

Revenue and Financing Policy

Core Provisions

Introduction

The Revenue and Financing policy describes how Greater Wellington intends to fund its expenditure. It outlines:

- the sources of funding that Council intends to use, and
- the relative level of funding from each source, for each activity

Considerations for this policy

In developing the policy, Council has considered the specific matters required by section 101 (3)(a) of the Local Government Act 2002 (LGA). Council then considered the overall impact of any allocation of liability for revenue needs on the community. The funding indications in the Funding for Activities section of this policy are the end result of this process.

Valuation system

Council has chosen to use capital value as its valuation system for general rates.

Council has chosen to use capital value as the valuation system for the following targeted rates:

- Public transport
- Wellington Regional Strategy
- Some drainage schemes
- Land management rates
- River rates
- Some river management scheme rates.

Council has chosen to continue to use land value as the valuation system for some river management scheme rates and drainage scheme rates.

Equalised capital value

Within the region, different territorial authorities undertake general revaluations at different times. To equalise the values, each year Council gets Quotable Value or another registered valuer to estimate the projected valuations of all the rateable land in the districts within the region. This estimation is enabled under s131 of the Local Government Rating Act.

This means that rates are assessed on a consistent valuation basis, regardless of the timing of individual territorial authority revaluations.

Operational considerations

Council contracts the territorial authorities within the region to collect regional rates on our behalf. This has several benefits:

- Residents and ratepayers only have to fund one rates collection service, for rates from both the territorial authority and the regional council.
- Information about each property is only captured in one Rating Information Database, so that Councils within the region do not have data coordination and synchronisation issues.
- Ratepayers only have to pay one bill, which may be paid in instalments.

Funding for operating expenditure

As a general rule, Council will fund its operating expenditure, including interest on debt, and principal repayments, from:

- rates
- water levies
- grants and subsidies
- fees and charges
- interest and dividends from investments
- and any other source, which may include reserves from time to time.

Council may decide to use debt funding for operating expenditure in the following situations:

- Where the cost or additional cost is expected to be one-off in nature. For example, a spike in insurance premiums.
- Where a loss of revenue is expected to be one-off or relatively short-term in nature. For example, loss of revenue as a consequence of the Kaikoura earthquake in November 2016.

- Where the expenditure will provide a future benefit. For example:
 - Council may fund rail track renewals where a third party owns the tracks, to provide a better public transport service. ○ Council may use debt to fund its contributions to the Wellington transport planning project “Let’s Get Welly Moving”.

Funding for capital expenditure

Council has large infrastructural assets with long economic lives that yield long-term benefits

(particularly water supply assets, flood protection assets and rail rolling stock). Debt is an efficient and appropriate mechanism for achieving inter-generational equity, so that current and future ratepayers are liable for funding the value of the assets they use.

Council primarily funds capital expenditure using:

- borrowings (debt)
- proceeds from asset sales
- reserve funds.

On a case by case basis, Council may decide to fund some capital expenditure from operating revenue.

Funding sources

Council may use any of these funding sources for its expenditure:

- General rates
- Targeted rates
- Grants and subsidies
- Fees and charges
- Interest and dividends from investments
- Lump sum contributions
- Borrowings
- Proceeds from asset sales
- Any other source (including reserves).

General rate

The general rate is a charge on the community as a whole, to fund Council activities. It is not a charge for the use of a service.

The general rate is mainly used to fund public good activities that benefit the region as a whole. The funding requirement for 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.

The general rate is used to fund more than 80% of each of the following activities:

- Regional leadership
 - Mana whenua engagement
 - Emergency management
 - Democratic services
 - Wairarapa water use project
- Environment
 - Resource management - Policy and planning
 - Environmental science - State of Environment monitoring
 - Land management advice
 - Biodiversity management
- Flood Protection
 - Understanding Flood Risk
 - Parks.

The general also rate funds a portion of these Environment activities:

- Resource management – Compliance and enforcement
 - Land management - Farm plans and advice
 - Land management - catchment schemes
 - Pest management

- Harbour management.

A general rate differential

Council applies a differential to the general rate within Wellington City only. The purpose of this differential is to address the impact of the allocation of rates within Wellington City in accordance with s101(3)b of the Local Government Act.

This differential is designed to ensure that different property rating types pay an equitable share of the increased cost of providing services in 2019/20.

- | | |
|---------------------------|-----|
| – Residential | 1 |
| – Wellington CBD business | 1.7 |
| – Business | 1.3 |
| – Rural | 1 |

Uniform Annual General Charge (UAGC)

Council does not use a Uniform Annual General Charge.

