941**⁵ people and **192,760**⁶ rateable properties.

The March 2011 Colmar Brunton survey found that:

- 76% of respondents across the region were willing to pay something to support regional amenities
- over half (57%) of respondents were willing to pay \$25 or higher per year
- willingness to pay varied by household income but even within the lowest income bracket (households of up to \$30,000 per year) the majority (67%) were willing to pay something to support regionally important amenities.

To provide advice on the rates implication of different funds, officers looked at the two options below.



5.2.1 Option 1: Dynamic Regional Fund

A dynamic fund would start at an agreed amount and grow with an annual incremental increase to extend support to a larger number of entities or projects each year as the fund develops. The fund would grow to a pre-determined maximum cap set by the councils across the region and could be reviewed after 3 years (or on a cycle agreed by the councils) to ensure it is effective.

Two examples are provided to illustrate the rates impact per rateable property for dynamic funds starting at:

- a) **\$2 million** with an incremental increase of \$250,000 per year - **Table 2**
- b) **\$3 million** with an incremental increase of \$250,000 per year - **Table 3**.

Using the \$3 million example the *average* increase per rateable property would start at \$14.05 per annum in year one, rising to an average of \$18.73 per annum in year five of the scheme. (Note: figures shown are averages and the rate will be proportionately higher for those residents in properties of a higher value. The average figures provided are lower than the \$25 per annum a majority of respondents were willing to pay to support regional amenities).

⁴ Creative NZ announced their funding decisions for organisations confirmed in the Arts Leadership (*Toi Tōtara Haemata*) programme on 1 September 2011. Twelve Wellington based organisations have been selected for the *Toi Tōtara Haemata* programme and fifteen Wellington based organisations have been selected for the *Arts Development Investment (Toi Uru Kahikatea)* programme.

⁵ 2006 Statistics New Zealand Census data

⁶ 2011 Rateable property numbers from Wellington Regional Council

5.2.2 Option 2: Static Regional Fund

A static fund would be fixed at a certain amount approved by the region. The fund would be reviewed every 3 years and adjusted to account for the Consumer Price Index (CPI) and any other adjustments that the region might wish to make considering regional demand and need. This model would allow the region to support entities of regional significance; however the amount of support provided would effectively decrease each year between three yearly CPI adjustments.

Table 2: Dynamic Regional Fund rates impact - starting at \$2 million with an incremental increase of \$250,000 per annum (NOTE: the fund would start with a half year levy of \$1m for the set up year)

Council	Average %	SET UP \$1m		YEAR ONE \$2 million		YEAR TWO \$2.25 million		YEAR THREE \$2.5 million		YEAR FOUR \$2.75 million	
		Dollar Share	Average increase per rateable property	Dollar Share	Average increase per rateable property	Dollar Share	Average increase per rateable property	Dollar Share	Average increase per rateable property	Dollar Share	Average increase per rateable property
				\$	\$	\$	\$	\$	\$	\$	\$
Wellington City	45.1	451,379	6.09	902,758	12.17	1,015,602	13.70	1,128,447	15.22	1,241,292	16.74
Hutt City	19.2	192,400	5.01	384,800	10.02	432,900	11.27	481,000	12.52	529,100	13.78
Upper Hutt City	7.0	69,987	4.36	139,974	8.72	157,471	9.81	174,967	10.90	192,464	11.99
Porirua City	9.2	92,272	5.20	184,544	10.41	207,612	11.71	230,680	13.01	253,748	14.31
Kapiti District	10.1	101,475	4.19	202,950	8.38	228,318	9.43	253,687	10.47	279,056	11.52
Masterton	5.0	49,862	4.09	99,724	8.17	112,189	9.20	124,655	10.22	137,120	11.24
Carterton	1.7	17,346	4.23	34,692	8.46	39,029	9.52	43,365	10.58	47,702	11.63
South Wairarapa	2.5	25,280	4.30	50,559	8.59	56,879	9.67	63,199	10.74	69,519	11.81
TOTAL	100	\$1m	4.68	\$2 m	9.37	\$2.25m	10.54	\$2.5m	11.71	\$2.75 m	12.88

Table 3: Dynamic Regional Fund rates impact - starting at \$3 million with an incremental increase of \$250,000 per annum(NOTE: the fund would start with a half year levy of \$1.5m for the set up year)

Council	Average %	SET UP \$1.5m		YEAR ONE \$3 million		YEAR TWO \$3.25 million		YEAR THREE \$3.5 million		YEAR FOUR \$3.75 million	
		Dollar Share	Average increase per rateable property	Dollar Share	Average increase per rateable property	Dollar Share	Average increase per rateable property	Dollar Share	Average increase per rateable property	Dollar Share	Average increase per rateable property
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Wellington City	45.1	677,068	9.13	1,354,137	18.26	1,466,981	19.78	1,579,826	21.30	1,692,671	22.83
Hutt City	19.2	288,600	7.51	577,200	15.03	625,300	16.28	673,400	17.53	721,500	18.79
Upper Hutt City	7.0	104,980	6.54	209,961	13.08	227,458	14.17	244,954	15.26	262,451	16.35
Porirua City	9.2	138,408	7.80	276,816	15.61	299,884	16.91	322,952	18.21	346,020	19.51
Kapiti District	10.1	152,212	6.28	304,424	12.57	329,793	13.62	355,162	14.66	380,530	15.71
Masterton	5.0	74,793	6.13	149,586	12.26	162,051	13.28	174,517	14.31	186,982	15.33
Carterton	1.7	26,019	6.35	52,038	12.69	56,375	13.75	60,711	14.81	65,048	15.87
South Wairarapa	2.5	37,919	6.44	75,839	12.89	82,158	13.96	88,478	15.04	94,798	16.11
TOTAL	100	\$1.5m	7.02	\$3m	14.05	\$3.25m	15.22	\$3.5m	16.39	\$3.75m	17.56

NOTE ON TABLES 2 and 3:

- a) Figures used in all tables are based on statistics at a particular point in time. As new rateable properties are added, population changes occur, the ratios and dollar amounts shown will change.
- b) The rates impact column shows an *average* increase per rateable property. As the mechanism for apportioning the rate will be based on the capital value of properties, the rate will be proportionately higher for those residents in properties of a higher value.
- c) It would be up to each council how they apportioned the funding requirement for each year either via a targeted or general rate.

5.2.3 A note on the formula used to apportion funding

The formula used to establish Council apportionments has been determined using a proportional model based on the average:

- population of each city/district
- households (dwelling) numbers
- total rates revenue
- operational revenue of each council
- capital values; and
- total number of rateable properties in each city/district.

The formula to determine council apportionments and statistical baseline information used is provided in **Tables 6 and 7 in Appendix A.**

The formula was chosen to consider each city and district's size and ability to pay. A similar base formula was used to apportion funding for the Wellington Regional Strategy (WRS) and the Westpac Stadium, however:

- the WRS differential places a higher funding burden on commercial ratepayers than residential or rural ratepayers; and
- the Westpac Stadium rate has a differential considering the distance between each territorial local authority and the Stadium.

Funding available under options for both dynamic and static regional funding mechanisms for Wellington is significantly lower than funding allowed under the ARAFA as a large rates increase is considered undesirable in the current financial climate and in the context of pressure on household incomes and willingness to pay figures from the March 2011 regional survey.

