
REPORT 5
(1215/52/IM)

2009-19 LONG-TERM PLAN: REPORT OF THE FUNDING AND ACTIVITY REVIEW WORKING PARTY

1. Purpose of Report

This report presents the recommendations of the Funding and Activity Review Working Party following its annual review of the Council's Revenue and Financing Policy and review of Asset Management Plans and Performance Measurement framework.

2. Executive Summary

2.1 Terms of Reference

In November 2007 the Council agreed to the re-establishment of the Funding and Activity Review Working Party and to a Terms of Reference for the working party for the term of the 2007/10 triennium. The Terms of Reference was amended in December 2008 to include the review of the performance management framework.

The key purpose of the FAR Working Party is to

- a) Guide officers in the review of the Revenue and Financing Policy and other funding and financial policies as they applies to all activities and recommend any changes to the Strategy and Policy Committee
- b) Review Asset Management Plans
- c) Review the performance measurement framework
- d) Provide a governance perspective and strategic overview to officers as they undertake reviews of activities.

The review has focused on:

- Reviewing the Revenue and Financing Policy *Guiding Principles* upon which the Council's funding decisions are based; and having determined that current assumptions remain valid:
- Reviewing the forecast 2009/10 compliance of each Council activity component (e.g. the rates versus non-rates income split) with the Revenue and Financing Policy. Focus has been placed on addressing areas of non-compliance as opposed to a wholesale review of funding assumptions for every activity component.

- Reviewing policy related to the funding of specific activities (e.g. artificial turfs).
- Reviewing rating and rates remission policy (e.g. water charges)
- Receiving recommendations from officers relating to minor amendments to Investment and Liability Management (borrowing) policies.

The Working Party has also reviewed:

- Asset management plans and made recommendations for minor amendments where appropriate.
- Activity performance measures. The outcomes of this review are incorporated in a separate report (Report 7) of the 10 March SPC agenda.

The remainder of section 2 of this report summarises the key considerations from the Working Party's review. Further supporting detail is contained in sections 4 -6 and in appendices 1 -5.

2.2 Revenue and Financing Policy compliance

2.2.1 Key focus

The Revenue and Financing Policy sets out the proportion of each Council activity component to be funded by user charges, other revenue (e.g. NZ Transport Agency subsidies), rates or borrowings.

A key principle of the Council's Revenue and Financing Policy is that where practical fees should be reviewed on an annual basis to avoid large 'one off' increases. It is therefore prudent that Revenue and Financing Policy compliance is reviewed on an activity component by activity component basis each year to ensure that the revenue collected from each of the Council's funding sources is in line with policy.

The Working Party has focused on those activities where fee increases are recommended to retain policy compliance and/or where a shortfall or surplus in user charge funding of greater than 3% of activity component costs exists, which, unless addressed would impact on the proportion of the activity component needed to be funded by rates.

For each non-compliant activity component the Working Party generally considered a range of remedial actions, including:

- Increasing user charges to achieve compliance
- Considering options for reducing expenditure without impacting on service levels
- Amending the policy to increase/decrease the user charge proportion
- Leaving the policy unchanged and noting temporary non-compliance with policy.

2.2.2 Increases to fee and charges

As proposed during the Councillor Workshop in December 2008 and in recognition of impending affordability issues for the wider community, with the exception of fees relating to artificial turfs and the introduction of a gold coin charge for the Khandallah Pool, the Working Party has worked on the principle that no new fees will be added in 2009/10.

This report recommends a range of changes to fees and charges. Any changes not approved will result in the equivalent value being put back onto 2009/10 rates.

Activities with fee increases recommended include:

Activity component	Comment	Average fee increase
2.5.2 Waste minimisation, disposal & recycling	MfE land levy \$10/tonne Bag prices	13% 6%
5.1.1 Libraries network	Increases to boxed DVD and audio book CD's only	Variable
5.3.1 Swimming pools (& fitness centres)	New fees at Khandallah Pool Other pools & fitness centres	New 5%
5.3.2 Sports fields	General increase	3%
5.3.3 Synthetic turf sports fields	New fees	New
5.3.4 Recreation Centres	Casual use only	7%
5.3.6 Marinas	Clyde Quay only	3%
5.4.1 Burials and cremations	Variable increases plus introducing out of town fees; minor (2%) non-compliance will remain	5- 10%
6.3.1 Development control & facilitation	Increase to hourly fees	4%
Encroachments	Refer to appendix 1	Variable
Trade Waste Charges	Variable – refer to appendix 1	Variable

2.2.3 Changes to Policy

The Working Party also recommends some minor changes to policy where compliance is not possible and/or preferred as a means of maintaining policy compliance.

Activities with policy changes recommended include:

Activity component	Comment
2.4.2 & 2.4.3 Sewage collection, treatment and disposal	Increase user charge funding from 0% to 5% to reflect trade waste charges.
4.3.1 Arts and cultural festivals	Decrease from 25% to 20% non-rates income as proposed in 2008/09.
4.4.2 Arts Partnerships	Decrease from 30% to 25% user charges
5.3.3 Synthetic turf sports fields	New activity component 40% user charges
5.2.3 Recreation programmes	Decrease from 25% non-rates income to 5% to reflect loss of SPARC Push Play programme funding
5.4.3 Public health	Increase from 45% to 50% user charges
6.21. Building control and facilitation	Increase from 60% to 65% use charges as proposed in 2008/09
6.3.1 Development control and facilitation	Increase from 45% to 50% user charges
7.2.3 Passenger transport network	Decrease from 100% to 70% non-rates funding, reflecting lower bus shelter advertising income

2.2.4 Permitted non-compliance

There are a small number of activities for which the Working Party recommends temporary non-compliance and/or stretch user charge targets. For these activities the Working Party considers that the targets are appropriate but that for specific and acceptable reasons full compliance is unlikely to be achieved in 2009/10.

Activities with recommended permitted non-compliance include:

Activity component	Comment
2.2.1 Roads open spaces	Income derived from NZTA funding only (3% gap)
5.3.4 Recreation centres	Non-compliant as incurring ICSC costs but no revenue until the facility is operational (5% gap)
6.2.1 Building regulation & facilitation	Continue with stretch target (6% gap), noting the policy change highlighted in section 2.3 above
7.2.5 Cycle network	Income derived from NZTA funding only (3% gap)

The changes to fees and charges/and or policy are summarised in section 4.2 (pages 13-17) of this report. A full list of proposed amendments to fees and charges is attached as Appendix 1.

2.3 Amendments to rating mechanism

The Working Party proposes the following changes to the Council's rating mechanism from 2009/10:

- **Targeted water rates**

The water network, collection and treatment activity component is budgeted to incur significant operational cost increases (11%) in 2009/10, primarily due to increased depreciation costs arising from revaluation and increased componentisation) of infrastructural assets.

This activity component is fully rates funded through a targeted rate. Given the extent of cost increases, the Working Party considers a pragmatic approach is to spread these cost increases across the various fixed and rate per dollar rating mechanisms which make up the water rate.

The following increases to fixed rating mechanisms are proposed for 2009/10:

- Fixed charge for base (residential) sector properties without a water meter from \$112.50 to \$125.00 (including GST)
- Annual administrative charge for properties with a water meter from \$84.00 to \$107.00 (including GST)
- Water consumption charge for properties with a water meter from \$1.58 per cubic metre to \$1.78 per cubic metre (including GST).

A proportionate increase (11%) is also proposed for the base (residential) water rate levied via a rate per dollar of capital value.

- **Targeted stormwater rates**

Stormwater rates are funded by the Commercial and Base (residential) sectors based on the relative capital value of each sector. For 2009/10 it is proposed to revise this basis from 80% residential and 20% commercial, to 77.5% residential and 22.5% commercial, to better reflect the distribution of the city's capital value.

- **Change to funding of Indoor Community Sports Centre**

In 2007, consistent with the Revenue and Financing Policy the Council resolved to fund the capital cost of the ICSC through borrowings, and agreed that 25% of this borrowing should be repaid through a targeted rate (based on capital value) across all ratepayers, over 10 years, with the remaining capital cost repaid over the life of the asset through depreciation. From 2009, and in direct response to impending issues of affordability, we are proposing to remove the targeted rate and initially fund the full capital cost through borrowings, to be repaid over the life of asset through ratepayer funded depreciation.

• **General Rates Differential**

The Working Party noted that the existing LTCCP proposes a shift in the general rates differential from 2008/09 when commercial property paid 3.8 times the General rate per dollar of capital value payable by those properties incorporated under the Base (Residential) differential. The proposed differential transition proposed over the next three years is:

2009/10	2010/11	2011/12
3.45	3.10	2.8

The differential, which was introduced to avoid a sudden shift of rates burden onto the residential sector as a result of the collapse of commercial property values in the early 1990's, was 7.1:1 when the transition process began in 2000. Despite a decrease in the differential to 3.8:1 in 2008/09 and a proposed shift to 3.45:1 in 2009/10 the commercial sector will continue to cross subsidise the residential sector by approximately \$33.8 million. It is also pertinent to note that due to the increase in overall rates requirement, if the differential was held at 2008/09 levels, the level of cross subsidisation would increase to \$36.5m.

Changes to indicative rates including those calculated based on a rate per dollar of capital value are incorporated in the draft Funding Impact Statement (refer to Report 9).

2.4 Amendments to rates remission and postponement policies

Special Circumstances Remission Policy

Minor amendments are proposed to the Special Circumstance rates remission to:

- a) permit applications to be received and accepted and applied for a rating year after the start of that rating year, noting that a remission will not be back dated to the previous year.
- b) provide the flexibility for a Special Circumstances remission to be applied to any part of the rates liability for a property(s). The policy current restricts the application of this remission to the general rate.

Rating of building under development/remission consideration

The Council has received a range of queries in recent months from commercial property developers in regard to legal obligations, Council policy and historical treatment relating to the rating of buildings during the construction phase.

In response to this the Working Party asked officers to review and report on this issue. The Working Party's consideration has included receiving a verbal submission and presentation from developer representatives.

The Working Party has concluded that the Council is legally required to revalue property for rating purposes where a change to the property results in a change to the property's value. For properties under development this generally means

a reassessment of value prior to the start of each rating year. The Council contracts Quotable Value to undertake this work on its behalf.

How the Council rates particular property once rateable value is established is a matter of Council policy. In this regard the Working Party has given consideration to whether the rating liability for property under development should be as for developed property in regard to the general and sector targeted rate, taking into account the property's assessed rateable value. This can be justified on the basis that the general rate in particular is fundamentally a property tax and that a property's utilisation of services is irrelevant.

In regard to the liability of a property under development for water and sewerage, under Council policy this is dependant on whether the property has a connection to the service.

Officers reported to the Working Party that there could be grounds for a remission of the Downtown levy, for property where the undertaking of development does not permit the occupation or use of the property. This is on the basis that the Downtown levy pays for benefits derived by downtown businesses through Council's support for tourism, visitor attractions and central city vitality activities. The rationale being that properties do not receive this benefit over the period of construction during which they are unable to be occupied. Under this scenario the 'cost' of the remission would be shared by other Downtown commercial ratepayers only. The Downtown Levy makes up approximately 13% of total downtown commercial property rates.

An alternative option is to provide a more comprehensive remission, for example a full rates remission. This would provide a greater level of benefit to properties during the development phase, but it contains a number of 'fish-hooks' and increased risk of setting unintended and undesirable precedents. These are discussed in more detail in section 5.2.2 (page 25 of this report).

Working Party members were divided in regard to three possible options considered:

- a) no change (i.e. no remission of rates for property under construction)
- b) a partial remission (i.e. of the downtown rate only)
- c) a more comprehensive remission (including the general rate), but only on the increase in improvement value during the development phase.

The Working Party accepted that both unintended precedent (in regard to potential wider application of the remission) and reallocation of rates (across all ratepayers) would likely occur if general rates were to be remitted.

The Working Party, while not unanimous, agreed to recommend for purposes of discussion by the Strategy and Policy Committee option (b), a remission of the Downtown Levy.

However there was a desire by some members for officers to continue to investigate options that provided a more substantial level of financial relief than that provided through a Downtown Levy remission.

Aside from any rates relief initiative, it is recommended that advice to Quotable Value from Council in regard to potential requirement for revaluation be linked to trigger points within the building consent process.

As a further tool to avoid doubt in regard to rates liability it is recommended that building consent information/guidelines are amended to include a statement in regard to rates obligations during the period of property development.

Rating of commercial accommodation

The Working Party has also received information and advice from officers in relation to the rateability of commercial accommodation. A move towards unit titling of multi-unit apartment buildings and hotels (often as a means of raising development funding) has made the differentiation of property used for commercial (short stay) versus residential accommodation purposes more complex. As a result Council carries an inherent risk in regard to ensuring property is rated accurately because a rating unit can change usage very easily, but the Council can only set rates for the full year at the start of the rating year.

While there is minimal risk of collecting insufficient rates – because Council sets rate per dollar levels at the start of the rating year to meet its overall rates requirement, this issue has caused some confusion for ratepayers. That said, the Working Party has concluded that the current policy which differentiates commercial accommodation on the basis that it is principally used for short stay (less than 28 days) purposes, remains practical, fair and appropriate. Officers have increased monitoring mechanisms including the use of legally binding ratepayer declaration to ensure rating of such property is accurate and equitable.

2.5 Other Revenue and Financing Policy considerations

2.5.1 Changes to Strategy Trees

In conjunction with the triennial LTCCP consultation process officers have taken the opportunity to streamline the ordering of Council's activities. This involves removing a small number of activity components which are no longer relevant and some minor re-alignment of projects between activities to better reflect the contribution of the each project to Council's Strategies and Outcomes. These proposed changes have had no funding policy implications.

2.6 Amendments to Investment and Liability Policies

Liability policy

Officers, working with the Council's treasury advisors have reviewed the Council's Liability (borrowing) Policy and have recommended some minor changes to the Council's liquidity and interest rate risk management maturity profile limits. Refer to section 6 of this report for details.

Investment Policy

Officers have reviewed the Council's Investment Policy and have proposed some minor changes to wording. These changes are generally editorial in nature, with the exception of proposed amendments to the Investment Mix and Associated Objectives. In this section we propose to group the Council's investments into 5 categories, according to their associated investment objectives and characteristics. These categories are those currently used in the Council's quarterly reporting – this change simply aligns the policy definitions with our reporting framework.

No significant changes to the purpose or intent of the Policy are proposed at this time.

2.7 Asset Management Plans

From the water, stormwater and sewage networks, to playgrounds and sportsfields, libraries and recreation centres - the services Council provides are largely delivered through assets.

Detailed planning for these assets is undertaken through asset management plans which articulate existing asset levels of service and programmes required for the long-term management of the asset. Asset management plans provide detail on: asset scope and condition, future demand and capacity, performance measures, risks, lifecycle strategies, significant negative effects arising from ownership of assets, and information on maintenance, renewal and upgrade programmes.

Asset management plans are an important input into the annual and long-term planning processes of Council and are reviewed regularly by the working party.

Council's assets are detailed in 21 different asset management plans¹. These were reviewed by the working party over a period of three meetings and confirmed as an input into the 2009-19 long-term plan process. The working party noted that the AMPs were prepared concurrent to other long-term plan components - such as performance measurement framework, development contributions etc - and that future asset management plans and budgets would reflect any changes that result from the 2009-19 LTCCP process, and feedback received from the working party and Audit NZ from their review of asset management plans.

¹ Branch library properties, City housing properties, Civic and commercial properties, Community centres, halls and childcare facilities, Recreation centres, Swimming pools, Wellington convention centre, Wellington zoo, Transport, Landfills, Water, Wastewater, Stormwater, Botanic gardens, Cemeteries, Marinas, Open space assets, Play areas, Skateparks and BMX tracks, Public art and memorials, Public conveniences, and Sportsfields.

2.8 Performance Management Framework

Performance measures for inclusion in the long-term plan were presented to the Funding and Activity Review Working Party for review. The working party took a thorough line-by-line approach to reviewing the performance measures.

Areas for further investigation and refinement that were identified by the working party have been investigated. Where appropriate, adjustments have been made and are presented in the recommended set of performance measures for the LTCCP.

An overview of the LTCCP measurement framework, its purpose and its relationship with the greater Council accountability framework, along with identification of measurement limitations were presented for discussion with the working party.

Also presented and discussed with the working party was the process used to identify performance measures, including development against Office of the Auditor General and SOLGM recommended guidelines, and the audit process as part of the LTCCP.

A recommended set of performance measures have been reviewed by the Funding and Activity Review Working Party and have been agreed for inclusion in the LTCCP.

Performance measures are presented in the activity statements in a separate report to this agenda (see Report 7).

3. Recommendations

It is recommended that the Committee recommend to Council that it:

1. *Receive the information.*
2. *Amend the Revenue and Financing Policy, as detailed in Appendix 5 and request officers to prepare a Statement of Proposal to reflect the following:*
 - a) *for the Sewage collection, treatment and disposal activity component an increase in the user charge funding target from 0% to 5% to reflect trade waste charges.*
 - b) *for the Arts and cultural festivals activity component a decrease in the non-rates income target from 25% to 20% of operating expenditure, noting that this change was signalled in the 2008/09 Annual Plan.*
 - c) *for the Arts Partnerships activity component a decrease in the non-rates income target from 30% to 25% of operating expenditure.*

- d) *for the Building Control & Facilitation activity component an increase in the user-charge funding target from 60% to 65% of operating expenditure, noting that this change was signalled in 2008/09 Annual Plan.*
 - e) *for the Development Control and Facilitation activity component an increase in the user charge funding target fro 45% to 50% of operating expenditure.*
 - f) *for the Recreation Programmes activity component a decrease in the non-rates income target from 25% to 5% of operating expenditure.*
 - g) *for the Passenger Transport Network activity component a decrease in the non-rates income target from 100% to 70% of operating expenditure.*
 - h) *for the Public Health activity component a increase in the user charge target from 45% to 50% of operating expenditure.*
 - i) *for Synthetic Turf Sports Fields the introduction of a new activity component with a user charge funding target of 40% of operating expenditure.*
3. *Note the changes to the numbering sequence in Strategy trees which group Council activities, and minor movement of projects between activity component groupings.*
 4. *Agree to consult on changes to fees and charges as detailed in Appendix 1 of this report.*
 5. *Note that temporary non-compliance with Revenue and Financing Policy activity component funding targets is anticipated for the following:*
 - a) *for the Roads Open Spaces activity component (2.2.1), reflecting that the sole source of external income for the activity component is NZTA funding which is variable and project specific.*
 - b) *for the Cycle Network activity component (7.2.5), reflecting that the sole source of external income for the activity component is NZTA funding which is variable and project specific.*
 - c) *for the Recreation Centres activity component (5.3.4) due to the incurring of costs related to the Indoor Community Sports Centre prior to revenue streams being generated pending opening of the facility.*
 - d) *for the Building Control and Facilitation activity component (6.2.1) a continuation of the stretch target, reflective of the 100% private benefit assessed for the activity component.*

6. *Agree to include in the Statement of Proposal amendments to the Council's Rating Mechanisms as detailed in Appendix 2.*
7. *(a) Agree to include in the Statement of Proposal amendments to the Council's Rates Remission Policies as detailed in Appendix 3, noting that:*
 - (b) the Working Party recommends that the Council consult on the introduction of a remission of the Downtown Levy for commercial property during development, and that remission details will be confirmed following Strategy & Policy Committee consideration.*
8. *With respect to the targeted rate for water supply set under section 16 and 19 of the LGRA:*
 - a) on each property connected to the public water supply with a water meter installed, agree to consult on an increase the fixed water meter charge from \$1.58 per cubic metre to \$1.78 per cubic metre (including GST).*
 - b) on each property connected to the public water supply with a water meter installed, agree to consult on an increase in the fixed water meter administration charge from \$89.37 to \$107.00 per annum including GST.*
 - c) on each property incorporated in base (residential) differential agree to consult on an increase in the fixed portion of the target rate from \$112.50 to \$125.00 including GST.*
 - d) note that increases to non-metered (rate per dollar of capital value) water rates are incorporated in the Funding Impact Statement.*
9. *Note that the Revenue and Financing Policy outlines a shift in the commercial to residential general rate differential from 3.8 in 2008/09 to 3.45 in 2009/10.*
10. *Agree to consult on minor amendments to the Council's Investment and Liability Policy as detailed in Appendix 4.*
11. *Note that in regard the performance measurement framework:*
 - a) the working party has undertaken an extensive review; and*
 - b) the complete revisited set of performance measures are contained in report 7 for adoption.*

12. *In regard to Asset Management Plans note that:*

- a) *the Working Party has reviewed existing asset levels of service and draft budgets as part of their review of asset management plans and recommends them for confirmation²; and*
- b) *a summary description of how Council manages its assets is included in the 2009-19 draft LTCCP activity statements for approval.*
- c) *asset management plans will be updated to reflect feedback received from the working party and any other changes that result from the 2009-19 draft LTCCP process.*

4. Compliance with Revenue and Financing Policy

4.1 Review Parameters

Annual Review

In adopting the 2006 Revenue and Financing Policy the Council agreed that it was appropriate to review activity component funding on an annual basis with the intention of ensuring that the user charge component of activity component funding policies keeps pace with CPI and other cost increases. It was also considered prudent that any other activity component funding issues raised be appropriately addressed with consideration to the Council's funding principles.

The responsibility for conducting the annual review is allocated to the FAR Working Party, which reports through to the Strategy and Policy Committee. The Working Party has conducted its annual review on an exceptions basis. Revenue and Financing Policy funding principles, assumptions and activity component specific funding considerations remain valid, unless specifically indicated otherwise.

As proposed during the Councillor Workshop in December 2008 and in recognition of impending affordability issues for the wider community, and with the exception of fees relating to synthetic turfs and a gold coin admission charge for Khandallah pool the Working Party has also worked on the principle that no new fees will be added in 2009/10.

Stretch targets

There are a number of activity components for which the Council has, in the past, agreed to set "stretch targets" or temporary non-compliance for the proportion of non-rates revenue derived from the activity component. It is pertinent that these stretch targets are reassessed in light of the non-compliance gap showing in some activity components.

² Note that copies of AMPs will be tabled for approval.

Non-compliant activities

This review focused specifically on those activities for which 2009/10 draft budgets indicate a Revenue and Financing Policy variance of greater than 3% or \$100k from the existing Revenue and Financing Policy non-rates revenue target.

In considering the Funding Policy for each of the activities identified the Working Party had available a number of options in regard to forming its recommendations. These include:

- A reduction in service levels/expenditure on the activity component (likely to result in a reduction in the dollar rate requirement and/or the user charge policy target).
- Increase user charges (i.e. changes in fees) to improve policy compliance.
- A change to the user charge policy target.
- Leaving the policy unchanged and noting temporary non-compliance with policy.

