



Notice is hereby given that an Ordinary Meeting of Southland District Council will be held on:

Date: **Wednesday, 21 October 2020**
Time: **9am**
Meeting Room: **Council Chamber**
Venue: **15 Forth Street**
Invercargill

Council Agenda

OPEN

MEMBERSHIP

Mayor	Mayor Gary Tong
Deputy Mayor	Ebel Kremer
Councillors	Don Byars
	John Douglas
	Paul Duffy
	Bruce Ford
	Darren Frazer
	George Harpur
	Julie Keast
	Christine Menzies
	Karyn Owen
	Margie Ruddenklau
	Rob Scott

IN ATTENDANCE

Interim Chief Executive	Ross McNeil
Committee Advisor	Fiona Dunlop

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Full agendas are available on Council's Website
www.southlanddc.govt.nz

Note: The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. Should Members require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.

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PUBLIC EXCLUDED

Nil

1 Apologies

At the close of the agenda no apologies had been received.

2 Leave of absence

At the close of the agenda no requests for leave of absence had been received.

3 Conflict of Interest

Councillors are reminded of the need to be vigilant to stand aside from decision-making when a conflict arises between their role as a councillor and any private or other external interest they might have.

4 Public Forum

Notification to speak is required by 12noon at least one clear day before the meeting. Further information is available on www.southlanddc.govt.nz or phoning 0800 732 732.

5 Extraordinary/Urgent Items

To consider, and if thought fit, to pass a resolution to permit the Council to consider any further items which do not appear on the Agenda of this meeting and/or the meeting to be held with the public excluded.

Such resolution is required to be made pursuant to Section 46A(7) of the Local Government Official Information and Meetings Act 1987, and the Chairperson must advise:

- (i) The reason why the item was not on the Agenda, and
- (ii) The reason why the discussion of this item cannot be delayed until a subsequent meeting.

Section 46A(7A) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

"Where an item is not on the agenda for a meeting,-

- (a) that item may be discussed at that meeting if-
 - (i) that item is a minor matter relating to the general business of the local authority; and
 - (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
- (b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion."

6 Confirmation of Council Minutes

- 6.1 Meeting minutes of Council, 29 September 2020

Draft Significance and Engagement Policy - Consultation

Record No: R/20/9/51165
Author: Carrie Adams, Intermediate Policy Analyst
Approved by: Rex Capil, Group Manager Community and Futures

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 The purpose of this report is to present the draft Significance and Engagement Policy (the 'draft policy'), for Council to endorse for public consultation.

Executive Summary

- 2 The Significance and Engagement Policy enables Council and its communities to identify the degree of significance attached to particular matters, and it provides clarity about how and when communities will be engaged. The current policy is included with this report as Attachment A.
- 3 Only minor changes have been made to the draft policy, which is included with this report as Attachment B.
- 4 Feedback regarding the draft policy was received from the Community & Strategy Committee (the committee) at its 9 September 2020 meeting. This report discusses the points that were raised and the options as to how to Council could proceed.
- 5 If approved, it is intended that the draft policy will be consulted on in accordance with s.82 of the Local Government Act 2002 (the LGA). This will be done via a process which will be run concurrently with the consultation for a number of Council policies from 4 November to 4 December 2020.

Recommendation

That Council:

- a) **Receives the report titled “Draft Significance and Engagement Policy - Consultation” dated 14 October 2020.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Determines that the following strategic assets be listed in the draft Significance and Engagement Policy:**
 - **roading and bridge network as a whole**
 - **Around the Mountain Cycle Trail as a whole**
 - **water treatment plants and reticulation networks as a whole**
 - **township wastewater treatment plants and reticulation networks as a whole**
 - **township stormwater reticulation networks as a whole**
 - **portfolio of District reserves (parks/reserves)**
 - **Stewart Island Electricity Supply Authority.**
- e) **Endorses one of the following options:**
 - I. **Option 1 – endorses and releases the draft Significance and Engagement Policy for consultation in accordance with section 82 of the Local Government Act 2002, from 4 November to 4 December 2020.**
 - II. **Option 2 – that Council delay consultation and propose a different way forward.**

Background

- 6 The current Significance and Engagement Policy was adopted in 2017 as per the requirements of the LGA. The policy is reviewed every three years in the lead up to the release of the Long Term Plan (LTP).
- 7 The LGA provides a degree of flexibility on how and when councils consult on a range of matters outlined in the LGA. A significance and engagement policy is the partner to that flexibility, in that the policy must advise the public of a council’s ‘house rules’ – that is how a council will utilise the flexibility.
- 8 Part of the policy involves determining the significance attached to particular matters. Significance is a continuum – ranging from the day to day matters with a low impact, right up to those matters with a very high level of impact and significance. How Council assesses significance, and how it determines what matters are significant, is important because it will drive

how Council makes decisions, and what analysis, written records and engagement is required by Council.

- 9 The policy also provides guidance to staff and the community on how and when community views will be sought. When Council takes steps to identify the views and preferences held by people in the community, this will often be through an engagement process. Engagement is a wider concept than consultation. Consultation is just one of a suite of tools for engaging with the community.

Issues

Strategic assets

- 10 Under s.76AA of the LGA, a significance and engagement policy is required to list the assets considered by a council to be strategic assets.
- 11 The definition of a strategic asset in the LGA requires that it be something that is needed for the delivery of an outcome that Council considers important for the wellbeing of the community (s.5(1) LGA). Council has some discretion to determine what it considers its strategic assets. Review of this policy is an opportunity to assess the current list and decide whether it would like to add, or remove, items.
- 12 The list of strategic assets in the draft policy currently includes:
- roading and bridge network as a whole
 - Around the Mountain Cycle Trail network as a whole
 - water treatment plants and reticulation networks as a whole
 - township wastewater treatment plants and reticulation networks as a whole
 - township stormwater reticulation networks as a whole
 - portfolio of District reserves (parks/reserves) as a whole
 - Stewart Island Electricity Supply Authority
 - Te Anau Airport at Manapouri
 - community housing as a whole.
- 13 The effect of an asset being identified as strategic, is that a decision to transfer the ownership or control of these assets must be explicitly provided for in Council's LTP (LGA s.97(1)(b)). The proposal for the decision to transfer ownership or control of the strategic asset must also be explicitly included in the LTP consultation document (LGA s.97(2)(b)).
- 14 The implication of this is that whilst it ensures that community engagement is sought along with other LTP related issues, there may be a cost and delay involved in ensuring that such decision making is aligned with the LTP process, or the cost of an LTP amendment.
- 15 The wording 'as a whole' has been included in the description of a strategic asset in the draft policy. This language permits the opportune purchase, replacement, sale or other dealings with **components** of a strategic asset, outside of the LTP process. Where a strategic asset is a network or has many components, decisions can be made on individual components within the network.

- 16 If an asset is not considered strategic, any proposal to transfer ownership would be assessed for significance, using the draft policy. If such a proposal met the threshold for high significance, engagement at the higher end of the spectrum identified in the draft policy would be necessary. This includes the requirement to seek community views. The robust nature of the draft policy ensures that relevant factors are considered when assessing an issue for significance, and that consequently, appropriate community engagement tools are then utilised.

Consideration of assets

- 17 The purpose of the tables below are to provide information for Council, in order to determine whether an asset should be identified as a strategic asset in the draft policy.

TABLE 1: ROADING AND BRIDGE NETWORK AS A WHOLE	
Currently a strategic asset?	Yes
Effect of being a strategic asset	Ownership or control of network as a whole may not be transferred without explicit provision in LTP. Proposal for a decision to transfer ownership or control of the network must be included in the LTP consultation document.
Additional considerations relevant to this asset	It was raised at the committee meeting that this asset is particularly important due to the District's geographic disparity and the reliance of primary sector on the roading/bridge network.
Advantages of inclusion as strategic asset	Signals Council's understanding of the importance of the roading/bridge network to the District's wellbeing. If transfer of the asset were contemplated, Council would be required to plan and engage with the community through the LTP process.
Disadvantages of identification as strategic asset	None identified; it is unlikely that Council would contemplate transfer of ownership or control of this network as a whole.
Staff recommendation	Remain as strategic asset.

TABLE 2: AROUND THE MOUNTAIN CYCLE TRAIL NETWORK AS A WHOLE	
Currently a strategic asset?	No
Effect of being a strategic asset	Ownership or control of network as a whole may not be transferred without explicit provision in LTP. Proposal for a decision to transfer ownership or control of the network must be included in the LTP consultation document.
Additional considerations relevant to this asset	The committee provided feedback that it would like this asset to be included as a strategic asset, so staff have made this minor change.
Advantages of inclusion as strategic asset	Shows Council's commitment to delivery of the Around the Mountain Cycle Trail.

	If transfer of the asset were contemplated, Council would be required to plan and engage with the community through the LTP process.
Disadvantages of identification as strategic asset	If transfer of this asset was contemplated, Council is bound by the timing of the LTP process, or the additional cost of pursuing an LTP amendment.
Staff recommendation	List as a strategic asset.

TABLE 3: THREE WATERS NETWORKS:

WATER TREATMENT PLANTS AND RETICULATION NETWORKS AS A WHOLE
TOWNSHIP WASTEWATER TREATMENT PLANTS AND RETICULATION NETWORKS AS A WHOLE
TOWNSHIP STORMWATER RETICULATION NETWORKS AS A WHOLE

Currently a strategic asset?	Yes
Effect of being a strategic asset	Ownership or control of these networks as a whole may not be transferred without explicit provision in LTP. Proposal for a decision to transfer ownership or control of these networks must be included in the LTP consultation document.
Additional considerations relevant to this asset	Commonly included as strategic assets by other councils. Changes to service delivery of Three Waters services in the future may involve transfer of control or ownership of these assets. If transfer of ownership or control of any of these networks as a whole were contemplated through the Three Waters review, it is considered that legislation would be enacted by Parliament to enable this process.
Advantages of inclusion as strategic asset	Signals Council's understanding of the importance of provision of Three Waters services to the District's wellbeing. If transfer of the asset were contemplated, Council would be required to plan, and engage with the community through the LTP process.
Disadvantages of identification as strategic asset	None identified.
Staff recommendation	Remain as strategic asset.

TABLE 4: PORTFOLIO OF DISTRICT RESERVES (PARKS/RESERVES) AS A WHOLE

Currently a strategic asset?	Yes
Effect of being a strategic asset	Ownership or control of network as a whole may not be transferred without explicit provision in LTP. Proposal for a decision to transfer ownership or control of the network must be included in the LTP consultation document.
Additional considerations relevant to this asset	There are five District reserves, 151 local reserves and 40 playgrounds in the District.

Advantages of inclusion as strategic asset	Signals Council's understanding of the importance of parks and reserves to the District's wellbeing. If transfer of the asset were contemplated, Council would be required to plan, and engage with the community through the LTP process.
Disadvantages of identification as strategic asset	None identified; it is unlikely that Council would contemplate transfer of ownership or control of this network as a whole.
Staff recommendation	Remain as strategic asset.

TABLE 5: STEWART ISLAND ELECTRICITY SUPPLY AUTHORITY

Currently a strategic asset?	Yes
Effect of being a strategic asset	Ownership or control of network as a whole may not be transferred without explicit provision in LTP. Proposal for a decision to transfer ownership or control of the network must be included in the LTP consultation document.
Additional considerations relevant to this asset	It is anticipated that the 2021-31 LTP will consider the need to review the management, funding and delivery of this activity.
Advantages of inclusion as strategic asset	Delivery of electricity to Stewart Island is important to the island's wellbeing. If transfer of the asset were contemplated, Council would be required to plan, and engage with the community through the LTP process.
Disadvantages of identification as strategic asset	If alternative energy sources/arrangements are contemplated that involve transfer of this asset, there may be cost implications involved with ensuring that the timing aligns with the LTP process, or an LTP amendment.
Staff recommendation	Remain as strategic asset.

TABLE 6: COMMUNITY HOUSING AS A WHOLE

Currently a strategic asset?	Yes
Effect of being a strategic asset	Ownership or control of network as a whole may not be transferred without explicit provision in LTP. Proposal for a decision to transfer ownership or control of the network must be included in the LTP consultation document.
Additional considerations relevant to this asset	Current inclusion in the policy may be due to a restrictive interpretation of the LGA definition of strategic asset which includes, "any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy" (s.5(1)). As Council does not have a social policy under which it

	is obligated to provide affordable housing, it does not have a responsibility to provide housing under this definition. It is therefore open to Council to identify whether it considers the community housing activity as a strategic asset.
Advantages of inclusion as strategic asset	Provides historical consistency. Signals that Council views community housing as essential to the delivery of an outcome it considers important.
Disadvantages of identification as strategic asset	Council has requested a business case outlining the future of the provision of community housing. Council should consider whether the obligation to provide for the transfer of ownership or control of this asset as a whole in the LTP may be an impediment to its effective management. If proposals are contemplated that involve transfer of this asset, there may be cost implications involved with ensuring that the timing aligns with the LTP process, or an LTP amendment.
Staff recommendation	Remove from list of strategic assets. Given the additional obligation to anticipate the transfer or control of a strategic asset as a whole explicitly in its LTP, Council should be cautious when considering whether the designation of 'strategic' is warranted and provides for the best management of this asset.

TABLE 7: TE ANAU AIRPORT AT MANAPOURI

Currently a strategic asset?	Yes
Effect of being a strategic asset	Ownership or control of network as a whole may not be transferred without explicit provision in LTP. Proposal for a decision to transfer ownership or control of the network must be included in the LTP consultation document.
Additional considerations relevant to this asset	The LGA requires that councils must list any equity securities that it holds in an airport company as a strategic asset (s.5(1)). The Te Anau Airport at Manapouri does not fall into this category, therefore it is open to Council to consider whether it would like to list it as a strategic asset.
Advantages of inclusion as strategic asset	Shows Council's commitment to delivery of an airport service for Fiordland. Provides historical consistency.
Disadvantages of identification as strategic asset	If proposals are contemplated that involved transfer of this asset, there may be cost implications involved with ensuring that the timing aligns with the LTP process, or an LTP amendment.
Staff recommendation	Remove from list of strategic assets. Given the additional obligation to anticipate the transfer or control of a strategic asset as a whole explicitly in its LTP, Council should be cautious when considering whether the designation of 'strategic' is warranted and provides for the best management of this asset.

TABLE 8: STEWART ISLAND JETTIES	
Currently a strategic asset?	No.
Effect of being a strategic asset	Ownership or control of network as a whole may not be transferred without explicit provision in LTP. Proposal for a decision to transfer ownership or control of the network must be included in the LTP consultation document.
Additional considerations relevant to this asset	It was discussed by the committee whether it would be appropriate to identify Stewart Island jetties as a strategic asset. The Stewart Island jetties form only one part of the water facilities activity in the District. This activity also includes 10 boat ramps, two retaining walls, a navigation aid, swimming pontoon and viewing platform. It would be inconsistent to identify one part of this activity as a strategic.
Advantages of inclusion as strategic asset	It would indicate that Council views the jetties as important to the delivery of an outcome that Council considers key to the wellbeing of the community.
Disadvantages of identification as strategic asset	It would be inconsistent to identify part of this activity as a strategic asset, and exclude other jetties, boat ramps, etc. in the District. If proposals are contemplated that involved transfer of this asset, there may be cost implications involved with ensuring that the timing aligns with the LTP process, or an LTP amendment.
Staff recommendation	Do not include in the list of strategic assets. Whilst it is unlikely that Council would contemplate transfer of ownership or control of Stewart Island jetties as a whole, it is inconsistent to treat some of the District's water facilities as strategic assets, and not others. Given the additional obligation to anticipate the transfer or control of a strategic asset explicitly in its LTP, Council should be cautious when considering whether the designation of 'strategic' is warranted and provides for the best management of this asset.

Proposed changes

- 18 The proposed changes to the current policy are minor and include:
 - clarification of the factors used to assess the significance of an issue
 - revision of engagement with iwi/Māori provisions
 - terminology and legislative references updates
 - removal of reference to community development area subcommittees
 - formatting of the engagement spectrum approach table to make it more user friendly.
- 19 Changes as an outcome of discussion at the Community and Strategy Committee meeting on 9 September are listed in the following table:

TABLE 8: MINOR CHANGES PROPOSED AS A RESULT OF FEEDBACK FROM THE COMMUNITY AND STRATEGY COMMITTEE		
Section of draft policy	Draft policy presented to the committee on 9 September 2020	Proposed change as a result of feedback from the committee
Part 3, page 2	“the financial and non-financial costs and implications of the issue, decision or proposal, having regard to the capacity of Council to performs its role.”	“the financial and non-financial costs and implications of the issue, decision or proposal on Council’s capability and capacity having regard to the capacity of Council to performs its role. ”
Part 3, page 3	“When determining the significance of a matter that could have a high level of significance, it is recommended that Council staff discuss the importance of the matter with our iwi partners.”	“When determining the significance of a matter that could have a high level of significance, it is recommended that Council staff will discuss the importance of the matter with our iwi partners.”
page 6	It is important that Council does not use a homogenous approach	It is important that Council does not use a ‘one size fits all’ approach

Factors to Consider

Legal and Statutory Requirements

- 20 Under s.76AA of the LGA, a significance and engagement policy is required to outline:
 - Council’s general approach to determining significance
 - any criteria or procedures that are to be used by Council in assessing extent to which matters are significant or may have significant consequences
 - how Council will respond to community preferences about engagement, including the form of consultation that may be desirable
 - how Council will engage with communities on other matters.
- 21 As discussed above, significance and engagement policies also must list the assets considered by councils to be strategic assets.
- 22 Section 79 of the LGA enables Council to exercise its discretion about how to comply with certain decision-making requirements in ss.77 and 78 of the LGA, in proportion to the significance of the matter or decision. The requirements include:
 - the degree to which Council identifies and assesses options in respect of each decision or matter (including the identification of costs and benefits)
 - the extent and detail of any information to be considered
 - the extent and nature of any written record to be kept of the decision.
- 23 How a council assesses the significance of a matter can be challenged. The courts may (and in the past have) overturned council decisions for non-compliance with a council’s own policy. In the

event a council wanted to make a decision that would be contrary to its significance and engagement policy, it may do so, provided it follows a process set out in s.80 of the LGA.

Community Views

- 24 It is proposed that Council will undertake consultation on the draft policy in accordance with s.82 of the LGA.
- 25 Council will make the draft policy and relevant information publicly available (in accordance with s.82A of the LGA), and encourage people to give feedback on Council's 'make it stick' platform, by:
- placing an advertisement in the Ensign and Southland Express
 - promoting the consultation on Council's Facebook page
 - having the draft policy accessible on Council's website and at all of its offices
 - encouraging community boards to make a submission.
- 26 It is proposed that this consultation process be run parallel to other Council policies: the Revenue and Finance Policy, Remission and Postponement of Rates Policy, the Procurement Policy and the Policy on Development and Financial Contributions.
- 27 The consultation process proposed will allow Council to consider community views regarding this policy.

Costs and Funding

- 28 There will only be minor costs associated with progressing the draft policy through the consultation process, including the costs associated with staff time and advertising. These costs will be met within current budgets.

Policy Implications

- 29 If adopted, it is likely that Council will reach similar conclusions on the level of significance of particular matters, and that community engagement will occur with similar frequency and in similar form, to what is done currently.

Analysis

Options Considered

- 30 There are two options for consideration in this report:
- option 1 – that Council endorse the draft policy (with any desired amendments) for consultation in accordance with s.82 of the LGA.
 - option 2 - that Council delay consultation and propose a different way forward.

Analysis of Options

Option 1 – that Council endorse the draft policy for consultation

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• enables Council to capture community views on the draft policy	<ul style="list-style-type: none">• no known disadvantages.

- | | |
|--------------------------------------------------------------------------------------------------------------------------------|--|
| <ul style="list-style-type: none">• the draft policy has been updated• achieves legislative compliance. | |
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Option 2 – that Council propose a different way forward

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• would give further clarity on councillors' views regarding the policy.	<ul style="list-style-type: none">• will be difficult to complete review of the policy prior to 2021-31 LTP consultation.

Assessment of Significance

- 31 It has been identified that this matter is of lower significance in relation to the current Significance and Engagement Policy. No major changes are proposed to the current policy.

Recommended Option

- 32 It is recommended that Council proceed with option 1 and endorse the draft policy (with any desired amendments) for consultation in accordance with s.82 of the LGA.

Next Steps

- 33 If Council endorses the draft policy, staff will undertake a consultation process in accordance with s.82 of the LGA from 4 November to 4 December 2020. It is intended that the written submissions received will be presented to Council in early 2021.
- 34 If, after undertaking consultation, Council proceeds to adopt the draft policy, it will come into effect soon after adoption, in 2021.
- 35 If Council proposes a different way forward, staff will outline next steps in line with the approach taken.

Attachments

- A Current Significance and Engagement Policy [↗](#)
- B DRAFT Significance and Engagement Policy for Council 21 October 2020 [↗](#)



Significance and Engagement Policy

Group Responsible: Chief Executive

Date Approved: 21 June 2017

File No: r/16/11/19694

Southland District Council has developed the Significance and Engagement Policy (the Policy) to determine the significance of issues within the District, and how to align our engagement with the public based on the degree of significance of the issue. The Policy aligns with provisions the Local Government Act (2002) (the Act).

1. Purpose

1.1 The purpose of this policy is:

- to enable the local authority and its communities to identify the degree of significance attached to particular issues, proposals, decisions or matters; and
- to provide clarity about how and when communities can expect to be engaged in decisions about different issues, proposals, decisions or matters; and
- to inform Council, from the beginning of a decision-making process about
 - the extent of any public engagement that is expected before a particular decision is made; and
 - the form or type of engagement required.

1.2 This policy will also guide staff on:

- the extent that options are identified and assessed; and
- the degree benefits and costs are quantified; and
- the extent and detail of information considered; and
- the extent and nature of any written record kept on legal compliance; and
- on the extent Council must consider the views and preferences of people likely to be affected by, or to have an interest in a matter;

as these decisions should be undertaken in proportion to significance of the matter.

2. The General Approach

The Council will follow a three-step process to inform decision-making:



Step 1 - Determine significance - the Council will use particular factors to decide if a matter is of higher or lower significance. This part of the policy also gives guidance on what to do if a matter is of high significance.

Step 2 - Identify community views - the Council will determine what it knows about community views and identify if there is a need for more information.

Step 3 - Deciding on an approach to community engagement - the level of significance and what the Council wants to know about community views will guide Council on an appropriate level of engagement, and how and when to engage. This part of the Policy provides clarity on how and when communities can expect to be engaged in different issues. It also identifies how Council will respond to community preferences about engagement.

3. Step 1 - Determining the Level of Significance

- 3.1 Significance is about measuring the degree of importance of an issue, proposal, decision, or matter. Council has to determine how people, services, facilities and infrastructure in the District will be affected. Significance is a continuum ranging from matters that have a low impact/risk and therefore low significance, right up to matters that have very high levels of impact/risk and significance.
- 3.2 During the development stages of an issue, proposal, decision or matter, significance should be considered as it will guide both the extent options should be developed, and the degree to which advantages and disadvantages are assessed. Significance should also be considered when determining the appropriate extent and type of community engagement.

Factors to Assess Significance

- 3.3 Council will take into account the following factors when determining the level of significance. These factors are of equal weighting. The greater the cumulative impact of the matter as assessed by these factors, the more significant the issue, proposal, decision or matter will be. Significance means the degree of importance of the matter as assessed by its likely impact on, and likely consequences for:
 - the current and future social, economic, environmental or cultural wellbeing of the district or region;
 - people who are likely to be particularly affected by or interested in, the issue, proposal decision or matter;
 - the capacity of Council to perform its role, and the financial and other costs of doing so;
 - the ownership or function of a strategic asset.
- 3.4 Council may also take into account knowledge it has previously gained about the community and its views on an issue to assess whether the matter has a high level of significance.
- 3.5 When determining the significance of a matter that could have a high level of significance, it is recommended that Council staff discuss the importance of the matter to Māori through Council's



partnership with Te Ao Mārama Incorporated, or to take the matter to Te Roopu Taiao forum, which is a meeting of local councils and iwi.

- 3.6 Committees of Council and elected bodies can also be used to help assess the significance of a matter.

Strategic Assets

- 3.7 In respect to “strategic assets”, a key consideration is whether an asset is essential to the continued delivery of an “outcome” that Council considers important for the well-being of the community. Decisions to transfer ownership or control of a strategic asset to or from Council cannot be made unless they are first included in the Long Term Plan.
- 3.8 For the purpose of section 76AA(3) of the Act, Council considers the following assets, or a network of assets, to be strategic assets:
- roading/bridge network as a whole.
 - individual water treatment plants and reticulation networks.
 - individual township sewerage treatment plants and reticulation networks.
 - individual township stormwater reticulation networks.
 - portfolio of District Reserves (Parks/Reserves).
 - Stewart Island Electricity Supply Authority.
 - Te Anau Airport at Manapouri.
 - community housing as a whole.

What to do if a matter is significant

- 3.9 If a matter is considered to be significant, reports will include a statement indicating why this conclusion was reached. The statement will include an explanation of which factors indicate the decision is significant, the potential implications of the decision, the range of community views that might exist, and whether there is a need for a further degree of community engagement before a final decision is made.
- 3.10 Where the proposal or decision is considered to be significant, the report will also include a statement addressing the appropriate observance of Sections 77, 78, 79, 80, 81, 82 and 82A of the Act as applicable, together with the corresponding degree of community engagement considered.

4. Step 2 - Identify Community Views

- 4.1 Step 2 involves Council identifying what it already knows about the community views on a matter, and identifying if there is a need to get more information about community views. Community views are the views and preferences of people likely to be affected by, or to have an interest in, the matter. Determining how Council will identify community views may lead to community engagement. The process of how Council will decide if it needs to seek more information to



understand the views in the community is outlined in Appendix 1. In general, Council will take steps to identify community views in the circumstances described below.

When Council will identify community views

When it is required by legislation

- 4.2 The Council will consider community views when it has a legislative requirement to do so (as set out by the Local Government Act 2002, Resource Management Act 1991, Reserves Act 1977, and Land Transport Management Act 2003). Examples of when Council will identify community views include the adoption and amendment/s to both the Long Term Plan and a bylaw, transfer of ownership of a significant strategic asset, and changes to financial policies. Council may identify community views more broadly than what is legally required.

When it relates to a significant matter

- 4.3 Subject to consideration of factors in paragraph 3.3 of this Policy, the Council will identify community views whenever a 'significant decision' needs to be made. A significant decision is one which has been identified as such under this Policy. *Note:* a 'significant' decision will not automatically trigger consultation or application of the Special Consultative Procedure (SCP). An outline of what Council must do when it is required to use or adopt the special consultative procedure is outlined in Appendix 4. Further information on the SCP is in sections 86, 87, and 93A of the LGA 2002.

For some matters that are not considered significant

- 4.4 In general, where a matter is not considered significant under this Policy, the Council is unlikely to seek additional information on community views. However, in some situations where Council staff deem community involvement or notification is appropriate, informal feedback or notification processes may be followed.

When Council may not seek additional information on community views

- 4.5 Information is always necessary for the decision making process. However, there are times when it is not necessary, appropriate or possible to seek additional information on community views. If this is the case, Council will make this determination in accordance with the criteria below and not withstanding any legislative requirements. The Council will not identify community views when:
- The matter is not of a nature or significance that requires consultation (LGA 2002, s82(4)(c))
 - The Council already has a sound understanding of the views and preferences of the persons likely to be affected by or interested in the matter (s82(4)(b) LGA 2002);
 - There is a need for confidentiality or commercial sensitivity (s82(4)(d) LGA 2002);
 - The costs of consultation outweigh the benefits of it (s82(4)(e) LGA 2002);



- Engagement will not be beneficial as it will not influence the decision (for example if there is only one or very limited viable options available, there may be no benefit in engaging with the community);
 - The matter has already been addressed by the Council's policies or plans, which have previously been consulted on;
 - An immediate or quick response or decision is needed or it is not reasonably practicable to engage;
 - Works are required unexpectedly or following further investigations on projects, already approved by the Council;
 - Business as usual - the works required are related to the operation and maintenance of a Council asset and responsible management requires the works to take place;
 - When Council has consulted on the unchanged issue in the last 24 months.
- 4.6 Where the above listed circumstances apply and community feedback is not sought, the Council is still required to give consideration to the views and preferences of persons likely to be affected by, or to have an interest in, the matter (LGA 2002 section 78 (1)). The LGA 2002 requires that this consideration be in proportion to the significance of the matters affected by the decision (section 79 (1)).

5. STEP 3 - DECIDING ON AN APPROACH TO COMMUNITY ENGAGEMENT

- 5.1 Once Council has determined the significance of a matter and has determined it needs more information on the range of views held, Council will consider how and when it should engage with the community. Depending on the matter being considered and the stakeholders involved, the preferred method(s) or combination of engagement tools will be identified and applied to meet the goals of the specific engagement.
- 5.2 Council will respond to community preferences about engagement, including the form of consultation that may be desirable, by informing and seeking guidance from Councillors. Council will also use engagement methods that have proven over time to be effective at informing the public and generating responses.
- 5.3 There is a variety of ways in which the Council engages with the community. In this policy, the types of engagement described relate specifically to Council, Community Board and delegated decision-making. The types of engagement described are given as a guide, and Council is not limited to or by the stated methods of engagement.
- 5.4 The significance of the issue, proposal or decision will influence the extent Council explores and evaluates options and obtains the views of affected and interested parties.
- 5.5 Council will apply the principles of s82 of the Act when determining engagement. Council will select the engagement method that it considers most appropriate in the circumstance.



Factors to Consider

Southland District Council's strong community focus

- 5.6 The Southland community is at the heart of Council's purpose, vision and mission; therefore, engagement will reflect the need for community input into Council decision-making.
- 5.7 The Council is also keen to build on existing relationships and networks with individuals and communities, and look to extend the range of parties involved in the community engagement as appropriate. The Council will work to ensure the community is sufficiently informed to understand the issue(s) or proposal, options and impacts and has time to respond, so they are able to participate in engagement processes with confidence.