Targeted rates

Council may use targeted rates for any of the following reasons:

- To fund rates on properties that receive a particular and direct benefit from an activity.
- To be transparent about the rate funding requirements for some specific groups of activities.

Council uses targeted rates to fund all or some of the following activities:

- Regional Leadership - Wellington Regional Strategy
- Regional Leadership - Warm Greater Wellington
- Regional Leadership – Water Wairarapa
- Public Transport

- Environment - Land management - Catchment schemes
- Environment - Land management – Drainage schemes
- Environment - Pest management - Regional predator control programme
- Flood Protection - Maintaining flood protection and control works
- Flood Protection - Improving flood security

Water levies

Council provides bulk water to four city councils (Wellington, Hutt, Upper Hutt, and Porirua) and it levies them for the wholesale supply, based on the volume of water that is supplied to each city.

Grants and subsidies

Various central government agencies provide subsidies for a range of the work that Council does. Council's main source of government subsidies is the New Zealand Transport Agency (NZTA), for regional public transport. NZTA provides subsidies for Council's transport planning and programmes, and for public transport services.

Council receives a government subsidy in recognition of the national benefit provided to civil defence by our emergency management activity.

The Crown contributes to some activities and programmes including some erosion control programmes, and pest management services.

Fees and charges

Fees and charges are preferred as a funding mechanism when a private benefit can be identified, and it is efficient to collect the revenue.

Council may receive fee and charges revenue from:

- Service charges to:
 - Public transport users (as fares) ○ commercial harbour users, for navigation and communication services ○ resource consent applicants, for processing and monitoring resource consents ○ landowners, for land management activities on their land ○ territorial authorities

and utilities, for water supply services ○ territorial authorities, for pest management activities on their land ○ other recipients of Council services.

- Rents, lease revenue and fees, for the use of Council assets, including properties owned by Council and leased to third parties.
- Sales revenue from:
 - The Akura Conservation Centre ○ gravel extraction for flood protection activities ○ sundry other sales.
- Management and other fees, for administrative support to council-controlled organisations.
 - Any other charges that Council may set from time to time.

Interest and dividends from investments

Council uses dividends from its equity investments to reduce general rates. Council uses interest earned on other financial deposits to reduce general rates. Any interest or other revenue that Council earns on its special funds is added to each fund, because these funds have been set up primarily for self-insurance purposes.

Borrowings

Council raises external debt primarily to:

- Fund Council's capital expenditure programme
- Manage timing differences between cash inflows and outflows and to maintain appropriate liquidity
- Fund other investment activity, usually when the benefit is for more than one year.

Council approves the overall borrowing programme during the annual planning process.

Proceeds from asset sales

Council generally uses proceeds from the sale of assets and investments to repay debt. Where Council intends to replace an asset, then the proceeds from the sale are used to help fund the replacement asset.

Reserve funds

From time to time Council uses 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 which is undertaken as part of the annual reporting and planning process. Council 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 is raised to fund expenditure.

Differential rates

Council proposes to use a rating differentials for general rates effective from the 2019/20 year as set out in Funding sources section.

Council uses differential rates for-targeted rates for:

- Public Transport
- Flood Protection – Property rates, which apply to specific properties within river management, drainage, and catchment schemes within the Wairarapa. Generally, these rates are made on a differential land area basis. They are apportioned to reflect the benefit to each separately rateable property in the 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.

Transition provisions

In 2018, Council introduced a new approach to differential rate funding for Public Transport to have a transition period over six years. These changes will have variable impacts on different categories of ratepayers and would potentially cause large one-off increases.

Over the next six years, there will also be changes in the relative values of properties depending partly on their location (within each territorial authority) and their land use (residential, business, rural, Wellington CBD). Council cannot predict these changes, but they will affect the funding that is required from each location, or from each rating category.

Council will use differentials to transition the Public Transport rate to the new funding policy over the next six years, using the funding requirements from 2017/18 as the baseline.

Discounts

Council does not apply discounts to any rates.

Separately used part

Council policy is to rate the “separately used or inhabited part” of a rating unit for the following rates:

- Wellington Regional Strategy
- **Rates that** apply to specific properties within river management schemes in the Wairarapa.
- **Catchment scheme** rates that apply to specific properties within river management schemes within the Wairarapa.

