Review of Revenue & Financing Policy
– Public Transport

Discussion paper for Councillor working group, 20 September 2017

Contents

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1. Purpose

The purpose of this paper is to:

- provide the context for reviewing the revenue and financing policy
- present some revenue policy options and impact analysis for Public Transport
- get a steer from the Working Group about an option for discussion at a full Council workshop
- outline the next steps.

2. Objective

The objective for the review is to establish a revenue and financing policy as part of LTP 2018-28 that is

- equitable
- defensible based on the distribution of benefits, and
- simple
- transparent
- consistent with the new Public Transport Operating Model (PTOM) contracts, and that allows for future changes in service levels.

3. Context for review

3.1. Local Government Act 2002 (LGA)

Under the LGA, public transport services are a core service, and GWRC must have particular regard to the contribution that this service makes to its communities. The Long Term Plan (LTP) must set out activities provided by the local authority, the rationale for providing it, service levels and funding for a period of ten years.

The LTP must also contain a funding impact statement and revenue and financing policy.

A revenue and financing policy must set out how operational and capital expenditure will be funded from a combination of sources including rates. It must include

- the community outcomes to which the activity primarily contributes
- the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals
- the period in or over which those benefits are expected to occur

- the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity
- the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities
- the overall impact of any allocation of liability for revenue needs on the community.

3.2. Activities in the Public Transport Group of Activities

GWRC provides a network of public transport services, for the whole region. Historically these were separated into five different activities:

1 Metlink public transport network planning
2 Rail operations and asset management
3 Bus and ferry operations and asset management
4 Total Mobility
5 Metlink fares and ticketing, customer services and information

However, this approach which was adopted more than 10 years ago, is not consistent with GWRC's new vision for PTOM – one region, one network. Therefore, we propose that Public Transport becomes a single activity, in the Public Transport group of activities.

Customer-facing activity

The current structure of the transport activities appears to reflect previous accounting and business unit requirements, but activities are best viewed from a customer-facing perspective. For people who use public transport, the planning, operations, asset management, ticketing and customer services are all part of what a Council funds if it provides a public transport network – it's all part of one activity. These "activities" are all just things GWRC does to provide a regional public transport network. For example:

- There would be little or no interest in network planning if it did not result in the provision of actual services. Planning is not a separate activity from a customer perspective, it is just part of what a public transport provider would do. Planning will, of course, continue to be an important function within the business.
- Asset management is an important business function, because of the value of the assets, and more importantly, because of the value of the services that those assets can provide. Asset management is not a customer-facing activity in itself: Council does not own assets for their own sake, but so that it can provide services, and undertake critical functions for the region.
- Public bus and train services need a ticketing service. And conversely, fares, ticketing and customer services are meaningless unless there are public transport vehicles to ride. It's difficult to imagine the benefits of buses and trains if there were no customer services or information about when a service departs.
- The Total Mobility service is for people with disabilities who cannot always use public transport. so they can travel within the region. It could be a separate activity, but the Total Mobility budget is a very small component of the total revenue for Public Transport, and separating it out would add administrative cost without any additional community benefit. Council can continue to report on revenue, expenditure, and service performance for the Total Mobility service.

Strategic focus

The change to GWRC's mode of delivery will enable GWRC to become much more strategic in its approach to decision-making, and in its provision of public transport. All the things about public transport that GWRC discusses would still need to be discussed – customer services, capex, strategic planning, etc. Public transport would continue to be the largest Group of Activities at GWRC (approx. 60%, by revenue) and it would continue to require considerable governance, and senior management oversight.

Administrative efficiency

Individual activities work best when they cluster services in a way that reflects a resident / customer view of the world, at a fairly high level. For internal business and management purposes, Council can retain and report against cost centres that are meaningful for managing the services and the assets. However, annual and long term planning, budgeting, and reporting would be aggregated up to a level that is consistent with the ways customers engage with the service, and consistent with GWRC's strategic objectives.

For comparison, under LGA each of the following activities is also a group of activities[1]:

- water supply
- sewerage and the treatment and disposal of sewage
- stormwater drainage
- flood protection and control works
- the provision of roads and footpaths.

Even if this change is adopted, GWRC would continue to develop services, manage assets, and provide Total Mobility subsidies. Council would continue to monitor and report against the essential service performance and accounting metrics for customer and business purposes.

4. Analysis of public transport

4.1. Community outcomes

The region has a vision for an efficient, effective, and safe network of transport services. Public transport is a critical component of these services, making a significant contribution to the region's economic prosperity in a way that is environmentally and socially sustainable.

Public transport contributes to the following community outcomes:

- Connected community: People can move around the region efficiently; communications networks are effective and accessible
- Strong economy: A thriving and diverse economy supported by high quality infrastructure that retains and grows businesses and employment
- Healthy environment: An environment with clean air, fresh water, healthy soils, and diverse ecosystems that supports community needs.

4.2. Benefits of public transport

Private benefits

Public transport benefits the people who ride the bus, train, or ferry, enabling them to get to work, school, shops, and social activities.

Public benefits

Economic benefits

There has been development in the economic evidence on the benefits of public transport since the current rating model and policy was developed in the 1990s. Technology improvements have enabled economists to model and test massively more complex computations. Using the power of complex data, they have been able to demonstrate the public benefits of public transport more clearly. See for example, endnotes 2, 3, and 4.