5.2.4 Using a differential when apportioning funding

Before amalgamation of the Auckland councils, the ARAFA included a differential factor for contributing local authorities recognising that services provided by the amenities were not shared evenly given the distance between the outlying council areas and the amenities.

A differential has not been used and is not recommended by officers to calculate the rates implications of the dynamic funding options provided in Tables 2 and 3 as:

- a) it is not yet known where projects and/or amenities that are eligible for regional funding support may be located
- b) other benefits from amenities such as the contribution to regional employment and increased regional attractiveness and liveability should also

factor alongside physical access to amenities when considering regional support

- c) Wellington City already provides significant funding support to a number of the entities identified by the region's residents as being 'regional amenities' in Colmar Brunton's survey
- d) 'use' of amenities was not related to 'support' for some amenities⁷ considered to be regional amenities by residents across the region in Colmar Brunton's survey

An example of the rates impact for each city/district using the same differential as the model used to determine the Westpac Stadium rate is, however, provided in **Table 4** (\$2m fund) and **Table 5** (\$3m fund).

Table 4: The rates impact of a \$2million fund using a differential considering distance (NOTE: the fund would start with a half year levy of \$1m for the set up year)

Council	Average %	SET UP \$1million		YEAR ONE \$2million		YEAR TWO = \$2.25million		YEAR THREE = \$2.5million		YEAR FOUR = \$2.75million	
		Dollar Share	Average increase per rateable property	Dollar Share	Average increase per rateable property	Dollar Share	Average increase per rateable property	Dollar Share	Average increase per rateable property	Dollar Share	Average increase per rateable property
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Wellington City	59.4	594,000	8.01	1,188,000	16.02	1,336,500	18.02	1,485,000	20.02	1,633,500	22.03
Hutt City	19.5	195,000	5.08	390,000	10.15	438,750	11.42	487,500	12.69	536,250	13.96
Upper Hutt City	5.3	53,000	3.30	106,000	6.60	119,250	7.43	132,500	8.25	145,750	9.08
Porirua City	7.2	72,000	4.06	144,000	8.12	162,000	9.13	180,000	10.15	198,000	11.16
Kapiti District	4.8	48,000	1.98	96,000	3.96	108,000	4.46	120,000	4.95	132,000	5.45
Masterton	2.0	20,000	1.64	40,000	3.28	45,000	3.69	50,000	4.10	55,000	4.51
Carterton	0.7	7,000	1.71	14,000	3.41	15,750	3.84	17,500	4.27	19,250	4.70
South Wairarapa	1.1	11,000	1.87	22,000	3.74	24,750	4.21	27,500	4.67	30,250	5.14

⁷ Amenities that received resident backing for region-wide support (regardless of use) included: Ambulance services (87% of respondents supported regional backing); Westpac Stadium (75%); Te Papa (69%); Wellington Zoo (65%); NZ Symphony Orchestra (57%); Kapiti Island (54%); Rugby Sevens (54%); NZ International Arts Festival (52%).

Table 5: The rates impact of a \$3million fund using a differential considering distance (NOTE: the fund would start with a half year levy of \$1.5m for the set up year)

Council	Average %	SET UP \$1.5 million		YEAR ONE \$3million		YEAR TWO \$3.25million		YEAR THREE \$3.5million		YEAR FOUR \$3.75million	
		Dollar Share	Average increase per rateable property	Dollar Share	Average increase per rateable property	Dollar Share	Average increase per rateable property	Dollar Share	Average increase per rateable property	Dollar Share	Average increase per rateable property
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Wellington City	59.4	891,000	12.01	1,782,000	24.03	1,930,500	26.03	2,079,000	28.03	2,227,500	30.04
Hutt City	19.5	292,500	7.62	585,000	15.23	633,750	16.50	682,500	17.77	731,250	19.04
Upper Hutt City	5.3	79,500	4.95	159,000	9.90	172,250	10.73	185,500	11.55	198,750	12.38
Porirua City	7.2	108,000	6.09	216,000	12.18	234,000	13.19	252,000	14.21	270,000	15.22
Kapiti District	4.8	72,000	2.97	144,000	5.95	156,000	6.44	168,000	6.94	180,000	7.43
Masterton	2.0	30,000	2.46	60,000	4.92	65,000	5.33	70,000	5.74	75,000	6.15
Carterton	0.7	10,500	2.56	21,000	5.12	22,750	5.55	24,500	5.98	26,250	6.40
South Wairarapa	1.1	16,500	2.80	33,000	5.61	35,750	6.08	38,500	6.54	41,250	7.01

5.2.5 Recommendation: Option 1: Dynamic Regional Fund without a differential considering distance

Officers recommend the development of a dynamic fund that grows incrementally each year. This will allow the councils to work together as a region, building the fund slowly over time to extend support to a larger number of entities or projects each year as the fund develops.

Officers do not recommend using a differential to consider distance from each council to amenities for the reasons outlined in section 5.2.4 of this report.

The Auckland Regional Amenities Funding Act 2008 model

The ARAFA model determines the total amount of the fund to be collected by considering the amount required for the long term sustainability of amenities named in the Act and annual funding applications submitted by the amenities, which include budgets covering a three year period.

Prior to approval of any amount to be distributed to the amenities, the amounts requested by the amenities are considered by the ARAFA Funding Board, discussed with the Auckland Council, and are subject to a public consultation process.

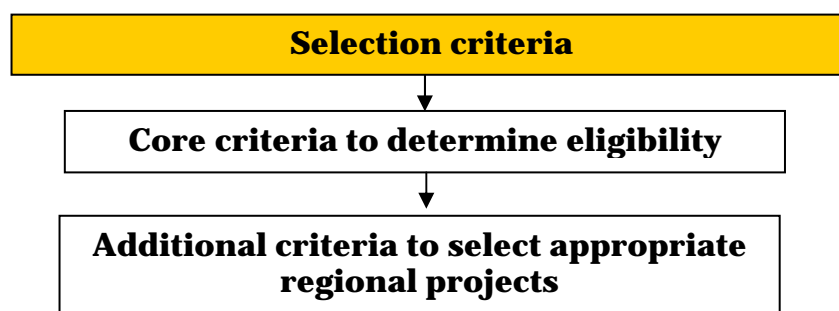
Under the Act, maximum funding amounts were set for the first, second and third years (\$9m, \$12m and \$15m respectively) - increasing by around 33% per annum.

The maximum amount of levy payable in the fourth year is equal to 2% of the total revenue from rates of the Auckland Council in the previous financial year. In the fourth year of funding (2012/13) this will allow maximum funding of up to \$28 million (from \$1.4 billion estimated rates take in 2011/12). This maximum level is not intended to be levied as in 2011/12 many existing amenities, are already nearing sustainable levels of funding.

The additional funding allowed under the Act is available to allow new entities to be added should the Auckland Council chose to do this, as provided for under the Act. For the Wellington region a 2% cap would provide a fund of above \$8.4 million.

Appendix B shows that the funding provided to amenities under the Act since 2009 has been less than the maximum amounts provided for under the Act, but is nevertheless still significant.

5.3 Selection Criteria



Criteria used to select eligible entities will depend on the purpose of the fund, however there are **core criteria** that entities will be required to meet regardless of whether the region decides to proceed with a fund to support operational expenses or new projects of regional significance. Draft core criteria are provided below.

