

Introduction



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Greater Wellington is publishing and distributing this Statement of Proposal because we are amending our Long-term Council Community Plan 2006-16. We want to hear the views of the people of the region on our proposal to implement and fund the Wellington Regional Strategy.

The Wellington region is a great place to live and work. To keep it this way we must ensure our economy is internationally competitive and growing sustainably. As a region we face some challenges to achieve sustainable prosperity, which is why in 2004 the councils of the Greater Wellington region decided to work together to develop a Wellington Regional Strategy to achieve our economic goals.

This is a very important issue for us all. Our lifestyle is linked to having a successful and sustainable economy. But in the last five years the region has not kept up with growth elsewhere in New Zealand. In the past the cities and districts of the region have generally worked separately to encourage economic growth. We believe that the public and private sector must now work together as one region with one goal, if we are to meet the challenges of international competition.

Working together, as the Wellington Regional Strategy Forum, the region's councils have agreed on a proposed strategy and the approach to put it in place. The Wellington Regional Strategy Forum has requested Greater Wellington take on the role of 'keeper' of the strategy. To do this Greater Wellington is required to amend its Long-term Council Community Plan 2006-16 (LTCCP).

The *Local Government Act 2002 (LGA)* requires Greater Wellington prepare a ten-year LTCCP every three years. Our current ten-year plan was adopted on 29 June 2006. This document contains proposed amendments to that

LTCCP and consequential changes to the overall projected financial information and policies. We are seeking your feedback on these changes.

Have your say

Greater Wellington welcomes submissions on this Statement of Proposal. These submissions will be heard and carefully considered before confirming whether or not the LTCCP will be amended. Submissions will be heard in November 2006.

To make a submission, write to FreePost 3156, Proposed Amendment to the LTCCP, Greater Wellington Regional Council, PO Box 11646, Wellington 6142, email: LTCCP@gw.govt.nz, or fax: 04 385 9690, to reach us no later than 5pm, 30 October 2006. Please include your name, address and phone number in all submissions. If you wish to be heard in support of your submission, please state this clearly.

If you need to refer to Greater Wellington's previously published *Long-term Council Community Plan 2006-16* you can see it on our website (www.gw.govt.nz) or ask us for a printed copy, phone 0800 496 734 or email LTCCP@gw.govt.nz.



Proposed amendment to the Long-term Council Community Plan 2006-16

Introduction

In 2004, the local authorities of the Wellington region decided to work together to develop a Wellington Regional Strategy (WRS) to provide a framework for sustainable economic development and environmental management in the region. The goal of the strategy is to build:

“an internationally competitive Wellington by developing and implementing a vision and an integrated framework to achieve sustainable growth of the Wellington region”.

The strategy has a long term outlook – to the year 2050, with a more detailed focus of action and priority for the next 10 to 20 years.

Summary of proposal

The development of the WRS has been undertaken by the region’s councils through the WRS Forum¹. In response to a request by the WRS Forum, Greater Wellington proposes to establish governance and funding arrangements to facilitate the development and implementation of the WRS. This process will include:

- establishing a committee of Greater Wellington to act as keeper of the WRS
- establishing a regional economic development agency (EDA) to help achieve sustainable economic growth
- Greater Wellington taking over funding responsibilities for the EDA from territorial authorities in the region. For the purpose of the proposed a regional rate of \$4.0 million in 2007/08, possibly increasing to \$5.0 million by 2010 will be collected. These figure exclude GST
- replacing the amounts rated by territorial authorities, which are currently \$3.5 million (excluding GST).

¹ Information about the WRS Forum can be found at www.wrs.govt.nz

Background to the proposal

The WRS is a significant initiative being led by the local authorities of the Wellington region. Development of the WRS has recognised:

- the need to avoid duplication of activities already underway and to link with those activities
- that growth and development must reflect the principle of sustainability with its four dimensions of economic, environmental, social and cultural well-being
- the need to fundamentally link environmental protection, urban development, transport choices and economic development to underpin the interconnected strands in the WRS (sustainable development)
- the need to reflect and support the community values that define each city or district of the region
- the need to link with the councils’ statutory obligations under the LGA and other Acts, in particular the development and adoption of Long-term Council Community Plans, the Regional Land Transport Strategy and the Regional Policy Statement.

A forum (the WRS Forum) was established in 2004 to develop the WRS. The Forum included representatives of all the region’s local authorities and was supported by a grant from New Zealand Trade & Enterprise. It undertook research on the trends, pressures, risks and opportunities facing the Wellington region. A range of experts, including economists, urban development

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specialists, community specialists and demographers, produced more than 20 background research and evaluation papers to investigate a wide range of matters related to the prosperity and quality of life in the Wellington region.

The evaluation work and initial conclusions were tested with the regional communities in August 2005 through public consultation on a growth framework discussion document. Statistically valid surveys of resident and business attitudes were undertaken and people were invited to make

submissions on the growth framework.

Consideration of the public feedback and survey results by the WRS Forum has guided ongoing development of the WRS since the last quarter of 2005.

On behalf of the region, Greater Wellington has agreed to conduct a special consultative procedure to consult on:

- the proposed Wellington Regional Strategy (to be released for public consultation on the 30th September)
- proposals for the future implementation, governance and funding of the WRS (the subject of this Statement of Proposal).

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Wellington Regional Strategy

The primary focus of the WRS is on sustainable economic development and the sustainable management of urban and rural growth.

The WRS recognises that the economy functions within the environment, and is not separate from it. To this end, the WRS adopts a 'genuine progress indicator' framework.² Over time this will strengthen the assessment of social, cultural, environmental and economic progress.

The WRS has three primary focus areas:

- effective leadership and partnerships
- investment in increasing exports
- quality regional form and systems (investment in urban form).

Each area contains a set of sub-actions. More detail on the justification, thinking and scope of these is available on the WRS website (www.wrs.govt.nz) or can be requested at the contact details below.

The WRS is a separate and concurrent consultation document to this Statement of Proposal. For the purposes of a special consultative procedure the WRS document itself forms the basis of the required Statement of Proposal.

The WRS document is available:

- from the main office reception of each council in the region
- by download from www.wrs.govt.nz
- by post by telephoning 0800 WRStrategy (0800 977 8728)
- at display stands in the domestic passenger departure lounge at Wellington International Airport and the Wellington Railway Station.

² A range of measures to gauge the overall success of the region in achieving its aims.

