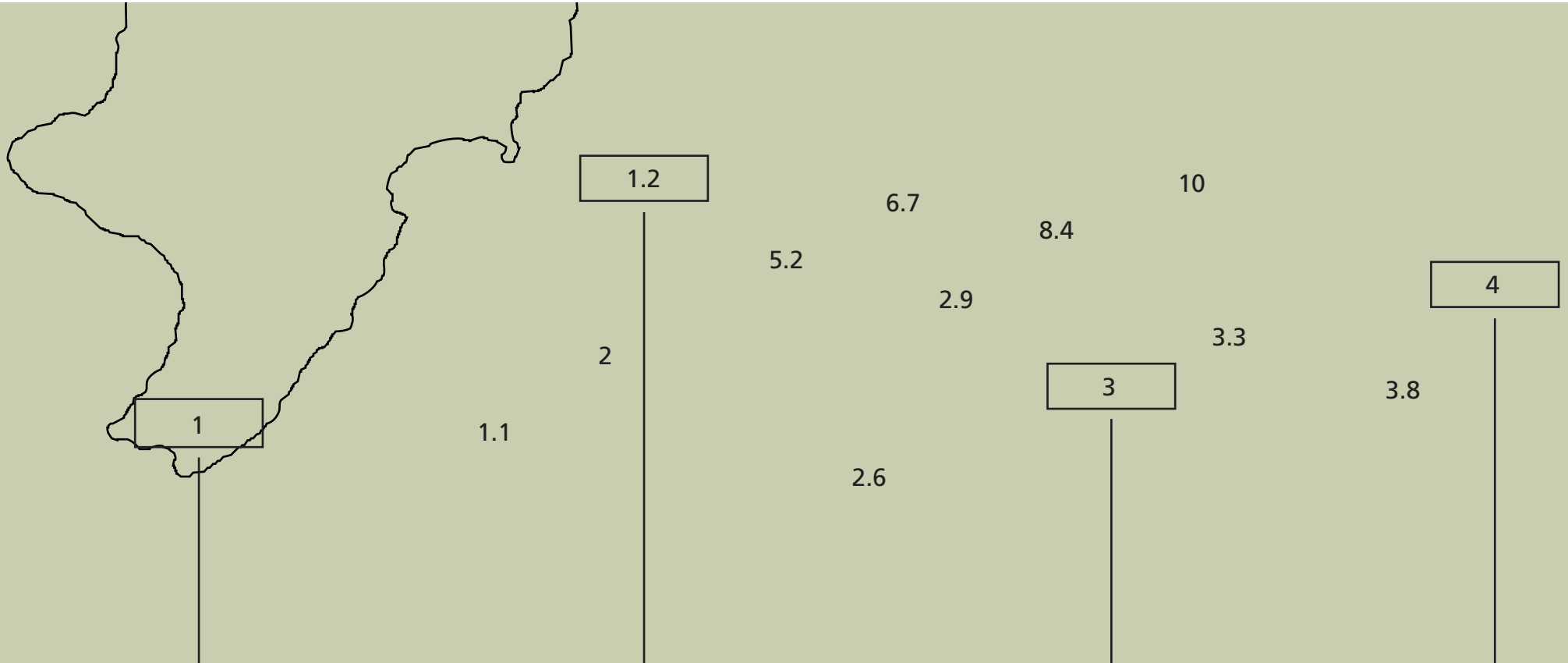


# a sustainable region Policies document

## Greater Wellington Regional Council's proposed ten-year plan 2006–16 Incorporating the 2006/07 Annual Plan

Quality for Life



# Contents



Introduction	1
Significance policy	2
Policy on partnerships with the private sector	5
Rates remission and postponement policies	7
Policy on development contributions or financial contributions	10
Treasury management policy	11
Revenue and financing policy	22
Your regional councillors	62

# Introduction

1

This document contains policies required by the Local Government Act 2002.

## Policy on significance

This policy guides Greater Wellington when making decisions of varying importance to the community.

## Policy on partnerships with the private sector

This policy outlines under what circumstances Greater Wellington will enter into partnership arrangements with private business, what conditions will be imposed and what consultation will take place.

## Rates remission and postponement policies

### Remission of penalties

This policy enables Greater Wellington to remit penalties when Greater Wellington considers that it is fair and equitable to do so.

### Rates postponement policy

This policy enables Greater Wellington to postpone rates when certain conditions are met.

### Remission and postponement of rates on Māori freehold land

This policy recognises that certain Māori land may have particular features that make it appropriate to provide for relief from rates.

## Remission of rates in special circumstances

This policy enables Greater Wellington to act fairly and reasonably to remit rates in special circumstances.

## Policy on development contributions or financial contributions

This policy describes Greater Wellington's approach to development and financial contributions.

## Treasury management policy

This policy incorporates Greater Wellington's liability management and investment policies.

## Revenue and financing policy

This policy identifies how Greater Wellington allocates the costs of its activities against available sources of funds, including rates and user charges.

## Introduction

This policy on significance outlines Greater Wellington’s general approach to determining the significance of proposals and decisions and includes criteria and procedures Greater Wellington will use in assessing which proposals and decisions are significant.

It also lists the assets Greater Wellington considers to be strategic assets.

### Statutory requirements

Section 90 of the Local Government Act 2002 (the Act) requires Greater Wellington to adopt a policy for determining the significance of proposals and decisions in relation to issues, assets or other matters; and any thresholds, criteria, or procedures that are to be used by Greater Wellington in assessing the extent to which issues, proposals, decisions, or other matters are significant.

As set out in the Act, significance means:

*Significance, in relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for,*

- (a) *the current and future social, economic, environmental, or cultural well-being of the district or region:*
- (b) *any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter:*
- (c) *the capacity of the local authority to perform its role, and the financial and other costs of doing so.*

In general terms “significance” relates to the degree of importance attributable to any particular matter or thing and can be thought of as a continuum ranging from insignificant to very significant. The significance of a decision will help determine the appropriate nature, extent and degree of compliance required with the decision making process set out in part 6 of the Act. In essence the more significant the issue, the higher the standard of compliance required.

### General approach to determining which proposals and decisions are significant

Greater Wellington will consider each proposal or decision on a case by case basis to determine whether it is significant. When determining the question of significance of proposals and decisions in relation to issues, assets or other matters Greater Wellington will determine the extent to which:

- The likely consequences or impacts of the issue, asset or other matter on the current and future social, economic, environmental and cultural well-being of the greater Wellington region.
- A large number of individual residents or ratepayers are affected.
- A small number of individual residents or ratepayers are particularly affected.
- The issue, asset or other matter have a history of generating wide public interest within the greater Wellington region or New Zealand generally.
- The issue, asset or other matter affect the capacity of Greater Wellington to perform its role.

## Criteria and procedures for determining which proposals and decisions are significant

When undertaking a process to determine the extent to which proposals and decisions are significant, Greater Wellington will use the following criteria and procedures.

### Criteria:

- To what extent will the proposal or decision significantly affect the current or future social, economic, environmental and cultural well-being of the greater Wellington region?
- To what extent will the proposal or decision significantly affect the capacity of Greater Wellington to carry out, or the costs associated with the delivery of, any of the groups of activities identified in Greater Wellington's Long-term Council Community Plan (LTCCP)?
- To what extent will the proposal or decision significantly affect Greater Wellington's ability to deliver the levels of service outlined in Greater Wellington's LTCCP?
- To what extent will the proposal or decision result in the sale or replacement of, or significant addition to, a strategic asset (or a significant portion thereof), as defined by the Act or listed in this policy? Replacement of key components of each strategic asset in accordance with Greater Wellington's asset management plans will not be considered to be significant.

### Procedures:

- Where in the judgement of the Chief Executive, or his or her delegated officer, a matter may trigger the significance criteria (above) the appropriate officer will report the matter to the relevant standing committee(s) or Council for decision.
- In the absence of such a report a matter will not be considered to be significant, except that any Councillor may notify the appropriate Committee or Council Chair, no less than 48 hours before any matter is considered at a meeting, their view that the matter may be significant and seek that the meeting determine that question prior to consideration of the matter.
- A matter that is in accordance with Greater Wellington's LTCCP or Annual Plan, or is specified within another policy or plan that has been subject to public consultation as required by the Local Government Act 2002 or other specific legislation, may be considered to be significant, but will generally require no further special procedures to be carried out.
- Greater Wellington has delegated powers to the Chairperson and Chief Executive to act in emergency situations. Nothing in this policy will affect those delegations.

For the avoidance of doubt, management decisions made during the course of implementing decisions of Council will not be considered to be significant.

## 4 Significance policy

### Identified strategic assets

This policy also identifies the assets Greater Wellington considers to be strategic assets. Any decision to transfer ownership or control of a strategic asset or a decision to construct, replace or abandon a strategic asset cannot be made unless it has first been included in the LTCCP (and in a statement of proposal relating to the LTCCP). All such actions relating to a strategic asset are automatically significant and must meet the requirements relating to significant decisions.

As set out in the Act, strategic asset means:

*Strategic Asset, in relation to the assets held by a local authority, means an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community; and includes –*

- (a) any asset or group of assets listed in accordance with section 90(2) by the local authority; and*
- (b) any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and*
- (c) any equity securities held by the local authority in –*
  - (i) a port company within the meaning of the Port Companies Act 1988;*
  - (ii) an airport company within the meaning of the Airport Authorities Act 1966.*

Assets and groups of assets that the Greater Wellington holds and considers to be strategic are:

- Greater Wellington's regional bulk water supply network, including storage lakes, treatment plants, pipelines and reservoirs
- Greater Wellington's flood protection assets on the region's major waterways, including stopbanks
- Greater Wellington's regional parks and forests network (including water supply catchments)
- Greater Wellington's plantation and reserve forest lands (taken as a whole)
- Greater Wellington's ownership interest in CentrePort Limited (via the WRC Holdings Group)
- Greater Wellington's harbour navigation aids and communications systems (taken as a whole)
- Greater Wellington's ownership of rail rolling stock and other rail infrastructure required for the operation of the passenger rail system in the region (taken as a whole).

In addition, Greater Wellington is a joint settlor with the Wellington City Council of the Wellington Regional Stadium Trust and although it has no ownership interest in the Stadium Trust, Greater Wellington considers the Stadium to be a strategic asset of the region.

Greater Wellington maintains an open mind on the commitment of its resources to partnerships between itself and the private sector. Partnership with the private sector is defined as any arrangement or agreement that is entered into between one or more local authorities and one or more persons engaged in business, but does not include:

- an agreement in which the only parties are local authorities
- an agreement between one or more local authorities and one or more council organisations
- a contract for the supply of any goods or services to, or on behalf of, a local authority.

## Circumstances

Greater Wellington will only consider entering into a partnership between itself and the private sector when **all** of the following circumstances are met:

- The partnership will assist Greater Wellington to further one or more of the community outcomes stated in its Long-term Council Community Plan.
- A partnership with the private sector has been identified as the best option for achieving the community outcome(s), having regard to:
  - the skills and experience available within Greater Wellington
  - the capacity for Greater Wellington to deliver the outcome by itself
  - the capacity and willingness of the private sector to deliver the outcome by itself
  - the need for Greater Wellington to retain a high degree of governance and control
  - the ability to share risk on an equitable basis.
- Where the proposal or decision is significant, consultation with the community has indicated that there is general support for the partnership to proceed.

## Consultation

Before a final decision is made to commit funding or other resources to any form of partnership with the private sector where the proposal or decision is significant, Greater Wellington will consult with its community and key stakeholders. Depending on the circumstances, this may take the form of telephone surveys, focus groups, public meetings, questionnaires to ratepayers, and feedback opportunities on Greater Wellington's web site.

Greater Wellington will provide sufficient information to enable the community to understand the proposed partnership. This information will include details about:

- why the partnership is being proposed
- the outcome(s) to be achieved
- the private sector entity involved
- the financial arrangements for the partnership
- the risk sharing arrangements that are involved
- the term of the partnership.

In undertaking any consultation Greater Wellington will retain an open mind and will ensure that it complies with the principles of consultation listed in section 82 of the Local Government Act 2002.

## 6 Policy on partnerships with the private sector

### Conditions

The conditions, if any, that Greater Wellington will impose before providing funding or other resources to any form of partnership with the private sector will be case specific and depend on the nature of the proposed partnership. The types of areas where conditions may be developed include:

- confidentiality
- reporting requirements
- disclosure of relevant information
- assignment to other parties
- distribution of profit (if any)
- delivery of products and services
- quality of products and services
- sanctions for failure to deliver.