- **Cities are more dynamic and more competitive** through the provision of an adequate public transport network. Public transport forms the backbone of any efficient urban mobility system - and efficient mobility in cities creates economic opportunities, enables trade, facilitates access to markets and services and makes efficient use of resources
- **City and district councils** within the region and the New Zealand Transport Agency (NZTA) benefit substantially from reduced wear and tear on roading networks, which reduces their costs. They also benefit from being able to delay investment in new road construction.
- **Global appeal** - Public transport networks and infrastructure also play an essential role in the 'global appeal' of a city, as cities that are easy to move about in are more appealing to businesses and to tourists.
- **Efficient land use** – An effective public transport network enables high density business centres, and significantly reduces the demand parking spaces[5]. Public transport is also a more efficient use of land than any other mode of travel for moving large numbers of people to and from, and within major urban areas.
- **Employment** - The public transport system itself creates jobs
- **Congestion benefits–** The evidence from congestion responses around the world is that while congestion may be mitigated in the short term, in the longer term it recurs. Hence rather than reducing congestion the aim has shifted to enabling more economic activity to occur at a given level of congestion through enabling people to travel on public transport services that increase the throughput of key transport corridors. Taking this into account, it is still true that public transport frees up space on congested motorways and arterial roads for freight, commercial uses, and other trips that cannot be made by public transport. Reduced congestion does also reduce journey times, and therefore, the journey costs.
- **Transport alternatives** – Public transport is an option for trips that are not yet anticipated, or are currently undertaken by other modes.
- **Non-use values** –the continued existence of public transport regardless of any possibility of future use by the individual in question. The motivation for the desire for the good to continue to exist may vary: individuals may value a good for

altruistic reasons, reasons of indirect use, or because the good has some existence, bequest, or intrinsic value. Some examples of situations where non-use values may exist in a transport environment include:

- use by other members of the household, friends, or family
- concern for other people in the community/society in general, or for particular groups – e.g. the poor, the elderly, children, or for future generations
- desire to reduce congestion, or to improve safety or to reduce environmental problems
- social cohesion effects – e.g. links to larger communities
- local economic or property effects[6].

Environmental benefits

More liveable environments – Public transport improves amenity values and access for those living in dense urban areas as less space is needed for roading and parking. People who choose to live further from their work to enjoy suburban and rural lifestyles benefit from the economic opportunities enabled by proximity to and/or access to a thriving regional central business district.

Sustainable environment – Public transport means that the transport network generates lower CO_2 and other harmful emissions than if all transport was by private vehicles; reduced road runoff and reduced noise pollution.

Health and safety benefits

Journeys by public transport are safer than journeys in private vehicles, resulting in fewer deaths and serious injuries, and reducing the demand for accident, emergency, and health services. The additional walking associated with public transport also provides significant and measurable health benefits for the population.

4.3. Who gets these benefits?

From the list of benefits, it is clear that the public or community beneficiaries of public transport include:

- Everyone who drives on congested roads that are served by public transport
- Everyone who lives in the region or owns property here
- Employers in the regional business hub (Wellington CBD) and the other regional business centres
- Freight movers who can travel on less congested roads, and then the people who purchase the goods that have been moved
- Any industry or activity that relies on people coming together from different parts of the region, including retail, hospitality, and education industries. (For example, many parents who send their children to one of the several boarding schools in the Wairarapa rely on the public transport network.)

4.4. Distribution of public transport benefits

The sum of the public benefits of public transport is estimated to be considerably larger than the private benefits. However, the government's goal for public transport to grow patronage with less reliance on subsidy and associated policy settings encourages a significant portion (approximately 50%) of public transport costs to be covered by the fares paid by public transport users.

4.5. Rationale for separate funding

This is about the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

Public transport is the single largest Activity that GWRC funds. A mixture of user charges (fares) and targeted rates provides service users, residents, and ratepayers, and NZTA with a measure of transparency about the costs and relative shares paid by different groups.

5. Current funding policy

The current funding policy is based on contributions from three distinct groups - public transport users, NZTA, and the regional community.

User charges	*Subsidies*	*Targeted rates*	*General rate*
50%	25% NZTA	25%	0%

At a high level, GWRC needs to retain the current split of funding to comply with the Land Transport Management Act 2003, the Government Policy Statement on Transport Funding and NZTAs funding policy.

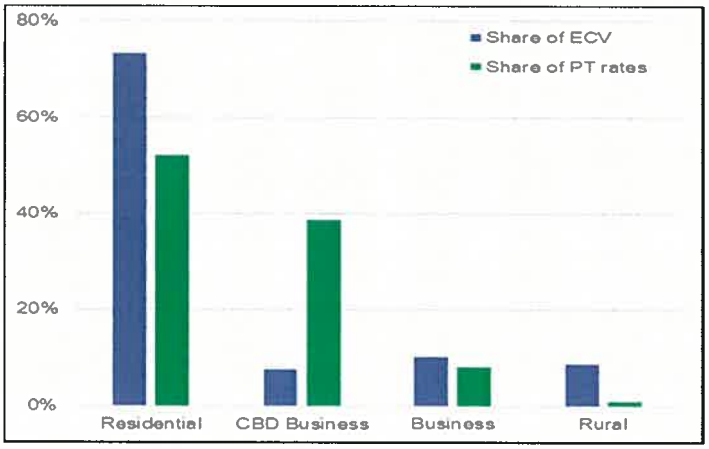
From this point on, the discussion in this paper is focused on rate component of the revenue and financing policy. The current policy assesses benefits to the ratepayers within each territorial authority, using the following set of components -

- **CBD component** – allocated selected trips and costs to the regional CBD
- **Inter-district component** - based on the number of *journey to work trips* that originate in one territorial area and travel to another city or district. The data for this component is from the 2013 Census journey-to-work data.
- **Intra-district component** - based on *journey to work trips* that stay within a city or district.
- **Weighted average of the total rates** - allocates costs for transport network planning, information, and administration.
- **Social component** – an allocation to represent social benefits of public transport of providing transport for people who do not have other options.
- **Discounts** – The policy applies discounts for Kāpiti, Wairarapa and rural ratepayers.

5.1. Impacts of the current policy

Rating categories –Figure 1 below shows the share of public transport rates paid by each rating category (green) compared to the relative share of equalised capital value (ECV)[1] by each category (blue). Residential ratepayers pay 51% and the regional CBD (the Wellington CBD as identified in the maps for the Revenue and Financing policy) pays 39%. The rural share is especially low due to the rural discount applied under the current policy.