³ Section 16 (significant new activities proposed by regional council), section 97 (certain decisions to be taken only if provided for in Long Term Council Community Plan), section 56 (consultation required before council controlled organisation established) and section 102 (amendment to Greater Wellington Funding and Financial Policies) of the Local Government Act 2002.

Proposed implementation, governance and funding of the WRS

This Statement of Proposal is about the future implementation, funding and management of the WRS. It is required by various sections of the LGA³. It proposes that:

- Greater Wellington, via a new committee, takes responsibility on behalf of the region as "Keeper of the Strategy" and in doing so takes on a significant new activity on behalf of the region in regard to the future implementation, governance and funding of the WRS
- a Greater Wellington council controlled organisation (CCO) is established to be responsible for delivering the economic development initiatives outlined in the strategy through a regional economic development agency (EDA)
- Greater Wellington (on behalf of the region) funds the existing and new initiatives outlined in the WRS through a targeted rate for economic development initiatives from 1 July 2007.

Significant new activity

Until now Greater Wellington has not played a role in the delivery of economic development initiatives. The funding and delivery of economic development across the region have previously been carried out by each of the region's territorial authorities, with the assistance of the region's economic development agencies, namely Positively Wellington Business, Go Wairarapa and Enterprise Kapiti Horowhenua.

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The WRS Forum agreed that the current arrangements and funding should be replaced by a regional model. This model has Greater Wellington playing a new role in regard to the governance, implementation and funding of economic development initiatives and the facilitation of the associated land management initiatives of the WRS.

Consideration of the future governance, implementation and funding of the WRS has been the subject of a process involving the members of the WRS Forum, including each of the Mayors and chief executives of the councils involved. The WRS Forum concluded that the status quo arrangements do not:

- provide a sufficiently robust platform for ongoing shared understanding of issues
- ensure long term commitment to action
- enable meaningful engagement of other sectors
- provide the necessary certainty and means for funding WRS actions.⁴

The WRS Forum discussed three potential governance models for a “keeper of the strategy”. It emphasised the need for a regionally funded method of managing the funding and governance of the region’s existing economic development agencies and the new initiatives proposed by the strategy.

The recommended proposal arising from the WRS Forum’s work⁵ is:

- that Greater Wellington will establish a WRS committee made up of seven local government members and five non-local government members
- that the WRS Committee will be responsible for monitoring and overseeing the implementation of the WRS, with particular emphasis in the short term on funding and implementing the WRS initiatives via an EDA

- that the existing economic development agencies will either be restructured or a new EDA entity established as a Greater Wellington CCO to enable the WRS Committee to take responsibility for monitoring and funding the EDAs
- that Greater Wellington will collect a new targeted rate on behalf of the region to fund the WRS initiatives. This new rate will replace the equivalent rates currently allocated by territorial authorities to fund their economic development activities (see table on page 8)
- that there will be an agreement between Greater Wellington and the territorial authorities to record how they will work together to support the WRS and its proposed governance and funding framework.


Analysis of options

The WRS Forum discussed three possible governance and funding models for the WRS at its meeting on 29 June 2006. In summary, the options considered were:

- Option A – a joint committee of the region’s councils with each council represented as well as non-local government appointees. Each member council would rate separately for the WRS implementation. An EDA would be established by the committee.
- Option B – a standing committee of Greater Wellington, with membership from representatives of the region’s councils and non-local government, with a regional rate to support an EDA (established as a Greater Wellington council controlled organisation) and other implementation costs.
- Option C – a new agency established through legislative change that would be a regional body with powers to strike rates, and with representation from all the region’s councils as well as non-local government appointees. The new agency in turn would establish an EDA.

⁴ See Governance and Structures paper considered by the Forum at a workshop on 29 June 2006.

⁵ Upper Hutt City Council has requested that this statement of proposed notes that it has expressed concern at the direction and proposed governance structure of the WRS on many occasions through the process.

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Following further refinement of the options, on 28 July 2006 the WRS Forum agreed to Option B on the basis that the new Greater Wellington standing committee carry out this special consultative procedure (on behalf of Greater Wellington). It requested that Greater Wellington consult on both the Wellington Regional Strategy and its proposed governance, funding and implementation.

It has been assumed that the rating levels under the status quo, and alternatives options, will be similar to these proposed under this statement of proposal.

The analysis of the reasonably practicable governance and funding options and the main benefits and disadvantages/costs of each, are summarised below:

Options	Benefits	Disadvantages/costs
Status quo	No establishment costs	Does not ensure a long-term commitment to action or funding Reduces ability to obtain central government funding Has inefficiencies in funding and monitoring as all territorial authorities would have to duplicate processes
Option A – a joint committee of the region’s councils	WRS Forum committee could continue, minimising establishment costs	As above
Option B – a standing committee of Greater Wellington	Standing committee made up of both local government members and non-local government members provides a collaborative and expert model for acting as “keeper of the strategy” Provides mechanism for equitable regional funding model Provides improved basis for certainty of funding for delivery agencies Increases opportunity to obtain central government funding	Involves some establishment costs for Greater Wellington
Option C – a new agency established through legislative change	Non political board structure	Unlikely to be practically or politically possible Longer establishment process as it requires legislative change

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The preferred option that forms the basis of this proposal is Option B.


In analysing each option Greater Wellington is required to consider the benefits and costs in terms of the present and future social, economic, environmental and cultural wellbeing of the region. Greater Wellington must also have regard to the extent to which community outcomes described in its LTCCP would be promoted or achieved in an integrated and efficient manner by each option. With the exception of the status quo, Greater Wellington believes that each option would promote these four well beings and the regional community outcomes to a similar extent. A regional governance, implementation and funding model allows economic development outcomes to be promoted and achieved in a way that has never been possible in the past.

As required by the LGA, Greater Wellington has also considered the possible impact of each option on its capacity to meet any of its present and future needs in relation to its statutory responsibilities. Greater Wellington is satisfied that it will continue to be able to meet these responsibilities in the future. Details of the likely impact of the proposed new rate are described on page 16 of this proposal.

Impact on territorial authorities

Section 16 of the LGA requires Greater Wellington to advise all the territorial authorities in its region and the Minister of Local Government of the proposal to take on a significant new activity and the reasons for doing so.

The following section sets out the expected effects of the proposal on the activities of the region's territorial authorities and the objections (if any) that Greater Wellington is aware of that have been raised by the territorial authorities.