Where practical, CPI based increases to user charges are also proposed on a number of activities which fall below the 3% or \$100k variance criteria.

4.2 Review recommendations on policy compliance

As part of its review the FAR Working Party has received, for each activity component, a report outlining the factors contributing to policy non-compliance, along with options and limitations for achieving compliance with existing Revenue and Financing Policy. The following table summarises the Working Party's key recommendations for each activity component. A full list of recommended changes to Fees and Charges is contained in Appendix 1.

<i>Activity component</i>	<i>Current Policy</i>	<i>FAR Consideration</i>	<i>Recommended changes to fees and charges</i>	<i>Recommend policy change</i>	<i>Compliance Gap to recommended target</i>	
					<i>%</i>	<i>\$000's</i>
2.2.1 Roads open spaces	10% non rates income	The sole source of non-rates income for this activity component is NZTA subsidy. Qualification for funding is dependant on the nature of particular projects and this can be variable from year to year.	No changes recommended.	No change to policy. Recommend accept temporary non-compliance with policy.	-2%	-\$243
2.4.2 and 2.4.3 Sewage collection, treatment and disposal	0% user charges	In 2008 the Council introduced a Trade Waste Charges Policy, under which trade waste disposers contribute to the cost of this activity component in addition to sewage rates. This better reflects the polluter pays principle and provides an incentive for disposers to reduce trade waste entering the sewer. The trade waste policy contains a provision to adjust fees annually in line with changes in costs of the activity component and volume of the trade waste measures of volume, BOD and suspended solids.	Officers have reviewed the costs and volume assumptions for 2009/10 and recommended fee changes. Refer to fee schedule in Appendix 1 for details.	The Trade Waste Charges policy was consulted on approved as part of the 2008/09 Annual Plan. It is appropriate that the funding policy for this activity component is now revised to incorporate 5% user charges to reflect the charges derived and the offsetting reduction to the sewage targeted rate.	n/a	n/a
2.5.2 Recycling and Waste Minimisation	90% user charges	It is proposed to recombine the recycling & waste minimisation activities to better reflect the subsidisation of the recycling activity component through the landfill levy.	From 1 July 2009 under the Waste Minimisation Act a MfE levy of \$10 per tonne will apply. It is estimated approximately	No change recommended. The 10% rates funding portion represents the provision of costs for closed landfill aftercare. The	+7%	\$660k

Activity component	Current Policy	FAR Consideration	Recommended changes to fees and charges	Recommend policy change	Compliance Gap to recommended target	
					%	\$000's
& Disposal		FAR also considered the impact of the Waste Minimisation Act & impending MfE levy on the Funding Policy and considered it prudent to pass this cost onto disposers of waste.	80% of the levy (approx. \$62ok will be passed back to Council to spend on additional waste minimisation initiatives. It is proposed to pass this cost onto waste disposers through a \$10 / tonne increase to landfill charges, also reflected in a 6 cent increase in the bag price.	forecast over-recovery represents the internal recovery from depositing sludge at the landfill.		
		Note that the Revenue and Financing Policy in regard to the Recycling & Waste Minimisation & Disposal is based on the 2008/09 service and funding model. Under this model, the cost of recycling is subsidised by a levy on waste deposited at the city landfill. The balance of the cost of recycling (approximately \$1.2m) is currently offset by surpluses generated within the wider waste minimisation and disposal activity component. Accordingly any change in either provision of the recycling service or the manner in which it is funded may warrant a review of the proposed funding policy and/or charges within this activity component.				
4.3.1 Arts & cultural festivals	25% Non-rates income	A pending revision to the funding policy for this activity component was flagged in the 2008/09 Annual Plan. Difficulty in attracting sponsorship revenues has forced a revision of policy target for this activity component.	No changes recommended.	Decrease non-rates revenue target from 25% to 20%.	0%	\$0
4.4.2 Arts partnerships	30% user charges	The Arts Centre is the only source of revenue for this activity component. Lower revenue projections a forecast to result in 3% actual gap to policy for 2008/09. The proposed reduction in public art fund expenditure for 2009/10 will partly offset this shortfall.	Limited ability to increase fees due to affordability/ market elasticity. Difficulty in achieving income targets from casual space in Toi Poneke Arts Centre.	Revise user charge target from 30% to 25%.	+2%	\$37
5.1.1 Libraries	10% user	The Libraries activity component is forecast to maintain compliance with policy for 2009/10	Minor changes only i.e. increase to boxed DVD and audio book	No change to policy.	0%	\$40

<i>Activity component</i>	<i>Current Policy</i>	<i>FAR Consideration</i>	<i>Recommended changes to fees and charges</i>	<i>Recommend policy change</i>	<i>Compliance Gap to recommended target</i>	
					%	\$000's
network	charges		CD's prices.			
5.2.3 Recreation Programmes	25% non-rates income	The key revenue source for this activity component has been from SPARC for Push Play programmes. Despite a decrease in related expenditure the ceasing of SPARC funding means it is prudent to amend the funding policy for this activity component.	No changes	Revise user charge funding target from 25% to 5%.	1%	\$8
5.3.1 Swimming Pools	40% user charges	Expenditure increases in personnel resulting from the second stage of job sizing for lifeguards along with additional maintenance (WRAC), energy and depreciation costs mean fee increases are required to maintain policy compliance.	After significant fees increases in 2007, fees were unchanged in 2008/09; however the 2008 review did forecast the likelihood of further increases for 2009/10. Average increases of 5% for pools, fitness centre and swim programmes are proposed, along with the introduction of a gold coin (\$2 adult / \$1 child) charge for the Khandallah Pool.	No change to policy proposed. However 5 yearly WRAC maintenance scheduled for 2009/10, which is more costly than for community pools, will result in a minor & temporary non-compliance with policy for 2009/10.	-1%	-\$175
5.3.2 Sports fields	10% user charges	It is proposed to remove the Hockey Stadium from this activity component and include in the newly created Synthetic Turfs activity component. The transfer of mowing costs from the fully general rate funded Turf Management activity component, increased depreciation and other CPI cost pressures, result in cost increases of 13% for this activity component. It is appropriate that users fund their portion of this increase. This equates to	Average fee increases of 3% are proposed.	No change to policy.	\$0	0%

Activity component	Current Policy	FAR Consideration	Recommended changes to fees and charges	Recommend policy change	Compliance Gap to recommended target	
					%	\$000's
		an average fee increase of approx. 3%				
5.3.3 Synthetic Turf sports fields	N/A	It is proposed that this new activity component incorporate the new synthetic turf and existing hockey stadium expenditures.	New fees proposed for artificial turfs. Refer to Appendix 1 for details.	The Working Party has developed a new funding policy of 40% user charges for this activity component based on consideration of exclusivity of use, comparative cost, market elasticity and affordability. Note this is generally consistent with proportion of user charge received through the hockey stadium lease.	-1%	-\$3
5.3.5 Recreation Centres	25% user charges	The Working Party recommends accepting temporary non-compliance during the construction period of the ICSC, as the inclusion of expenditure (primarily interest) prior to user charges being received results in a gap to the user charge funding target. Average user charge increases of 7% are required to meet funding policy on existing recreation centres.	Increase in casual usage from \$2 to \$3 per adult and \$1 to \$1.50 per child. Increases of 4% to 8% for leagues.	No change to policy – accept 'stretch-target' pending completion of ICSC.	-9%	-\$336k
5.3.6 Marinas	100% user charges	Officers have recommended a revised model for marina operations, which looks at longer term operating and capital requirements for marinas, more accurately reflects cost of borrowing and private/public benefit in regard to depreciation of public toilet and breakwater assets. In future it is proposed to ring-fence annual cash surpluses or deficits	No increase in fees for Evans Bay for 2009/10. Due to cost reallocation this will result in a minor over-recovery to be carried forward to future years. It is estimated 3% per year increases will be required thereafter.	No change to policy.	+6%	+\$38

<i>Activity component</i>	<i>Current Policy</i>	<i>FAR Consideration</i>	<i>Recommended changes to fees and charges</i>	<i>Recommend policy change</i>	<i>Compliance Gap to recommended target</i>	
					<i>%</i>	<i>\$000's</i>
		for each marina.	3% increase in fees for Clyde Quay. This leaves a minor \$4k variance to full compliance, which will be addressed through ongoing review of operational cost and capital expenditure requirements.			
5.4.1 Burials and cremations	50% use charges	Increased net cost due to ceasing of WINZ funded employee programme	Fee changes recommended to better align prices between Karori and Makara cemeteries and increases in fees for ash plots, ash interments and extra width plots to reflect costs and demand pressures associated with these activities. Refer to Appendix 1 for details.	No change to policy. Minor & temporary non-compliance with policy is proposed, subject to further consideration of reintroduction of WINZ programme.	-1%	-\$18
5.4.3 Public Health	45% user charges	This activity component showed a favourable variance to funding policy in 2008/09 and a similar trend is forecast for 2009/10. The Working Party is proposing that the policy user charge target be increased to 50%.	No changes recommended.	Increase user charges target from 45% to 50% in line with beneficiary assessment.	-1%	\$34
6.2.1 Building Control and Facilitation		The 2008 review recommended an increase to the proportion of costs of this activity component funded by user charges from 60% to 65% on the basis that this would ratify current recovery levels into policy and set a small 'stretch' target for 2008/09. Building Act changes and the worsening economic situation are forecast to impact negatively on	No changes recommended.	Increase user charges target from 60% to 65% as signalled in 2008/09 review.	-6%	-\$681

Activity component	Current Policy	FAR Consideration	Recommended changes to fees and charges	Recommend policy change	Compliance Gap to recommended target	
					%	\$000's
		income levels for 2009/10. Although partly offset by cost reduction, the fixed nature of some costs will result in a greater gap to the revised funding policy user fees target.				
6.3.1 Development Control and Facilitation	45% user charges	<p>Expenditure in this activity component has increased with the inclusion of vehicle access & crossing and earthworks advice functions, with corresponding increases in revenue. The Working Party proposes to retain a stretch target for this activity component to bridge the existing gap between the user charge proportion and the 75% user beneficiary assessment for the activity component.</p> <p>The Working Party also noted the non-chargeable aspects of this activity component and supported the continuation of efforts to better differentiate chargeable from non-chargeable activities within the R & F Policy.</p>	Increase hourly charge out rate for planners on which consent charges are based from \$125 to \$130 per hour.	Increase user charge target from 45% to 50%.	-2%	-\$122
2.2.3 Passenger Transport Network	100% user charges	The only source of revenue for this activity component is through the Adshel bus shelter contract. Non-compliance with policy was noted in 2007 and 2008 reviews. Given the continuation of lower revenue forecasts than originally forecasts in 2007, it is appropriate to revise the user charge funding target for this activity component.	No changes recommended.	Decrease non-rates revenue target from 100% to 70%.	-2%	-\$20
7.2.5 Cycle		The sole source of non-rates income for this activity component is NZTA subsidy. Qualification for funding is dependant on the	No changes recommended.	No change to policy.	-3%	-\$1

<i>Activity component</i>	<i>Current Policy</i>	<i>FAR Consideration</i>	<i>Recommended changes to fees and charges</i>	<i>Recommend policy change</i>	<i>Compliance Gap to recommended target</i>	
					%	\$000's
network		nature of particular projects and this can be variable from year to year.				

5. Other Revenue and Financing Policy Issues Considered

5.1 Amendments to rating mechanisms

5.1.1 Water rates

Cost drivers

This activity component is fully rates funded with funding split 60% to the residential (base) sector and 40% to the commercial sector. This split is based on the historical share of water consumption between the two sectors. Rates are based on the aggregated cost of the following activities:

2.3.1 Water Network (2009/10 forecast \$20.59m)

WCC owns a water network that includes 75 reservoirs, 34 water pumping stations, more than 7,900 hydrants and about 1,000km of underground pipes. This network is managed by Capacity, the joint Wellington-Lower Hutt owned water management company, to ensure both cities have high-quality water available at all times for drinking and other household and business uses, and for emergencies such as fire fighting.

For 2009/10 the Council is forecasting a 24% increase in expenditure for this activity component over 2008/09 budget. This increase relates primarily to increased depreciation and to lesser extent interest costs resulting from significant upward asset revaluation in 2008. The increase in the depreciation budget from \$8.85m to \$11.96m is a result of greater componentisation of piping infrastructure which in turn has resulted in a higher depreciated replacement cost being applied to the assets.

2.3.2 Water Collection and Treatment (2009/10 forecast \$12.86m)

WCC purchases potable water in bulk from the Greater Wellington Regional Council (GWRC), as well a minor amount from Porirua City Council, and supplies it to Wellington properties. Wellington city's proportion of total regional water consumption has declined over the past two years (2006/07 31,000 million litres of water, 2007/08 30,000 million litres. This has resulted in a small decrease (2.6%) in budgeted expenditure for this activity component for 2009/10.

In understanding the impact of consumption on the cost and the unit price of water it is important to note that under GWRC costing models approximately 90% of the water activity component costs are fixed. Accordingly decreased consumption has only a minor affect on overall costs of water to consumers (apart from where capex investment thresholds are reached). Generally this means that to recover costs, higher per m3 charges across the region are required in response to lower consumption.

For the combined activity funded by the water rate there is an 11% increase in expenditure compared to 2008/09. As the activity is fully funded by a targeted

rate the Working Party has been required to consider increases across all water rating mechanisms.

Existing water rates

On the basis that the 60/40 split for the activity remains valid an overall increase of approximately 11% is required in the level of rates collected from each of the base(residential) and commercial sectors.

Under the rating policy the 60% residential share is currently collected through:

- a fixed charge of \$112.50 (incl. GST) per separately occupied rating unit connected to the water supply, without a water meter.
- a rate per cubic metre of water consumed by those properties with a water meter.
- The balance collected through a rate per dollar of capital levied on all properties without a water meter.

The 40% commercial share is currently collected through:

- a rate per \$ of capital value for those properties without a water meter.
- A rate per cubic metre of water consumed by those properties with a water meter.

An annual administration fee of \$84 is also charged to all properties with a water meter.

Note that there was an increase in the rate per m³ of water consumed in 2008/09 from \$1.37 to \$1.58. Prior to this there had been no increase since 2004/05 when the rate was raised from \$1.20/m³ to \$1.37/m³.

Rate changes required to meet 2009/10 compliance

In recent years consideration has been given to revising the fixed charge that applies to the non-metered residential properties, with an offsetting reduction in the amount required to be collected based on a rate per dollar of capital value. Despite increasing overall costs no change has been made, on the basis that any significant change would be largely arbitrary as in excess of 90% of the cost of provision of the water activity is fixed. A change of this magnitude would create significant cost transfer to low value residential rating units.

Given the extent of the increase required, a pragmatic approach would be to spread the increased rate requirement evenly across the various water rate mechanisms.

The table below indicates the increases to rating mechanisms to meet the indicative funding requirement for the activity. Note that current modelling is based on current capital value, water meter numbers and information. These may require some adjustment prior to confirmation of the Draft LTCCP.

2009/10 WATER RATING OPTIONS	Rate		\$ total		Increase
	2009/10	2008/09	2009/10	2008/09	
			\$000's	\$000's	
Total Expenditure (excl GST)			\$ 33,450	\$ 29,965	11.6%
Total Expenditure (incl GST)			\$ 37,631	\$ 33,710	11.6%
Base (residential) fixed charge	\$ 125.00	\$ 112.50	\$ 7,248	\$ 6,523	10%
Base (residential) rate cents per \$ CV	\$ 0.047455	\$ 0.042356	\$ 14,793	\$ 13,109	11%
Water meters (per m3)	\$ 1.78	\$ 1.58	\$ 12,956	\$ 11,526	11%
Water meters administration fee	\$ 107.00	\$ 84.00	\$ 340	\$ 299	21%
Commercial rate cements per \$ of CV	\$ 0.238798	\$ 0.240007	\$ 2,260	\$ 2,272	0%
Other income			\$ 33	\$ 30	10%
Total Income			\$ 37,631	\$ 33,759	11.5%

Note that the water meter administration fee has not been reviewed since 2004, with the Commercial rate in the dollar essentially taking up this fee increase. In conjunction with the opportunity to revise the administration fee in 2009/10 it is proposed to hold the commercial rate in the dollar charge for 2009/10.

5.1.2 Stormwater rates

Stormwater rates are funded by the commercial and base (residential) sectors based on the relative capital value of each sector. With a greater level of growth in the commercial ratepayer base relative to the residential sector over the last year it is appropriate to revise the stormwater rate funding split to reflect this. Accordingly it is proposed to amend the funding split basis from 80% residential and 20% commercial, to 77.50% residential and 22.5% commercial, to better reflect the distribution of the city's capital value.

5.1.3 Rates Differential

The Working Party has noted that the existing LTCCP proposes a shift in the general rates differential from 2008/09 when commercial property paid pay 3.8 times the General rate per dollar of capital value payable by those properties incorporated under the Base (Residential) differential. The proposed differential in 2009/10 is 3.45.

The differential was introduced in response It should be noted that despite the decrease in the differential from 7.1 to 1 in 2000, under a 3.45 differential in 2009/10 the commercial sector will continue to cross –subsidise the residential sector by approximately \$33.8 million. It is also pertinent to note that due to the increase in overall rates requirement, if the differential was held at 2008/09 levels, the level of cross subsidisation would increase to \$36.5m. This would be approximately \$1m higher than the \$35.6m of general rate cross-subsidisation in 2008/09.

In considering the application of the general rates differential it is also pertinent to note that there was no rating revaluation completed in 2008. This means that the variability in rates increases experienced in previous years will be less evident in 2009/10.

Changes to indicative rates including those calculated based on a rate per dollar of capital value are incorporated in the draft Funding Impact Statement.

5.2 Amendment to rates remission policies

5.2.1 Special circumstances remission

The Council's Rates Remission Policy contains a Special Circumstances Remission which accounts for the fact that not all situations in which it may be appropriate for the Council to remit rates will be necessarily known in advance or and/or provided for in specific rating policies. However the current policy is restricted to remission of the general rate. This limits the Council's ability to consider special remissions on targeted rates should it be prudent to do so. It is therefore proposed that the policy be amended to permit the remission of all or part of any rate in cases where the Special Circumstances Remission is applicable.

The broader rating policy also requires any rating decisions (including remissions) to be made prior to the start of the rating year. As circumstances in which a special remission might be considered are usually 'unforeseen' they will often arise after the start of the rating year. Accordingly for the policy to work effectively it makes sense for the policy to be amended to allow special circumstance remissions to be considered after the start of the rating year.

5.2.2 Rating of buildings under construction

i) Background

In recent months the Council has received a number of queries from commercial developers in regard to Council's policy on the rating of property during building development.

A number of developers contended that as they were not utilising services or generating income during development they should not be liable for rates on the value of improvements created, until the development is completed and the building is available for use.

In contrast the Council also received communication from existing property owners supporting the Council's current policy of rating both during development and developed property similarly, dependant on their relative capital value prior to the start of a new rating year.

For the purposes of addressing the concerns raised above, it is appropriate to consider three separate questions:

- should Council (QV) be re-valuing property under development?
- how should Council be rating such property?
- how do developers know (how much) they will be rated?

ii) Should the Council be re-valuing property under development?

Yes. The Valuation Act requires all Councils to revalue properties on a cyclical basis, at least every three years. Since 1995 Wellington City has used an annual revaluation cycle and will move to a 3 year cycle following a transitional revaluation in September 2009 (applicable for the 2010/11 rating year). The

Council contracts Quotable Value (QV) to carry out the revaluation process on its behalf.

In addition, the valuation rules require a property to be revalued prior to the start of a new rating year if value has been added to the property, through additional improvements.

While there was possibly a degree of conjecture historically (i.e. 8 -10 years ago) around the threshold for valuing property under construction, the valuation rules are now significantly clearer and applied more consistently across the country.

The requirement to revalue properties during construction outside the normal rating cycle or at building completion, usually only applies to larger commercial building consents as most residential constructions are completed within a year and are picked up through normal maintenance revaluation processes initiated in conjunction with building compliance certification process.

Developers have identified a number of instances where they believe the valuation of building under construction rules have not been consistently applied. Officers have undertaken a detailed investigation of all major building consents granted in the city since 2000. Of the 57 reviewed, officers concluded that it is probable that two properties were revalued to account for partial development a year later than they should have been. There are a further two properties that possibly should have been revalued at an earlier date, but for which the information available is not conclusive. The review has concluded that the timing of the revaluation of the remaining properties was correct.

The anomalies noted above have primarily arisen out of inconsistency in the threshold at which QV deems that building is sufficiently completed to warrant additional value being prescribed to the property. However QV has confirmed that all other metro TLA's re- value building under construction on a similar basis as is now being consistently applied in Wellington - and that this is in compliance with the valuation rules.

The Council has significantly enhanced the linkages through its building consent processes (recorded in Teamwork) and QV. This enables QV to be informed by Council of properties under construction that need to have their value re-assessed to determine whether prior the level of development completed warrants a change in value. In the case of property under development QV's valuation is based on an assessment of what the market would pay for the property in its partially completed state. The objection and valuation tribunal processes satisfactorily address valuation issues where the property owner or another interested party disagrees with the valuation assessment.

The Council's latest valuation services contract is also more specific in regard to QV's obligation in this area.

iii) How should Council rate such property?

Having established that it is appropriate that buildings under construction be revalued annually in line with valuation rules, the next question is how such property should be rated? This is a matter for each Council to determine under its rating policy.

A check on the rating policy of other metropolitan councils indicates that none have specific policies to provide for lower rates, differentials or remissions for buildings under construction. Accordingly, partially completed buildings are rated on a similar basis as completed buildings, albeit that their state of completion is reflected in the capital value prescribed. This approach is consistent with that of Wellington City.

One piece of correspondence received by the Council from a 'Concerned Developers' Group has questioned this approach. Their concerns included:

- *This action is making Wellington a less attractive place for developers to invest.* This is debateable as other Metros appear to have similar rating policies in regard to rating of buildings under construction.
- *Applying these additional rates to developments with no prior notice adds significant cost which may not have been factored into rentals or the overall business case. Many existing developers are under significant commercial pressure from increased costs.*
There is no doubt that the current development climate has placed increased cost and other financial pressure on developers. However such pressures confront various sectors of the rating base from time to time. Trying to address these issues through a change to rating policy is likely to set undesirable precedent in terms of rating equity and fairness. Experienced developers are aware of the revaluation process and should take revaluation considerations into account in developing their business case.
- *That buildings that are partially complete are unable to derive revenue to fund such additional rates impost.*
Given that rates are principally a property tax, taking revenue generating ability into account also potentially sets a dangerous precedent – and could be equally applied to vacant commercial space & even vacant residential houses. However the applicability of the Downtown levy to undeveloped property may be something that Councillors may wish to reconsider. This is discussed in more detail below.
- *That buildings under construction do not use the full range of city services*
Given that majority of rates (general rates and the sector targeted rate) are a property tax, actual use of services is largely irrelevant in establishing rateability. That said, it could be contended that buildings under construction actually incur a greater consumption of number of city services.