Figure 1 Share of rates, compared to share of ECV, by category, 2017/18



Residential impacts - The current policy results in wide variations in the share of public transport rates paid by residential properties. This difference is mainly because of the way that rail costs are allocated, and where the rail funding burden falls. Inter-regional services are predominately rail, and are significantly funded by Porirua and Hutt City ratepayers. Because of the current policy's emphasis on journey to work data, Masterton is allocated a very small share of public transport costs compared to the other Wairarapa territorial areas.

The nett effect is a funding policy that has weak horizontal equity, and only limited vertical equity, because of the discounts applied to Kāpiti and Wairarapa.

1 GWRC uses equalised capital value (ECV) to adjust for differences in the timing of when properties are revalued by the TAs within the region. The equalised figures, take account of market and other movements in property values within the region. Every year, QV provides GWRC with a figure for each council which is the total equalised capital value for the council. Each council also advises GWRC of the total CV for each of the main rating categories. From these figures, GWRC calculates the proportion of the ECV that is attributable to each category, for each council.

- Residential (includes Urban – Residential)
- Rural
- Business (includes Urban – Commercial)
- CBD, (Wellington City Downtown area)

Figure 2 Public transport residential rates, per $100,000 value, 2017/18

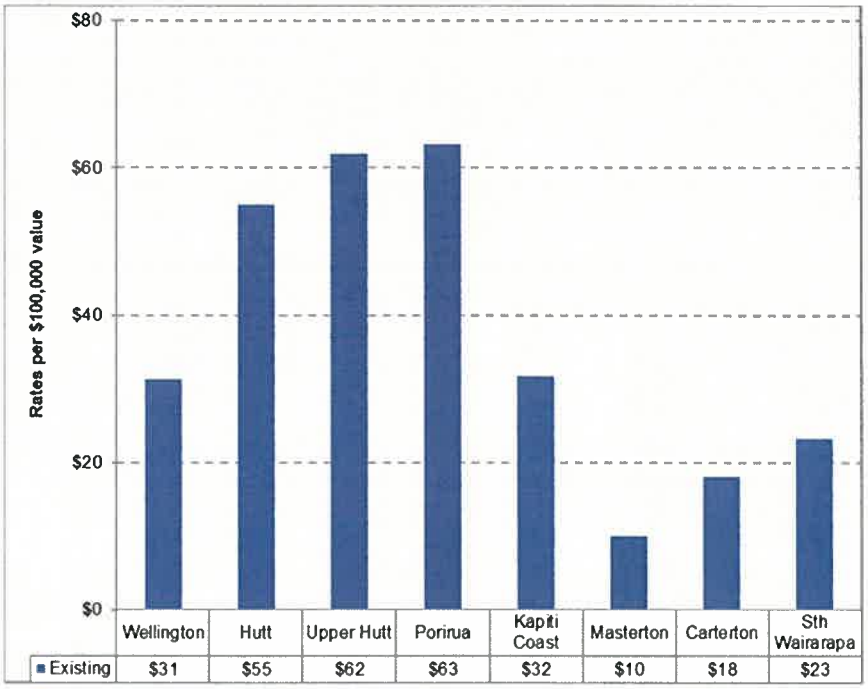
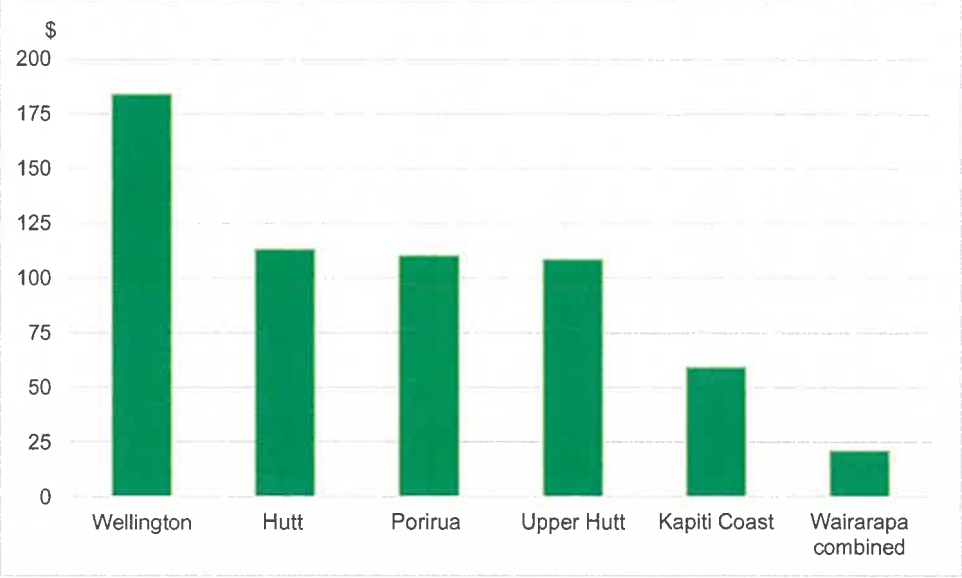


Figure 3 below shows the total rates paid, by ratepayers within each city or district (blue columns), and the population of each council on the red line. The table excludes the regional CBD (Wellington) because its scale is singular and it does not have comparator within the other councils. The data for the Wairarapa councils is combined in the graph as each is so small that the data barely registers.

On a per capita basis, the rates for the public benefits of public transport from the Kāpiti Coast and Wairarapa districts are significantly lower than the rates paid by the rest of the region. Figure 3 shows the per capita impacts.

Figure 3 Public transport rates, per capita, by territorial area, 2017/18



5.2. Challenges with the current policy

The current policy is no longer an option for GWRC for both practical and economic policy reasons.