Funding for Activities

Funding policy indications

Council’s policy on the funding from each main source is shown in this section, at the bottom of the table for each activity. The funding percentages given in each table are an indication of Council’s policy preference, but Council expects that there will be some variation in the revenue actually received for each activity in any one year. Council notes that it cannot always control the amount of funding it receives from any source.

Two stage approach

In developing this policy. Council used a two-stage approach.

For each activity, Council considered the s101(3)(a) matters in the Local Government Act 2002. These are summarised as-

Primary community outcomes

Each group of activities contributes primarily to achieving one of these community outcomes:

- Strong economy
- Connected community
- Resilient community
- Healthy environment
- Engaged community

Distribution of benefits

The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals

Timeframe of benefits

Most activities provide ongoing benefits. Where an activity provides benefits that will last for future generations we have noted this too.

Contributors to need for activity

These contributors are any individuals or groups who, through their action, or inaction, contribute to the need to undertake the activity. For example, polluters create a need for Council to clean up the mess or make rules about how it is to be reduced or cleaned up.

Costs and benefits of funding activity distinctly

There are costs and benefits, including consequences for transparency and accountability, of funding an activity separately, whether by user charges or targeted rates or a combination of these.

Council then considered the overall impact of any allocation of liability for revenue needs on the community. That process led Council to decide on the funding policy indications shown for each activity.

Regional leadership

Relationships with mana whenua

Council builds and maintain constructive partnership relationships with iwi and Māori of the region to support Maori participation in decision making to deliver Council's outcomes.

Community outcome	Engaged community
Purpose / rationale for activity	This activity enables Council to build and maintain constructive partnership relationships with iwi and Māori of the region
Who benefits? How are the benefits distributed?	Mana whenua benefit from a partnership approach to managing the natural environment ensures that iwi fulfil their obligations as natural managers of the world, through their kaitiaki roles and responsible. Regional communities benefit from the quality of decision making that is enabled when mana whenua participate in decisions that affect them
Timeframe of benefits	Ongoing
Does anyone cause Council to provide this service?	No
Rationale for separate funding	There is no particular need to fund this activity separately. Council reports on the service performance for this activity in its annual report

Funding policy indication

Activity	User charges	Subsidies	Targeted rate	General rate
Relationships with mana whenua				100%

Regional transport planning and programmes

Council plans for the long-term development of the region's land transport network.

Community outcome	Connected community
Purpose / rationale for activity	A plan for development of the region's land transport network is essential for integration with territorial authority plans, and to enable the efficient transport of people and goods
Who benefits? How are the benefits distributed?	The community as a whole benefits from transport infrastructure planning services
Timeframe of benefits	Ongoing
Does anyone cause Council to provide this service?	No
Rationale for separate funding	There is no particular need to fund this activity separately. Council reports on the service performance for this activity in annual report.

Funding policy indication

Activity	User charges	Subsidies	Targeted rate	General rate
Regional transport planning and programmes		About 52% from NZTA		Balance of the funding.

Wellington Regional Strategy

Council supports growth and economic development in the region.

Community outcome	Strong economy
Purpose / rationale for activity	Council promotes economic growth and hosts this activity on behalf of the region

Who benefits? How are the benefits distributed?	Business communities are the primary beneficiaries of economic growth and increased wealth within the region. The community as a whole benefits to a lesser extent
Timeframe of benefits	Ongoing
Does anyone cause Council to provide this service?	No
Rationale for separate funding	Separate funding enables Council to apply revenue requirements that are consistent with the levels of benefit that different ratepayer categories receive. Separate funding also supports accountability and transparency to the ratepayers who fund the activity

Funding policy indication

Activity	User charges	Subsidies	Targeted rate	General rate
Wellington Regional Strategy			100%, charged on differential basis by land use, being- <ul style="list-style-type: none"> a uniform charge on residential and rural ratepayers a capital value basis for businesses. 	

Emergency management

Council contributes to emergency preparedness and management services within the region.

Community outcome	Resilient community
Purpose / rationale for activity	Wellington region has a wide range of natural hazards (earthquake, flooding, landslide, tsunami, storm) and hazard risks (biological, chemical, terrorism, other), and the region wants to be prepared to provide emergency services

Who benefits? How are the benefits distributed?	The community as a whole benefits from these services
Timeframe of benefits	Ongoing
Does anyone cause Council to provide this service?	No
Rationale for separate funding	There is no particular need to fund this activity separately. Council reports on the service performance for this activity in the annual report

Funding policy indication

Activity	User charges	Subsidies	Targeted rate	General rate
Emergency management				100%

Democratic services

Council conducts democratic elections that are free from interference. Council supports elected members to engage with their communities and to make informed decisions.