Legislative Considerations

- 5.8 When Council makes decisions, often legislation will prescribe the consultation and decision-making procedures required. This includes the procedures to be used for public notification, considering submissions and making decisions. Section 82(5) of the LGA 2002 says that where specific consultation is required under the LGA, or any other enactment, and if inconsistent with any s82 principle – the other provisions will prevail (to the extent of the inconsistency). Those other Acts include, among others, the Reserves Act 1977, the Biosecurity Act 1993, Land Transport Act 1998 and the Resource Management Act 1991.
- 5.9 There are a number of decisions that can only be made if they are explicitly provided for in the Council's LTP as set out by the LGA 2002 Amendment Act 2014. These are:
- to alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, including a decision to commence or cease any such activity;
 - to transfer the ownership or control of a strategic asset to or from the Council.
- 5.10 In addition, Council is required at times to use a Special Consultative Procedure (SCP), as set out in section 83 of the LGA. The SCP is a prescribed process for consultation set out in the LGA. In brief, the SCP requires Council to issue and widely distribute a proposal, which is open for consultation for at least a month, and the community can provide its views. The SCP may also be used for any other decision Council wishes to consult on, and generally this will be when a matter is of high significance. The requirement or use of the SCP does not preclude the need to engage with affected communities. The use of the SCP is predominantly a reflection of the significance of an issue, which in turn identifies the need for appropriate community engagement. Schedule 2 outlines when an SCP is required, and what is required under Section 83.

Remaining flexible

- 5.11 It is important that Council does not use a homogenous approach, and that engagement tools are appropriate to the location, significance of the issue, and community affected. Differing levels and forms of engagement may be required during the varying phases of consideration and decision-making on an issue or proposal, and for different community groups or stakeholders. The Council will review the appropriateness and effectiveness of the engagement strategy and methods as the



process proceeds. There may be occasions in which the Council chooses to carry out engagement at a level higher than that indicated by the significance of the decision as part of its commitment to promote participatory democracy.

- 5.12 Council will also be open to new and developing methods of engagement through the use of technology and innovation.

The role of Elected Members

- 5.13 This policy recognises the role of elected representatives, both Councillors and Community Board members, as valued and recognised conduits to the communities they represent. Council, when engaging with affected or interested communities, will recognise the relationship elected members have with the location, specific communities and individuals affected by consultation or engagement initiatives. Participation of elected representatives is an essential step to consider, in light of broader community good, when initiating any project requiring engagement.

Engagement with Iwi/Māori

- 5.14 A strategic focus for Council is maintaining and enhancing our partnership with Māori. Council has a strong partnership with Te Ao Mārama Incorporated, and encourages openly engaging with iwi/Māori through this channel or through the Te Roopu Taiao forum.

The Level of Engagement

- 5.15 Using the International Association of Public Participation engagement spectrum as a basis¹, the method(s) of engagement adopted by the Council before it makes a decision may depend on whether or not:
- The matter is of low or no significance (eg, technical and/or minor amendments to a bylaw or Council policy) and there may be a very small group of people affected by or with an interest in the decision. Council is unlikely to engage on these matters;
 - The matter is significant only to a relatively small group of people or is of low impact to many. They should be informed about the problem, alternatives, opportunities and/or solutions and/or consulted so that any concerns, alternatives and aspirations they have are understood and considered;
 - The matter is significant not only to a small group of people particularly affected but also to a wider community that may have an interest in the decision to be made. They may be informed, consulted and/or involved to seek public input and feedback on analysis, alternatives and/or decisions.
 - For more significant matters the Council may elect to collaborate, or partner, with a community in any aspect of a decision including the development of alternatives and the identification of preferred solutions. This is more likely to occur where there is a distinct group of affected or particularly interested people.

¹ International Association of Public Participation [IAP2]. (2007). IAP2 Spectrum of Public Participation. Retrieved from http://c.ymcdn.com/sites/www.iap2.org/resource/resmgr/imported/IAP2%20Spectrum_vertical.pdf on 2 January 2017.



- 5.16 Depending on the level of significance and the nature of the issue, proposal or decision being made, by using a range of engagement methods communities may be **empowered** to participate in the decision-making process.

How and when we will Engage

- 5.17 Once the appropriate level of engagement has been assessed (in accordance with paragraphs 5.15 and 5.16 above), Council will then consider the range of engagement methods that are appropriate. This process support community participation through an Engagement Spectrum Approach.
- 5.18 Council will select the method it considers appropriate in the circumstance, taking into account a range of factors, such as who is affected or who is likely to have a view. Council will remain flexible in its approach to engagement, to ensure that the most appropriate methods are used.
- 5.19 Table 1 below outlines Southland District Council's engagement spectrum. The table gives guidance on how and when communities can expect to be engaged in particular matters, relative to their significance. The table also gives examples of what significance has been placed on particular matters in the past, and what types of community engagement has been used for those matters. The table is also a valuable tool for Council staff to inform on the extent of public engagement that might be expected on a matter before a decision is made, and the form or type of engagement that may be required and appropriate.

LOW LEVEL OF SIGNIFICANCE				HIGH LEVEL OF SIGNIFICANCE	
Level	Inform	Consult	Involve	Collaborate	Empower
What it involves	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision making in the hands of the public.
Types of matters we might use this type of engagement for	Minor change to how Council manages groups of activities Upgrade of a reserve area	Long Term Plan and Annual Plan where there are significant changes from the content of the LTP for that	Development of options for a policy change that is deemed significant e.g. moving from land to capital value	Development options for a new large capital project which has a community focus and has a large number of	Community halls



		financial year. Policies such as the Easter Sunday Shop Trading Policy and the Unmanned Aerial Vehicle Policy.	for rating purposes.	options eg Te Anau Waste Water Project	
Examples of engagement tools Council might use	Council newsletter, Weekly/daily newspapers, Community newsletters, Electronic messages (eg, email, online newsletters, social media posts), Flyers, Website, Radio.	Submissions, Hearings, Feedback processes, Surveys, Open Days.	Local meetings, Social media, Targeting existing organisations within the community eg, service clubs.	Talking with communities, Key partnerships with existing community organisations, Hall committees.	Community Boards, Community Development Area Subcommittees.
When the community can expect to be involved	Council will generally advise the community when a decision is made.	Council will advise the community when a draft decision is made and generally provides the community with up to four (4) weeks to participate and respond.	Council will generally provide the community with a greater lead-in time to allow them to be involved in the process.	Council will generally involve the community at the start to scope the issue, again after information has been collected and again when options are being considered.	Council will generally involve the community at the start to scope the issue

Table 1: Southland District Council's Engagement Spectrum Approach



6. ROLES AND RESPONSIBILITIES

ROLE	RESPONSIBILITIES
Communications Manager, Management Team	Ensure that engagement with the community meets the degree of significance determined by Council
Council	<ul style="list-style-type: none"> Determine degree of significance of an issue Determine whether or not to engage Link level of significance to appropriate levels of engagement Use determined level of significance to decide how much time, money and effort the Council will invest in exploring and evaluating options and obtaining the views of affected and interested parties.

7. ASSOCIATED DOCUMENTS

Local Government Act (2002).

Southland District Council Engagement Strategy

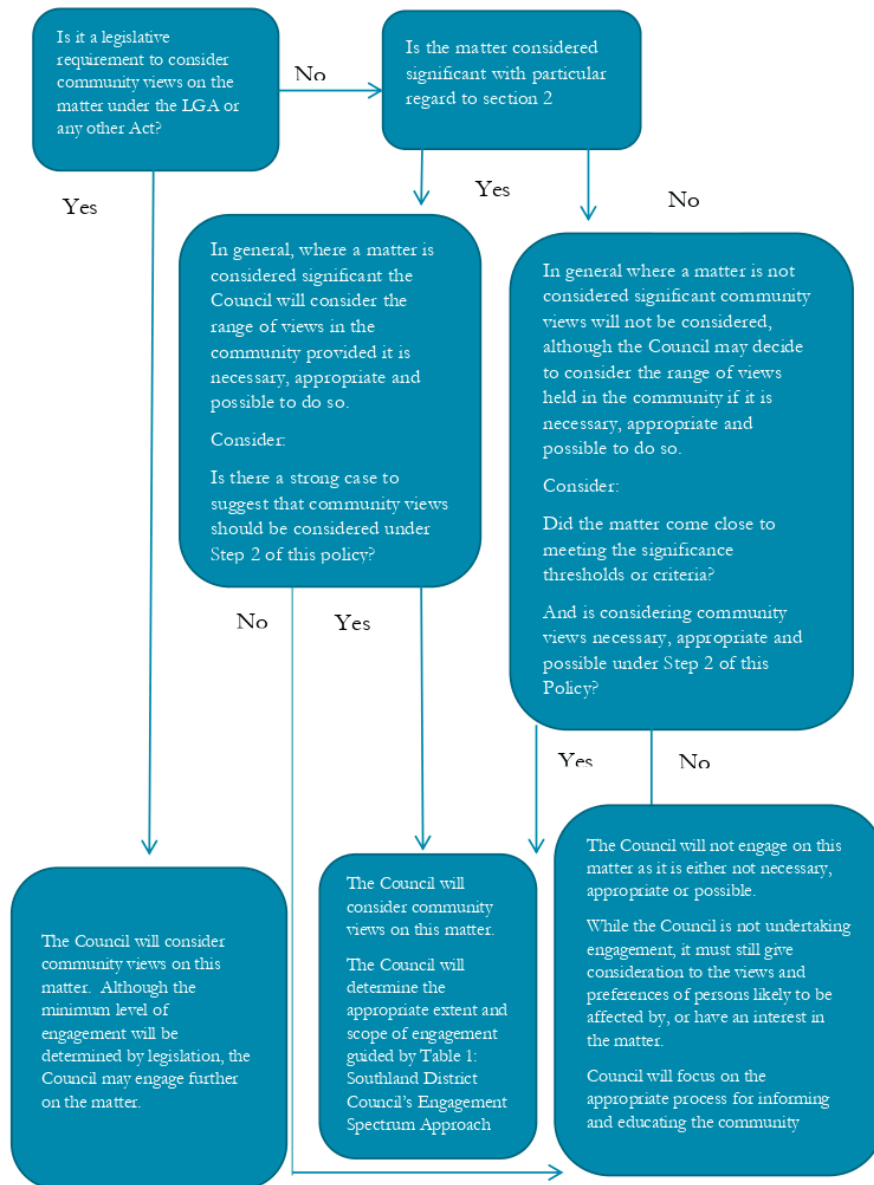
8. REVISION RECORD

The Policy will be reviewed at each triennial, aligned with Council elections.

DATE	VERSION	REVISION DESCRIPTION
28 January 1999	N/A	Consultation Policy
27 November 2003	R/03/7/6677	Consultation Policy
26 June 2003	R/09/9/13601	Significance Policy
28 June 2006	R/12/1/808	Significance Policy
29 October 2014	R/14/8/11821	Significance and Engagement Strategy
2017	R/16/11/19694	Significance and Engagement Strategy

9. APPENDICES

APPENDIX 1: SIGNIFICANCE AND ENGAGEMENT FLOWCHART





APPENDIX 2: SPECIAL CONSULTATIVE PROCEDURE

The Local Government Act 2002 requires Council to use the Special Consultative Procedure for:

- adoption of or amendment to the LTP (including significant amendments to the Revenue and Financing Policy)
- revocation, adoption or amendment to a bylaw
- transfer of ownership of a significant strategic asset

It is important to note that formal consultation by a special consultative procedure is a structured process outlined in legislation and supported by case-law. This type of consultation still applies in some decision making processes. In other engagement processes, however, there are no explicit statutory or legal rules constraining or defining community engagement processes. The Local Government Act 2002 has given local authorities the ability to determine this as appropriate for their communities.

At the time of writing this policy there are a number of other acts that require use of the Special Consultative Procedure, including but not limited to:

- Sale and Supply of Liquor Act 2012,
- Local Government Act 1974,
- Building Act 2004,
- Local Government (Rating) Act 2002,
- Psychoactive Substances Act 2013,
- Dog Control Act 1996,
- Waste Minimisation Act 2008,
- Freedom Camping Act 2011,
- Land Transport Management Act 2003
- Biosecurity Act 1993
- Civil Defence Emergency Management Act 2001
- Maritime Transport Act 1994.

Section 83 of the LGA states the requirements of the SCP. This section is included below.

83 Special Consultative Procedure

- 1 Where this Act or any other enactment requires a local authority to use or adopt the special consultative procedure, that local authority must -
 - (a) prepare and adopt -
 - (i) a statement of proposal; and
 - (ii) if the local authority considers on reasonable grounds that it is necessary to enable public understanding of the proposal, a summary of the information contained in the statement of proposal (which summary must comply with section 83AA of the Act; and



- (b) ensure that the following is publicly available:
 - (i) the statement of proposal; and
 - (ii) a description of how the local authority will provide persons interested in the proposal with an opportunity to present their views to the local authority in accordance with section 82(1)(d) of the Act; and
 - (iii) a statement of the period within which views on the proposal may be provided to the local authority (the period being not less than 1 month from the date the statement is issued); and
 - (c) make the summary of the information contained in the statement of proposal prepared in accordance with paragraph (a)(ii) of the Act (or the statement of proposal, if a summary is not prepared) as widely available as reasonably practicable as a basis for consultation; and
 - (d) provide an opportunity for persons to present their views to the local authority in a manner that enables spoken English, Māori, and/or New Zealand sign language interaction between the person and the local authority, or any representatives to whom an appropriate delegation has been made in accordance with Schedule 7 of the Act; and
 - (e) ensure that any person who wishes to present his or her views to the local authority or its representatives as described in paragraph (d)
 - (i) is given a reasonable opportunity to do so; and
 - (ii) is informed about how and when he or she may take up that opportunity.
2. For the purpose of, but without limiting, subsection (1)(d), a local authority may allow any person to present his or her views to the local authority by way of audio link or audio visual link.

DRAFT Significance and Engagement Policy

Group responsible: Chief executive

Date adopted: xx 2021

File no: R/20/8/46866

Southland District Council (Council) has developed the Significance and Engagement Policy (the policy) to determine the significance of issues within the District, and how to align our engagement with the public based on the degree of significance of the issue. The policy aligns with provisions the Local Government Act 2002 (the act).

1. Purpose

The purpose of this policy is:

- to enable the local authority and its communities to identify the degree of significance attached to particular issues, proposals, decisions or matters; and
- to provide clarity about how and when communities can expect to be engaged in decisions about different issues, proposals, decisions or matters; and
- to inform Council, from the beginning of a decision-making process about
 - the extent of any public engagement that is expected before a particular decision is made; and
 - the form or type of engagement required.

This policy will also guide staff on:

- the extent that options are identified and assessed; and
- the degree benefits and costs are quantified; and
- the extent and detail of information considered; and
- the extent and nature of any written record kept on legal compliance; and
- on the extent Council must consider the views and preferences of people likely to be affected by, or to have an interest in a matter;

as these decisions should be undertaken in proportion to significance of the matter.



2. General approach

Council will follow a three-step process to inform decision-making:

Step 1 - determine significance - Council will use particular factors to decide if a matter is of higher or lower significance. This part of the policy also gives guidance on what to do if a matter is of high significance.

Step 2 - identify community views - Council will determine what it knows about community views and identify if there is a need for more information.

Step 3 - deciding on an approach to community engagement - the level of significance and what Council wants to know about community views will guide Council on an appropriate level of engagement, and how and when to engage. This part of the policy provides clarity on how and when communities can expect to be engaged in different issues. It also identifies how Council will respond to community preferences about engagement.

3. Step 1 - Determining the level of significance

Significance is about measuring the degree of importance of an issue, proposal, decision, or matter. Council has to determine how people, services, facilities and infrastructure in the District will be affected. Significance is a continuum ranging from matters that have a low impact/risk and therefore low significance, right up to matters that have very high levels of impact/risk and significance.

During the development stages of an issue, proposal, decision or matter, significance should be considered as it will guide both the extent options should be developed, and the degree to which advantages and disadvantages are assessed. Significance should also be considered when determining the appropriate extent and type of community engagement.

Factors-How to assess significance

Each issue, proposal or decision will be considered on a case by case basis to determine whether the decision is significant. Council will take into account the following factors when determining the level of significance. These factors are of equal weighting. The greater the cumulative impact of the matter as assessed by these factors, the more significant the issue, proposal, decision or matter will be: ~~Significance means the degree of importance of the matter as assessed by its likely impact on, and likely consequences for~~

- the likely impact/consequences of the issue, decision or proposal on the current and future social, economic, environmental or cultural wellbeing of the District or region
- the effect on people who are likely to be particularly affected by or interested in; the issue, ~~proposal~~ decision or ~~matter~~proposal
- the financial and non-financial costs and implications of the issue, decision or proposal on Council's capability and capacity ~~the capacity of Council to performs its role, and the financial and other costs of doing so~~
- the scale of any proposed change to levels of service



- the ownership or function of a strategic asset.

Council may also take into account knowledge it has previously gained about the community and its views on an issue to assess whether the matter has a high level of significance.

When determining the significance of a matter that could have a high level of significance, ~~it is recommended that~~ Council staff will discuss the importance of the matter ~~to Māori through Council's partnership with Te Ao Mārama Incorporated, or to take the matter to Te Roopu Taiao forum, which is a meeting of local councils and iwi with our iwi partners.~~

Committees of Council and elected bodies can also be used to help assess the significance of a matter.

Strategic assets

In respect to “strategic assets”, a key consideration is whether an asset is essential to the continued delivery of an “outcome” that Council considers important for the well-being of the community. Decisions to transfer ownership or control of a strategic asset to or from Council cannot be made unless they are first included in the Long Term Plan.

For the purpose of section 76AA(3) of the act, Council considers the following assets, or a network of assets, to be strategic assets:

- roading ~~and~~ bridge network as a whole
- Around the Mountain Cycle Trail as a whole
- ~~individual~~ water treatment plants and reticulation networks as a whole
- ~~individual~~ township ~~sewerage wastewater~~ treatment plants and reticulation networks as a whole
- ~~individual~~ township stormwater reticulation networks as a whole
- portfolio of District reserves (parks/ reserves)
- Stewart Island Electricity Supply Authority.
- ~~Te Anau Airport at Manapouri~~
- ~~community housing as a whole.~~

What to do if a matter is significant

If a matter is considered to be significant, reports will include a statement indicating why this conclusion was reached. The statement will include an explanation of which factors indicate the decision is significant, the potential implications of the decision, the range of community views that might exist, and whether there is a need for a further degree of community engagement before a final decision is made.

Where the proposal or decision is considered to be significant, the report will also include a statement addressing the appropriate observance of ss.77, 78, 79, 80, 81, 82 and 82A of the Act as applicable, together with the corresponding degree of community engagement considered.



4. Step 2 - Identify community views

Step 2 involves Council identifying what it already knows about the community views on a matter, and identifying if there is a need to get more information about community views. Community views are the views and preferences of people likely to be affected by, or to have an interest in, the matter. Determining how Council will identify community views may lead to community engagement. The process of how Council will decide if it needs to seek more information to understand the views in the community is outlined in Appendix 1. In general, Council will take steps to identify community views in the circumstances described below.

When Council will identify community views

When it is required by legislation

Council will consider community views when it has a legislative requirement to do so (as set out by the Local Government Act 2002, Resource Management Act 1991, Reserves Act 1977, [Building Act 2004](#) and Land Transport Management Act 2003). Examples of when Council will identify community views include the adoption and amendment(s) to both the Long Term Plan and a bylaw, transfer of ownership of a significant strategic asset, and changes to financial policies. Council may identify community views more broadly than what is legally required.

When it relates to a significant matter

Subject to consideration of factors in [paragraph 3.3 of this policy](#) the section 'how to assess significance' [above](#), Council will identify community views whenever a 'significant decision' needs to be made. A significant decision is one which has been identified as such under this policy.

Note: a 'significant' decision will not automatically trigger consultation or application of the Special Consultative Procedure (SCP). An outline of what Council must do when it is required to use or adopt the special consultative procedure is outlined in Appendix 2. Further information on the SCP is in ss.86, 87, and 93A of the Act.

For some matters that are not considered significant

In general, where a matter is not considered significant under this policy, Council is unlikely to seek additional information on community views. However, in some situations where Council staff deem community involvement or notification is appropriate, informal feedback or notification processes may be followed.

When Council may not seek additional information on community views

Information is always necessary for the decision making process. However, there are times when it is not necessary, appropriate or possible to seek additional information on community views. If this is the case, Council will make this determination in accordance with the criteria below and notwithstanding any legislative requirements. Council will not identify community views when:

- the matter is not of a nature or significance that requires consultation (s.82(4)(c) LGA)



- Council already has a sound understanding of the views and preferences of the persons likely to be affected by or interested in the matter (s.82(4)(b) LGA)
- there is a need for confidentiality or commercial sensitivity (s.82(4)(d) LGA)
- the costs of consultation outweigh the benefits of it (s.82(4)(e) LGA)
- engagement will not be beneficial as it will not influence the decision (for example if there is only one or very limited viable options available, there may be no benefit in engaging with the community)
- the matter has already been addressed by Council's policies or plans, which have previously been consulted on
- an immediate or quick response or decision is needed or it is not reasonably practicable to engage
- works are required unexpectedly or following further investigations on projects, already approved by Council
- business as usual - the works required are related to the operation and maintenance of a Council asset and responsible management requires the works to take place
- when Council has consulted on the unchanged issue in the last 24 months.

Where the above listed circumstances apply and community feedback is not sought, Council is still required to give consideration to the views and preferences of persons likely to be affected by, or to have an interest in, the matter (s. 78(1) LGA). The Act requires that this consideration be in proportion to the significance of the matters affected by the decision (s.79(1)).

5. Step 3 – Deciding on an approach to community engagement

Once Council has determined the significance of a matter and has determined it needs more information on the range of views held, Council will consider how and when it should engage with the community. Depending on the matter being considered and the stakeholders involved, the preferred method(s) or combination of engagement tools will be identified and applied to meet the goals of the specific engagement.

Council will respond to community preferences about engagement, including the form of consultation that may be desirable, by informing and seeking guidance from councillors. Council will also use engagement methods that have proven over time to be effective at informing the public and generating responses.

There is a variety of ways in which Council engages with the community. In this policy, the types of engagement described relate specifically to Council, community boards and delegated decision-making. The types of engagement described are given as a guide, and Council is not limited to or by the stated methods of engagement.

The significance of the issue, proposal or decision will influence the extent Council explores and evaluates options and obtains the views of affected and interested parties.

Council will apply the principles of s.82 of the act when determining engagement. Council will select the engagement method that it considers most appropriate in the circumstance.



Factors to consider

Southland District Council's strong community focus

The Southland community is at the heart of Council's purpose, vision and mission; therefore, engagement will reflect the need for community input into Council decision-making.

Council is also keen to build on existing relationships and networks with individuals and communities, and look to extend the range of parties involved in the community engagement as appropriate. Council will work to ensure the community is sufficiently informed to understand the issue(s) or proposal, options and impacts and has time to respond, so they are able to participate in engagement processes with confidence.

Legislative Considerations

When Council makes decisions, often legislation will prescribe the consultation and decision-making procedures required. This includes the procedures to be used for public notification, considering submissions and making decisions. Section 82(5) of the Act says that where specific consultation is required under the LGA, or any other enactment, and if inconsistent with any s.82 principle – the other provisions will prevail (to the extent of the inconsistency). Those other acts include, among others, the Reserves Act 1977, the Biosecurity Act 1993, Land Transport Act 1998, [Building Act 2004](#) and the Resource Management Act 1991.

There are a number of decisions that can only be made if they are explicitly provided for in Council's LTP as set out by the LGA 2002 Amendment Act 2014.

These are:

- to alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of Council, including a decision to commence or cease any such activity
- to transfer the ownership or control of a strategic asset to or from Council.

In addition, Council is required at times to use ~~the~~ Special Consultative Procedure (SCP), as set out in s.83 of the Act. The SCP is a prescribed process for consultation set out in the Act. In brief, the SCP requires Council to issue and widely distribute a proposal, which is open for consultation for at least a month, and the community can provide its views. The SCP may also be used for any other decision Council wishes to consult on, and generally this will be when a matter is of high significance. The requirement or use of the SCP does not preclude the need to engage with affected communities. The use of the SCP is predominantly a reflection of the significance of an issue, which in turn identifies the need for appropriate community engagement. Schedule 2 outlines when an SCP is required, and what is required under s.83 of the Act.

Remaining flexible

It is important that Council does not use a ~~homogenous~~ 'one size fits all' approach, and that engagement tools are appropriate to the location, significance of the issue, and community affected. Differing levels and forms of engagement may be required during the varying phases of consideration and decision-making on an issue or proposal, and for different community groups or stakeholders. Council will review the appropriateness and effectiveness of the engagement strategy and methods as the process proceeds. There



may be occasions in which Council chooses to carry out engagement at a level higher than that indicated by the significance of the decision as part of its commitment to promote participatory democracy.

Council will also be open to new and developing methods of engagement through the use of technology and innovation.

The role of elected members

This policy recognises the role of elected representatives, both councillors and community board members, as valued and recognised conduits to the communities they represent. Council, when engaging with affected or interested communities, will recognise the relationship elected members have with the location, specific communities and individuals affected by consultation or engagement initiatives. Participation of elected representatives is an essential step to consider, in light of broader community good, when initiating any project requiring engagement.

Engagement Partnership with Iwi/Māori

A strategic focus for Council is maintaining and enhancing our partnership with Māori. Council has a strong partnership with Te Ao Mārama Incorporated on environmental and Resource Management Act 1991 matters. Council will openly engage with iwi and Māori on other Council business, and encourages openly engaging with Iwi/Māori through this channel or through the Te Roopu Taiao forum.

The level of engagement

Using the International Association of Public Participation engagement spectrum as a basis¹, the method(s) of engagement adopted by Council before it makes a decision may depend on whether or not:

- the matter is of low or no significance (e.g. technical and/or minor amendments to a bylaw or Council policy) and there may be a very small group of people affected by or with an interest in the decision. Council is unlikely to engage on these matters
- the matter is significant only to a relatively small group of people or is of low impact to many. They should be informed about the problem, alternatives, opportunities and/or solutions and/or consulted so that any concerns, alternatives and aspirations they have are understood and considered
- the matter is significant not only to a small group of people particularly affected but also to a wider community that may have an interest in the decision to be made. They may be informed, consulted and/or involved to seek public input and feedback on analysis, alternatives and/or decisions
- for more significant matters Council may elect to collaborate, or partner, with a community in any aspect of a decision including the development of alternatives and the identification of preferred solutions. This is more likely to occur where there is a distinct group of affected or particularly interested people.

¹ International Association of Public Participation [IAP2]-(2007)-IAP2 Spectrum of Public Participation (https://iap2.org.au/wp-content/uploads/2019/07/IAP2_Public_Participation_Spectrum.pdf, Date accessed: 14 August 2020). Retrieved from http://cymcdn.com/sites/www.iap2.org/resource/resmgr/imported/IAP2%20Spectrum_vertical.pdf on 2 January 2017.



Depending on the level of significance and the nature of the issue, proposal or decision being made, by using a range of engagement methods communities may be **empowered** to participate in the decision-making process.

How and when we will engage

Once the appropriate level of engagement has been assessed ~~(in accordance with paragraphs 5.15 and 5.16 above)~~, Council will then consider the range of engagement methods that are appropriate. This process supports community participation through ~~an the Engagement engagement Spectrum spectrum~~ Approach approach.

Council will select the method it considers appropriate in the circumstance, taking into account a range of factors, such as who is affected or who is likely to have a view. Council will remain flexible in its approach to engagement, to ensure that the most appropriate methods are used.

Table 1 below outlines Council's engagement spectrum. The table gives guidance on how and when communities can expect to be engaged in particular matters, relative to their significance. The table also gives examples of what significance has been placed on particular matters in the past, and what types of community engagement has been used for those matters. The table is also a valuable tool for Council staff to inform on the extent of public engagement that might be expected on a matter before a decision is made, and the form or type of engagement that may be required and appropriate.



	LOW LEVEL OF SIGNIFICANCE			HIGH LEVEL OF SIGNIFICANCE	
Level	Inform	Consult	Involve	Collaborate	Empower
what it involves	to provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions	to obtain public feedback on analysis, alternatives and/or decisions	to work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered	to partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	to place final decision making is in the hands of the public
types of matters we might use this type of engagement for	minor change to how Council manages groups of activities upgrade of a reserve area	LTP and Annual Plan where there are significant changes from the content of the LTP for that financial year policies such as the Easter Sunday Shop Trading Policy and the Unmanned Aerial Vehicle Policy	development of options for a policy change that is deemed significant (eg. moving from land to capital value for rating purposes)	development options for a new large capital project which has a community focus and has a large number of options (eg. Te Anau wastewater project)	community halls
examples of engagement tools Council might use	Council newsletter, weekly/daily newspapers, community newsletters, electronic messages (eg. email, online newsletters, social media posts) , flyers, website, radio	submissions, hearings, feedback processes, surveys, open days	local meetings, social media, targeting existing organisations within the community (eg. service clubs)	talking with communities, key partnerships with existing community organisations, hall committees	community boards; Community Development Area Subcommittees.
when the community can expect to be involved	Council will generally advise the community when a decision is made	Council will advise the community when a draft decision is made and generally provides the community with up to four weeks to participate and respond	Council will generally provide the community with a greater lead-in time to allow them time to be involved in the process	Council will generally involve the community at the start to scope the issue, again after information has been collected and again when options are being considered	Council will generally involve the community at the start to scope the issue

Table 1: Southland District Council's engagement spectrum approach



6. Roles and responsibilities

ROLE	RESPONSIBILITIES
Council	<ul style="list-style-type: none"> determine degree of significance of an issue determine whether or not to engage link level of significance to appropriate levels of engagement use determined level of significance to decide how much time, money and effort Council will invest in exploring and evaluating options and obtaining the views of affected and interested parties.
Communications manager, ELT	ensure that engagement with the community meets the degree of significance determined by Council
<u>All Council staff</u>	<u>ensure that the policy is given full effect</u>

7. Associated documents

Local Government Act 2002

Southland District Council Engagement Strategy

8. Review and revision record

The policy will be reviewed within three years of adoption at each triennial, aligned with Council elections or sooner as required. Any amendments shall be made with the approval of Council.