In regard to sewerage and water the Council's rating policy is clear about connection to services as the determiner for liability for rates. If property is not connected to the sewer/water network the property is not liable to be

charged for sewage/water, and/or in the case of water, when connected and where rated by meter, is only charged for the actual water consumed.

The Downtown levy does not fit specifically into either of these categories (i.e. property tax or rate for connection based service). However remitting this rate on the improvement value of a property only (i.e. to reflect the portion that was being developed) would be difficult to assess and administratively cumbersome.

An alternative to the current policy of rating properties under development in a similar way to fully developed properties could be to remove the liability for the Downtown Levy rate on all commercial rating units 'not fit for use' within the central city area.

If we assumed that approximately \$200 million of inner city property could be considered 'not fit for use' being under development at any time, based on the indicative Downtown Levy rate of \$1,386 / \$m of CV, to collect a total of \$10.5m (incl. GST), approximately \$270k of rates (\$36 / \$1m CV) would be need to be reallocated across remaining properties liable for the Downtown Levy.

There are a number of other factors that should be considered when reviewing the rateability of buildings under construction:

- Wellington has the highest commercial general rate differential in the country. Despite most other Council's having similar policies to Wellington (i.e. rated on the same basis as 'completed' properties), when combined with the impact of the Downtown levy the comparative impost of rates for developers of Wellington commercial property is likely to be higher than in other Councils.
- Both Porirua and Hutt City have previously implemented 'one-off' remission policies for specific major mall developments. Communication with officers has suggested that equity, precedent and administration factors made these remission policies difficult to administer. Neither have current specific rates remission policies in regard to properties under development.
- A few smaller provincial Councils around the country have more general economic development based rates remission policies. For example, one Council's rates remission policy includes Council discretion for remitting rates where a property development results in the attraction of a new business and jobs to the town. However this is considered difficult to administer by larger metropolitan TLA's.
- While valid reasons may exist for providing some financial relief, fundamental consideration needs to be given to precedent and the administrative encumbrances on managing any strategy. For these reasons in recent years Council has looked to alternative approaches to provide specific relief to ratepayers e.g. for heritage property relief.

iii) How do developers know how much they will be rated?

In recent discussions some developers have indicated that they did not know properties would be revalued for rating purposes during the construction period. This means that additions to improvement value during development of a property that spans more than one year, are updated on an annual basis. Some developers contend that because this additional cost was not incorporated in budgets for the development significant financial pressure is placed upon it.

This response is indicative of what developers consider to be historical inconsistency in the valuation of buildings under construction. Officer review indicates that while there are possibly four isolated cases where there was inconsistency in application of the valuation rules, the rules are clear and most developers are aware of both these and Council's rating policy. Officers' view is that any past anomalies to the benefit of the ratepayer do not provide sufficient grounds to knowingly ignore the valuation rules that are now quite explicit.

The inclusion of notification of the valuation rules and Council policy with building consent information and gaining agreement with Quotable Value in regard to what triggers a revaluation would assist in avoiding confusion amongst ratepayers in regard to the matter in future.

iv) Consideration of options

There is no doubt that under valuation legislation and rules Council's are required to revalue buildings under construction on an annual base to pick up 'growth' in value caused by building improvements to a property. There is no discretion in this regard.

How the property is rated having established a valuation is a rating policy decision.

Nearly all Councils in the country re-value buildings under construction annually and rate on a similar basis to fully developed property. However, there is a level of subjectivity in regard to thresholds at which a property is sufficiently developed to warrant an annual valuation re-assessment.

The arguments put forward by developers for a level of rates remission during (re)development are based largely on use of services and income generation principles. The Council's Revenue & Financing Policy principles make it clear that these factors are not considered in regard to general or sector targeted rates. These rates are fundamentally property taxes and are not related to the provision of a specific service.

The liability for sewerage and water rates is based on connection. Property owners have can decide whether or not they maintain a connection to a vacant or developing property.

The Working Party has spent a significant amount of time considering the varying viewpoints in regard to this issue, including meeting with developer representatives to hear their concerns.

The Working Party has considered three options in regard to the remission of rates for property during the development phase:

Option (a) Provide no remission

Rate properties undergoing building development on a similar basis to all other property i.e. based on the capital value of the property for general rates, sector targeted rates the downtown levy, and stormwater and on connection status for sewage and water. This is consistent with current policy, but does not address the concerns raised by developers.

Option (b) Remission on the Downtown Levy

Officers' view is that justification may exist for amending the liability for the Downtown Levy which is levied on commercial ratepayers in the central city area and funds those activities which are deemed to bring added commercial activity to the central city. These activities included Tourism Promotion, Visitor Attractions, Free Weekend Parking and 25% of the Galleries & Museums activity. The Downtown Levy could be remitted from vacant (unoccupied) land and land under development, on the basis that these properties are not receiving the benefits derived from activities funded by the levy.

The value of the remission would be respread across other downtown commercial properties only, as the Downtown levy only applies to central city commercial properties this would also avoid setting a precedent that unfairly disadvantages other ratepayers. However the Working Party was not unanimous that this would provide sufficient incentive, given the Downtown Levy makes up only 13% of the average commercial ratepayers rates.

Option (c) Remission of all rates (excluding water by meter) incurred on the increase in improvement value during the period of development. This option would provide a more comprehensive remission (including the general rate) by remitting all rates related to the increase in improvement value during the development phase. This would provide a greater level of benefit to properties during the development phase, but it contains a number of 'fish-hooks':

- it may be difficult to substantiate why a property under development should qualify but not a vacant property.
- it may be difficult to substantiate why residentially rated downtown property shouldn't also qualify for the remission on land under development or vacant and/or extend
- if the general rate is remitted the rates liability will be respread across all property not just those in the downtown area.
- if residential downtown property qualified for the remission then it may be difficult to substantiate why suburban residential or commercial property.
- opening the remission up citywide could make it very difficult to administer, particularly given vacant residential properties or those with shorter-term development timeframes could become eligible
- the extent of the remission may mean it is more likely to be subject to 'abuse'.

Due to the range of risks officers have not recommended this approach. However members of the Working Party have requested that officers continue to investigate alternatives that may provide a similar level of financial relief.

Given the potential difficulties mentioned above, should the Committee wish to provide specific support for large scale commercial development in the city it may be more practical to consider an alternative mechanism to rates remission, similar to those options discussed in relation to heritage relief, in section 5.3 of this report.

v) Recommendations

The Working Party did not reach a unanimous decision in regard to its recommendation. For the purposes of discussion it has recommended that the option (b) – the provision of remission of the Downtown Levy for commercial properties under development.

Aside from any rates relief initiative, it is recommended that advice to Quotable Value from Council in regard to potential requirement for revaluation be linked to trigger points within the building consent process

As a further tool to avoid doubt in regard to rates liability it is recommended that building consent information/guidelines are amended to include a statement in regard to rates obligations during the period of property development.

5.2.3 Rating of commercial accommodation

i) Background

The Council's policy in regard differentiating the rating treatment of property used for commercial versus residential accommodation is based on a simplified rule which has remained unchanged since the 1990's.

Separately rateable land used solely for one or more household units; excluding those properties that provide short stay (28 days or less) commercial accommodation for which a tariff is charged are rated under the Base (residential) differential.

Land used for commercial accommodation for which a tariff is charged and where the principal purpose is the provision of short stay accommodation is rated under the commercial differential.

This simple rule has worked effectively over a number of years, but a change in the ownership model used by a number of large scale accommodation developments has made differentiating between usage more difficult and administratively cumbersome. Many commercial accommodation buildings are now unit titled as separate rating units and may have individual owners.

The Council has had a number of queries from ratepayers during the year on this matter, mainly in regard to the rateability of rating units suspected of being used for commercial purposes.

It is therefore appropriate that the Council reviews its policy on the treatment of rating units used for short-term accommodation purposes as part of its long-term council community plan review for 2009. Given the enquiries received

from ratepayers on this matter it is prudent that the review of the Council's short-term accommodation policy is focused on how the Council can improve its ability to gather information on property usage to ensure that the correct differential rating category is applied to all rating units.

iii) Identifying rating units used for short-term accommodation

The first point to note is that the Council's rates, in accordance with the Rating Valuations Act 1998, are set on rating units. The specific title arrangements that a hotel or apartment building has in place will determine what constitutes a rating unit and consequently the building's rating treatment. In recent years there has been a significant increase in unit titling of individual rooms and apartments in both hotel and residential accommodation buildings. Under the Rating Valuations Act 1998 and the Rating Valuations Rules, each separate unit title constitutes a separate rating unit and is therefore valued individually and treated separately for rating purposes. This means that in buildings where apartments have separate unit titles and some apartments are used for short-term accommodation, and others are used for long-term accommodation, separate differential rating classifications may be applied to the separate rating units.

In contrast, many older hotel buildings in the city have a single title and are therefore treated as a single rating unit. As hotels are almost always principally used for short-term accommodation, the commercial differential is applied and, because these hotels constitute a single rating unit, the differential applies to the whole rating unit.

For hotels that also have parts used for long-term accommodation, the Council's policy on the division of rating units is relevant. This policy provides for the division of a rating unit into separate differential rating classifications where there are two separately identifiable parts of a rating unit that are clearly used for different purposes which would, if they were separate properties, be rated differently. The relevant property must have a capital value of over \$800,000 and the minority use must make up more than 30% of the total capital value of the property. If these two criteria are met the Council may record a division in the rating information database so that the property can be split for rating purposes. This is common particularly in multi-storey buildings where part of a property is used as a commercial business and part as a residential flat. It can also apply to hotels where part of a rating unit is used for short-term accommodation and another part of the rating unit is used for long-term or permanent apartment accommodation.

The second point to note is that the identification of properties used for short-term accommodation is not straightforward. The Council generally aligns the rating categorisation with the use category identified by its valuers, Quotable Value. It also uses other mechanisms to ensure that the rating unit's differential rating classification is correct. However, with more than 70,000 properties on its rating information database, the Council, to an extent, relies on information it receives from ratepayers. The Council requests that all new rating units, and rating units which the Council suspects may be being used for short-term

accommodation purposes, fill out a usage declaration informing the Council of the use to which the rating unit is put.

Although advertising is used by the Council as an indicator of a rating unit's use, we are aware of cases where a management company advertising apartments for short-term accommodation, also has a number of individual units in the same building that are used principally for long-term accommodation. From experience we know that the absence of specific advertising for long-term accommodation does not necessarily mean a property (or group of properties) is used solely for short-term accommodation purposes.

In addition, the market for short-term and long-term accommodation is dynamic with many properties moving from one use to the other in the course of a year. However, the Council cannot alter a property's differential category during a rating year if its use changes (and this is expressly addressed in the Council's rating policy at page 73 of the 2008-2009 annual plan). This is because the Council sets the rates for a property at the start of the year as part of its annual planning process to ensure that it has sufficient funds to pay for the services it will provide to ratepayers over the coming year.

Rates are therefore set on the Council's understanding of the principal use of a property prior to the start of the rating year which commences on 1 July. If the principal use of a property changes during a rating year, the Council's rating policy places the obligation on the ratepayer to advise the Council of this change. The Council then amends the differential rating category for the following rating year. However, if the Council discovers part way through the rating year that the property's use was incorrectly recorded prior to the start of the rating year, the Council will issue an amended assessment and seek to recover any difference in rates between what was originally assessed and what has subsequently been assessed under the correct differential rating category.

iv) "Principal use" test

If a property is used principally for long-term accommodation then for rating purposes the property is rated under the base differential. Where a property is identified as being used principally for short-term accommodation the property is treated as being used for commercial purposes and rated accordingly.

The term "principal use" is interpreted by the Council to mean the proportion of the year that the property is used for a particular purpose. If the Council considers that a property is being used for short-term accommodation purposes for the majority of the year, then the Council will treat the property as falling within the Commercial differential. The term "principal use" does not refer to the proportion of apartments/rooms in a hotel or apartment building used for short-term accommodation purposes as this approach would not be suitable in circumstances where buildings are unit titled and each apartment constitutes a separate rating unit; Nor does the term "principal use" refer to advertised usage – this is important as a building run by a management company, sometimes operating as a 'hotel' and advertising as such, may contain a number of individual rating units that are used for long-term (residential) accommodation purposes.

The Council's test allows us to determine whether the rating unit, rather than the building (which is not a relevant consideration for the Council), is being used principally for short-term accommodation purposes.

It is important to point out that in the situation where the Council is not immediately informed of a minor change of use (e.g. long-stay to short-stay accommodation or vice-versa) the Council does not “miss out” on any rates revenue. This is because it sets its rates revenue requirement at the start of the rating year based on the rates it needs to collect to pay for Council services in the coming year and spreads this across the capital value of all properties identified on its rates database at that time. If anything, it would mean that all other ratepayers may pay a fraction more or a fraction less due to the temporary misclassification of another property.

v) Options

The current policy is simple and clearly differentiates commercial from residential accommodation. The policy is generally well understood and there appears little is to be gained from changing the fundamentals of this policy.

The main challenge for Council is in ensuring that the usage of a property is accurately reflected in its rating categorisation. However the Council's ability to identify a rating unit's use hampered by both the dynamic market for short-term accommodation and variable ownership structures increasingly prevalent in multi-unit accommodation buildings.

The Council's current policy states that rates for a property must be set prior to the start of a rating year. This provides a level of surety for the Council that when it sets its rates the rating factors (rate in \$ etc) will be sufficient to meet its funding requirement. Given the challenge of identifying usage changes annually, there appears little to be gained from attempting to revise categorise within a rating year.

The Council could consider treating all apartments in the central Wellington area under the commercial differential category until it receives a usage declaration and supporting information from the ratepayer that the rating unit is being used for residential purposes. This would need to be done annually and could be considered an unnecessary impost on long term residential apartment dwellers.

The Council's policy presently places the onus on the ratepayer to inform the Council if there is a change in usage which warrants a change in rating category. We also request usage declaration fro properties that a known to have variable usage or where evidence suggests a change to commercial usage. Otherwise there is little incentive for the ratepayer to advise of a change of use from long stay (residential) to short stay (commercial) accommodation usage.

An option to reduce the rating impost of commercial accommodation usage compared to residential (and possibly reduce the disincentive to advise of the Council of a change to commercial usage) could be for the Council to create a separate rating category for commercial accommodation with rates applied at a level between the existing residential and commercial differentials. However

this would likely set an undesirable precedent when compared to other commercial uses, particularly given that commercial accommodation providers are the principal beneficiaries of a range of activities to which commercial rates contribute.

vi) Conclusion/recommendation

Given that the policy is generally well understood and there appears to be little to be gained from changing the fundamentals of this policy. Accordingly no change is recommended to the policy itself, with the exception of a small wording change in the reference to short stay accommodation:

*“Separately rateable land used solely for the purpose of one or more housing units; excluding those properties that are used **principally** for the provision of short stay (28 days or less) accommodation for which a tariff is charged.*

In addition it is recommended that officers continue with the rating categorisation measures recently introduced including increased use of rating declarations:

- a) seek annual ‘declarations of use’ from properties with known variable use.
- b) to seek ‘declarations of use’ from all properties that have undergone development, where the building consent indicates a possible change of use.
- c) to seek annual declarations of use from any property or contiguous group of rating units which advertises as a provider of short stay accommodation but is partially rated as a residential accommodation provider.

5.3 Heritage relief

The 2008 policy review considered a number of options for heritage relief. Of the eight options recommended by officers, two were considered by the working party.

- A rates remission policy for all commercial listed heritage buildings in the city and commercial buildings that are considered ‘contributors’ in a heritage area. The additional cost to ratepayers was approximately \$500,000.
- The introduction of a Resource Consent Waiver subsidy fund to reflect that the main resource consent trigger for many heritage properties is the listing status of the building. The additional cost to ratepayers was approximately \$50,000 per annum.

Officers were also requested to complete a review of options for support to owners of listed heritage buildings in the preparation of the 2009/19 LTCCP.

Officers have subsequently concluded that the general bluntness of rating mechanisms means that a rates remission is unlikely to provide the appropriate or intended solution. Reasons for this include:

- Difficulty in determining applicability
- Difficulty in getting consistency in regard to duration of any remission

- Inability to appropriately target those most effected by heritage regulations, for example a lower value residential property may be severely impacted, but low rates level would limit the value of remission applicable, compared to, say, a higher value commercial property.

Other relief mechanisms considered in the 2008/09 review but not developed further include:

- **“Augmented built heritage grants funding for major projects** (defined as \$50,000 plus) where change is involved (e.g. earthquake strengthening or contributing to refurbishing for new activities);
- **Rates postponement** and rates remission as a public good contribution to **minor** (less than \$50,000) built heritage project work delivering heritage outcomes;
- Additional general rate funded allocation to **built heritage information, advice, advocacy and celebration of good practice.**
- **Heritage purchase and restoration fund;** consideration might also be given to provision of a ‘heritage purchase and restoration fund’ which could act as an emergency contingency fund to enable limited but urgent discretionary expenditure to address unexpected heritage opportunities or risks.
- The **Building Act** enables a council to adopt policies providing for dispensations and waivers around Heritage Buildings. This can avoid situations where slavish compliance will compromise the heritage building. Auckland City has adopted a framework that provides useful guidance for Wellington City to consider in terms of extending its current policy.
- The provision of **heritage guidance notes**, educational materials, officer advice, and access to information is important in supporting the council’s Resource Management Act policies and rules in the District Plan. It is suggested that these activities should at the very least continue at current levels, or ideally receive further funding support.

Officers have further advised that the appropriate tool for providing or allocating financial relief to properties negatively impacted by the Council’s heritage policy, is likely to be dependant on the level of expenditure (whether through direct expenditure, grants/subsidies or remissions) allocated to this initiative.

In March 2008 the Council agreed to the inclusion in the 2008/09 Draft Annual Plan of a Resource Consent Waiver subsidy fund of \$50,000 for listed heritage buildings.

In November 2008 the Council working party also considered a number of ‘savings’ options recommended by officers for the 2009/19 LTCCP, in light of the global recession and the impact of growing affordability issues on rate increases. Under the 2008/09 Plan Council proposed to cease the Heritage Grant funding pool after 2011/12. The current draft 2009/19 LTCCP budget

brings this forward with funding ceasing at the end of 2008/09. The reduction in this subsidy fund will reduce the rate impact by \$329k per annum from 2009/10.

The Working Party recommends:

- the continuation of the Resource Consent Waiver subsidy fund as recommended by SPC March 2008.
- referring the dispensing with the \$329k annual Heritage grants programme to the Strategy and Policy Committee, noting that some Working Party members expressed concern over its removal.
- acceptance that a rates remission is unlikely to fulfil the intended outcome or need in regard to heritage incentives or financial relief
- agreement that other Heritage financial incentives have been reviewed and might be appropriate mechanisms to support Council's heritage policy objectives.

6. Investment and Liability Policies

6.1 Liability Policy

Officers, working with the Councillors treasury advisors have reviewed the Councils Liability (borrowing) Policy and have recommended some minor changes to the Council's liquidity and interest rate risk management maturity profile limits. The resulting recommendations are as follows:

Interest Rate Risk Management

We propose to amend the Council's interest rate risk maturity profile limits, by increasing the minimum proportion fixed borrowing (maturing in greater than one year) falling in 5 to 10 year maturity profile from 15% to 20% and increasing the maximum cover in each of the 1 - 3, 3 - 5 and 5 -10 year profiles from 50% to 60%.

Fixed Interest Rate Maturity Limit Profiles				
	Minimum cover		Maximum cover	
	Existing	Proposed	Existing	Proposed
1 to 3 years	20%	20%	50%	60%
3 to 5 years	20%	20%	50%	60%
5 to 10 years	15%	20%	50%	60%

These minor changes provide increased flexibility in the management of Council's fixed interest rate risk and further enhance the ability for Council to achieve an optimal balance between risk management and cost of borrowing.

Liquidity Management

The Council minimises its liquidity risk by avoiding concentration of debt maturity dates and by maintaining committed borrowing facilities at a level that exceeds 110% of projected peak borrowing levels over the following twelve months. The Council only draws or borrows against these facilities as required.

The Council also avoids exposure to liquidity risk by managing the maturity of its borrowing programme within maturity limits. We propose to amend the

maturity limits for the proportion borrowing that the Council can have in each of its fixed maturity profiles. These amended levels are consistent with sector benchmarks and reflect the movement in the sector risk profile since the policy was last reviewed.

Liquidity / Funding Risk Control Limit Profiles				
	Minimum cover		Maximum cover	
	Existing	Proposed	Existing	Proposed
1 to 3 years	10%	20%	50%	60%
3 to 5 years	20%	20%	50%	60%
5 to 10 years	10%	15%	50%	60%

7. Conclusion

The Funding and Activity Review Working Party has performed its annual review of the Council's Revenue and Financing Policy.

The Working Party has focused on those activities that draft 2009/10 budgets indicate are non-compliant with the existing policy and on specific funding issues raised since the 2008 review, including rates remission policies.

Some minor amendments have also been recommended to Asset Management Plans to reflect the financial impact of contractual obligations or the need for other changes, for example, where a condition assessment has identified the need for remedial action earlier than previously forecast.

In recognition of the fact that the principles on which the existing Policy is based remain sound, the review has been conducted on an exceptions basis. Consideration has also been given to the key principle that where practical fees should be reviewed on an annual basis to avoid large 'one off' increases, while also being mindful of the need for balance in regard to impact on both users of the city's services and ratepayers. In isolated cases where more significant increases are required, such as in the Water the Working Party has recommended a pragmatic approach, spreading the additional burden across all ratepayer categories.

Contact Councillor: Andy Foster, Chair Funding and Activity Review Working Party

Contact Officer: Andy Matthews, Manager Funding & Financial Strategy

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Fees and User Charges

Our Revenue and Financing Policy guides our decisions on how to fund Council services. Under the policy, we take into account who benefits from a service (individuals, parts of the community, or the community as a whole) to help us determine how the service should be funded. The policy sets targets for each Council activity, determining what proportion should be funded from each of user charges, general rates, targeted rates and other sources of income.

For 2009/10, in line with that policy, we are proposing some changes to fees and charges in the following areas.

- Development control and facilitation
- Swimming Pools
- Recreation Centres
- Libraries
- Burials and Cremations
- Sportsfields
- Marinas
- Waste Minimisation and Disposal
- Sewerage Treatment and Disposal
- Road Encroachment and Sale Policy

New fees will be implemented as of 1 July 2009 and are inclusive of GST unless otherwise stated. For more information see www.Wellington.co.nz

Note that the following list of fees and charges is not a complete list of all fees and charges levied by the Council. It consists of those fees and charges subject to consultation and which are proposed to change from 1 July 2009.