### Risk management

Before entering into any partnership with the private sector, Greater Wellington will undertake an appropriate risk analysis. Independent expert advice may be sought to review the analysis and assist in identifying how risks are best managed. Risks will be managed through a variety of means that may include contractual arrangements, good management practice, ensuring the correct financial structures are in place, regular reporting and monitoring, and the development of contingency plans.

### Reporting

The provision of funding or other resources will be monitored and formally reported on to Greater Wellington on a frequency agreed with Greater Wellington. Management reports will be prepared regularly and will be monitored by relevant officers of Greater Wellington.

### Community outcomes

Greater Wellington will assess, monitor, and report on the extent to which community outcomes are furthered by the provision of funding or other resources to a partnership with the private sector through its reporting of implementation of the Long-term Council Community Plan. Consideration will be given as to what progress would have been made in furthering the community outcomes if the partnership with the private sector had not occurred.



## Remission of penalties

### Objective

To enable Greater Wellington to act fairly and reasonably when rates have not been received by the penalty date.

### Conditions and criteria

- 1) Upon receipt of an application from the ratepayer, or if identified by Greater Wellington, Greater Wellington may remit a penalty where it considers that it is fair and equitable to do so. Matters that will be taken into consideration by Greater Wellington include the following:
  - a) the ratepayer's payment history
  - b) the impact on the ratepayer of extraordinary events
  - c) the payment of the full amount of rates due
  - d) the ratepayer entering into an agreement with Greater Wellington for the payment of rates.
- 2) Greater Wellington reserves the right to impose conditions on the remission of penalties.

### Decisions

Decisions on the remission of penalties may be delegated to Greater Wellington officers. All delegations will be recorded in the delegations register.

## Rates postponement policy

### Objective

To enable Greater Wellington to retain its discretion to postpone the payment of rates.

### Conditions and criteria

- 1) Greater Wellington will postpone rates when the following circumstances are met:
  - a) A territorial authority in the greater Wellington region has postponed some or all of the territorial authority rates for the rating unit in the current rating year AND
  - b) The ratepayer is experiencing extreme financial hardship.
- 2) Applications for postponements must be made to Greater Wellington in writing and contain supporting information demonstrating compliance with criteria 1.
- 3) Approval of rates postponements is for one year only.
- 4) The postponement of rates is a last resort and will be considered only after all other avenues to meet rates commitments have been exhausted.
- 5) Postponed rates will be registered as a statutory land charge on the rating unit title. This means that Greater Wellington will have the first call on the proceeds of any revenue from the sale or lease of the rating unit.
- 6) A fee will be charged in arrears on rates postponed, in accordance with section 88 of the Local Government (Rating) Act 2002.

### Decisions

Decisions on the postponement of rates may be delegated to Greater Wellington officers. All delegations will be recorded in the delegations register.

## Remission and postponement of rates on Māori freehold land

### Objectives

- 1) To recognise that certain Māori owned land may have particular conditions, features, ownership structures, or other circumstances that make it appropriate to provide for relief from rates.
- 2) To recognise that Greater Wellington and the community benefit through the efficient collection of rates that are properly payable and the removal of rating debt that is considered non-collectible.
- 3) To meet the requirements of section 102 of the Local Government Act 2002 to have a policy on the remission and postponement of rates on Māori freehold land.

### Considerations

In setting a policy on the remission and postponement of rates on Māori freehold land Greater Wellington has considered the matters identified in Schedule 11 of the Local Government Act 2002.

### Conditions and criteria

- 1) Application for a remission or postponement under this policy should be made in writing prior to the commencement of the rating year. Applications made after the commencement of the rating year may be accepted at the discretion of Greater Wellington. A separate application must be made for each rating year.
- 2) Owners or trustees making application should include the following information in their applications:

- a) details of the rating unit or units involved
  - b) documentation that shows that the land qualifies as land whose beneficial ownership has been determined by a freehold order issued by the Māori Land Court.
- 3) Greater Wellington may of its own volition investigate and grant remission or postponement of rates on any Māori freehold land in the region.
  - 4) Relief, and the extent thereof, is at the sole discretion of Greater Wellington and may be cancelled and reduced at any time.
  - 5) Greater Wellington will give a remission or postponement of up to 100% of all rates for the year for which it is applied for based on the extent to which the remission or postponement of rates will:
    - a) Support the use of the land by the owners for traditional purposes
    - b) Support the relationship of Māori and their culture and traditions with their ancestral lands
    - c) Avoid further alienation of Māori freehold land
    - d) Facilitate any wish of the owners to develop the land for economic use
    - e) Recognise and take account of the presence of waahi tapu that may affect the use of the land for other purposes
    - f) Recognise and take account of the importance of the land in providing economic and infrastructure support for marae and associated papakainga housing (whether on the land or elsewhere)
    - g) Recognise and take account of the importance of the land for community goals relating to:
      - The preservation of the natural character of the coastal environment
      - The protection of outstanding natural features
      - The protection of significant indigenous vegetation and significant habitats of indigenous fauna

- h) Recognise the level of community services provided to the land and its occupiers
- i) Recognise matters related to the physical accessibility of the land
- j) Provide for an efficient collection of rates and the removal of rating debt.

### Decisions

Decisions on the remission and postponement of rates on Māori freehold land may be delegated to Greater Wellington officers. All delegations will be recorded in the delegations register.

## Remission of rates in special circumstances

### Objective

To enable Greater Wellington to act fairly and reasonably to remit regional rates in special circumstances.

### Conditions and criteria

- 1) Greater Wellington may remit all or part of the rates assessed in relation to a particular rating unit in special circumstances where it considers it just and equitable to do so.
- 2) The approval of the remission must not set a precedent that unfairly disadvantages other ratepayers.
- 3) A remission under this policy will last for one rating year only. Applicants must reapply annually for a remission.

- 4) No application under this policy will be backdated beyond the rating year.
- 5) An application for remission under this policy:
  - a) must be made within the rating year for which remission is sought AND
  - b) made in writing to Greater Wellington AND
  - c) contain supporting information.
- 6) Greater Wellington may of its own volition investigate and grant remission of rates in response to any direction it receives from the Government or other agency to remit rates. In such circumstances rates will generally be remitted to the extent Greater Wellington receives payment from the Government or other agency.

### Decisions

Decisions on remission of rates in special circumstances will be made by Council.

This policy describes Greater Wellington's approach to development and financial contributions.

## Development contributions

Greater Wellington will not be seeking any development contributions as provided for under the Local Government Act 2002. The power to levy such contributions is restricted to territorial authorities.

## Financial contributions

Greater Wellington does not have any provisions in its regional plans prepared under the Resource Management Act 1991 to levy financial contributions. The inclusion of such contributions may be reconsidered as part of any review of the regional plans. No financial contributions can be levied by Greater Wellington unless they are included within a regional plan.

## Table of contents

1	Treasury management policy .....	12	8	Internal debt management .....	13-15
2	Liability management policy .....	12	9	Investment policy .....	15
3	External borrowing limits .....	12	10	Investment interest rate management .....	15
4	Borrowing .....	13	11	Investments .....	16-18
5	Repayment of debt .....	13	12	Counterparty limits .....	18
6	Interest rate exposure .....	13	13	Responsibilities .....	19-21
7	Liquidity policy .....	13			

## 1 Treasury management policy

The Treasury Management Policy incorporates Greater Wellington's liability management and investment policies. These policies cover the requirements of the Local Government Act 2002.

These policies cover all of Greater Wellington's operations including its 100% owned subsidiary companies. However Greater Wellington's main operating subsidiary, CentrePort (76.9% owned), has its own Treasury Management Policy.

## 2 Liability management policy

The following principles underlie the policy:

- Borrowed funds will be used to fund capital and investment expenditure, and transport operating expenditure where the benefits extend over several years. They will also be used for cash management purposes and to maintain sufficient liquidity. Greater Wellington has large infrastructure assets with long economic lives that yield long term benefits. Debt is considered an appropriate method of apportioning the costs of long term assets over current and future ratepayers. The mix of debt and revenue funding for capital expenditure will be determined in the Annual Plan each year.
- Annual interest costs are part of operating expenditure and will be funded from operating revenue
- Annual debt repayments will be funded from operating cashflows
- Interest rate exposure will be managed consistently with the aim of:
  - Recognising that Greater Wellington is a risk adverse entity and that it aims to minimise net interest costs

- Maintaining a mix of both fixed and floating rates, as appropriate, to ensure a degree of flexibility and to take advantage of lower rates when appropriate
- Only allowing hedging on existing debt or where there is a commitment to borrow in the future as disclosed in Greater Wellington's latest Long-term Council Community Plan or Annual Plan and not for speculative purposes.
- Greater Wellington cannot under law guarantee the obligations of any of its Council Controlled Organisations (CCO) or Council Controlled Trading Organisations (CCTO). Any other guarantees require Council resolution.

## 3 External borrowing limits

### 3.1 Core Council

Net external debt is gross debt less all cash deposits. Net interest expenses is gross interest costs less interest income. The following limits apply:

- Net interest expense on net external debt will not exceed 25% of total annual rates and levies
- The percentage of net external debt to annual rates and levies will not exceed 210%
- Net external debt per capita will not exceed \$400.

### 3.2 Consolidated Group

The following limits apply:

- Net interest expense will not exceed 12% of total operating revenue
- Net external debt will not exceed 120% of total operating revenue.

## 4 Borrowing

Any new loan facility must be authorised by Council resolution, except for funds raised by way of bank overdraft.

Greater Wellington will not offer security over any of its wholly owned assets for any borrowings except in specific circumstances and when approved by Council.

## 5 Repayment of debt

Where appropriate surplus funds and proceeds from the sale of investments/assets will be used to repay debt.

## 6 Interest rate exposure

The interest rate policy of Greater Wellington is to manage the exposure to adverse interest rate movements consistent with the aim to minimise interest costs.

The Chief Financial Officer (CFO) will be able to approve interest rate hedging on actual or planned external debt (as disclosed in the latest Long-term Council Community Plan/Annual Plan) within the following parameters:

Term Years	Fixed Interest	
	Minimum %	Maximum %
0-3	30	90
3-5	20	80
>5	0	70

Only interest rate risk management instruments that have been approved by Council may be used (section 13.7).

Interest rate hedging with a life beyond 10 years requires Council approval.

## 7 Liquidity policy

As a minimum Greater Wellington must maintain a mixture of undrawn committed lines and/or liquid investments of not less than \$15 million for normal operations.

A mixture of undrawn committed lines and liquid financial investments are available for Greater Wellington's self-insured infrastructural assets and contingency reserves. The amount is to be calculated annually (currently \$54 million).

## 8 Internal debt management

The treasury function is responsible for administering Greater Wellington's internal debt portfolio. Internal loans are set up within the internal debt portfolio for each department's loan funded capital expenditure (or operating expenditure in the case of forestry and transport).

Greater Wellington approves the internal debt programme for each financial year during the annual planning process, although the arrangement of the precise terms and conditions associated with each borrowing is delegated to the CFO.

Greater Wellington's loan lives for major classes of assets are currently as follows:

Land purchases	20 years
Regional water supply assets	30 years
Floodplain management plans	15 years
Flood protection assets	20 years
Forestry investment	15 years
Regional parks assets	15 years
Rolling stock and related rail infrastructure	life of assets

### 8.1 Internal debt limits

Internal debt limits are set to monitor the level of debt for areas of Greater Wellington that have significant internal debt and to satisfy the principle of prudent financial management.

Internal debt targets have also been established in order to provide guidance on the long-term sustainable debt levels. Compliance is reported against debt limits.

Activity	Ratio	Limit
Water supply	Debt to levy	300%
Water supply	Finance costs to levy	40%
Flood protection	Debt to rates	400%
Flood protection	Finance costs to rates	50%
Parks	Debt to rates	50%
Parks	Finance costs to rates	10%
Transport	Debt to rates	250%
Transport	Finance cost to rates	25%
Forestry	Debt to asset value	70%

### 8.2 Internal debt targets

Activity	Ratio	Target
Water supply	Debt to levy	220%
Water supply	Finance costs to levy	20%
Flood protection	Debt to rates	250%
Flood protection	Financial costs to rates	25%
Parks	Debt to rates	50%
Parks	Financial costs to rates	10%
Transport	Finance costs to rates	15%
Transport	Debt to rates	150%
Forestry	Debt to asset value	35%



## 8.3 Reserves

Greater Wellington has a number of reserves which have been created for specific purposes which the treasury function is responsible for administering.