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Territorial authority	Expected effects of the proposal on the activities of the territorial authority (figures exclude GST)	Objections raised (if any)
Wellington City Council	<p>Funding provided to Positively Wellington Business (currently \$2,211,000) will cease.</p> <p>Wellington City Council will continue to retain the economic development activity it presently undertakes in the local area.</p>	No objections raised
Hutt City Council	<p>Funding provided to Positively Wellington Business (currently \$441,000) will cease.</p> <p>Hutt City Council will continue to retain the economic development activity it presently undertakes in the local area.</p>	No objections raised
Upper Hutt City Council	<p>Funding provided to Positively Wellington Business (currently \$106,000) will cease.</p> <p>Upper Hutt City Council is expected to retain the economic development activity it presently undertakes in the local area.</p>	<p>Objection raised. The reasons provided by UHCC for the objection are:</p> <ul style="list-style-type: none"> • The proposal to undertake economic development activity will lead to increased costs to Upper Hutt ratepayers. The Council objects to the imposition of additional costs on Upper Hutt ratepayers. No additional costs should be imposed until those costs can be fully quantified and are identified as appropriate and providing value. • The proposal will affect Upper Hutt ratepayers through the redistribution of regional economic development costs across the various cities and districts in the region. Any proposal must ensure that any redistribution promotes the wellbeing of the Upper Hutt community and accords with their views and preferences.

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Territorial authority	Expected effects of the proposal on the activities of the territorial authority (figures exclude GST)	Objections raised (if any)
		<ul style="list-style-type: none"> • The proposal will reduce the ability of the Upper Hutt City Council to influence outcomes that are important for the Upper Hutt community. The reduced role of the Council should only proceed where this has been signalled as appropriate by the Upper Hutt community. • All decision-making processes and requirements for the proposed regional standing committee or economic development agency must ensure that private sector involvement does not diminish the accountability of the elected regional and territorial authority representatives. Specifically, the Upper Hutt City Council objects to the adoption of any decision-making processes and requirements relating to funding and rating which would enable decisions to be made contrary to the views of a majority of the local authority participants.
Porirua City Council	<p>Funding provided to Positively Wellington Business (currently \$221,000) will cease.</p> <p>Porirua City Council does not anticipate other reductions in the economic development activity it presently undertakes in the local area.</p>	No objections raised
Kapiti Coast District Council	<p>Funding provided to Positively Wellington Business (currently \$106,000) will cease.</p> <p>Funding allocations for economic development and its contractual relationship with Enterprise Coast will be reviewed.</p>	No objections raised
Masterton District Council	Funding provided to Go Wairarapa (currently \$226,000 p.a.) will be reviewed and may be reduced.	No objections raised
Carterton District Council	Funding provided to Go Wairarapa (currently \$40,000 p.a.) will be reviewed and may be reduced.	No objections raised
South Wairarapa District Council	Funding provided to Go Wairarapa (currently \$100,000 p.a.) will be reviewed and may be reduced.	No objections raised



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Establishment of a Greater Wellington Council Controlled Organisation

The WRS will set the strategic direction for economic development initiatives across the region. Implementation of those initiatives will be the responsibility of either the existing or new economic development agencies.

It is proposed that Greater Wellington, via the WRS Committee, will take responsibility for the future governance and monitoring of the CCOs that will implement the economic development initiatives proposed in the WRS⁶. Such initiatives in the region are currently facilitated by the following economic development agencies:

- The Wellington Regional Economic Development Trust, known as Positively Wellington Business (PWB). PWB is a CCO that is currently accountable to Wellington City Council, Hutt City Council, Porirua City Council, Upper Hutt City Council and Kapiti Coast District Council
- Go Wairarapa
- Enterprise Kapiti Horowhenua

Currently each of these receives funding from the region's territorial authorities. To varying degrees they are accountable to the region's territorial authorities for the delivery of economic development initiatives across the region.

It is proposed that Greater Wellington, via the WRS Committee, will either:

- establish and fund a new CCO to take the place of the existing economic development agencies; or
- facilitate amendments to the governing documents of the existing economic development agencies to enable Greater Wellington to take responsibility for the future governance, accountability and funding of those organisations. These changes would, therefore, result in the existing economic development agencies becoming CCOs, accountable to Greater Wellington.

The advantages of Greater Wellington taking responsibility for the regional economic development agency function are:

- it promotes close alignment between the role of the WRS Committee and the EDA Board⁷ and delivery agency
- it streamlines process requirements around development and ongoing monitoring of the work of the economic development agency
- it ensures accountability given that it is proposed that Greater Wellington will be funding the EDA through regional rates.

⁶ Projects not included in the WRS, for example Te Papa and the Karori Wild Life Sanctuary will not be funded by the proposed CCO.

⁷ An economic development agency, established as a CCO, has its own Board. The Board will prepare a statement of intent and will be accountable to the WRS committee (on behalf of Greater Wellington).

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Analysis of options for CCO

The CCO model options being considered include:

- retaining the status quo
- amending the current governance and accountability provisions of the existing economic development agencies to make these agencies accountable to Greater Wellington

- creating a new Greater Wellington CCO to take over the functions currently managed by the existing economic development agencies. The new CCO could take the form of either a “not for profit” company or an incorporated charitable trust.

The analysis of the reasonably practicable options and the main benefits and disadvantages/costs of each of these options are outlined below:

Options	Benefits	Disadvantages/costs
Status Quo	No establishment costs	Does not provide the desired regional approach to implementing, funding and monitoring the regional strategy
Amendment to existing EDAs to make them accountable to Greater Wellington	Lower establishment costs as existing EDAs are retained	<p>Existing EDAs are either charitable trusts or incorporated societies and therefore lack the potential flexibility offered by a company</p> <p>There will be establishment costs</p> <p>Risk that the current EDAs have a more local focus than the proposed organisation, and may not be able to deliver on the regionally-focused WRS</p>



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Options	Benefits	Disadvantages/costs
<p>New Greater Wellington CCO established as a not for profit company</p>	<p>Well recognised governance structure with clear accountability mechanisms</p> <p>Controlled by Greater Wellington (via the WRS Committee) through its shareholding, a tailored constitution and statement of intent</p> <p>Company is likely to provide greater flexibility in regard to the activities the EDA can be involved in: i.e. there is no need to restrict activities to the advancement of a charitable purpose</p> <p>Potentially allows all WRS activities to be implemented via a single entity</p> <p>Greater likelihood of central government funding</p> <p>Well recognised governance structure with clear accountability mechanisms</p>	<p>Has some taxation implications</p> <p>Existing EDAs will have a reduced role and some may be wound up</p>
<p>New Greater Wellington CCO established as an incorporated charitable trust</p>	<p>Any assets accumulated by the trust must only be applied for charitable purposes i.e. to benefit the community, which is potentially both an advantage and a disadvantage</p> <p>Provided it operates to advance an approved charitable purpose any income will be tax exempt</p> <p>Well recognised governance structure with clear accountability mechanisms</p> <p>Controlled by Greater Wellington (via the WRS Committee) through appointment of trustees, a trust deed, and a statement of intent</p> <p>Greater likelihood of central government funding</p>	<p>Activities must be restricted to the advancement of a charitable purpose so potentially does not allow all WRS activities to be implemented by a single entity</p> <p>Existing EDAs will have a reduced role and some may be wound up</p> <p>May have some taxation implications if not approved as a charitable trust</p>

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At this stage the preferred option is the creation of a new CCO established as a “not for profit” company, although all options remain under consideration.