5.3.1 Core criteria

To be eligible for support, entities will:

- be recognised as providing a regionally significant facility or service that contributes to the wellbeing and attractiveness of the Wellington region as a place to live and visit
- demonstrate the regional benefit of their project, service or facility to residents and visitors to the Wellington region
- provide facilities or services not otherwise generally available
- be a registered charitable entity under the Charities Act 2005
- be financially and administratively well managed with good governance and an excellent track record
- have structures to ensure all regional funding provided to the entity is used for facilities or services provided to Wellington region residents and visitors
- have audited financial accounts covering the previous 5 years
- meet the stated funding outcomes and priorities of the regions councils

5.3.2 Factors for consideration by the Selection Committee

In addition, amenities would be assessed on:

- their level of innovation
- their level of need (entities would need to clearly demonstrate a need for public funding and provide information on other funding bodies they are applying to)
- the extent to which the amenity delivers benefits (economic, environmental, cultural and social) to the region
- the reach of the amenity to the regional audience
- ability to provide positive publicity and marketing for the region.

5.3.3 Regional Priorities

The region would develop and provide a clear list of regional priorities as part of the Long Term Plan process. Priorities would be reviewed every three years alongside the LTP. The Selection Committee for the Wellington Regional Amenities Fund would select entities and projects against these priorities so there is a clear link between activity funded and the strategic goals of the region.

5.3.4 Focus for funding

Officers recommend that funding is focused on projects centering on **Arts and Culture** and the **Environmental Attractions and Events**.

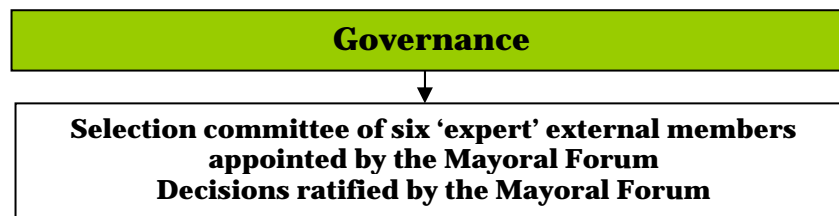
Given the limited potential funding pool, it will provide greater regional benefit to concentrate resources and provide appropriate levels of funding to a select range of activities in the first three years (rather than spread funding across a large number of projects). Both sectors (Arts and Culture and the Environment), are essential to the region's quality of life and economy, and funding needs in both sectors are high.

Ambulance services

Although ambulance services ranked highest in the Colmar Brunton survey of entities that should receive regional backing (92%), officers do not recommend providing operational funding for ambulance services as the funding and provision of ambulance services are a central government responsibility through the Ministry of Health and Accident Compensation Corporation (ACC).

To respond to residents desire to support emergency services, the region could potentially support discrete regional projects outside of core services.

5.4 Governance



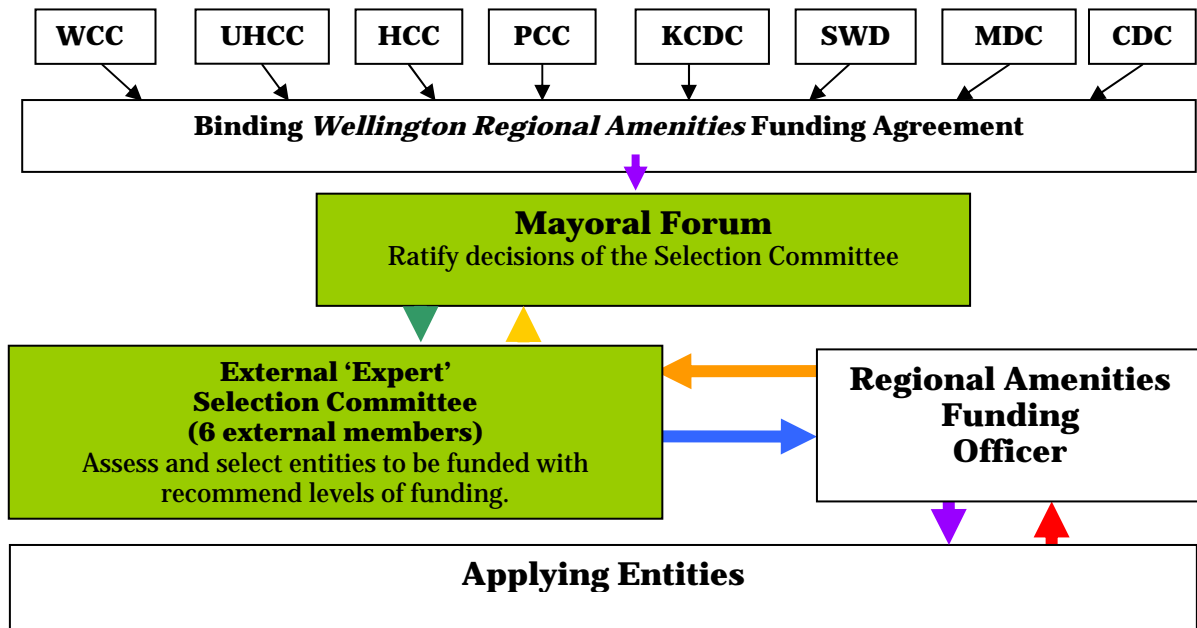
An independent panel of six senior external assessors (members and Chair appointed by the Mayoral Forum) would select appropriate entities or projects for regional support.

Similar to the ARAFA model, external assessors would have the credibility to stand on their own reputation as experts or leaders in their fields. They would be selected to make the best funding decisions for the region, rather than as representatives of specific cities or districts or entities seeking funding.

The committee would work with a Wellington Regional Amenities Funding Officer to assess funding applications; select appropriate entities and decide on the level of funding to be provided to successful amenities. The panel's decisions would be then be ratified by the Mayoral Forum.

Annual reports would be presented to all councils providing information on all entities/projects funded, amounts provided and benefit to the region.

Diagram 1: Recommended approach for governance of the fund



5.4.1 Assessor selection, terms of appointment and remuneration

The Regional Amenities Funding Officer would draft a list of appropriate Selection Committee candidates to be ratified by the Mayoral Forum.

A position description would be developed for Selection Committee members so they are aware of their roles, responsibilities, limitations of authority, and council expectations of members. Applicants should have an interest in Wellington’s regional amenities but would not be considered for appointment if they have a significant conflict of interest (e.g. a member of the governance or management team of an applying entity).

As a small fund focused on entities or projects of regional significance and benefit, it is envisaged that the Selection Committee would meet once or twice a year to assess applications from entities that meet the selection criteria.

Independent selection committee members could be appointed for up to six years (two terms of three years each) so they build up experience of the fund and the needs of the Wellington region.

All members would be remunerated to a rate agreed to by the Mayoral Forum. In reviewing the appropriate and fair level of remuneration for Selection Committee members, the councils should consider the following factors:

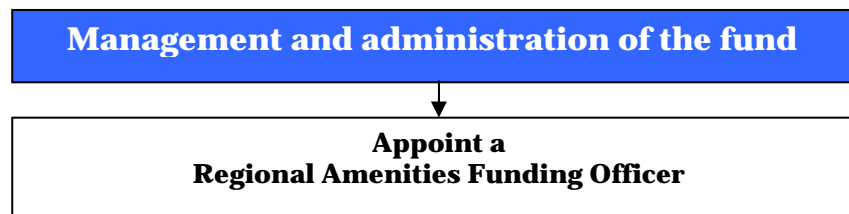
- the need to attract and retain appropriately qualified people
- the external market remuneration rates for similar positions
- the level of funding administered in the Wellington’s Regional Amenities Fund.