Greater Wellington does not generally hold liquid assets to support reserves. Rather, funding is arranged as required to match withdrawals from reserves. Greater Wellington maintains committed lines and liquid bank deposits sufficient to cover the sum of Greater Wellington’s contingency reserves.

The following operational parameters apply to the management of Greater Wellington’s reserves:

- Reserve interest is applied by treasury to each reserve at the reserve interest rate
- Where a reserve balance is negative, adjustments are made (at the next budget round) to planned transfers to reserves to bring the reserve balance back into funds within, what the CFO considers to be an appropriate period of time (generally three years).

## 9 Investment policy

### 9.1 Objectives of financial and equity investments

The policy on financial and equity investments has the following objectives:

- Manage investments in accordance with the Local Government Act 2002; administer, manage and account for its funds and exercise the care, diligence and skill that a prudent person of business would exercise in managing the affairs of others

- Maximise investment income within a prudent level of investment risk. Greater Wellington recognises that as a responsible public authority any investments that it does hold should be of relatively low risk. It also recognises that lower risk generally means lower returns
- Invest only in approved securities and asset classes as permitted by this policy. (Accordingly, only creditworthy counterparties are acceptable)
- Minimise potential risk due to adverse interest rates movements
- Regularly review the performance and credit worthiness of all investments
- Maintain operational controls and procedures to limit against financial loss, opportunity costs and other inefficiencies.

Any acquisition or disposal of equity investments greater than \$50,000 requires Council approval.

## 10 Investment interest rate management

The CFO may approve interest hedging on actual investments within the following parameters:

Term Years	Fixed Interest	
	Minimum %	Maximum %
0-3	0	75

Only interest rate risk management instruments that have been approved by Council may be used (section 13.4).

## 11 Investments

### 11.1 Equity investments

Greater Wellington's current and proposed equity investments are:

- WRC Holdings Limited (100%), owner of Port Investments Ltd and Pringle House Ltd. It will also own the proposed new companies, subject to consultation
- Port Investments Ltd (100%), 76.9% owner of CentrePort Ltd
- Pringle Houses Ltd (100%), owner of the Regional Council Centre
- GW Rail Ltd<sup>1</sup>, proposed owner of rail rolling stock
- GW Infrastructure Ltd<sup>1</sup>, proposed owner of rail public transport infrastructure
- GW Investments Ltd<sup>1</sup>, proposed owner of trolley bus overhead.

The above companies are Council Controlled Organisations or Council Controlled Trading Organisations.

<sup>(1)</sup> These companies are proposed and subject to consultation through the Long-term Council Community Plan

### 11.2 Other investments

Greater Wellington's other investments are:

- Forestry investments
- Stadium advance
- Liquid financial deposits
- Cash deposits.

### 11.3 Council Controlled Organisation (CCO) and Council Controlled Trading Organisation (CCTO)

The objectives of Greater Wellington's CCTO/CCOs are to:

- Separate appropriately management and governance
- Impose a commercial discipline
- Separate Greater Wellington's investments and commercial assets from its public good assets.

Greater Wellington is responsible for the appointment of the Board of Directors for Greater Wellington's CCO/CCTOs.

Any asset additions or disposals of note are approved by Directors, unless they are significant, at which point shareholder approval is required.

Risk is managed by:

- Appointment of external Directors
- Regular reporting to Directors
- Use of external advisors where there is limited in-house experience.

Greater Wellington, as shareholder, has input into the CCO/CCTOs Statements of Corporate Intent, and Constitutions, and receives half and full year reports.

### 11.4 CentrePort Limited

Greater Wellington, through Port Investments Ltd (PIL), owns 76.9% of CentrePort Limited.

CentrePort Ltd is also governed by the Port Companies Act 1988 which impacts on some governance arrangements. CentrePort Ltd is not a CCTO under the Local Government Act 2002.

PIL, along with the other shareholder in CentrePort Ltd, is responsible for appointing the Board of Directors who are responsible for the operations of the company. Any major transactions, as defined in the Company's Constitution or the Companies Act 1993, require the approval of the shareholders.

PIL, as a shareholder, has input into CentrePort's Statement of Corporate Intent and Constitution.

Shareholders receive half and full year reports, along with briefings twice a year.

The investment in CentrePort Ltd is not without risk. Greater Wellington's risk management processes are:

- Appointment of suitably qualified external directors
- Formal briefings to shareholders twice a year, quarterly briefings with the Chief Financial Officer
- Appointment of Greater Wellington's Chief Financial Officer as reporting officer for Greater Wellington on CentrePort Ltd
- Monthly reports to the shareholder
- Input into CentrePort's Statement of Corporate Intent.

## 11.5 Forestry investments

Greater Wellington has investments in forestry which are managed on a commercial basis, coupled with meeting the objectives of minimising soil erosion and water sedimentation (for land which is held for water catchment purposes). Harvesting is on a sustainable yield basis.

The forestry investments are set up as separate units within Greater Wellington and are regularly reported to Council. Greater Wellington manages the forests in-house but contracts out the silviculture, harvesting and marketing.

Risk is managed by the use of in-house expertise along with external consultants.

## 11.6 Stadium advance

Greater Wellington has lent \$25 million to the Wellington Regional Stadium Trust. The advance is interest free with limited rights of recourse.

Greater Wellington will continue to hold the advance until repayment. It receives regular reports from the Stadium Trust on the Trust's financial performance.

Greater Wellington, along with the Wellington City Council, appoints the trustees to the Stadium Trust.

## 11.7 Liquid financial deposits

Greater Wellington holds \$44 million in liquid financial deposits as the result of selling its interest in CentrePort Ltd to a wholly owned subsidiary, Port Investments Ltd.

Greater Wellington will continue to monitor its investment through its treasury function to ensure risk is minimised.

Greater Wellington will consider alternative uses for its liquid financial deposits to determine the best use of its funds on an after tax basis. The deposits are also required to be held to give Greater Wellington sufficient funds to meet its self insurance requirements.

## 11.8 Self insurance funds

Greater Wellington self insures a portion of the bulk water infrastructure and its flood protection assets. The funds are invested in liquid instruments with approved counterparties.

Contributions to the funds will continue until it is determined that contributions are no longer required. Council approves all increases and decreases to the funds. Risk is mitigated by regular monitoring of the funds, coupled with regular reviews of the adequacy of the funds.

### 11.9 Cash deposits

Cashflow surpluses will be invested in call deposits, negotiable instruments and bank bills with approved counterparties, up to the limits detailed in this policy.

Risk will be managed by regular reporting and monitoring of Greater Wellington's deposits.

## 12 Counterparty limits

Greater Wellington's policies to minimise its credit exposure are to:

- Ensure all investment, cash management, interest rate risk management and any foreign exchange transactions are undertaken with entities that have at least a strong Standard and Poor's (S&P) credit rating (or equivalent)
- Limit total exposure to prescribed amounts
- Monitor and regularly reporting compliance against set limits.

The following table summarises the approved counterparties, credit requirements and limits:

<b>Institution</b>	<b>Minimum S&amp;P Short-term credit rating</b>	<b>Minimum S&amp;P Long-term credit rating</b>	<b>Deposits</b>	<b>Interest rate instruments</b>
Government	N/A	N/A	Unlimited	N/A
Registered Bank	A1	A	\$15 million <sup>(1)</sup>	\$50 million <sup>(2)</sup>
Corporates, SOEs and Local Authorities (on balance sheet exposures only)	A1+	AA-	\$5 million	N/A

<sup>(1)</sup> \$50 million for ANZ National Bank given that ANZ National Bank has funded Greater Wellington's Stadium Loan (originally \$25 million) and has committed line facilities with Greater Wellington of \$35 million (although no legal right of set off exists).

<sup>(2)</sup> Notional principal amount.

In respect of borrowing, Greater Wellington may borrow from any organisation/individual, with no limits on amounts borrowed.

## 13 Responsibilities

### 13.1 General

Greater Wellington’s Chief Financial Officer (CFO) has overall responsibility for Greater Wellington’s Treasury Activities.

Greater Wellington has established a Treasury Management Group (TMG) which is chaired by the CFO. The TMG provides guidance on matters relating to the Liability Policies.

The Treasury and Planning Manager provides advice to the CFO and Treasury Management Group and actions any approved transactions.

In addition to the Treasury Management Policy, there is a set of operational guidelines.

### 13.2 Delegated authorities

Activity	Discretion to	Parameters
<b>Borrowings</b>		
New and additional debt facilities and the securing of assets	Council	
Utilisation of existing debt	Chief Financial Officer	Drawdowns > \$25 million and/or term of greater than 12 months
	Chief Executive	Drawdowns > \$25 million and/or term of greater than 12 months
	Treasury and Finance Manager	Drawdown < \$25 million and/or term of less than 12 months
<b>Interest rate risk management</b>		
Fixed/Floating rate mix	Council	Discretion to change minimum and maximum limits and period of cover as outlined in the policy
	Chief Financial Officer and Treasury and Planning Manager	Changes to mix
New risk management instruments	Council	Approval of permitted Instruments

Activity	Discretion to	Parameters
Approved risk management instruments	Chief Financial Officer	Delegated authority to enter into approved instruments up to maximum amounts Approval to adjust fixed/floating mix within minimum/maximum range using approved synthetic instruments but terms not to exceed 10 years
<b>Liquidity/Cash management</b>		
Opening and closing bank accounts	Chief Financial Officer/ Chief Executive Officer	
Adding and deleting signatories	Chief Financial Officer/ Chief Executive Officer	
Approve and alter Treasury Management Policy	Council	

### 13.3 Registered dealers

- Chief Financial Officer
- Treasury and Planning Manager
- Management Accountant.

### 13.4 Approved risks instruments

The following are the approved risk management instruments:

- Fixed interest through physical borrowings
- Floating interest through physical borrowings
- Forward rate agreements
- Interest rate swaps
- Interest rate options on approved funding instruments
- Interest rate collar options.

Any additions will require Council approval.

### 13.5 Definitions

#### *Forward rate agreement*

An agreement between Greater Wellington and counterparty (usually a bank) protecting Greater Wellington against a future adverse interest rate movement for a specified period of time. Greater Wellington and the counterparty agree to a notional future principal amount, the future interest rate, the benchmark dates and the benchmark rate (usually BKBM).

## *Interest rate options*

The purchase of an interest rate option gives the holder (in return for the payment of a premium) the right, but not the obligation, to borrow (described as a cap) or invest (described as a floor) at a future date for a specified period. Greater Wellington and the counterparty agree to a notional future principal amount, the future interest rate, the benchmark dates and the benchmark rate (usually BKBM). Interest rate option products include caps, floors, bond options and swap options.

## *Interest rate collar options*

The combined purchase (or sale) of a cap or floor with the sale (or purchase) of another floor or cap.

## *Interest rate swap*

An interest rate swap is an agreement between Greater Wellington and a counterparty (usually a bank) whereby Greater Wellington pays (or receives) a fixed interest rate and receives (or pays) a floating interest rate. The parties to the contract agree notional principal, start date of the contract, duration of the contract, fixed interest rate and the bench mark rates (usually BKBM).

## Table of contents

Revenue and financing Policy overview .....	24
Funding of operating and capital expenditure .....	25
Funding of operating expenditure	
Funding of capital expenditure	
Funding mechanisms used by Greater Wellington .....	26
Introduction to funding mechanisms	
Operating revenue	
Other funding sources	
Funding of Greater Wellington's activities .....	30
Environment	
Manage resources	
Develop and implement the Regional Policy Statement and regional plans .....	31
Process and monitor resource consents .....	32
Research key environmental issues and threats.....	33
Investigate and clean up pollution incidents/regulatory compliance .....	34

## Monitor the state of the environment

Report to the public on the state of the environment .....

35

## Environmental education

Help children, businesses and the community

to look after and restore environment .....

36

## Transport

Fund and promote public transport services.....

37

Provide the infrastructure for public transport services.....

37

Fund Total Mobility.....

40

Plan and monitor the transport network .....