In analysing each option Greater Wellington is required to consider the benefits and costs in terms of the present and future social, economic, environmental and cultural well being of the region. Greater Wellington must also have regard to the extent to which community outcomes described in its LTCCP would be promoted or achieved in an integrated and efficient manner by each option.

With the exception of retaining the status quo, Greater Wellington believes that each option will generally promote the four well beings and the region’s community outcomes to a similar extent. Retaining the status quo is less beneficial as it continues the fragmented promotion of economic development across the region. It also perpetuates the current problems that the economic development agencies experience in dealing with a number of different territorial authorities.

As required by the LGA, Greater Wellington has also considered the possible impact of each option on its capacity to meet any of its present and future needs in relation to its statutory responsibilities. With the exception of the status quo all of the identified options have a similar impact on Greater Wellington’s ability to meet present and future needs in relation to its statutory responsibilities.

Other relevant information

The transition from the existing economic development agencies to either a new Greater Wellington CCO or amended versions of the existing economic development agencies to make them Greater Wellington CCOs will take some time to implement. In all cases the necessary changes will only be possible after consultation with the current boards and staff of the existing economic development agencies. Those territorial authorities currently responsible for the funding and accountability of the economic development agencies will manage any changes.



Impact on financial projections

Changes to Greater Wellington's LTCCP

The reasons for the changes to the LTCCP under this proposed amendment have been outlined on the preceding pages. The changes have a number of impacts on Greater Wellington's financial projections.

Key changes to the financial projections are:

- Greater Wellington will create a new targeted economic development agency rate, to be levied on all the ratepayers in the region. Revenue from this rate will be used to fund the proposed new economic development agency. A reserve will be used to ensure that all economic development rates collected are applied only for that purpose.
- For the purpose of this proposal the new rate will be \$4 million in 2007/08, \$4.5 million in 2008/09 and \$5.0 million in 2009/10 and then increasing with projected inflation. The actual 2008/09 and 2009/10 rate; collected will be reviewed once the EDA is established. The rates collected, however, will not be more than \$5 million. These numbers exclude GST.

The impact of the new rate on ratepayers is outlined on page 18.

Prospective financial information

Prospective financial information contained in this amendment to the LTCCP was authorised by Greater Wellington on 12 September 2006. The projections are based on a number of assumptions. However, actual results are likely to vary and these variations may be material.

Greater Wellington's LTCCP, to which this amendment relates is available from Greater Wellington. See the back cover for contact details.

Impact on community and Greater Wellington rates

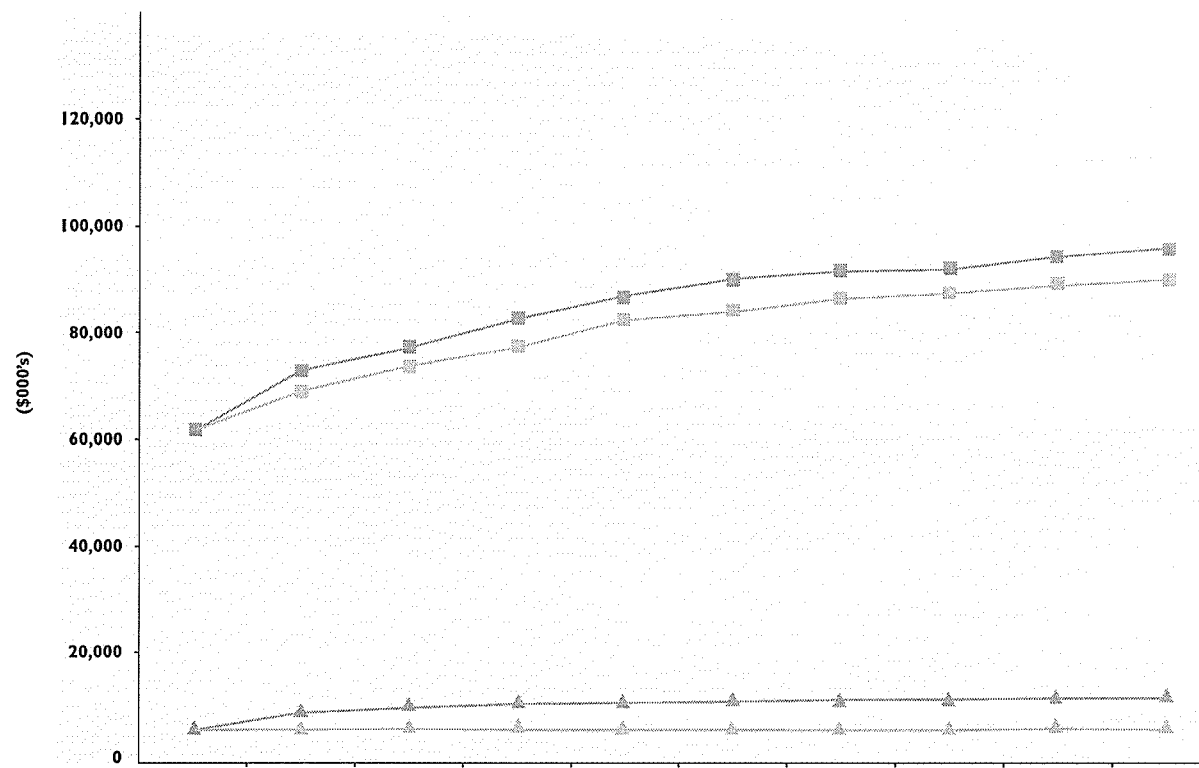


This graph compares the rates that are proposed in this amendment to the LTCCP with the rates originally projected in the LTCCP that was adopted on 29 June 2006, for both the Community group of activities and overall Greater Wellington.