Remuneration amounts would be reviewed at least once every three years.

As a guide, Directors of Council Controlled Organisations in Wellington are paid an average of around \$15,000 per annum for an estimated number of 70-80

hours over the year. ARAFA Funding Board members are paid \$12,000 per annum, the Chair receives \$20,000 and the deputy Chair is paid \$15,000; however the board assesses the funding applications of ten organisations requesting funding of up to \$12.8 million in 2011/12 and meets approximately 10 whole days per year. This money is paid from the \$315,000 allocated each year to support ARAFA administration.

5.5 Management and administration of the fund



The success of a Wellington Regional Amenities Fund will be heavily dependant on both the governance and the management/administration of the fund.

Key principles for the development of any regional amenities fund for Wellington will be:

- a) that governance and administration costs are proportionate to the size of the fund
- b) appropriate levels of resourcing will be provided to ensure the successful development and delivery of funded activity (fewer things will be funded to appropriate funding levels rather than spreading funding thinly across the region).

Officers recommend that a Regional Amenities Funding Officer is appointed to manage the proposed fund; and that this appointment is a senior level council officer to recognise the role, responsibilities and duties that will be needed of the role.

5.5.1 Role requirements

The role would include:

- **Management and administrative support for the Selection Committee:** managing the selection and confirmation process for Selection Committee members; induction of members; coordination of the assessment process and funding meetings; and managing the ratification of funding decisions
- **Distribution of funds:** development of funding application forms; background research and liaison with applying entities; conditions of funding and funding contracts; contract negotiation; and management with funded amenities
- **Co-ordinating the collection, holding and distribution of funds** on behalf of the contributing councils
- **Monitoring, evaluation and reporting:** requiring reports from funded entities; drafting and delivering annual reports to contributing councils; developing and presenting a consolidated report and review of progress over a three yearly period so councils can ascertain the performance of the fund over time
- **Research and promotion of the fund:** research and environmental scanning to inform the Selection Committee of key regional issues; ensuring

all funding projects/organisations provide appropriate acknowledgement of regional support.

5.5.2 Funding for management and administration

ARAFa provides \$315,000 (from within the annual levy) for costs associated with implementing the funding scheme in Auckland. Any regional fund developed for the Wellington region would be much smaller but would still require funding for:

- A senior council based Regional Amenities Funding Officer with the skills and experience to effectively manage and administer the fund
- Honoraria for Selection Committee members
- Legal fees (contracts and advice)
- Incidentals.

It is recommended that at least \$150,000 of the total fund received from councils be used to provide adequate resources to implement the fund.

It is recommended that the officer be based in Wellington City Council to administer funds on behalf of the region. Housing the position within a council will reduce set up costs required. Wellington City has led the project to date and currently funds and manages relationships with the largest number of entities currently seen by residents across the region as 'regional amenities'.

5.5.3 The legal structure required to manage funds

Further detail on an appropriate legal structure to receive, hold and then distribute Wellington Regional Amenities Funding will be provided to the 25 November 2011 Mayoral Forum meeting once officers have received feedback from the Mayoral Forum and councils across the region.

Information on the most appropriate structure will consider set up and compliance costs as well as rules required to manage the funds for the region e.g. retaining any unspent funding over financial years and rules around dissolution of the fund if required.

5.6 Evaluation and reporting

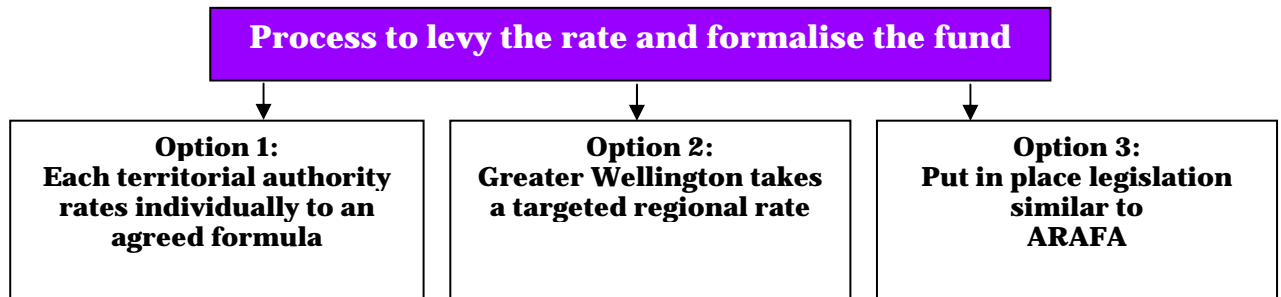
Clear conditions and deliverables expected from entities that receive regional funding will be set and written into all Wellington Regional Amenities funding agreements. This could include the requirement for all funded activity to align with regional goals and priorities and other more detailed conditions such as entities needing to provide information and evidence of regional outreach of the service, or programme being provided.

This information will be provided back to all councils on an annual basis so councils can review the performance of the fund and funded entities each year.

More detailed information on an appropriate evaluation and reporting model will be developed and provided following feedback from councils across the region.

5.7 Process to collect the rate and formalise the fund

The region could choose to collect the rate for a regional fund in a variety of ways. Officers have provided three options below.



5.7.1 Option 1: Each territorial authority rates individually to an agreed formula

Territorial authorities would enter into a voluntary, but binding agreement with clear terms of reference to fund entities on a regional basis. For each council's share of the fund, the council would agree to strike a targeted rate for all rateable land (i.e. residential, rural and commercial) to achieve the desired total amount for the regional fund.

Initial funding amounts and any regular (annual or 3 yearly) incremental increases would be agreed at the 25 November 2011 Mayoral Forum meeting to go out for wider public consultation through each council's Long Term Plan. Each council would use the same agreed text (developed by the cross-council working group) in their Long Term Plans explaining the reason for developing a regional amenities fund, how the mechanism would work and expected outcomes arising from the proposal.

The Wellington Regional Amenities Fund would be agreed and adopted through each council's 2012-2022 Long Term Plan after public consultation and then established as part of the Wellington Region Triennial Agreement. The fund and its priorities could be reviewed every three years alongside the review of each council's Long Term Plan.

Benefits of this approach

Agreeing to be included in the voluntary agreement would signal a clear desire from all councils to work together to support amenities that are crucial to the region's liveability and economy. All councils would also be involved in developing the funding mechanism so that it will work well for the region from the onset of the process. The set-up costs of this approach are relatively low compared to the other options.

Weaknesses of the approach

As a voluntary agreement between councils, there is no guarantee that the region could maintain a funding mechanism that would be sustainable and endure for the long term.

5.7.2 Option 2: Greater Wellington Regional Council takes a targeted regional rate

The Local Government Act 2002 and the Local Government (Rating) Act 2002 provide an existing framework for Greater Wellington Regional Council (GW) to collect a targeted rate on behalf of the region. GW may set a targeted rate for one or more activities provided they are identified in its Funding Impact Statement.

The Regional Council collects the regional rate for the Wellington Regional Strategy (WRS) and Westpac Stadium already. A new mechanism or a variation of the existing WRS model could be used to allow GW to collect a regional rate for Wellington Regional Amenities Fund.