Development control and facilitation

We are proposing to increase our fees for development control and facilitation work, including fees for consents, compliance monitoring and enforcement.

	Current Deposit / Fee	Proposed Deposit / Fee
Resource Consent Fees Service		
The following four deposit fees have been amended to better reflect estimated officer time on consent applications. Final fees payable are on actual officer time, administration and other disbursement costs.		
Pre-application meetings: planner / expert / compliance officer (2 hours total officer time free, then per hour).	\$125.00	\$130.00
Non-notified consent: subdivision and/or land use - deposit includes allowance for up to 8 hrs planner / advisor, 1 hr admin, \$45 disbursements	\$1,100.00	\$1,150.00
Limited notified consent: subdivision and/or land use – deposit includes allowance for up to 30 hrs planner / advisor, 8 hr admin, \$580 disbursements	\$4,500.00	\$5,000.00
Notified consent: subdivision and/or land use - deposit includes allowance for up to 75 hrs planner /	\$8,000.00	\$12,500.00

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Resource Consent Fees Service	Current Deposit / Fee	Proposed Deposit / Fee
advisor, 8 hr admin, includes \$1,500 towards cost of public notices and \$830 general disbursements. Note: The change proposed for notified consents reflects an increase to the 35 deposit hours in 2008/09 to better reflect officer time and cost.		
All other approvals including: Non-notified resource consent application for earthworks only, Outline Plan approval; NES approval; Certificate of Compliance; Extension of time (s125); Change or cancellation of conditions (s127); Consents notices (s221); Amalgamations (s241); easements (s243), Right of Way or similar - up to 6 hrs Planner / Advisor, 1 hr admin, \$55 disbursements	\$850.00	\$900.00
Certificates: Town Planning, Sale of Liquor, Overseas investments, LMVD - up to 2 hrs Planner / Advisor, 1 hr admin,	\$315.00	\$325.00
Fast Track - non-notified consents only - issued with 10 days (criteria applies, and applications will only be accepted on a case by case basis)	2 x normal fee	2 x normal fee
Fast Track - non-notified consents only - issued with 5 days (criteria applies, and applications will only be accepted on a case by case basis).	3 x normal fee	3 x normal fee
<i>Additional Charges</i>		
Cost of all disbursements i.e.: venue hire, photocopying, catering, postage, public notification	Variable - based on actual cost	Variable - based on actual cost
Councillor costs per hour for any hearing		
- Chairperson	\$85.00	\$85.00
- Other	\$68.00	\$68.00
- Specialist consultant report	Variable - based on actual cost	Variable - based on actual cost
Independent Commissioners	Variable - based on actual cost	Variable - based on actual cost
Additional hours (per hour):		
- All consents: additional processing hours (per hour) – planner/advisor / compliance officer	\$125.00	\$130.00
- All consents: additional processing hours (per hour) – administrative officer	\$65.00	\$65.00
<i>Bylaw Application</i>		
Applications relating to signs (Commercial Sex Premises) -up to 6 hrs	\$750.00	\$780.00

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<i>Compliance Monitoring</i>		
Monitoring Administration of Resource Consents: subdivision or land use – minimum of 1 hr, (previously based on up to 2 hrs), – then based on actual time over and above that.	\$250.00	\$130.00
Cost of disbursements, e.g. materials, consultant investigations	Variable - based on actual cost	Variable - based on actual cost
Additional hours (per hour):		
- planner / expert / compliance officer	\$125.00	\$130.00
- administrative officer	\$65.00	\$65.00

<i>Subdivision Certification</i>		
<i>Below are minimum fees. Charges will be based on actual time if over and above that.</i>		
Stage certification: each stage for s223, s224(f), s226 etc - up to 2 hrs,	\$250.00	\$260.00
Combination of two or more Stage certifications: s223, s224(f), s226 etc - up to 4 hrs, (previously based on 3.5 hrs)	\$450.00	\$520.00
Certification s224 (c) - up to 4 hrs, (previously based on 2 hrs)	\$250.00	\$520.00
All other RMA and LGA certificates, sealing, transfer documents etc - up to 2 hrs - disbursements will be on-charged	\$250.00	\$260.00
Bonds: each stage of preparation or release - up to 2 hrs	\$250.00	\$260.00

<i>Terms and late payment</i>		
Deposits and additional fees:		
<ul style="list-style-type: none"> - As set out above, the fees are based around initial deposits with further charges to be invoiced if there is additional time spent processing requests or disbursements incurred. Initial deposits will be required prior to the processing of requests. Additional fees and refunds will only be payable / refunded for amounts greater than \$65 		
Terms for payment:		
<ul style="list-style-type: none"> - Payment of additional fees are due by the 20th of the following month from invoice being processed. Where payment is not made by the 20th of the month following the date of the invoice, the customer agrees to pay council the following: <ul style="list-style-type: none"> - An additional / administrative fee of the lesser of 10% of the overdue amount or \$300 - All costs and expenses (including debt collection or legal fees), incurred by the council in seeking to recover the over-due amount, and - Daily interest (rate of 15% p.a.) from the date of default 		

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Swimming Pools

We are proposing to increase our range of fees for swimming pools by an average of 5.4%. Fee increases include:

Khandallah Pool	Current Fee	Proposed Fee
Adult Swim	\$0.00	\$2.00
Child Swim	\$0.00	\$1.00

All Other Pools	Current Fee	Proposed Fee
Adult Swim	\$5.00	\$5.30
Child Swim	\$3.00	\$3.20
Under 5 Swim	\$1.00	\$1.10
Adult - Passport to Leisure	\$2.50	\$2.70
Child - Passport to Leisure	\$1.50	\$1.60

For a complete list of proposed fee changes see www.Wellington.co.nz

Recreation Centres

We are proposing to increase some fees for recreation centres. These include:

	Current Fee	Proposed Fee
Adult – per admission	\$2.00	\$3.00
Child – per admission	\$1.00	\$1.50
Adult - Passport to Leisure - per admission	\$1.00	\$1.50
Gym hire per hour	\$40.00	\$40.00
Leagues		
Miniball (Nairnville and Kilbirnie) (1/2 Court)	\$155.00	\$170.00
Miniball (Karori) (Full Court)	\$185.00	\$200.00
Child Basketball	\$185.00	\$200.00
Netball	\$420.00	\$440.00
Holiday Programmes		
Daily	\$20.00	\$25.00
Trip	\$30.00	\$35.00
After Care	\$8.00	\$10.00

For a complete list of proposed fee changes see www.Wellington.co.nz

Libraries

We are proposing to increase some fees for Library services.

	Current Fee	Proposed Fee
DVD Boxed sets (fee per week)	\$5.00	\$8.00
Audio Book (per loan)	\$1.00	\$3.00

No other fee changes are proposed for Library services.

Burials and Cremations

We are proposing to increase our fees for burials and cremations.

Burials and Cremations	Current Fee	Proposed Fee
Karori Cemetery		

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Burials and Cremations	Current Fee	Proposed Fee
Rose Garden Plots:		
Ash Plots (2 interments)	\$720.00	\$800.00
Interment Fees		
Second Interment	\$1,015.00	\$1,100.00
Ashes	\$100.00	\$120.00
Extras:		
Extra Width (per 300mm)	\$130.00	\$150.00
Extra Depth (per 300mm)	\$180.00	\$200.00
Breaking Concrete Floor	\$180.00	\$200.00
Grave Reuse (Disinterment, dig down, Reinter below new burial. Requires Disinterment license.)	\$1,600.00	\$1,800.00
Core Drilling Ash Interments (Karori Only)	\$200.00	\$220.00
Ash Disinterment	\$210.00	\$220.00
Muslim Boards (Adult)	\$150.00	\$165.00
Muslim Boards (Child)	\$90.00	\$100.00
Change of Deed	\$50.00	\$60.00
Permit fee for Monumental work	\$120.00	\$80.00
Non-compliance fee for no permit	\$0.00	\$50.00
*Outside district fee-casket interment	\$0.00	\$850.00
*Outside district fee-ashes	\$0.00	\$400.00
*Outside district fee-cremation	\$0.00	\$275.00
Outside district fee-Indigent cremation/burial	\$0.00	\$130.00
Plot search charges. 1-3 no charge. 4> \$1 per search. \$2 a photo	\$0.00	\$1.00
<i>*Applies to all plot purchases, where deceased has lived outside city for the last 5 years or more.</i>		
<u>Makara Cemetery</u>		
Second Interments:		
All sections	\$790.00	\$1,100.00
Interment Fee	\$800.00	\$900.00
Funerals booked after 3:30pm	\$100.00	\$150.00
Late Service fee for burial per 1/2 hour	\$130.00	\$100.00
Overtime:		
Casket Interment (weekend)	\$450.00	\$500.00
Ash Interment (weekend)	\$180.00	\$200.00
Ash Plots:		
Ash Beam		
Interment Fee	\$100.00	\$120.00
Ash Circle		
Plot	\$500.00	\$425.00
Maintenance Fee	\$0.00	\$125.00
Interment Fee	\$100.00	\$120.00
Cremations and Ashes		
Adult:		
Delivery Only	\$535.00	\$550.00

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Burials and Cremations	Current Fee	Proposed Fee
Committal Service (1/2 Hour)	\$540.00	\$610.00
Full Service (1 Hour)	\$590.00	\$650.00
Funerals Booked after 3:30pm	\$100.00	\$150.00
Chapel Hire:		
Per 1/2 hour	\$100.00	\$120.00
Chapel Hire for Burials & Cremations per 1/2 hour	\$130.00	\$160.00
Ashes:		
Interment of Ashes	\$100.00	\$120.00
Disinterment of Ashes	\$200.00	\$220.00
Ash Scattering	\$60.00	\$75.00
Miscellaneous:		
Plaque Placement/Removal	\$60.00	\$80.00
Late Charge fee[per 1/2 hour]	\$130.00	\$100.00
Bio Tissue Cremation [Wellington Hospital]	\$525.00	\$550.00

Sportsfields

We are proposing to increase our fees for sportsfields.

Sportsfields	Current Fee	Proposed Fee
Cricket		
Casual		
Level 1	\$235.00	\$242.00
Level 2	\$155.00	\$160.00
Artificial pitch on concrete base	\$100.00	\$103.00
Artificial pitch on grass base	\$100.00	\$103.00
Seasonal		
Level 1	\$1,770.00	\$1,825.00
Level 2	\$1,480.00	\$1,525.00
Level 3	\$865.00	\$890.00
Artificial pitch on concrete base	\$590.60	\$610.00
Artificial pitch on grass base	\$472.50	\$485.00
Rugby, League, Soccer, Aussie Rules		
Casual		
Level 1	\$85.00	\$88.00
Level 2	\$65.00	\$67.00
Level 3	\$50.00	\$51.50
Seasonal		
Level 1	\$1,225.00	\$1,260.00
Level 2	\$930.00	\$960.00
Level 3	\$790.00	\$815.00
Softball		
Casual		
Level 1	\$105.00	\$110.00
Level 2	\$75.00	\$77.00

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Sportsfields	Current Fee	Proposed Fee
Seasonal		
Level 1	\$450.00	\$465.00
Level 2	\$300.00	\$310.00
Touch, 5-a-side, Ultimate Flying Disk, Gridiron		
Casual		
Level 1	\$110.00	\$115.00
Level 2	\$90.00	\$93.00
Seasonal		
Level 1	\$930.00	\$960.00
Level 2	\$720.00	\$740.00
Netball - per Court		
Court per season	\$85.00	\$88.00
Off-season or organised	\$5.50	\$6.00
Casual	\$26.00	\$27.00
Tennis		
Court per season	\$115.00	\$118.00
Off-season or organised	\$10.50	\$11.00
Casual	\$26.00	\$27.00
Cycling		
Casual	\$105.00	\$108.00
Seasonal	\$1,065.00	\$1,095.00
Athletics		
Casual	\$385.00	\$395.00
WRFU Speed Trials	\$85.00	\$88.00
Seasonal	\$6,430.00	\$6,620.00
Croquet - one lawn		
Casual	\$105.00	\$108.00
Seasonal	\$485.00	\$500.00
Training		
Ground only:		
1 night	\$65.00	\$67.00
1 night (season)	\$230.00	\$240.00
2 nights (season)	\$460.00	\$480.00
3 nights (season)	\$690.00	\$720.00
4 nights (season)	\$925.00	\$960.00
5 nights (season)	\$1,155.00	\$1,200.00
Training		
Ground and Changing Rooms:		
1 night	\$115.00	\$118.00
1 night (season)	\$490.00	\$505.00
2 nights (season)	\$980.00	\$1,010.00
3 nights (season)	\$1,470.00	\$1,515.00

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Sportsfields	Current Fee	Proposed Fee
4 nights (season)	\$1,960.00	\$2,020.00
5 nights (season)	\$2,450.00	\$2,525.00
Elite Parks		
Rugby League Park	\$390.00	\$400.00
Newtown Park	\$390.00	\$400.00
Picnics	\$36.00	\$37.00
Marquees		
Booking Fee (non-refundable)	\$51.50	\$53.00
Marquee up to 50m2	\$310.00	\$320.00
Marquee up to 100m2	\$515.00	\$530.00
Marquee > 100m2	\$825.00	\$850.00
Add-Ons		
Groundsman - hourly rate (minimum 2 hours)	\$21.00	\$22.00
Toilets Open	\$21.00	\$22.00
Toilets and Changing Rooms Open	\$51.50	\$53.00
Litter collection	discretion	
Golf Course		
Passport to Leisure - Round	\$6.50	\$6.70
Adults - Round Weekdays	\$13.00	\$13.50
Adults - Round Weekend	\$19.00	\$19.50
Junior - Round	\$6.50	\$6.70
Passport to Leisure - Yearly	\$170.00	\$175.00
Passport to Leisure - Half Yearly	\$95.00	\$98.00
Adults - Yearly	\$335.00	\$345.00
Adults - Half Yearly	\$190.00	\$195.00
Juniors - Yearly	\$80.00	\$82.50
Trundler Hire	\$5.50	\$5.50
Club & Trundler Hire	\$16.00	\$16.50
Club Hire	\$10.50	\$11.00
Nairn Ville Synthetic Turf		
Casual		
Peak (per hour)	n/a	\$40.00
Off Peak (per hour)	n/a	\$25.00
Seasonal		
Peak (affiliated sports club) (per hour)	n/a	\$34.00
Off Peak (affiliated sports club) (per hour)	n/a	\$21.25
Junior/College (per hour)	n/a	\$17.00
Notes:		
<i>Charges for events, tournaments and commercial activities are by quotation.</i>		
<i>Charges for charity events will be charged at the Operation Manager's discretion.</i>		

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Marinas

We are proposing to increase our fees for Marinas.

	Current Fee	Proposed Fee
Clyde Quay Marina - Facility Type		
Boat Shed (2 to 13)	\$1,881.00	\$1,938.00
Boat Shed (14 to 27)	\$1,692.00	\$1,743.00
Boat Shed (38B)	\$1,356.00	\$1,398.00
Boat Shed (38A to 42B, 48A and 48B)	\$1,950.00	\$2,010.00
Boat Shed (43A to 47B)	\$2,256.00	\$2,325.00
Moorings	\$891.00	\$918.00
Dinghy Racks	\$159.00	\$164.00
Evans Bay Marina - Facility Type		
Berths (12m to 20m)	\$2,382.00	\$2,382.00
Berths (8m)	\$1,407.00	\$1,407.00
Boat Shed Small	\$939.00	\$939.00
Boat Shed Medium	\$1,878.00	\$1,878.00
Boat Shed Large	\$2,817.00	\$2,817.00
Dinghy Lockers	\$282.00	\$282.00

Waste Minimisation and Disposal

We are proposing to increase our fees for waste disposal.

General	Current Fee	Proposed Fee
Landfill levy (per tonne inclusive of recycling levy)	\$82.00	\$93.25
Rubbish Bags (RRP each)	\$1.85	\$1.96

Sewerage Treatment and Disposal

Trade Waste Charges	Current Fee	Proposed Fee
Volume up to 100m ³ per day	\$0.20	\$0.19
Volume between 100m ³ and 7,000m ³ per day	\$0.10	\$0.10
Volume above 7,000m ³ per day	\$0.73	\$0.68
Suspended solids up to 1,575kg per day	\$0.24	\$0.28
Suspended solids above 1,575kg per day	\$0.24	\$0.29
BOD above 3,150kg per day	\$0.57	\$0.67
BOD above 3,150kg per day (from 1 July 2009)	\$0.54	\$0.56

Road Encroachment and Sale Policy

The Road Encroachment and Sale Policy guides the Council's decisions, as land owner, for granting permission for property owners to use road reserve for private use. The policy also permits the sale of road reserve (road stopping) in certain situations and outlines the process for doing this.

The following increases are proposed for the fees associated with the policy:

	Current Fee	Proposed Fee

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One-off fees		
Application fee for a new encroachment	\$150.00	\$400.00
Administration fee for a change of use or ownership	\$50.00	\$65.00
Annual rental		
Annual rental fee per m ²	\$10.00	\$11.25
Minimum charge on the annual rental fee	\$35.00	\$90.00

These increases are to enable the Council to recover the costs associated with encroachments. The increase to the annual rental fee is based on the cumulative Consumer Price Index (CPI) change since the fees were last reviewed in 2004.

It is also proposed that the policy is amended by:

- increasing the annual rental fee annually by the Consumer Price Index (CPI), with this fee being reviewed every three years through the LTCCP process
- removing the minimum area (3.5m²) relating to the minimum charge
- changing the definition of significant trees and vegetation to include a broader range of factors
- removing the “life of a building” definition as 66 years
- including “boatsheds” in the definition of a structure
- removing out-of-date references in the policy.

Further information on the proposed fees and policy changes, including a full copy of the amended policy, is available on request. Please contact the Council on 499 4444 for this information.

Rating Mechanisms

SCOPE OF AMENDMENTS

We are proposing some changes to the Council's rating mechanism from 2009/10. These include:

General Rates Differential

A shift in the general rates differential from 2008/09 where commercial property paid pay 3.8 times the General rate per dollar of capital value payable by those properties incorporated under the Base (Residential) differential. The proposed differential in 2009/10 is 3.4.

Targeted water rates

As a result of increased costs of water network, collection and treatment activities we propose increases to fixed portions of this targeted rate as follows:

Fixed charge for base (residential) sector properties without a water meter from \$112.50 to \$125.00 (including GST).

Annual administration charge for properties with a water meter from \$84.00 to \$107.00 (including GST).

Water consumptions charge for properties with a water meter from \$1.58 per cubic metre to \$1.78 per cubic metre (including GST)

Targeted stormwater rates

Stormwater rates are funded by the commercial and base (residential) sectors based on the relative capital value of each sector. For 2009/10 it is proposed to revise this basis from 80% residential and 20% commercial, to 77.25% residential and 22.5% commercial, to better reflect the distribution of the city's capital value.

Change to funding of Indoor Community Sports Centre

In 2007 the Council resolved to fund 25% of the anticipated capital cost of the ICSC through a targeted rate (based on capital value) across all ratepayers, with the remaining capital cost funded through borrowing and repaid over the life of the asset through depreciation. From 2009 we are proposing that the full cost be funded through borrowings.

Changes to indicative rates calculated based on a rate per dollar of capital value are incorporated in the draft Funding Impact Statement (refer to Report 9).

RATES

Rates are assessed under the Local Government (Rating) Act 2002 on all rateable rating units in the Rating Information Database. Where rates are based on value, the capital value of the property as assessed annually by Quotable

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Value New Zealand Limited will apply. The latest revaluation was carried out as at 1 September 2007 and will be effective for the 2008/09 rating year.

Policy Objective

- To provide the Council with adequate income to carry out its mission and objectives.
- To support the Council's achievement of its strategic objectives.
- To be simply administered, easily understood, allow for consistent application and generate minimal compliance costs.
- To spread the incidence of rates as equitably as possible, by balancing the level of service provided by the Council with ability to pay and the incidence of costs in relation to benefits received.
- To be neutral in that it does not encourage people to redirect activity in order to avoid its impact.
- To reflect the decisions of the Council's policies and rating reviews.

GENERAL RATES

General rates are set under section 13 of the Local Government (Rating) Act 2002 on all rateable rating units in the City of Wellington.

The Council proposes to set a general rate based on the Capital Value of each rating unit within the city.

The general rate will be set on a differential basis, based on land use. All rating units (or part thereof) will be classified for the purposes of General rates within one of the following rating differentials:

DIFFERENTIAL RATING CATEGORIES NON-RATEABLE

Included any land referred to in Part 1, Schedule 1 of the Local Government (Rating) Act 2002). This land is non-rateable with the exception of targeted rates for sewerage and water where rates are applicable.

50 PERCENT NON-RATEABLE

Includes all land referred to in Part 2, Schedule 1 of the Local Government (Rating) Act 2002. This land is 50 percent non-rateable in respect of the rates that would have applied had the property not been classified as non-rateable, with the exception of targeted rates for sewerage and water for which the land is fully rateable.

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BASE DIFFERENTIAL

This includes:

- a) Separately rateable land used solely for one or more household units; excluding those properties that are used principally to provide short stay (28 days or less) commercial accommodation for which a tariff is charged
- b) Vacant land zoned residential
- c) Rural land (including farmland and lifestyle blocks) under the District Plan that is administered by Council, but excluding any rating unit that is zoned rural industrial
- d) Separately rateable land occupied by a charitable organisation, which is deemed by the Council to be used exclusively or principally for sporting, recreation or community purposes and that does not generate any private pecuniary profit.

COMMERCIAL, INDUSTRIAL AND BUSINESS DIFFERENTIAL

This includes:

- a) Separately rateable land used for a commercial or industrial purpose
- b) Vacant land zoned commercial, industrial or rural industrial under the District Plan administered by the Council
- c) Land used for offices, administrative and/or associated functions
- d) Land used for commercial accommodation for which a tariff is charged and where the principal purpose is the provision of short stay accommodation
- e) Business-related premises used principally for private pecuniary benefit
- f) Utility networks
- g) Any property not otherwise categorised within the Base differential.

ANNUAL UNIFORM GENERAL CHARGE

The Council does not assess a Uniform Annual General Charge.

DIFFERENTIAL RATING CATEGORY CONDITIONS

- The Council has resolved to achieve a target in 2011/12, which modifies the differential apportionment so that the commercial, industrial and business sector pay 2.8 times the General rate per dollar of capital value payable by those properties incorporated under the Base (Residential) differential. For 2009/10 it is proposed that the General rate differential ratio will be 3.45:1.