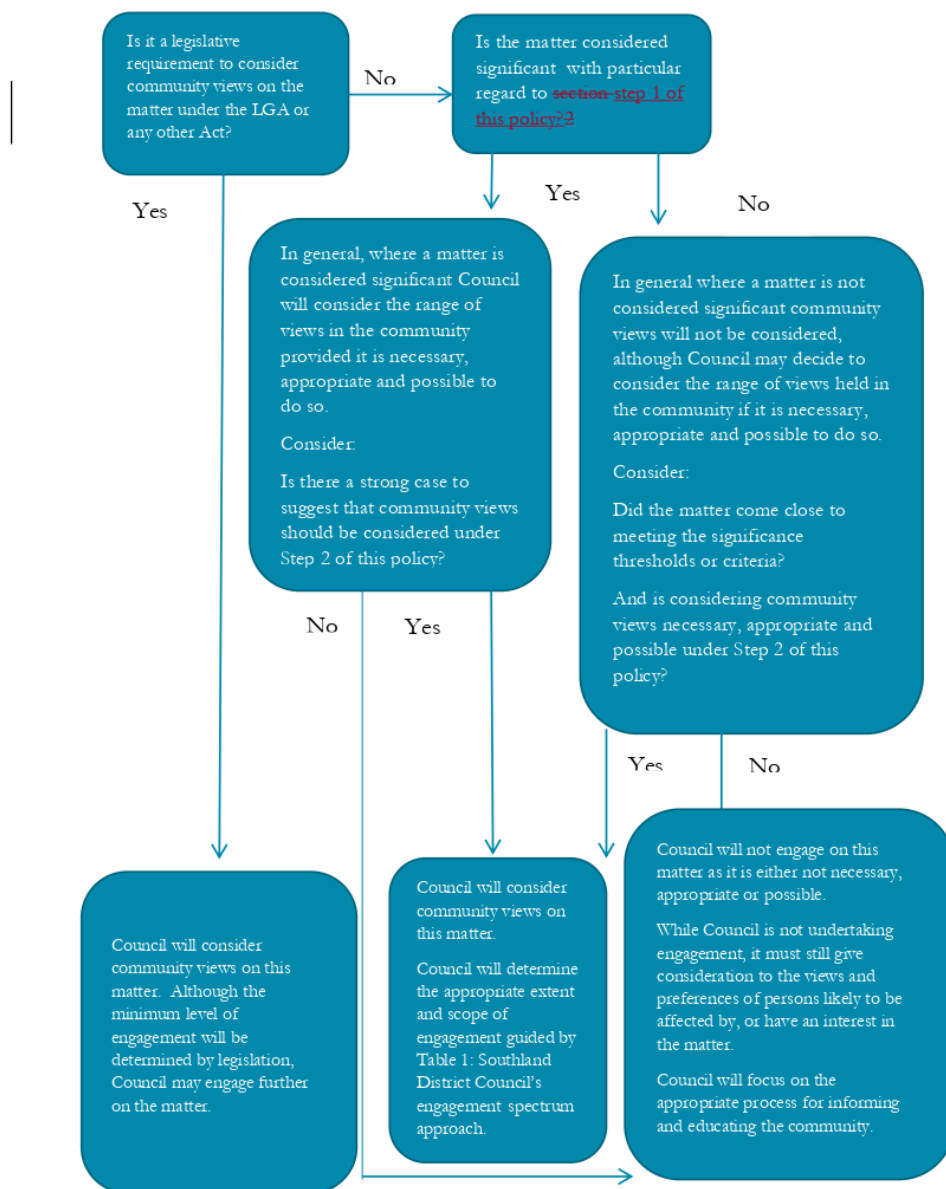
Date	Version	Revision description
28 January 1999	N/A	Consultation Policy
27 November 2003	R/03/7/6677	Consultation Policy
26 June 2003	R/09/9/13601	Significance Policy
28 June 2006	R/12/1/808	Significance Policy
29 October 2014	R/14/8/11821	Significance and Engagement Strategy Policy
2017	R/16/11/19694	Significance and Engagement Strategy Policy
<u>xx 2021</u>	<u>R/20/8/46866</u>	<u>Significance and Engagement Policy</u>

9. Implementation

This policy will become effective immediately upon adoption by Council.

10. Appendices

Appendix 1: Significance and engagement flowchart



Draft Significance and Engagement Policy

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Appendix 2: Special Consultative Procedure (SCP)

The Local Government Act 2002 requires Council to use the SCP for:

- adoption of or amendment to the LTP (including significant amendments to the Revenue and Financing Policy)
- revocation, adoption or amendment to a bylaw
- transfer of ownership of a significant strategic asset.

It is important to note that formal consultation by the SCP is a structured process outlined in legislation and supported by caselaw. This type of consultation applies in some decision making processes. In other engagement processes, however, there are no explicit statutory or legal rules constraining or defining community engagement processes. The Act has given local authorities the ability to determine this as appropriate for their communities.

At the time of writing this policy there are a number of other acts that require use of the Special Consultative Procedure, including but not limited to:

- Sale and Supply of Alcohol Act 2012
- Local Government Act 1974
- Building Act 2004
- Local Government (Rating) Act 2002
- Psychoactive Substances Act 2013,
- Dog Control Act 1996
- Waste Minimisation Act 2008
- Freedom Camping Act 2011
- Land Transport Management Act 2003
- Biosecurity Act 1993
- ~~Fire and Emergency New Zealand Act 2017~~ ~~Civil Defence Emergency Management Act 2004~~
- Maritime Transport Act 1994.

Section 83 of the act states the requirements of the SCP. This section is included below.

83 Special Consultative Procedure

- 1 Where this act or any other enactment requires a local authority to use or adopt the special consultative procedure, that local authority must -
 - (a) prepare and adopt -
 - (i) a statement of proposal; and
 - (ii) if the local authority considers on reasonable grounds that it is necessary to enable public understanding of the proposal, a summary of the information contained in the statement of proposal (which summary must comply with section 83AA of the act; and
 - (b) ensure that the following is publicly available:



- (i) the statement of proposal; and
 - (ii) a description of how the local authority will provide persons interested in the proposal with an opportunity to present their views to the local authority in accordance with section 82(1)(d) of the Act; and
 - (iii) a statement of the period within which views on the proposal may be provided to the local authority (the period being not less than 1 month from the date the statement is issued); and
 - (c) make the summary of the information contained in the statement of proposal prepared in accordance with paragraph (a)(ii) of the Act (or the statement of proposal, if a summary is not prepared) as widely available as reasonably practicable as a basis for consultation; and
 - (d) provide an opportunity for persons to present their views to the local authority in a manner that enables spoken English, Māori, and/or New Zealand sign language interaction between the person and the local authority, or any representatives to whom an appropriate delegation has been made in accordance with Schedule 7 of the Act; and
 - (e) ensure that any person who wishes to present his or her views to the local authority or its representatives as described in paragraph (d)
 - (i) is given a reasonable opportunity to do so; and
 - (ii) is informed about how and when he or she may take up that opportunity.
2. For the purpose of, but without limiting, subsection (1)(d), a local authority may allow any person to present his or her views to the local authority by way of audio link or audio visual link.

Draft Policy on Development and Financial Contributions - Consultation

Record No: R/20/9/51775
Author: Carrie Adams, Intermediate Policy Analyst
Approved by: Anne Robson, Chief Financial Officer

☒ Decision

☐ Recommendation

☒ Information

Purpose

- 1 The purpose of this report is to present the draft Policy on Development and Financial Contributions (the draft policy), for Council to endorse for consultation.

Executive Summary

- 2 Council has a combined policy that outlines the approach to both development and financial contributions. The current policy is included with this report as Attachment A.
- 3 Development contributions (DCs) are established under the Local Government Act 2002 (the LGA) and are a capital charge on development to recover a fair, equitable and proportionate share of the capital costs that development imposes on network/community infrastructure. Financial contributions (FCs) are established under the Resource Management Act 1991 (the RMA) and are a capital charge for works undertaken to mitigate the environmental effects of subdivision, land use and development.
- 4 The draft policy is included with this report as Attachment B. The draft policy is consistent with the current policy in that it puts the collection of DCs into remission on the basis that Council wants to encourage growth. The FC part of the policy is operative.
- 5 Only minor changes have been made to the draft policy. Data on projected population growth in the District has been updated to give a more accurate view of the likely growth. Minor changes have also been made to update legislation and dates. Schedules one and two have also been updated. These schedules outline the projects being undertaken over the period for the Long Term Plan (LTP) 2021-31 that have a demand related component.
- 6 If Council endorses the draft policy and releases it for consultation, staff will undertake a consultation process in accordance with s.82 of the LGA from 8am on 4 November 2020 to 5pm on 4 December 2020.
- 7 If Council endorses the draft policy and releases it for consultation, it is recommended Council make a delegation to the chief executive, giving the chief executive the authority to approve minor amendments to the schedules in the draft policy, before the commencement of the public consultation period.

Recommendation

That the Council:

- a) **Receives the report titled “Draft Policy on Development and Financial Contributions - Consultation” dated 15 October 2020.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Agrees to consider the draft Policy on Development and Financial Contributions.**
- e) **Agrees to endorse and releases the draft Policy on Development and Financial Contributions for consultation, in accordance with section 82 of the Local Government Act 2002, from 4 November 2020 to 4 December 2020.**
- f) **Agrees to delegate to the chief executive the authority to approve minor amendments to the schedules in the draft policy, before commencement of the public consultation period.**

Background

- 8 Council currently has a combined policy on development and financial contributions. For the 2015-25 LTP and the 2018-28 LTP, the DCs part of the policy was put into remission, so no DCs are currently being collected. Council agreed that not collecting DCs was appropriate as encouraging development in the District would result in benefits for the broader community. Council also recognised that when new developments occur, these often contribute significantly to ongoing community wellbeing and also contribute financially on an ongoing basis through rates.
- 9 If operative, in its current state, the Development and Financial Contributions Policy would allow DCs to be taken for water supply, wastewater and community facilities. The FCs in the policy, which are collected through resource consents under the District Plan, currently apply in the District, and are taken for roading and reserves.
- 10 DCs and FCs have not been a significant revenue stream for Council. Approximately \$57,000 of FCs have been collected since the current policy was adopted in 2018. While contributions do have the potential to be a useful funding source for some specific projects, the ability to realise that revenue is dependent on the economic cycle and trends in development and also what demand-related capital expenditure is carried out.
- 11 It should also be noted that any DCs and FCs collected, which are not used for the specified purposes for which they were collected, must be returned within 10 years. For FCs, this only includes FCs collected under the provisions of the current District Plan. Under the previous District Plan, not all FCs included a time limit for return.

Issues

Having the DC part of the policy in remission

Requirement for growth

- 12 Section 197AB(a) of the LGA requires that DCs only be assessed for demand related expenditure. As such, DCs should only be assessed where there is projected growth that is likely to increase demand for services/activities and where capital expenditure is planned to meet this additional demand. As was discussed at the LTP workshop held 24-25 August 2020, there is some population growth predicted in parts of the District over the period of the 2021-31 LTP, which may justify imposing DCs.
- 13 In order to justify imposing DCs, activity managers would also need to be planning capital expenditure related to growth. This is the only type of expenditure that can be considered in the assessment of DCs (all operational costs, maintenance and overheads etc are excluded). As was outlined at the Council workshop in August, there are two projects planned that will have capital expenditure relating to growth, discussed in more detail below.

Further legislative requirements

- 14 Council must also consider s.101(3)(a) of the LGA, when it determines the sources for expenditure requirements. This section states that funding needs to meet expenditure requirements, must be met from sources that Council determines to be appropriate, following a consideration of a number of matters. These factors include who is benefiting, and when the benefits are expected to occur. Council also must consider the overall impact of any allocation of liability for revenue needs on the community.
- 15 Council's consideration of these matters, as it relates to the funding of capital expenditure, is outlined in the Revenue and Financing Policy. The analysis contained in the Revenue and Financing Policy is also applicable to this policy.

Incorporating feedback from the 24-25 August 2020 LTP workshop

- 16 At the LTP workshop in August, councillors discussed that DCs may discourage new development and consequently impede or act as a barrier to new economic development. This was viewed as contrary to Council's aspirations for encouraging growth. Councillors recognised that when new developments occur, these often contribute significantly to ongoing community wellbeing and also contribute financially on an ongoing basis through rates. On this basis, councillors were keen to continue with the current approach of having the DC part of the policy in remission.

Changes included in the draft policy

- 17 Only minor changes have been made to the draft policy. Population projection data has been updated to try and give a current view on the likelihood of growth in the District. Minor changes have also been made to update legislation and dates.
- 18 Staff have also included in the schedules to the draft policy the projects being undertaken in the LTP 2021-31 that have a demand related component. Currently two demand related projects have been identified, the Te Anau wastewater and Riverton cemetery projects. It is possible that additional projects and updated figures may be identified prior to the draft policy being released for consultation. If Council endorses the draft policy as a whole now, staff would have to come

back to Council again to amend the schedules. To address this, staff recommend a delegation be made to the chief executive, to approve minor changes to the schedules, prior to the public consultation period.

Factors to Consider

Legal and Statutory Requirements

- 19 Section 102 of the LGA requires that Council have a policy on DCs or FCs.
- 20 Section 106 of the LGA sets out the requirements of the policy. Sections 197-211 and Schedule 13 cover the application and calculation methodology related to contributions.
- 21 When developing a financial and development contributions policy, Council must consider a number of principles that are outlined in the LGA. Section 197AB(a) outlines that DCs should only be required if developments will create or have created the need for Council to provide new or additional assets or assets of increased capacity.
- 22 Council must also consider the principle in s.197AB(c) of the LGA, which outlines that cost allocations used to establish DCs should be determined according to, and be proportional to, the persons who will benefit from the assets to be provided (including the community as a whole) as well as those who created the need for those assets.
- 23 Council may review its position on contributions at any time, but is required do so no more than three years from the date on which it adopts an LTP. The policy therefore must be reviewed by June 2021. The reason that review of this policy is occurring now, is so that decisions made as outcomes of the review process can inform the LTP 2021-31.
- 24 There is no legislative requirement for this policy to be included in the LTP. The policy is required to be released for public consultation in compliance with s.82 of the LGA.

Community Views

- 25 It is proposed that Council will undertake consultation on the draft policy in accordance with s.82 of the LGA.
- 26 Council will make the draft policy and relevant information publicly available (in accordance with s.82A of the LGA), and encourage people to give feedback on Council's 'make it stick' platform, by:
 - placing an advertisement in the Ensign and Southland Express
 - promoting the consultation on Council's Facebook page
 - having the draft policy accessible on Council's website and at all of its offices
 - encouraging community boards to make a submission.
- 27 It is proposed that this consultation process be run parallel to other Council policies: the Revenue and Finance Policy, the Remission and Postponement of Rates Policy, the Procurement Policy and the Significance and Engagement Policy.
- 28 The consultation process proposed will allow Council to consider community views regarding this policy.

Costs and Funding

- 29 As the draft policy has the same approach to both DCs and FC as the current policy, the funding obtained through FCs is likely to be similar to what is currently collected. The revenue collected will be dependent on the economic cycle and trends in development.
- 30 There will only be minor costs associated with progressing the draft policy through the consultation process, including the costs associated with staff time and advertising. These costs will be met within current budgets.

Policy Implications

- 31 The draft policy would continue to have DCs in remission. This means that if the draft policy is adopted, DCs will not be assessed when development takes place.
- 32 Continuing to have the DC part of the policy in remission would mean that the costs associated with demand are borne by ratepayers (and by those who have paid previous DCs). However, Council has taken an approach that encourages development in Southland District, recognising that this will benefit the community as a whole.

Analysis

Options Considered

- 33 There are two options for consideration in this report:
- option 1 – that Council endorse the draft policy (with any desired amendments) for consultation in accordance with s.82 of the LGA.
 - option 2 - that Council delay consultation and propose a different way forward.

Analysis of Options

Option 1 – that Council endorse the draft policy for consultation

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• captures community views on the draft policy• the draft policy has been updated• achieves legislative compliance• may encourage growth and development in Southland District, which would have wide public benefit.	<ul style="list-style-type: none">• by having the DC part of the policy in remission, it may frustrate some developers who have already paid DCs• Council may miss assessing DCs on a development• rate payers may not like bearing the cost of demand related expenditure.

Option 2 – that Council propose a different way forward

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• would give further clarity on councillors' views regarding the policy.	<ul style="list-style-type: none">• will be difficult to complete review of the policy prior to 2021-31 LTP consultation.

Assessment of Significance

- 34 It has been identified that this matter is of lower significance in relation to the Significance and Engagement Policy. No major changes are proposed to the current policy.

Recommended Option

- 35 It is recommended that Council proceed with option 1 and endorse the draft policy (with any desired amendments) for consultation in accordance with s.82 of the LGA.

Next Steps

- 36 If Council endorses the draft policy, staff will undertake a consultation process in accordance with s.82 of the LGA from 4 November to 4 December 2020. It is intended that the written submissions received will be presented to Council in early 2021.
- 37 If, after undertaking consultation, Council endorses the proposed changes in the draft policy, Council would then adopt the policy with it to come into effect soon after adoption, in 2021.
- 38 If Council proposes a different way forward, staff will outline next steps in line with the approach taken.

Attachments

- A Current Policy on Development and Financial Contributions [↓](#)
- B Draft Policy on Development and Financial Contributions for Council 21 October 2020 [↓](#)



Policy on Development and Financial Contributions 2018-2028

Group Responsible: Finance

Date Approved: 20 June 2018

Date Amended:

File No: r/17/10/24438

1 Introduction

1.1 Purpose

To provide predictability and certainty about the sources and levels of funding by enabling Council to recover development contributions from those persons undertaking development, a fair, equitable, and proportionate share of the total cost of capital expenditure necessary to service growth over the long term and to recover financial contributions to deal with the adverse effects of new development in the Southland District.

1.2 Statutory context

- 1.2.1 Council is required by Section 102(2)(d) of the Local Government Act 2002 (the Act), to have a policy on development contributions or financial contributions.
- 1.2.2 Council has chosen to use both development contributions and financial contributions to recover the total cost of capital expenditure necessary to service new development and to deal with its effects.
- 1.2.3 Financial contribution provisions for recovering the growth related costs of roading and reserves are detailed in Section 2.14 of the Proposed District Plan.
- 1.2.4 This policy deals with development contributions for water supply, sewerage and community infrastructure.
- 1.2.5 Council, in addition to determining matters of content in this policy, has determined:
 - a) that the decision to adopt the Southland District Policy on Development and Financial Contributions 2018 - 2028 is a significant decision;
 - b) that it believes it has met the decision-making and consultation requirements of the Act to the extent required.

Development and Financial Contributions Policy 2018-2028
Enter publish date

Southland District Council
Te Rohe Pōtae o Murihiku

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1.3 Growth and development

- 1.3.1 The population of Southland District grew by 900 persons (3.1%) in the 12 years between 2001 and 2013. The total number of dwellings increased by just over 1,000 (9.4%) and the number of rating units increased in the same period. Projections by Infometrics Limited estimate there will be approximately 2,000 more people in the District by 2028, based on a medium growth projection. It has been identified that growth is not going to be evenly distributed across towns in the District, and that some towns will experience negative growth.
- 1.3.2 In making this policy, Council has considered the matters under Section 101(3) of the Act. Section 101(3)(b) of the Act states that the funding needs to meet expenditure requirements must be met from sources that the local authority determines to be appropriate, following a consideration of the overall impact of any allocation of liability for revenue needs on the community.

1.4 Remission of policy and background

- 1.4.1 This Southland District Policy on Development and Financial Contributions 2018 – 2028 policy is currently in remission and development contributions will not be required under it. The financial contributions provisions in the Southland District Plan are not in remission and continue to apply to development in the Southland District.
- 1.4.2 As Council want to encourage development and economic growth in the District, Council proposes to fund the total cost of capital expenditure for water supply and sewerage necessary to service development from sources other than development contributions. Development contributions will not be required under this policy until resolved otherwise by Council in which case the provisions of the policy will apply in full. Council has full discretion as to the timing of a review.
- 1.4.3 Council will continue to require financial contributions for roading and reserves under Section 2.14 of the Proposed Southland District Plan. Council is concerned that in the event of any substantial development, the resulting costs for roads and reserves to serve the development could affect the level of rates unless funded by financial contributions. The ability to require financial contributions will not limit the ability of Council to impose resource consent conditions requiring an applicant to carry out roading and reserves works to offset the adverse effects of a development.
- 1.4.4 Council may review its position on remissions at any time but shall do so no more than three years from the date on which it adopts its Long Term Plan.
- 1.4.5 Prior to 2012, the development contributions policy applied to development across Southland District and application of the policy resulted in persons undertaking new developments in the Southland District being subject to a development contributions regime.
- 1.4.6 Council has been conscious of the fact that development contributions may have previously been an impediment or barrier to new economic development. This is contrary to the Council's aspirations for encouraging growth. The Council also recognises that when new developments



occur, these often contribute significantly to ongoing community wellbeing and also contribute financially on an ongoing basis through rates.

- 1.4.7 In recognition of this, the Council removed development contributions from most parts of the District in 2012. The 2012-22 development contribution policy was limited to reserves across the district, and water and sewerage projects at Te Anau (and only in cases where developments proposed to connect to reticulated services).

2 Policy details

Council has considered all matters it is required to consider under the Act when making a policy on development contributions or financial contributions. The Council has also considered requirements in Section 106, Section 201 and Section 201A of the Act relating to the content of such a policy. Policy resulting from these considerations is set out in this section. The way in which the policy will be applied in practice is set out in Section 3.

2.1 Appropriate sources of funding

- 2.1.1 Council incurs capital works expenditure in order to:
- a) provide additional capacity in assets to cater for new development;
 - b) improve the level of service to existing households and businesses;
 - c) meet environmental and other legislative requirements; and
 - d) renew assets to extend their service life.
- 2.1.2 Section 101(3)(a) of the Act states that the funding needs to meet these expenditure requirements must be met from sources that Council determines to be appropriate, following a consideration, in relation to each activity, of a number of matters. Council's consideration of these matters as it relates to the funding of capital expenditure is outlined in the Revenue and Financing Policy. The analysis contained in the Revenue and Financing Policy is also applicable to this policy.
- 2.1.3 Council has had regard to and made the following determinations under each activity in relation to the matters set out under section 101(3)(a)(i) to (v) of the Act:
- a) that development contributions are an appropriate source of funding for providing additional capacity in water supply, sewerage and community infrastructure assets because when development occurs it takes up capacity in these assets and requires Council to provide additional capacity in existing assets or new assets or to serve the development;
 - b) that financial contributions are an appropriate source of funding for roading and reserves assets because the Council only seeks contributions towards these assets to mitigate adverse effects in the vicinity of developments and not to fund these assets in the wider network;
 - c) community infrastructure contributions will only be required on residential developments although the Council may still require financial contributions for reserves on non-residential developments as a condition of resource consent under the Resource Management Act 1991.
- 2.1.4 In keeping with the principles in Sections 197AB(e) and (f) of the Act, Council is required to make information available and provide certain schedules.



- 2.1.5 Section 201A of the Act requires a development contribution policy to include a schedule of assets, and specifies the contents of that schedule. This requirement is met by Schedule 1 of this policy.
- 2.1.6 Section 106 of the Act requires Council to:
- a) summarise and explain the total cost of capital expenditure that Council expects to incur to meet the increased demand for community facilities resulting from growth; and
 - b) state the proportion of that total cost of capital expenditure that will be funded by—
 - i. development contributions;
 - ii. financial contributions; and
 - iii. other sources of funding.
- 2.1.7 These requirements are met in Schedule 2 of this policy.
- 2.1.8 Section 201 of the Act requires inclusion in a development contribution policy of a schedule of development contributions. This requirement is met by Schedule 3 of this policy.

2.2 Financial contributions

- 2.2.1 The Resource Management Act 1991 authorises local authorities to impose financial contributions to address effects associated with subdivision, land use or development. Council may require a financial contribution, as a condition of consent, in accordance with any relevant rule in the Southland District Plan.
- 2.2.2 Provisions regarding financial contributions towards roading and reserves infrastructure are detailed in Section 2.14 of the Proposed District Plan and should be referred to when reading this policy. The financial contribution rules in Section 2.14 the Proposed Southland District Plan are operative.
- 2.2.3 Section 106(2)(f) of the Act states that if financial contributions will be required this policy must summarise the provisions that relate to financial contributions.
- This summary is set out in Appendix 4.

2.3 Limitations on contributions

- 2.3.1 While Council is able to seek both development contributions for infrastructure under the Local Government Act 2002 and financial contributions under the Resource Management Act 1991, Section 200 of the Local Government Act 2002 prevents Council from requiring a development contribution where it has imposed a contribution requirement on the same development under the Resource Management Act 1991 or where developers or other parties fund the same infrastructure for the same purpose.
- 2.3.2 Although under the Southland District Plan, Council may impose a financial contribution as a condition of resource consent, it shall ensure that no condition of resource consent is imposed that would require work to be done or funded that is identified in the Long Term Plan and funded in whole or in part by development contributions.



- 2.3.3 Nothing in this policy, including the amounts of development contribution payable in Schedule 3, will diminish from any other legal requirement to make a payment for community facilities other than a development contribution, including connection fees or any other fee required to be paid pursuant to any other policy or bylaw or by agreement with Council.

2.4 Limitations on costs eligible for inclusion in development contributions

- 2.4.1 In calculating development contributions under this policy, the contributions shall not include the value of any project or work or part of any project or work required for:
- a) rehabilitating or renewing an existing asset; or
 - b) operating and maintaining an existing asset.
- 2.4.2 In accordance with Section 200(1) of the Act, no development contribution calculated under this policy shall include the value of any funding obtained from third parties, external agencies or other funding sources in the form of grants, subsidies or works. This limitation shall not include the value of works provided by a developer on behalf of Council and used as a credit against contributions normally payable, which Council may seek to recover from other developers in contributions.
- 2.4.3 Council may require development contributions where it has incurred capital expenditure via a third party and has provided a credit against development contributions payable by any person where that person has incurred capital expenditure on behalf of Council, which provides additional capacity to serve further development.
- 2.4.4 The value of any subsidy or grant toward the value of any project or work shall be deducted prior to the allocation for funding of the balance portion of project cost between development contributions and other sources of Council funding.

2.5 Vested assets and local works

- 2.5.1 The value of assets vested or expenditure made by a developer, pursuant to a requirement under the Resource Management Act 1991, shall not be used to off-set development contributions payable on a development unless all or a portion of such assets or expenditure can be shown to avoid or reduce the need for Council to incur costs providing an asset that is included in its capital works programme, for which development contributions are sought.
- 2.5.2 The value of assets vested or expenditure made voluntarily by a developer to enhance a development shall not be used to offset development contributions payable on development.

2.6 Past surplus capacity provided

- 2.6.1 In accordance with Section 199(2) of the Act, development contributions may be required to fund capital expenditure already incurred by Council in anticipation of development, prior to the adoption of this policy.
- 2.6.2 Where Council has in recent years incurred expenditure to undertake works or acquire land in anticipation of development, it may seek to recover this expenditure from development



contributions yet to be made. Council may include the value of past surplus capacity in its calculation of development contributions.

2.7 Cumulative and network effects

- 2.7.1 In accordance with Section 199(3) of the Act, development contributions may be required under this policy, where a development, in combination with other developments, has a cumulative effect including the cumulative effect of developments on network infrastructure.

2.8 Geographic grouping (Catchments)

- 2.8.1 In keeping with the principle in Section 197AB(g) of the Act, Council considers that development contributions should be required from new development on a geographic basis using separate catchments those being determined:
- a) in a manner that balances practical and administrative efficiency with considerations of fairness and equity; and
 - b) avoids, wherever practical, grouping across the entire District.
- 2.8.2 A catchment is an area of the Southland District within which growth and development is occurring, which is likely, either solely or cumulatively, to give rise to the need for, or benefit from, particular Council activities.
- 2.8.3 This policy avoids the use of district-wide catchments for the recovery of development contributions.
- 2.8.4 This policy uses four separate ward based catchments for community infrastructure assets because it is considered impractical to divide the areas of benefit of these types of asset into smaller geographic areas.
- 2.8.5 The policy uses separate local scheme-by-scheme catchments for water supply and sewerage activities. Development contributions will be payable only where the service is available and in the case of water supply and sewerage, only to those new households, businesses or other developments connecting to the networks concerned. It is considered reasonably practical to administer the policy using local scheme-by-scheme catchments.
- 2.8.6 The catchments used in this policy are summarised in Appendix 2.

2.9 Principles of cost allocation

- 2.9.1 In keeping with the principle in Section 197AB(a) of the Act an asset should not be considered for cost allocation for recovery through a development contribution unless it is a new or additional asset or an asset of increased capacity required to be provided by the Council to deal with the effects of developments.
- 2.9.2 In keeping with the principle in Section 197AB(c) of the Act, the cost of any project identified in the Long Term Plan will, after deductions for subsidies and other sources of funding, be allocated between:



- a) the costs if any for improving levels of service to existing households and businesses by bringing assets up to the service standard and/or by providing additional service life, to be expressed as the ILOS cost; and
 - b) the costs if any for providing additional capacity to service the development of new households and businesses, to be expressed as the AC cost.
- 2.9.3 Council will allocate project cost between ILOS costs and AC costs, in the manner described in Section 4.0 - Methodology.
- 2.9.4 The methodology used to allocate costs is a need/benefits matrix approach.

2.10 Capacity life of assets

- 2.10.1 In keeping with the principle in Section 197AB(b) of the Act, Council has considered the period over which the benefits of capital expenditure for new development are expected to occur. It considers that capital expenditure on infrastructure during the Long Term Plan period should be recovered over the full take-up period of each asset, from all development that created the need for that expenditure or will benefit from capacity it provides, including development occurring after the Long Term Plan period.
- 2.10.2 Council has determined that:
- a) new development occurring in the Long Term Plan period will contribute only to that proportion of additional asset capacity that it is expected to consume;
 - b) future development occurring after the Long Term Plan period will contribute toward the remaining surplus capacity in assets at the end of that period.
- 2.10.3 In calculating the development contributions payable by new development for each activity type, Council will:
- a) include the value of any past surplus capacity in assets provided after 1 July 2005 that is expected to be consumed by new development, where this can be identified and where it can be shown to have been provided in anticipation of growth;
 - b) include the value of capacity in assets to be provided in the Long Term Plan period, that is expected to be consumed by new development; and
 - c) exclude the value of remaining surplus capacity in assets at the end of the Long Term Plan period, which is likely to be consumed by future development.
- 2.10.4 Recovery of the whole of a project's cost from only those households and businesses establishing in the Long Term Plan period may place an unfair burden on them. Households and businesses developing after the period will arrive to a fully paid up asset with spare capacity for their developments.
- 2.10.5 This policy uses a development contributions calculation period extending from 1 July 2005 (to include past surplus capacity) to 30 June 2048 - 30 years after the adoption of the Policy to ensure more equitable attribution under Schedule 13 of the Act.
- The 30 year future outlook is to take account of major infrastructure projects that may retain spare capacity for up to 30 years, particularly as a result of prolonged periods of slow growth as have been experienced in Southland District.