Benefits of this approach

This option has an advantage over others in that it provides a relatively easy mechanism for the collection of regional funding. It does, however, place the ultimate responsibility with, and require agreement from GW to collect the rate and work with territorial local authorities (TLA) in the region to oversee the management and delivery of funding.

The region has the experience of working with GW on the WRS. While thoughts on the WRS model have been mixed, the May 2011 review of the WRS provides some clear guidance and principles that could be used to strengthen a model for regional amenities.

Weaknesses of the approach

GW has not previously (with the exception of the regional stadium) been responsible for funding regional amenities. If this new responsibility is considered to be a 'significant new activity', section 16 of the Local Government Act 2002 (significant new activities proposed by a regional council) will need to be considered. If section 16 applies, its provisions would need to be complied with before GW could proceed, potentially delaying the set-up of the fund.

5.7.3 Option 3: Put in place legislation similar to ARAFA

The region could choose to develop a local or private bill to put in place legislation similar to ARAFA. A local bill would be promoted by the local authorities and confined in its effects to the participating localities. A local bill for the region would therefore require the support of all TLA in the Wellington region. A private bill must be promoted by a person or organisations for the particular interest of that person or organisations.

ARAFA was promoted and introduced as a private bill jointly by the ten organisations included under the Act. The three year project to develop legislation was coordinated and funded by Auckland City Council at a cost close to \$1 million.

Benefits of this approach

Legislation would provide long term and certain funding arrangements.

Weaknesses of the approach

The time and costs involved in developing legislation are considerable, with no certainty of legislation being successfully achieved. Working collaboratively to develop and implement a regional funding mechanism without legislation could provide greater benefits for the region and save the extensive resources and time required to develop legislation.

By way of note, when the ARAFA proceeded through Parliament, the (then) National Party minority supported the bill to its second reading as a temporary funding measure. In the Select Committee Report the National Party members noted that a rate imposed by central government legislation that *'overrode the normal process of local government being accountable for their rate'* was not *'good public policy'*. All political parties, except NZ First, supported the implementation of the legislation at the third and final reading of the bill.

5.7.4 Recommendation: Option 1: Each territorial authority rates individually to an agreed formula

Officers recommend that the regional funding mechanism for Wellington be developed through a binding agreement between all councils that will be consulted on, agreed and adopted through each council's Long Term Plan. Once established the Wellington Regional Amenities Funding Agreement could be included in the Wellington Region Triennial Agreement but reviewed on a three yearly basis as part of the review and development of each councils' Long Term Plan.

6. Next steps

Officers propose presenting information provided to the Mayoral Forum on 9 September 2011 to all councils across the region in October 2011. More detailed information (including feedback from the region's councils) on how the fund will be operationalised and a proposed implementation plan will be presented to the Mayoral Forum on **25 November 2011**. The Mayoral Forum will make a decision as to whether they wish to proceed with the development of the fund at this date.

Attachments:

Appendix A: Regional Amenities Financial Apportionment Options

Appendix B: Comparison of local authority funding provided to a select range of entities in the Wellington region

Appendix C: Funding amounts provided under ARAFA from 2009/10 to 2011/12

Contact officer:

Aroha Rangi, Senior Policy Advisor, Wellington City Council

(aroha.rangi@wcc.govt.nz) On behalf of the Cross-Council Working Group including officers from: Greater Wellington Regional Council, Porirua City Council, Hutt City Council, Upper Hutt City Council and Kapiti Coast District Council. In liaison with: the Chief Executives of Masterton District Council, Carterton District Council and South Wairarapa District Council.

APPENDIX A: Regional Amenities Financial Apportionment Options

Table 6: Formula to determining Council Apportionments using a Proportional Model Percentage Share Calculation (Average of Population, Households, Rates, Council Expenditure, Capital Values)

Council	% Population Ratio	% Households	% Operational Revenue	% Rates Income	Capital Value	AVERAGE	WRS Targeted Rate (10/11)	Stadium Targeted Rate
Wellington City	40.0	37.9	52.5	48.0	47.3	45.1	45.4	59.4
Hutt City	21.8	19.9	18.2	19.0	17.3	19.2	19.5	19.5
Upper Hutt City	8.6	8.5	5.3	6.2	6.5	7.0	7.2	5.3
Porirua City	10.8	9.3	8.7	9.4	7.8	9.2	7.7	7.2
Kapiti District	10.3	12.7	7.8	9.2	10.7	10.1	10.3	4.8
Masterton	5.0	6.4	4.1	4.3	5.1	5.0	5.2	2.0
Carterton	1.6	2.2	1.4	1.6	1.9	1.7	1.9	0.7
South Wairarapa	2.0	3.1	2.0	2.2	3.4	2.5	2.8	1.1

Table 7: Statistical Baseline information used for Rates and Household impacts

Council	Population (2006)	Household (2010/11)	Total Rates (2009/10)	Operational Revenue (2009/10)	Rateable Capital Value (2010/11)	Rateable Properties (2010/11)
			\$m	\$m	\$m	
Wellington City	179,466	68,699	203.2	323.9	46,051	74,158
Hutt City	97,701	36,074	80.6	112.2	16,852	38,406
Upper Hutt City	38,415	15,337	26.2	32.4	6,367	16,055
Porirua City	48,546	16,928	39.8	53.8	7,648	17,736
Kapiti District	46,200	22,987	39.1	48.2	10,419	24,222
Masterton	22,626	11,621	18.2	25.2	4,960	12,199
Carterton	7,098	3,998	6.6	8.7	1,869	4,100
South Wairarapa	8,889	5,608	9.4	12.2	3,266	5,884
TOTAL	448,941	181,252	423.1	616.6	97,432	192,760

NOTES:

- 1) Population information is sourced from the 2006 Statistics New Zealand census
- 2) Household (total private occupied, residential and rural) dwellings is sourced from Department of Internal Affairs' Local Government Profiles at <http://www.localcouncils.govt.nz>
- 3) Total rates and operational revenue information is sourced from audited annual reports of each council
- 4) Total rates revenue excludes rates on council owned properties, remissions and rates penalties
- 5) Figures supplied are from Wellington Regional Council 2010/11 figures used to calculate the Economic Development rate
- 6) Figures are based on the information as at a particular point in time. As new rateable properties are added, population changes occur, the ratios and dollar amounts shown above will also change.

APPENDIX 1

APPENDIX B: Comparison of local authority funding provided to a select range of entities across the Wellington region

Current situation	WCC \$000	HCC \$000	UHCC \$000	PCC \$000	KCDC \$000	MDC \$000	CDC \$000	SWDC \$000
Westpac Stadium	1,589	522	140	192	129	53	19	29
Museums & Galleries	7,540 Wellington Museums Trust 2,250 Te Papa	2,600 New Dowse		1,590 Pataka Museum & Gallery	129 Mahara Gallery 15 Paekakariki Railway Museum 5 Kapiti Coast Museum 32 Otaki Museum	235 Aratoi Wairarapa Museum of Art and History	13.5 Aratoi	25 Aratoi
Wellington Zoo	2,700							
New Zealand International Arts Festival	950	9		15	35		2.5	
Theatres	415		982 Expressions Art and Entertainment Centre					
Carter Observatory	300							
Orchestra	76 Vector Wellington Orchestra	4 Vector Wellington Orchestra						
Life Flight Trust and Wellington Free Ambulance	37	11			12			
TOTAL	15,857	3,146	1,122	1,797	357	288	35	54

NOTE: Funding noted does not include:

- costs incurred by WCC such as depreciation, rates and interest charges for some entities listed
- subsidies provided to professional arts organisations and festivals that could be considered 'regional amenities' to use Wellington Venues (estimated at \$1 million per annum)
- Event Development Costs of \$4.4 million provided by WCC through the Downtown Levy to support major regionally beneficial events such as the World of Wearable Arts and the Sevens.