Community outcome	Engaged community
Purpose / rationale for activity	Democracy services enable citizens and communities to engage with decision makers for the benefit of the region. These services also support Councillors in the performance of their roles
Who benefits? How are the benefits distributed?	The community as a whole benefits from these services
Timeframe of benefits	Ongoing
Does anyone cause Council to provide this service?	No

<i>Rationale for separate funding</i>	There is no particular need to fund this activity separately. Council reports on the financial and service performance for this activity in its annual report
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Funding policy indication

<i>Activity</i>	<i>User charges</i>	<i>Subsidies</i>	<i>Targeted rate</i>	<i>General rate</i>
Democratic services				100%

Regional initiative - Warm Greater Wellington

Council provides funding for home insulation. The communities in Wainuiomata and Masterton are also offered funding for clean heating because the air sheds in those areas have breached the national standards for air quality.

<i>Community outcome</i>	Resilient community
<i>Purpose / rationale for activity</i>	Good quality insulation helps keep the heat in during winter and out during summer. This makes houses easier and cheaper to heat properly, and more comfortable and healthy to live in
<i>Who benefits? How are the benefits distributed?</i>	The major beneficiaries are those ratepayers who take up the funding. Wainuiomata and Masterton will also benefit when their airsheds no longer breach quality standards, because Council will then be able to approve consents for industrial discharges to air
<i>Timeframe of benefits</i>	Ongoing
<i>Does anyone cause Council to provide this service?</i>	No
<i>Rationale for separate funding</i>	Separate funding enables Council to target those who benefit from the activity

Funding policy indication

<i>Activity</i>	<i>User charges</i>	<i>Subsidies</i>	<i>Targeted rate</i>	<i>General rate</i>
Regional initiative - Warm Greater Wellington			100%	

Regional initiative - Water Wairarapa

Council is exploring water storage options for agriculture, horticulture, and municipal uses in the Wairarapa.

<i>Community outcome</i>	Strong economy
<i>Purpose / rationale for activity</i>	Water storage options may increase the productive efficiency of agriculture and horticulture in the Wairarapa. It may also provide additional water for municipal and other community uses in the area
<i>Who benefits? How are the benefits distributed?</i>	The primary beneficiaries are Wairarapa organisations and households that will use the water, or who can rely on the water as an alternative water source during an emergency. People in the Wairarapa may also benefit from increased resilience of source water for the drinking water supplies
<i>Timeframe of benefits</i>	Ongoing
<i>Does anyone cause Council to provide this service?</i>	No
<i>Rationale for separate funding</i>	Separate funding would enhance transparency and accountability for this activity

Funding policy indication

<i>Activity</i>	<i>User charges</i>	<i>Subsidies</i>	<i>Targeted rate</i>	<i>General rate</i>
Regional initiative - Water Wairarapa				100%

The funding source for any expenditure beyond 2018/19 will be reviewed by Council if the project proceeds beyond that date.

Public transport

Community outcome	Connected community
Purpose / rationale for activity	Public transport makes a significant contribution to the region's economic prosperity in a way that is environmentally and socially sustainable
How benefits? How are the benefits distributed?	<p>Private benefits Public transport benefits the people who use it directly, enabling them to get to work, school, retail, and social activities.</p> <p>Public benefits</p> <ul style="list-style-type: none"> • More efficient land use and compact urban environments support the regional economy. The concentration and efficiency of economic activity, especially in the regional CBD and other commercial centres is increased by public transport • Employers in the regional business hub (Wellington CBD) and the other regional business centres can attract staff from throughout the region • Freight can travel more cheaply on less congested roads • Any industry or activity that relies on people coming together from different parts of the region, including retail, hospitality, and education industries • Efficient movement of private vehicles benefits everyone who drives on congested roads that are served by public transport, and it reduces the cost of goods and services to the whole region <p>Environmental benefits The region as a whole benefits from reduced emissions because of shorter private journey times, and because there are fewer vehicles on the road when people use public transport</p> <p>Health and safety benefits</p> <ul style="list-style-type: none"> • The whole region benefits from fewer vehicles on roads, and safer driving. □ More liveable environments