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- The separated parts of a rating unit will be differentially rated where a part of the property is non-rateable or the property fits under one or more rating differential and either:
 - a) The total capital value of the rating unit is above \$800,000 or
 - b) Minority use(s) account for more than 30 percent of the total capital value of the rating unit.

In any other case, the General rate differential is determined by principal use.

- In regard to the rates attributable to a rating unit during the transition period between two differential rating categories, a ratepayer may apply for a change in rating category at any time between the lodgement of a consent application with the Council (on the condition that the principal prior use has ended) and the earlier of either:
 - a) The time at which the Council gives final approval of the completed works, or
 - b) The property is deemed (by the Council) to be available for its intended use.

In situations where the change in land use does not require a Council consent, but warrants a change in differential rating category, the onus is on the ratepayer to inform the Council prior to the property being utilised under the new use.

- The rating differential classification of all rating units must be set prior to the commencement of a rating year and will remain in place for that entire rating year. Any change in circumstances that results in a change of differential classification during a rating year will apply from 1 July of the following rating year.
- Any property eligible for mandatory 50 percent non-rateability under Part 2, Schedule 1, of the Rating Powers Act will be first classified under the appropriate General rate differential classifications and the non-rateability applied to that rate.

TARGETED RATES

Targeted Rates are set under section 16 of the Local Government (Rating) Act 2002.

SEWERAGE RATE

A targeted sewerage rate is to be apportioned 60 percent: 40 percent between properties incorporated under the Base differential and the Commercial, Industrial and Business differential in accordance with the Revenue and Financing Policy. This rate pays for the cost of the provision of the sewerage treatment facilities for the city.

For the purposes of these rates the sewerage collection and disposal service is treated as being provided if the rating unit is connected to a public sewerage drain (either directly or indirectly), irrespective of whether the property is

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considered fully rateable or is mandatory non-rateable or 50 percent non-rateable under Schedule 1 of the Local Government (Rating) Act 2002.

The targeted Sewerage rate is calculated as follows:

For rating units incorporated in the Commercial, Industrial and Business differential:

A rate per dollar of capital value on all rating units connected to a public sewerage drain, to collect 40 percent of the required rates funding, after having deducted the total dollar amount budgeted to be collected through Trade Waste Charges (excluding consent fees).

For rating units incorporated in the Base differential:

A fixed amount of \$112.50 (incl. GST) and a rate per dollar of capital value on all rating units connect to a public sewerage drain, to collect 60 percent of the required rate funding.

WATER RATE

A targeted rate for water is to be apportioned with the aim of achieving a 60 percent: 40 percent split between properties incorporated under the Base differential and the Commercial, Industrial and Business differential in accordance with the Revenue and Financing Policy.

This rate pays for water collection and treatment facilities, the water distribution network and water conservation for the city.

This rate is set on all rating units serviced by a water connection.

For the purposed of these rates, the water service is treated as being provided if the rating unit is connected to the public water supply (either directly or indirectly), irrespective of whether the property is consider fully rateable or is mandatory non-rateable or 50 percent non-rateable under Schedule 1 of the Local Government (Rating) Act 2002.

The targeted Water rate is calculated as follows:

For rating units incorporated in the Commercial, Industrial and Business differential, either:

a) A fixed water meter charge of \$1.78 (incl. GST) per cubic meter of water used by all rating units connected to the public water supply with a water meter installed, plus an administrative charge of \$107.00 (incl. GST) per annum

Or

b) A rate per dollar of capital value on all rating units connected to the public water supply, without a water meter installed.

For rating units rated incorporated in the Base differential, either:

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a) A fixed water meter charge of \$1.78 (incl. GST) per cubic meter of water used by all rating units connected to the public water supply with a water meter installed, plus an administrative charge of \$107.00 (incl. GST) per annum

Or

b) A fixed amount of \$125.00 (incl. GST) per rating unit and a rate per dollar of capital value on all rating units connected to the public water supply without a water meter installed, to collect the required Base differential contribution.

STORMWATER NETWORK RATE

A targeted stormwater rate is to be apportioned 80 percent to the non-rural rating units incorporated under the Base differential and 20 percent to the Commercial, Industrial and Business differential in accordance with the Revenue and Financing Policy. This rate pays for the cost of the provision of the stormwater collection/disposal network for the city.

Properties classified as “rural” under the Council’s operative District Plan are excluded from the liability of this rate.

The targeted Stormwater network rate is calculated as follows:

For non-rural rating units incorporated in the Commercial, Industrial and Business differential:

A rate per dollar of capital value to collect 22.5% percent of the required rates funding.

For non-rural rating units incorporated in the Base differential:

A rate per dollar of capital value to collect 77.5% percent of the required rates funding.

COMMERCIAL, INDUSTRIAL AND BUSINESS SECTOR TARGETED RATE

This rate pays for activities where the Council’s Revenue and Financing Policy identifies that the benefit can be attributed to the commercial, industrial and business sector and where the activity is not incorporated in other service related targeted rates. This incorporates the following:

- 100% of the cost of the events attraction and support activity

This rate is levied on all properties incorporated in the commercial, industrial and business sector and is calculated on a rate per dollar of rateable capital value.

BASE SECTOR TARGETED RATE

This rate pays for activities where the Council’s Revenue and Financing Policy identifies that the benefit can be attributed to properties incorporated under the Base differential rating category (incorporating residential ratepayers). This incorporates the following activities:

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- 100% of the facilitation of community environmental initiatives, cultural grants, facilitation of recreation partnerships and community advocacy activities.
- 80% of the provision of community centres and halls activities.

This rate is levied on all properties incorporated under the Base differential rating category and is calculated on a rate per dollar of rateable capital value.

DOWNTOWN LEVY

This rate pays for tourism promotion, facilitation of suburban and city centres vitality, the New Zealand International Arts Festival. It also pays for 70% of the visitor attractions activity component and 25% of the provision of galleries and museums activity component.

This rate is levied on all commercial, industrial and business properties in the downtown area and is calculated on a rate per dollar of rateable capital value. For the purpose of this rate, the downtown area refers to the area designated as the “Central Area” under the operative Wellington City District Plan.

TAWA DRIVEWAYS LEVY

This rate pays for the maintenance of a specified group of residential access driveways in the suburb of Tawa, overseen by the Council. This rate is levied on a specific group of rating units in the former Tawa Borough at a fixed amount of \$100 (including GST).

MARSDEN VILLAGE LEVY

This rate is collected by the Council on behalf of the Marsden Village Association on all commercial, industrial and business properties in the Marsden shopping village and is calculated on a rate per dollar of capital value.

RATES REMISSION AND POSTPONEMENT POLICIES

Refer to the Council Remission and Postponement Policies.

Rates Remission Policy

INTRODUCTION

In accordance with Section 85 of the Local Government (Rating) Act, 2002:

- i) A local authority may remit all or part of the rates on a rating unit (including penalties for unpaid rates) if –
 - a. the local authority has adopted a remissions policy under section 102 of the Local Government Act 2002, and
 - b. the local authority is satisfied that the conditions and criteria in the policy are met.
- ii) The local authority must give notice to the ratepayer identifying the remitted rates.

SCOPE OF AMENDMENTS

Proposed amendments to the Council's rates remission policy from 1 July 2009 include:

- A change to the terms of the special circumstances rate remission to:
 - a) permit applications to be received and accepted and applied for a rating year after the start of that rating year, noting that a remission will not be back dated to the previous year.
 - b) provide the flexibility for a Special Circumstances remission to be applied any part of the rates liability for a property(s). The policy current restricts the application of this remission to the general rate.

- The introduction of a new "Downtown rate remission for property under development".

It is proposed that this remission apply specifically to 'not fit for purpose' commercial property within the central city ('downtown') area. Potential applicants will generally be limited to commercial properties under development, where the rating unit does not (yet) hold sufficient consents to permit occupation. The remission which will require annual application will relate to the Downtown Levy only. The rating shortfall resulting from the remission will be met by remaining central city commercial ratepayers. Details of this remission will be confirmed following consideration by the Strategy and Policy Committee.

The Council proposes to continue with the following rates remission provisions for 2009/10.

RURAL OPEN SPACE REMISSION

REMISSION STATEMENT

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The Council may grant a 50 percent remission on land classified as “rural” under the District Plan where the rating unit is rated under the Base differential and used principally for farming or conservation purposes.

POLICY OBJECTIVE

To provide rates relief for rural, farmland and open spaces.

CONDITIONS AND CRITERIA

Land used principally for farming or conservation purposes

A rates remission of 50 percent of the Base general rate will be granted to rating units that are classified as rural under the District Plan and used principally for farming or conservation purposes. Under this policy “principally for farming or conservation purposes” is defined as where:

- a) The rating unit (or property) exceeds 30 hectares in area, and
- b) 50 percent or more of the rateable capital value of the property is made up of the land value, and
- c) the principal use of the land is for conservation, agriculture, horticulture, pastoral or silviculture purposes, or for the keeping of bees, poultry or other livestock excluding commercial dog kennels or catteries.

APPLYING FOR REMISSION

All applications must be in writing using the Wellington City Council ‘Application for Remission’ form.

The approval of any remission is at the absolute discretion of the Wellington City Council or its delegated officer. Applications for this remission must be received prior to the commencement of the rating year.

Successful applications received during a rating year will be applicable from the commencement of the following year. No applications will be backdated.

DELEGATION

Decisions relating to the remission of rates are delegated to officers as set out in the Council’s delegations manual.

REMISSIONS ON LAND USED PRINCIPALLY FOR GAMES OR SPORT

REMISSION STATEMENT

Where the Council considers a rating unit is used principally for games or sport, it will apply a 50 percent remission of general rates where the rating unit:

- a) has a club licence under the Sale of Liquor Act 1989, and
- b) would otherwise qualify as 50 percent non-rateable under Part 2, Schedule 1, of the Local Government (Rating) Act, and
- c) the property is rated at the Base differential.

POLICY OBJECTIVE

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To reduce the adverse financial impact of the Local Government (Rating) Act 2002 on land used principally for games or sports, occupied by clubs that hold a club liquor licence and no longer qualify as 50 percent non-rateable.

CONDITIONS AND CRITERIA

All applications must be received in writing using the Wellington City Council 'Application for Remission' form. A remission under this policy will apply for one year only. Applicants must reapply annually. The application for a rate remission must be made prior to the commencement of the rating year (1 July).

Successful applications received during a rating year will be applicable from the commencement of the following year. No applications will be backdated. For the avoidance of doubt, this policy specifically excludes chartered clubs and clubs holding permanent charters.

DELEGATION

Decisions relating to the remission of rates are delegated to officers as set out in the Council's delegations manual.

SPECIAL CIRCUMSTANCES REMISSION

REMISSION STATEMENT

It is recognised that not all situations in which it may be appropriate for the Council to remit rates will necessarily be known in advance and/or provided for in specific rating policies. In circumstances where the rating policy is deemed by the Council to unfairly disadvantage an individual ratepayer, the Council may grant a one-off remission of part or all of the rates assessed for a rating unit (or property) on condition that the remission does not set a precedent that unfairly disadvantages other ratepayers.

POLICY OBJECTIVE

To provide for the possibility of a rates remission in circumstances that have not been specifically addressed in other parts of the Council's Rates Remission and Postponement Policies.

CONDITIONS AND CRITERIA

The Council may remit part of the general rate assessed in relation to particular rating unit where:

- i) the rates on that rating unit are disproportionate to those levied in respect of comparable rating units, or
- ii) the rating policy is determined by the Council to unfairly disadvantage an individual ratepayer.

The approval of the remission must not set a precedent that unfairly disadvantages other ratepayers. A remission under this policy will apply for one year only. Applicants must reapply annually.

All applications must be received in writing using the Wellington City Council 'Application for Remission' form. Special Circumstances remission applications may be received and actioned after the start of a rating year (1 July), but no application will be back dated beyond the current rating year.

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DELEGATION

Decisions relating to the remission of rates are delegated to officers as set out in the Council's delegations manual.

REMISSION OF RATES ON PROPERTY UNDER DEVELOPMENT

Detail to be added subject to Strategy and Policy Committee consideration.

RATES PENALTY REMISSION POLICY

POLICY OBJECTIVE

To enable the Council to act fairly and reasonably when rates have not been received by the due date.

CONDITIONS AND CRITERIA

Upon receipt of an application from the ratepayer, or if identified by the Council, the Council may remit all or part of a penalty where it considers that it is fair and equitable to do so.

Matters that will be taken into consideration by the Council include the following:

- a) the ratepayer's payment history, and
- b) the impact on the ratepayer of an extraordinary event, and
- c) the payment of the full amount of rates due, or
- d) the ratepayer entering into an agreement with the Council for the payment of rates within a reasonable timeframe.

The Council reserves the right to impose conditions on the remission of penalties.

DELEGATION

Decisions relating to the remission of penalties on rates are delegated to the Chief Financial Officer and Manager, Financial Transactions, as set out in the Council's delegations manual.

REMISSION OF RATES ON MAORI FREEHOLD LAND

The Council's objectives in relation to rates remission and postponement apply equally to Maori Freehold land. Therefore the rates remission and postponement policies applicable to Maori Freehold land are identical to those that apply to non-Maori Freehold land.

Investment and Liability Management Policies

SCOPE OF AMENDMENTS

For 2009/10 the Council is proposing a number of minor amendments to its Investment and Liability Management Policies:

LIABILITY MANAGEMENT POLICY

- Interest Rate Risk Management

We propose to amend the Council's interest rate risk maturity profile limits, by increasing the minimum proportion fixed borrowing (maturing in greater than one year) falling in 5 to 10 year maturity profile from 15% to 20% and increasing the maximum cover in each of the 1 - 3, 3 - 5 and 5 -10 year profiles from 50% to 60 %.

- Liquidity Management

The Council minimises its liquidity risk by avoiding concentration of debt maturity dates and by maintaining committed borrowing facilities at a level that exceeds 110% of projected peak borrowing levels over the following twelve months. The Council only draws or borrows against these facilities as required.

The Council also avoids exposure to liquidity risk by managing the maturity of its borrowing programme within maturity limits. We propose to amend the maturity limits for the proportion borrowing that the Council can have in the zero to 3 year maturity profile from 10% - 50% to 20% - 60% and decrease the proportion in the 5 year + profile from 20% - 60% to 15% - 60%. These amended levels are consistent with sector benchmarks and reflect the movement in the sector risk profile since the policy was last reviewed.

GENERAL POLICY OBJECTIVES

The Council's general policy objectives relating to its investment and liability management are to:

- Minimise the Council's overall costs and risks associated with its borrowing activities and the general management of its other liabilities
- Manage its borrowings and cash assets on a "net borrower" basis in order to reduce the overall net cost to the Council
- Maximise the return on its investment portfolio and other financial assets
- Minimise the Council's exposure to adverse interest rate movements.

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- Borrow and invest funds and transact risk management instruments within an environment of control and compliance under the Council approved Treasury Management Policy
- Regularly review and consider the performance of the Council's financial assets and investments. Where appropriate, the Council will dispose of under performing assets or those assets and investments that are not essential to the delivery of services and activities set out in the Council's Long Term Council Community Plan (LTCCP).

More detail on the Council's investment and borrowing policies, operating procedures and associated internal controls is contained in the Treasury Management Policy.

INVESTMENT POLICY

Policy Statement

The Council generally operates as a "net borrower", and therefore does not separately maintain significant cash investments. The general policy is to utilise surplus cash to repay borrowings.

The Council currently maintains an equity interest in Wellington International Airport Limited (WIAL) and an ownership and financial interest in Ground Leases and Investment Properties. The Council will continue to review the level of investment as well as the return it receives on these investments.

Where appropriate, the Council may choose to dispose of investments/financial assets that no longer meet our investment objectives.

Investment Mix and Associated Objectives

The Council categorises its investments into 5 broad categories:

Cash and Cash Equivalents

The Council may invest funds with approved registered banking institutions. These investments generally mature in less than one year, and are held primarily for working capital/liquidity purposes.

Income generating commercial debt instruments

These are principally loans to other organisations (on commercial terms) which deliver a cashflow return to the Council.

Income generating commercial equity investments

Equity investments arise from the Council owning or controlling an equity holding (eg shares) in another entity. The Council currently maintains a 34% shareholding in Wellington International Airport Limited (WIAL). From time to time WIAL may seek to fund its capital expenditure programme through the injection of capital from its shareholders. In the event that a call for capital is

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made by WIAL the Council's objective is to maintain its shareholding at 34% unless a specific resolution is passed not to do so. As a result, should the Council be required to inject additional capital in WIAL to maintain its existing shareholding, it will do so without further consultation.

Income generating commercial property investments

Investment Properties are the Council's ground leases and land and buildings held primarily for investment purposes. The Council regularly reviews its continued ownership of investment properties by assessing the benefits of continued ownership in comparison to other arrangements that could deliver similar benefits. This assessment is based on both the strategic benefit of the investment/ownership to the City and in terms of the most financially viable method of achieving the delivery of Council services.

Non income generating investments

This includes loans to other organisations, and equity investments in Council Controlled Organisations. The Council may consider the provision of loans to Community groups but only in exceptional circumstances. The Council's non income generating investments are held for strategic or ownership reasons.

In addition, to the above investment categories, the Council may assume financial risk associated with providing contributions, guarantees and underwrites, where these meet the Council's strategic objectives and outcomes. Such undertakings require a Council resolution.

Investment Acquisition/Addition/Disposal

Within the exception of the day to day investment of cash and cash equivalents, all new investments, additions to existing investments, and/or disposals of existing investments must be approved by the Council. The day to day management and investment of cash and cash equivalents may be made by Council officers in accordance with the approved Treasury Management Policy.

The Council will continue to maintain its current level of investment in WIAL (being a 34% equity interest) until it considers that it is financially and economically prudent to dispose of the investment.

Proceeds from the sale of investments will go to repay existing borrowings, unless the Council specifically directs that the funds be put to another use.

Reporting

Investments in CCOs

Monitoring of the Council's equity investment and ownership interest in Council Controlled Organisations (CCOs) is undertaken by the Council Controlled Organisation Performance Sub-Committee. The Sub-Committee reports to the Strategy and Policy Committee and is responsible for:

- monitoring Council Controlled Organisations (CCOs), Council Controlled Trading Organisations (CCTOs), and Council Organisations (COs)

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- reviewing the above organisations' quarterly reports, annual reports, business plans, strategic plans and statements of corporate intent
- monitoring the performance of members on CCOs.

All other investments

The Strategy and Policy Committee is responsible for monitoring all other investments and providing recommendations to the Council in regard to treasury management strategies, policy and guidelines in relation to those investments. The Strategy and Policy Committee will receive and review the quarterly Treasury report contained within the consolidated quarterly report.

The Council is responsible for approving the Treasury Management Policy as recommended by the Strategy and Policy Committee.

Risk Management

The Council's principal exposure on its financial investments is credit risk. Credit risk is minimised by the Council investing in approved institutions with satisfactory credit ratings. Limits are spread amongst a number of counterparties to avoid concentrations of credit exposure.

Assessment and management of specific risks associated with the Council's investment in WIAL and investment properties will be performed on a regular basis. Any significant changes in the risk profile for these investments will be reported to the Strategy and Policy Committee.

Investment Ratios

For the purposes of setting its Borrowing and Investment Ratios, the Council defines investments as assets which are cash or readily convertible to cash (either through fixed repayment and maturity profiles, or through sale or exchange) and assets which are held **primarily** for investment purposes (either for capital growth, commercial rental or interest). This is likely to include:

- cash and cash equivalents (eg term deposits),
- Income generating commercial debt instruments
- Income generating commercial equity instruments
- Income generating commercial property instruments

Non income generating investments will not be included in Borrowing and Investment Ratios.

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LIABILITY MANAGEMENT POLICY

In broad terms, the Council manages both current and term liabilities.

CURRENT LIABILITIES

Current liabilities reflect those obligations, expressed in monetary terms, which the Council has to meet within relatively short timeframes, at a maximum within the next 12 months. In respect of its day to day obligations for both operational and capital expenditure, the Council's policy is to pay these liabilities in full by the due date. This eliminates any credit exposure or risk. Current liabilities also include the maturing portions of any term liabilities that are due for repayment within the following 12 months.

TERM LIABILITIES

Term liabilities represent the Council's obligations which, in general terms, are not immediately payable, i.e. not due within the following 12 months. Borrowings comprise the majority of the Council's term liabilities.

The Council approves the borrowing programme for each financial year as part of the LTCCP or Annual Plan. Additional borrowings may be approved by Council on a case by case basis. The Council primarily borrows to fund its capital expenditure programme. In approving new borrowings the Council considers the impact of the proposed level of borrowings on its overall borrowing limits.

POLICY OBJECTIVES

The Council primarily borrows to pay for the upgrading of existing assets or the construction/purchase of new assets. These assets generally provide new or enhanced benefits to Wellington for many years. Borrowing is therefore considered the most cost-effective and equitable way to fund these assets as it spreads the cost of the asset over the future generations of ratepayers who will benefit from the use of the asset. Accordingly, borrowings have a strategic benefit of making the cost of the asset investment affordable to today's ratepayers. Borrowings are maintained at a prudent level, in accordance with the Council's overall borrowing policy (for specific limits, refer below).

POWER TO BORROW

The Council borrows as it considers appropriate and in accordance with the provisions of the Local Government Act 2002 and its Treasury Management Policy. The Council approves the level of new borrowing in general terms as part of the LTCCP or Annual Plan. The Council delegates the authority to officers to raise the approved borrowing during the financial year as and when the funding is required. Any additional borrowing beyond that approved in the LTCCP or Annual Plan must be approved by the Council.

INTEREST RATE EXPOSURE

Borrowings issued at variable (floating) interest rates expose the Council to a cash flow interest-rate risk. The Council manages its cash flow interest-rate risk

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by using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

The Council has set the following specific limits for its interest rate exposure:

MASTER FIXED/FLOATING INTEREST RATE RISK CONTROL LIMIT

Minimum Fixed Rate	Maximum Fixed Rate
50%	95%

The level of fixed interest rate cover at any point in time must be within the following maturity bands:

FIXED RATE MATURITY PROFILE LIMIT

Period	Minimum Cover	Maximum Cover
1 to 3 years	20%	60%
3 to 5 years	20%	60%
5 to 10 years	20%	60%

LIQUIDITY

The Council minimises its liquidity risk by avoiding concentration of debt maturity dates and by maintaining committed borrowing facilities at a level that exceeds 110% of projected peak borrowing levels over the following twelve months. The Council will only drawdown or borrowing against these facilities as required.

Where special funds are maintained to repay borrowings, these investments are held for maturities not exceeding borrowing repayment dates.