2.11 Significant assumptions

- 2.11.1 Section 201(1)(b) of the Act requires this policy to set out the significant assumptions underlying the calculation of the schedule of development contributions, including an estimate of the potential effects, if there is a significant level of uncertainty as to the scope and nature of the effects.
- 2.11.2 The significant assumptions underlying the calculation of the schedule of development contributions are that:
- a) the rate, level and location of growth will occur as forecast in the rating growth projections accompanying the Long Term Plan;
 - b) capital expenditure will be in accordance with the capital works programme in the Long Term Plan and future capital expenditure is based on the best available knowledge at the time of preparation. These are to take into account known or likely construction costs and assumed inflation rates;
 - c) no significant changes to service standards are expected to occur in the Long Term Plan period other than those planned for in the Asset Management Plans;
 - d) the level of any third party funding for projects will continue at predicted levels for the period of the Long Term Plan;
 - e) there will be no significant variations to predicted rates of interest and inflation to those set out in the Long Term Plan;
 - f) each residential dwelling comprises the average number of residents from the 2013 Census. The demand on Council assets placed by a standard dwelling (Unit of Demand) is assumed to be 2.5 persons per dwelling and this is applied district-wide.
- 2.11.3 An assessment of effects, if there is a significant level of uncertainty as to the scope and nature of the effects, is set out in Appendix 3 of this policy.

2.12 Financial policy

- 2.12.1 All project costs used in the development contributions section of the policy should be based on current estimates of infrastructure construction prices at the time of planning in the dollars of the year of planning, with inflation of all capital costs over the period using local government cost adjusters supplied by a commercial research and analysis agency, such as BERL.
- 2.12.2 All capital expenditure and development contributions contained in this policy are exclusive of GST (except where shown to be inclusive).
- 2.12.3 No cost of capital, including interest is included in growth cost calculations for the purposes of this policy.

2.13 Policy on existing lots or development

- 2.13.1 When granting a consent or authorising a connection for development, and calculating the units of demand from that development, Council will deduct the units of demand generated by existing



lots or development already legally established at the date of granting consent, other than as required in sections 2.13.2, 2.13.3 and 2.13.5 below.

- 2.13.2 Section 2.13.1 shall apply to any lot or development that:
- a) was already legally established at the date on which this policy became operative, on 1 July 2018; or
 - b) has been legally established since the date on which this policy became operative and for which a development contribution has been paid; or
 - c) is not yet legally established but for which a development contribution has been paid (and not refunded).
- 2.13.3 Legally established development includes buildings and structures which can be shown to have been in existence on but have been demolished up to three years prior to this policy becoming operative on 1 July 2018.
- 2.13.4 Section 2.13.1 shall not apply to any lot or development for which a contribution has been required and has not yet been paid.
- 2.13.5 Council may require a development contribution to be paid for any existing legally established lot or development, in a water supply or sewerage area, with no connection to the service, which is to be connected for the first time or seeks connection to either a water supply network or a sewerage network, as the case may be, where no development contribution or other such payment for these services can be shown to have been previously paid.
- 2.13.6 Council may require a development contribution to be paid for any existing legally established lot that has previously been prevented from being developed by any open space covenant or by any other restriction registered against the title of the lot and that covenant or restriction has been removed.
- 2.13.7 In considering legally established developments already on a development site, the Council will use the current or most recent use of the site and not its zoning to determine the existing units of demand that will be deducted when calculating the development contribution.

2.14 Use of development contributions

- 2.14.1 In keeping with the principle in Section 197AB(d) of the Act, development contributions will be used:
- a) for or towards the purpose of the activity or the group of activities for which the contributions were required; and
 - b) for the benefit of the Southland District or the part of the district that is identified in the Southland District Policy on Development and Financial Contributions 2018 – 2028 in which the development contributions were required.
- 2.14.2 Development contributions will be used for the capital expenditure for which they were required in accordance with section 204(1) of the Act and will not be used for the maintenance of reserves, network infrastructure or community infrastructure.



2.15 Network infrastructure

- 2.15.1 Under Section 197 of the Act, the term development excludes the pipes and lines of any network utility operator. Council will not seek development contributions for the installation or expansion of network infrastructure, including the pipes, lines, roads, water supply, wastewater and stormwater networks by network utility operators.
- 2.15.2 Section 2.15.1 does not apply to development by network utility operators carried out in order to run their normal business such as offices, industrial buildings, warehouses and storage areas, which may be liable for the payment of development contributions.

2.16 Policy on remission or postponements of development contributions

- 2.16.1 In accordance with Section 201(1)(c) of the Act, Section 3.5 of this policy includes provisions that will enable Council to consider remissions and postponements of development contributions.

2.17 Policy on refunds

- 2.17.1 Council will refund development contributions in accordance with the requirements of Sections 209 and 210 of the Act.

2.18 Development agreements

- 2.18.1 The Council may enter into development agreements with developers for the provision, supply, or exchange of infrastructure, land, or money to provide network infrastructure, community infrastructure, or reserves the District or a part of the District. The provisions of Sections 207A to 207F shall apply to such agreements.

3 Practical Application

3.1 Requirement for Development Contributions

- 3.1.1 Upon granting:
- a) a resource consent under the Resource Management Act 1991;
 - b) a building consent under the Building Act 1991;
 - c) an authorisation for a service connection;

Council will determine whether the activity to which the consent or authorisation relates is a "development" under the Act, which:

- a) has the effect of requiring new or additional assets or assets of increased capacity (including assets which may already have been provided by Council in anticipation of development); and



- b) as a consequence requires (or has required) Council to incur capital expenditure to provide appropriately for those assets; and
 - c) that capital expenditure is not otherwise funded or provided for.
- 3.1.2 Upon determining that the activity is a “development”, Council may require a development contribution to be made towards the activity associated with that development, according to the geographic catchment in which the development is located, for:
 - a) water supply;
 - b) sewerage; and
 - c) community infrastructure.
- 3.1.3 Council shall calculate the development contribution payable at the time of granting the consent or authorisation and issue an assessment of development contributions payable.
- 3.1.4 A development contribution may be paid at any time from the date of assessment up to the date when the contribution is required to be paid as a result of Council issuing an invoice.
- 3.1.5 In accordance with Section 198(2A) of the Act, a development contribution must be consistent with the content of the policy that was in force at the time that the application for a resource consent, building consent, or service connection was submitted.
- 3.1.6 Council will invoice a development contribution at the following times:
 - a) in the case of a resource consent for subdivision, at the time of application for a certificate under section 224(c) of the Resource Management Act 1991, with payment required prior to the issue of the certificate;
 - b) in the case of a resource consent for land use, at the time of notification of commencement or commencement of the consent, whichever is the earlier, with payment required prior to commencement of the consented activity;
 - c) in the case of a building consent, at the time of granting the building consent with payment no later than 90 days from the date of granting consent or prior to the issue of a code compliance certificate, whichever is the earlier;
 - d) in the case of a service connection, at the time of approval of the service connection with payment prior to connection.
- 3.1.7 In accordance with Section 208 of the Local Government Act 2002, if contributions are not paid at the times required in section 3.1.6, the Council may:
 - a) withhold a certificate under section 224(c) of the Resource Management Act 1991 in the case of a subdivision;
 - b) prevent the activity commencing in the case of a land use consent;
 - c) withhold a code compliance certificate or certificate of acceptance in the case of a building consent;
 - d) withhold a service connection to the development.

If, after exercising its powers under Section 208 of the Act, any development contribution remains unpaid, the Council may under Section 252 of the Act regard the amount payable as a debt and take debt recovery action to recover that development contribution.
- 3.1.8 In the case of a resource consent for land use only, where a building consent is required to give effect to the resource consent, the applicant may apply for a postponement of payment under



Section 3.5 of this policy. If this is granted the Council will only require payment at the time it issues a building consent.

- 3.1.9 If a grantee of consent is in possession of two development contribution invoices for different consents relating to the same lot, both invoices will continue to have effect until payment is made of one of those invoices. When the first invoice is paid, the second invoice will be withdrawn and a reassessment of development contributions payable for the subdivision or development, as the case may be, relating to the second invoice will be made under Section 3.2.1. If any development contribution is payable on re-assessment, a new invoice will be issued.
- 3.1.10 No consented activity or building work shall commence prior to the payment of the development contribution and where such activity or work has commenced prior to such payment, Council shall require this to cease until payment has been made.

3.2 Amount of Total Development Contribution

- 3.2.1 The total amount of development contribution payable when issuing any consent or authorisation for subdivision or development, shall be the sum of the development contribution payable for each activity, calculated as:

$$[(a) \times (\Sigma(n) - \Sigma(x))] + \text{GST}$$

Where:

(a) = the applicable development contribution per unit of demand determined from Schedule 3 and the activity-funding area for each type of community facility in which the subdivision or development lies.

Σ = the sum of the terms inside the brackets.

(n) = for each lot at the completion of the consent or authorisation application, the total lot units of demand OR the total activity units of demand, determined by Table 1, whichever is the greater.

(x) = for each lot in existence (or for which a section 224 certificate under the Resource Management Act 1991 has been issued) prior to the date of the consent or authorisation application, the total lot units of demand OR the total activity units of demand for the existing development, determined by Table 1, whichever is the greater.

- 3.2.2 Examples of the method for calculating units of demand from different types of development are set out in Appendix 6.
- 3.2.3 The development contribution per unit of demand in Schedule 3, may be increased for any Producer Price Index adjustment in accordance with Section 106(2B) of the Act.

3.3 Determination of Units of Demand

- 3.3.1 In accordance with Schedule 13 of the Act, the additional capacity (AC cost) component of capital expenditure associated with new development in any catchment will be allocated equally



between the numbers of new units of demand expected to occur in that catchment during the development contributions calculation period.

- 3.3.2 Council has determined that units of demand generated by different land use types shall be those reflected in Table 1.
- 3.3.3 Demand for services may be necessitated by the creation of new lots (lot units of demand) that are required to be serviced in advance of their occupation. Demand for services may also be generated by the use and development of lots (activity units of demand), including the intensification or expansion of activity on those lots.

TABLE 1
UNITS OF DEMAND GENERATED BY SUBDIVISION AND DEVELOPMENT

Lot Unit of Demand	Units of demand
One residential or rural lot	1.0
One mixed-use residential/commercial lot	1.0
One commercial, industrial or other non-residential lot with an area of less than 1,000 m ²	Lot area divided by 1,000 per square metre
One commercial, industrial or other non-residential lot with an area of 1,000 m ² or more	1.0
For the purposes of calculating community infrastructure development contributions only, one commercial, industrial or other non-residential lot	0
For the purposes of calculating water supply and sewerage development contributions ONLY, any <u>existing</u> <i>legally established lot</i> not connected to either the water supply network or the sewerage network as the case may be	0
For the purposes of calculating water supply and sewerage development contributions ONLY, any <u>proposed</u> <i>lot</i> not to be connected to either the water supply network or the sewerage network as the case may be	0
One <i>serviced camping site</i>	Special application
One <i>lot</i> : <ul style="list-style-type: none"> wholly covenanted in perpetuity as provided for by section 22 of the Queen Elizabeth the Second National Trust Act 1977 the title of which prevents any form of development on the <i>lot</i>. 	0
Activity Unit of Demand	Units of demand
One <i>dwelling unit</i> or <i>accommodation unit</i> (excluding a serviced camping site) of two or more <i>bedrooms</i> per unit	1.0



TABLE 1

UNITS OF DEMAND GENERATED BY SUBDIVISION AND DEVELOPMENT

One commercial unit including the commercial part of any activity but excluding any part that comprises accommodation units	The <i>net lettable area</i> on the <i>lot</i> multiplied by the applicable <i>unit of demand</i> factors in this table.
One industrial unit or any other non-residential development	Special application
For the purposes of calculating community infrastructure development contributions only, one commercial, industrial or other non-residential development	0
Any <i>dwelling unit</i> , or <i>accommodation unit</i> (excluding a serviced camping site) of one or fewer <i>bedrooms</i> per unit	0.5
Any room in an <i>accommodation unit</i> or any room in a retirement village or school, normally accommodating more than 3 persons	The number of persons able to be accommodated in the room divided by 6
Any <i>retirement unit</i> for purposes of calculating the water supply and sewerage contributions only	0.5 otherwise 0
Any <i>aged care room</i> for purposes of calculating the water supply and sewerage contributions only	0.2 otherwise 0
Other activity (Activity not specified elsewhere in this table).	Special application
For the purposes of calculating water supply and sewerage development contributions ONLY, any <u>existing</u> <i>legally established</i> development not connected to either the water supply network or the sewerage network as the case may be.	0
For the purposes of calculating water supply and sewerage development contributions ONLY, any <u>proposed</u> development not to be connected to either the water supply network or the sewerage network as the case may be.	0
Network infrastructure, including pipes, lines and installations, roads, water supply, wastewater and stormwater collection and management systems	0
Farm buildings associated with normal farming operations including sheds, barns, garages and buildings for indoor poultry livestock and crop production.	0
Crown developments	0
Unit of demand factors commercial development	Calculated in Appendix 5
Water Supply – Commercial development	1 per 769 m ² <i>net lettable area</i>
Sewerage - Commercial development	1 per 322 m ² <i>net lettable area</i>



- 3.3.4 The different units of demand generated by a unit of commercial activity, as compared with a unit of residential activity, arise mainly from the different scale and nature of activity when compared to demand from a standard dwelling unit.

To ensure fair and equitable assessment this policy:

- a) uses lot size in the case of subdivision for commercial purposes;
 - b) uses net lettable area in the case of commercial development as a proxy for assessing the different units of demand on services, likely to be generated respectively by residential and commercial activity and incorporates multipliers (unit of demand factors) to quantify those differences;
 - c) requires a special application to assess development contributions on industrial activity.
- 3.3.5 The assumptions used in this policy to derive the unit of demand factors for commercial development in Table 1 are described in Appendix 5 of this policy.

3.4 Information Requirements

- 3.4.1 The applicant for any consent or authorisation shall provide all information necessary for Council to calculate the amount of a development contribution, including the net lettable area of the development if required for purposes of an assessment under Table 1.
- 3.4.2 The applicant shall be responsible for providing proof of the legal establishment of existing units of demand for purposes of an assessment under Table 1.
- 3.4.3 Existing units of demand may include legally established buildings and structures that have been demolished up to three years prior to this policy becoming operative on 1 July 2018. «Type

3.5 Remissions and Postponements of Development Contributions

- 3.5.1 In addition to rights to reconsideration provided for by Section 199A and 199B of the Local Government Act 2002, the Council will consider applications for remission or postponement of development contributions.
- 3.5.2 The Council will consider applications for and may grant a remission of any development contribution where the applicant has provided and/or funded the same infrastructure that a development contribution has been required for but that remission shall be limited to the value of infrastructure provided or funded. In cases where the value of infrastructure provided or funded exceeds the development contribution payable, the Council shall meet the excess costs by separate agreement with the applicant.
- 3.5.3 Council will consider applications for and may grant a postponement of the payment of a development contribution in the case of resource consent for land use only, where a building consent is required to give effect to that resource consent. At the discretion of the Council, the payment of a development contribution on the resource consent may be postponed until a building consent is granted.



- 3.5.4 Council will consider applications for a postponement of the payment of a development contribution in the case of a subdivision consent. If it grants a postponement it may do so on whatever terms the Council thinks fit, including that it may:
- a) issue a certificate under Section 224(c) of the Resource Management Act 1991, prior to the payment of a development contribution; and
 - b) register the development contribution under the Statutory Land Charges Registration Act 1928, as a charge on the title of the land in respect of which the development contribution was required.
- 3.5.5 An applicant may formally request Council to review the development contribution required and remit or postpone the development contribution payment.
- 3.5.6 Any such request shall be made in writing no later than 15 working days after the date on which Council issues an invoice under Section 3.1.5, setting out the reasons for the request.
- 3.5.7 Prior to accepting any such request for review, Council shall require the applicant to provide specific details of the manner in which its proposals qualify for a remission or postponement.
- 3.5.8 In undertaking the review, Council or a Committee of Council or an officer so delegated:
- a) shall, as soon as reasonably practicable, consider the request;
 - b) may determine whether to hold a hearing for the purposes of the review and if it does, give at least five working days' notice to the applicant of the date, time and place of the hearing;
 - c) may at its discretion uphold, remit in whole or in part or postpone (as the case may be) the original development contribution required and shall advise the applicant in writing of its decision within ten working days of making that decision;
 - d) may charge such fee as determined in its annual schedule of fees, to consider the request.

3.6 Reconsideration process

- 3.6.1 As required by Section 202A of the Act, this policy must set out the process for requesting reconsideration of a requirement for a development contribution under section 199A of the Act. The process for reconsideration must set out:
- a) how the request can be lodged with the Council; and
 - b) the steps in the process that the Council will apply when reconsidering the requirement to make a development contribution.
- 3.6.2 An applicant who is required to make a development contribution may request a reconsideration of that requirement if they believe that:
- a) the development contribution was incorrectly calculated or assessed under this policy; or
 - b) the Council incorrectly applied this policy; or
 - c) the information used to assess the applicant's development against this policy, or the way the Council has recorded or used it when requiring the development contribution, was incomplete or contained errors.
- 3.6.3 Any request for reconsideration shall be made in writing, no later than 15 working days after the date on which Council issues an invoice under Section 3.1.6 of this policy.



- 3.6.4 Prior to accepting any request for review, the Council shall require the applicant to state the reasons under Section 3.6.2 for reconsideration and provide sufficient information to enable the Council to reconsider the development contribution.
- 3.6.5 The Council (or a Committee of Council or an officer so delegated) will limit its considerations to matters set out in Section 199A of the Act (Section 3.6.2 of this policy).
- 3.6.6 In accordance with Section 199B(1) of the Act, the Council must, within 15 working days after the date on which it receives all required relevant information relating to a request, give written notice of the outcome of its reconsideration to the applicant who made the request.
- 3.6.7 In accordance with Section 199B(2) of the Act, an applicant who requested reconsideration may object to the outcome of the reconsideration.

3.7 Special applications

- 3.7.1 Where developments are marked for special application or not adequately represented in Table 1 or there are specific circumstances related to the applications, these may be considered on a case-by-case basis. Units of demand calculated are based on potential demand not actual demand at any one time. Accordingly specific circumstances do not include those where the users do not utilise the full potential demand (e.g., a hotel with a 50% occupancy rate will still be assessed at a 100% of the unit of demand relating to hotels; a house with one occupant will be assessed at the unit of demand for a household).

3.8 Crown developments

- 3.8.1 The Crown is exempt from the provisions of this policy by virtue of Section 8 of the Local Government Act 2002. If an applicant considers that it is the Crown for the purposes of avoiding liability to pay a development contribution, the Council may require the applicant to provide written advice to the Council outlining the basis on which the applicant considers that it is the Crown.

3.9 Statement on GST

- 3.9.1 Any development or financial contribution referred to in this policy or in the accompanying development contributions model and any development contribution required in the form of money, pursuant to this policy, is exclusive of Goods and Services Tax.

4 Methodology

The calculation of the separate portions of the cost of any combined project (AC/ILOS project) between that for improving levels of service to existing households and businesses (ILOS costs), and that for providing additional capacity to accommodate new development of households and businesses (AC costs) under this policy, is carried out using the following procedure.



4.1 Step 1: Listing projects

- 4.1.1 Every project in the capital works programme of the Long Term Plan for the activities for which the Council intends to require development contributions is listed in the Project Allocation Schedule of the Development Contributions Model.
- 4.1.2 Every surplus capacity project is listed in the Surplus Capacity Schedule.
- 4.1.3 Where possible, distinct stages of a project or distinct parts of a project are listed in the schedules as separate components and separate calculations carried out for each.
- 4.1.4 For each project in the schedules, the following base information is provided:
 - a) the total project cost;
 - b) the catchment which the project will serve;
 - c) the level of any subsidy, third party funding or other source of funding if any which is deducted from the total project cost to give the net project cost;
 - d) the year in which the project or component is to be carried out in the Long Term Plan, or in the case of each surplus capacity project (SC project), the year it was completed.
 - e) the year in which the project capacity is expected to be fully consumed.

4.2 Step 2: Initial screening

- 4.2.1 Each project in the Project Allocation Schedule is categorised "Yes" or "No" in answer to the question – "Is this capital expenditure required at least partly to provide appropriately for new or additional assets or assets of increased capacity in order to address the effects of development?" By answering:
 - a) "No" - the project is treated as a pure renewal or level of service project and the cost of the project is removed from the development contribution calculation;
 - b) "Yes" - the project is treated as either a combined project (AC/ILOS project) or an additional capacity for growth project (AC project) and is subject to further analysis.
- 4.2.1 Each project in the Surplus Capacity Schedule is categorised "Yes" or "No" in answer to the question – "Was capital expenditure on this project incurred, at least partly, in anticipation of development?" By answering:
 - a) "No" - the project is treated as a pure renewal or level of service project and the cost of the project is removed from the development contribution calculation;
 - b) "Yes" - the project is treated as either a combined project (AC/ILOS project) or an additional capacity for growth project (AC project) and is subject to further analysis.

4.3 Step 3: Cost allocation of combined projects or additional capacity for growth projects

- 4.3.1 Using the information provided on combined projects (AC/ILOS projects) and additional capacity for growth projects (AC projects) in the project schedules, a needs/benefits matrix analysis is carried out by which it is required to state for each project:



- a) the degree, on a scale of 0 to 10 to which growth created the need for the project to be undertaken. (0=Not at all, 10=Totally);
- b) the degree on a scale of 0 to 10 to which the growth community will benefit from the project being undertaken. (0=Not at all, 10=Totally);

Calculation of Growth Component % - Need/Benefit Matrix

To what degree does Growth create the need for the project 0 - not at all, 10 - totally		BENEFIT										
Factor	0	1	2	3	4	5	6	7	8	9	10	
0	0	5	10	15	20	25	30	35	40	45	50	
1	5	10	15	20	25	30	35	40	45	50	55	
2	10	15	20	25	30	35	40	45	50	55	60	
3	15	20	25	30	35	40	45	50	55	60	65	
4	20	25	30	35	40	45	50	55	60	65	70	
5	25	30	35	40	45	50	55	60	65	70	75	
6	30	35	40	45	50	55	60	65	70	75	80	
7	35	40	45	50	55	60	65	70	75	80	85	
8	40	45	50	55	60	65	70	75	80	85	90	
9	45	50	55	60	65	70	75	80	85	90	95	
10	50	55	60	65	70	75	80	85	90	95	100	

- 4.3.2 The value is chosen in each case from the need/benefits matrix in the model which produces an estimated percentage of cost attributable to growth.
- 4.3.3 The matrix generates 121 different need/benefit combinations. The percentage derived is applied to the net project cost to determine the AC cost. The remainder of the net project cost is the ILOS cost.
- 4.3.4 A unit price is calculated for each project by dividing the project cost by the total units of demand that will consume its capacity comprising:
 - a) existing units of demand at 2018; plus
 - b) additional units of demand expected to consume capacity in the asset by the end of its asset life.

4.4 Step 4: Capacity life - Cost allocation between new and future units of demand

- 4.4.1 Using information provided on the year in which capacity take up of a project is expected to start and the year in which the project capacity is expected to be fully consumed, the AC cost of the project is divided between new units of demand (N) arriving in the activity-funding area in the Long Term Plan period and future units of demand (F) arriving after the end of the Long Term Plan period, as follows:
 - a) the AC cost to F is the AC cost determined in section 5.3 above multiplied by the years of capacity take up after the Long Term Plan period divided by total years of capacity take-up;
 - b) the AC cost to N is the AC cost less the AC cost to F.
- 4.4.2 Only the AC Cost to N is used in the calculation of development contributions.
- 4.4.3 In addition to predicting the capacity take up an asset, by comparing the start and end years of capacity life against rating unit projections, the development contributions model is able to accept



a finite capacity figure from the asset manager which, regardless of years of take-up, can be used to share the cost of an asset equitably among the known number of units of demand that will eventually consume its capacity.

4.5 Step 5: Growth assumptions - Sharing 10-year costs among projected growth

- 4.5.1 In order to calculate the amount of new development to which the growth related portion of capital expenditure (AC costs) for infrastructure will be attributed, area-by-area projections of new and future units of demand for services in the period 2018 to 2048 are required.
- 4.5.2 Council maintains a detailed rating database that provides the numbers of rating units for all parts of the District.
- 4.5.3 The numbers of rating units provide a close correlation with numbers of lots in the Southland District and a measure of separate units of activity on any lot where this is the case. They are considered to provide a reasonably sound measure of the units of demand for infrastructure and services.
- 4.5.4 The growth projection worksheet of the development contributions model, Projections Schedule, contains as the base year, the number of rating units (units of demand) for each activity type existing at the time of the 2017/2018 rates year. Rating data is available for the whole Southland District, and each of the water supply, wastewater and community infrastructure catchments.
- 4.5.5 Long Term Plan assumptions have been used to determine the expected annual increase in the numbers of rating units and hence units of demand to 2028, in each of these catchment areas.
- 4.5.6 Projections Schedule also provides long-term estimates for future Rating Units (units of demand) after the Long Term Plan period to 2048, in order to ensure that any portion of remaining surplus capacity at the end of the period may be attributed to future development.
- 4.5.7 Geographic catchments will apply to each activity type. Projections Schedule provides rating units at 2018 and projected rating units for each activity-funding area to 2048.

4.6 Step 6: Allocation of costs to units of demand - Schedule of development contributions

- 4.6.1 The development contribution for each activity and each catchment to be charged per Unit of Demand is derived by dividing the costs of growth in the Long Term Plan period (AC Cost to N), derived in Step 3 and Step 4 by the number of additional rating units expected in the period, derived in Step 5.
- 4.6.2 A full schedule of development contributions (Schedule 3) must be prepared as part of the policy to enable the development contributions to be calculated by infrastructure type and catchment on each development application.



4.7 Interest and inflation

- 4.7.1 The development contributions model does not include interest on growth related capital expenditure in the calculation of the development contribution amounts.
- 4.7.2 Council does not intend to recover past interest that has been funded from rates from development contributions and has not included it in the development contribution calculation.
- 4.7.5 The development contributions model uses the inflated capital costs in the Long Term Plan to calculate development contributions.

5 Schedules

5.1 Schedule 1 – Schedule of Assets

Activity Group	DCP Catchment	Project name	Type	Project Cost	Proportion recovered through Development Contributions	Proportion recovered through Other Sources
Wastewater	Te Anau CB	Te Anau/Manapouri Treatment & Disposal	LTP Project	14,433,965.00	0.00%	100.00%
Roads and footpaths	Stewart Island/Rakiura CB	Streetworks Stewart Island	LTP Project	94,649.00		
Community Services	Stewart Island/Rakiura CB	Waterfront Playground Stewart Island	LTP Project	68,936.00	0.00%	100.00%
Roads and footpaths	Te Anau CB	Streetworks Te Anau	LTP Project	51,100.00	0.00%	100.00%
Community Services	Te Anau CB	Parks & Reserves Te Anau	LTP Project	58,445.00	0.00%	100.00%
Community Services	Riverton/Aparima CB	Cemetery - Riverton	LTP Project	234,737.00	0.00%	100.00%
Community Services	Winton CB	Cemetery - Winton	LTP Project	15,744.00	0.00%	100.00%
				14,957,576.00		

* The Council has deemed that the Te Anau/Manapouri Treatment and Disposal project has a demand component. The demand component of this project has been calculated at 36.80%. However, the Council is has put development contributions into remission across the district in order to encourage economic growth. Whilst development contributions are in remission, the demand share of the project will be funded by rates and previously collected contributions. Council would periodically review its decision to remit development contributions to ensure that it remains appropriate in consideration of the economic and population grow



5.2 Schedule 2 - Capital Expenditure Identified to Meet Increased Demand Resulting From Growth* and Sources of Funding by Activity

ACTIVITY	2018-28 LTP					SURPLUS CAPACITY					
	Total Cap Project Costs	Dev Contrib (New)	Dev Contrib (Future)	Rates	Subsidies/ Grants/ Contrib recov	Total Value of Surplus Capacity Projects	Dev Contrib (New)	Dev Contrib (Future)	Dev Contrib (already used)	Rates	Subsidies/ Grants/ Contrib recov
WASTEWATER	\$14,433,965	\$ -	\$ -	\$14,091,360	\$342,605	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CEMETERIES	\$250,481	\$ -	\$ -	\$ -	\$250,481	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PARKS AND RESERVES	\$127,381	\$ -	\$ -	\$ -	\$127,381	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ROADING AND TRANSPORT	\$145,749	\$ -	\$ -	\$ -	\$145,569	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$14,957,576	\$ -	\$ -	\$14,091,360	\$866,036	\$ -	\$ -	\$ -		\$ -	\$ -

* Although there are a number of projects with demand components scheduled, the Council is proposing to place the collection of development contributions into remission. Under this proposal, funding for the Te Anau / Manapouri Treatment and Disposal project (Sewerage) will be sourced from contributions already recovered and rates. The demand component of this project (currently calculated at \$5,311,375), would typically be funded by development contributions. If Council deems it appropriate to reinstate development contributions in the future, they will be used as a source of funding for this project and reduce the rates requirement.



5.3 Schedule 3 - Schedule of Development Contributions

AREA	WASTEWATER	WATER SUPPLY	COMMUNITY INFRASTRUCTURE	RESERVES	ROADING	TOTAL
TE ANAU CB	\$-*	\$-	\$-	\$-	\$-	\$-
NOTE 1: THESE CONTRIBUTION AMOUNTS DO NOT INCLUDE GST						

Council will invoice a development contribution at the following times:

- in the case of a resource consent for subdivision, at the time of application for a certificate under section 224(c) of the Resource Management Act 1991, with payment required prior to the issue of the certificate;
- in the case of a resource consent for land use, at the time of notification of commencement or commencement of the consent, whichever is the earlier, with payment required prior to commencement of the consented activity;
- in the case of a building consent, at the time of granting the building consent with payment no later than 90 days from the date of granting consent or prior to the issue of a code compliance certificate, whichever is the earlier;
- in the case of a service connection, at the time of approval of the service connection with payment prior to connection.

* The Council has put development contributions into remission across the district in order to encourage economic growth. As such, the Te Anau / Manapouri Treatment and Disposal project will be funded through rates and contributions which have already been recovered. Council will periodically review its decision to remit development contributions to ensure that it remains appropriate in consideration of the economic and population growth.