	<ul style="list-style-type: none"> The whole region benefits from fewer vehicles on roads, and safer driving. <p>Urban / rural benefits</p> <p>Urban communities are significant beneficiaries of public transport, but rural communities do not benefit to the same extent</p>
Timeframe of benefits	Ongoing
Does anyone cause Council to provide this service?	No
Rationale for separate funding	Public transport is the single largest activity that Council funds. A mixture of user charges (fares) and targeted rates provide transparency to service users, residents, ratepayers, and funders about the costs and relative shares paid by different groups

Funding policy indication

Activity	User charges	Subsidies	Targeted rate	General rate
Public transport	35-50% from fares and other user charges	The maximum contribution from Crown agencies, primarily New Zealand Transport Agency (NZTA), Overall, intend to collect 25-35% from NZTA although this may be significantly higher for some specific programmes and investments	25-35%, calculated on ECV, with differentials based on land use and by location	

Council applies user charges (fares) for the private benefits gained by people who use public transport.

Council has concluded that the following differentials take account of the specific public and private benefits of public transport, while also taking account of the overall impacts of Council's funding requirements.

- Residential (excluding Wairarapa) 1
- Residential (Wairarapa and Otaki rating units) 0.5

- Wellington CBD 7
- Business (excluding Wairarapa) 1.4
- Business (Wairarapa) 1
- Rural 0.25

Council will apply the new differentials as a targeted rate, based on ECV. All properties within each differential category will pay the same rates per \$100,000 of ECV.

Council may review these differentials at any time, and particularly if there are major changes in future funding requirements.

This is a considerable change from the previous policy which allocated costs based on a complex set of inputs.

Council will take six years to transition the rates onto the new policy. Until the transition is complete, Council will calculate an annual transition differential so that rates progressively shift to their new levels for each category of land use, and for each location.

Water supply

Council provides bulk water to four participating territorial authorities (the cities of Wellington, Hutt, Upper Hutt, and Porirua).

Community outcome	Strong economy, healthy environment, resilient community
Purpose / rationale for activity	<p>Clean, safe drinking water is essential for life. It is also used for-</p> <ul style="list-style-type: none"> • residential purposes (gardens, swimming pools) • community purposes (parks, swimming pools, schools, hospitals, turf, and other recreation services) • industrial purposes (hygiene, other uses)
Who benefits? How are the benefits distributed?	<p>The participating territorial authorities benefit from-</p> <ul style="list-style-type: none"> • being able to provide potable water for their residents • the efficiency of a coordinated water collection, treatment, and distribution system

<i>Timeframe of benefits</i>	Ongoing
<i>Does anyone cause Council to provide this service?</i>	No
<i>Rationale for separate funding</i>	Funding water supply services distinctly from other services has benefits for transparency and accountability. Because water is supplied in bulk to territorial authorities, a volumetric levy is a fairer and more efficient funding tool.

Funding policy indication

<i>Activity</i>	<i>User charges</i>	<i>Subsidies</i>	<i>Targeted rate</i>	<i>General rate</i>
Water supply	95%-100% volumetric levy on the participating territorial authorities. User charges may also be applied to other bulk water users.			

Environment

Resource management - Policy and planning

Environmental science - State of Environment monitoring

<i>Community outcome</i>	Healthy environment, engaged community
<i>Purpose / rationale for activity</i>	Council regulates the use and development of the environment via the Regional Plan and other planning documents, to ensure that natural and physical resources are managed sustainably

Who benefits? How are the benefits distributed?	The community as a whole benefits from the policy, planning and monitoring services Territorial authorities and individuals, benefit from Council's State of the Environment monitoring information
Does anyone contribute to Council's need to provide this activity?	Everyone uses the region's natural resources to some extent
Rationale for separate funding	Because the community as a whole is the main beneficiary, there is no particular benefit from distinct funding.

Funding policy indication

Activity	User charges	Subsidies	Targeted rate	General rate
Resource management - Policy and planning				100%
Environmental science - State of Environment monitoring	10-20%			80-90%

Resource management – Consents

Resource management – Compliance and enforcement

Pollution prevention and control

Community outcome	Healthy environment
Purpose / rationale for activity	Council implements the Regional Plan, with consent, compliance, and pollution services

Who benefits? How are the benefits distributed?	Consent applicants benefit from information services Consent holders benefit from the right to use regional resources, and from monitoring services, because consents may be granted with greater confidence / certainty about the potential impacts
Does anyone contribute to Council's need to provide this activity?	Polluters create the need for pollution controls People who want to use the region's resources create the need for an allocation system
Rationale for separate funding	These services are best funded jointly with other Resource management activities