Impractical - PTOM makes the model impractical because the current policy model is based on allocating costs from individual services to the ratepayers based on councils. However, under PTOM, GWRC does not price individual services. To achieve operational savings, PTOM service delivery is procured as bundles of services, rather than being purchased as individual routes. As well as providing operational savings, this means that PTOM provides a network of services across the region, to meet a wide range of public transport needs.

Policy - Since the revenue and financing policy for public transport was initially developed, the policy has become increasingly difficult to justify. The main issues are-

- The policy is inconsistent with the economic analysis of the benefits of public transport. New evidence on economic benefits and new evidence on congestion mean that public transport rates are no longer based on robust policy factors. For example, Hutt and Porirua paid relatively higher rates– however, the analysis shows that the whole transport network benefits from rail services by:
    - rail services enable the region to have a high density regional CBD
    - rail services enable large employers to operate in the regional CBD, and in other business centres in Porirua, the Hutt cities, Paraparaumu, and Masterton.
    - rail services reduce the demand for carparking in the regional CBD
- The current model is based on allocating costs, but the funding policy is supposed to take account of benefits.
- The policy doesn't take a regional approach, but allocates revenue requirements to the ratepayers in each council according to whether buses or trains are used for inter and intra district journeys.
- The policy tends to trade-off transparency in favour of precision. However, there is limited evidence for some of the estimations. For example, the current policy estimates the social benefits of public transport at 5% of the targeted component (25%) – which is 1.25% of the benefit of the service. We do not have evidence to allocate benefits this finely: the social benefit might be 1.25% or it might be 10%.
- The policy is difficult to explain, because its outputs are generated in a series of customised spreadsheets.
- The calculations are complex.

6. Options for funding public transport

6.1. Criteria for assessing options

We have developed two new rate funding policy for public transport. Both options recognise, to some extent, the strength of the evidence for public economic benefits from public transport. In addition, both options take a regional approach, and both options

require the regional CBD to continue to fund a significant share of the required revenue, because of the benefits that the CBD receives.

The status quo and the new options will be assessed against the following criteria

- **Horizontal** equity - Horizontal equity refers to similar treatment of properties that are similar in value, wherever they are in the region. Under this principle two properties of the same equalised capital value that receive similar levels of benefit would be charged the same levels of rates.
- **Vertical equity** - Vertical equity is about the relative ability to pay of different ratepayers. The councils within the Wellington region have chosen to use capital value for rates assessments, partly because of evidence that income deciles are positively correlated with property values (Covec 2007, cited in Shand, 2007[7]). GWRC uses the equalised capital value of properties to smooth out variations in the timing of valuations among the councils in the region, and to incorporate vertical equity into the regional rating system.
- Based on the **distribution of benefits** - GWRC considers who benefits from the public transport network, and the distribution of the benefits when deciding how much rate revenue to require from identifiable groups of ratepayers. Some groups of ratepayers may receive more or less benefit, and the distribution of rates should fairly reflect the distribution of benefit.
- **Simplicity** – a simple rating system is easy to administer, and has low transaction costs.
- **Transparency** – enables public scrutiny of how much is being collected, how the share of different groups is calculated, what the revenue is planned to be spent on, what it was actually spent on, and the year that the expenditure occurred.
- **Consistent with PTOM**

6.2. Option One – One Network

- Treat the region as one geographic entity, which is served by one network of public transport services (the Metlink network).
- Allocate costs at a network level. There is no need to distinguish bus or rail costs when setting rates because the public benefits are region-wide. (Fares policy can continue to take account of service features, e.g. length of journey).
- Recognise that the regional CBD is a substantial economic beneficiary of the public transport network. Allocate a fixed proportion of the costs to the regional hub (40% has been modelled as it is close to the rate funding quantum currently paid by the regional CBD in the current public transport targeted rate).
- Allocate the balance of the funding requirement among all remaining ratepayers, using ECV.

Strengths of Option One

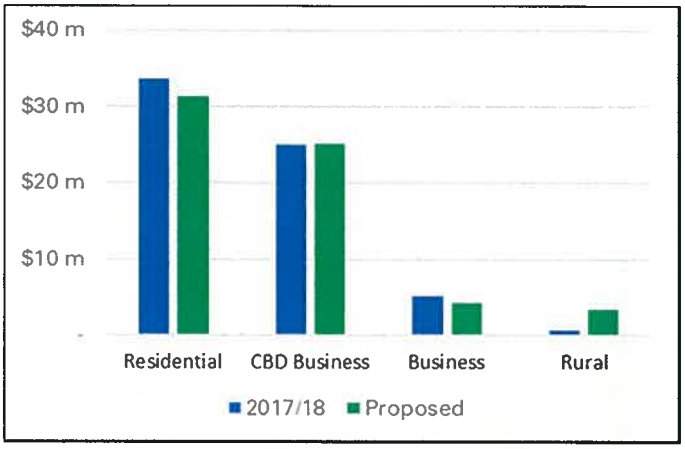
- Takes account of the benefits provided by public transport to the regional CBD.
- More equitable treatment of all residential ratepayers – all ratepayers will pay the same rate per $100,000 of equalised CV.
- Ratepayers in higher value properties will be expected to pay higher levels of rates.

- Ratepayers within each council will pay rates that are consistent with the relative wealth of the council.

Impacts and issues with Option One

Rural ratepayers would pay a larger share of rates while business ratepayers would pay a smaller share of the rates compared to the benefits they receive.