Key points to note are:

- The proposed new regional economic development activity increases overall Greater Wellington rates by \$4.0 million in 2007/08, \$4.5 million in 2008/09 and \$5.0 million in 2009/10. After 2009/10 the cost of this activity increases with projected inflation
- The economic development activity is part of Greater Wellington's 'community' group of activities. The proposed increase in rates for community is also now shown on the graph.

Please note that these figures exclude GST.



	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Greater Wellington - proposed rates	61,950	72,592	77,799	82,521	87,189	89,199	91,268	92,074	94,492	95,391
Greater Wellington - LTCCP rates	61,950	68,592	73,299	77,521	82,064	83,956	85,915	86,619	88,950	89,760
Community - proposed rates	5,395	9,467	10,067	10,589	10,904	11,048	11,150	11,401	11,544	11,611
Community - LTCCP rates	5,395	5,467	5,567	5,589	5,779	5,805	5,797	5,946	6,002	5,980



Proposed economic development agency rate

The table below compares the rates currently being paid by ratepayers in the region for positively Wellington Business and Go Wairarapa with the economic development agency rate that Greater Wellington proposes to collect. It includes a transition schedule from the existing rate structure to the new

amount based on capital value. The economic development agency rate is proposed to increase from \$4.0 million in 2007/08 to \$4.5 million in 2008/09 and to \$5.0 million by 2009/10.

	Rates charged by Territorial Authorities for Positively Wellington Business and Go Wairarapa	Proposed Greater Wellington economic development agency rate (1)	Proposed Greater Wellington economic development agency rate (2)	Proposed Greater Wellington economic development agency rate (3)
	2006/07 Budget \$000's	2007/08 Plan \$000's	2008/09 Plan \$000's	2009/10 Plan \$000's
Wellington City	2,211	2,211	2,339	2,435
Lower Hutt City	441	589	712	845
Upper Hutt City	106	212	256	303
Porirua City	221	257	311	369
Kapiti Coast District	106	352	425	504
Masterton District	226	180	217	258
Carterton District	40	70	85	101
South Wairarapa District	100	129	156	185
Tararua District	0	0	0	0
District-wide rates	3,451	4,000	4,500	5,000

(1) In 2007/08 the total amount of economic development agency rates that will be charged to regional ratepayers in Wellington City will be set at the level that Wellington City is currently rating (for funding Positively Wellington Business) in the 2006/07 year. The remaining economic development agency rates required in 2007/08 will be charged to regional ratepayers, excluding those in Wellington City, based on capital value.

(2) In 2008/09 the total amount of economic development agency rates to be charged to regional ratepayers in Wellington City will be set at a level which is:

- 50% of the amount that the rates would have been if set on the same proportions as the 2007/08 amount
- 50% based on the amount that the rate would be if they were set purely on capital value.

The remaining economic development agency rates required in 2008/09 will be charged to regional ratepayers, excluding those in Wellington City, based on capital value.

(3) In 2009/10 the economic development agency rates will be charged to regional ratepayers based on capital values.

Please note that these figures exclude GST.

Greater Wellington financial forecast

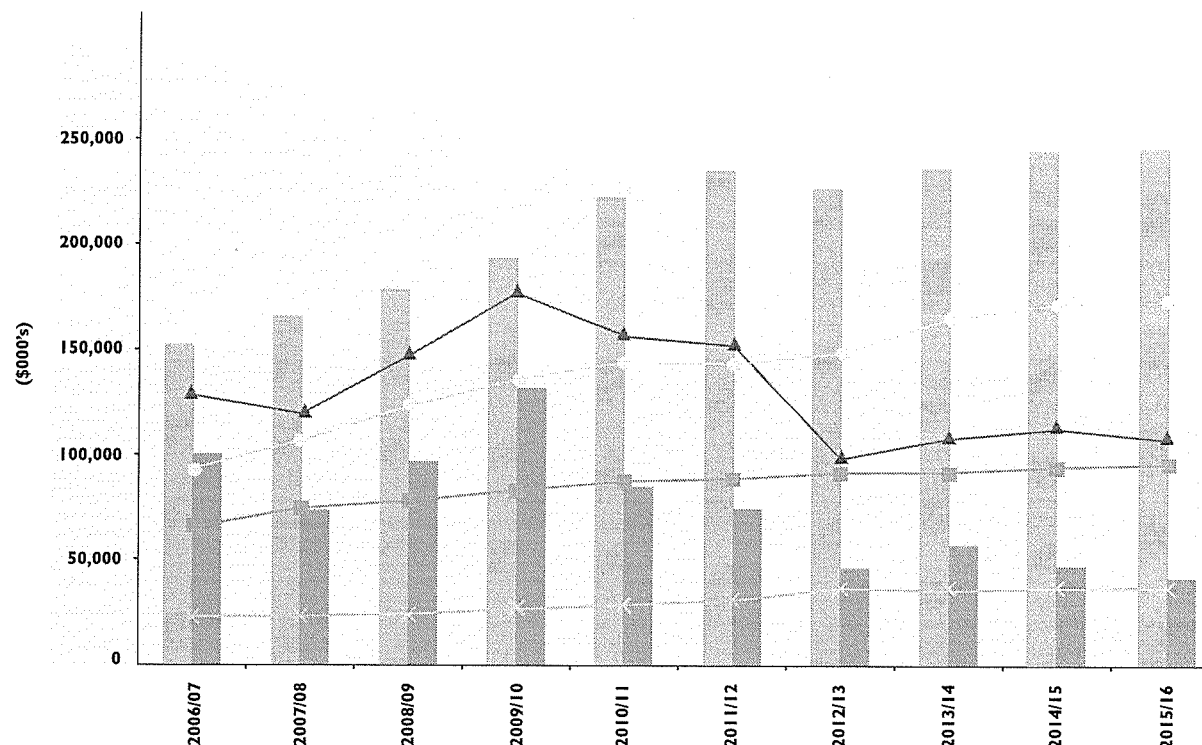


Page 15 of the LTCCP 2006-16 is changed as shown in bold, with consequential changes to the graph:

This graph outlines financial projections for the next ten years including the impact proposed in this amendment to the LTCCP, for overall Greater Wellington.

Key points to note are:

- Capital expenditure and transport investment, primarily rail rolling stock, peaks at \$132 million in 2009/10
- Other operating revenue increases and decreases with the expenditure on public transport infrastructure as the majority of this is funded by government grants
- Debt rises to \$172 million over the period as it is required to fund Greater Wellington's share of public transport infrastructure and other capital expenditure
- **Regional rates are projected to rise to \$96 million.** The increase is mainly to fund the purchase of public transport infrastructure
- The water supply levy increases from 2007/08 onwards to fund the new water source and to cover increasing costs.