Funding policy indication

Activity	User charges	Subsidies	Targeted rate	General rate
Resource management – Consents	100%, consent applicants			
Resource management – Compliance and enforcement	100% consent holders			Up to 100% for investigations where a liable party cannot be identified.
Resource management – Pollution prevention and control	100% identified polluters			

Land management

- Farm plans, and Farm environment plans, to reduce erosion in the eastern Wairarapa hills, and to support intensively farmed (dairy) areas in Wairarapa and Otaki.
- Wellington Regional Erosion Control Initiative
- Land management advisory services, mainly in the Wairarapa
- Erosion scheme services and coordination services to rural properties in the Wairarapa.

Community outcome	Healthy environment
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<i>Purpose / rationale for activity</i>	Council seeks to mitigate the environmental impacts of farming, because land management practices can affect soil erosion, soil health water quality, and the health of streams, rivers, and the coast
<i>Who benefits? How are the benefits distributed?</i>	<p>Farmers benefit from-</p> <ul style="list-style-type: none"> • stabilised soils and reduced erosion. • water and drainage schemes that enable greater productive use of the land. • reputation benefits from clean operations. <p>Rural communities benefit from local catchment schemes that protect local infrastructure (roads, utilities)</p> <p>The community as a whole benefits when farmers reduce their nutrient and sediment discharges</p>
<i>Does anyone cause Council to provide this service?</i>	<p>Farmers who allow stock to graze in or adjacent to waterways.</p> <p>Farmers who allow nutrients to leach into waterways</p>
<i>Rationale for separate funding</i>	Because the activity is predominantly focused on services to rural businesses, there are transparency benefits from separate funding

Funding policy indication

<i>Activities and programmes</i>	<i>User charges</i>	<i>Subsidies</i>	<i>Targeted rate</i>	<i>General rate</i>
Farm plans	70%			30%
Farm environment plans	50%			50%
Wellington Regional Erosion Control Initiative	40%	30% Crown		30%
Land management advice				100%
Land management erosion schemes	50%-100% to be met from targeted or scheme rates or a direct contribution from both the direct beneficiaries, and the beneficiaries in the economic catchment area			Up to 50%

Council sets rates on specific properties within erosion schemes in the Wairarapa. Generally, these rates are apportioned to reflect the benefit to each separately rateable property in the 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.

Soil and plant conservation

Community outcome	Healthy environment
Purpose / rationale for activity	Council seeks to mitigate the environmental impacts of farming, because land management practices create erosion, and affect the health and quality of streams, rivers, and the coast
Who benefits?	The community as a whole benefits from stabilised soils in its reserves. The benefits from the Akura Conservation Centre are mostly the private landowners who plant poplars and willows for erosion and flood control
Timeframe of benefits	Ongoing
How are the benefits distributed?	90% private landowners 10% community as a whole
Does anyone cause Council to provide this service?	Farmers who do not plant tree cover on erosion prone soils
Rationale for separate funding	Because the activity is predominantly focused on services to rural businesses, there are transparency benefits from separate funding

Funding policy indication

Activities	User charges	Subsidies	Targeted rate	General rate
Soil conservation reserves	100%			
Akura conservation centre	100%			

Biodiversity management

Community outcome	Healthy environment
Purpose / rationale for activity	Biodiversity contributes to the region's natural character and supports the healthy functioning of ecosystems which in turn provide essential, life supporting services, including purifying air and water
Who benefits? How are the benefits distributed?	The community as a whole share the benefits of a healthy environment
Timeframe of benefits	Ongoing
Does anyone cause Council to provide this service?	Farmers who have not yet fenced waterways so that stock can get into them contribute to the need for this activity
Rationale for separate funding	This activity is one relatively small, part of the larger Group of Activities and separate funding would not be cost effective

Funding policy indication

Activities and programmes	User charges	Subsidies	Targeted rate	General rate
Biodiversity management – Key Native Ecosystems programme				100%
Biosecurity services for territorial authorities	100%			
Biodiversity management – other activities				100%