APPENDIX 1

APPENDIX C: Funding amounts provided under ARAFA from 2009/10 to 2011/12, compared to pre-regional funding (2008/09)

Amenity	Funding from all councils 2008/09 \$000	Funding per the Act 2009/10 YEAR ONE \$000	Amount allocated 2010/11 YEAR TWO \$000	Amount allocated 2011/12 YEAR THREE \$000	Amount to be allocated in 2012/13 YEAR FOUR \$000
Auckland Festival Trust	1,800	1,200	1,870	2,150	
Auckland Philharmonia Orchestra	903	1,500	2,120	2,380	
Auckland Regional Rescue Helicopter Trust	50	1,500	1,200	1,200	
Auckland Theatre Company	108	800	1,070	1,250	
Coastguard Northern Region	69	500	610	630	
NZ National Maritime Museum (Voyager)	870	1,000	1,400	1,750	
New Zealand Opera	165	500	650	750	
Stardome Observatory	346	500	800	950	
Surf Life Saving Northern Region	334	700	900	995	
Watersafe Auckland Inc	169	500	660	820	
Total amount provided	4,839	8,700	11,285	12,875	
Maximum amount allowed under the Act		9,000	12,000	15,000	2% of total rates revenue allows up to \$28 million

APPENDIX 2

Colmar Brunton 1 April 2011 presentation – Objectives, summary of research approach and key results from the regional survey of residents on regional amenities.

Objectives:

- 1** The research was undertaken to gain an understanding of:
 - the types of amenities that residents in the region view as being important to the Wellington region's identity, quality of life, economy and attractiveness to residents and visitors; and
 - the level of public support across the Wellington region for regionally funded amenities (measured by whether they support the concept of collaboration between councils and to what extent residents are prepared to pay for regional amenities).
- 2** The aim of the research was to get a sense of the type of entities that residents in the region view as being regionally important. Lists of amenities generated through this research are not meant to provide a definitive list of regional amenities that should be supported by the region. This research is the first step of a wider project being conducted by the territorial authorities in the region to review the funding of regionally significant and beneficial amenities for the Wellington region.

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Summary of our research approach

Online panel questions using open ended questions to identify amenities of regional importance.

Questionnaire constructed to ask: use, perceived share of benefits, and backing for region-wide support across 22 regionally important amenities.

Live trial with 41 respondents.

Mainstage telephone survey of n=2,000 respondents.

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Methodology more detail:

Online pre-survey

- 630 residents (spread across the region) recruited from Colmar Brunton's online panel.
- Residents provided a list of suggestions of regionally important amenities.
- This list was refined by the project team to ensure: a broad range of cultural, environmental and social amenities from the pre-survey. Core infrastructure & government entities (such as the airport or the Regional Council) were not included.



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Methodology more detail:

Main telephone survey

- Telephone survey was chosen because it is more representative than an online survey.
- The list for the telephone survey included 22 regional amenities. This list is not intended to be definitive. The research is the first step in a wider project.
- 22 was too much to ask in one questionnaire, so the list was split into two and respondents randomly allocated one of the two lists of amenities.
- Samples outside of Wellington City were boosted. The 2,000 interviews (subject to a maximum margin of error of +/- 2.2%) were spread as follows:
 - 400 in Wellington City (+/- 4.9%)
 - 329 in Lower Hutt (+/- 5.4%)
 - 210 in Upper Hutt (+/- 6.7%)
 - 241 in Porirua (+/- 6.3%)
 - 240 in Kapiti (+/- 6.3%)
 - 196 in Masterton (+/- 7%)
 - 192 in South Wairarapa (+/- 7%)
 - 192 in Carterton (+/- 6.9%)
- The report contains some analysis of amenities by 'theme', including: venues, attractions, organisations and events AND by cultural, social and environmental. This analysis should be treated with caution due to the relatively small number of amenities in each grouping.



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USE OF AMENITIES

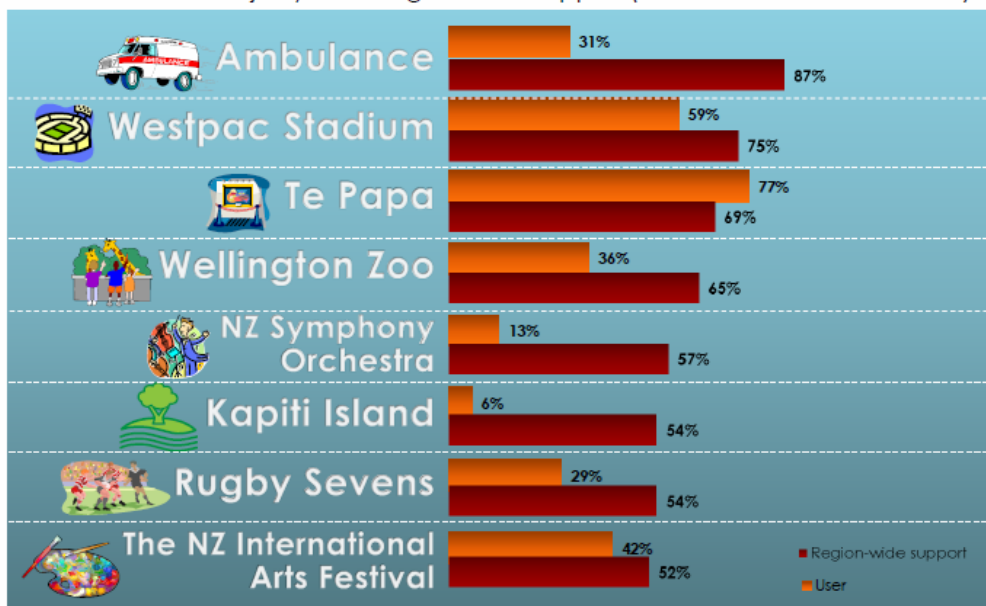
Here is the proportion that have used each amenity recently. Most amenities (apart from the top 3) have more non-users than users. All amenities also receive visitors from outside their area (2nd col.). Although the numbers are smaller because people are more likely to use local amenities.

Amenity	% of respondents across the region who have used the amenity	% of respondents across the region who have used the amenity, excluding those living in the council where the amenity is based
Te Papa	77	68
Westpac Stadium	59	52
Wellington Botanic Gardens	58	44
Martinborough Fair (past five years)	39	38
TSB Arena	47	37
Michael Fowler Centre	42	34
The NZ International Arts Festival (past five years)	42	31
Wellington Zoo	36	29
Rugby Sevens (past five years)	29	27
World of Wearable Art (past five years)	28	24
New Dowse	31	24
Pataka Museum and Gallery	27	24
Wellington Museum of City and Sea	28	22
Wellington City Gallery	35	21
Zealandia	26	16
Wings Over Wairarapa (past five years)	18	16
Te Rauparaha Arena	18	14
Downstage	20	12
NZ Symphony Orchestra	13	10
Pukaha Mount Bruce Wildlife Centre	11	9
Kapiti Island	6	5

BACKING FOR REGION-WIDE SUPPORT

The majority back region-wide support for these 8 amenities. (Other amenities receive support from less than half of residents – see slide 15 later).