Figure 4 Share of rates, by category – Option One

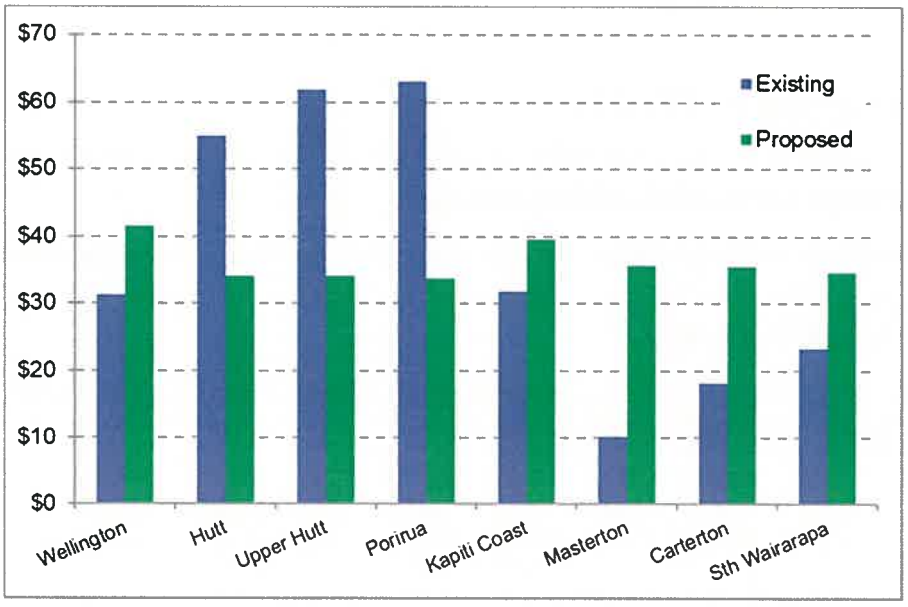


There are significant changes in the relative shares of public transport rates paid by ratepayers in specific areas or rating categories, and this option may need a transition policy (depending on the overall allocation of rates for all activities.)

6.3. Policy criteria applied to Option One

Horizontal equity - Option One has strong horizontal equity for residential ratepayers, as Figure 5 shows. The rates per $100,000 value, are very similar under this option, whereas they were highly variable under the status quo.

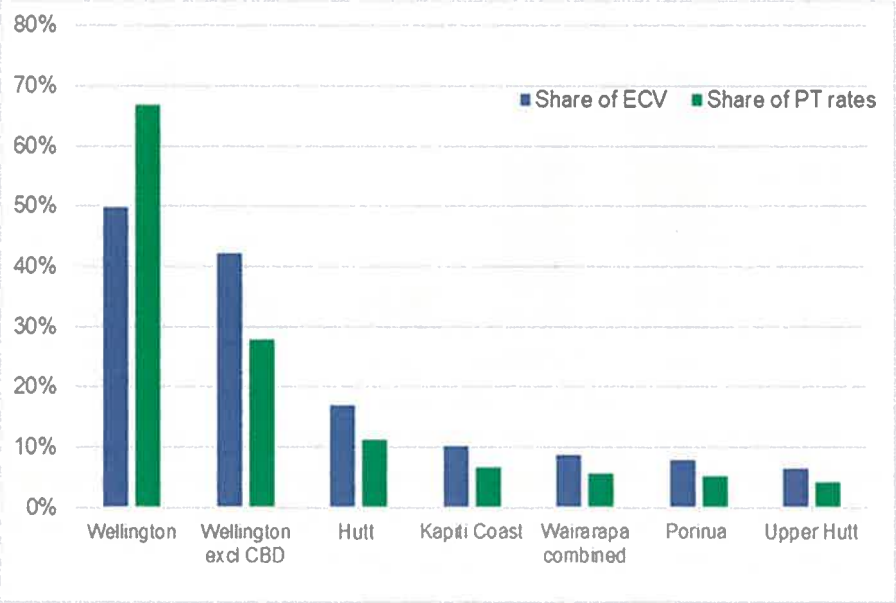
Figure 5 Public transport residential rates, per $100,000 value, by council - Option One



The share of public transport rates paid within each territorial area , compared to the ECV for each property within that area is an indication of the relative equity of this option.

Vertical equity - However, vertical equity is not especially strong, because of the loading on the regional CBD. Under this model, the CBD pays a larger share of rates than their ECV proportion while all other ratepayers pay a smaller share.

Figure 6 Share of public transport rates and share of ECV – Option One



Distribution of benefits - The CBD share of rates is consistent with the level of benefits that it receives, but the funding requirements for the other rating categories is not based on benefits

Simplicity - Option One is simple to administer.

Transparency - Option One is largely transparent.

Consistent with PTOM Option One is not inconsistent with PTOM which means that future changes to service delivery or levels of service need not impact on the effectiveness of the Revenue and Funding Policy.

6.4. Option Two – Level of Benefit

- Treat the region as a one geographic entity, which is served by a single network of public transport services (the Metlink network).
- Allocate costs at a network level. Do not distinguish bus or rail costs for setting rates because the public benefits are region-wide not specific to how public transport is provided in a particular area.
- Recognise that different rating categories (residential, business, CBD, rural) derive different levels of benefit from the network.

- Use ECV differentials to reflect the different relative levels of public benefit each category receives.

    9 **Wellington CBD**

    2.5 **Business** - all rating units classified as business, plus the non-residential urban categories in the Wairarapa.

    1 **Residential**

    0.25 **Rural** - the justification for a rural differential is relatively weak because the benefits are mainly for the entire region, and are not specific to any one community. Rural communities receive a share of the economic and environmental benefits that everyone else gets, although their access to the social benefits is lower.

These suggested differentials were derived in a series of workshops with economics, policy, finance, and public transport staff, exploring the relative benefits and impacts of public transport. We originally were of the view that the Business sector should have a differential of 3.5 or 4, but this made the total increase in the share of rates for the business category so high that we could not justify it.