Pest management

Community outcome	Healthy environment
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Purpose / rationale for activity	Pest management supports economic activity and improves environmental outcomes.
Who benefits? How are the benefits distributed?	<p>Primary producers benefit from</p> <ul style="list-style-type: none"> • reduced loss of pasture • reduced loss of crops • reduced damage to trees and shrubs • sustained and increased primary production. <p>Cattle and deer farmers in operational areas benefit from reduced risk of disease to farmed animals.</p> <p>The regional community benefits from reduced spread of unwanted pest damage to high value ecosystems, and reduced pest impact on safety, amenity, and social values</p>
Timeframe of benefits	Ongoing
Does anyone cause Council to provide this service?	Pest management, including possum control activities are undertaken in line with Biosecurity Act 1993, and the National Policy Direction for Pest Management
Rationale for separate funding	Because Council provides two pest management programmes, with different funding policies, separate funding is useful to demonstrate the benefits of each activity

Funding policy indication

Programmes	User charges	Subsidies	Targeted rate	General rate
Regional pest management plan	Up to 10%	Up to 10%		80-100%
Regional predator control programme			40% on all rural properties that are 4ha or more, assessed on a land area basis.	60%

Harbour management

Community outcome	Strong economy
Purpose / rationale for activity	Council provides this service to support safe commercial shipping and recreational activities in the regional harbours
Who benefits?	Maritime traffic in the harbours benefit from Beacon Hill Communications station, navigational aids, and the enforcement of maritime safety regulations Recreational boat users benefit from navigational aids, education programmes, and the enforcement of maritime safety regulations Other harbour users receive a small benefit from the enforcement of maritime safety regulations
Timeframe of benefits	Ongoing
How are the benefits distributed?	Commercial shipping is the major economic beneficiary of this service People using recreational boats and yachts also benefit substantially The rest of the region gets some residual benefit
Does anyone cause Council to provide this service?	Maritime traffic (commercial and recreational) is the major activity that creates the need for Council to provide navigational aids and safety services Polluters create the need for monitoring, regulations and clean up services
Rationale for separate funding	Separate funding via targeted rates is not sensible for this activity, because Council cannot identify and targeted land owners who would be the major beneficiaries of services for activities on and about water

Funding policy indication

Activities and programmes	User charges	Subsidies	Targeted rate	General rate
Navigational aids and communications service	60% commercial shipping, (collected by CentrePort)			40%

Education; Enforce maritime safety regulations				100%
Pollution clean-up — oil		95% Maritime NZ		5%
Pollution clean-up — other	100% charge to polluters, where they can be identified and charged			Up to 100%

Flood protection

Understanding flood risk

Maintaining flood protection and control works

Improving flood security

Community outcome	Resilient community
Purpose / rationale for activity	Council provides flood protection services to protect the lives and property of people within the region

Who benefits?	<p>Property owners (private, Crown, territorial authorities, others) and residents in flood hazard zones are the major beneficiaries of these activities. They benefit from-</p> <ul style="list-style-type: none"> • information about flood hazards • flood warnings • flood protection structures that directly protect lives and property, and downstream areas <p>Local communities and catchments benefit from-</p> <ul style="list-style-type: none"> • Information about flood hazards to support land use planning • having their local infrastructure protected (schools, hospitals, roads and emergency lifelines, parks, and reserves). <p>Utilities benefit from-</p> <ul style="list-style-type: none"> • information about flood hazards • flood warnings • flood protection structures that directly protects their infrastructure (electricity transmission, telecoms, etc) <p>The region as a whole benefits from-</p> <ul style="list-style-type: none"> • advice about flood emergencies • any environmental protection that flood protection provides □ protected arterial transport routes
How are the benefits distributed?	<p>Property owners (including utility companies), and residents and flood hazard zones are the major beneficiaries of all these activities</p> <p>Local communities, (including property owners in flood hazard zones) are also substantial beneficiaries of flood protection and control works in their communities</p> <p>The community as a whole receives a relatively small share of the benefits</p>
Timeframe of benefits	Ongoing
Does anyone cause Council to provide this service?	No
Rationale for separate funding	Because of the substantial private benefits from these activities, and Council's considerable commitment to this group of activities, separate funding provides transparency and accountability benefits

Council has considered the matters above, including the benefits of flood protection to identifiable groups within the region, and has decided to retain the Flood Protection rate funding policy that applied in 2017/18.