Amenities where majority back region-wide support (and use of those amenities)



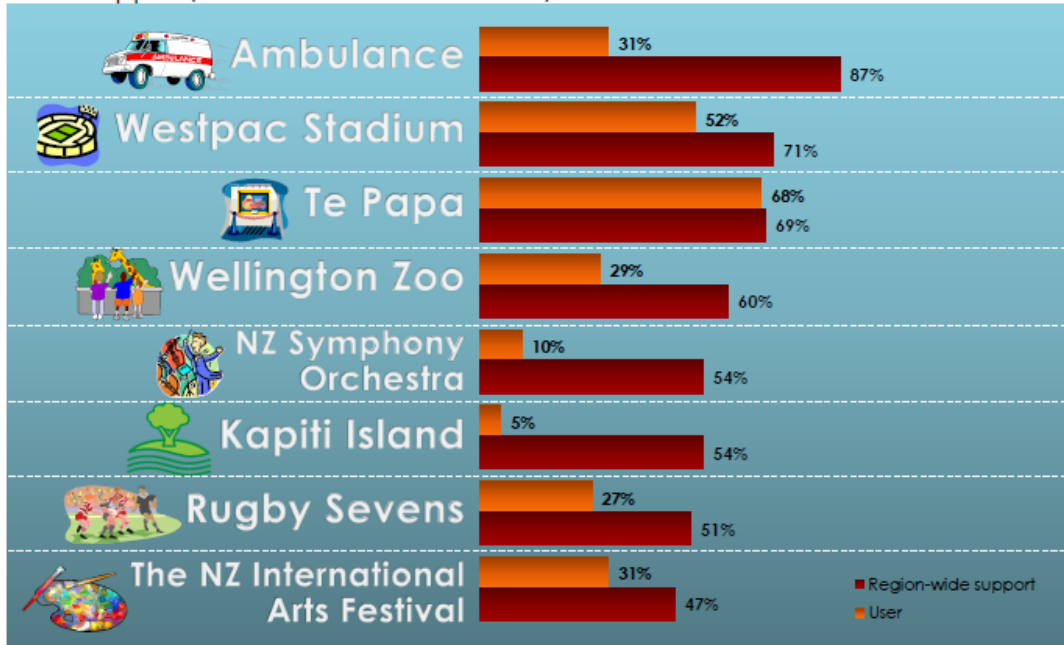
Note – 'use' is not related to 'support'

APPENDIX 2

NON-LOCAL RESIDENT SUPPORT FOR AMENITIES

Lets look at non-local residents (i.e. those living away from the amenity)... 'Support' and 'use' drop. But 'support' drops much less than use (this is the case for all amenities).

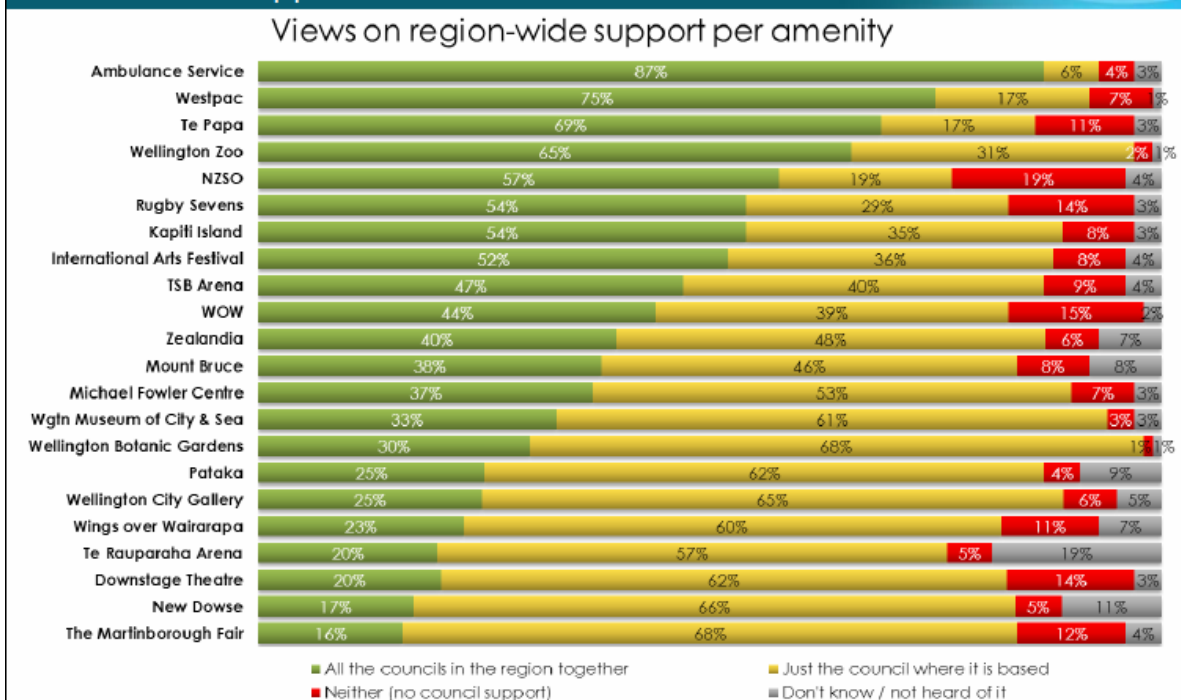
Amenities where majority outside the immediate council area back region-wide support (and use of those amenities)



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VIEWS ON REGION-WIDE SUPPORT FOR TOP 22 AMENITIES

Here are the full results for support of all 22 amenities – some amenities towards the bottom are perceived as only needing local council support.



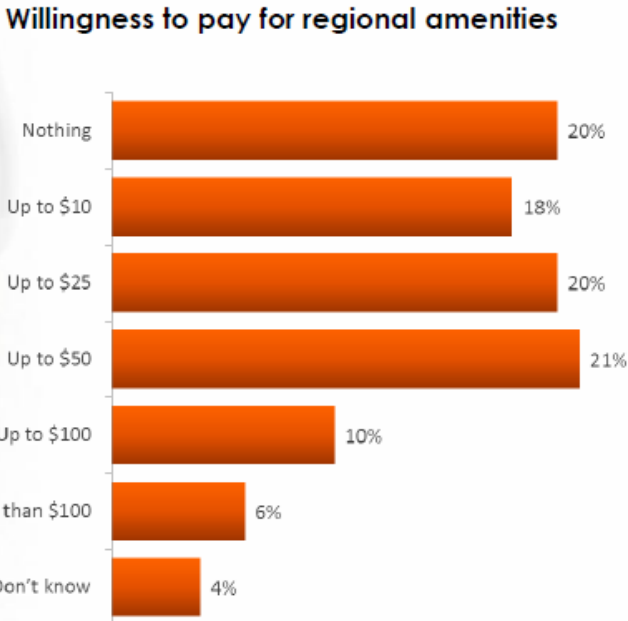
QC1. Do you think council support for ...[Amenity] should be from ...?