Please note that these figures exclude GST.

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Operating expenditure	151,322	166,461	178,746	193,989	223,272	236,297	227,709	237,349	245,064	245,852
Capital expenditure & transport investment	100,529	71,486	99,945	131,572	82,278	72,317	46,225	57,794	46,993	41,860
Debt	93,441	107,538	122,440	141,498	144,543	142,944	149,315	166,741	171,384	172,453
Regional rates	61,950	72,592	77,799	82,521	87,189	89,199	91,268	92,074	94,492	95,391
Water supply levy	22,776	24,187	25,635	27,644	29,751	31,957	34,260	34,911	35,470	36,037
Other operating revenue	128,874	119,288	147,469	174,500	157,526	152,453	99,700	107,199	112,897	108,153
Operating surplus/(deficit)	62,278	49,606	72,157	90,676	51,194	37,312	(2,481)	(3,165)	(2,205)	(6,271)

The large operating surpluses in 2006/07 to 2011/12 are because government grants are accounted for as income. A significant portion of these grants is used to fund our capital purchase of passenger transport infrastructure. The new assets are then depreciated over their expected life, resulting in deficits in future years.



Impact on your rates for 2007/08

Table 1: Comparison of the proposed economic development agency rates with amounts currently being rated by the Territorial Authorities of the region (GST inclusive)

	Rates charged by territorial authorities for economic development (1)	Proposed Greater Wellington economic development agency rate (2)
	2006/07 Budget \$000	2007/08 Plan \$000
Wellington City	2,487	2,487
Lower Hutt City	496	662
Upper Hutt City	119	239
Porirua City	249	289
Kapiti Coast District	119	396
Masterton District	254	203
Carterton District	45	79
South Wairarapa District	113	145
Tararua District	0	0
	3,882	4,500

Table 1 compares the rates currently being paid by ratepayers in the region for Positively Wellington Business and Go Wairarapa (column 1) with the economic development agency rate that Greater Wellington proposes to collect in 2007/08 (column 2)

In 2007/08, Wellington City, Lower Hutt City, Upper Hutt City, Porirua City and Kapiti Coast District will stop funding Positively Wellington Business and will cease rating the community for this.

Masterton District, Carterton District and South Wairarapa District will review their funding of Go Wairarapa prior to 2007/08 and may reduce the amount that they rate the community for this.


Table 2: Proposed economic development agency rates (GST inclusive)

	per \$100,000 of capital value	per average residential property
	2007/08 Plan	2007/08 Plan
Wellington City	\$7.02	\$29.57
Lower Hutt City	\$5.98	\$15.05
Upper Hutt City	\$6.03	\$13.07
Porirua City	\$5.84	\$14.89
Kapiti Coast District	\$5.23	\$15.13
Masterton District	\$5.23	\$9.73
Carterton District	\$6.62	\$9.75
South Wairarapa District	\$7.26	\$12.05
Tararua District	\$0.00	\$0.00

Table 2 shows the proposed economic development agency rate both per average residential property and per \$100,000 of capital value for 2007/08. The figures are based on 2006 ratable values.

Please note that these figures include GST.

Changes to the funding impact statement



The funding impact statement of the LTCCP 2006-16 is changed by adding the following on page 133:

Funding mechanisms	Groups of activities funded	Valuation system	Matters for differentiation	Calculation factor	Year to be used
Economic development agency	Community	Capital value (1)	Where the land is situated. An estimate of projected valuation is used to adjust rateable values between the cities and districts of the region. This recognises that valuation dates across the region vary.	Cents per dollar of rateable capital value	2007/08 to 2015/16

(1) Transitional arrangements are in place in 2007/08 and 2008/09.

In 2007/08 the total amount of economic development agency rates that will be charged to ratepayers in Wellington City will be set at the level that Wellington City is currently rating (for funding Positively Wellington Business) in the 2006/07 year. The remaining economic development agency rates required in 2007/08 will be charged to ratepayers, excluding those in Wellington City, based on capital value.

In 2008/09 the total amount of economic development agency rates to be charged to regional ratepayers in Wellington City will be set at a level which is:

- 50% of the amount that the rates would have been if set on the same proportions as the 2007/08 amount
- 50% based on the amount that the rate would be if they were set purely on capital value.

The remaining economic development agency rates required in 2008/09 will be charged to regional ratepayers, excluding those in Wellington City, based on capital value.



Changes to the funding impact statement

The following table is an addition to the funding impact statement of Greater Wellington's LTCCP 2006-16, and will follow page 137:

	Proposed rate 2007/08 cents per \$ of rateable capital value	Revenue sought 2007/08 \$
Targeted rate: economic development agency rate		
Wellington City	0.00702	2,487,375
Lower Hutt City	0.00598	662,625
Upper Hutt City	0.00603	238,500
Porirua City	0.00584	289,125
Kapiti Coast District	0.00523	396,000
Masterton District	0.00523	202,500
Carterton District	0.00662	78,750
South Wairarapa District	0.00726	145,125
Tararua District	0.00000	0
Total general rate		4,500,000

Please note that these figures include GST.

Changes to revenue and financing policy



21

The revenue and financing policy in the LTCCP (Policies document) is changed by adding the following to '3.2.2 Targeted rates' on page 27:

3.2.2 Targeted rates

Economic development agency (EDA) rate

This rate meets Greater Wellington's annual costs of servicing the work of the proposed EDA in implementing the Wellington Regional Strategy. It is a targeted rate and is apportioned to reflect the benefit across the region on the basis of capital values.

The rate has a transitional element up to 2009/10 to take account of the current territorial authority economic development rates that will be replaced by the regional rate. Greater Wellington has proposed a transition to minimise the impacts across the region in a manner that is fair and reasonable.

It has been assumed that the costs of the WRS committee will be met by revenue from central Government grants. In the 2007/08 financial year \$300,000 has been budgeted for this work. If all or some of this funding is not received these costs will be met from the EDA rate revenue.

The revenue and financing policy in the LTCCP (Policies document) is changed by adding the following new page to follow page 61:

Operate a regional economic development agency

Description

The local authorities in the Wellington region, including Greater Wellington, have developed the 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 Greater Wellington has a major role in planning for and

implementing the sustainable development of the region. Greater Wellington will put in place a targeted rate to fund this activity through a new economic development agency, established as a council controlled organisation.