If development contributions were not placed in remission, the amount of contributions for the Te Anau / Manapouri Treatment and Disposal project would be \$2,968.40 per unit of demand (GST exclusive) from 1 July 2018.



6 Roles and Responsibilities

ROLE	ROLES AND RESPONSIBILITIES
Council	Decision on whether to review and reinstate the policy when in remission

7 Revision Record

This policy may be reviewed at any time but no longer than three years from the date of its adoption.

Section 106(6) of the Local Government Act 2002 requires that a policy on development or financial contributions must be reviewed at least once every three years using a consultation process that gives effect to Section 82 of the Act.

DATE	VERSION	REVISION DESCRIPTION
R/17/10/24438	Development and Financial Contributions Policy	Long Term Plan 2018-28
R/14/11/17513	Development and Financial Contributions Policy	Long Term Plan 2015-25
R/14/6/8794	Development and Financial Contributions Policy	Annual Plan 2014-15
R/13/2/1981	Development and Financial Contributions Policy	June 2013
R/09/9/13493	Development Contributions and Reserve Contributions under Local Government Act 2002 Policy	LTP 2009-2019

8 Appendix 1 - Definitions and Abbreviations

DEFINITIONS	
Term	Meaning
Accommodation unit	Has the definition given to it in Section 197 2 of the Local Government Act 2002 which <i>“means units, apartments, rooms in 1 or more buildings, or cabins or sites in camping grounds and holiday parks, for the purpose of providing overnight, temporary, or rental accommodation.”</i>
“AC cost”	means the cost for providing additional capacity to service the development of new households and businesses.
“Activity”	means a good or service provided by the Council under Section 5 of the Local Government Act 2002), and for which development contributions are normally collected.
“Activity unit of demand”	means the demand for a community facility generated by development activity other than subdivision
“Additional capacity project” or “AC project”	means a capital project in the Long Term Plan intended only to provide additional capacity to service new and future households and businesses.
“Aged care room”	means any residential unit in a “rest home” or “hospital care institution” as defined in Section 58(4) of the Health and Disability Service (Safety) Act 2001.
“Allotment” or “lot”	<p>has the meaning given to the term “allotment” in Section 218(2) of the Resource Management Act 1991.</p> <p>“Allotment” is defined under section 218(2) of the Resource Management Act 1991 as follows:</p> <ul style="list-style-type: none"> (a) <i>any parcel of land under the Land Transfer Act 1952 that is a continuous area and whose boundaries are shown separately on a survey plan, whether or not:</i> <ul style="list-style-type: none"> (i) <i>the subdivision shown on the survey plan has been allowed, or subdivision approval has been granted, under another Act; or</i> (ii) <i>a subdivision consent for the subdivision shown on the survey plan has been granted under this Act; or</i> (b) <i>any parcel of land or building or part of a building that is shown or identified separately—</i> <ul style="list-style-type: none"> (i) <i>on a survey plan; or</i> (ii) <i>on a licence within the meaning of Part 7A of the Land Transfer Act 1952; or</i> (c) <i>any unit on a unit plan; or</i> (d) <i>any parcel of land not subject to the Land Transfer Act 1952.</i>

DEFINITIONS	
"Bedroom"	means a room used for sleeping, normally accommodating no more than three persons.
Catchment	is an area of the District identified in this policy within which growth and development is occurring, which is likely, either solely or cumulatively, to give rise to the need for, or benefit from, particular Council activities.
"Combined project" or "AC/ILOS project"	means a project in the Long Term Plan intended to deal with shortfalls in levels of service to existing households and businesses by bringing assets up to the <i>service standard</i> and/or by providing additional service life, and to provide capacity for further growth.
"Commercial"	means non-residential development using land or buildings for the provision of goods and services in the course of a trade or business and includes retail development.
"Community facilities"	means parks and reserves, network infrastructure, or community infrastructure for which development contributions may be required.
"Community infrastructure"	has the definition given to it in Section 197(2) of the Local Government Act 2002.
"Development"	has the definition given to it in Section 197(1) of the Local Government Act 2002.
"Development contributions calculation period"	means the period between 1 July 2018 and a date 30 years after the date of adoption of this policy.
District plan	The Operative Southland District Plan including any proposed plan or variation.
"Dwelling unit"	means any building or group of buildings or any part of those buildings, used or intended to be used solely or principally for residential purposes and occupied or intended to be occupied by not more than one household – and includes a minor household unit, a utility building or any unit of commercial accommodation.
"Household unit"	A building or part of a building capable of being used as an independent residence and includes dwelling apartments, semi-detached or detached houses, units, town houses, granny flats (or similar), and caravans (where used as a place of residence or occupied for a period of time exceeding six months in a calendar year).
"ILOS cost"	means the cost of improving levels of service to existing households and businesses by bringing assets up to the <i>service standard</i> and/or by providing additional service life.

DEFINITIONS	
“Improved level of service project” or “ilos project”	means a capital project in the Long Term Plan intended only to deal with shortfalls in levels of service to existing households and businesses by bringing assets up to the <i>service standard</i> and/or by providing additional service life.
“Industrial”	<p>A non-residential development using land or buildings where people use material and physical effort in the course of a trade or business to:</p> <ul style="list-style-type: none"> • extract or convert natural resources, • produce goods or energy from natural or converted resources, • repair goods; but <p>does not include mineral extraction or farm buildings associated with normal farming operations including sheds, barns, garages and buildings for indoor poultry livestock and crops production.</p>
“Legally established”	means, in relation to any <i>lot</i> or development, any <i>lot</i> for which a title has been issued, or any dwelling, commercial or industrial unit for which a code compliance certificate has been issued. <i>Legally established</i> development includes buildings and structures that can be shown to have been in existence when this policy became operative on 1 July 2018, but have since been demolished.
“Lot unit of demand”	means the demand for a community facility generated by the creation of lots through subdivision.
“Net lettable area”	means the area for which a tenant could be charged for occupancy under a lease. Generally, it is the floor space contained within a tenancy at each floor level measured from the internal finished surfaces of permanent external walls and permanent internal walls but excluding features such as balconies and verandahs, common use areas, areas less than 1.5 m in height, service areas, and public spaces and thoroughfares.
“Non-residential lot or development”	<p>Any lot or development that is not for residential purposes. This includes:</p> <ul style="list-style-type: none"> • all buildings that are considered a fundamental place of work such as dairy milking sheds, shearing sheds, and indoor farming facilities such as chickens or pigs • all buildings for the provision of sport, recreation or entertainment, <p>All buildings for the provision of social and cultural pursuits.</p>
“Past surplus capacity”	means capacity in assets provided as a result of capital expenditure made in anticipation of development since 1 July 2005.
“Remaining surplus capacity”	means the estimated remaining capacity in capital assets at the end of the Long Term Plan period, available to service future development occurring after the Long Term Plan period.

DEFINITIONS	
"Residential development"	any use of land and/or buildings by people for the purpose of living accommodation. It includes accessory buildings and leisure activities associated with needs generated principally from living on the site.
"Retirement unit"	means any residential unit other than an aged care room, in a " <i>retirement village</i> " as defined in section 6 of the Retirement Villages Act 2003.
"Serviced site"	means any site dedicated for the location of a vehicle or tent for the accommodation of persons, which is provided with utility services such as water supply, wastewater disposal, solid waste disposal, electricity or gas, either directly to the site or in the immediate vicinity.
"Surplus capacity project" or "sc project"	means a past capital expenditure project carried out since 1 July 2005 in anticipation of new development and providing surplus capacity for further development.
"Utility building"	is a structure containing facilities (such as toilet, shower, laundry, hot water cylinder, laundry tub) that make the site habitable prior to or during the erection of a dwelling.
"Unit of demand"	is a unit of measurement by which the relative demand for an activity, generated by different types of development (existing or proposed), can be assessed. A <i>unit of demand</i> may be expressed as a <i>lot unit of demand</i> or an <i>activity unit of demand</i> .

9 Appendix 2 - Development Contribution Catchments

Community facility	Catchment	Development to which development contribution applies
Water supply	10 drinking water supply scheme areas: <ul style="list-style-type: none"> • Edendale/Wyndham • Manapouri • Mossburn • Ohai/Nightcaps/Wairio • Orawia • Otautau • Riverton • Te Anau • Tuatapere • Winton 2 mixed potable / rural water supply areas: <ul style="list-style-type: none"> • Eastern Bush/Otahu Flat • Lumsden/Balfour 	Development in any separate water supply scheme
Sewerage	18 sewerage scheme areas: <ul style="list-style-type: none"> • Balfour • Browns • Edendale/Wyndham • Gorge Road • Lumsden • Manapouri • Monowai • Nightcaps • Ohai • Riversdale • Riverton • Stewart Island • Te Anau • Tokonui • Tuatapere • Otautau • Wallacetown • Winton 	Development in any separate sewerage scheme
Community infrastructure	Waihopai Toetoes Ward, Winton Wallacetown Ward, Mararoa Waimea Ward, Waiau Aparima Ward, Stewart Island Rakiura Ward	Development in each separate ward

10 Appendix 3 - Assessment of Significant Assumptions

ASSUMPTION	LEVEL OF UNCERTAINTY	POTENTIAL EFFECTS
The rate, level and location of growth will occur as forecast in the rating growth projections accompanying the Long Term Plan	High	Lower than forecast growth will result in a significant under-recovery of development contributions revenue
Capital expenditure will be in accordance with the capital works programme in the Long Term Plan and future capital expenditure is based on the best available knowledge at the time of preparation. These are to take into account known or likely construction costs and assumed inflation rates	Moderate	In current circumstances significant changes to the capital programme are unlikely
No significant changes to service standards are expected to occur in the Long Term Plan period other than those planned for in the Asset Management Plans	Low	No significant effects anticipated
The level of third party funding (such as NZ Transport Agency subsidies) will continue at predicted levels for period of the Long Term Plan	Low	No significant effects anticipated
There will be no significant variations to predicted rates of interest and inflation to those set out in the Long Term Plan	Low/Moderate	No significant effects anticipated
Each residential dwelling comprises the average number of residents from the 2013 Census. The demand on Council assets placed by a standard dwelling (Unit of Demand) is assumed to be 2.5 persons per dwelling and this is applied District-wide	Moderate	The average dwelling occupancy will remain steady over time but there may be local areas where residential occupancy goes above the District average and places increased demands on infrastructure from that anticipated

11 Appendix 4 - Summary of Financial Contribution Provisions

Section 106(2)(f), if the Council is to require financial contributions then this policy must summarise the provisions that relate to financial contributions in the District Plan.

Section 2.14 of the Proposed Southland District Plan 2012 requires the following contributions:

Roading - A contribution may be required for the development, maintenance and upgrading of roading infrastructure that serves the subdivision. The amount of contribution is 100% of the cost of the required work reduced with regard to:

- a) the current status and standard of roading leading to and fronting the site;
- b) the benefit of works to existing users and the wider public;
- c) the standard and classification of the road and expenditure required to meet this standard;
- d) the use or likely future use of the road by other parties; contributions made by central government and other agencies towards the development of the road; and
- e) previous financial contributions from developers who will benefit from the work.

Reserves - A contribution may be required in the following situations:

- a) a contribution of 2% of the value of additional allotments created by subdivision, up to a maximum value of 2% of the value of 1,000 m² per lot, where existing reserves in the locality cannot deal with additional demand; or
- b) a contribution of 1% of the value (given as money or land) of additional allotments created by subdivision for minor improvements to existing reserves in the locality up to a maximum value of 1% of the value of 100 m² per lot;
- c) a contribution of the value of 20 m² for each additional residential unit created in a development; or
- d) a contribution of the value of 4 m² of land for each additional 100 m² of net non-residential building floor area created in a development in the Urban Zone, Commercial Precinct or Industrial Zone.

12 Appendix 5 - Calculating Units of Demand for Commercial Development

Industrial and other non-residential development (other than commercial development) will be subject to special application under section 3.7 of this policy. In calculating the units of demand generated by commercial development for water supply and sewerage, as compared to that of an average dwelling unit, Council accepts that demand may vary between different types of commercial activity. However changes to the type of business over time may not constitute “development” under the Act or even trigger a resource consent, building consent or new connection requiring a development contribution. This policy therefore treats all types of commercial activity as generating the same average unit of demand for a given net lettable area.

Water - comparison of residential and commercial demand

The residential daily demand for water comprises that for domestic purposes and non-domestic uses (eg gardening, car washing, fire fighting, leakages etc). The following figures are used in the assessment:

- a) The average daily residential demand for domestic purposes is 230 litres/person/day.
- b) The average daily residential demand for non-domestic purposes is 1,200 litres/dwelling.

In determining the units of demand for one dwelling unit, it is noted that not all potential demand will occur at the same time and therefore an average peak of four persons per household is used to assess peak usage per dwelling at 2,120 litres/day ($4 \times 230 \text{ litres/day} + 1200 \text{ litres}$).

Water consumption sampling¹ of various commercial premises, offers data for premises which may be typical of many Southland main street businesses in the range 0 - 5,000 m² net lettable area (NLA). These would also generally be premises naturally rather than mechanically cooled with air conditioning systems using higher quantities of water.

Sampling found consumption in the range 875 - 1,200 m³ (average 1,037 m³) per annum per 1,000 m² NLA. This converts as follows:

Commercial premises consuming an average 2,840 litres per day per 1,000 m² NLA; thus

If 2,120 litres per day is 1 unit of demand for residential; then

2,840 litres per day (1,000 m² NLA) is 1.3 units of demand; then

769 m² NLA is 1 unit of demand.

Sewerage - comparison of residential and commercial demand

Average daily residential wastewater flows are assumed to equate to the domestic purposes water use of 230 litres/person/day, with water for non-domestic purposes not finding its way to the sewer. Average peak usage per property at 4 persons per dwelling is therefore 920 litres/day ($4 \times 230 \text{ litres/day}$).

It is assumed that all water consumption on commercial premises (2,840 litres per day per 1,000 m² NLA in main street situations will find its way to the sewer. To calculate the units of demand for sewerage:

Commercial premises generate an average 2,840 litres sewerage per day per 1,000 m² NLA; thus

If 920 litres per day is 1 unit of demand for residential; then

2,840 litres per day (1,000 m² NLA) is 3.1 units of demand; then

322 m² NLA is 1 unit of demand.

¹ Water Performance Benchmarks for New Zealand: an approach to understanding water consumption in commercial office buildings, Bint, Isaacs and Vale, School of Architecture, Victoria University Wellington

13 Appendix 6 - Calculation of Development Contribution Amount On A Development

The formula in **Section 3.2.1** of this policy calculates the demand on infrastructure from any development site after the proposed development has taken place (n) and subtracts the existing demand already generated by the site before the development occurs (x). In this way, it identifies only additional demand placed on infrastructure as a result of the development. This additional demand is multiplied by the development contribution amount for each type of infrastructure to calculate the total development contribution payable.

Using Table 1 of this policy, the units of demand before and after development are calculated, as the greater of the number of lot units of demand making up the development site OR activity units of demand (building development) on the development site at the time.

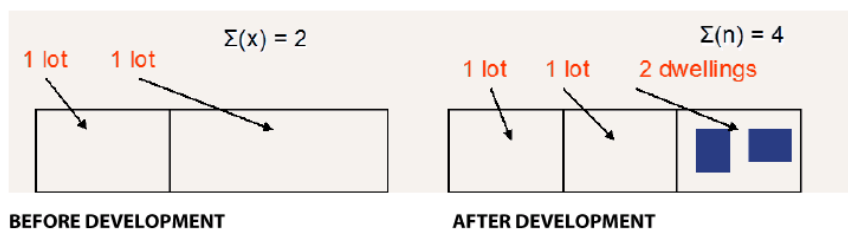
The calculation is $[(a) \times [\Sigma(n) - \Sigma(x)]] + \text{GST}$ where:

(a) is the development contribution for the catchment eg sewerage \$1,316 per unit;

(x) is, for each lot existing before development, the lot units of demand OR activity units of demand whichever is the greater;

(n) is, for each lot after the development, the lot units of demand OR activity units of demand whichever is the greater.

Residential development example using Table 1:

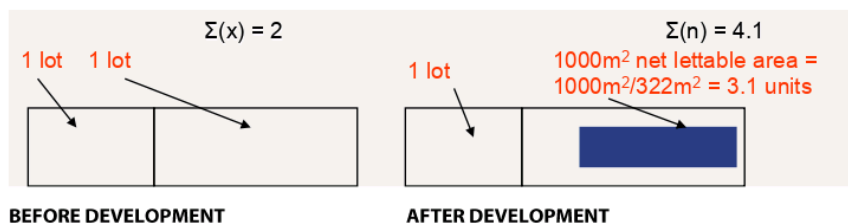


BEFORE DEVELOPMENT **AFTER DEVELOPMENT**

Additional units of demand $\Sigma(n) - \Sigma(x) = 4(n) - 2(x) = 2$ Units

Development contribution for sewerage is 2 units \times \$1,316 = \$2,632 + GST

Commercial development example using Table 1:



BEFORE DEVELOPMENT **AFTER DEVELOPMENT**

Additional units of demand $\Sigma(n) - \Sigma(x) = 4.1(n) - 2(x) = 2.1$ Units

Development contribution for sewerage is 2.1 units \times \$1,316 = \$2,764 + GST



DRAFT Policy on Development and Financial Contributions 2021-2031

Group responsible: Finance

Date adopted: XX 2021

Implementation date: 1 July 2021

File no: R/20/7/30795

1 Introduction

1.1 Purpose

To provide predictability and certainty about how and when Council proposed to use development contributions and financial contributions, what they fund and why. ~~the sources and levels of funding by enabling Council to may recover a fair, equitable, and proportionate share of the total cost of capital expenditure necessary to service growth over the long term through~~ development contributions from those persons undertaking development; ~~a fair, equitable, and proportionate share of the total cost of capital expenditure necessary to service growth over the long term and to Council may~~ recover financial contributions to deal with the adverse environmental effects of new development in the District.

1.2 Statutory context

Council is required by s.102(2)(d) of the Local Government Act 2002 (the act), to have a policy on development contributions or financial contributions.

Council has chosen to use both development contributions and financial contributions to recover the total cost of capital expenditure necessary to service new development and to deal with its effects.

Financial contribution provisions for recovering the growth-related costs of roading and reserves are detailed in 2.14 of the District Plan.

This policy on Development and Financial Contributions (the policy) deals with development contributions for water supply, sewerage wastewater and community infrastructure.

Council, in addition to determining matters of content in this policy, has determined:

- a) that the decision to adopt the policy is not a significant decision;
- b) that it believes it has met the decision-making and consultation requirements of the act to the extent required.

Draft Policy on Development and Financial Contributions
Enter publish date

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1.3 Growth and development

~~The population of Southland District grew by 1176 persons (4.1%) in the six years between 2006 and 2013. The total number of dwellings increased by 873 (7.9%) and the number of rating units increased in the same period. Projections by BERL estimate there will be approximately 6,400 more people in the District by 2043. Te Anau and Winton will see the largest growth in total population between 2013 and 2043, with each township growing by between 400 and 500 people. At the other end, Monowai, Nightcaps, Riversdale, Tokanui, and Otautau are projected to either maintain their 2013 population through to 2043 or see a small decline. The population of Southland District grew by 900 persons (3.1%) in the 12 years between 2001 and 2013. The total number of dwellings increased by just over 1,000 (9.4%) and the number of rating units increased in the same period. Projections by Infometrics Limited estimate there will be approximately 2,000 more people in the District by 2028, based on a medium growth projection. It has been identified that growth is not going to be evenly distributed across towns in the District, and that some towns will experience negative growth.~~

In making this policy, Council has considered the matters under s.101(3) of the act. This section of the act states that the funding needs to meet expenditure requirements must be met from sources that the local authority determines to be appropriate, following a consideration of the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community. ~~on the community.~~

1.4 Remission of policy and background

This policy is currently in remission and development contributions will not be required under it. The financial contributions provisions in the Southland District Plan are not in remission and continue to apply to development in the District.

As Council wants to encourage development and economic growth in the District, Council proposes to fund the total cost of capital expenditure for water supply and ~~sewerage wastewater~~ necessary to service development from sources other than development contributions. Development contributions will not be required under this policy until resolved otherwise by Council in which case the provisions of the policy will apply in full. Council has full discretion as to the timing of a review.

Council will continue to require financial contributions for roading and reserves under 2.14 of the ~~Proposed~~ Southland District Plan. Council is concerned that in the event of any substantial development, the resulting costs for roads and reserves to serve the development could affect the level of rates unless funded by financial contributions. The ability to require financial contributions will not limit the ability of Council to impose resource consent conditions requiring an applicant to carry out roading and reserves works to offset the adverse effects of a development.

Council may review its position on remissions at any time but shall do so no more than three years from the date on which ~~it adopts its Long Term Plan~~ this policy becomes operative.

~~Prior to 2012, the development contributions policy applied to development across Southland District and application of the policy resulted in persons undertaking new developments in the Southland District being subject to a development contributions regime.~~



~~Council has been conscious of the fact that development contributions may have previously been an impediment or barrier to new economic development. This is contrary to the Council's aspirations for encouraging growth. The Council also recognises that when new developments occur, these often contribute significantly to ongoing community wellbeing and also contribute financially on an ongoing basis through rates.~~

~~In recognition of this, the Council removed development contributions from most parts of the District in 2012. The 2012-22 development contribution policy was limited to reserves across the district, and water and sewerage projects at Te Anau (and only in cases where developments proposed to connect to reticulated services).~~

2 Policy details

Council has considered all matters it is required to consider under the act when making a policy on development contributions or financial contributions. Council has also considered requirements in s.106, 201 and 201A of the act relating to the content of such a policy. Policy resulting from these considerations is set out in this section. The way in which the policy will be applied in practice is set out in Section 3.

2.1 Appropriate sources of funding

Council incurs capital works expenditure in order to:

- a) provide additional capacity in assets to cater for new development;
- b) improve the level of service to existing households and businesses;
- c) meet environmental and other legislative requirements; and
- d) renew assets to extend their service life.

Section 101(3)(a) of the act states that the funding needs to meet these expenditure requirements must be met from sources that Council determines to be appropriate, following a consideration, in relation to each activity, of a number of matters. Council's consideration of these matters as it relates to the funding of capital expenditure is outlined in the Revenue and Financing Policy.

The analysis contained in the Revenue and Financing Policy is also applicable to this policy.

Council has had regard to and made the following determinations under each activity in relation to the matters set out under s.101(3)(a)(i) to (v) of the act:

- a) that development contributions are an appropriate source of funding for providing additional capacity in water supply, ~~sewerage-wastewater~~ and community infrastructure assets because when development occurs it takes up capacity in these assets and requires Council to provide additional capacity in existing assets or new assets or to serve the development;
- b) that financial contributions are an appropriate source of funding for roading and reserves assets because Council only seeks contributions towards these assets to mitigate adverse effects in the vicinity of developments and not to fund these assets in the wider network;
- c) community infrastructure contributions will only be required on residential developments although Council may still require financial contributions for reserves on non-residential



developments as a condition of resource consent under the Resource Management Act 1991 (the RMA).

In keeping with the principles in ss.197AB(e) and (f) of the act, Council is required to make information available and provide certain schedules.

Section 201A of the act requires a development contribution policy to include a schedule of assets for which development contributions will be used, and specifies the contents of that schedule. This requirement is met by Schedule 1 of this policy.

Section 106 of the act requires Council to:

- a) summarise and explain the total cost of capital expenditure that Council expects to incur to meet the increased demand for community facilities resulting from growth; and
- b) state the proportion of that total cost of capital expenditure that will be funded by—
 - i. development contributions;
 - ii. financial contributions; and
 - iii. other sources of funding.

These requirements are met in Schedule 2 of this policy.

Section 201 of the act requires inclusion in a development contribution policy of a schedule of development contributions. This requirement is met by Schedule 3 of this policy.

2.2 Financial contributions

The RMA authorises local authorities to impose financial contributions to address effects associated with subdivision, land use or development. Council may require a financial contribution, as a condition of consent, in accordance with any relevant rule in the Southland District Plan.

Provisions regarding financial contributions towards roading and reserves infrastructure are detailed in Section 2.14 of the ~~Proposed~~ District Plan and should be referred to when reading this policy. The financial contribution rules in Section 2.14 the ~~Proposed~~ Southland District Plan are operative.

Section 106(2)(f) of the act states that if financial contributions will be required this policy must summarise the provisions that relate to financial contributions. This summary is set out in Appendix 4.

2.3 Limitations on contributions

While Council is able to seek both development contributions for infrastructure under the Local Government Act 2002 and financial contributions under the RMA, s. 200 of the Local Government Act 2002 prevents Council from requiring a development contribution where it has imposed a contribution requirement on the same development under the RMA or where developers or other parties fund the same infrastructure for the same purpose.

Although under the Southland District Plan, Council may impose a financial contribution as a condition of resource consent, it shall ensure that no condition of resource consent is imposed that would require work to be done or funded that is identified in the Long Term Plan and funded in whole or in part by development contributions.



Nothing in this policy, including the amounts of development contribution payable in Schedule 3, will diminish from any other legal requirement to make a payment for community facilities other than a development contribution, including connection fees or any other fee required to be paid pursuant to any other policy or bylaw or by agreement with Council.

2.4 Limitations on costs eligible for inclusion in development contributions

In calculating development contributions under this policy, the contributions shall not include the value of any project or work or part of any project or work required for:

- a) rehabilitating or renewing an existing asset; or
- b) operating and maintaining an existing asset.

In accordance with s.200(1) of the act, no development contribution calculated under this policy shall include the value of any funding obtained from third parties, external agencies or other funding sources in the form of grants, subsidies or works. This limitation shall not include the value of works provided by a developer on behalf of Council and used as a credit against contributions normally payable, which Council may seek to recover from other developers in contributions.

Council may require development contributions where it has incurred capital expenditure via a third party and has provided a credit against development contributions payable by any person where that person has incurred capital expenditure on behalf of Council, which provides additional capacity to serve further development.

The value of any subsidy or grant toward the value of any project or work shall be deducted prior to the allocation for funding of the balance portion of project cost between development contributions and other sources of Council funding.

2.5 Vested assets and local works

The value of assets vested or expenditure made by a developer, pursuant to a requirement under the RMA, shall not be used to off-set development contributions payable on a development unless all or a portion of such assets or expenditure can be shown to avoid or reduce the need for Council to incur costs providing an asset that is included in its capital works programme, for which development contributions are sought.

The value of assets vested or expenditure made voluntarily by a developer to enhance a development shall not be used to offset development contributions payable on development.

2.6 Past surplus capacity provided

In accordance with s.199(2) of the act, development contributions may be required to fund capital expenditure already incurred by Council in anticipation of development, prior to the adoption of this policy.

Where Council has in recent years incurred expenditure to undertake works or acquire land in anticipation of development, it may seek to recover this expenditure from development contributions yet to be made. Council may include the value of past surplus capacity in its calculation of development contributions.



2.7 Cumulative and network effects

In accordance with s.199(3) of the act, development contributions may be required under this policy, where a development, in combination with other developments, has a cumulative effect including the cumulative effect of developments on network infrastructure.

2.8 Geographic grouping (catchments)

In keeping with the principle in s.197AB(g) of the act, Council considers that development contributions should be required from new development on a geographic basis using separate catchments those being determined:

- a) in a manner that balances practical and administrative efficiency with considerations of fairness and equity; and
- b) avoids, wherever practical, grouping across the entire District.

A catchment is an area of Southland District within which growth and development is occurring, which is likely, either solely or cumulatively, to give rise to the need for, or benefit from, particular Council activities.

This policy avoids the use of District-wide catchments for the recovery of development contributions.

This policy uses five separate ward-based catchments for community infrastructure assets because it is considered impractical to divide the areas of benefit of these types of asset into smaller geographic areas.

This policy uses separate local scheme-by-scheme catchments for water supply and wastewater activities. Development contributions will be payable only where the service is available and in the case of water supply and ~~sewerage~~wastewater, only to those new households, businesses or other developments connecting to the networks concerned. It is considered reasonably practical to administer the policy using local scheme-by-scheme catchments. The catchments used in this policy are summarised in Appendix 2.

2.9 Principles of cost allocation

In keeping with the principle in s.197AB(a) of the act, an asset should not be considered for cost allocation for recovery through a development contribution unless it is a new or additional asset or an asset of increased capacity required to be provided by Council to deal with the effects of developments.

In keeping with the principle in s.197AB(c) of the act, the cost of any project identified in the Long Term Plan will, after deductions for subsidies and other sources of funding, be allocated between:

- a) the costs if any for improving levels of service to existing households and businesses by bringing assets up to the service standard and/or by providing additional service life, to be expressed as the ILOS cost; and
- b) the costs if any for providing additional capacity to service the development of new households and businesses, to be expressed as the AC cost.

Council will allocate project cost between ILOS costs and AC costs, in the manner described in Section 4.0 - Methodology.

The methodology used to allocate costs is a need/benefits matrix approach.



2.10 Capacity life of assets

In keeping with the principle in s.197AB(b) of the Act, Council has considered the period over which the benefits of capital expenditure for new development are expected to occur. It considers that capital expenditure on infrastructure during the Long Term Plan period should be recovered over the full take-up period of each asset, from all development that created the need for that expenditure or will benefit from capacity it provides, including development occurring after the Long Term Plan period.

Council has determined that:

- a) new development occurring in the Long Term Plan period will contribute only to that proportion of additional asset capacity that it is expected to consume;
- b) future development occurring after the Long Term Plan period will contribute toward the remaining surplus capacity in assets at the end of that period.

In calculating the development contributions payable by new development for each activity type, Council will:

- a) include the value of any past surplus capacity in assets provided after 1 July 2005 that is expected to be consumed by new development, where this can be identified and where it can be shown to have been provided in anticipation of growth;
- b) include the value of capacity in assets to be provided in the Long Term Plan period, that is expected to be consumed by new development; and
- c) exclude the value of remaining surplus capacity in assets at the end of the Long Term Plan period, which is likely to be consumed by future development.

Recovery of the whole of a project's cost from only those households and businesses establishing in the Long Term Plan period may place an unfair burden on them. Households and businesses developing after the period will arrive to a fully paid up asset with spare capacity for their developments.

This policy uses a development contributions calculation period extending from 1 July 2005 (to include past surplus capacity) to 30 June ~~2048-2051 in order-30 years after the adoption of the Policy~~ to ensure more equitable attribution under Schedule 13 of the act.