Base: All respondents (n=974 to 1001)

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WILLINGNESS TO PAY

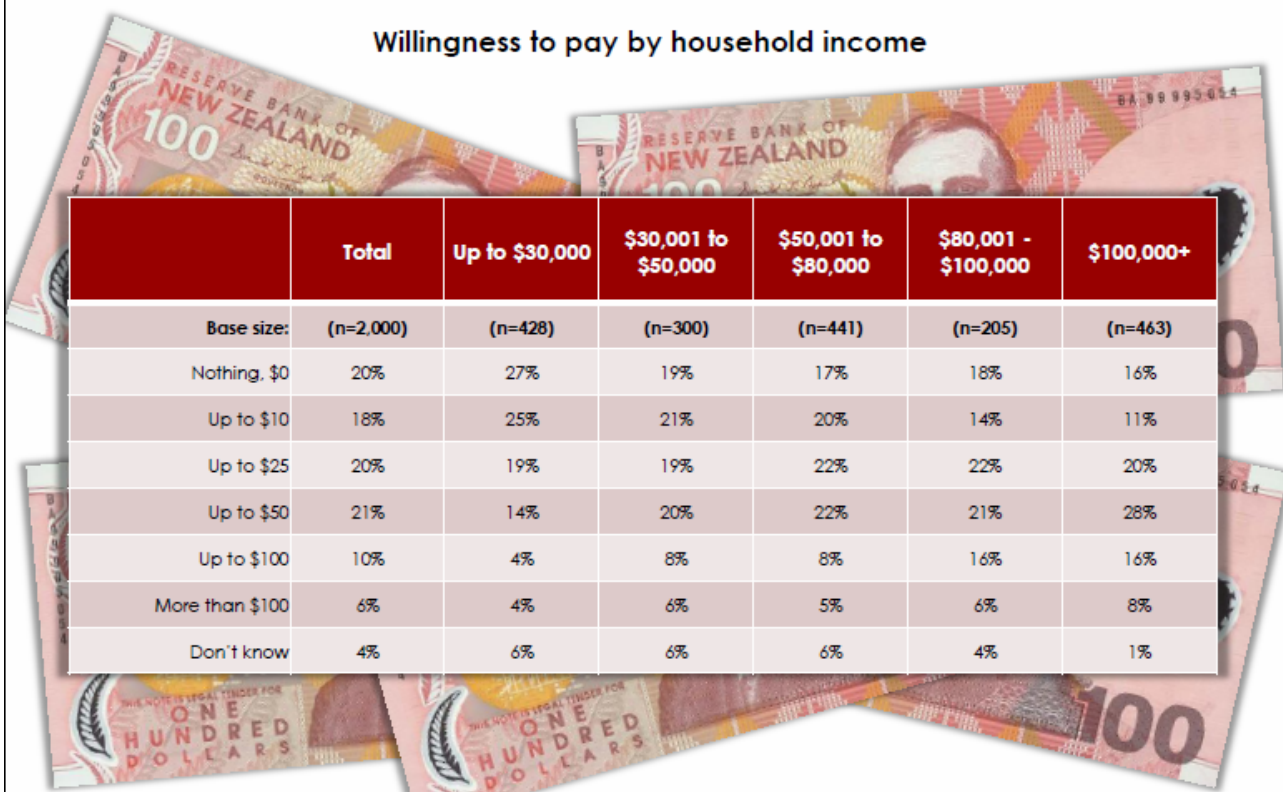
76% are willing to pay to support amenities – the median amount sits somewhere between \$25 and \$50 per year.



C3. If your council was to financially support attractions and services that are important to the Wellington region, extra funds might need to be raised through rates. Those who rent this would mean an increase in rent, and for those who pay rates, this would mean an increase in rates. How much would you be prepared to pay per year?

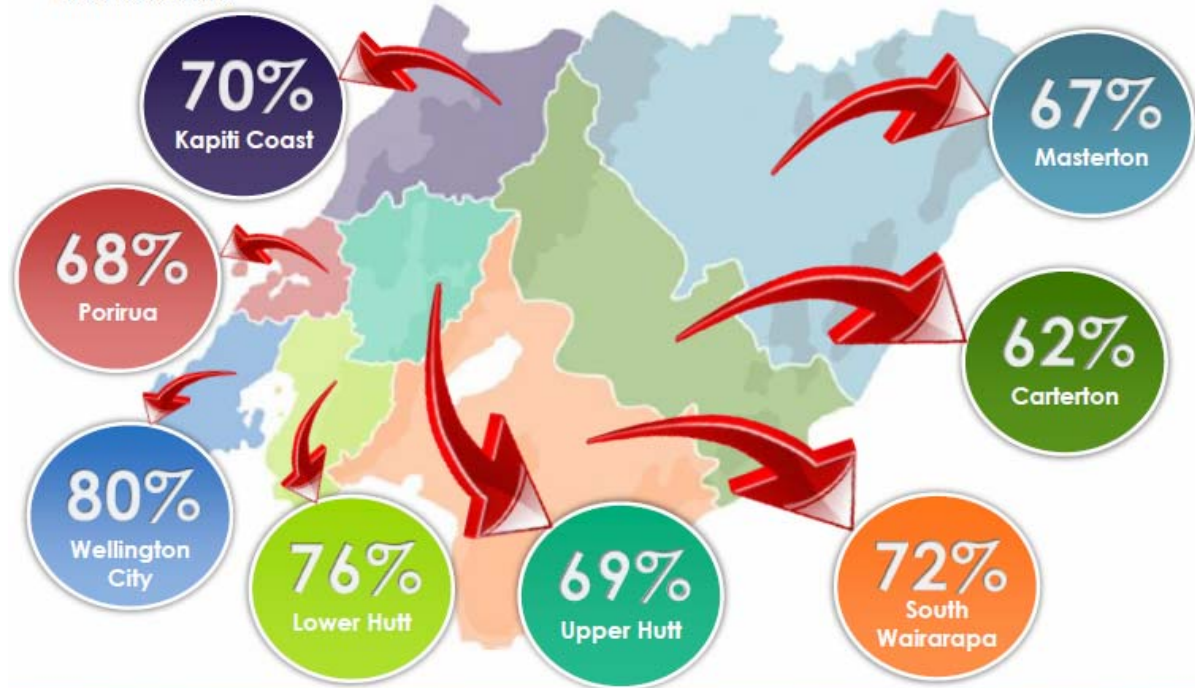
Base: All respondents (n=2000)

Higher income households are more willing to pay – but even 67% of the lowest income bracket are willing to pay.



Willingness to pay varied by council area:

Across the region 76% are willing to pay to support amenities, this proportion varies by Council area as follows:



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Conclusions:

- People are able to distinguish the regional importance of different amenities.
- People tend to use local amenities.
- But 'use' is not strongly related to 'backing for region-wide support'. Non-users often understand the regional importance of amenities.
- People tend to give stronger support to local amenities (in terms of supporting the idea of region-wide collaboration), but the difference is not large. The top 6 amenities still receive support from the majority of residents outside their area.
- Although support for most amenities is broadly similar across the region, Wairarapa residents hold very different views (they only give strong support to Wairarapa amenities).
- Support for region-wide collaboration is fairly consistent across the different types of amenities. Support is slightly lower for events and cultural amenities (and higher for social and environmental amenities in comparison).
- Interestingly, although support is relatively high for environmental amenities, 'use' of environmental amenities is particularly low in comparison.
- Over three-quarters of residents are willing to pay to support regional amenities (the median was between \$25 and \$50 per year).

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