Funding policy indication

<i>Activities</i>	<i>User charges</i>	<i>Subsidies</i>	<i>Targeted rates</i>	<i>General rate</i>
Understanding flood risk				100%
Maintaining flood protection and control works			The balance of costs (i.e., to 100%) met via targeted rates on the local authority area or via scheme rates or direct contribution from both the direct beneficiaries on the floodplain and the beneficiaries in the economic catchment area.	Up to 50%
Improving flood security				

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

Parks

Council manages a network of regional parks and forests for the community's use and enjoyment. Council works with mana whenua and community groups to protect the environment within regional parks

<i>Community outcome</i>	Engaged community
<i>Purpose / rationale for activity</i>	Council provide parks for community recreation and enjoyment, and to protect regionally significant landscapes, bush, and heritage features

Who benefits? How are the benefits distributed?	<p>Individuals and groups who use the camping facilities within regional parks.</p> <p>Organisations that use parks for commercial purposes. This includes, for example-</p> <ul style="list-style-type: none"> • stock grazing • film making • outdoor activities • education activities <p>The region and the whole country benefit from being able to enjoy regionally significant landscapes, bush, and heritage features</p> <p>The whole country benefits from the preservation of nationally significant landscapes, forests, and heritage features</p>
Timeframe of benefits	Ongoing
Does anyone cause Council to provide this service?	No
Rationale for separate funding	There is no particular need to fund this activity separately. Council reports on the financial and service performance for this activity in its annual report

Funding policy indication

Activity	User charges	Subsidies	Targeted rate	General rate
Parks	10% for organised events, farming and other leases, license fees, other added value services.			90%

Summary table

Group of Activities	Activity	User charges	Subsidies	Targeted rate	General rate
Regional Leadership	Relationships with mana whenua				100%
	Regional transport planning and programmes		About 52% from NZTA		Balance of the funding
	Wellington Regional Strategy			100%, charged on differential basis by land use, being- <ul style="list-style-type: none"> a uniform charge on residential and rural ratepayers a capital value basis for businesses 	
	Emergency management				100%
	Democratic services				100%
	Regional initiative - Warm Greater Wellington			100%	
	Regional initiative - Water Wairarapa				100%
Public transport	Public transport	35-50% from fares and other user charges	The maximum contribution from Crown agencies, primarily New Zealand Transport Agency (NZTA), Overall, intend to collect 25-35% from NZTA although this may be significantly higher for some specific programmes and investments	25-35% calculated on ECV, with differentials based on land use and by location	

Water supply	Water supply	95%-100% volumetric levy on the participating territorial authorities. User charges may be applied to other bulk water users			
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Group of Activities	Activity	User charges	Subsidies	Targeted rate	General rate
Environment	Environmental science - State of Environment monitoring	10-20%			80-90%
	Resource management - Policy and planning				100%
	Resource management – Consents	100%, consent applicants			
	Resource management – Compliance and enforcement	100% consent holders			Up to 100% for investigations where a liable party cannot be identified.
	Resource management – Pollution prevention and control	100% identified polluters			
	Land management - Farm plans	70%			30%
	Land management - Farm environment plans	50%			50%
	Land management - Wellington Regional Erosion Control Initiative	40%	30% Crown		30%
	Land management advice				100%
	Land management, erosion, and drainage schemes			100% to be met from targeted or scheme rates or a direct contribution from both the direct beneficiaries, and the beneficiaries in the economic catchment area	
	Soil conservation reserves	100%			
	Akura conservation centre	100%			
	Biodiversity management – Key Native Ecosystems programme				100%
	Biosecurity services for territorial authorities	100%			

	Biodiversity management – other activities				100%
	Regional pest management plan	Up to 10%	Up to 10%		80-100%
	Regional predator control programme			40% on all rural properties that are 4ha or more, assessed on a land area basis	60%

Group of Activities	Activity	User charges	Subsidies	Targeted rate	General rate
Environment, continued	Harbour management - Navigational aids and communications service	60% commercial shipping, (collected by CentrePort)			40%
	Harbour management – Education, and enforce maritime safety regulations				100%
	Harbour management - Pollution clean-up — oil		95% Maritime NZ		5%
	Harbour management - Pollution clean-up – other	100% charge to polluters, where they can be identified and charged			Up to 100%
Flood Protection	Flood Protection - Understanding flood risk	Apply charges to territorial authorities and other beneficiaries wherever practicable			100%
	Flood Protection - Maintaining flood protection and control works				Up to 50%

	Flood Protection - Improving flood security			<p>The balance of costs (i.e., to 100%) met via targeted rates on the local authority area or via scheme rates or direct contribution from both the direct beneficiaries on the floodplain and the beneficiaries in the economic catchment area</p> <p>* Where a utility provider makes a contribution for protection of infrastructure assets, the revenue is directly applied to alleviate the scheme's costs</p>	
Parks	Parks	10% for organised events, farming and other leases, license fees, other added value services			90%