~~This 30-year~~ future outlook ~~in excess of 30 years~~ is to take account of major infrastructure projects that may retain spare capacity for up to 30 years, particularly as a result of prolonged periods of slow growth as have been experienced in the District.

2.11 Significant assumptions

Section 201(1)(b) of the act requires this policy to set out the significant assumptions underlying the calculation of the schedule of development contributions, including an estimate of the potential effects, if there is a significant level of uncertainty as to the scope and nature of the effects.

The significant assumptions underlying the calculation of the schedule of development contributions are that:

- a) the rate, level and location of growth will occur as forecast in the rating growth projections accompanying the Long Term Plan



- b) capital expenditure will be in accordance with the capital works programme in the Long Term Plan and future capital expenditure is based on the best available knowledge at the time of preparation. These are to take into account known or likely construction costs and assumed inflation rates
- c) no significant changes to service standards are expected to occur in the Long Term Plan period other than those planned for in the ~~Asset~~-activity management plans
- d) the level of any third party funding for projects will continue at predicted levels for the period of the Long Term Plan
- e) there will be no significant variations to predicted rates of interest and inflation to those set out in the Long Term Plan
- f) each residential dwelling comprises the average number of residents from the 2013 Census. The demand on Council assets placed by a standard dwelling (Unit of Demand) is assumed to be 2.5 persons per dwelling and this is applied District-wide.

An assessment of effects, if there is a significant level of uncertainty as to the scope and nature of the effects, is set out in Appendix 3 of this policy.

2.12 Financial policy

All project costs used in the development contributions section of the policy should be based on current estimates of infrastructure construction prices at the time of planning in the dollars of the year of planning, with inflation of all capital costs over the period using local government cost adjusters supplied by a commercial research and analysis agency, such as BERL.

All capital expenditure and development contributions contained in this policy are exclusive of GST (except where shown to be inclusive).

No cost of capital, including interest, is included in growth cost calculations for the purposes of this policy.

2.13 Policy on existing lots or development

When granting a consent or authorising a connection for development, and calculating the units of demand from that development, Council will deduct the units of demand generated by existing lots or development already legally established at the date of granting consent, other than as required in the three paragraphs below.

The paragraph above shall apply to any lot or development that:

- a) was already legally established at the date on which this policy became operative, on 1 July ~~2018~~2021; or
- b) has been legally established since the date on which this policy became operative and for which a development contribution has been paid; or
- c) is not yet legally established but for which a development contribution has been paid (and not refunded).



Legally established development includes buildings and structures which can be shown to have been in existence on but have been demolished up to three years prior to this policy becoming operative on 1 July 20182021.

The paragraph in Section 2.13 shall not apply to any lot or development for which a contribution has been required and has not yet been paid.

Council may require a development contribution to be paid for any existing legally established lot or development, in a water supply or ~~sewerage wastewater~~ area, with no connection to the service, which is to be connected for the first time or seeks connection to either a water supply network or a ~~sewerage wastewater~~ network, as the case may be, where no development contribution or other such payment for these services can be shown to have been previously paid.

Council may require a development contribution to be paid for any existing legally established lot that has previously been prevented from being developed by any open space covenant or by any other restriction registered against the title of the lot and that covenant or restriction has been removed.

In considering legally established developments already on a development site, Council will use the current or most recent use of the site and not its zoning to determine the existing units of demand that will be deducted when calculating the development contribution.

2.14 Use of development contributions

In keeping with the principle in s.197AB(d) of the act, development contributions will be used:

- a) for or towards the purpose of the activity or the group of activities for which the contributions were required; and
- b) for the benefit of Southland District or the part of the ~~district~~ District that is identified in this policy in which the development contributions were required.

Development contributions will be used for the capital expenditure for which they were required in accordance with s.204(1) of the act and will not be used for the maintenance of reserves, network infrastructure or community infrastructure.

2.15 Network infrastructure

Under s.197 of the act, the term development excludes the pipes and lines of any network utility operator. Council will not seek development contributions for the installation or expansion of network infrastructure, including the pipes, lines, roads, water supply, wastewater and stormwater networks by network utility operators.

The paragraph above does not apply to development by network utility operators carried out in order to run their normal business such as offices, industrial buildings, warehouses and storage areas, which may be liable for the payment of development contributions.



2.16 Policy on remission or postponements of development contributions

In accordance with s.201(1)(c) of the act, Section 3.5 of this policy includes provisions that will enable Council to consider remissions and postponements of development contributions.

2.17 Policy on refunds

Council will refund development contributions in accordance with the requirements of ss.209 and 210 of the act.

2.18 Development agreements

Council may enter into development agreements with developers for the provision, supply, or exchange of infrastructure, land, or money to provide network infrastructure, community infrastructure, or reserves to the District or a part of the District. The provisions of ss.207A to 207F shall apply to such agreements.

3 Practical application

3.1 Requirement for development contributions

Upon granting:

- a) a resource consent under the RMA;
- b) a building consent under the Building Act ~~1991~~2004;
- c) an authorisation for a service connection;

Council will determine whether the activity to which the consent or authorisation relates is a “development” under the act, which:

- a) has the effect of requiring new or additional assets or assets of increased capacity (including assets which may already have been provided by Council in anticipation of development); and
- b) as a consequence requires (or has required) Council to incur capital expenditure to provide appropriately for those assets; and
- c) that capital expenditure is not otherwise funded or provided for.

Upon determining that the activity is a “development”, Council may require a development contribution to be made towards the activity associated with that development, according to the geographic catchment in which the development is located, for:

- a) water supply;
- b) ~~sewerage~~wastewater; and
- c) community infrastructure.

Council shall calculate the development contribution payable at the time of granting the consent or authorisation and issue an assessment of development contributions payable.



A development contribution may be paid at any time from the date of assessment up to the date when the contribution is required to be paid as a result of Council issuing an invoice.

In accordance with s.198(2A) of the act, a development contribution must be consistent with the content of the policy that was in force at the time that the application for a resource consent, building consent, or service connection was submitted.

Council will invoice a development contribution at the following times:

- a) in the case of a resource consent for subdivision, at the time of application for a certificate under s.224(c) of the RMA, with payment required prior to the issue of the certificate;
- b) in the case of a resource consent for land use, at the time of notification of commencement or commencement of the consent, whichever is the earlier, with payment required prior to commencement of the consented activity;
- c) in the case of a building consent, at the time of granting the building consent with payment no later than 90 days from the date of granting consent or prior to the issue of a code compliance certificate, whichever is the earlier;
- d) in the case of a service connection, at the time of approval of the service connection with payment prior to connection.

In accordance with s.208 of the act, if contributions are not paid at the times required this section, the Council may:

- a) withhold a certificate under s.224(c) of the RMA in the case of a subdivision;
- b) prevent the activity commencing in the case of a land use consent;
- c) withhold a code compliance certificate or certificate of acceptance in the case of a building consent;
- d) withhold a service connection to the development.

If, after exercising its powers under s.208 of the act, any development contribution remains unpaid, Council may under s.252 of the Act regard the amount payable as a debt and take debt recovery action to recover that development contribution.

In the case of a resource consent for land use only, where a building consent is required to give effect to the resource consent, the applicant may apply for a postponement of payment under Section 3.5 of this policy. If this is granted the Council will only require payment at the time it issues a building consent.

If a grantee of a consent is in possession of two development contribution invoices for different consents relating to the same lot, both invoices will continue to have effect until payment is made of one of those invoices. When the first invoice is paid, the second invoice will be withdrawn and a reassessment of development contributions payable for the subdivision or development, as the case may be, relating to the second invoice, will be made under section 3.2. If any development contribution is payable on re-assessment, a new invoice will be issued.

No consented activity or building work shall commence prior to the payment of the development contribution and where such activity or work has commenced prior to such payment, Council shall require this to cease until payment has been made.



3.2 Amount of total development contribution

The total amount of development contribution payable when issuing any consent or authorisation for subdivision or development, shall be the sum of the development contribution payable for each activity, calculated as:

$$[(a) \times [\Sigma(n) - \Sigma(x)]] + \text{GST}$$

Where:

(a) = the applicable development contribution per unit of demand determined from Schedule 3 and the activity-funding area for each type of community facility in which the subdivision or development lies.

Σ = the sum of the terms inside the brackets.

(n) = for each lot at the completion of the consent or authorisation application, the total lot units of demand OR the total activity units of demand, determined by Table 1, whichever is the greater.

(x) = for each lot in existence (or for which a s.224 certificate under the RMA has been issued) prior to the date of the consent or authorisation application, the total lot units of demand OR the total activity units of demand for the existing development, determined by Table 1, whichever is the greater.

Examples of the method for calculating units of demand from different types of development are set out in Appendix 6.

The development contribution per unit of demand in Schedule 3, may be increased for any Producer Price Index adjustment in accordance with s.106(2B) of the act.

3.3 Determination of units of demand

In accordance with Schedule 13 of the act, the additional capacity (AC cost) component of capital expenditure associated with new development in any catchment will be allocated equally between the numbers of new units of demand expected to occur in that catchment during the development contributions calculation period.

Council has determined that units of demand generated by different land use types shall be those reflected in Table 1.

Demand for services may be necessitated by the creation of new lots (lot units of demand) that are required to be serviced in advance of their occupation. Demand for services may also be generated by the use and development of lots (activity units of demand), including the intensification or expansion of activity on those lots.

TABLE 1 UNITS OF DEMAND GENERATED BY SUBDIVISION AND DEVELOPMENT	
Lot unit of demand	Units of demand
one residential or rural lot	1.0



TABLE 1

UNITS OF DEMAND GENERATED BY SUBDIVISION AND DEVELOPMENT

one mixed-use residential/commercial lot	1.0
one commercial, industrial or other non-residential lot with an area of less than 1,000 m ²	Lot area divided by 1,000 per square metre
one commercial, industrial or other non-residential lot with an area of 1,000 m ² or more	1.0
for the purposes of calculating community infrastructure development contributions only, one commercial, industrial or other non-residential lot	0
for the purposes of calculating water supply and sewerage wastewater development contributions ONLY, any existing <i>legally established lot</i> not connected to either the water supply network or the sewerage-wastewater network as the case may be	0
for the purposes of calculating water supply and sewerage wastewater development contributions ONLY, any proposed <i>lot</i> not to be connected to either the water supply network or the sewerage-wastewater network as the case may be	0
one <i>serviced camping site</i>	Special application
one <i>lot</i> : <ul style="list-style-type: none"> wholly covenanted in perpetuity as provided for by s.22 of the Queen Elizabeth the Second National Trust Act 1977 the title of which prevents any form of development on the <i>lot</i>. 	0
Activity unit of demand	Units of demand
one <i>dwelling unit</i> or <i>accommodation unit</i> (excluding a serviced camping site) of two or more <i>bedrooms</i> per unit	1.0
one commercial unit including the commercial part of any activity but excluding any part that comprises accommodation units	the <i>net lettable area</i> on the <i>lot</i> multiplied by the applicable <i>unit of demand</i> factors in this table
one industrial unit or any other non-residential development	special application
for the purposes of calculating community infrastructure development contributions only, one commercial, industrial or other non-residential development	0
any <i>dwelling unit</i> , or <i>accommodation unit</i> (excluding a serviced camping site) of one or fewer <i>bedrooms</i> per unit	0.5
any room in an <i>accommodation unit</i> or any room in a retirement village or school, normally accommodating more than three persons	the number of persons able to be accommodated in the room divided by 6
any <i>retirement unit</i> for purposes of calculating the water supply and sewerage-wastewater contributions only	0.5 otherwise 0
any <i>aged care room</i> for purposes of calculating the water supply and sewerage-wastewater contributions only	0.2 otherwise 0



TABLE 1	
UNITS OF DEMAND GENERATED BY SUBDIVISION AND DEVELOPMENT	
other activity (activity not specified elsewhere in this table)	special application
for the purposes of calculating water supply and sewerage wastewater development contributions ONLY, any <u>existing</u> <i>legally established</i> development not connected to either the water supply network or the sewerage wastewater network as the case may be	0
for the purposes of calculating water supply and sewerage wastewater development contributions ONLY, any <u>proposed</u> development not to be connected to either the water supply network or the sewerage wastewater network as the case may be	0
network infrastructure, including pipes, lines and installations, roads, water supply, wastewater and stormwater collection and management systems	0
farm buildings associated with normal farming operations including sheds, barns, garages and buildings for indoor poultry livestock and crop production	0
Crown developments	0
Unit of demand factors commercial development	Calculated in Appendix 5
water supply – commercial development	1 per 769 m ² <i>net lettable area</i>
Sewerage wastewater - commercial development	1 per 322 m ² <i>net lettable area</i>

The different units of demand generated by a unit of commercial activity, as compared with a unit of residential activity, arise mainly from the different scale and nature of activity when compared to demand from a standard dwelling unit.

To ensure fair and equitable assessment this policy:

- uses lot size in the case of subdivision for commercial purposes;
- uses net lettable area in the case of commercial development as a proxy for assessing the different units of demand on services, likely to be generated respectively by residential and commercial activity and incorporates multipliers (unit of demand factors) to quantify those differences;
- requires a special application to assess development contributions on industrial activity.

The assumptions used in this policy to derive the unit of demand factors for commercial development in Table 1 are described in Appendix 5 of this policy.

3.4 Information requirements

The applicant for any consent or authorisation shall provide all information necessary for Council to calculate the amount of a development contribution, including the net lettable area of the development if required for purposes of an assessment under Table 1.



The applicant shall be responsible for providing proof of the legal establishment of existing units of demand for purposes of an assessment under Table 1.

Existing units of demand may include legally established buildings and structures that have been demolished up to three years prior to this policy becoming operative on 1 July ~~2018~~2021.

3.5 Remissions and postponements of development contributions

In addition to rights to reconsideration provided for by s.199A and 199B of the act, Council will consider applications for remission or postponement of development contributions.

Council will consider applications for and may grant a remission of any development contribution where the applicant has provided and/or funded the same infrastructure that a development contribution has been required for but that remission shall be limited to the value of infrastructure provided or funded. In cases where the value of infrastructure provided or funded exceeds the development contribution payable, Council shall meet the excess costs by separate agreement with the applicant.

Council will consider applications for and may grant a postponement of the payment of a development contribution in the case of resource consent for land use only, where a building consent is required to give effect to that resource consent. At the discretion of Council, the payment of a development contribution on the resource consent may be postponed until a building consent is granted.

Council will consider applications for a postponement of the payment of a development contribution in the case of a subdivision consent. If it grants a postponement it may do so on whatever terms Council thinks fit, including that it may:

- a) issue a certificate under s.224(c) of the RMA, prior to the payment of a development contribution; and
- b) register the development contribution under subpart 5 of the Land Transfer Act 2017 ~~the Statutory Land Charges Registration Act 1928~~, as a charge on the title of the land in respect of which the development contribution was required.

An applicant may formally request Council to review the development contribution required and remit or postpone the development contribution payment.

Any such request shall be made in writing no later than 15 working days after the date on which Council issues an invoice under section 3.1, setting out the reasons for the request.

Prior to accepting any such request for review, Council shall require the applicant to provide specific details of the manner in which its proposals qualify for a remission or postponement.

In undertaking the review, Council or a committee of Council or an officer so delegated:

- a) shall, as soon as reasonably practicable, consider the request
- b) may determine whether to hold a hearing for the purposes of the review and if it does, give at least five working days' notice to the applicant of the date, time and place of the hearing
- c) may at its discretion uphold, remit in whole or in part or postpone (as the case may be) the original development contribution required and shall advise the applicant in writing of its decision within ten working days of making that decision
- d) may charge such fee as determined in its annual schedule of fees, to consider the request.



3.6 Reconsideration process

As required by s.202A of the act, this policy must set out the process for requesting reconsideration of a requirement for a development contribution under s.199A of the act. The process for reconsideration must set out:

- a) how the request can be lodged with Council; and
- b) the steps in the process that Council will apply when reconsidering the requirement to make a development contribution.

An applicant who is required to make a development contribution may request a reconsideration of that requirement if they believe that:

- a) the development contribution was incorrectly calculated or assessed under this policy; or
- b) Council incorrectly applied this policy; or
- c) the information used to assess the applicant's development against this policy, or the way Council has recorded or used it when requiring the development contribution, was incomplete or contained errors.

Any request for reconsideration shall be made in writing, no later than 15 working days after the date on which Council issues an invoice under Section 3.1 of this policy.

Prior to accepting any request for review, Council shall require the applicant to state the reasons for reconsideration and provide sufficient information to enable Council to reconsider the development contribution.

Council or a committee of Council (or an officer so delegated) will limit its considerations to matters set out in s.199A of the act.

In accordance with s.199B(1) of the act, Council must, within 15 working days after the date on which it receives all required relevant information relating to a request, give written notice of the outcome of its reconsideration to the applicant who made the request.

In accordance with s.199B(2) of the act, an applicant who requested reconsideration may object to the outcome of the reconsideration.

3.7 Special applications

Where developments are marked for special application or not adequately represented in Table 1 or there are specific circumstances related to the applications, these may be considered on a case-by-case basis. Units of demand calculated are based on potential demand not actual demand at any one time. Accordingly specific circumstances do not include those where the users do not utilise the full potential demand (eg a hotel with a 50% occupancy rate will still be assessed at a 100% of the unit of demand relating to hotels; a house with one occupant will be assessed at the unit of demand for a household).

3.8 Crown developments

The Crown is exempt from the provisions of this policy by virtue of s.8 of the act. If an applicant considers that it is the Crown for the purposes of avoiding liability to pay a development contribution,



Council may require the applicant to provide written advice to Council outlining the basis on which the applicant considers that it is the Crown.

3.9 Statement on GST

Any development or financial contribution referred to in this policy or in the accompanying development contributions model and any development contribution required in the form of money, pursuant to this policy, is exclusive of Goods and Services Tax.

4 Methodology

The calculation of the separate portions of the cost of any combined project (AC/ILOS project) between that for improving levels of service to existing households and businesses (ILOS costs), and that for providing additional capacity to accommodate new development of households and businesses (AC costs) under this policy, is carried out using the following procedure.

4.1 Step 1: Listing projects

Every project in the capital works programme of the Long Term Plan for the activities for which the Council intends to require development contributions is listed in the Project Allocation Schedule of the Development Contributions Model.

Every surplus capacity project is listed in the Surplus Capacity Schedule.

Where possible, distinct stages of a project or distinct parts of a project are listed in the schedules as separate components and separate calculations carried out for each.

For each project in the schedules, the following base information is provided:

- a) the total project cost
- b) the catchment which the project will serve
- c) the level of any subsidy, third party funding or other source of funding if any which is deducted from the total project cost to give the net project cost
- d) the year in which the project or component is to be carried out in the Long Term Plan, or in the case of each surplus capacity project (SC project), the year it was completed
- e) the year in which the project capacity is expected to be fully consumed.

4.2 Step 2: Initial screening

Each project in the Project Allocation Schedule is categorised "Yes" or "No" in answer to the question – "Is this capital expenditure required at least partly to provide appropriately for new or additional assets or assets of increased capacity in order to address the effects of development?" By answering:

- a) "No" - the project is treated as a pure renewal or level of service project and the cost of the project is removed from the development contribution calculation
- b) "Yes" - the project is treated as either a combined project (AC/ILOS project) or an additional capacity for growth project (AC project) and is subject to further analysis.



Each project in the Surplus Capacity Schedule is categorised “Yes” or “No” in answer to the question – “Was capital expenditure on this project incurred, at least partly, in anticipation of development?” By answering:

- “No” - the project is treated as a pure renewal or level of service project and the cost of the project is removed from the development contribution calculation;
- “Yes” - the project is treated as either a combined project (AC/ILOS project) or an additional capacity for growth project (AC project) and is subject to further analysis.

4.3 Step 3: Cost allocation of combined projects or additional capacity for growth projects

Using the information provided on combined projects (AC/ILOS projects) and additional capacity for growth projects (AC projects) in the project schedules, a needs/benefits matrix analysis is carried out by which it is required to state for each project:

- the degree, on a scale of 0 to 10 to which growth created the need for the project to be undertaken. (0 = not at all, 10 = totally)
- the degree on a scale of 0 to 10 to which the growth community will benefit from the project being undertaken. (0 = not at all, 10 = totally).

Calculation of Growth Component % - Need/Benefit Matrix

NEED
To what degree does Growth create the need for the project? 0 - not at all, 10 - totally

Factor	0	1	2	3	4	5	6	7	8	9	10
0	0	5	10	15	20	25	30	35	40	45	50
1	5	10	15	20	25	30	35	40	45	50	55
2	10	15	20	25	30	35	40	45	50	55	60
3	15	20	25	30	35	40	45	50	55	60	65
4	20	25	30	35	40	45	50	55	60	65	70
5	25	30	35	40	45	50	55	60	65	70	75
6	30	35	40	45	50	55	60	65	70	75	80
7	35	40	45	50	55	60	65	70	75	80	85
8	40	45	50	55	60	65	70	75	80	85	90
9	45	50	55	60	65	70	75	80	85	90	95
10	50	55	60	65	70	75	80	85	90	95	100

BENEFIT
To what degree does Growth benefit from the project? 0 - not at all, 10 - totally

The value is chosen in each case from the need/benefits matrix in the model which produces an estimated percentage of cost attributable to growth.

The matrix generates 121 different need/benefit combinations. The percentage derived is applied to the net project cost to determine the AC cost. The remainder of the net project cost is the ILOS cost.

A unit price is calculated for each project by dividing the project cost by the total units of demand that will consume its capacity comprising:

- existing units of demand at ~~2018~~2021; plus
- additional units of demand expected to consume capacity in the asset by the end of its asset life.



4.4 Step 4: Capacity life - cost allocation between new and future units of demand

Using information provided on the year in which capacity take up of a project is expected to start and the year in which the project capacity is expected to be fully consumed, the AC cost of the project is divided between new units of demand (N) arriving in the activity-funding area in the Long Term Plan period and future units of demand (F) arriving after the end of the Long Term Plan period, as follows:

- a) the AC cost to F is the AC cost determined in section 4.3 above multiplied by the years of capacity take up after the Long Term Plan period divided by total years of capacity take-up;
- b) the AC cost to N is the AC cost less the AC cost to F.

Only the AC cost to N is used in the calculation of development contributions.

In addition to predicting the capacity take up of an asset, by comparing the start and end years of capacity life against rating unit projections, the development contributions model is able to accept a finite capacity figure from the asset-activity manager which, regardless of years of take-up, can be used to share the cost of an asset equitably among the known number of units of demand that will eventually consume its capacity.

4.5 Step 5: Growth assumptions - sharing 10-year costs among projected growth

In order to calculate the amount of new development to which the growth related portion of capital expenditure (AC costs) for infrastructure will be attributed, area-by-area projections of new and future units of demand for services in the period 2018-2021 to 2048-2051 are required.

Council maintains a detailed rating database that provides the numbers of rating units for all parts of the District.

The numbers of rating units provide a close correlation with numbers of lots in the District and a measure of separate units of activity on any lot where this is the case. They are considered to provide a reasonably sound measure of the units of demand for infrastructure and services.

The growth projection worksheet of the development contributions model, Projections Schedule, contains as the base year, the number of rating units (units of demand) for each activity type existing at the time of the 2017/2018-2020/2021 rates year. Rating data is available for the whole Southland District, and each of the water supply, wastewater and community infrastructure catchments.

Long Term Plan assumptions have been used to determine the expected annual increase in the numbers of rating units and hence units of demand to 2028/2031, in each of these catchment areas.

The Projections Schedule also provides long-term estimates for future rating units (units of demand) after the Long Term Plan period to 2048/2051, in order to ensure that any portion of remaining surplus capacity at the end of the period may be attributed to future development.

Geographic catchments will apply to each activity type. Projections Schedule provides rating units at 2018/2021 and projected rating units for each activity-funding area to 2048/2051.



4.6 Step 6: Allocation of costs to units of demand - schedule of development contributions

The development contribution for each activity and each catchment to be charged per ~~Unit-unit~~ of ~~Demand-demand~~ is derived by dividing the costs of growth in the Long Term Plan period (AC Cost to N), derived in Step 3 and Step 4 by the number of additional rating units expected in the period, derived in Step 5.

A full schedule of development contributions (Schedule 3) must be prepared as part of the policy to enable the development contributions to be calculated by infrastructure type and catchment on each development application.

4.7 Interest and inflation

The development contributions model does not include interest on growth related capital expenditure in the calculation of the development contribution amounts.

Council does not intend to recover past interest that has been funded from rates from development contributions and has not included it in the development contribution calculation.

The development contributions model uses the inflated capital costs in the Long Term Plan to calculate development contributions.



5 Schedules

Schedule 1 – Schedule of assets **for which development contributions will be used (s.201A of the Act)**

ACTIVITY GROUP	DCP CATCHMENT	PROJECT NAME	TYPE	PROJECT COST	PROPORTION RECOVERED THROUGH DEVELOPMENT CONTRIBUTIONS	PROPORTION RECOVERED THROUGH OTHER SOURCES
Wastewater	Te Anau CB	Te Anau/Manapouri Treatment and Disposal	LTP Project	\$27,019,939.00	1.27%	98.73%
Community services	Riverton/Aparima CB	Cemetery - Riverton	LTP Project	\$231,707.00	15.11%	84.89%
Total				\$27,251,646.00		

* Council has deemed that the Te Anau/Manapouri Treatment and Disposal project has a demand component. The demand component of this project has been calculated at 36.80%. However, Council is has put development contributions into remission across the District in order to encourage economic growth. Whilst development contributions are in remission, the demand share of the project will be funded by rates and previously collected contributions. Council would periodically review its decision to remit development contributions to ensure that it remains appropriate in consideration of the economic and population grow



Schedule 2 - Capital expenditure identified to meet increased demand resulting from growth* and sources of funding by activity

ACTIVITY	2021-31 LTP					SURPLUS CAPACITY					
	Total cap project costs	Dev contrib (New)	Dev contrib (Future)	Rates	Subsidies/ grants/ contrib recov	Total value of surplus capacity projects	Dev contrib (New)	Dev contrib (Future)	Dev contrib (already used)	Rates	Subsidies/ grants/ contrib recov
Wastewater	\$27,019,939	\$ -	\$ -	\$21,677,334	\$5,342,605	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cemeteries	\$250,481 231,707	\$ -	\$ -	\$ -	\$250,481 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Parks and reserves	\$127,381	\$ -	\$ -	\$ -	\$127,381	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Roading	\$145,749	\$ -	\$ -	\$ -	\$145,569	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$14,957,576	\$ -	\$ -	\$14,091,360	\$866,036	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

* Although there are a number of projects with demand components scheduled, Council is proposing to place the collection of development contributions into remission. Under this proposal, funding for the Te Anau / Manapouri Treatment and Disposal project (~~Seweragewastewater~~) will be sourced from contributions already recovered and rates. The demand component of this project (currently calculated at \$5,311,375), would typically be funded by development contributions. If Council deems it appropriate to reinstate development contributions in the future, they will be used as a source of funding for this project and reduce the rates requirement.



Schedule 3 - Schedule of development contributions

AREA	WASTEWATER	WATER SUPPLY	COMMUNITY INFRASTRUCTURE	RESERVES	ROADING	TOTAL
Te Anau Community Board	\$-*	\$-	\$-	\$-	\$-	\$-
Note 1: These contribution amounts do not include GST						

Council will invoice a development contribution at the following times:

- in the case of a resource consent for subdivision, at the time of application for a certificate under s.224(c) of the RMA, with payment required prior to the issue of the certificate;
- in the case of a resource consent for land use, at the time of notification of commencement or commencement of the consent, whichever is the earlier, with payment required prior to commencement of the consented activity;
- in the case of a building consent, at the time of granting the building consent with payment no later than 90 days from the date of granting consent or prior to the issue of a code compliance certificate, whichever is the earlier;
- in the case of a service connection, at the time of approval of the service connection with payment prior to connection.

* Council has put development contributions into remission across the District in order to encourage economic growth. As such, the Te Anau / Manapouri treatment and disposal project will be funded through rates and contributions which have already been recovered. Council will periodically review its decision to remit development contributions to ensure that it remains appropriate in consideration of the economic and population growth.

If development contributions were not placed in remission, the amount of contributions for the Te Anau / Manapouri Treatment and Disposal project would be ~~\$2,968.40x~~ per unit of demand (GST exclusive) from 1 July ~~2018~~**2021**.

6 Roles and responsibilities

ROLE	ROLES AND RESPONSIBILITIES
Council	Decision on whether to review and reinstate the policy when in remission
<u>All Council staff</u>	<u>ensure that the policy is given full effect</u>

7 Review and revision record

This policy may be reviewed at any time but no longer than three years from the date of its adoption.

Section 106(6) of the Act requires that a policy on development or financial contributions must be reviewed at least once every three years using a consultation process that gives effect to s.82 of the Act.

DATE	VERSION	REVISION DESCRIPTION
<u>R/xx/xx</u>	<u>Policy on Development and Financial Contributions 2021-31</u>	<u>LTP 2021-31</u>
R/17/10/24438	Development and Financial Contributions Policy	Long Term Plan 2018-28
R/14/11/17513	Development and Financial Contributions Policy	Long Term Plan 2015-25
R/14/6/8794	Development and Financial Contributions Policy	Annual Plan 2014-15
R/13/2/1981	Development and Financial Contributions Policy	June 2013
R/09/9/13493	Development Contributions and Reserve Contributions under Local Government Act 2002 Policy	LTP 2009-2019

8 Implementation

This policy will come into effect on 1 July 2021.