41

## Water Supply

Collect, treat and deliver water.....

42

Plan to meet current and future demand for water.....

42

Plan for emergencies .....

42

## Parks

Manage regional parks and recreation areas .....

43

Promote community use.....

43



## Safety and flood protection

### Flood protection

Plan to reduce the impact of floods .....	44
Build and maintain agreed flood protection works and enhance the environment along flood corridors .....	45
Consultancy service for land drainage schemes .....	48

<b>Emergency management .....</b>	<b>49</b>
-----------------------------------	-----------

### Harbour management

Navigational aids and communications service .....	50
Enforce maritime safety regulations and educate people about water safety .....	51
Clean up oil spills in our harbours and coastal waters .....	52

## Land

### Managing pest plants and animals

Develop and implement pest management strategies .....	53
--	----

### Control Bovine Tb in bovine vectors

Design and implement bovine Tb vector control under the National Bovine Tb Pest Management Strategy .....	54
---	----

### Promote sustainable land management

Investigate and monitor the use of land and provide advice on land management issues .....	55
--	----

### Promote sustainable land management

Assist farmers and the community to protect and enhance the land .....	56
--	----

## Community

Run a democratic process .....	58
--------------------------------	----

Involvement of Māori in our work .....	59
--	----

Support to Westpac Stadium .....	60
----------------------------------	----

Participate in the Wellington Regional Strategy Forum .....	61
---	----

## 1 Revenue and financing policy overview

This Revenue and Financing policy sets out Greater Wellington’s policies in respect of funding of operating and capital expenditure. Greater Wellington is permitted to use the funding mechanisms set out in section 103(2) of the Local Government Act 2002 (The Act). Section 103(2) allows the following funding mechanisms to be used when funding operating and capital expenditure:

- General rates
- Targeted rates
- Grants and subsidies
- Interest and dividends from investments
- Fees, charges and other operating revenue
- Borrowing
- Proceeds from asset sales
- Development or financial contributions
- Any other source (including reserves).

This policy includes discussion of each of the funding mechanisms and their intended use by Greater Wellington. This policy also identifies sources of funding for each of Greater Wellington’s activities, grouped under Greater Wellington's areas of responsibility. Each activity is addressed under the following headings:

- Description
- Council involvement
- Statutory considerations
- Discussion
- Recommended funding.

Greater Wellington has used the considerations listed in section 101(3) to identify sources of funding appropriate for Greater Wellington.

The statutory considerations listed in 101(3) are as follows:

<b>Outcomes</b>	Outcomes are the community outcomes to which each activity primarily contributes. The target community outcomes of Greater Wellington are outlined in the document.
<b>Distribution of benefits</b>	The beneficiaries and type of benefit (individual, group, direct, indirect, etc.) of each activity are identified.
<b>Time frame of benefits</b>	The period in, or over which the benefits are expected to occur is identified. The time frame is most often “on-going,” although several activities involve “intergenerational equity” (benefits from a current activity that will accrue to future generations).
<b>Contributors to need for activity</b>	Any individuals or groups are identified who, through their actions or inactions, have contributed to the need to undertake the activity. This consideration is generally “not applicable”.
<b>Costs and benefits of distinct funding</b>	This consideration addresses the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

## 2 Funding of operating and capital expenditure

### 2.1 Funding of operating expenditure

Section 100 of the Act requires Greater Wellington to ensure that projected operating revenues are set at a level sufficient to meet that year's operating expenditure and therefore achieve a balanced budget. Greater Wellington may vary from this requirement but only where it believes it is financially prudent to do so.

Greater Wellington intends to fund its operating expenditure from its operating revenue, except as noted below. For the avoidance of doubt, operating expenditure includes interest on debt and depreciation on assets.

Circumstances where Greater Wellington will consider funding operating expenditure from sources other than its operating revenue are:

- Where Greater Wellington plans to use surplus funds from previous years (in the form of reserves) to fund expenditure. There is a formal process for establishing and using these specific reserves that is undertaken as part of the annual reporting and planning process. (See section 3.3.3 for more information on reserves).
- Where a deficit is incurred in any one year in either the plantation or reserve forestry areas, the deficit will be debt funded to ensure that at no time are these activities a drain on regional rates. Debt funding for forestry is considered appropriate because the forestry activity has historically carried a low level of debt relative to the underlying value of the investment. It also ensures intergenerational fairness.
- For a group of activities, where planned depreciation is higher than the sum of revenue funded capital expenditure, investment movements and debt repayment. In this situation Greater Wellington may feel it could be financially prudent not to fully fund depreciation and may plan for a small funding deficit

within that group of activities. The major example of this is rail rolling stock where Greater Wellington is not intending to fund depreciation on these assets.

- Certain operating expenditure, such as major operating expenditure on rail rolling stock, not owned by Greater Wellington. If the expenditure provides benefits beyond one year then Greater Wellington may loan fund the expenditure over a period not exceeding five years.

### 2.2 Funding of capital expenditure

Greater Wellington intends to primarily fund capital expenditure from borrowing, proceeds from asset sales and the use of reserves (sources other than operating revenue). However, operating revenue will be used to fund interest on the debt as well as the repayment of debt. The impact of this is to spread the funding requirement associated with capital expenditure over a number of years.

Greater Wellington has large infrastructural assets with long economic lives that yield long term benefits (particularly regional water supply and flood protection assets) as well as significant strategic investment holdings. The use of debt is seen as an appropriate and efficient mechanism for promoting intergenerational equity between current and future ratepayers in relation to Greater Wellington's assets and investments.

Circumstances where Greater Wellington will consider funding capital expenditure from operating revenue are:

- Where Greater Wellington believes that it is appropriate to fund some items of capital expenditure with limited asset lives and/or a relatively low cost, like motor vehicles and some plant and equipment (after the use of proceeds from asset sales).

## 3 Funding mechanisms used by Greater Wellington

### 3.1 Introduction to funding mechanisms

Greater Wellington has two main types of funding mechanisms that it can use to fund the expenditure of Greater Wellington:

- operating revenue
- other funding sources.

Revenue from these funding mechanisms are set at a level each year to ensure that planned operating and capital expenditure, debt repayment and investment movements are appropriately funded.

Greater Wellington's operating revenue includes general and targeted rates, water supply levies, government subsidies, interest and dividends, and fees, charges and other operating revenue.

Greater Wellington's other funding sources include borrowing, proceeds from asset sales and reserves (being surplus funds from previous years).

Greater Wellington does not plan to receive development or financial contributions.

For more information about the projected level of these funding mechanisms refer to the Funding Impact Statement in Greater Wellington's Long-term Council Community Plan, Detailed Information.

### 3.2 Operating revenue

#### 3.2.1 General rate

The general rate is distinct from targeted rates. The latter are intended to recover costs of particular activities from particular groups. The general rate funds activities such as:

- managing resources
- environmental education
- harbour management
- emergency management
- promoting sustainable land management
- providing a region-wide contribution to flood protection, soil conservation and biosecurity
- managing regional parks
- community.

The general rate is apportioned across the whole region on an equalised capital value basis and then set according to the current rateable capital value of each city or district. Greater Wellington does not make its general rate on a differential basis (except to equalise values) nor does it levy a uniform annual general charge.

## 3.2.2 Targeted rates

### *Regional transport rate*

The transport rate funds Greater Wellington's net expenditure for the region's public transport services, transport infrastructure and transport planning activities. This rate is apportioned so as to reflect the benefit to each district and category of property on all rateable land in those districts and is set on the basis of capital values.

### *Rivers management rates*

Rivers management rates are set in Lower Hutt, Upper Hutt, Porirua and Wellington Cities, Kapiti Coast and Carterton Districts, Greytown Ward, Greytown urban and Featherston urban rating areas on a uniform capital or land value basis on all rateable land within the defined boundaries.

The rivers management rates fund the local communities' contributions to river maintenance and flood protection improvements – currently applied at 50 percent. The other 50 percent is funded on a region-wide basis from the general rate. This rate is apportioned so as to reflect the benefit to each area and is set on the basis of capital or land values.

### *Stadium purposes rate*

This rate meets Greater Wellington's annual costs of servicing and repaying the loan raised to fund its contribution to the Wellington Regional Stadium Trust. The rate is made on a differential capital value basis reflecting direct and indirect benefits to different areas and classes of ratepayers. Ratepayers of cities and districts more distant from the Stadium contribute proportionally less.

### *Bovine Tb vector control rate*

This rate is set on a uniform land area basis where rateable land is 10 hectares or more in areas where there are current control programmes. (There is also a region-wide contribution for vector control operations from the general rate)

### *Wairarapa scheme rates (river management, catchment and drainage)*

Greater Wellington sets rates on specific properties within some 30 river management, catchment and drainage schemes in the Wairarapa Constituency. Generally these rates are made on a differential, land area, basis. These rates are apportioned so as to reflect the benefit to each separately rateable property in that part of the district benefiting from the scheme, on the basis of the area and the classification of the property as it appears in the approved classification register. As with the rivers management rates, the river management and catchment scheme rates fund the local communities' contributions to river maintenance and flood protection improvements – currently applied at 50%. The other 50% is funded on a region-wide basis from the general rate. The drainage schemes are fully funded by scheme rates.

## 3.2.3 Water supply levies

The water supply activity is not funded from regional rates. Greater Wellington directly bills the four metropolitan city councils (Wellington, Hutt, Upper Hutt and Porirua) for the wholesale supply of water. The levy is based on actual water usage. These costs are included as a component of those councils' water rates and charges.

### 3.2.4 Government subsidies

The main source of government subsidies received by Greater Wellington is for the funding of transport activities through the government agency, Land Transport New Zealand.

Land Transport New Zealand provides nationally-funded road-user subsidies reflecting the benefits to road users and social services from the transport group of activities.

Greater Wellington also receives a government subsidy in recognition of the national benefit from the civil defence emergency management activity of Greater Wellington.

### 3.2.5 Interest and dividends

Greater Wellington has a number of investments ranging from equity investments to financial investments. (Refer to the Treasury Management Policy for more information on the investments of Greater Wellington)

#### *Dividends received*

Greater Wellington receives dividends from its equity investments, primarily from its main operating subsidiary, CentrePort Ltd.

Dividend revenue from CentrePort Ltd is ultimately used to reduce general rates. Dividends and other cashflows from CentrePort Ltd are received by Port Investments Ltd (Greater Wellington's 100% owned subsidiary) and then passed onto Greater Wellington, via WRC Holdings Ltd, in accordance with Greater Wellington's funding requirements.

Dividends paid or declared by CentrePort Ltd relating to any one year are recognised in the same period by Port Investments Ltd when a constructive obligation exists.

#### *Interest received*

Greater Wellington receives interest from its financial investments, being liquid financial deposits, special funds and offer deposits.

Revenue earned from Council's liquid financial deposits is used to reduce general rates. Revenue earned on special funds is added to each fund. These funds have been set up for self insurance purposes. Revenue earned on offer deposits is deducted from rates.

### 3.2.6 Fees, charges and other operating revenue

Greater Wellington receives a variety of fees, charges and other operating revenue.

A significant amount of other operating revenue comes from the Animal Health Board for contracts to perform Bovine Tb vector control operations. The other main source is logging revenue received as part of the sustainable logging of our plantation and reserve forests.

Other operating revenue includes, but is not limited to:

- charges to commercial harbour users for navigation and communication services
- charges for the processing and monitoring of resource consents
- charges to land owners for contribution to land management activities on their land
- charges to territorial authorities and utility companies for water supply services
- rent received on properties owned by Greater Wellington and leased to third parties

- contributions from Transit New Zealand, territorial authorities and gravel extraction revenue for flood protection activities
- sales of poles and other products from the Akura Conservation Centre
- management fees for providing administrative support to our Council Controlled Organisations.

## 3.3 Other funding sources

### 3.3.1 Borrowing (loan funding)

Greater Wellington raises external debt primarily for the following purposes:

- To fund Greater Wellington's capital expenditure programme
- To manage timing differences between cash inflows and outflows and to maintain appropriate liquidity
- To fund one-off projects (e.g. Greater Wellington's involvement in the Stadium)
- To fund other investment activity as appropriate.

Greater Wellington approves the overall borrowing programme for each financial year during the annual planning process, although specific approval for any new borrowing facility is approved by Council. The arrangement of the precise terms and conditions associated with each borrowing is generally delegated to the Chief Financial Officer through the appropriate Council resolution. (Refer to the Treasury Management Policy for more information on Greater Wellington borrowing).