Statutory considerations

Outcomes	Entrepreneurial and innovative region, prosperous community
Distribution	The WRS Forum identified the primary beneficiaries for this activity are people and organisations in the regional community. They benefit through economic growth in the region. Economic growth includes the creation of new jobs and more opportunities for businesses to establish and expand.
Time frame of benefits	On-going
Contributors to need for activity	Not applicable
Costs and benefits of distinct funding	A dedicated rate is justified as the funds raised are significant and the whole region pays a reasonable share of the costs. A targeted rate provides transparency and accountability for the activity that is distinct from other activities of Greater Wellington, and is proposed to be carried out on behalf of all the region's local authorities. A capital value rating basis is weighted towards higher value properties such as businesses which is a fair basis for the collection of revenue where businesses will receive significant benefit.

Recommended funding

100% targeted rate



Changes to the revenue and financing policy

Page 61 of the revenue and financing policy in the LTCCP (Policies document) is changed as follows:

Act as keeper of the Wellington Regional Strategy
Activity

Community
Group of Activities

Statutory considerations

Description

In response to a request by the Wellington Regional Strategy Forum, Greater Wellington has set up a WRS committee to act as the keeper of the Wellington Regional Strategy. The aim of the strategy is 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.

Outcomes

Entrepreneurial and innovative region, healthy environment, quality lifestyle, sense of place, prosperous community and connected community.

Council involvement

Greater Wellington is acting as keeper of the WRS because the WRS Forum agreed that this is the most appropriate model.

Community  23

The community outcomes discussion on page 101 of the LTCCP is changed by replacing the paragraph stating 'Greater Wellington is a participant with other local authorities' with:

Local authorities are working together to develop and implement a sustainable economic growth strategy for the region. Greater Wellington is facilitating this joint initiative through a Wellington Regional Strategy Committee. This committee comprises representatives from all councils in the region, as well as several eminent, non-local government people who can contribute to the future of the region.

The WRS has three primary focus areas: effective leadership and partnerships; investment and increasing exports; and quality regional form and systems (investment and urban form).

An economic development agency, established as a council controlled organisation, will be the primary delivery mechanism for the "investment and increasing exports" area.

The contribution to community outcomes on page 101 of the LTCCP are changed by replacing the description against 'Entrepreneurial and innovative region' with:

Contribution to community outcomes

- Healthy environment
- Quality lifestyle
- Range of places
- Prosperous community
- Connected community
- Entrepreneurial and innovative region

Wellington Regional Strategy Committee, comprising representatives from local authorities in the region and several non-local government appointees, will be the keeper of the Wellington Regional Strategy. It will develop and implement the Strategy through an economic development agency and other mechanisms.



Community

The Key issues on page 102 of the LTCCP are changed by replacing the current discussion under 'Wellington Regional Strategy' with:

Wellington Regional Strategy

An interim Wellington Regional Strategy (WRS) Committee is consulting on the WRS and a governance funding model in late 2006. The budget for implementing the WRS is \$4 million for 2007/08 and proposed to be \$4.5 million in 2008/09 and \$5.0 million by 2009/10. Costs of \$400,000 have been included in this Plan of which \$300,000 is met through central government contributions. The WRS may change after public consultation. Changes may also be made to the proposed funding.

Community Targets



25

The community Targets on page 105 of the LTCCP are changed by renaming the activity and replacing the Levels of Service as follows:

Activity: To Act as keeper of the Wellington Regional Strategy

Levels of service:

- 1** Operate a Wellington Regional Strategy (WRS) Committee to develop and implement the WRS
- 2** Develop an effective Wellington Regional Strategy addressing sustainable prosperity and quality of life, and monitor its implementation.

The targets are changed by adding to the existing targets:

Short-term by 30 June 2007

- The Wellington Regional Strategy will be finalised.
- Greater Wellington will continue to facilitate stakeholder engagement in Wellington Regional Strategy priority action areas.

Short-term by 30 June 2008

- Progress on the strategic actions identified in the adopted Wellington Regional Strategy will be achieved according to timetable.
- Greater Wellington will continue to facilitate stakeholder engagement in Wellington Regional Strategy priority action areas.

Short-term by 30 June 2009

- Progress on the strategic actions identified in the adopted Wellington Regional Strategy will be achieved according to timetable.
- The background work for the planned review of the WRS in 2009/10 will be underway.
- Greater Wellington will continue to facilitate stakeholder engagement in Wellington Regional Strategy priority action areas.



Community Targets

The Community Targets are changed by adding the following new set of Targets:

Activity: Operate a regional economic development agency

Levels of service:

- Establish and fund an economic development agency for the region via a Council Controlled Organisation.

Long-term targets by 30 June 2016

- There will be an overall improvement in the Wellington Region's Genuine Progress Index.
- A top 10 ranking will be achieved in the Mercer Quality of Living Survey (2006 = 12th).
- The regional GDP per capita increase will be above the 10 year New Zealand rolling average.
- The average income of regional residents increase will be above the 10 year New Zealand rolling average.
- The rate of increase in Full Time Equivalent jobs will be above the 10 year New Zealand rolling average.
- There will be an improvement in resident perceptions of the region as a place to live and work.

Short-term by 30 June 2007

- The arrangements and change processes for delivering economic development in the region will be progressed to the satisfaction of the WRS committee.

Short-term by June 2008

- The arrangements and change processes for delivering economic development in the region will be completed.
- The economic development agency will meet the agreed Statement of Intent requirements, as approved by the Wellington Regional Strategy Committee.
- The economic development agency will operate within the budget agreed by the Wellington Regional Strategy Committee.

Short-term by 30 June 2009

- The economic development agency will meet the agreed Statement of Intent requirements, as approved by the Wellington Regional Strategy Committee.
- The economic development agency will operate within the budget agreed by the Wellington Regional Strategy Committee.

Community Prospective funding impact statement



27

The community prospective funding impact statement on Page 106 of the LTCCP is changed as highlighted in bold below.