9 Appendix 1 - Definitions and abbreviations

DEFINITIONS	
Term	Meaning
accommodation unit	Has the definition given to it in s.197(2) of the Act 2002, “ <i>means units, apartments, rooms in 1 or more buildings, or cabins or sites in camping grounds and holiday parks, for the purpose of providing overnight, temporary, or rental accommodation.</i> ”
AC cost	means the cost for providing additional capacity to service the development of new households and businesses
activity	means a good or service provided by Council under s.5 of the act, and for which development contributions are normally collected
activity unit of demand	means the demand for a community facility generated by development activity other than subdivision
additional capacity project or AC project	means a capital project in the Long Term Plan intended only to provide additional capacity to service new and future households and businesses
aged care room	means any residential unit in a “rest home” or “hospital care institution” as defined in s.58(4) of the Health and Disability Service (Safety) Act 2001
allotment or lot	has the meaning given to the term “allotment” in s.218(2) of the RMA: (a) <i>any parcel of land under the Land Transfer Act 1952 that is a continuous area and whose boundaries are shown separately on a survey plan, whether or not:</i> (i) <i>the subdivision shown on the survey plan has been allowed, or subdivision approval has been granted, under another act; or</i> (ii) <i>a subdivision consent for the subdivision shown on the survey plan has been granted under this act; or</i> (b) <i>any parcel of land or building or part of a building that is shown or identified separately—</i> (i) <i>on a survey plan; or</i> (ii) <i>on a licence within the meaning of Part 7.A of the Land Transfer Act 1952; or</i> (c) <i>any unit on a unit plan; or</i> (d) <i>any parcel of land not subject to the Land Transfer Act 1952.</i>
bedroom	means a room used for sleeping, normally accommodating no more than three persons

DEFINITIONS	
catchment	is an area of the District identified in this policy within which growth and development is occurring, which is likely, either solely or cumulatively, to give rise to the need for, or benefit from, particular Council activities.
combined project or AC/ILOS project	means a project in the Long Term Plan intended to deal with shortfalls in levels of service to existing households and businesses by bringing assets up to the <i>service standard</i> and/or by providing additional service life, and to provide capacity for further growth
commercial	means non-residential development using land or buildings for the provision of goods and services in the course of a trade or business and includes retail development
community facilities	means parks and reserves, network infrastructure, or community infrastructure for which development contributions may be required
community infrastructure	has the definition given to it in s.197(2) of the act
development	has the definition given to it in s.197(1) of the act
development contributions calculation period	means the period between 1 July 2018 <u>2021</u> and a date 30 years after the date of adoption of this policy.
District Plan	The Operative Southland District Plan including any proposed plan or variation.
dwelling unit	any building or group of buildings or any part of those buildings, used or intended to be used solely or principally for residential purposes and occupied or intended to be occupied by not more than one household – and includes a minor household unit, a utility building or any unit of commercial accommodation
household unit	a building or part of a building capable of being used as an independent residence and includes dwelling apartments, semi-detached or detached houses, units, town houses, granny flats (or similar), and caravans (where used as a place of residence or occupied for a period of time exceeding six months in a calendar year)
ILOS cost	the cost of improving levels of service to existing households and businesses by bringing assets up to the <i>service standard</i> and/or by providing additional service life
Improved level of service project or ILOS project	a capital project in the Long Term Plan intended only to deal with shortfalls in levels of service to existing households and businesses by bringing assets up to the <i>service standard</i> and/or by providing additional service life
industrial	a non-residential development using land or buildings where people use material and physical effort in the course of a trade or business to: <ul style="list-style-type: none"> • extract or convert natural resources • produce goods or energy from natural or converted resources

DEFINITIONS	
	<ul style="list-style-type: none"> • repair goods, but <p>does not include mineral extraction or farm buildings associated with normal farming operations including sheds, barns, garages and buildings for indoor poultry livestock and crops production</p>
legally established	in relation to any <i>lot</i> or development, any <i>lot</i> for which a title has been issued, or any dwelling, commercial or industrial unit for which a code compliance certificate has been issued. <i>Legally established</i> development includes buildings and structures that can be shown to have been in existence when this policy became operative on 1 July 2018 <u>2021</u> , but have since been demolished.
lot unit of demand	the demand for a community facility generated by the creation of lots through subdivision
net lettable area	the area for which a tenant could be charged for occupancy under a lease. Generally, it is the floor space contained within a tenancy at each floor level measured from the internal finished surfaces of permanent external walls and permanent internal walls but excluding features such as balconies and verandahs, common use areas, areas less than 1.5 m in height, service areas, and public spaces and thoroughfares
non-residential lot or development	<p>any lot or development that is not for residential purposes. This includes:</p> <ul style="list-style-type: none"> • all buildings that are considered a fundamental place of work such as dairy milking sheds, shearing sheds, and indoor farming facilities such as chickens or pigs • all buildings for the provision of sport, recreation or entertainment • all buildings for the provision of social and cultural pursuits
past surplus capacity	capacity in assets provided as a result of capital expenditure made in anticipation of development since 1 July 2005.
remaining surplus capacity	the estimated remaining capacity in capital assets at the end of the Long Term Plan period, available to service future development occurring after the Long Term Plan period
residential development	any use of land and/or buildings by people for the purpose of living accommodation. It includes accessory buildings and leisure activities associated with needs generated principally from living on the site
retirement unit	any residential unit other than an aged care room, in a “ <i>retirement village</i> ” as defined in s.6 of the Retirement Villages Act 2003.
serviced site	any site dedicated for the location of a vehicle or tent for the accommodation of persons, which is provided with utility services such as water supply, wastewater disposal, solid waste disposal, electricity or gas, either directly to the site or in the immediate vicinity

DEFINITIONS	
surplus capacity project or SC project	a past capital expenditure project carried out since 1 July 2005 in anticipation of new development and providing surplus capacity for further development.
utility building	is a structure containing facilities (such as toilet, shower, laundry, hot water cylinder, laundry tub) that make the site habitable prior to or during the erection of a dwelling
unit of demand	is a unit of measurement by which the relative demand for an activity, generated by different types of development (existing or proposed), can be assessed. A <i>unit of demand</i> may be expressed as a <i>lot unit of demand</i> or an <i>activity unit of demand</i>

10 Appendix 2 - Development contribution catchments

COMMUNITY FACILITY	CATCHMENT	DEVELOPMENT TO WHICH DEVELOPMENT CONTRIBUTION APPLIES
water supply	<p>10 community potable water suppliesdrinking water supply scheme areas:</p> <ul style="list-style-type: none"> • Edendale/Wyndham • Manapouri • Mossburn • Ohai/Nightcaps/Wairio • Orawia • Otautau • Riverton • Te Anau • Tuatapere • Winton <p>2 mixed potable / treated rural water supply areas:</p> <ul style="list-style-type: none"> • Eastern Bush/Otahu Flat • Lumsden/Balfour 	Development in any separate water supply scheme
sewerage wastewater	<p>18 sewerage wastewater scheme areas:</p> <ul style="list-style-type: none"> • Balfour • Browns • Edendale/Wyndham • Gorge Road • Lumsden • Manapouri • Monowai • Nightcaps • Ohai • Riversdale • Riverton • Stewart Island • Te Anau • Tokanui • Tuatapere • Otautau • Wallacetown • Winton 	Development in any separate sewerage wastewater scheme
community infrastructure	Waihopai Toetoes Ward, Winton Wallacetown Ward, Mararoa Waimea Ward, Waiau Aparima Ward, Stewart Island Rakiura Ward	Development in each separate ward

11 Appendix 3 - Assessment of significant assumptions

ASSUMPTION	LEVEL OF UNCERTAINTY	POTENTIAL EFFECTS
The rate, level and location of growth will occur as forecast in the rating growth projections accompanying the Long Term Plan	High	Lower than forecast growth will result in a significant under-recovery of development contributions revenue
Capital expenditure will be in accordance with the capital works programme in the Long Term Plan and future capital expenditure is based on the best available knowledge at the time of preparation. These are to take into account known or likely construction costs and assumed inflation rates	Moderate	In current circumstances significant changes to the capital programme are unlikely
No significant changes to service standards are expected to occur in the Long Term Plan period other than those planned for in the Activity Management Plans	Low	No significant effects anticipated
The level of third party funding (such as NZ Transport Agency subsidies) will continue at predicted levels for period of the Long Term Plan	Low	No significant effects anticipated
There will be no significant variations to predicted rates of interest and inflation to those set out in the Long Term Plan	Low/moderate	No significant effects anticipated
Each residential dwelling comprises the average number of residents from the 2013 census. The demand on Council assets placed by a standard dwelling (Unit of Demand) is assumed to be 2.5 persons per dwelling and this is applied District-wide	Moderate	The average dwelling occupancy will remain steady over time but there may be local areas where residential occupancy goes above the District average and places increased demands on infrastructure from that anticipated

12 Appendix 4 - Summary of financial contribution provisions in District Plan

Section 106(2)(f) of the act states that; if Council is to require financial contributions then this policy must summarise the provisions that relate to financial contributions in the District Plan.

Section 2.14 of the Southland District Plan requires the following contributions:

Roading - A contribution may be required for the development, maintenance and upgrading of roading infrastructure that serves the subdivision. The amount of contribution is 100% of the cost of the required work reduced with regard to:

- a) the current status and standard of roading leading to and fronting the site;
- b) the benefit of works to existing users and the wider public;
- c) the standard and classification of the road and expenditure required to meet this standard;
- d) the use or likely future use of the road by other parties;
- e) contributions made by central government and other agencies towards the development of the road; and
- f) previous financial contributions from developers who will benefit from the work.

Reserves - A contribution ~~may~~ **shall** be required in the following situations:

- a) a contribution of 2% of the value of additional allotments created by subdivision, up to a maximum value of 2% of the value of 1,000 m² per lot, where existing reserves in the locality cannot deal with additional demand; or
- b) a contribution of 1% of the value (given as money or land) of additional allotments created by subdivision for minor improvements to existing reserves in the locality up to a maximum value of 1% of the value of 100 m² per lot;
- c) a contribution of the value of 20 m² for each additional residential unit created in a development;
- d) a contribution of the value of 4 m² of land for each additional 100 m² of net non-residential building floor area created in a development in the urban zone, commercial precinct or industrial zone.

13 Appendix 5 - Calculating units of demand for commercial development

Industrial and other non-residential development (other than commercial development) will be subject to special application under section 3.7 of this policy. In calculating the units of demand generated by commercial development for water supply and ~~sewerage wastewater~~, as compared to that of an average dwelling unit, Council accepts that demand may vary between different types of commercial activity. However changes to the type of business over time may not constitute “development” under the act or even trigger a resource consent, building consent or new connection requiring a development contribution. This policy therefore treats all types of commercial activity as generating the same average unit of demand for a given net lettable area.

Water - comparison of residential and commercial demand

The residential daily demand for water comprises that for domestic purposes and non-domestic uses (eg gardening, car washing, firefighting, leakages etc). The following figures are used in the assessment:

- a) the average daily residential demand for domestic purposes is 230 litres/person/day
- b) the average daily residential demand for non-domestic purposes is 1,200 litres/dwelling.

In determining the units of demand for one dwelling unit, it is noted that not all potential demand will occur at the same time and therefore an average peak of four persons per household is used to assess peak usage per dwelling at 2,120 litres/day ($4 \times 230 \text{ litres/day} + 1200 \text{ litres}$).

Water consumption sampling¹ of various commercial premises, offers data for premises which may be typical of many Southland main street businesses in the range 0 - 5,000 m² net lettable area (NLA). These would also generally be premises naturally rather than mechanically cooled with air conditioning systems using higher quantities of water.

Sampling found consumption in the range 875 - 1,200 m³ (average 1,037 m³) per annum per 1,000 m² NLA. This converts as follows:

***Commercial premises consuming an average 2,840 litres per day per 1,000 m² NLA; thus
If 2,120 litres per day is one unit of demand for residential; then
2,840 litres per day (1,000 m² NLA) is 1.3 units of demand; then
769 m² NLA is 1 unit of demand.***

~~Sewerage-Wastewater~~ - comparison of residential and commercial demand

Average daily residential wastewater flows are assumed to equate to the domestic purposes water use of 230 litres/person/day, with water for non-domestic purposes not finding its way to the sewer. Average peak usage per property at four persons per dwelling is therefore 920 litres/day ($4 \times 230 \text{ litres/day}$).

It is assumed that all water consumption on commercial premises (2,840 litres per day per 1,000 m² NLA) in main street situations will find its way to the sewer. To calculate the units of demand for

~~sewerage wastewater:~~

***Commercial premises generate an average 2,840 litres ~~sewerage wastewater~~ per day per 1,000 m² NLA; thus
If 920 litres per day is one unit of demand for residential; then
2,840 litres per day (1,000 m² NLA) is 3.1 units of demand; then
322 m² NLA is one unit of demand.***

¹ Water Performance Benchmarks for New Zealand: an approach to understanding water consumption in commercial office buildings, Bint, Isaacs and Vale, School of Architecture, Victoria University Wellington

14 Appendix 6 - Calculation of development contribution amount on a development

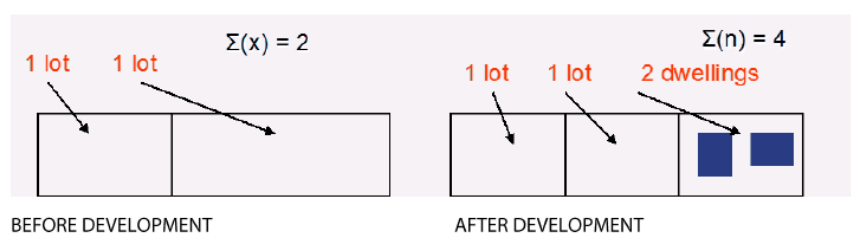
The formula in **Section 3.2.1** of this policy calculates the demand on infrastructure from any development site after the proposed development has taken place (n) and subtracts the existing demand already generated by the site before the development occurs (x). In this way, it identifies only additional demand placed on infrastructure as a result of the development. This additional demand is multiplied by the development contribution amount for each type of infrastructure to calculate the total development contribution payable.

Using Table 1 of this policy, the units of demand before and after development are calculated, as the greater of the number of lot units of demand making up the development site OR activity units of demand (building development) on the development site at the time.

The calculation is $[(a) \times [\Sigma(n) - \Sigma(x)]] + \text{GST}$ where:

- (a) is the development contribution for the catchment eg sewerage-wastewater \$1,316 per unit;
- (x) is, for each lot existing before development, the lot units of demand OR activity units of demand whichever is the greater;
- (n) is, for each lot after the development, the lot units of demand OR activity units of demand whichever is the greater.

Residential development example using Table 1:



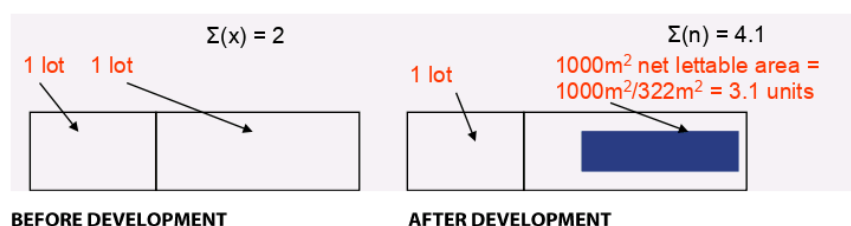
BEFORE DEVELOPMENT

AFTER DEVELOPMENT

Additional units of demand $\Sigma(n) - \Sigma(x) = 4(n) - 2(x) = 2$ Units

Development contribution for sewerage-wastewater is 2 units X \$1,316 = \$2,632 + GST

Commercial development example using Table 1:



BEFORE DEVELOPMENT

AFTER DEVELOPMENT

Additional units of demand $\Sigma(n) - \Sigma(x) = 4.1(n) - 2(x) = 2.1$ Units

Development contribution for sewerage-wastewater is 2.1 units X \$1,316 = \$2,764 + GST

Draft Procurement Policy - Consultation

Record No: R/20/9/52878
Author: Robyn Rout, Policy Analyst
Approved by: Matt Russell, Group Manager Services and Assets

☒ Decision

☐ Recommendation

☐ Information

Purpose

- 1 This report recommends Council endorse a draft Procurement Policy (the draft policy) for public consultation.

Executive Summary

- 2 The current Procurement Policy was adopted in 2010 and is due for review.
- 3 Procurement includes all aspects of acquiring and delivering goods, services and works.
- 4 Staff have developed a draft policy that outlines a set of procurement policy objectives, and includes policy statements on how Council will achieve those objectives. The draft policy is included as Attachment A. The draft policy will be applied when any good, service or asset is actively being sought from a supplier.
- 5 The draft policy differs from the current policy as it only contains high level policy information, not the operational steps that staff must take to procure. Changes have also been made so the draft policy is more practical, and aligns to the Government Procurement Rules that came into effect in 2019.
- 6 To sit alongside the policy, staff have been developing a procurement manual that will include the practical steps that staff will have to go through to procure. Staff will ensure the manual implements the policy approach outlined in the final Procurement Policy. When it is complete, the manual will be presented to the Finance and Assurance Committee for endorsement.
- 7 The Finance and Assurance Committee (the committee) considered the draft policy at its 11 September 2020 meeting. This report outlines feedback received from the committee. The committee recommended Council release the draft policy for public consultation.
- 8 If approved, it is intended that the draft policy will be consulted on in accordance with section 82 of the Local Government Act 2002 (the LGA). This will be done via a process which will be run concurrently with the consultation for a number of Council policies from 4 November to 4 December 2020.

Recommendation

That Council:

- a) **Receives the report titled “Draft Procurement Policy - Consultation ” dated 14 October 2020.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- a) **Endorses one of the following options:**
 - I. **Option 1 – endorses and releases the draft Procurement Policy for consultation in accordance with section 82 of the Local Government Act 2002, from 4 November to 4 December 2020, or**
 - II. **Option 2 – delay consultation and propose a different way forward.**

Background

The current policy

- 9 The current Procurement Policy was adopted in 2010, and is overdue for review. It is included with this report as Attachment B. The current policy needs to be reviewed for a number of reasons, including:
 - procurement ‘best practice’ has changed since 2010, and new best-practice guidelines have been developed
 - the cost of goods and services has changed, and the financial thresholds in the current policy are no longer appropriate/practical for Council
 - the requirement in the current policy to seek quotes from three suppliers is not always practical or appropriate for staff
 - the nature of relationships between councils and suppliers has changed since the current policy was developed.
- 10 At the end of 2019, Deloitte completed a review of Council’s procure to pay process. The review stated that Council’s current policy is in line with good practice as well as guidance for public entities, and that it provides sufficient framework for decision making around the type of procurement process and decision making required. On a measurement scale, it was outlined that the policy puts adequate controls in place.

The review process to date

- 11 Council has taken the opportunity over the last two years to review and revise procurement practices across the business. Other work being undertaken in the procurement space is the use of CAMMs, contract management changes, and development of a contract management policy.

As a thorough review of procurement processes have been undertaken, it has taken staff time to complete the review of the policy and manual.

- 12 The current policy includes both policy information and information on the practical steps that staff must undertake when they procure. Early in the review process, staff thought it was appropriate to separate the policy and operational parts of procurement. This was to ensure Council documents contain the right information and are being used consistently across Council. Policies outline Council's high-level position, are binding, and it is anticipated that a policy will be reasonably enduring. Manuals focus on the technical implementation and operational steps of a process, which may be subject to more regular changes and improvements.
- 13 The policy has been informed by the best practice guidelines of the Office of the Auditor General (OAG) and the Government Procurement Rules, and the requirements of the Local Government Act 2002 (LGA).
- 14 When Deloitte undertook the procure to pay review, it also reviewed a version of the draft manual and recommended changes. Staff have largely incorporated the suggested changes. The last of the changes will be considered/incorporated as the manual reaches the stage of being a final draft.

Engagement

- 15 Staff have sought feedback from both internal and external stakeholders. The services and assets, finance, and strategy and policy teams have been involved in developing the draft procurement documents.
- 16 Staff have also provided a selection of suppliers with a copy of the draft policy, and have sought feedback from suppliers and Te Ao Marama. Staff only received a response from two suppliers, who were supportive of the policy approach proposed. At the time of writing this report, no response had been received from Te Ao Marama.

Feedback from the Finance and Assurance Committee

- 17 On 11 September 2020, the Finance and Assurance Committee considered the draft policy. The committee gave feedback on two main aspects of the draft policy. The committee were interested in how staff would try and achieve public value. For example, members of the committee were interested in how staff would allow local suppliers to be prioritised and chosen in appropriate circumstances. At the meeting, staff outlined that procurement forms would be produced and approved by managers early in the procurement process, and the forms would detail how Council will decide who will be awarded particular contracts. The committee were also interested in how the policy would be monitored and reviewed, to ensure that Council was achieving the objectives outlined in the draft policy. A staff response to this feedback, is given in the 'policy review and implementation' section below.
- 18 A key recommendation from the Finance and Assurance Committee was that Council release the draft Procurement Policy for public consultation in accordance with section 82 of the Local Government Act 2002 from 4 November to 4 December 2020.

Issues

The draft policy

- 19 The draft policy and manual establish a decision-making framework for procurement that aims to achieve a number of objectives. The draft policy has a series of high-level policy statements on how Council will achieve those objectives. The policy statements are:
- procurement will be in accordance with legal process/legislation
 - procurement will be consistent across Council
 - Council will foster relationships with suppliers
 - Council will make procurement decisions based on achieving public value
 - there will be a sound business approach to procurement
 - risk will be managed appropriately
 - procurement decisions will be made in accordance with delegated authority.
- 20 The policy outlines that to achieve public value, Council will consider (in addition to quality and whole-of-life costs) other outcomes that can be generated from procurement activities. These outcomes can be social, environmental, cultural or economic, and include costs and benefits to the District. The policy enables staff to identify evaluation criteria (such as supporting local suppliers, achieving environmental outcomes etc) and make procurement decisions based on those criteria.
- 21 The current policy also has a similar policy approach, as it outlines that Council will try and achieve broader social outcomes. The draft policy does not propose a significant change to this policy approach.
- 22 Compared to the current policy, the draft policy places more emphasis on undertaking appropriate procurement planning, keeping good records of procurement processes, and having good relationships with suppliers. The draft policy also places more emphasis on identifying and managing risk appropriately, through the procurement process.

The draft manual

- 23 A draft manual is also being produced and contains a series of steps that staff must complete before they procure. The steps include identifying exactly what needs to be purchased and who potential stakeholders/suppliers are, identifying a procurement method, and completing documentation for all purchases valued above a certain value.
- 24 As the procurement manual is an operational document, it will not be put out for formal public consultation. When it is completed, staff will request that the Finance and Assurance Committee endorse the draft manual. This is appropriate as the Finance and Assurance Committee has the delegated authority to ensure Council is complying with laws and best practice guidelines, and to ensure that Council is embedded a culture that is committed to probity and ethical behaviour.
- 25 Due to the operational nature of the procurement manual, the final version will be adopted by the executive leadership team.

Delegations

- 26 The procurement manual does not contain any delegations, it refers to the delegations manual. Some minor changes to the delegations manual will be required when the procurement manual is implemented, to ensure appropriate delegations/authorities are in place.

Policy implementation and review

- 27 The policy approach set by Council will be implemented by staff undertaking the steps outlined in the procurement manual.
- 28 The manual places a number of requirements on staff, including to use standard procurement methods, to assess the risk of procurement, and to complete procurement documents. The procurement documents require staff to provide detail about a procurement process, including how Council will decide who is awarded the contract. This is where staff specify the aspects of ‘public value’ that will be prioritised, such as using local suppliers. The procurement documents will be approved by managers in accordance with the delegations manual, to ensure staff are effectively implementing the policy and following the manual.
- 29 When the policy and manual are in effect, staff will be informed about the new approach, and training will be provided. Particular roles within Council will receive more in-depth training and support. It is being considered whether minimum training standards for staff are appropriate. In some areas of Council, there will be specialist procurement roles to help ensure consistent procurement.
- 30 Staff are aware procurement within Council will need to be evaluated, to ensure that Council is achieving its policy objectives. It has been discussed whether a group within Council should be tasked with reviewing a set number of procurements on an annual basis, when the contracts are finished. The review would involve establishing evaluation criteria and liaising with staff to assess whether Council has been effectively implementing the procurement policy.

Factors to Consider

Legal and Statutory Requirements

- 31 The OAG and the Government Procurement Rules outline that councils should have their own procurement policy and processes in place, that are tailored to their operating environment.
- 32 The Local Government Act 2002 (LGA) (section 14) details principles relating to local authorities. The principles most relevant to Council’s procurement activity are that:
- (a) a local authority should
 - i. conduct its business in an open, transparent, and democratically accountable manner
 - ii. give effect to its identified priorities and desired outcomes in an efficient and effective manner
 - (f) a local authority should undertake any commercial transactions in accordance with sound business practices
 - (g) a local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district or region, including by planning effectively for the future management of its assets
 - (h) in taking a sustainable development approach, a local authority should take into account
 - i. the social, economic, and cultural interests of people and communities
 - ii. the need to maintain and enhance the quality of the environment
 - iii. the reasonably foreseeable needs of future generations.

The draft policy reflects these principles as they relate to Council’s procurement activity.

- 33 Other legislation that is relevant to procurement is:
- Civil Defence Emergency Management Act 2002
 - Commerce Act 1986
 - Construction Contracts Act 2002
 - Contract and Commercial Law Act 2017
 - Fair Trading Act 1986
 - Goods and Services Tax Act 1985
 - Health and Safety at Work Act 2015
 - Land Transport Act 1998
 - Land Transport Management Act 2003
 - Local Authorities (Members' Interests) Act 1968
 - Local Government Act 2002
 - Local Government Official Information and Meetings Act 1987
 - Official Information Act 1982
 - Privacy Act 1993
 - Public Audit Act 2001
 - Public Finance Act 1989
 - Public Records Act 2005
 - Public Works Act 1981
 - Resource Management Act 1991
 - Withholding Tax Regulations.
- 34 Best practice guidelines are an important part of Council procurement activity. Government's procurement policy framework, consisting of principles, a charter, rules and good practice guidance sets the government's expectations for how government agencies should approach procurement activities. The draft policy is informed by this framework, but it is noted that Council is not bound by the rules. Other government entities, such as government departments and ministries, are bound by the Government Procurement Rules. The OAG also provides guidance on procurement that is designed for use by any public entity. Again, the draft policy has been informed by this guidance.
- 35 When Deloitte undertook the procure to pay review, the draft manual was reviewed against the government procurement rules. Staff are working on incorporating the recommended changes.
- 36 If Council endorses and releases the draft policy for consultation, staff are proposing that the draft policy will be consulted on in accordance with section 82 of the LGA. These sections require that those who wish to have their views considered should be provided with a reasonable opportunity to do so. In this case, staff consider it appropriate to have a formal consultation period of one month, where people are encouraged to provide a written submission. This process would not include holding hearings.

Community Views

- 37 Staff have sought internal feedback on the draft policy and manual, and feedback has been sought from key suppliers, community boards and Te Ao Marama. Only a small amount of positive feedback has been received from suppliers to date.
- 38 If Council endorses the draft policy and releases it for public consultation at this meeting, staff will make the draft policy and relevant information publicly available (in accordance with sections 82 of the LGA), and encourage people to give feedback on Council's 'make it stick' platform, by:
- placing a piece in 'First Word'
 - placing an advertisement in the Ensign and Southland Express
 - promoting the consultation on Council's Facebook page
 - having the draft policy accessible on Council's website and at all of its offices

- encouraging community boards to make a submission.

- 39 It is proposed that this consultation process be run parallel to other Council policies.
- 40 The consultation process proposed will allow Council to consider further community views regarding this policy.

Costs and Funding

- 41 To put the draft policy out for consultation and to undertake the steps required to progress a draft policy through to adoption, there will be costs associated with staff time and advertising. These costs will be met within current budgets.
- 42 As an indication of the amount Council spends on procurement, in the year ended 30 June 2019, Council spent \$24.994m on 'activity capital expenditure' (including vested assets) and \$41.319m on operational expenditure (excluding employee benefit expenses, depreciation and amortisation and finance costs). As Council spends a significant amount of public money, it is seeking to ensure all procurement is undertaken and managed in a way consistent with legislation, good practice and a sound business approach.

Policy Implications

- 43 As has been indicated above, the current policy includes high level policy statements and the procedural steps necessary to undertake procurement. The draft policy differs from the current policy, as the draft just includes high-level policy information. On this basis, the current and draft policies will be used quite differently.
- 44 If adopted in its current state, the draft policy sets an expectation that staff will undertake thorough procurement planning, keeping good records of procurement processes, and identify and manage risk appropriately. The extra time staff will have to spend on these tasks has not been formally quantified – but staff consider the tasks are necessary, to meet best-practice standards.

Analysis

Options Considered

- 45 There are two options for consideration in this report:
- option 1 – that Council endorse the draft policy (with any desired amendments) for consultation in accordance with section 82 of the LGA
 - option 2 - that Council delay consultation and propose a different way forward.

Analysis of Options

Option 1 – that Council endorse the draft policy for consultation

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• the draft policy proposes a sound approach to procurement, that aligns to legislation and recommended procurement practice	<ul style="list-style-type: none">• may not reflect councillor and community views on the draft policy.

<ul style="list-style-type: none">• public consultation provides opportunity for stakeholders and members of the public to have their say• a small amount of feedback has been received in support of the draft policy.	
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Option 2 – that Council propose a different way forward

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• would give further clarity on councillors' views regarding the policy• may better reflect community views.	<ul style="list-style-type: none">• any proposed amendments to the draft policy, must comply with legislation and align with recommended procurement practice.

Assessment of Significance

- 46 Staff do not believe the decision to endorse the draft policy for consultation meets the threshold of being a significant decision (in accordance with Council's Significance and Engagement Policy, and the LGA).
- 47 The current and draft policies have similar objectives in relation to achieving broad social outcomes through procurement, so there isn't a substantial change in this policy approach. Because this similar approach is proposed, people may be less interested in and affected by the draft policy, and the draft policy may not achieve different outcomes in relation to the four community 'wellbeings'.
- 48 Council is aware, that it spends public money and that its procurement activities have an impact on the local and domestic economy. For this reason, staff are aware the recommendations proposed in this report are still important. If Council decides to adopt a procurement policy, that decision is likely to have a higher level of significance, due to the more final nature of the policy at that time.

Recommended Option

- 49 Staff propose that Council endorse the draft policy for consultation in accordance with section 82 of the LGA.

Next Steps

- 50 If Council endorse option 1, staff will undertake a consultation process in accordance with section 82 of the LGA from 4 November to 4 December 2020. It is intended that the written submissions received will be presented to Council in early 2021.
- 51 If, after undertaking consultation, Council endorses the proposed changes in the draft policy, Council would then adopt the policy with it to come into effect soon after adoption, in 2021.
- 52 If Council endorse option 2, staff would action the request of the committee.

Attachments

- A Draft Procurement Policy [↗](#)

B Current Procurement Policy [↓](#)

Procurement Policy

Group responsible: Services and Assets/Finance

Date approved: XX 2020

File no: R/16/10/16349

Introduction

This policy contains high level policy statements that will guide procurement decisions for Southland District Council (Council).

Procurement is all aspects of acquiring and delivering goods, services and works. It starts with identifying the need and finishes with either the end of a service contract or the end of the useful life and disposal of an asset.