### 3.3.2 Proceeds from asset sales

Greater Wellington generally uses the proceeds from the sale of assets and investments to repay debt, unless Council determines otherwise.

The main exception is where Greater Wellington intends to replace the asset, like motor vehicles. In this instance, the proceeds from sale are used to help fund the replacement of that asset.

### 3.3.3 Reserves

From time to time Greater Wellington plans to use surplus funds from previous years (in the form of reserves) to fund expenditure. There is a formal process for establishing and using these specific reserves and this is undertaken as part of the annual reporting and planning process. Greater Wellington does not hold reserves in the form of cash assets. Reserves are used to reduce external borrowing, therefore reducing interest expense. When reserves are required to be used, new debt will be raised to fund the expenditure.

Greater Wellington has four types of reserves. They can be categorised as follows:

#### *Reserves for each different area of benefit*

These reserves are used where there is a discrete set of rate or levy payers as distinct from the general rate. Reserves include the transport, bovine Tb, river rates, workshop, nursery and Wairarapa schemes reserves.

Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves, in proportion to their respective funding policy ratios.

If Greater Wellington establishes other separate funding sources in the future, the same will apply. Such reserves are often long-term in nature, in that the use of the available funding spans many years.

### *Contingency reserves for funding of greater Wellington's activities*

Greater Wellington has traditionally set aside reserves which can be made available when a specific unforeseen event occurs. This currently includes Environment Legal, Flood and Rural Fire contingency reserves.

The release of these funds generally can only be approved by Council, with some delegation to Divisional Managers. Again, these reserves are long-term in nature.

### *Reserves where there has been rebudgeting of expenditure*

As part of each planning process, department managers indicate the funds needed to achieve specific outputs during the year. Any surpluses generated as a result are available for Council use (unless there is an area of benefit issue). Unless determined otherwise by Greater Wellington those surpluses will be used to reduce Council debt. This benefits Greater Wellington as a whole.

One exception to this rule is where a specific project has been planned to be completed during the financial year, but has not actually been completed. If this project is still a priority for Greater Wellington, it is appropriate to rebudget this expenditure in the following year. This process is undertaken as part of finalising the Annual Plan in June each year.

Funds will naturally need to be made available in the following year to fund these projects. By doing this Greater Wellington does not charge the community twice for the same project. The main mechanism to achieve this is through the use of a reserve (except for loan funded projects where the raising of the loan is merely delayed). The actual transfer to reserve occurs now as part of finalising Greater Wellington's Annual Report each year.

### *Special reserves*

The only special reserves of Greater Wellington are the election reserve and corporate systems reserve. The election reserve is necessary to smooth the costs of the local body elections across the three years of the triennium. The corporate systems reserves smooth the cost of capital expenditure to ensure there are not large fluctuations from year to year.

## 4 Funding of Greater Wellington activities

The remainder of this policy identifies the sources of funding for each of the Greater Wellington's activities, grouped under Greater Wellington's areas of responsibility.



**Manage resources**

Activity

**Environment**

Group of Activities

**Statutory considerations**

**Develop and implement the Regional Policy Statement and regional plans**

Sub Activity

**Description**

This sub activity entails developing and implementing the Regional Policy Statement and preparing and implementing the following regional plans: Regional Coastal Plan; Regional Plan for Discharges to Land; Regional Air Quality Management Plan; Regional Freshwater Plan; Regional Soil Plan.

**Council involvement**

Greater Wellington is required by the Resource Management Act 1991 to develop a Regional Policy Statement and a Regional Coastal Plan. It may develop further plans.

<b>Outcomes</b>	Healthy environment, sense of place, healthy community.
<b>Distribution of benefits</b>	The primary beneficiaries for this activity are people and organisations in the regional community. They benefit through the sustainable management of the region’s resources.
<b>Time frame of benefits</b>	On-going.
<b>Contributors to need for activity</b>	Not applicable.
<b>Costs and benefits of distinct funding</b>	Not applicable.

**Recommended funding**

100% general rate.

## Manage resources

Activity

### Process and monitor resource consents

Sub Activity

## Environment

Group of Activities

## Statutory considerations

### Description

Consents management has three components:

- processing applications for resource consents; procedural steps include:
  - assessing the application
  - notifying the public (some consents only)
  - holding pre-hearing meetings
  - conducting a hearing (when necessary)
  - issuing or declining a consent
  - defending decisions in the Environment Court
- monitoring compliance with consent conditions and taking necessary enforcement action
- advising the public on Greater Wellington's plans, the consent process, the environmental management options open to them, and the consequences of those options.

### Council involvement

Greater Wellington is an authority for processing consents. Section 36 of the Resource Management Act 1991 enables Greater Wellington to set "actual and reasonable" user charges. The maximum charge may not cover all the costs incurred in compliance monitoring. Greater Wellington also funds the sub activity to meet its requirements to provide general advice and information to the public on resource management.

<b>Outcomes</b>	Healthy environment, sense of place, healthy community.
<b>Distribution of benefits</b>	The beneficiaries of this activity (applicants and consent holders) can be readily identified and can be charged.
<b>Time frame of benefits</b>	On-going.
<b>Contributors to need for activity</b>	Consent holders drive the costs as their activities need to be monitored.
<b>Costs and benefits of distinct funding</b>	Charges can be administered cost-effectively. There is no alternative funding mechanism that would be a reasonable proxy.

### Discussion

The advice Greater Wellington gives to the public is general, not specific. A user charge might serve as a disincentive to seeking advice or information, which could lead to a mismanagement of resources, affecting the regional community. Accordingly, Greater Wellington considers advice should be provided at no cost because of the environmental and community benefits.

### Recommended funding

Resource consent processing service:	90% user charges 10% general rate (costs of appeals etc.)
Compliance monitoring service:	50% user charges 50% general rate (investigations and legal costs)
Advice to the public:	100% general rate.

## Manage resources

Activity

## Environment

Group of Activities

## Statutory considerations

### Research key environmental issues and threats

Sub Activity

#### Description

This sub activity involves:

- carrying out targeted studies into significant resource issues
- investigating and monitoring contaminated sites.

#### Council involvement

Greater Wellington is required, under the Resource Management Act 1991, to monitor and report on the state of the environment and is authorised to set charges in section 36. It is also required to investigate land for the purposes of identifying and monitoring contaminated land (section 30).

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**Outcomes** Healthy environment, sense of place, healthy community.

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**Distribution of benefits** The primary beneficiaries for this activity are the people and organisations in the regional community, who benefit through the sustainable management of the region's resources.

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**Time frame of benefits** On-going.

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**Contributors to need for activity** Not applicable.

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**Costs and benefits of distinct funding** Not applicable.

#### Recommended funding

100% general rate.

## Manage resources

Activity

### Investigate and clean up pollution incidents/regulatory compliance

Sub Activity

#### Description

This sub activity includes the following:

- investigating complaints
- checking compliance with the regional plans and policies (rather than compliance with consents)
- taking enforcement action (where non-compliance is found, if appropriate).

#### Council involvement

Monitoring regulatory compliance complements other resource management activities.

## Environment

Group of Activities

## Statutory considerations

<b>Outcomes</b>	Healthy environment, sense of place, healthy community.
<b>Distribution of benefits</b>	The regional community benefits directly from Greater Wellington's general policing of compliance from the knowledge that the environment is being managed appropriately, and concerns are being addressed.
<b>Time frame of benefits</b>	On-going.
<b>Contributors to need for activity</b>	The businesses or individuals who cause problems which need to be addressed necessitate the enforcement activity.
<b>Costs and benefits of distinct funding</b>	Not applicable.

#### Discussion

Greater Wellington believes that any businesses or individuals who cause environmental damage should pay to rectify the problems they have caused. However, it is often not possible to recover costs from exacerbators, and in practice, the legal costs of enforcement action far exceed fines recovered.

#### Recommended funding

100% general rate, less any cost recovery from legal action.

## Monitor the state of the environment

Activity

## Environment

Group of Activities

### Report to the public on the state of the environment

Sub Activity

#### Description

This sub activity reports to the public on the state of the environment by publishing annual monitoring reports and six-yearly reports on the state of the environment.

#### Council involvement

Greater Wellington is required, under the Resource Management Act 1991, to monitor and report on the state of the environment and ensure the information is made available to the public

## Statutory considerations

<b>Outcomes</b>	Healthy environment, healthy community, sense of place.
<b>Distribution of benefits</b>	The regional community is the primary beneficiary of this activity since the information is used by Greater Wellington to develop policies and plans and report on their efficiency and effectiveness.
<b>Time frame of benefits</b>	On-going.
<b>Contributors to need for activity</b>	Not applicable.
<b>Costs and benefits of distinct funding</b>	Not applicable.

#### Recommended funding

100% general rate.

## Environmental education

Activity

### Help children, businesses and the community to look after and restore environment

Sub Activity

## Environment

Group of Activities

## Statutory considerations

### Description

This activity and sub activity entails the implementation of Greater Wellington's environmental education strategy: A Better Environment. This has three parts: Take Care – assisting community groups to improve their local environment; Take Action – teaching young people in schools about their environment; and Take Charge – helping small business to find ways to improve their environmental performance. The activity also includes initiatives to raise community awareness more generally about the environment.

### Council involvement

Greater Wellington is required by the Resource Management Act 1991 to manage the region's natural resources in a sustainable way. Environmental education, which shows people how to live in more sustainable ways, can help achieve this.

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<b>Outcomes</b>	Healthy environment, sense of place, healthy communities.
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<b>Distribution of benefits</b>	The primary beneficiaries for this activity are the people and organisations in the regional community, who benefit through the sustainable management of the region's resources.
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<b>Time frame of benefits</b>	On-going.
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<b>Contributors to need for activity</b>	Not applicable.
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<b>Costs and benefits of distinct funding</b>	Not applicable.
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### Recommended funding

100% general rate.

## Fund and promote public transport services

Activity

## Transport

Group of Activities

## Provide the infrastructure for public transport services

Activity

## Transport

Group of Activities

### Description

Funding and promoting public transport services has three components:

- planning, tendering, contracting for, and monitoring the provision of public transport services
- marketing and providing information about public transport services (eg Metlink Service Centre)
- funding the provision of public transport in the Wellington region (where a contribution is necessary to make services viable).

Providing the infrastructure for public transport services has two components:

- providing public transport infrastructure (bus shelters, interchanges, etc)
- owning rail rolling stock and other rail infrastructure.

### Council involvement

Greater Wellington is involved in providing public transport services, despite the fact that public transport is a private good, for two reasons:

- market failure (road use in the region is cheaper than it should because road users in the region do not pay a price that reflects the congestion and environmental costs they impose on others)
- social issues (meeting the needs of the transport disadvantaged).

## Statutory considerations

### Outcomes

Connected community, essential services, prosperous community, healthy community, quality lifestyle, healthy environment.

### Distribution of benefits

The following people and groups benefit from this activity:

- road users benefit directly by getting a less congested road
- public transport users benefit directly by getting transported to their destination, more frequent service, better service quality
- people in the region benefit indirectly through reduced pollution (reduced car emissions).

### Time frame of benefits

Significant capital costs are incurred in providing this activity and thus there are significant intergenerational equity considerations - future generations benefit from capital expenditure made now.

### Contributors to need for activity

The following people or groups contribute to the need for this activity:

- road users cause the problems (and associated costs) of congestion and pollution
- road operators may contribute to congestion and pollution (and associated costs) through poor road design or poor traffic management.

### Costs and benefits of distinct funding

The total sum raised by the targeted transport rate is very considerable. As that rate is collected in conjunction with the general rate the marginal costs of collection are very minor, fully justifying a distinct funding source.

## Discussion

### Social services

“Social public transport services” need to be provided for the transport disadvantaged, including people less than 16 years, the lower socioeconomic group, and people unable to drive but not those with a disability (covered by Greater Wellington’s “Funding Total Mobility” scheme). Currently, 10% of Greater Wellington’s expenditure is on concessions (elderly and school services). Since concessions may not include services for all those on low incomes, it is estimated that 15% of services qualify as “social services”. It is not possible to directly target transport disadvantaged individuals who benefit from concessionary fares.

Accordingly, funding concessionary services from ratepayers based on travel statistics for origin and destination is proposed as a surrogate.

### Congestion relief

Greater Wellington believes that a congestion charge should be levied on users of congested roads. It is estimated that 85% of services contribute to congestion relief. Greater Wellington’s strategic transport model shows that congestion pricing would remove completely the need for this relief funding. However, while Greater Wellington has the ability to calculate the congestion charge (and has done so), there is no legal framework for Greater Wellington to levy, or to have others levy, a congestion charge on motorists. Accordingly, the funding needs to come from a surrogate for users of congested roads. The surrogates for congestion pricing considered were: charging based on peak time origin/destination travel statistics; charging people in the district of origin; charging businesses in the district of destination; car park charges; and a general rate across the region. (Greater Wellington notes that none of the proposed surrogates force road users to face the costs of the road usage; the surrogates thus provide an incentive to road users to live further away and let others meet a component of their travel costs.) Greater Wellington decided that charging ratepayers based on peak time origin/destination travel statistics is a reasonable surrogate for users of congested roads.

## Funding mechanism issues

*Rural discount on rates:* High rural capital values, and the inability to distinguish between farms and life style blocks and residential housing, mean that if the targeted rate was struck uniformly, then that rate would be disproportionate to the relative level of benefit that most rural ratepayers receive. Accordingly, a discount factor to 25% is applied to rural capital values.

*Rural discount on social services rates:* Greater Wellington believes that access to public transport services is important for regional cohesion, so a portion of the social services charge should be rated across the region. However, there are generally fewer services available in rural areas, so a reduction to 50% for Kapiti and a reduction to 25% for Wairarapa is applied.

*Wellington central business district:* People travelling to and from the central business district (CBD) of Wellington City are a major cause of congestion. Travel statistics from the latest national census show over 30% of peak hour travel movements in the region are to the CBD. Therefore a proportion of congestion costs are charged directly to the CBD.



## Recommended funding

Greater Wellington recommends the following funding allocations for providing public transport:

- at least 50% user charges – collected and held by the providers
- no more than 50% community contribution (national and regional).

This community contribution is funded:

- 47-60% (depending on the type of service) from Land Transport New Zealand transport grants reflecting the benefits to transport users and social services
- The balance by a Council contribution funded via a targeted rate set as follows (with a discount factor to 25% applied to rural capital values)
  - *congestion relief*, 85%: Of this 20-25% of the inter-district costs are borne by the Wellington CBD and the remainder equally by ratepayers in the district of origin and the district of destination. Within districts, costs are allocated on rateable capital values.
  - *concessionary*, 10%: Borne equally by ratepayers in the district of origin and the district of destination. Within districts, costs are allocated on rateable capital values.
  - *social*, 5%: From ratepayers across the region with a reduction to 50% for Kapiti and a reduction to 25% for Wairarapa.

Note 1: Rail network costs, including infrastructure and rolling stock, are allocated on the total intra-district movements (with the Wairarapa being treated as one district).

Note 2: Where bus services feed rail services, the costs are allocated to the origin and destination districts of the rail.

Note 3: Bus costs are allocated directly to ratepayers in each district based on the routes that the buses travel. If a service runs through two territorial authorities a cost apportionment is made.

Note 4: Call centre, marketing and administration costs are apportioned across ratepayer groups based on the weighted average of total allocated expenditure.

**Fund Total Mobility**

Activity

**Transport**

Group of Activities

**Description**

This activity funds Total Mobility-the provision of transport services to people with disabilities who are not able to benefit from public transport services.

**Council involvement**

Total Mobility was set up in 1984 for the benefit of people with disabilities.

Regional councils throughout the country fund Total Mobility to varying degrees.

**Statutory considerations**

<b>Outcomes</b>	Connected community, essential services, prosperous community, healthy community.
<b>Distribution of benefits</b>	The following people benefit from this activity: <ul style="list-style-type: none"> <li>• people with disabilities benefit directly by obtaining transport services.</li> <li>• family and friends of those with disabilities benefit indirectly by less need to “taxi” people with disabilities.</li> </ul>
<b>Time frame of benefits</b>	On-going.
<b>Contributors to need for activity</b>	Not applicable.
<b>Costs and benefits of distinct funding</b>	The total sum raised by the targeted transport rate is very considerable. As that rate is collected in conjunction with the general rate, the marginal costs of collection are very minor, fully justifying a distinct funding source.

**Discussion**

The cost of providing Total Mobility services exceeds the ability of people with disabilities to pay, so communities must contribute. In general, people with disabilities are a consistent proportion of the population. Accordingly, the amount to be collected from a community for Total Mobility should be allocated by relative population, or using actual costs where known. That amount should then be collected on a uniform charge. It is not practical for a regional council to levy a uniform charge just for this activity.

People in rural areas use the service but not as much as people living in the urban areas. In recognition of this, a rural weighting of 50% is applied.

**Recommended funding**

Funding will have two components:

- 50% user charges – collected and held by the providers
- 50% community (national and regional), funded from:
  - Nationally funded transport grants
  - The balance by a contribution from Greater Wellington via a targeted rate. The amount for each community is set by relative population, or using actual costs where known. Within districts, costs are allocated on rateable capital values with a 50% discount for rural properties.

Note: Land Transport New Zealand funds the national community benefit from the scheme.

## Plan and monitor the transport network

Activity

**Transport**  
Group of Activities

### Description

This activity has three components:

- production and monitoring of the Regional Land Transport Strategy and servicing the Regional Land Transport Committee
- location-specific studies and policy development relating to land transport services and transport infrastructure in the region
- advocacy for and promotion of Greater Wellington’s transport policies.

### Council involvement

Preparation of the Regional Land Transport Strategy is a legal requirement under the Land Transport Act 1998. A strategy is current for ten years and has to be reviewed every three years.

### Statutory considerations

**Outcomes** Connected community, essential services, prosperous community, healthy community, quality lifestyle, healthy environment.

**Distribution of benefits** The following people and groups benefit from this activity:

- the people and organisations in local communities benefit directly from specific studies undertaken in their area.
- the people and organisations in the regional community benefit directly by getting a planned land transport system that supports the economy.
- those members of the national community who use the Wellington region land transport system also benefit directly.

### Time frame of benefits

While planning has significant intergenerational equity aspects, it continues from year to year at a similar level.

Accordingly, it is not funded from loans, because of the transaction costs, but as an operational activity, with costs charged in the year they are incurred.

**Contributors to need for activity** Not applicable.

**Costs and benefits of distinct funding** The total sum raised by the targeted transport rate is very considerable. As that rate is collected in conjunction with the general rate, the marginal costs of collection are very minor, fully justifying a distinct funding source.

### Discussion

There are currently more specific studies of the metropolitan area and the Kapiti area, because of the greater traffic problems, than there are of the Wairarapa. In general, rural capital values are significantly higher than urban capital values and, if they were not discounted, their relative contribution would exceed their relative benefit.

### Recommended funding

Funding will have two components:

- A nationally funded road-user contribution reflecting the national interest
- 100% of remainder by Council contribution via a targeted rate set for each constituent district according to equalised capital values, and then within a district by that district’s capital values, discounted as follows: 25% Wairarapa; and 50% rural for all constituent districts.

## Collect, treat and deliver water

Activity

## Plan to meet current and future demand for water

Activity

## Plan for emergencies

Activity

## Water supply

Group of Activities

## Water supply

Group of Activities

## Water supply

Group of Activities

## Statutory considerations

### Outcomes

Essential services, healthy community, healthy environment, prepared community.

### Distribution of benefits

People in the cities of Lower Hutt, Porirua, Upper Hutt and Wellington benefit directly from the supply of high quality potable water, treated to the Ministry of Health Drinking-Water Standards.

### Time frame of benefits

There is significant capital expenditure and thus there are inter-generational equity effects.

### Contributors to need for activity

Not applicable.

### Costs and benefits of distinct funding

A water levy on the four customers is a cost effective collection mechanism recognising the singularity of this function.

## Description

These activities entail the collection, treatment and delivery of bulk water to the cities of Lower Hutt, Porirua, Upper Hutt and Wellington.

## Council involvement

Greater Wellington is the owner and manager of the bulk water system under the Wellington Regional Water Board Act 1972.

## Discussion

Greater Wellington is of the view that pricing should reflect the fixed and variable costs of supplying each customer, the short run marginal costs of supply, and all other costs.

The Wellington Regional Water Board Act 1972 constrains the ability of Greater Wellington to price the services to reflect the costs of supply. The four cities are of the unanimous view that the current charging methodology is the most appropriate for the medium term. Greater Wellington is of the view that a form of peak pricing should be adopted to signal the future impacts of peak demand.

## Recommended funding

The funding policy is prescribed by the Wellington Regional Water Board Act 1972. The costs of operating the water supply system are apportioned to the cities based on the individual city's proportion of total water deliveries.

## Manage regional parks and recreation areas

Activity

**Parks**  
Group of Activities

**Contributors to need for activity** Not applicable.

## Promote community use

Activity

**Parks**  
Group of Activities

**Costs and benefits of distinct funding** Not applicable.

### Description

These activities involve the management (promotion, operation, planning and capital works) associated with the five regional parks, recreational and water supply areas, and trails on Greater Wellington lands.

### Council involvement

Greater Wellington’s parks provide major urban areas with recreation opportunities and allow regionally significant landscapes, ecosystems and heritage features to be protected and enhanced.

### Statutory considerations

**Outcomes** Quality lifestyle, sense of place, healthy community, healthy environment.

**Distribution of benefits** The following people and groups benefit from this activity:

- Individuals who use the parks benefit directly from that usage.
- The regional community benefits from preservation of regionally significant landscapes, forests and heritage features for future generations.
- The national community benefits from preservation of nationally significant landscapes, forests and heritage features for future generations.

**Time frame of benefits** If new parks were purchased there would be significant intergenerational equity effects. There are significant intergenerational benefits from maintaining the present network.

### Discussion

Funding by a regional contribution is considered appropriate because it is not feasible to identify and charge users. A specific charge is only feasible for value-added services such as events and camping facilities. Government funding will be sought to cover areas that affect the national interest over and above that of the regional community.

### Recommended funding

Funding will have two components:

- 90% general rate
- 10% user charges for organised events, leases, license fees and added value services.

Note: New land is purchased either with reserve funds, or is loan-funded (serviced by 100% general rate)

## Flood protection

Activity

## Safety and flood protection

Group of Activities

### Plan to reduce the impact of floods

Sub Activity

#### Description

This sub activity involves research and planning associated with the general management of rivers and floodplains, including the following:

- Investigating flood hazards
- Identifying and refining risk alleviation options
- Defining environmental issues
- Preparing floodplain and/or river management plans.

The activity also provides advice on the use and protection of flood and erosion prone land. Flood protection planning is an integral component of flood protection works and the beneficiaries and benefits are the same.

#### Council involvement

Greater Wellington plans for flood protection to decide how best to protect life and property in the floodplain and to preserve or enhance the environment and amenity values of river corridors. Greater Wellington has a general duty to avoid or mitigate natural hazards, stipulated in the Resource Management Act 1991.

## Statutory considerations

### Outcomes

Quality lifestyle, essential services, healthy community, prepared community.

### Distribution of benefits

The following people and groups benefit from this activity:

- The ratepayers in the floodplain (residents and businesses) in the area directly affected by the planning and subsequent works benefit directly through avoiding the risk of floods and potentially through increased property value.
- Owners and providers of infrastructure (telephone, roads, rails etc.) also benefit directly by avoiding damage to their assets.
- Ratepayers in the surrounding economic “catchment” adjacent to the floodplain benefit indirectly through their integration with the area affected by the flood protection scheme.
- The regional community also benefits indirectly through protection of their means of access around the region. (However this benefit should be addressed through the owners of the infrastructure.)

### Time frame of benefits

Future generations will benefit from implementation of the plans. The planning work should be funded by loans repaid over time

### Contributors to need for activity

Not applicable.

### Costs and benefits of distinct funding

Not applicable.

### Recommended funding

100% general rate where the amount is insignificant. Loan and repayment of loan and interest by 100% general rate where the amounts are significant.

## Flood protection

Activity

## Safety and flood protection

Group of Activities

### Build and maintain agreed flood protection works and enhance the environment along flood corridors

Sub Activity

#### Description

This sub activity consists of the operation, maintenance, on-going asset management, construction and improvement of schemes throughout the region to manage flooding, control erosion and manage a river in its course subject to environmental considerations. The environment in flood corridors is enhanced.