The Council avoids exposure to liquidity risk by managing the maturity of its borrowing programme within the following maturity limits:

BORROWING MATURITY PROFILE LIMITS

Period	Minimum	Maximum
0 to 3 years	20%	60%
3 to 5 years	20%	60%
5 years plus	15%	60%

CREDIT EXPOSURE

The Council borrows from approved institutions with satisfactory credit ratings. Borrowings are managed to ensure the Council is not exposed to material

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concentrations of credit risk. Limits are spread amongst a number of counterparties to avoid concentrations of credit exposure.

BORROWING REPAYMENT

The Council will repay borrowings from a combination of excess depreciation over and above renewals, sale of surplus or underperforming assets, operating surpluses or from the renewal of borrowings.

SPECIFIC BORROWING LIMITS

In managing its borrowings, the Council adheres to the financial principles contained with its Treasury Management Policy. In determining a prudent level of borrowings the Council assesses the level of net borrowing against the Council's recognised total realisable assets and net interest expense per annum against operating revenues.

Total Council Borrowings will be managed within the following macro limits:

RATIO	LIMIT
Net borrowing as a percentage of equity	<10%
Net borrowing as a percentage of income	<150%
Net Interest as a percentage of income	<15%
Net Interest as a percentage of annual rates income	<20%
Liquidity (Term borrowing + committed loan facilities to 12 month peak net borrowing forecast)	>110%

SECURITY

Council borrowings are secured by way of a Debenture Trust Deed (representing a charge over Council rates revenue). This security relates to any borrowing and to the performance of any obligation under any incidental arrangement. However, if it is considered advantageous, the Council's borrowings and other financial arrangements may be undertaken on an unsecured basis, or secured by way of a charge over its physical assets.

Wellington City Council

Draft Revenue and Financing Policy

March 2009



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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:

1. Policy statement on the funding of operating expenditure.
2. Policy statement on the funding of capital expenditure.
3. Setting the level of revenue from rates.
4. Council's application of the requirements of the Act.
5. The commercial and residential rating differential and the modifier.
6. Summary of operating revenue funding sources by activity component.
7. Individual activity component analysis by key achievement area

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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 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

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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 and/or practical to clearly identify customers or users. The general rate is also used to fund activity components 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 component.
- **Targeted rates.** This form of rate is used where an activity component 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 since 2006 Councils have been 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 component.
- **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 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

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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.
- *NZTA subsidies.* Each year the Council receives funding from NZTA 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 NZTA 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 and ring-fenced funds.* Restricted funds also include other reserves, reserve purchase and development reserve, any sub-division development reserve and ring-fenced cumulative surpluses/deficits from City Housing and Marina Operations activities. Subject to meeting any specified conditions associated with these reserves the Council may expend money, of an operating or capital nature, from these reserves.

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:

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Operating expenditure Funding mechanism	Approximate proportion of funding for 2009/10
General Rate	35%
Targeted rates	
• Sewage rate	9%
• Water rate	10%
• Stormwater rate	4%
• Base (residential)	2%
• Commercial sector	1%
• Downtown levy	3%
• Other minor rates	0%
Total targeted rates	29%
Total fees and charges	23%
Other sources	
• Ground and commercial lease	10%
• Dividends	2%
• Miscellaneous	1%
Total other income	13%
<p>Note: 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.</p>	

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.

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- On projects where on the basis of financial prudence, the Council considers it appropriate to do so, it may impose a targeted rate to repay borrowings on an asset at a faster rate than over the full life of the asset.
- The Council will use capital subsidies from third parties to fund investment in new or upgraded assets (e.g. funding received from NZTA).
- 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 population and employment growth for water, wastewater, stormwater, roads, reserves and community infrastructure. The Council will continue to collect residual RMA based Financial Contributions on developments consented prior to 2005/06. 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.

Capital expenditure Funding mechanism	Approximate proportion of funding for 2009/10
Rates funded depreciation	44%
LNTZ transport subsidies	10%
External grants	9%
Development contributions	5%
Borrowings	32%

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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 Strategy 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.
- **Activity Component.** A summary 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 that it has used some basic principles to assist in its decision making.
 - 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

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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 do not wish to use and 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 to 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?"

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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. The 2007/08 amended LTCCP proposed that over a 10-year period, the balance would continue to shift from a point where the commercial sector contributed 7.0 times more general rate (for a property with the same value) in 1999/2000 to a stage where they will end up contributing 2.8 times more to the general rate than the residential ratepayer by 2011/12.

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.

The target general rates differential for 2009/10 is 3.45: 1. This means that a commercial ratepayer will have 3.45 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 2011/12 is as follows:-

	09/10	10/11	11/12
GR Ratio	3.45:1	3.10:1	2.80:1

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6. Summary of operating expenditure funding by activity component

Activity Component	Activity Component name	User Fees	Other Income	Rates	Rates Funding			
					General	Residential	Commercial	Down town/ Other
1.1.1	City governance and engagement	0%	0%	100%	100%	0%	0%	0%
1.1.2	Civic information	5%	0%	95%	95%	0%	0%	0%
1.2.1	Maori and Mana whenua partnerships	0%	0%	100%	100%	0%	0%	0%
2.1.1	Local parks and open spaces	5%	0%	95%	95%	0%	0%	0%
2.1.2	Botanical gardens	10%	0%	90%	90%	0%	0%	0%
2.1.3	Beaches and coast operations	0%	5%	95%	95%	0%	0%	0%
2.2.1	Road open spaces	0%	10%	90%	90%	0%	0%	0%
2.2.2	Town belts	0%	5%	95%	95%	0%	0%	0%
2.2.3	Community environmental initiatives	0%	0%	100%	0%	100%	0%	0%
2.2.4	Walkways	0%	0%	100%	100%	0%	0%	0%
2.2.5	Stream protection	0%	0%	100%	100%	0%	0%	0%
2.2.6	Pest plant and animal management	0%	0%	100%	100%	0%	0%	0%
2.3.1	Water network	0%	0%	100%	0%	60%	40%	0%
2.3.2	Water collection and treatment	0%	0%	100%	0%	60%	40%	0%
2.4.1	Stormwater management	0%	0%	100%	0%	80%	20%	0%
2.4.2	Sewage collection and disposal network	5%	0%	95%	0%	60%	35%	0%
2.4.3	Sewage treatment	5%	0%	95%	0%	60%	35%	0%
2.5.1	Energy efficiency and conservation	0%	0%	100%	100%	0%	0%	0%
2.5.2	Waste minimisation, disposal and recycling management	90%	0%	10%	10%	0%	0%	0%
2.6.1	Zoo	0%	0%	100%	100%	0%	0%	0%
2.6.2	Karori Sanctuary	0%	0%	100%	100%	0%	0%	0%
2.7.1	Quarry operations	125%	0%	0%	0%	0%	0%	0%
3.1.1	Tourism promotion	0%	0%	100%	0%	0%	0%	100%
3.1.2	Visitor attractions	0%	0%	100%	30%	0%	0%	70%
3.1.3	Convention venues	55%	0%	45%	45%	0%	0%	0%
3.1.4	Suburban and city centres vitality	0%	0%	100%	0%	0%	0%	100%
3.1.5	Events attraction and support	0%	0%	100%	0%	0%	100%	0%
3.2.1	Long-haul airline attraction	0%	0%	100%	100%	0%	0%	0%
3.2.2	Regional and external relations	0%	0%	100%	100%	0%	0%	0%
3.2.3	Grants and creative workforce	0%	0%	100%	100%	0%	0%	0%
4.1.1	City galleries and museums	0%	0%	100%	75%	0%	0%	25%
4.2.1	City Archives	10%	0%	90%	90%	0%	0%	0%
4.3.1	Arts and cultural festivals	0%	20%	80%	80%	0%	0%	0%
4.3.2	Cultural grants	0%	0%	100%	0%	100%	0%	0%
4.3.3	Access and support for community arts	0%	0%	100%	100%	0%	0%	0%
4.4.1	The NZ International Arts Festival	0%	0%	100%	0%	0%	0%	100%
4.4.2	Arts partnerships (professional)	0%	25%	75%	75%	0%	0%	0%
5.1.1	Libraries network	10%	0%	90%	90%	0%	0%	0%
5.2.1	Recreation partnerships	0%	0%	100%	0%	100%	0%	0%
5.2.2	Access support	0%	0%	100%	100%	0%	0%	0%
5.2.3	Recreation programmes	5%	0%	95%	95%	0%	0%	0%
5.3.1	Swimming pools	40%	0%	60%	60%	0%	0%	0%
5.3.2	Sports fields	10%	0%	90%	90%	0%	0%	0%
5.3.3	Synthetic turf sportsfields	40%	0%	60%	60%	0%	0%	0%
5.3.4	Recreation centres	25%	0%	75%	75%	0%	0%	0%
5.3.5	Playgrounds	0%	0%	100%	100%	0%	0%	0%
5.3.6	Marinas	100%	0%	0%	0%	0%	0%	0%
5.4.1	Burials and cremations	50%	0%	50%	50%	0%	0%	0%
5.4.2	Public toilets	0%	0%	100%	100%	0%	0%	0%
5.4.3	Public health regulations (food/dogs)	50%	0%	50%	50%	0%	0%	0%
5.4.4	City safety	0%	0%	100%	100%	0%	0%	0%
5.4.5	Wellington emergency management office	5%	0%	95%	95%	0%	0%	0%
5.5.1	Community housing	100%	0%	0%	0%	0%	0%	0%
5.6.1	Implementation of the homelessness strategy	0%	0%	100%	100%	0%	0%	0%
5.6.2	Community advocacy	0%	0%	100%	0%	100%	0%	0%
5.6.3	Social and recreational grants	0%	0%	100%	100%	0%	0%	0%
5.6.4	Community centres and halls	2%	0%	98%	0%	98%	0%	0%
5.6.5	Community ICT access	0%	0%	100%	100%	0%	0%	0%
6.1.1	Urban planning and policy development	0%	0%	100%	100%	0%	0%	0%
6.2.1	Building control and facilitation (resource consents)	65%	0%	35%	35%	0%	0%	0%
6.3.1	Development control and facilitation (resource consents)	50%	0%	50%	50%	0%	0%	0%
6.4.1	Earthquake risk mitigation	0%	0%	100%	100%	0%	0%	0%
6.5.1	Waterfront development	0%	0%	100%	100%	0%	0%	0%
6.5.2	Public space and centre developments	0%	0%	100%	100%	0%	0%	0%
6.5.3	Built heritage development	0%	0%	100%	100%	0%	0%	0%
7.1.1	Transport planning - (TDM)	0%	0%	100%	100%	0%	0%	0%
7.2.1	Ports access	0%	0%	100%	100%	0%	0%	0%
7.2.2	Vehicle network	0%	5%	95%	95%	0%	0%	0%
7.2.3	Passenger transport network	0%	70%	30%	30%	0%	0%	0%
7.2.4	Network-wide control and management	0%	25%	75%	75%	0%	0%	0%
7.2.5	Cycle network	0%	15%	85%	85%	0%	0%	0%
7.2.6	Pedestrian network	0%	0%	100%	100%	0%	0%	0%
7.2.7	Road safety	0%	25%	75%	75%	0%	0%	0%
7.3.1	Car parking	100%	0%	0%	0%	0%	0%	0%

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7. Individual activity component analysis by key achievement area

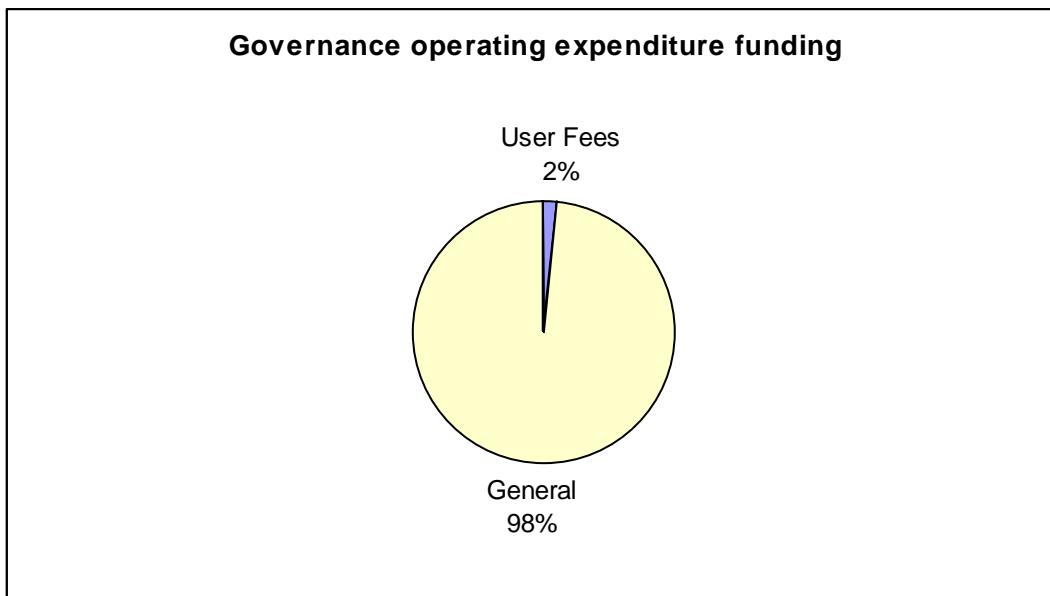
i) Governance Strategy

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.

Operating activity components

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



Activity Component	User Fees	Other Income	General Rates	Targeted Rates		
				Residential	Commercial	Down town/ Other
City governance and 1.1.1 engagement	0%	0%	100%	0%	0%	0%
1.1.2 Civic information	5%	0%	95%	0%	0%	0%
Maori and Mana whenua 1.2.1 partnerships	0%	0%	100%	0%	0%	0%
Total governance	2%	0%	98%	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 component.

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

Activity Component	Funding Sources			
	LTNZ Capex subsidies	Development Contributions	Depreciation	Borrowings
1.1.1 City governance and engagement	0%	0%	0%	0%
1.1.2 Civic information	0%	0%	0%	0%
1.2.1 Maori and Mana whenua partnerships	0%	0%	0%	0%
Total governance	0%	0%	0%	0%

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Governance strategy – activity component commentary

Activity component 1.1.1: City governance and engagement

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

Who Benefits?

Whole community 100%

The whole community benefits from this activity component. 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 component 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 component 1.1.2: Civic information

This activity component 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 the 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".

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Who Benefits?

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

The whole community benefits from this activity component. 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?

<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 component 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 component 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%

Activity component 1.2.1: 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 component helps us ensure that our partnerships with mana whenua achieve the city's obligations under Te Tiriti O Waitangi (the Treaty of Waitangi).

Who Benefits?

APPENDIX 5

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

The benefits of this activity component 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 component 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 component 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 component 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%

ii) Environmental development strategy

Protecting and enhancing our natural environment

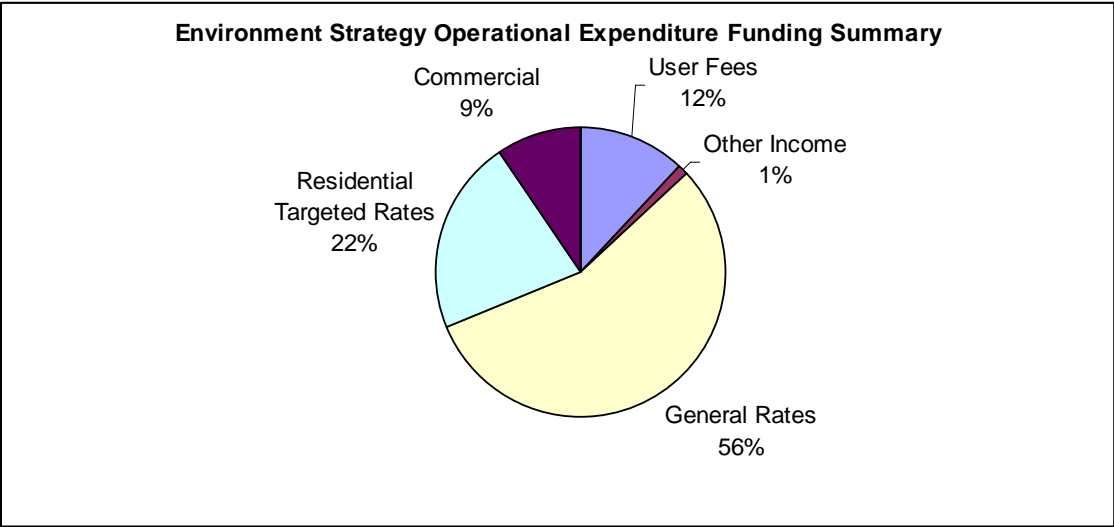
Under this area of activity we seek to protect and enhance our natural environment. Wellington is a city shaped by nature. From bush-clad hills to sparkling harbour to rugged coastline, the city's unique character derives from the land. As the city grows, the challenge is to preserve this natural beauty 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

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



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Activity Component	User Fees	Other Income	General Rates	Targeted Rates		
				Residential	Commercial	Down town/ Other
2.1.1 Local parks and open spaces	5%	0%	95%	0%	0%	0%
2.1.2 Botanical gardens	10%	0%	90%	0%	0%	0%
2.1.3 Beaches and coast operations	0%	5%	95%	0%	0%	0%
2.2.1 Road open spaces	0%	10%	90%	0%	0%	0%
2.2.2 Town belts	0%	5%	95%	0%	0%	0%
2.2.3 Community environmental initiatives	0%	0%	0%	100%	0%	0%
2.2.4 Walkways	0%	0%	100%	0%	0%	0%
2.2.5 Stream protection	0%	0%	100%	0%	0%	0%
2.2.6 Pest land and animal management	0%	0%	100%	0%	0%	0%
2.3.1 Water network	0%	0%	0%	60%	40%	0%
2.3.2 Water collection and treatment	0%	0%	0%	60%	40%	0%
2.4.1 Stormwater management	0%	0%	0%	80%	20%	0%
2.4.2 Sewage collection and disposal network	5%	0%	0%	60%	35%	0%
2.4.3 Sewage treatment	5%	0%	0%	60%	35%	0%
2.5.1 Energy efficiency and conservation	0%	0%	100%	0%	0%	0%
2.5.2 disposal and recycling management	90%	0%	10%	0%	0%	0%
2.6.1 Zoo	0%	0%	100%	0%	0%	0%
2.6.2 Karori Sanctuary	0%	0%	100%	0%	0%	0%
2.7.1 Quarry operations	125%	0%	0%	0%	0%	0%
Total Environment	13%	1%	57%	22%	9%	0%

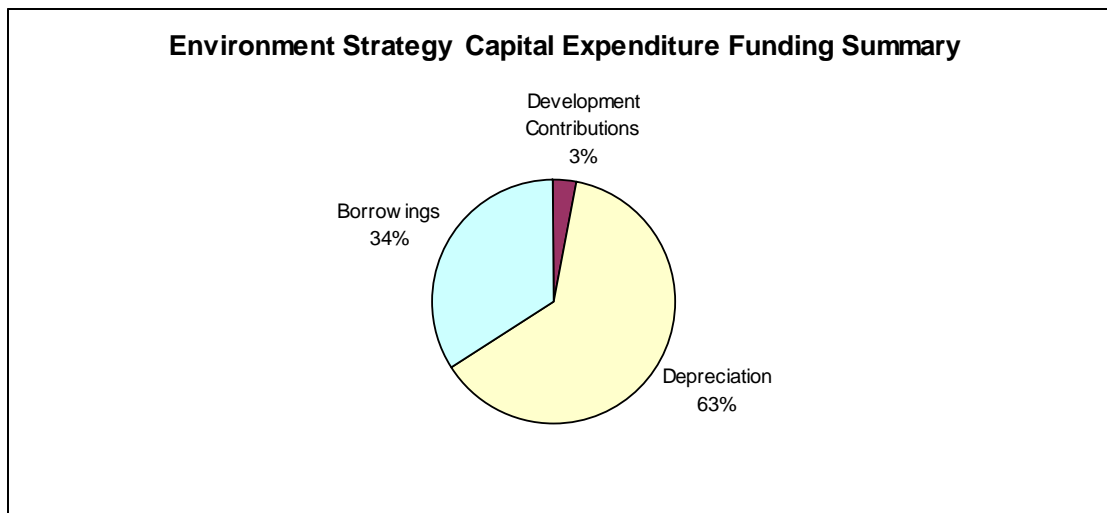
Capital Expenditure

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

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

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Activity component	Funding Sources			
	LTNZ Capex subsidies	Development Contributions	Depreciation	Borrowings
2.1.1 Local parks and open spaces	0%	2%	98%	0%
2.1.2 Botanical gardens	0%	1%	53%	46%
2.1.3 Beaches and coast operations	0%	3%	88%	10%
2.2.2 Town belts	0%	2%	34%	65%
2.2.4 Walkways	0%	2%	33%	65%
2.3.1 Water network	0%	14%	86%	0%
2.4.1 Stormwater management	0%	1%	99%	0%
2.4.2 Sewage collection and disposal network	0%	11%	77%	12%
2.5.1 Energy efficiency and conservation	0%	0%	0%	100%
2.5.2 Waste minimisation, disposal and recycling management	0%	0%	100%	0%
2.6.1 Zoo	0%	0%	21%	79%
Total Environment	0%	3%	63%	34%



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Environmental development strategy – activity component commentary

Activity component 2.1.1: 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 component 5.3.2).

Community outcome

This activity component 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 component 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 component, 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.

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Our funding targets: operating expenses

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

Activity component 2.1.2: 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 component 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>	<i>90%</i>
<i>Individuals</i>	<i>10%</i>

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.

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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 component 2.1.3: Beaches and coast operations

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 component 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 component on an ongoing basis.

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Who should pay?

Whole community

100%

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

This activity component 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%
General rate	95%
TOTAL	100%

Activity component 2.2.1: 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 component contributes in part to the outcome 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 (NZTA), 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 NZTA 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	10%

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Targeted rate	0%
General rate	90%
TOTAL	100%

Activity component 2.2.2.: 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 standards. This includes custodial duties, operational planning and implementation, education programmes and upgrade projects.

Community outcome

This activity component 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 component 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 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 component 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%

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Activity component 2.2.3: Facilitator and funder: Community environmental initiatives

This activity component 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 component 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 component 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 component 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 component 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%

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Activity component 2.2.4: 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 component 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 component 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 component 2.2.5: 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 year. The activity component covers that work.

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Community outcome

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

This activity component 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 component on an ongoing basis.

Who should pay?

Whole community 100%

This activity component 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 component 2.2.6: 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 component contributes to the outcome that “pest animals and plants will be eliminated as methods become available, and no new pests will become established.”

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Who Benefits?

Whole community 100%

This activity component 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 component are to the community as a whole.

This activity component 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 component on an ongoing basis.

Who should pay?

Whole community 100%

This activity component 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 component 2.3.1: 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

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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 component, 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, 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 \$125.00 (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 \$1.78 (incl. GST) per cubic metre 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 (Residential 60% Commercial 40%)	100%
General rate	0%
TOTAL	100%

Activity component 2.3.2: 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”.

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Who Benefits?

<i>Identifiable parts of the community</i>	75%
<i>Whole community</i>	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. Though water supply is essential in a modern city, the benefits are largely private.

There is 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>	60%
<i>Commercial sector</i>	40%

While it is recognised that there is a whole community benefit from the provision of the water supply activity component, 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, 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 \$125.00 (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 \$1.78 (incl. GST) per cubic metre 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	
(Residential 60%	
Commercial 40%)	100%
General rate	0%
TOTAL	100%

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Activity component 2.4.1: 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 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>	50%
<i>Whole community</i>	50%

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?

<i>Identifiable parts of the community:</i>	
<i>Residential (urban) sector</i>	77.5%
<i>Commercial sector</i>	22.5%

While it is recognised that there is a whole community benefit from this activity component, 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 component 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 component from targeted rates, excluding the rural sector.

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The 77.5% residential share is collected through a targeted rate. This rate is funded through a rate per dollar of capital value.

The 22.5% 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 (Residential 80% Commercial 20%)	100%
General rate	0%
TOTAL	100%

Activity component 2.4.2: 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 component, this, along with the benefit received by individuals is best reflected through a targeted rate imposed on those properties with sewer connections.

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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 (35%) and trade waste charges (5%).

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	5%
Other revenue	0%
Targeted rate (Residential 60% Commercial 35%)	100%
General rate	0%
TOTAL	100%

Activity component 2.4.3: 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.

APPENDIX 5

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?

Identifiable parts of the community:

<i>Base (residential) sector</i>	<i>60%</i>
<i>Commercial sector</i>	<i>40%</i>

While it is recognised that there is a whole community benefit from the provision of this activity component, 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 (35%) and trade waste charges (5%).

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	5%
Other revenue	0%
Targeted rate (Residential 60% Commercial 35%)	95%
General rate	0%
TOTAL	100%

Activity component 2.5.1: 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 component 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."

APPENDIX 5

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 over time.

Who should pay?

Whole community 100%

Since the community as a whole benefits from this activity component, it is 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 component 2.5.2: Provider - Waste minimisation, disposal and recycling 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.

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

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

Who Benefits?

Individuals 75%

Whole community 25%

People using the landfills receive the main benefit from this activity component, 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.

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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.

Also 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 component 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.

Though the benefits of this activity component are split between the community and individuals, the Council believes it is appropriate for users of the city's landfills to 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.

The Council has adopted a Life Cycle Costing Model for Landfills. This model is designed to deliver a full cost recovery system over a landfill's 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%

APPENDIX 5

Activity component 2.6.1: Funder – Environmental and conservation visitor attractions

The Council funds the Wellington Zoo Trust and has provided interest free loans to the Karori Wildlife Sanctuary Trust. 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 component 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 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.

Their 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 trusts operate separately from the Council. User charges, which in the 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's 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%

Activity component 2.6.2: Funder – Environmental and conservation visitor attractions

APPENDIX 5

The Council funds the Wellington Zoo Trust and has provided interest free loans to the Karori Wildlife Sanctuary Trust. 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 component 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 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.

Their 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 trusts operate separately from the Council. User charges, which in the 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's 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%

Activity component 2.7.1: Provider - Quarry operations

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

<i>Individuals and identifiable parts of the community</i>	80%
<i>Whole community</i>	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 component.

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 component.

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?

<i>Individuals</i>	125%
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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 component.

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%

APPENDIX 5

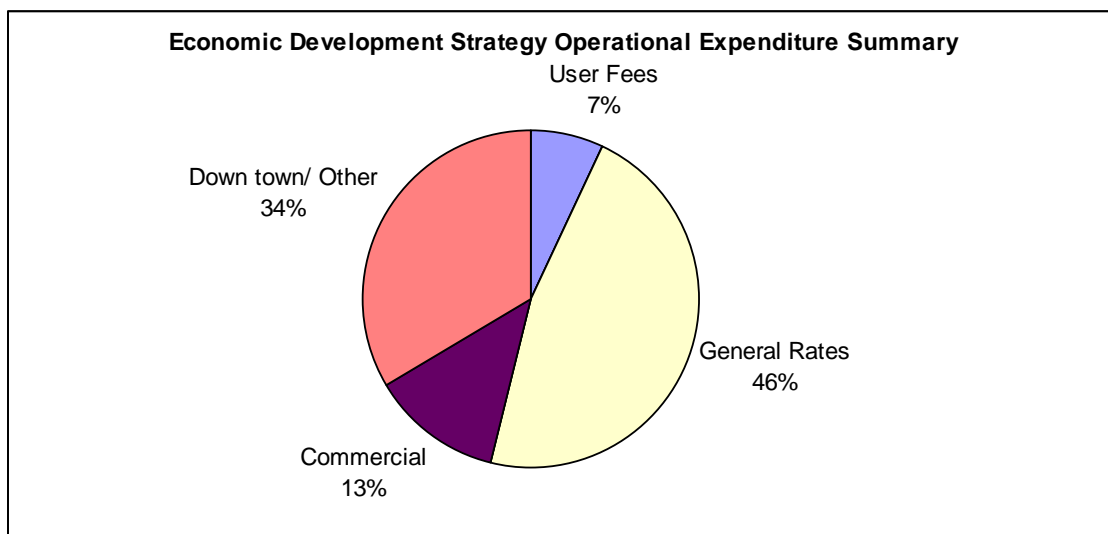
iii) Economic Development Strategy

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.

Operating activities

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



Activity Component	User Fees	Other Income	General Rates	Targeted Rates		
				Residential	Commercial	Down town/ Other
3.1.1 Tourism promotion	0%	0%	0%	0%	0%	100%
3.1.2 Visitor attractions	0%	0%	30%	0%	0%	70%
3.1.3 Convention venues	55%	0%	45%	0%	0%	0%
3.1.4 Suburban and city centres vitality	0%	0%	0%	0%	0%	100%
3.1.5 Events attraction and support	0%	0%	0%	0%	100%	0%
3.2.1 Long-haul airline attraction	0%	0%	100%	0%	0%	0%
3.2.2 Regional and external relations	0%	0%	100%	0%	0%	0%
3.2.3 Grants and creative workforce	0%	0%	100%	0%	0%	0%
Total Economic Development	7%	0%	47%	0%	13%	34%

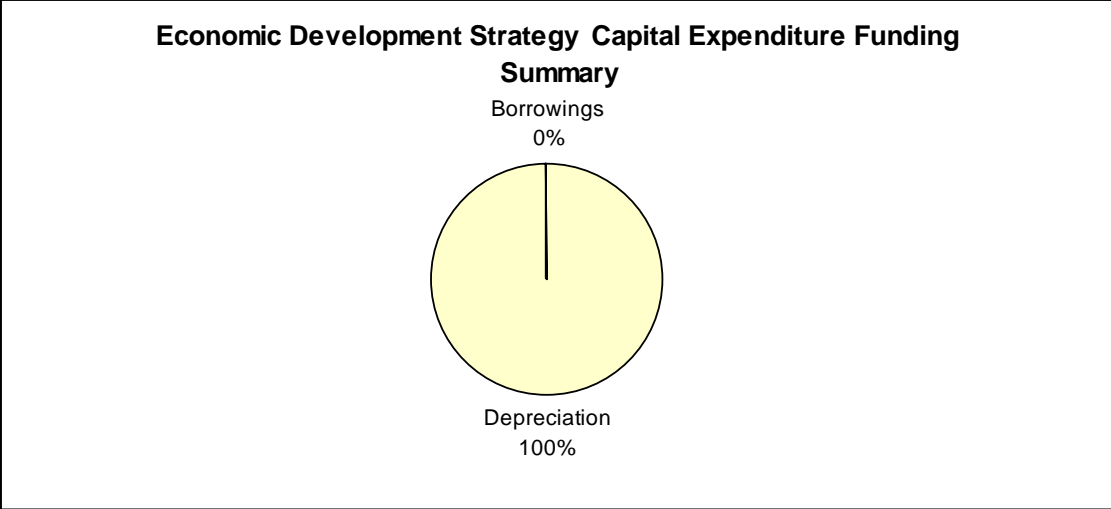
APPENDIX 5

Capital Expenditure

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

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

Activity component	Funding Sources			
	LTNZ Capex subsidies	Development Contributions	Depreciation	Borrowings
3.1.3 Convention venues	0%	0%	100%	0%
Total Economic Development	0%	0%	100%	0%



APPENDIX 5

Economic development strategy – activity component funding commentary

Activity component 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 component 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 component 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 component, it is appropriate they should pay. This activity component 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 component 3.1.2: Funder and provider - Visitor attractions

Through this activity component 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 Events Centre including capital upgrades and renewals.

Community outcome

This activity component 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".

APPENDIX 5

How we approach funding this activity component

The overarching purpose of this activity component is to have visitor attractions. The principal expenditure under this activity component is the funding which the Council provides to Te Papa and the Carter Observatory. Any entry fees that apply to exhibitions at Te Papa reside with them – so the Council does not receive any revenue in relation to this activity component.

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 component.

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 component 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 component 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 component as they benefit directly from the funding of this activity component. 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 component make major contributions to the Council's goal that Wellington will be a prime tourist destination.

Our funding targets: operating expenses

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

APPENDIX 5

Activity component 3.1.3: Funder and provider – 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>	45%

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 activity component should be funded by users (55 percent) and the remainder being drawn from general rates. 1% non compliance with the User charges funding target is budgeted for the 2009/10 financial year due to one-off consolidation of maintenance costs.

APPENDIX 5

Our funding targets: operating expenses

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

Activity component 3.1.4: 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 component 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 component 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 specialty 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 component 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	0%
Other revenue	0%
Targeted rate (Downtown)	100%
General rate	0%
TOTAL	100

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Activity component 3.1.5: Funder – Events attraction and support

Through this activity component 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. From 2009/10 the Festival of the Arts funding is also incorporated within this activity component. The additional spending that these events bring boosts the local economy and is an important part of maintaining Wellington's place as the "events capital".

Community outcome

This activity component 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>	50%
<i>Whole community</i>	30%
<i>Identifiable parts of the community</i>	20%

The direct beneficiaries are those who attend the events funded through this activity component. 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 component 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>	100%
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Though the main beneficiaries of this activity component 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.

There are strong arguments for the commercial sector to bear the cost of this activity component 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 component is an integral part of the vision and our goal to maximise the economic value from promoting and hosting high profile events. The activity component 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 component.

APPENDIX 5

Our funding targets: operating expenses

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

Activity component 3.2.1: Facilitator - Long-haul airline attraction

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 supporting an initiative aimed at attracting more long haul airlines to the city. This activity component covers the cost of that project.

Community outcome

This activity component 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>	50%
<i>Community as a whole</i>	50%

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

The community as a whole also benefits from this activity component. 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?

<i>Whole community</i>	100%
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Though the benefits of this activity component are split between the businesses and users of the gateways and the wider community, the Council believes the activity component 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 a whole.

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

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

APPENDIX 5

Our funding targets: operating expenses

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

Activity component 3.2.2: Facilitator – Regional and external relations

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 component also covers the cost of our contribution to the Wellington Regional Strategy office.

Community outcome

This activity component 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>	50%
<i>Identifiable part of the community</i>	50%

The benefits of this activity component 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 component 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>	100%
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Though the benefits are split between the community and certain sectors, the Council believes this activity component 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%
Targeted rate	0%
<u>General rate</u>	<u>100%</u>
TOTAL	100%

APPENDIX 5

Activity component 3.2.3: Funder - Grants and creative workforce

The Council maintains four grants pools. This activity component 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.

The core aim of this activity component 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 vision and celebrating success with a creative achievers programme.

Through this activity component we also consult with the city's universities and other tertiary providers to develop programmes that support the development of a "creative" workforce.

Community outcome

This activity component contributes to overall economic wellbeing. This activity component 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>Identifiable part of the community</i>	50% 80%
<i>Whole community</i>	50% 20%

The groups and organisations that receive grants clearly benefit from this activity component. 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.

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>	100%
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While grants recipients benefit directly from this activity component 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.

Although there is some benefit to individuals, the principal benefit is to the community. The creative workforce programme contributes strongly to the Council's 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 component 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 component is through general rates.

APPENDIX 5

Our funding targets: operating expenses

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

Activity component 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 component.

APPENDIX 5

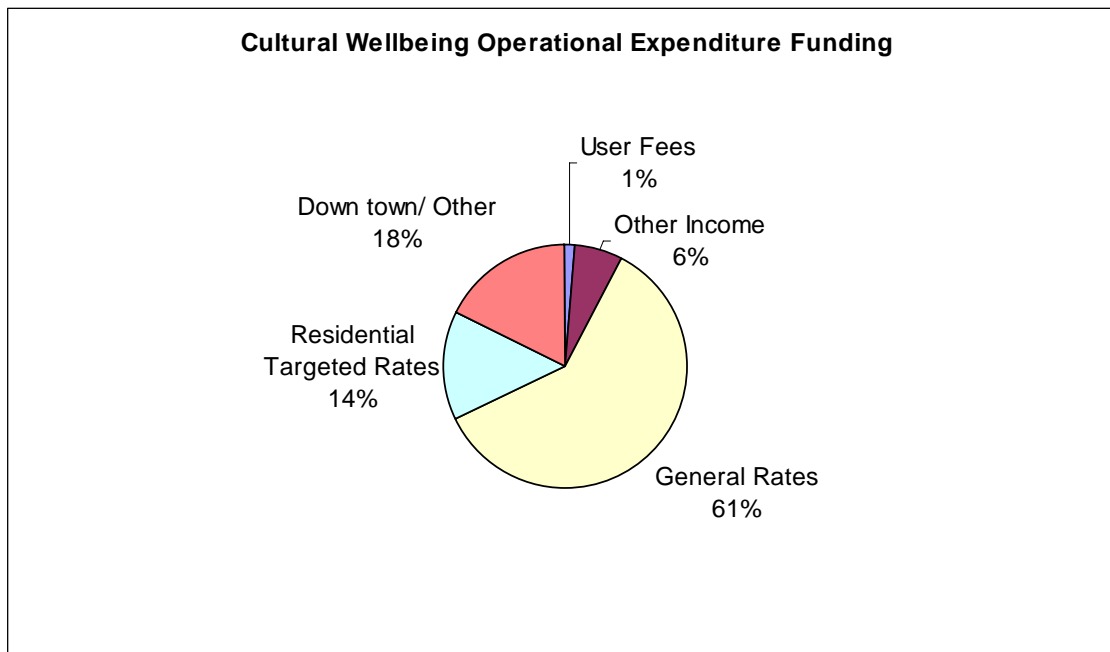
iv) Cultural Wellbeing Strategy

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.

Operating activities

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



Activity Component	User Fees	Other Income	General Rates	Targeted Rates		
				Residential	Commercial	Down town/ Other
4.1.1 City galleries and museums	0%	0%	75%	0%	0%	25%
4.2.1 City Archives	10%	0%	90%	0%	0%	0%
4.3.1 Arts and cultural festivals	0%	20%	80%	0%	0%	0%
4.3.2 Cultural grants	0%	0%	0%	100%	0%	0%
4.3.3 Access and support for community arts	0%	0%	100%	0%	0%	0%
4.4.1 The NZ International Arts Festival	0%	0%	0%	0%	0%	100%
4.4.2 Arts partnerships (professional)	0%	25%	75%	0%	0%	0%
Total Cultural Wellbeing	1%	6%	60%	14%	0%	18%

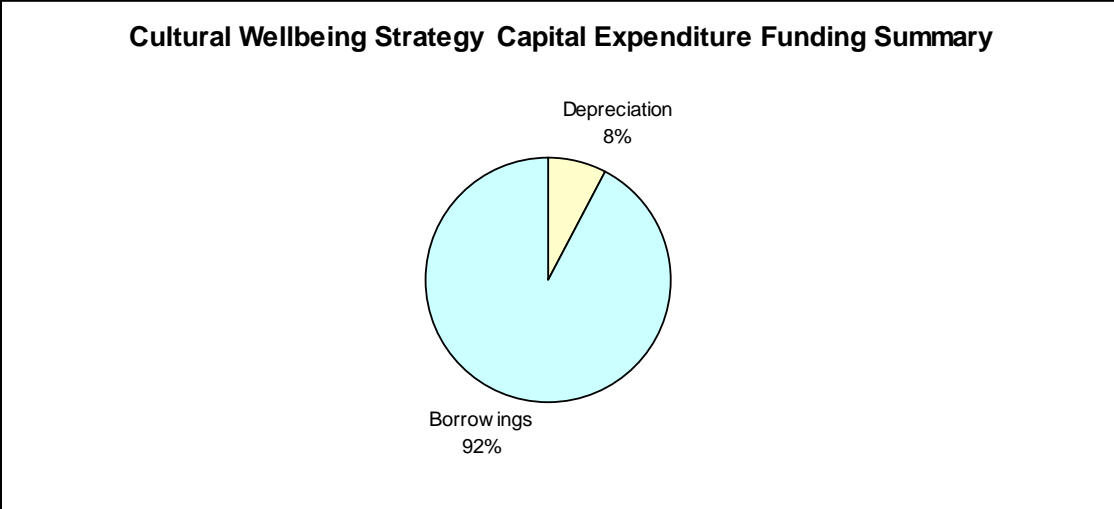
APPENDIX 5

Capital Expenditure

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

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

Activity component	Funding Sources			
	LTNZ Capex subsidies	Development Contributions	Depreciation	Borrowings
4.1.1 City galleries and museums	0%	0%	10%	90%
4.3.3 Access and support for community arts	0%	0%	5%	95%
Total Cultural Wellbeing	0%	0%	8%	92%



APPENDIX 5

Cultural wellbeing strategy – activity component commentary

Activity component 4.1.1: 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 of events and reflect the needs of the city” and to the goal that “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 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 component 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%

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Activity component 4.2.1: Provider - City Archives

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

Community outcome

This activity component primarily contributes to the outcome of "Wellingtonians celebrating their unique cultural identity".

Who Benefits?

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

The whole community benefits from this activity component. 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.

Individuals who choose to use the City Archives can be seen to benefit directly from their access 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 component, 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%

APPENDIX 5

Activity component 4.3.1: 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, 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 component 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 component from organisations such as the New Zealand Community Trust.

This activity component will include two new events from 2009/10. These are the Wellington Waterfront Limited events and the Pacifica festival. As these extra expenses were previously 100% rates funded these events have lowered the other revenue funding percentage by 5%

Our funding targets: operating expenses

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

APPENDIX 5

Activity component 4.3.2: 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 component are the individuals and groups who receive funding. The grants provide them with opportunities for artistic and cultural expression. This activity component 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 component 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 component 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 component 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%

APPENDIX 5

Activity component 4.3.3: Funder - Access and support for community art

This activity component 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 component 3.1.3.

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 component. But the activity component 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 component 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: operating expenses

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

Activity component 4.4.1: 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”.

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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 component 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, the Council's contribution to the Festival reflects the collective benefit to businesses 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

From 2009/10 the funding for this activity component is incorporated in the Events Development Fund Activity component. Refer to activity component 3.1.5.

Activity component 4.4.2: 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.

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

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Community outcome

Our support for this activity component 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>Downtown sector</i>	10%

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 component 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>	70%
<i>Individuals</i>	30%

The overall aim of this activity component 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	0%
Other revenue	25%
Targeted rate	0%
General rate	75%
TOTAL	100%

APPENDIX 5

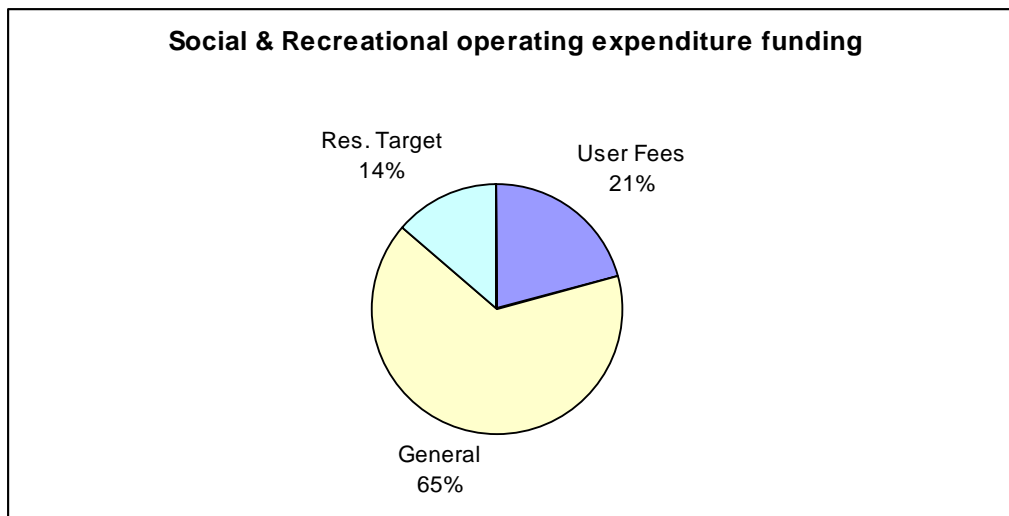
v) Social and Recreation Strategy

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.

Operating activities

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



APPENDIX 5

Activity Component	User Fees	Other Income	General Rates	Targeted Rates		
				Residential	Commercial	Down town/ Other
5.1.1 Libraries network	10%	0%	90%	0%	0%	0%
5.2.1 Recreation partnerships	0%	0%	0%	100%	0%	0%
5.2.2 Access support	0%	0%	100%	0%	0%	0%
5.2.3 Recreation programmes	5%	0%	95%	0%	0%	0%
5.3.1 Swimming pools	40%	0%	60%	0%	0%	0%
5.3.2 Sports fields	10%	0%	90%	0%	0%	0%
5.3.3 Synthetic turf sportsfields	40%	0%	60%	0%	0%	0%
5.3.4 Recreation centres	25%	0%	75%	0%	0%	0%
5.3.5 Playgrounds	0%	0%	100%	0%	0%	0%
5.3.6 Marinas	100%	0%	0%	0%	0%	0%
5.4.1 Burials and cremations	50%	0%	50%	0%	0%	0%
5.4.2 Public toilets	0%	0%	100%	0%	0%	0%
5.4.3 Public health regulations (food/dogs)	50%	0%	50%	0%	0%	0%
5.4.4 City safety	0%	0%	100%	0%	0%	0%
5.4.5 Wellington emergency management office	5%	0%	95%	0%	0%	0%
5.5.1 Community housing	100%	0%	0%	0%	0%	0%
5.6.1 Implementation of the homelessness strategy	0%	0%	100%	0%	0%	0%
5.6.2 Community advocacy	0%	0%	0%	100%	0%	0%
5.6.3 Social and recreational grants	0%	0%	100%	0%	0%	0%
5.6.4 Community centres and halls	2%	0%	0%	98%	0%	0%
5.6.5 Community ICT access	0%	0%	100%	0%	0%	0%
Total Social & Recreational	21%	0%	65%	14%	0%	0%

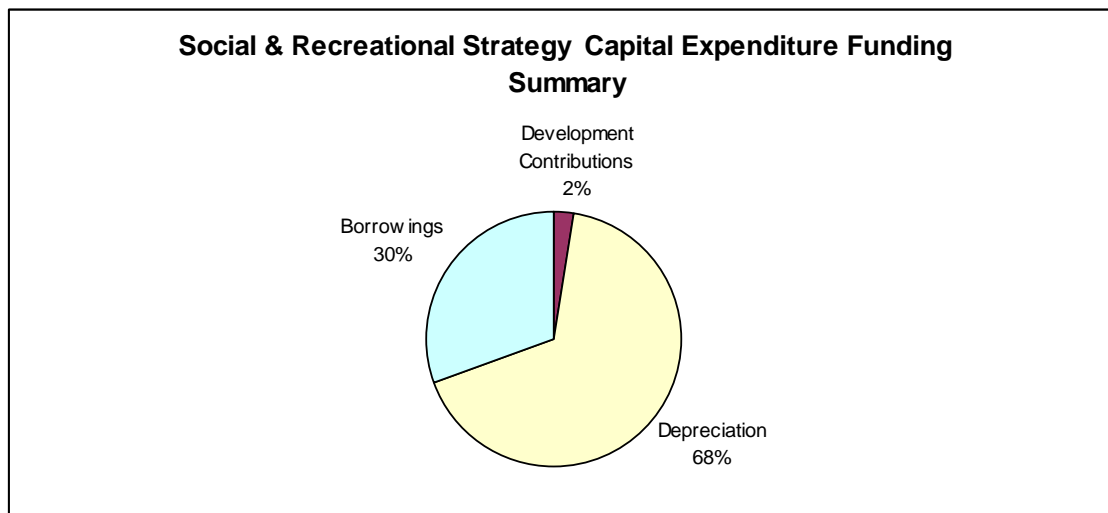
Capital Expenditure

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

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

APPENDIX 5

Activity component	Funding Sources			
	LTNZ Capex subsidies	Development Contributions	Depreciation	Borrowings
5.1.1 Libraries network	0%	0%	100%	0%
5.3.1 Swimming pools	0%	15%	85%	0%
5.3.2 Sports fields	0%	0%	100%	0%
5.3.3 Synthetic turf sportsfields	0%	8%	9%	83%
5.3.4 Recreation centres	0%	0%	18%	82%
5.3.5 Playgrounds	0%	4%	81%	14%
5.3.6 Marinas	0%	0%	78%	22%
5.4.1 Burials and cremations	0%	1%	79%	20%
5.4.2 Public toilets	0%	0%	34%	66%
5.4.5 Wellington emergency management office	0%	0%	86%	14%
5.5.1 Community housing	0%	0%	36%	64%
5.6.4 Community centres and halls	0%	0%	100%	0%
Total Social & Recreational	0%	2%	67%	30%



APPENDIX 5

Social and recreation strategy – activity component commentary

Activity component 5.1.1: 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 component contributes in part to the following community outcomes: "information required by citizens and groups will be easily accessible to enable participation in the community", "Wellington will have venues that suit a range of events and reflect the needs of the city", "Wellingtonians will celebrate their unique cultural identity" and "opportunities for active and passive recreation in Wellington will be diverse, safe, affordable, accessible and attractive".

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.

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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%

Activity component 5.2.1: 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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APPENDIX 5

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 component 5.2.2: 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?

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

<i>Whole community</i>	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.

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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: operating expenses

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

Activity component 5.2.3: 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 component covers the cost of providing those.

Community outcome

This activity component 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.

Sponsorship funding for the Push Play programme has been discontinued from 2009/10, resulting in the ceasing of the programme. As this was the major funding source activity component, this has lowered the non-rates funding proportion from 25%, and we reflect this in our overall funding target.

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Our funding targets: operating expenses

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

Activity component 5.3.1: Swimming pools

This activity component covers the cost of providing 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>	60%
<i>Individuals</i>	40%

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.

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The temporary closure of the Wellington Regional Aquatic Centre (WRAC) for maintenance has caused the budget for this activity component to be temporarily non-compliant with the policy target in the 2009/10 financial year.

Our funding targets: operating expenses

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

Activity component 5.3.2: Provider - Sports fields

This activity component covers the costs of providing the city's sports fields, excluding 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.

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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%
General rate	90%
TOTAL	100%

Activity component 5.3.3: Provider – Synthetic turf sports fields

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

Community outcome

The provision of synthetic turf 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>	40%
<i>Identifiable part of the community</i>	40%
<i>Whole community</i>	20%

Synthetic turf 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 mainly exclusive. It is appropriate to charge people to use the facilities.

Council officers estimate individuals receive about 40% of the benefits from the synthetic turf sports fields and sports clubs receive 40%.

There are also benefits to the community as a whole from our provision of synthetic turf sports fields. These facilities help increase overall levels of residents' health, providing economic and social benefits. They also provide community focal points and recreation programmes that bring people together.

Who should pay?

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

While it is individuals and sports clubs that receive most of the benefits, it is appropriate for the community as a whole to bear some of the costs of operating the city's synthetic turf sports fields.

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A synthetic turf sports field's weekly hourly usage is only restricted by demand and resource consent limitations regarding the hours of use of flood lighting. This is in contrast to a conventional pitch which has a limited number of recommended hours of use (5-6hrs for soil with drainage, 10-12hrs for sand carpet) in order to allow the pitch to recover. Synthetic turf also provides a higher level of service due to all weather accessibility and consistent playing performance.

Non-compliance of 5% of the funding target is budgeted in 2009/10 as the first operational synthetic sports field in Nairn Ville Park is a ¾ sized pitch with the fields in the future programme being full size pitches.

Our funding targets: operating expenses

User charges	40%
Other revenue	0%
Targeted rate	0%
<u>General rate</u>	<u>60%</u>
TOTAL	100%

Activity component 5.3.4: Provider - Recreation centres

This activity component 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.

In the coming years we will commence work on a 12 court indoor community sports centre at Cobham Drive Park.

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

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

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 component through user charges. Accordingly, the Council's target is to fund 30 percent of the cost of this activity component through user charges. The Activity component is forecast to be temporarily non-compliant with the user charges funding target due to the interest cost associated with the Indoor Community Sports Centre until this facility is opened and can recover its target portion of these costs

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: operating expenses

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

Activity component 5.3.5: 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 component covers the cost of providing those.

Community outcome

The provision of playgrounds 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.

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Who should pay?

Whole community 100%

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 component. 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 component 5.3.6: 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 component 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 component, 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 appropriate market rates.

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Our funding targets: operating expenses

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

Activity component 5.4.1: 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 component 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 component 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	50%
Other revenue	0%
Targeted rate	0%
General rate	50%
TOTAL	100%

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Activity component 5.4.2: Provider - Public toilets

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 component 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 component 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: operating expenses

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

Activity component 5.4.3: Regulator - Public health

This activity component 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”.

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

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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 component. 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 component 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 component 5.4.4: Facilitator – City safety

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

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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 component 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 component 5.4.5: 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

This activity component 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?

Individuals 10%
Whole community 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.

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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?

Whole community 100%

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 component 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%
General rate	95%
TOTAL	100%

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Activity component 5.5.1: 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 component 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 component 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 component 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	100%
Other revenue	0%
Targeted rate	0%
General rate	0%
TOTAL	100%

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Activity component 5.6.1: Funder and facilitator – Implementation of the homelessness strategy

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 component 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 component 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 component 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 component 5.6.2: 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 component 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".

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Who Benefits?

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

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

<i>Whole community</i>	100%
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The Council believes it is appropriate to fund the majority of costs for this activity component from rates targeted to the residential sector. This is because the benefits accrue to all residents.

Our funding targets: operating expenses

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

Activity component 5.6.3: Funder – Social and recreational grants

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

Community outcome

This activity component contributes to overall social wellbeing.

Who Benefits?

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

The groups and organisations that receive grants clearly benefit from this activity component. 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.

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Who should pay?

Whole community 100%

While grants recipients benefit directly from this activity component 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 component 5.6.4: Funder and provider - Community centres and halls

The Council owns 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 an 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 component 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?

Individuals and identifiable part of the community 60%
Whole community 40%

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?

Individuals and identifiable part of the community 5%
Whole community 95%

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

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the costs. The Council believes it is appropriate to fund this activity component 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	2%
Other revenue	0%
Targeted rate (residential)	98%
General rate	0%
TOTAL	100%

Activity component 5.6.5: Facilitator – Community ICT access

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

Community outcome

This activity component 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 an 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 spin 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 component 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 component. The general rate is considered the fairest way of covering the cost of this activity component.

Our funding targets: operating expenses

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

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6) Urban Development Strategy

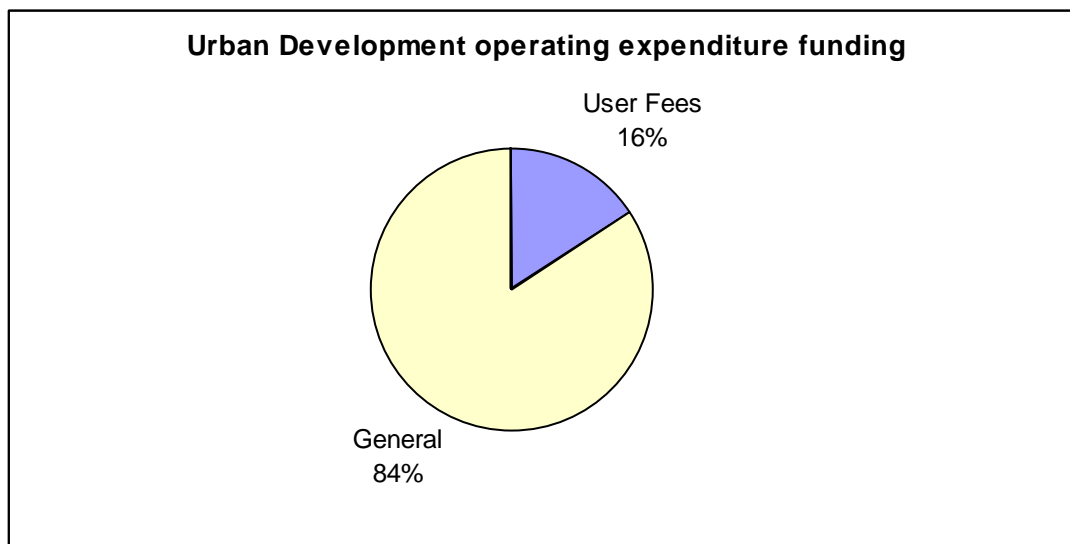
Directing growth and delivering quality

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.



Activity Component	User Fees	Other Income	General Rates	Targeted Rates		
				Residential	Commercial	Down town/ Other
6.1.1 Urban planning and policy development	0%	0%	100%	0%	0%	0%
6.2.1 facilitation (resource consents)	65%	0%	35%	0%	0%	0%
6.3.1 facilitation (resource consents)	50%	0%	50%	0%	0%	0%
6.4.1 Earthquake risk mitigation	0%	0%	100%	0%	0%	0%
6.5.1 Waterfront development	0%	0%	100%	0%	0%	0%
6.5.2 Public space and centre developments	0%	0%	100%	0%	0%	0%
6.5.3 Built heritage development	0%	0%	100%	0%	0%	0%
Total Urban Development	16%	0%	84%	0%	0%	0%

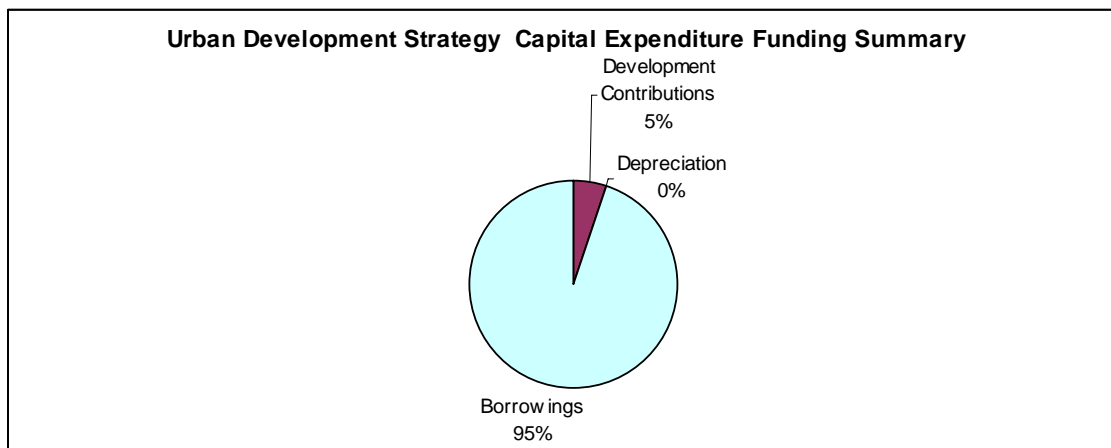
Capital Expenditure

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

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

Activity component	Funding Sources			
	LTNZ Capex subsidies	Development Contributions	Depreciation	Borrowings
6.1.1 Urban planning and policy development	0%	0%	0%	100%
6.4.1 Earthquake risk mitigation	0%	0%	0%	100%
6.5.1 Waterfront development	0%	2%	0%	98%
6.5.2 Public space and centre developments	0%	17%	0%	83%
Total Urban Development	0%	5%	0%	95%



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Urban development strategy – activity component funding commentary

Activity component 6.1.1: 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. An important component of our overall urban planning and policy work is how we manage infill developments. This is a priority for the Council as we work on the 'growth spine concept'.

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 component. 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 component 6.2.1: 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.

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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 component 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 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 component 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 component through user charges. However, we plan to raise this target over time.

This activity component is expected to be non-compliant to the user charges funding target in 2009/10 and 2010/11 financial years due to the economic climate, however it is expected to achieve compliance again in 2011/12/.

Our funding targets: operating expenses

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

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Activity component 6.3.1: 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, including issuing resource consents, monitoring compliance and dealing with complaints about environmental matters, are covered by this activity component.

Community outcome

This work is statutorily required and contributes to each of the community outcomes that relate to urban development. Overall this activity component 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?

<i>Individuals</i>	75%
<i>Whole community</i>	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>	50%
<i>Whole community</i>	50%

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.

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 component through user charges. Further initiatives are being investigated to improve this rate in the future.

Our funding targets: operating expenses

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

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TOTAL	100%
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Activity component 6.4.1: 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 component covers that work and also the contribution that the Council may make to a localised earthquake assessment study.

Community outcome

This activity component 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.

Our funding targets: operating expenses

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

Activity component 6.5.1: Funder – Waterfront development

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 component 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.

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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 component 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%
General rate	100%
TOTAL	100%

Activity component 6.5.2: 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 component 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 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%

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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 component 6.5.3: Funder and facilitator – Built 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.

Community outcome

This activity component 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.

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%
General rate	100%
TOTAL	100%

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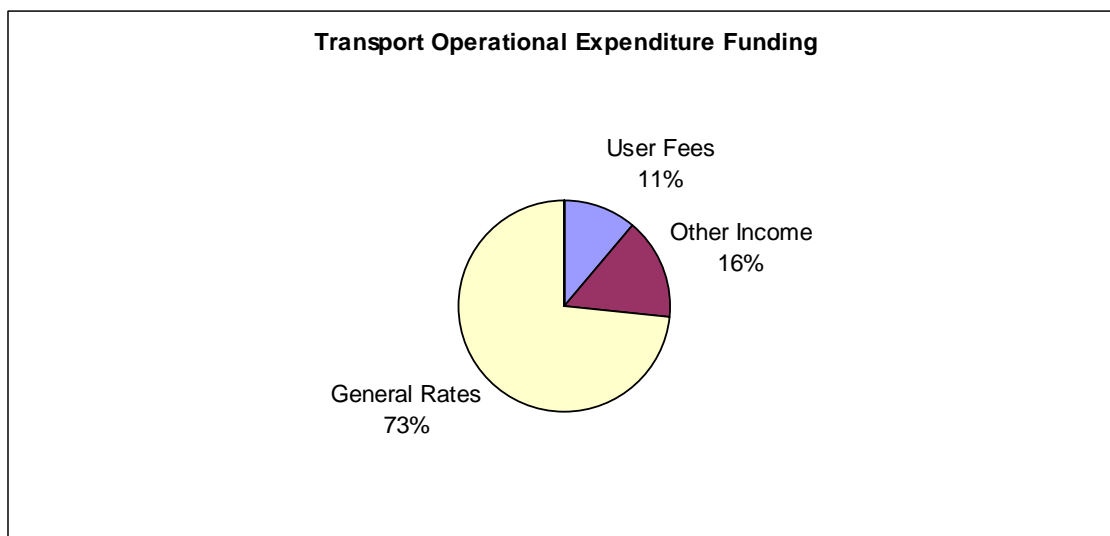
Vii) Transport Strategy

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.

Operating activities

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



Activity Component	User Fees	Other Income	General Rates	Targeted Rates		
				Residential	Commercial	Down town/ Other
Transport planning - 7.1.1 (TDM)	0%	0%	100%	0%	0%	0%
7.2.1 Ports access	0%	0%	100%	0%	0%	0%
7.2.2 Vehicle network	0%	5%	95%	0%	0%	0%
Passenger transport 7.2.3 network	0%	70%	30%	0%	0%	0%
Network-wide control and 7.2.4 management	0%	25%	75%	0%	0%	0%
7.2.5 Cycle network	0%	15%	85%	0%	0%	0%
7.2.6 Pedestrian network	0%	0%	100%	0%	0%	0%
7.2.7 Road safety	0%	25%	75%	0%	0%	0%
7.3.1 Car parking	100%	0%	0%	0%	0%	0%
Total Transport	11%	16%	73%	0%	0%	0%

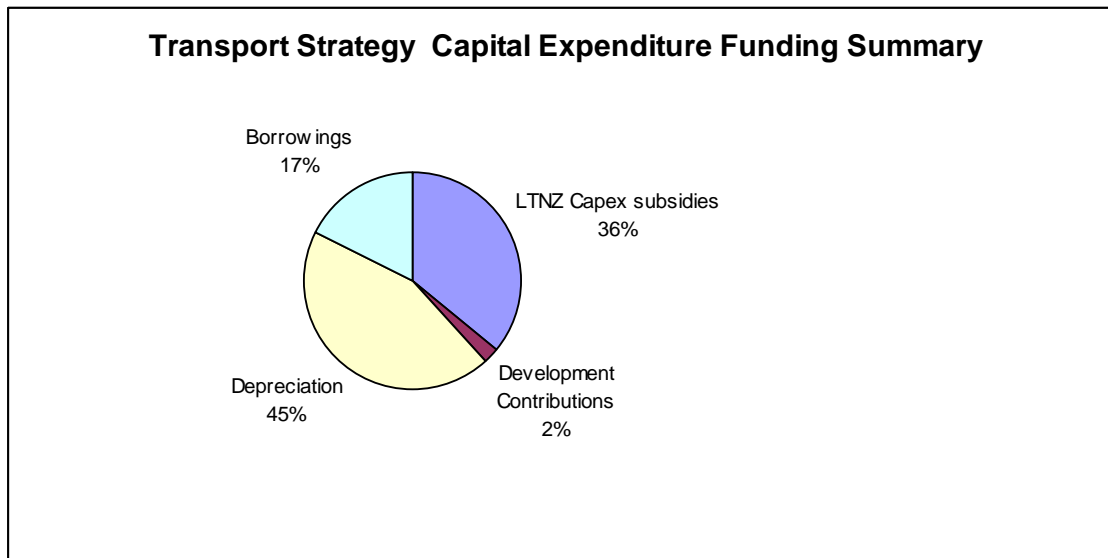
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Capital Expenditure

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

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

Activity component	Funding Sources			
	LTNZ Capex subsidies	Development Contributions	Depreciation	Borrowings
7.2.2 Vehicle network	46%	5%	49%	0%
7.2.3 Passenger transport network	53%	1%	9%	36%
7.2.4 Network-wide control and management	43%	0%	45%	12%
7.2.5 Cycle network	53%	3%	9%	35%
7.2.6 Pedestrian network	7%	1%	63%	29%
7.2.7 Road safety	49%	3%	38%	10%
7.3.1 Car parking	0%	4%	96%	0%
Total Transport	36%	2%	44%	17%



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Transport strategy – activity component funding commentary

Activity component 7.1.1: Provider – Transport planning

The mixed modes and changing demands on transportation means that transportation planning becomes increasingly important. The Council's work in this area is closely linked to the work that we carry out under urban development. We also incorporate travel demand management planning as a component part of our overall transport and urban planning work.

Community outcome

This activity component 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 component 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 component is of benefit to the whole community it is considered fair and 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 component 7.2.1: 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 to construct a round-a-bout to ease vehicle movements in this area within the next 3 years.

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Activity component 7.2.2: 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 component 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 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 NZTA, 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 component 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 NZ Transport Agency subsidy varies from year to year depending on the scheduled asset management plan works and changes to the works programme based on reprioritisation.

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Our funding targets: operating expenses

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

Activity component 7.2.3: 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 component contributes in part to the outcome 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 component 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 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 component, the Council receives income for advertising on bus shelters. This income covers the majority of the cost of providing the Council's passenger transport network services, however this is dependant on advertising demand and revenue.

The funding target has been set in line with current forecasts for advertising revenue.

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

Our funding targets: operating expenses

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

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Activity component 7.2.4: 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 component also covers traffic sign maintenance and road marking maintenance.

Community outcome

This activity component contributes to the outcomes 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 component are covered by a subsidy from the Government roading funding agency NZTA, 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 component to be funded from general rates.

The amount of the NZTA 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	30%
Targeted rate	0%
General rate	70%
TOTAL	100%

Activity component 7.2.5: Provider - Cycle 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.

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Community outcome

This activity component 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%

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 component are covered by a subsidy from the Government roading funding agency NZTA, 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 component 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 NZTA 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	15%
Targeted rate	0%
General rate	85%
TOTAL	100%

Activity component 7.2.6: 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 component 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.”

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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: operating expenses

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

Activity component 7.2.7: 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 component are covered by a subsidy from the Government roading funding agency NZTA, which passes on funding from the fuel taxes it gathers. We also receive some income in relation to this activity component 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 component is from general rates.

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The amount of the NZTA 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%
General rate	75%
TOTAL	100%

Activity component 7.3.1: 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 component 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 component, 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

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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 component 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: operating expenses

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

APPENDIX 6