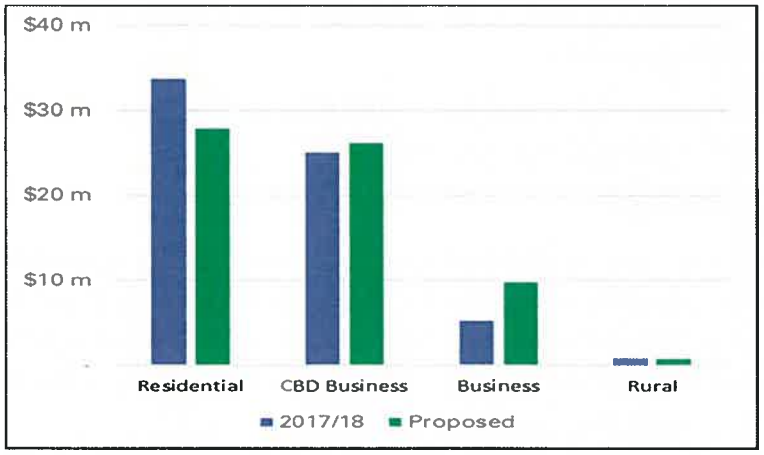
Strengths of option two

- The funding allocations under this option are broadly consistent with the public benefits that public transport provides.
- The option recognises the benefits provided by public transport to the regional CBD. This option increases the shares of targeted rates paid by Business rating units in line with the significant levels of benefits that the business community receives from the transport network.
- Equitable treatment of all residential ratepayers – all ratepayers will pay the same rate per $100,000 of equalised CV.
- Ratepayers in higher value properties will be expected to pay higher levels of rates.
- Ratepayers within each council will pay rates that are consistent with the relative wealth of the council.

Impacts and issues with option 2

- The rural rates requirement is relatively unchanged.
- The CBD share increases by $2 million.
- The business share increases by $5 million because of the benefits that businesses receive.
- The residential share declines by $5 million because of these changes.

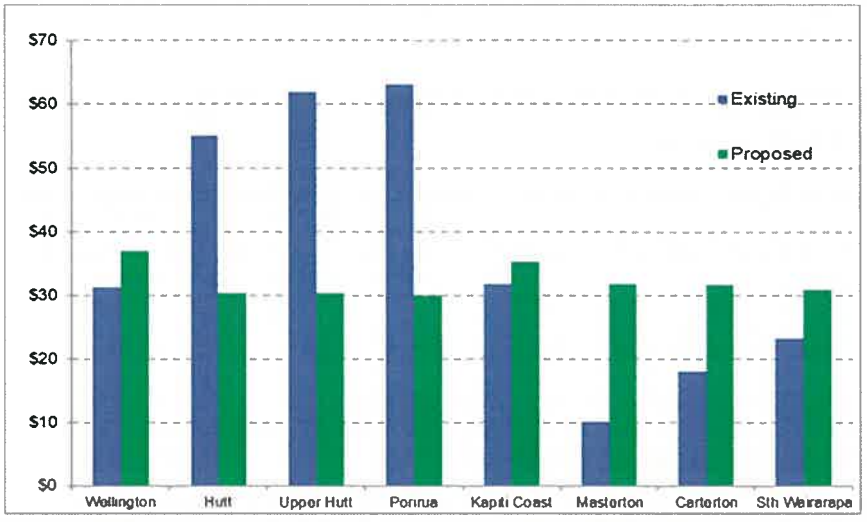
Figure 7 Share of public transport rates by category – Option Two



6.5. Policy criteria applied to Option Two

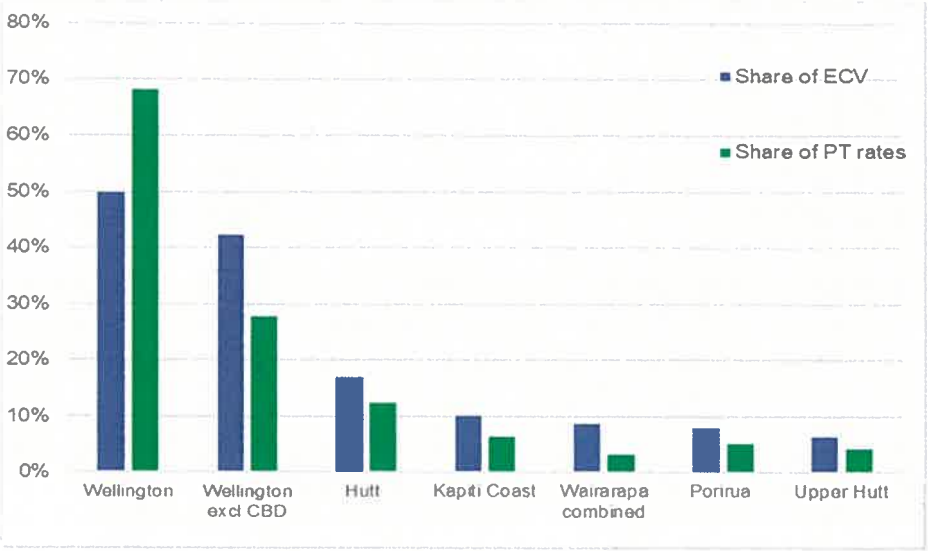
Horizontal equity - Option Two has strong horizontal equity for residential ratepayers, as Figure 5 shows. The rates per $100,000 value, are very similar under this option, whereas they were highly variable under the status quo. This option substantially levels out the huge discrepancies between residential rates in the current model. Figure 8 below shows the impacts per $100,000 of capital value, and Figure 9 compares the public transport rates within each territorial area with its ECV share.

Figure 8 Public transport residential rates, per $100,000 value = Option Two



Vertical equity – As in both options and the status quo, vertical equity is not especially strong in option Two, because of the loading on the regional CBD. Under this model, the CBD pays a larger share of rates than their ECV proportion while all other ratepayers pay a smaller share.

Figure 9 Share of public transport rates and share of ECV, by territorial area – Option Two



Simplicity - Option Two is simple to administer.

Transparency - Option Two is largely transparent.

Consistent with PTOM - Option Two is not inconsistent with PTOM which means that future changes to service delivery or levels of service need not impact on the effectiveness of the Revenue and Funding Policy.