#### Council involvement

Greater Wellington delivers flood protection to protect life and property in the flood plain and to preserve or enhance the environment and amenity values of river corridors. Greater Wellington has a general duty to avoid or mitigate natural hazards, stipulated in the Resource Management Act 1991.

#### Statutory considerations

**Outcomes** Quality lifestyle, essential services, healthy community, prepared community.

**Distribution of benefits** The following people and groups benefit from this activity:

- The ratepayers in the floodplain (residents and businesses) in the area directly affected by the planning and subsequent works benefit directly through avoiding the risk of floods and potentially through increased property value.
- Owners and providers of infrastructure (telephone, roads, rails etc.) (including territorial local authorities) also benefit directly by avoiding damage to their assets.

- Ratepayers in the surrounding economic “catchment” adjacent to the floodplain benefit indirectly through their integration with the area affected by the flood protection scheme.
- The regional community also benefits indirectly through protection of their means of access around the region. (However this benefit should be addressed through the owners of the infrastructure.)

<b>Time frame of benefits</b>	Significant capital costs are incurred in providing this service and thus there are significant intergenerational equity considerations – future generations benefit from capital expenditure made now.
<b>Contributors to need for activity</b>	Not applicable.
<b>Costs and benefits of distinct funding</b>	A targeted or scheme rate is a cost-effective mechanism that makes sure that significant beneficiaries of the activity pay their reasonable share of the costs.

## Discussion

### Source of funding issues

*Ability to pay & equity across the region:* Greater Wellington is concerned about the ability of direct beneficiaries (residents and businesses) to pay for the majority of the costs of flood protection. Addressing ability to pay requires an element of regional funding. The difficulty with using funding by the region to address ability to pay concerns is that it is a transfer from one group to another. Since flood protection raises property values, residents in the region are paying for services that raise the value of another's property.

*Valuing safety and security:* Greater Wellington values the protection of all residents and businesses in the region from the risk of flooding and the associated effects on people of dislocation, stress and trauma, and losses to the region's productive capacity. The downside of spreading costs across the region can be that residents and businesses on the floodplain do not have the appropriate incentives to weigh up the costs of flood protection works against the level of risk. Greater Wellington has decided that it is appropriate for the whole region to pay for some of the protection for those areas at risk from flooding because of these wider considerations.

*Environmental and amenity benefits:* Greater Wellington has decided that it is appropriate for the regional community to contribute to flood protection strategies which are designed (at additional costs) to comply with environmental or amenity conditions (for example, not disturbing the river during trout spawning and riverbank planting requirements).

*Sense of community:* Greater Wellington has decided that it is appropriate for a regional contribution to be made in recognition of the value that each area of the region provides to the overall wellbeing of the total region.

*Summary of source of funding issues:* Greater Wellington has decided that because of wider regional considerations (a wish to see all residents and businesses safe from risk; sense of community, ability to pay; and

environmental benefits and amenity values) it is appropriate that the region contributes up to 50% towards the costs of flood protection works through the general rate. Greater Wellington considers that the importance of these regional issues to each flood protection works may vary between schemes and that some flexibility is needed for Greater Wellington to determine the proportion of funding from the general rate up to a maximum of 50%.

### Feasibility issues

*Surrogates:* In practice, it may not be realistic to precisely identify either direct beneficiaries on the floodplain or indirect beneficiaries in the economic catchment, and proxies will need to be used. Also it may not be feasible for Greater Wellington to recoup costs from some types of direct beneficiaries and so a surrogate may need to be found for these benefits too.

*Residents and businesses on the floodplain:* In theory, the direct beneficiaries on the floodplain could be defined through a combination of mapping and Greater Wellington knowledge and judgment, and rated accordingly. However this approach is currently not considered to be cost effective in all circumstances, and Greater Wellington has decided to use the local authority boundary as a surrogate for the direct beneficiaries in some cases.

*Economic catchment:* A reasonable surrogate for the economic catchment adjacent to the flood plain can be taken to be the local authority.

*Community facilities:* There are a number of significant properties, for example schools and hospitals, which have a Crown exemption and do not pay rates. Here, there is a considerable risk to both property and life and where many of the lives at risk are not likely to be able to provide their own security. In the meantime Greater Wellington has decided that the indirect beneficiaries, the regional community, should pay for protection of community facilities.



## Summary of feasibility issues

Greater Wellington has decided for practicality reasons to continue the current practice of not distinguishing between the direct beneficiaries on the flood plain and the indirect beneficiaries in the economic catchment, and to treat these as one group.

## Recommended funding

Greater Wellington sets two rates on a scheme-by-scheme basis (combined capital & operations):

- 0% to 50% general rate from the regional community
- The balance of costs (ie 50% to 100%) met via a targeted rate on the local authority area or scheme rate or direct contribution (for both the direct beneficiaries on the flood plain and the beneficiaries in the economic catchment).

Note: Where a utility provider makes a contribution for protection of infrastructure assets the revenue is directly applied to alleviate the scheme's costs.

## Flood protection

Activity

## Safety and flood protection

Group of Activities

### Consultancy service for land drainage schemes

Sub Activity

#### Description

This sub activity provides a commercial specialised consultancy service for 16 rural land drainage schemes, run on a cost-recovery basis. The services include the following programmes:

- advice
- management
- drain maintenance
- asset management.

#### Council involvement

Greater Wellington is involved because its rating powers enable it to raise funds to pay for the schemes.

## Statutory considerations

<b>Outcomes</b>	Essential services.
<b>Distribution of benefits</b>	Private landowners in the scheme benefit directly by provision of a drainage and/or water scheme.
<b>Time frame of benefits</b>	On-going.
<b>Contributors to need for activity</b>	Some pump drainage schemes are necessary because of the construction of stop-banks, e.g. Lower Ruamahanga River.
<b>Costs and benefits of distinct funding</b>	A scheme rate is a cost-effective mechanism that makes sure that significant beneficiaries of the activity pay their reasonable share of the costs.

#### Recommended funding

All costs are to be funded by way of a targeted rate on the organisation or individual concerned. The scheme rates are set on a full cost-recovery basis (but there may be a review relating to the Lower Wairarapa Valley Development Scheme).

## Emergency management

Activity

## Safety and flood protection

Group of Activities

## Statutory considerations

### Description

Greater Wellington's emergency management activity focuses on:

- planning for emergency events
- maintaining a group operations centre for the region
- educating people about the risks they face.

### Council involvement

Under the Civil Defence Act 2002 Greater Wellington is required to be the administering authority for the Wellington Region Civil Defence Emergency Management Group. The Group has decided that Greater Wellington will be responsible for the Group Emergency Management Office and Group Emergency Operations Centre.

**Outcomes** Quality lifestyle, healthy community, prepared community.

**Distribution of benefits** The individuals and groups who benefit from this activity include regional and national communities who benefit directly from the maintenance of a response capability and from planning for major emergency events.

**Time frame of benefits** On-going.

**Contributors to need for activity** Not applicable.

**Costs and benefits of distinct funding** Not applicable.

### Recommended funding

Government grant in recognition of the national benefit.

100% general rate for remainder.

## Harbour management

Activity

## Safety and flood protection

Group of Activities

### Navigational aids and communications service

Sub Activity

#### Description

This work focuses on the provision of navigational aids, and a 24 hour communications service (Beacon Hill) to monitor shipping movements and broadcast navigational warnings.

#### Council involvement

Greater Wellington is empowered under the Local Government Act 1974 to provide navigational aids.

## Statutory considerations

### Outcomes

Quality lifestyle, essential services, healthy community, prepared community.

### Distribution of benefits

The following people and groups benefit from this activity:

- Recreational users benefit directly by avoiding natural and other hazards (e.g. collisions).
- Commercial shipping and commercial fishing owners and operators benefit directly by avoiding natural and other hazards (e.g. collisions); they also enjoy a direct commercial benefit.

### Time frame of benefits

On-going.

### Contributors to need for activity

Not applicable.

### Costs and benefits of distinct funding

Collection of user-charges via CentrePort Limited is a cost-effective funding mechanism that is appropriately targeted.

## Discussion

Maritime New Zealand has investigated a number of systems for charging non-commercial users for navigational aids and found them to be impractical. It is not feasible to stop non-payers from benefiting from the navigational aids, and therefore the inequity between commercial and non-commercial users cannot be addressed.

## Recommended funding

- 10% from the general rate for non-commercial users
- 90% from user charges on commercial shipping.

Note: CentrePort Ltd collects the user charge from commercial shipping on Greater Wellington's behalf.

## Harbour management

Activity

## Safety and flood protection

Group of Activities

### Enforce maritime safety regulations and educate people about water safety

Sub Activity

#### Description

This enforcement role focuses on:

- preparing policies and plans for use of the harbour
- maintaining safety and compliance with relevant legislation relating to recreational use of coastal waters and regional harbours
- providing advice to recreational users
- authorising special events in the harbour
- educating recreational water users about safety.

#### Council involvement

Greater Wellington has a statutory responsibility under the Local Government Act 1974 and the Maritime Transport Act 1994 to maintain safety and ensure recreational users are law-abiding in the regional harbours and coastal waters.

## Statutory considerations

**Outcomes** Quality lifestyle, essential services, healthy community, prepared community.

**Distribution of benefits** Swimmers and other recreational harbour users benefit directly from effective management of the harbour and marine environment by enjoying safe, less-congested waterways and by avoiding other hazards.

**Time frame of benefits** On-going.

**Contributors to need for activity** Not applicable.

**Costs and benefits of distinct funding** Not applicable.

#### Discussion

While Greater Wellington believes that recreational users of the harbour should pay, it is not practical to collect user charges or to levy recreational users or swimmers because the transaction costs are too high.

#### Recommended funding

100% general rate.

## Harbour management

Activity

## Safety and flood protection

Group of Activities

### Clean up oil spills in our harbours and coastal waters

Sub Activity

#### Description

This sub activity has two components:

- developing and maintaining oil pollution response plans
- managing the clean-up of marine oil spills in the harbours and regional coastal waters out to twelve miles.

These two components carry the following corresponding costs:

- the standing cost of the preparedness and mitigating role
- the costs of cleaning up pollution in the regional harbours.

#### Council involvement

Greater Wellington has a statutory responsibility under the Local Government Act 1974 and the Maritime Transport Act 1994 to provide pollution management in coastal waters out to twelve miles.

#### Statutory considerations

**Outcomes** Healthy environment.

**Distribution of benefits** The following people and groups benefit from this activity:

- Commercial harbour users benefit directly from a clean marine environment, and through shorter duration of pollution (thus avoiding delays and loss of business)
- Recreational harbour users benefit directly from a clean marine environment and shorter duration of pollution
- The regional community benefits from a clean marine environment and shorter duration of pollution.

#### Time frame of benefits

On-going.

#### Contributors to need for activity

The polluters create the need for any clean-up activities and services.

#### Costs and benefits of distinct funding

Not applicable.

#### Discussion

It is not feasible to levy recreational harbour users.

#### Recommended funding

Standing costs:

- 5% general rate (for recreational users)
- 95% user charge (paid via Maritime New Zealand as an agent for all shipping)

Pollution clean up costs:

- fully recovered from the polluter (any costs that cannot be recovered to be funded by the general rate)

Note: Maritime New Zealand pays the direct standing costs (no overheads) on behalf of all shipping. It also provides the capital items (equipment etc.).

## Managing pest plants and animals

Activity

## Land

Group of Activities

## Statutory considerations

### Develop and implement pest management strategies

Sub Activity

#### Description

This sub activity provides the management and control of pest animals and plants throughout the region through the development and implementation of a Regional Pest Management Strategy. The pests include a number of environmental and production species. There are three components:

- inspections and monitoring
- control (eradication and containment species, various pests in Key Native Ecosystems; others on request)
- control trials (including biocontrol).

#### Council involvement

Greater Wellington controls pest animals and plants throughout the region to protect ecosystems and to negate the potential long-term threats to ecosystem and production capacity posed by recent immigrant species.

Some agricultural pests are controlled where high levels of expertise are required or where the pests are transitory.