	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's
FUNDING STATEMENT			
General rate	2,719	2,791	2,891
Targeted rates	2,676	6,676	7,176
Government subsidies	0	300	307
Interest and dividends	11	7	4
Other operating revenue	2,481	2,575	2,702
Operating revenue	7,887	12,349	13,080
Direct operating expenditure	4,407	9,070	9,526
Finance costs	1,636	1,554	1,460
Depreciation	19	23	28
Operating expenditure	6,062	10,647	11,014
Operating surplus/(deficit)	1,825	1,702	2,066
Less:			
Capital expenditure	45	67	5
Proceeds from asset sales	0	(16)	0
Loan funding	0	0	0
Rates-funded capital expenditure	45	51	5
Debt repayment	986	1,068	1,162
Investment additions	0	0	0
Operational reserve movements	91	(173)	84
Working capital movements	0	0	0
Non-cash items (1)	703	756	815
Net funding required	0	0	0

OPERATING REVENUE

	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's
Run a democratic process	3,899	3,987	4,136
Involve Maori in our work	490	503	514
Act as keeper of the Wellington Regional Strategy	100	403	412
Operate a regional economic development agency	0	4,000	4,500
Contribution to the Regional Stadium	3,398	3,456	3,518
Total operating revenue	7,887	12,349	13,080

OPERATING EXPENDITURE

	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's
Run a democratic process	3,782	4,133	4,074
Involve Maori in our work	490	503	514
Act as keeper of the Wellington Regional Strategy	100	403	412
Operate a regional economic development agency	0	4,000	4,500
Contribution to the Regional Stadium	1,690	1,608	1,514
Total operating expenditure	6,062	10,647	11,014

CAPITAL EXPENDITURE

	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's
Land and buildings	0	0	0
Plant and equipment	45	18	5
Vehicles	0	49	0
Total capital expenditure	45	67	5

(1) Non-cash items include depreciation and a projected unrealised gain in the advance to the Wellington Regional Stadium Trust. The nominal amount of this advance is \$25 million and as repayment of the advance gets nearer, a higher projected value is recorded. The projected increase in value is recorded as an unrealised revaluation gain each year.

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the Revenue and Financing Policy contained within the separate *Policies* document.



Community Ten-year financial forecast

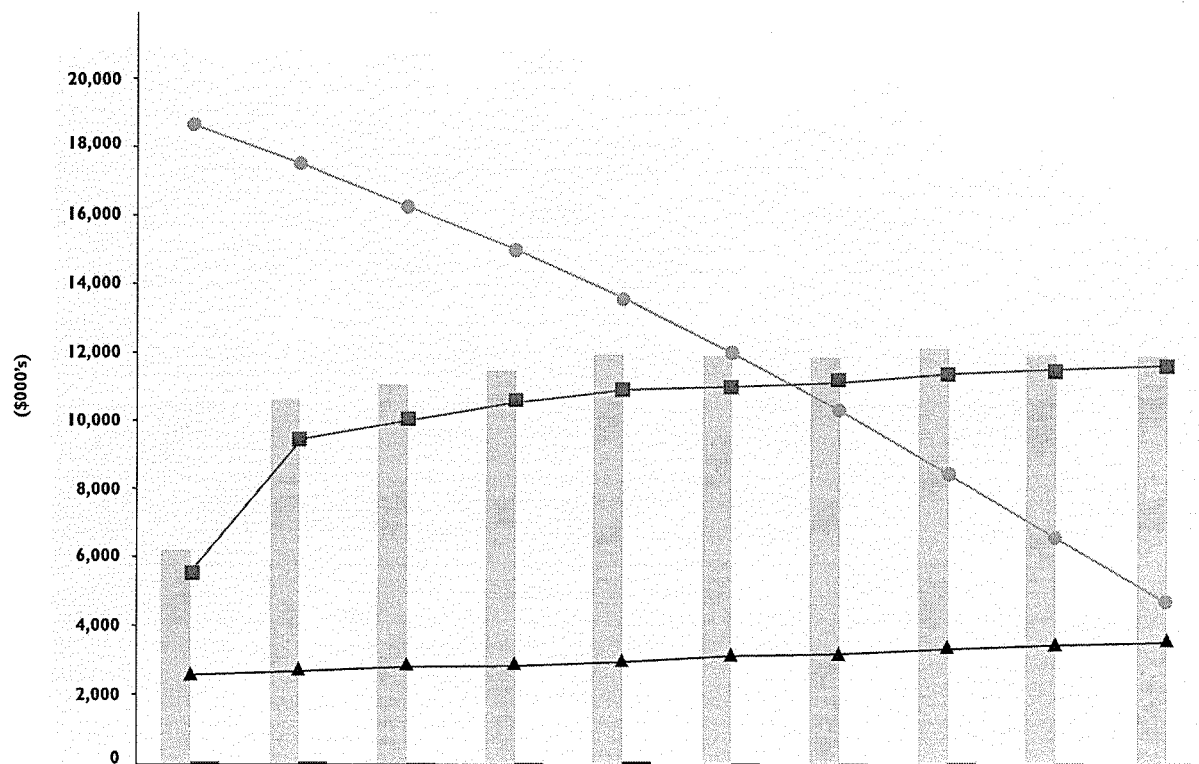
The 'Ten-year financial forecast' on page 107 of the LTCCP is changed as shown in bold, with consequent changes to the graph.

This graph places the prospective funding impact statement for the next year in the context of the ten-year planning horizon.

Key points to note are:

- There are increases in both operating expenditure and regional rates in 2007/08 because Greater Wellington proposes to fund a regional economic development agency. This new activity is currently being undertaken by city and district councils in the region.
- The fall in debt from \$18.6 million to \$4.7 million is due to the repayment of the monies borrowed to fund the Stadium advance. There is a targeted rate on this borrowing which is constant throughout the period.

Please note that these figures exclude GST.



(\$000's)	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Operating expenditure	6,062	10,647	11,014	11,447	11,938	11,815	11,769	12,131	11,952	11,820
Capital expenditure	45	67	5	16	117	6	6	63	6	6
Debt	18,566	17,498	16,336	15,072	13,696	12,205	10,573	8,800	6,870	4,771
Regional rates	5,395	9,467	10,067	10,589	10,904	11,048	11,150	11,401	11,544	11,611
Other operating revenue	2,492	2,882	3,013	3,101	3,271	3,378	3,462	3,578	3,737	3,829

Community



29

The Assumptions and planning considerations, and Assets for the Community activities on page 108 of the LTCCP are changed by adding the following:

Assumptions and planning considerations

- Central government will continue to support economic development in the Wellington region
- Local authorities in the region will continue to work together to plan and promote sustainable economic development.

Assets

There are no assets associated with the WRS.

**REPORT TO THE READERS OF GREATER WELLINGTON
REGIONAL COUNCIL'S LONG-TERM COUNCIL COMMUNITY
PLAN FOR THE TEN YEARS COMMENCING XXX**



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Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand