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## MEDIA STATEMENT

### Region considers funding options

The interim Wellington Regional Strategy (WRS) committee is likely to consider several alternative funding options for its economic development strategy.

The WRS is a sustainable economic growth strategy that has been developed over the last two years by the region's local authorities in partnership with central government and the business, education, research and voluntary sectors. The WRS was released for public consultation on September 29. The submission time has been extended and now closes on November 13.

The region currently invests \$3.9 million in economic development. It is proposed this be increased to between \$4.5 and \$5.6 million between now and 2010.

"We anticipated there would be debate around the level of funding and who pays," says Ian Buchanan, Chairman of the interim Wellington Regional Strategy committee. "The documentation that went out for consultation includes a formula based on capital values. In other words the same formula used to calculate rates. This moves the balance of economic development funding from business to residential ratepayers. However we invited feedback on other options and that is starting to come through," he says.

Much of the feedback relates to the amount paid by business versus ratepayers. Currently the ratios vary between local authorities.

Additional funding options had been requested during the consultation process and some initial work has been done to assess different scenarios. Options likely to be considered during the hearings process include:

- A uniform charge of \$11.25 to all non business ratepayers. This option results in business paying around 57 percent of economic development funding.
- A weighting, based on capital values, which results in business paying around 50 percent of economic development funding
- An allocation based purely on capital value which results in business paying around 18 percent of economic development funding

“There are no right answers in allocating funding but the submissions process will help guide the outcome so I would urge people to let us know what they think. The amount businesses currently pay varies between local authorities but generally they (businesses) pick up the lion’s share of economic development funding,” says Mr Buchanan.

Mr Buchanan said it was important to keep the cost in perspective. “The regional rate bill is over \$400 million. We’re talking about one percent of that amount being spent on economic development. This is a modest sum given the economic issues facing the region.”

Background information on funding scenarios will be posted on [www.wrs.govt.nz](http://www.wrs.govt.nz) by Friday 27 October

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