<b>Outcomes</b>	Healthy environment, prosperous community.
<b>Distribution of benefits</b>	The following people and groups benefit from this activity: <ul style="list-style-type: none"> <li>• Private landowners benefit by reduced loss of pasture and crops, reduced damage to trees and shrubs, and better produce and through the eradication of unwanted pest plants</li> <li>• The regional community benefits by reduced spread of unwanted pest damage to ecosystems.</li> </ul>
<b>Time frame of benefits</b>	On-going.
<b>Contributors to need for activity</b>	Not applicable.
<b>Costs and benefits of distinct funding</b>	Not applicable.

#### Recommended funding

100% general rate for inspections, monitoring and approved control work.

## Control Bovine Tb in bovine vectors

Activity

**Land**  
Group of Activities

**Time frame of benefits**

On-going.

### Design and implement Bovine Tb vector control under the National Bovine Tb Pest Management Strategy

Sub Activity

**Contributors to need for activity**

Farmers may ask Greater Wellington to undertake additional work and this is undertaken on a full cost recovery basis.

**Costs and benefits of distinct funding**

A Bovine Tb rate is reasonably well-targeted, easily collected and raises a significant contribution to the total cost. The extra administration costs are justified accordingly.

#### Description

This sub activity provides for the implementation of the National Bovine Tuberculosis Pest Management Strategy in the region.

#### Council Involvement

Greater Wellington is the Regional Vector Control Manager for Bovine Tuberculosis, under contract to the Animal Health Board.

#### Statutory considerations

#### Outcomes

Healthy environment, prosperous community.

#### Distribution of benefits

The following people and groups benefit from this activity:

- Private landowners farming cattle and deer in areas where control operations are being carried out receive a direct private benefit by having Bovine Tb controlled on their farm and in their area.
- All private landowners farming cattle and deer benefit directly through reduced loss through disease, both on the farm and in the market place.
- Bovine product processors receive an indirect private benefit by avoiding loss of business.
- Regional and national communities benefit indirectly by avoiding damage to the ecosystems in their area.

#### Discussion

Greater Wellington considers there are regional and national ecological benefits from protection of regional flora and fauna. Accordingly, a regional contribution is considered appropriate.

#### Recommended funding

Funding for this activity has two components:

- the maximum contribution from the Animal Health Board (usually 88% of costs)
- the balance, to be funded as follows:
  - 60% general rate
  - 40% Biosecurity (Bovine Tb) rate to be funded according to land area rates set by Greater Wellington for rural properties of 10 hectares or more in vector control operational areas.



## Promote sustainable land management

Activity

**Land**  
Group of Activities

**Time frame of benefits**

On-going.

## Investigate and monitor the use of land and provide advice on land management issues

Sub Activity

**Contributors to need for activity**

Private land owners and farm groups drive the costs through poor land management, but it is often not the current owner of the land who has caused the problem. For example, previous government policies have contributed to poor land management

### Description

This sub activity has two components:

- Soil conservation advice and information
- Sustainable land use investigations (including assessing storm damage, monitoring soil health and catchment conditions).

### Council Involvement

Greater Wellington is involved because it wishes to encourage sustainable land management.

### Statutory considerations

**Outcomes** Healthy environment, prosperous community.

**Distribution of benefits** The following people and groups benefit from this activity:

- Private land owners and farm groups benefit directly through better information, advice and plans leading to sustainable land management.
- The regional community benefits indirectly through sustainable land management.
- Local authorities and government departments benefit indirectly through assessment of storm damage and catchment conditions.

**Costs and benefits of distinct funding** Not applicable.

### Discussion

Advisory services are a key component in getting people to move to sustainable land use and soil conservation. These services often lead to other Greater Wellington services (e.g., property plans) that are provided on a partial cost recovery basis. There is an arrangement for mutual sharing of information with local authorities, crown research institutes and government departments and no charges are made.

### Recommended funding

100% general rate.

## Promote sustainable land management

Activity

### Assist farmers and the community to protect and enhance the land

Sub Activity

**Land**  
Group of Activities

## Council involvement

Greater Wellington is involved because it wishes to encourage sustainable land management and promote biodiversity.

## Statutory considerations

### Description

This is achieved in four different ways:

#### 1 The delivery of sustainability and property plans.

The sustainability plans target severely eroded land and provide works aimed at an integrated long-term approach to sustainable land management. Property plans are designed to stabilise erosion prone land and protect natural environments.

#### 2 The provision of a commercial specialised consultancy service comprising:

- woodlot establishment on erosion prone land
- silviculture on pine woodlots planted for soil erosion purposes
- farm shelter development to complement the wind erosion control scheme.

#### 3 The management of six catchment schemes.

This involves planting in the headwaters of rivers and the management of the river downstream. As good catchment management lessens the flood risk downstream, catchment schemes are similar to flood protection.

#### 4 The delivery of Greater Wellington's Riparian Management Strategy primarily by implementing the Streams Alive programme.

Twelve catchments have been identified in the programme to enhance biodiversity.

### Outcomes

Healthy environment, prosperous community.

### Distribution of benefits

The following people and groups benefit from this activity:

- Private landowners benefit directly from property protection stabilised soil, and the maintenance of a long term productive asset
- The local community benefits directly through less risk of flooding and other downstream problems (a considerable benefit in erosion-prone areas), and (often) infrastructure protection
- The regional community benefits indirectly through preserved landscapes, improved water quality, and enhanced local ecology.

### Time frame of benefits

Soil conservation benefits start to accrue 5 to 7 years after planting and the income from the wood lot may take up to 30 years after planting. Accordingly, landowners do not see a cash benefit for a considerable time, if at all, and may not make an appropriate decision.

**Contributors to need for activity**

Private landowners drive the costs through past non sustainable land management, but it is often not the current landowner who caused the problems. For example, past government policies have resulted in unsustainable land management practices. Hill country farming is only sustainable when appropriate protection methods are used. There is a demand from land owners to maximise returns from such activities even though they are on relatively small blocks of land. Unmanaged pine trees on erosion prone land have the ability to grow top heavy, increasing the potential for soil erosion.

**Costs and benefits of distinct funding**

The significant beneficiaries are required to pay a reasonable share of the costs, e.g. scheme rate.

**Discussion**

Greater Wellington believes that those who benefit most from land management activities should pay the greater part of the cost. However, it is Greater Wellington's policy to encourage soil conservation for erosion-prone soil types through plans and biodiversity measures, so a regional contribution is considered appropriate.

**Recommended funding**

- Sustainability and property plans
  - 60-70% user charge
  - 30-40% general rate
- Consultancy – all costs are to be funded by way of direct payment by those who seek the service. Typically Greater Wellington's operational staff supervise contractors to do the work. A service fee on the services delivered by the contractors pays for the costs of Greater Wellington's supervision.
- Catchment schemes – each scheme is considered on its merits within the following boundaries:
  - 50% general rate
  - 30% to 50% targeted rate for the local community
  - 5% to 20% charge on the local district council for road protection (4 of the 6 schemes).
- Streams Alive programme – Greater Wellington contributes to preparation of planting of vegetation; the landowner provides the fencing. This equates to 50% general rate and 50% user charge.

## Run a democratic process

Activity

## Community

Group of Activities

## Statutory considerations

### Description

The democratic decision-making process includes leadership, representation and decision making at a political level and support to elected members. This activity also includes general advocacy for the regional community.

### Council involvement

This is the core governance and advocacy activity of Greater Wellington.

### Outcomes

Strong and tolerant community.

### Distribution of benefits

Democracy is a public good, whose benefits accrue to, or are shared by, the people, communities, and organisations of the entire region. Greater Wellington acts in the best interests of the Wellington region as a whole. The people of the region benefit through representation at a regional level and involvement in regional decision making, and by having an advocate for the regional community.

### Time frame of benefits

On-going.

### Contributors to need for activity

Not applicable.

### Costs and benefits of distinct funding

Not applicable.

## Recommended funding

All Greater Wellington functions are controlled at a governance level by elected members, and all activities should contribute to the democratic decision-making process. This can be achieved through funding the majority of this activity from the general rate. The remaining funding should come from the specific areas of regional transport and regional water supply, where the majority of funding is derived from a targeted rate and levy respectively, rather than from the general rate.

## Involvement Māori in our work

Activity

## Community

Group of Activities

## Statutory considerations

### Description

Involvement Māori in our work includes servicing and facilitating the central relationship Greater Wellington has with the iwi of the region.

### Council involvement

Greater Wellington has a long established relationship with the iwi of the region. There is a statutory obligation to improve opportunities for Māori to contribute to Greater Wellington's decision-making.

### Outcomes

Strong and tolerant community.

### Distribution of benefits

The beneficiaries are the community as a whole, Greater Wellington and iwi. The community benefits from the enhanced opportunity provided to a key group to participate in decisions that affect them and the well being of the whole community. Greater Wellington benefits through greater access to iwi and their increased ability to provide input to Greater Wellington and to assist with its work. Iwi benefit from the increased resources which enable them to participate and also from the collective forum which provides a regular opportunity for collective discussion.

### Time frame of benefits

On-going.

### Contributors to need for activity

Not applicable.

### Costs and benefits of distinct funding

Not applicable.

### Recommended funding

The majority is funded through the general rate because of the public good component of this work and the inability of iwi to participate in a meaningful way without assistance. The remaining funding should come from the specific areas of transport and water supply, where the majority of funding is derived from a targeted rate and levy respectively, rather than from the general rate.

## Support to Westpac Stadium

Activity

## Community

Group of Activities

### Description

This activity services and repays a \$25 million contribution to the Stadium Trust which facilitated the planning, development and construction of the Westpac Stadium in Wellington.

### Council involvement

Greater Wellington funds this activity because there are benefits to the region beyond the direct private benefits that accrue to individuals from attending events. Greater Wellington is thus funding the indirect benefits. The funding of Greater Wellington's \$25 million contribution is governed by the Wellington Regional Council (Stadium Empowering) Act 1996.

### Statutory considerations

**Outcomes** Sense of place, quality lifestyle.

**Distribution of benefits** The degree of indirect benefit derived from the multi purpose regional stadium by any category of property in different parts of the region has been assessed by Greater Wellington as follows:

- 70% — benefits arising from flow-on economic activity from the Stadium through increased business and employment opportunities.
- 20% — benefits arising from the opportunity to attend events at the Stadium which would not otherwise be held in Wellington.
- 10% — other benefits arising from publicity for the region, civic pride, critical mass in tourism, promotion of increased participation in sport and physical leisure and ability of the region to attract new residents and businesses.

Greater Wellington took into account the following features for different parts of the region:

- Net equalised capital value
- Types of employment by industry
- Average travel times to the Stadium
- Population
- Average household incomes

### Time frame of benefits

There are significant intergenerational equity considerations as the facility will be available for future generations. For reasons of intergenerational equity and transparency, this funding requirement was met by way of a loan over 20 years, fully serviced and funded by a targeted rate. Ratepayers are made fully aware of their annual contribution to the provision of a stadium, and those who benefit over the life of the asset contribute to it.

**Contributors to need for activity** Not applicable.

**Costs and benefits of distinct funding** A dedicated rate is justified as the funds raised are significant, the costs of collection are reasonable and the distribution of benefit is particular.

### Recommended funding

The contribution by Greater Wellington to the Stadium Trust is funded by a commercial loan, which is serviced by a 100% targeted (stadium purposes) rate on the indirect beneficiaries. The rate is struck across the region on a differential basis to reflect the benefit derived from the provision of the stadium to different classes of ratepayer in the different parts of the region.

## Participate in the Wellington Regional Strategy Forum

Activity

## Community

Group of Activities

## Statutory considerations

### Description

The local authorities in the Wellington Region are working together to develop a Wellington Regional Strategy to plan how to build an internationally competitive region and to ensure sustainable economic prosperity and quality of life, with particular emphasis on the next 10-20 years.

### Council involvement

Greater Wellington is involved because this is a joint local government initiative and because it has a major role in planning for and implementing the sustainable development of the region.

### Outcomes

Entrepreneurial and innovative region.

### Distribution of benefits

The primary beneficiaries for this activity are people and organisations in the regional community. They benefit through the planned approach to the sustainable development of the region.

### Time frame of benefits

On-going.

### Contributors to need for activity

Not applicable.

### Costs and benefits of distinct funding

Not applicable.

### Recommended funding

100% general rate.

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Greater Wellington promotes **Quality for Life** by ensuring our environment is protected while meeting the economic, cultural and social needs of the community.



**greater WELLINGTON**  
REGIONAL COUNCIL

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