6.6. Comparison of Options

Options One and Two have relatively similar impacts, although Option Two takes a more subtle approach to the allocation of benefits – which is largely reflected in the share of rates paid by Wellington CBD and the Wairarapa. Figure 10 is a quick summary application of the policy criteria for each option.

Figure 10 Policy criteria applied to each option

	Status Quo	*Option One*	*Option Two*
Horizontal equity	No	Yes	Yes
Vertical equity	No	Somewhat	Somewhat
Simplicity	No	Yes	Yes
Transparency	No	Yes	Yes
Distribution of benefits	No	Partially	Yes
Consistent with PTOM	No	Yes	Yes

6.7. Recommendation

Option Two is preferred because it best allocates rates requirements based on the public benefits of the Public Transport Activity. Both options allocate a substantial proportion of the rate funding requirement to the regional CBD, but Option Two also recognises the

benefits to other business centres, and the slightly lower level of benefits for rural properties.

7. Next steps

7.1. Transition policy

Because of the scale of changes for some ratepayers, a transition policy could smooth the impact for ratepayers whose share is increasing, while taking account of the desire of ratepayers whose share is falling, who will want their savings as soon as possible.

We are developing transition policy options, but they need to take account of the any other changes to the Revenue and Financing policy that Council may consider. At this stage, we expect to bring a draft transition policy, to Council in late October.

7.2. Next workshops

We have scheduled a further workshop with you for 26 September, to examine policy options for Flood Protection. We may also discuss the Revenue and Finance Policy options for the Regional Leadership Group of Activities at that meeting. We plan to invite you to a further one or two workshops in weeks one and two of October, to explore the options for the remaining Groups of Activities.

7.3. Meeting with Council

We have a workshop scheduled with Council for 18-19 October where we will go through the full policy, for Council to indicate its preferences. We will then finalise the language for the policy and get a legal review. In late November, we plan to bring the policy back to Council to adopt for its LTP.

Appendix 1 – Graphic – Public Benefits of Public Transport

The private benefits of PT are for the individuals and households whose members catch a bus, ride a train, or ferry.

The public benefits are for the entire regional community.

Public Benefits of Public Transport

1 Better land use = better regional economy

More efficient land use and a compact urban environment support the regional economy

- Enables concentrations and increases the efficiency of economic activity – CBD, other commercial centres
- Keeps horizontal infrastructure costs down
- Less need for land for parking

2 Efficient movement of private vehicles

- Congestion relief
- Shorter journey times
- Better journey-time reliability for private vehicles
- Reduces the costs of goods and services to the whole region

3 Reduced emissions

- From private vehicles that are *not* on the roads, because someone is on a bus
- From vehicles that ***are*** on the roads, because of shorter journey times

4 Better health and safety

- Fewer vehicles on roads
- Safer driving

5 More liveable environments

- Less traffic on our roads
- Global appeal of cities that are easy to move about in

All communities within the region receive these benefits.

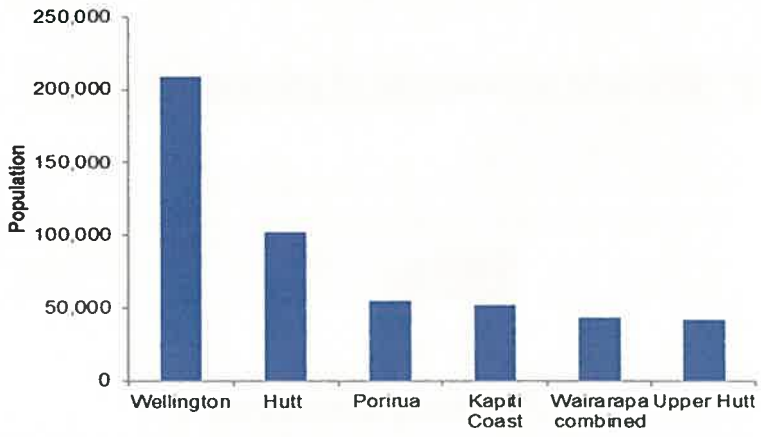
Appendix 2 - Measures for assessing equity

For the purposes of assessing the impacts of a revenue and financing policy we can use population and equalised capital value (ECV) to measure the relative sizes of the cities and districts within the region. To determine how equitable a rate is, we can compare impacts using the rate per capita, or the rate per $100,000 value.

Population

Figure 11 shows the population for the main areas within the region. Because the Wairarapa councils are much smaller than the other councils in the region, by grouping them, we can provide meaningful graphs of relative impacts. Furthermore, for the purpose of developing a regional rating policy for public transport, there are no material differences between the public benefits that the ratepayers of each Wairarapa council receive from the regional public transport activity.

Figure 11: Population by territorial area, 2017/18



Equalised capital value

GWRC uses equalised capital value (ECV) to adjust for differences in the timing of when properties in different councils are revalued. The equalised figures, take account of market and other movements in property values within the region.

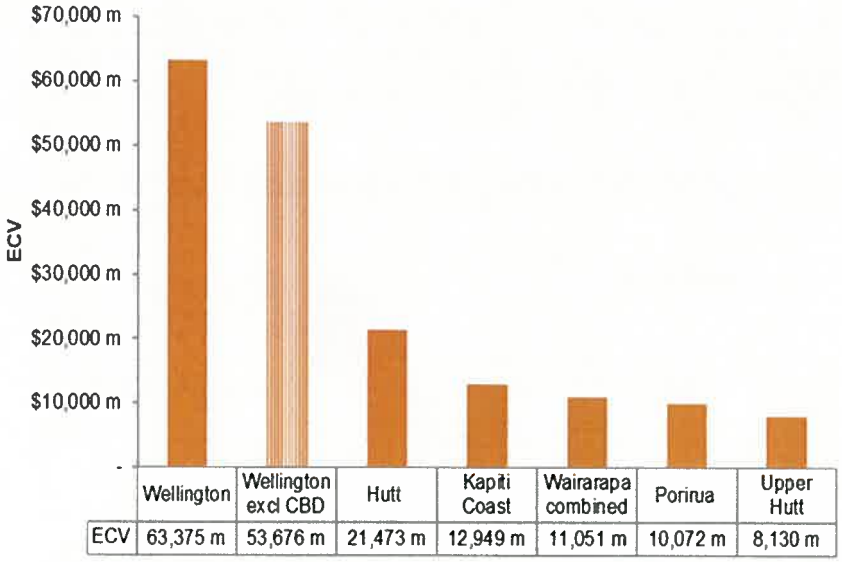
Every year, QV provides GWRC with a figure for each council which is the total equalised capital value for the council. Each council also advises GWRC of the total CV for each of the main rating categories

- Residential (includes Urban – Residential)
- Business (includes Urban – Commercial)
- Rural
- Regional CBD, (Wellington City Downtown area)

From these figures, GWRC calculates the proportion of the ECV that is attributable to each category, for each council.

Figure 12 shows the total ECV for each council. Clearly, the total property value in Wellington city is substantially higher than in the other councils, even when the CBD values are excluded

Figure 12: ECV by TA, 2017/18



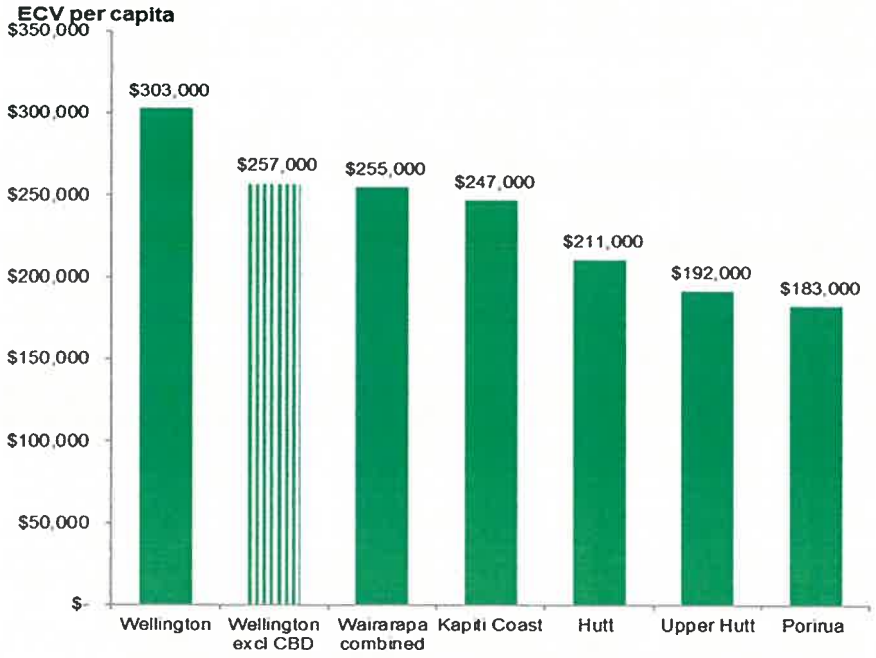
	Wellington	Wellington excl CBD	Hutt	Kapiti Coast	Wairarapa combined	Porirua	Upper Hutt
ECV	63,375 m	53,676 m	21,473 m	12,949 m	11,051 m	10,072 m	8,130 m

ECV per capita

Combining population and ECV to get ECV per capita us a useful way of understanding the relative wealth of the councils within the region. It is the total property value on an equalised basis, divided by the total population within that council. Figure 13 below shows:

- Wellington city has the highest per capita property wealth in the region ($303,000) (or $257,000 if the regional CBD is ignored)
- Wairarapa has second highest ECV per head of population in the region.
- Hutt City has the second highest population, but is in the middle ECV range.
- In Porirua, the ECV per capita is $183,000 which is only 60% of the Wellington city.

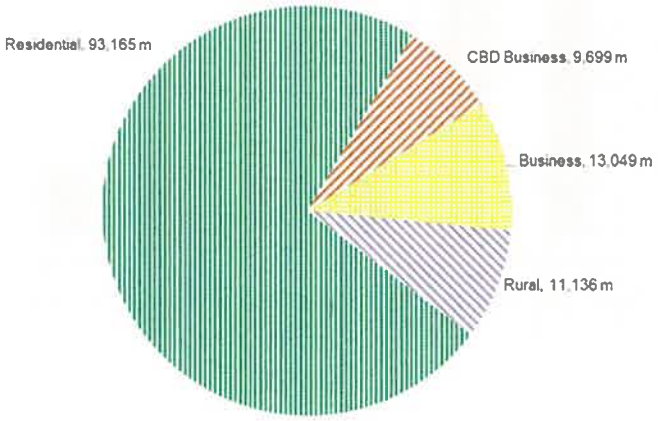
Figure 13 ECV per capita, by council, 2017/18



Rating categories

GWRC can also use four categories of land use for rates: Residential, Wellington CBD, Business/Urban, and Rural. Residential property is the largest category in the region, comprising 73% of the total property value in the region.

Figure 14 ECV, by rating category, 2017/18



Notes

1 Clause2, Schedule 10, Local Government Act 2002

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4 Weisbrod G, and Reno A (2009) Economic Impact of Public Transportation Investment, American Public Transportation Association.

5 Lee, SG, M Hickman and D Tong (2013) Development of a temporal and spatial linkage between transit demand and land use patterns. The Journal of Transport and Land Use 6, no.2: 33–46.

6 Wallis, IP and DR Wignall (2012) The benefits of public transport – option values and non-use values. NZ Transport Agency research report 471.

7 Shand, David A et al (2007), Funding local government / report of the Local Government Rates Inquiry, Pakirehua mō ngā Reiti Kaunihera ā-Rohe, New Zealand. Local Government Rates Inquiry, Wellington, N.Z