Council recognises that it is a significant user of public money and the expenditure of this money has an impact on the local and domestic economy. As such, Council seeks to ensure all procurement of goods, services and works are undertaken and managed in a way consistent with legislation, good practice and a sound business approach.

This policy informs any person working for or on behalf of Council of the policy approach that should be followed when conducting procurement. It also provide potential suppliers information about Council's procurement practices.

Council's procurement manual contains the practical steps that should be completed when procuring.

Objectives

This policy and the procurement manual are to establish a decision making framework for procurement that:

- ensures procurement is managed in accordance with legal process/legislation
- is used consistently across Council
- encourages good relationships with suppliers
- helps achieve public value
- establishes a sound business approach to procurement
- appropriately manages risk
- aligns with the delegation manual and facilitates compliance with that manual.

Scope

This policy and the procurement manual apply when goods, services and assets are actively being sought from a supplier.

Neither this policy, nor the procurement manual, cover:



- the setting of levels of service and budgets which are part of the long term plan process
- the setting of financial delegations for individual staff
- decisions about the preferred method of service delivery at the activity level (such decisions will be made in accordance with service delivery reviews required under section 17A of the Local Government Act 2002)
- how contracts should be managed.

Associated documents and important considerations

There are a number of factors that guide procurement for Council. These include:

- legislation/legal process – there are specific pieces of legislation that guide Council procurement, depending on the nature of the procurement
- the Government Procurement Rules – these rules are not compulsory for councils but they are a benchmark against which councils are measured
- the standards of the Office of the Auditor General – the Office of the Auditor General is interested in ensuring that councils conduct their business, including procurement, in a prudent and business-like manner. They are also the auditor of all public sector entities
- Council's Procurement Manual – this outlines the detailed processes that staff are required to follow to conduct procurement in line with this policy
- Council's policies – including Council's Conflict of Interest and Fraud Policies
- Council's Delegation Manual
- Council's Code of Conduct for staff
- major funder requirements, for example the New Zealand Transport Agency (NZTA), and the Ministry for Business Innovation and Employment (MBIE) can have specific procurement requirements in order for Council to attract funding.

Deviations from this policy

In exceptional situations, procurement may need to fall outside this policy. Council will comply with section 80 the Local Government Act 2002, if it makes decisions inconsistent with this policy.

Policy statements

This section outlines policy statements that are to be applied to all procurement activities, to achieve Council's procurement objectives.

Procurement will be in accordance with legal process/legislation

Council will abide by legal process and by legislation when it procures.

Procurement will be consistent across Council

All purchasing activity will be undertaken in accordance with the requirements set out in this policy and in the procurement manual.

The standard procurement methods outlined in the procurement manual will be followed. Any deviation from the standard procurement methods will be appropriately authorised.

Council will foster relationships with suppliers

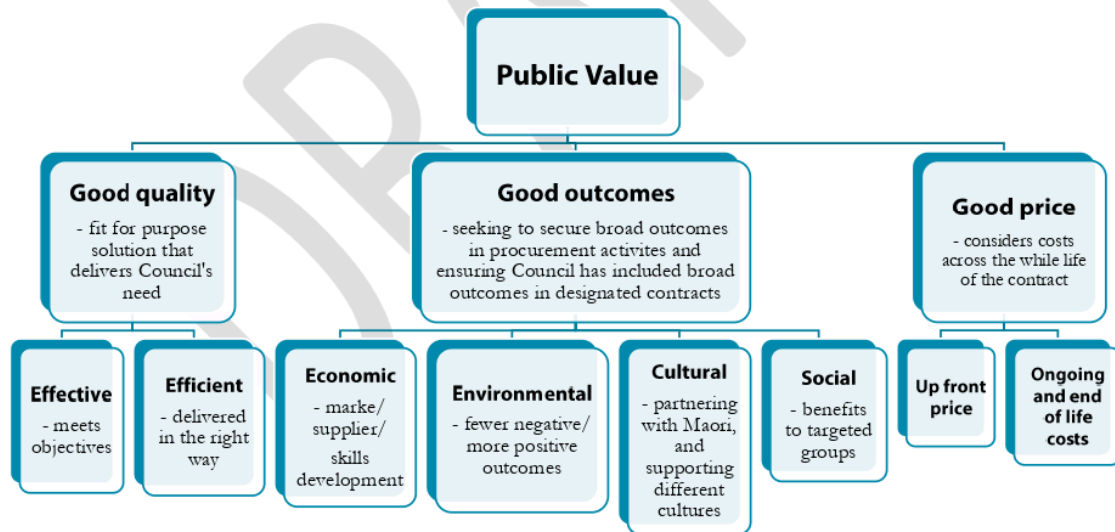
Council will foster relationships with suppliers to help ensure Council gets the best results. Where possible, relationships will be:

- collaborative
- professional
- demanding, but fair and productive
- focused on results and objectives
- mutually rewarding.

Council will make procurement decisions based on achieving public value

To procure responsibly, Council will aim to achieve public value. As is shown in figure 1 below, public value includes trying to procure quality and cost-effective goods/services, but also trying to procure in a way that achieves other broader Council outcomes.

Figure 1. Public value¹



The Local Government Act 2002 prioritises achieving economic, social, cultural and environmental outcomes. Council, through its procurement processes, will leverage these outcomes where possible.

¹ Amended from the New Zealand Government Procurement Rules, 4th Edition.



This will include:

- considering whether economic, environment, cultural and social outcomes can be achieved when identifying Council's business need and setting evaluation criteria
- getting the best possible procurement result
- using resources effectively, economically and without waste
- considering whole-of-life costs
- making it as easy as possible for suppliers to do business with Council, and where possible, ensuring opportunities are accessible for all
- making procurement decisions to consider a low emissions economy and to promote greater environmental responsibility.

There will be a sound business approach to procurement

Council will ensure a sound business approach by conducting procurement in accordance with the Government Procurement Rules and other 'good practice' guidelines, and also by:

- planning appropriately
- ensuring that procurement is effective and efficient
- acting with integrity
- making decisions based on public value
- abiding by the Health and Safety at Work Act 2015, and prioritising keeping staff, contractors and members of the public safe and healthy
- recognising the requirements of other agencies that provide funding, to assist with the delivery of Council services, such as the NZ Transport Agency.

Risk will be managed appropriately

Although risk is inherent in any procurement activity, Council will manage risk so it is acceptable from a contractual and delivery point of view, to ensure that ratepayers are not exposed to significant unmitigated risk and future liability.

An element of risk management will be achieved by selecting the appropriate procurement method, contract, and basis of payment methods.

Council staff, are responsible for identifying and managing or mitigating risk effectively through each stage of the procurement process within their respective areas of responsibility.

The risk of fraud or impropriety will be reduced by conducting procurement in a fair and transparent manner, following appropriate procurement policies and procedures, and having appropriate internal controls in place.

Council will ensure that each employee or agent involved in a procurement process has the required skills for the type and level of procurement.

The general principle of risk management will be for Council to only transfer an appropriate level of risk.

Procurement decisions will be made in accordance with delegated authority

Council staff will act within their delegation when undertaking procurement and contracting activities. Procurement will not be undertaken without appropriate approval.

Review

This policy will be reviewed within three years of adoption. Any amendments shall be made with the approval of Council.

There will be ongoing evaluations of the effectiveness of procurement activities.

Implementation

This policy will become effective immediately upon approval by Council. The Procurement Manual will be used to implement this policy.

POLICY: **PROCUREMENT**

GROUP RESPONSIBLE: Chief Executive

DATE APPROVED: 29 September 2010

DATE AMENDED:

FILE NO: 140/20/1/13

POLICY DETAIL:

OUTLINE OF THE PROCUREMENT POLICY

This policy sets out the strategic objectives for Council's procurement. In particular, there is an explicit emphasis on Value for Money (Section 4). Value for money is about whole of life costs and benefits, and non-monetary qualities that Council seeks to promote. These include sustainability across the four well-beings: economic, environmental, cultural and social.

Key tools for procurement included in this policy are:

- Market assessment: to ensure that Council considers the nature of the market it purchases from and the impact its procurement decisions have on the long term structure of the market (Section 6.1)
- Guidance on supplier selection (Section 7), including qualities of suppliers, competitive processes, and restricted processes.
- Clarity on the levels of procurement controls (Sections 8.2 and 9), in conjunction with the financial delegations).
- Guidance on dealing with sensitive expenditure (Section 8.3) and conflicts of interest, real and perceived (Section 8.5).
- Executive management team review of procurement documentation, as a means of identifying areas for improvement for the organisation as a whole, as well as high level internal audit (Section 8.1.1).

1. Objectives

- Ensure purchases are made in an open, fair and transparent manner.
- Deliver best value for money over whole of life: considering both cost and quality.
- Ensure open and effective competition.
- Support good environmental outcomes, where feasible.
- Appropriately manage risk.
- Promote efficient purchasing practices in a dynamic environment.

2. Principles of Good Practice in Procurement Process

The Office of the Auditor-General states good practice considerations include:

- Clearly articulated procurement policies and procedures.
- Regard for the legal implications surrounding procurement, including acting in accordance with the existing enabling legislation, along with wider legal and public law considerations.
- Operating with ethical standards covering confidentiality, disclosure and declarations of interest.
- Awareness of economic considerations in the procurement process including total cost of ownership, value for money and market impact.
- Effective management of risk throughout the procurement process.

3. Context of Council's Procurement

3.1. *Our Way Southland - Community Outcomes*

Southland local authorities have a shared set of community outcomes:

- Southland is a great place to live.
- A diverse economy built from our strengths for growth and prosperity.
- Safe places in a caring society that is free from crime.
- We are a healthy people.
- Strong effective leadership taking us into the future.
- A treasured environment which we care for and which supports us now and in the future.
- A well-educated and skilled community continually seeking further opportunities to learn.

Details of these outcomes, how Council's activities contribute to them, and progress against them are outlined in the LTCCP and Our Way Southland documents.

3.2. *Shared Procurement*

Southland District Council also pursues opportunities to establish shared services with other entities - primarily other Councils. Examples include Venture Southland, Civil Defence, and WasteNet.

Where appropriate Council may also establish shared services outside of local government. For example Southern Rural Fire is a shared service arrangement that includes the Department of Conservation and private forestry owners. These entities generally have their own governance structures, and procurement procedures. However, where these do not exist, clear procurement processes will be established that comply with good procurement practices, and fit within the relevant entities policies.

4. Value for Money, Current and Future

Value for Money is about more than cash. Council is committed to ensuring it obtains value for money in procuring goods and services. Value for Money is defined as the best possible outcome for the money spent. Considerations in assessing Value for Money include, but are not necessarily limited to:

- Whole of life financial cost assessment, including upfront costs, maintenance, depreciation, upgrades required within the life of the asset, and disposal costs (where applicable).
- Whole of life financial benefit assessment, including revenue (eg user pays fees), gain on sale (where applicable).
- Future costs and benefits shall be appropriately discounted, taking into account the costs of capital (eg interest rates), risk, and social returns. Guidance on selection of a discount rate can be found at the NZ Treasury website¹.
- Any additional considerations pertaining to the quality of good or service, such as guarantees, technological benefits, benefits/complementary nature with existing services or future good or service needs
- Identifying and mitigating any associated negative externalities, such as environmental impacts of an activity during construction/implementation and/or through the life of the asset or contract.
- Sustainable practices, including environmental, social, cultural, and economic sustainability which are outlined in Section 5 below.
- Long term competitive markets as outlined in Section 6 below.
- Flexibility in service delivery for Council, where appropriate.

The importance of the above factors may vary between projects, either because of the nature of the projects themselves, or because decision makers will bring different perspectives (Council, Community Boards, Community Development Area Sub-committees etc). Where possible, weightings (quantitative or qualitative) will be added to tender request documents to guide potential tenders to matters which are considered important to the specific purchase.

In making this assessment, the ability for Council to deliver the good or service internally will also be considered against the above criteria.

In addition, the costs of the procurement process (both financial and resource use) shall be appropriate for the value of the purchase.

5. Sustainable Procurement

Sustainable procurement involves considering the long-term as well as short term effects of purchase decisions across a broad range of objectives; and taking extra care when procurement causes changes that might be irreversible or uncertain.

¹ <http://www.treasury.govt.nz/publications/guidance/planning/costbenefitanalysis/primer/15.htm>

5.1. Socially Sustainable Procurement

Socially sustainable procurement involves supporting suppliers who are socially responsible and adopt ethical practices. The following points are relevant to socially sustainable procurement:

- Practices within the workplace eg suppliers who have high health and safety standards; suppliers who employ or support disadvantaged members of the community.
- The impact of procurement decisions on local businesses and employment in our communities.
- Mitigation of negative social impacts that may arise from the project.

5.2. Culturally Sustainable Procurement

Council works in partnership with local iwi, specifically through Te Ao Mārama. Where a project has implications for significant sites, or practices, Te Ao Mārama will be consulted. There may be specific requirements that need to be incorporated into the procurement process.

5.3. Environmentally Sustainable Procurement

Environmentally sustainable procurement is about working towards:

- Ensuring awareness of 'sustainable' procurement at all levels.
- Using recycled resources where appropriate and financially viable.
- Minimising and/or mitigating the effects of emissions, run off etc.
- Providing potential cost savings.
- Conserving natural resources and improving our environmental 'footprint'.

Council will favour purchasing goods, works and services that are less harmful to the environment - land, air, and water elements. Sustainable products are those that are made with less harmful material or which are produced, used and able to be recycled or disposed of with minimal impact on the environment. Council will consider the following characteristics in goods, works, and services it purchases:

- Recycled content or content from an environmentally sustainable source.
- Recyclable, biodegradable or able to be disposed of safely.
- Durable, as opposed to single use and ability to be repaired.
- Energy-efficient products, or processes.
- Shipped with minimal packaging or packaging that is recyclable.
- Works and services provided by suppliers with environmentally sustainable practices.

Council has a sustainable procurement guide, with checklists to assist in assessing environmental sustainability of goods, works, and services.

5.4. Economically Sustainable Procurement

Economically sustainable procurement includes:

- Adopting practices and strategies to avoid unnecessary consumption and manage demand.

- Considering whole of life financial costs and benefits, including the implications of quality trade-offs.
- Making procurement decisions in a way that supports long term affordability; this may include making decisions that support long term competitive markets, maintaining strategic relationships with suppliers.
- Taking into account the impact of procurement decisions on local communities and businesses.

6. Maintaining Competitive Markets

The majority of Council's procurement activities are ongoing, therefore the capability and capacity of providers and the local market are factors in maintaining value for money over the long term.

As noted above, the procurement market that Council operates within has specific features that mean its procurement choices have the potential to shape that market.

These features include:

- Limited number of providers based locally.
- Difficulty and/or expense of relying on national providers locating in Southland for specific projects.
- There are a large number of smaller contractors operating in Southland.
- Council is a major purchaser of engineering works and services in the lower South Island.
- Distance from major centres, and across the District brings its own costs and constraints.

For these reasons, when making procurement decisions, Council will need to consider not only the value for money of the individual procurement process/decision, but also its long term implications for maintaining a competitive market ie the implications for value for money of future purchases of goods and services.

Council will use a range of tools to ensure that its procurement choices are not to the detriment of a sustainable competitive market.

- Work will be packaged so as to give all players a fair chance to win business.
- Local contractors will be used, where they can provide equal or greater value for money (as outlined above in Sections 4, 5 and 6).
- Choice of tendering or direct negotiation as supplier selection methods.

6.1. Market Assessment

Council will complete a market assessment to support procurement decisions - both the method of procurement and the selection of supplier. A market assessment is required for all areas of procurement and will be reviewed in advance of major procurement decisions, or reviews of standing arrangements. The market assessment will consider, but not necessarily be limited to:

- The number and size of suppliers, both locally and those who have demonstrated an ability to supply in the lower South Island; and the level of competition in the market.
- Council's current spending intentions (as outlined in the LTCCP/AMPs).

- Impact of other Councils or significant purchasers in the market, locally; and opportunities for collaboration in purchasing and/or information sharing.
- Market testing. This may include:
 - (a) previous competitive tenders;
 - (b) quotes;
 - (c) early steps in the procurement process, including Expressions of Interest, Registration of Interest, and Requests for Information; and/or
 - (d) early contractor involvement with appropriate suppliers

The market assessment will be submitted to whomever is responsible for the procurement decision, as per Sections 8.2 and 9 below. It will also be reviewed by the Executive team, as outlined in Section 8.1.1 below.

7. Supplier Selection

7.1. Qualities of Potential Suppliers

The history and qualifications of potential suppliers will be an important factor in selecting a provider. Assessment will include:

- Any established track record with Council, or other Councils/entities where this can be reliably verified.
- The ability of the provider to meet the standards required. Required standards includes the quality of the good or service for procurement, any impacts that may arise incidentally to its provision eg noise control during construction, and safety practices.
- The sustainable practices used by the supplier (Section 5 refers).

7.2. Competitive Tender or Quotes

Procurement decisions of between \$5,000 and \$20,000 will generally be made on the basis of three quotes. It is the responsibility of the staff member completing the purchase (as per the financial delegations) to select the three suppliers and evaluate them.

Procurement decisions over \$20,000 will generally be made on the basis of a competitive tender, and will follow the processes outlined in Sections 7.2 and 0 below.

Where a contract has been tendered, and subsequently substantively amended, an explicit decision must be made by the authorised delegate (as per the financial delegations and Section 9 below) as to whether the contract should be put up for tender again, or negotiated with the winning tenderer. Re-letting the tender will be the default, and the decision documented, in line with Section 7.3. Factors to be considered include:

- If the changes are likely to have drawn tenders from further providers, had they formed part of the original tender document.
- Whether changes relate to the scope of the contract (ie Council amendments), or options for savings identified by winning contractor (in which case re-letting would be inappropriate).

7.3. **Alternative procurement methods**

Competitive process will be the predominant method for supplier selection. However, Council may consider opportunities to procure through alternative methods (such as negotiation with a single provider, limited invitation to price, and preferred suppliers), rather than through competitive tenders, where this can be demonstrated to provide a better outcome in the long run.

Any departure from the competitive process must be supported by the market assessment and a report outlining the reasons why a non-competitive process is preferred. The report will be submitted to whomever is responsible for the procurement decision, as per Section 9 below. It will also be reviewed by the Executive team, as outlined in Section 8.1.1 below, and be available to any member of the public on request.

Instances where this is likely to be the case include, but are not limited to:

- Sole provider of services, such as auditing services which are carried out by Audit NZ for Council.
- The market contains a strictly limited number of viable suppliers.
- Goods or services are of strategic importance to Council operations.
- There is a significant level of work required before a contract can be confirmed, such as for community projects relying on external funding (grants etc).
- The provider holds significant corporate knowledge which, if another provider was engaged, would cost the Council a significant sum of money to replicate.

Where Council purchases from a provider without a competitive tender process, the principles and practices contained within the Partnerships with the Private Sector Policy will apply. Considerations in negotiating a contract with a provider include:

- Higher quality results over the long term.
- Ensuring market sustainability, capacity, and capability in the long term.
- Enabling innovative approaches to providing the best outcomes.
- Providing flexibility to fast track works through direct appointment of suitably qualified suppliers.
- Track record of the provider in providing goods or services for Council.

Council acknowledges that some external funders, such as some Government Departments will require a competitive process, and where this is the case tenders or quotes will be used.

7.4. **Locally Based Suppliers**

In maintaining the provision of goods and services in the long term, Council has an interest in ensuring that there is a viable and competitive market able to provide goods and services now and into the future. In some areas of procurement, this may mean ensuring the ongoing viability of locally based suppliers. Council also has an interest in the economic well-being of the District, under the Local Government Act 2002.

Council will, therefore, choose to procure goods and services from locally based suppliers where:

- The value for money offered by the locally based supplier is at least as good as suppliers based outside the District or the province of Southland; and/or
- There is a need to ensure market capacity and capability in the long term; and/or
- Community will benefit from selection of local provider, through stronger commitment and/or local accountability.

Council will also bundle its procurement in a manner that ensures locally based (smaller) suppliers are able to supply, where this is practical ie it is cost effective and does not compromise efficient management systems.

8. Management and Implementation

8.1. Procurement Capability and Oversight

The Council employs appropriately experienced staff to manage its procurement programmes. Where required, additional specialist expertise (including legal expertise) may also be employed and will be required to comply with the Council's procurement policy.

The financial control and reporting functions are key components of the Council's procurement system. They support maintaining capability, by providing good information on the history of Council's procurement, including performance by suppliers and a standardised method for viewing/analysing proposals.

These systems also support appropriate oversight of procurement activities - through controls on approvals of purchases, and reporting through to various levels of the organisation.

8.1.1. Executive Management Team Review

The Executive Management team, supported by Policy and Finance and other staff as required, shall review procurement documentation: including market assessment, reviews of standing arrangements, and reports/recommendations for supplier selection (by tender and/or negotiation). Reviews shall be completed at least annually.

The purpose of Executive Management Team Review is to:

- Ensure that the procurement policy is being followed.
- Identify and share learning as part of a continuous improvement of procurement practice.
- Perform a (limited) internal audit of procurement documentation (as outlined in Section 8.6) and decision-making.
- Make recommendations for amendment of the procurement policy, if required.

8.2. Levels of Procurement Control

There are three categories of procurement control, delineated by relative levels of risk and financial value. All values are stated GST exclusive, and transactions must be within existing budgets and authorised approval levels.

8.2.1. Routine small goods and services

Definition: Low cost goods and services that have minimal risk to Council business, individual purchases total less than \$5,000.

Types: Stationery, office furniture, fuel, vehicle servicing.

Procurement Arrangements:

- (a) Individual transactions are the responsibility of staff, as required.
- (b) Where appropriate, arrangements to be made with a single supplier in order to minimise individual transaction costs.
 - (i) Supplier to be assessed annually against this policy, including a market assessment.
 - (ii) Designated staff member to be responsible for maintaining the relationship, and establishing and reviewing terms and conditions of provision with supplier.
- (c) Where standing arrangements are not in place, staff member responsible to undertake an appropriate level of price comparisons prior to purchase.

8.2.2. Specialised small goods and services

Definition: Goods and services that have specific time requirements and/or are of a higher value than (1), that require skilled/specialist administration, individual transactions total less than \$5,000.

Types: Travel, catering, advertising, minor printing, works schemes supplies.

Procurement Arrangements:

- (a) All purchasing to be done through designated staff only, due to specialised nature of good/service.
- (b) Where appropriate, arrangements to be made with a suitable range of providers to minimise individual transaction costs (as determined by designated staff member).
- (c) Where standing arrangements exist:
 - (i) Designated staff member is to be responsible for maintaining the relationship, and establishing and reviewing terms and conditions of provision with Supplier.
 - (ii) Supplier(s) to be assessed annually against this policy, including a market assessment.
- (d) Where standing arrangements are not in place, staff member responsible to undertake an appropriate level of price comparisons prior to purchase.

8.2.3. Higher value goods and services

Definition: Goods and services over \$5,000 in value

Types: Works and services contracts, printing, advertising, vehicles, professional services, office equipment leases.

Procurement Arrangements:

- (a) Procurement arrangements to follow the delegations and procedures outlined below.

- (b) Designated staff member to be assigned responsibility for overseeing contract, from design to evaluation of delivery.

8.3. ***Sensitive Expenditure***

Sensitive expenditure is expenditure that could be seen as giving some private benefit to an individual staff member or elected representative that is additional to the business benefit to Council. It can include travel, hospitality, and/or expenditure that may be considered unusual for Council. Council will ensure that all sensitive expenditure decisions:

- Have a justifiable business purpose;
- Preserve impartiality;
- Are made with integrity;
- Are moderate and conservative, having regard to the circumstances;
- Are made transparently; and
- Are appropriate in all respects.

In addition, Council has some specific policies governing areas of expenditure that include sensitive expenditure, such as the Elected Representatives Remuneration and Reimbursements Policy, which sets out what reasonable costs Council will reimburse for elected representatives in the course of their duties.

8.4. ***Contract and Performance Management***

Where appropriate, Council will use industry standard contract management practices. Terms of service, aggregation etc, shall be determined in a manner consistent with the nature of the procurement activity and maintaining a sustainable competitive market.

Performance indicators are incorporated in Council's Annual Report, LTCCP and Annual Plan. Performance measures for any project will be incorporated in the specification of the project and associated contracts; measures will include timeliness, cost, and quality dimensions. Performance against these measures will be assessed and reported on regularly, and performance will be taken into account when contracts come up for renewal, or in considerations for new contracts.

In addition to formal performance management systems, Council also receives regular feedback from Community Boards, Community Development Area Subcommittees on local works and services.

8.5. ***Risk Management***

Council has completed a council-wide risk assessment, including what existing policies and practices are in place that mitigates those risks. In the context of procurement, the following risks and mitigations are in place. Risks for specific procurement activities will be managed to a level appropriate for the activity by the individual responsible:

Risk	Mitigation
Staff turnover Changes in staff mean that institutional knowledge may be lost about individual contracts/suppliers. Staff turnover also poses risks to maintaining relationships with suppliers (potentially impacting on value for money of procurement).	Documentation of contracts, including clearly identifying who is responsible for them (enabling effective handover). Senior Management will maintain a relationship with significant suppliers, as well as those responsible for the day to day management of contracts. This ensures that relationship between supplier and Council is not reliant on a single individual.
Project-specific risks Risks to project results (quality, timeliness etc); or involving technical, environmental, or safety issues.	Appropriate skills and expertise will be utilised on a project - both internally and in assessing the supplier.
Policy change Council's activities are driven by democratically elected representatives, and are also heavily influenced by Central government policy. In this respect, a change in direction and/or funding has the potential for significant impact on activity (positive or negative)	Staff will ensure that Council is as fully informed as is possible in making its decisions. Council will make submissions on significant policy change from central government and maintain close relationships with Government departments/agencies. Council will maintain a close relationship with its major suppliers in order that changes in policy can be worked through in a constructive manner.
Legal Challenge Council's procurement may be challenged on legal grounds	Council procurement will comply with the procurement policy. For complex procurement arrangements, external legal or other specialist advice will be sought. Procurement processes and decisions will also be clearly documented, at a level appropriate for the size of the procurement activity. Industry standard contract management processes will also be used.
Fraud Procurement may be used by staff as a means to direct or indirect personal financial gain.	Council has a Fraud Policy in place to deal with instances where procurement has been inappropriately used for the benefit of individuals or entities.

Risk	Mitigation
Conflicts of Interest Procurement decisions may be affected by, or challenged on the basis of conflicts of interest.	<p>Councillors are required to list all commercial/financial interests, and to exclude themselves from decisions where they have a conflict of interest (direct or indirect). Councillors may also exclude themselves from decisions where there may be an appearance of bias, potentially opening up the decision to challenge. Council complies with the Local Authorities (Members' Interests) Act 1968.</p> <p>Staff operate on ethical standards, and shall declare any conflicts, or the appearance of conflicts of interest in writing prior to the commencement of the procurement process, or immediately any conflicts of interest arise. These may be direct or indirect. In the event of a conflict of interest, final procurement decisions will be escalated to the next tier of management.</p>

8.6. **Key documentation**

The following outlines the key documents that relate to procurement decisions, in general. It is a guideline only, it is up to the responsible staff member to decide on the appropriate level of documentation, and the content of that documentation, based on the scale and risk of the purchase. Documentation may be reviewed by the Executive Management Team:

- Project and procurement plans, where they exist (required for all roading procurement by NZTA).
- Market assessment (as outlined in Section 6.1).
- Report supporting non-competitive process (where this has been used).
- Market documents, including Request for Information, Expressions of Interest, Registration of Interest, Request for Proposal, Request for Tender, and Quotes.
- Notices to Tenderers.
- Tenders Register.
- Records of meetings or contact with tenderers.
- Tender evaluations, and evaluation report.
- Records of any negotiations.
- Approval decision (APAC or Council minutes, authorisation document).
- Letters of acceptance and decline.

9. **Delegations and Procedures**

The following procedures support a clear and transparent procurement process and shall apply wherever goods or services or works are to be provided to Council (note: all figures are GST exclusive).

1. The Council agrees to:
 - (a) Delegate authority to the Activities Performance and Audit Committee (APAC), of composition as determined from time to time by Council, to approve contracts/purchases in excess of \$200,000 in total value.
 - (b) Delegate authority to the Chief Executive to approve separate contracts/purchases for amounts between \$50,000 and \$200,000.
 - (c) Delegate authority to Group Managers for to approve separate contracts/purchases for amounts less than \$50,000.
 - (d) In the case of vehicle purchases, vehicles will be purchased in accordance with the Council's vehicle policy and authority delegated to:
 - (i) The Chief Executive for the purchase of new vehicles, and
 - (ii) The Group Manager Services and Assets for replacement vehicles.
2. A market assessment shall be completed to inform procurement decisions, as outlined in Sections 5.1 and 8.2 of this policy.
3. Method of supplier selection shall be as follows :
 - (a) Competitive tendering will be the default method for any goods, works and services expected to have a value over \$20,000.
 - (b) Decision to use direct negotiation shall be documented clearly and will require the following authorisation:
 - (i) Any goods, services or works expected to have a value over \$200,000 is to be approved by APAC.
 - (ii) Any goods, services or works expected to have a value between \$50,000 and \$200,000 is to be approved in writing by the Chief Executive.
 - (iii) Any goods, services or works expected to have a value between \$20,000 and \$50,000 is to be approved in writing by the appropriate Group Manager.
 - (c) A minimum of three written quotes shall be required for any purchase between \$5,000 and \$20,000, except with the written approval of the Group Manager. Approval may be given on an ongoing basis, where appropriate.
4. Calling of public tenders or commencement of negotiations for the supply of goods, services or works shall be dependent upon:
 - (a) Financial approval for those goods and services having been provided for in the current estimates, or
 - (b) Financial approval having been provided through a Council, Community Board, or Community Development Area Subcommittee resolution.

5. No tender shall be advertised or negotiations commenced without appropriate cost estimate, specifications and conditions being prepared and approved by the appropriate Group Manager prior.
6. Advertising will be appropriate to the activity, and may include, but not be limited to newspaper advertising, and the Government Electronic Tendering System (GETS). Information shall be disseminated to all interested parties at the same time, that is there shall be no early release.
7. The Group Manager is responsible for nominating a single contact person for the tender or negotiation process (this may be the Group Manager). All enquiries must be directed to that person during the procurement process, and responses appropriately documented. Informal contact is to be discouraged.
8. All tenders are to be deposited in the Tenders Box at Council's Invercargill Office. Any tender received after the prescribed closing time shall be excluded.
9. All tenders are to be opened in the presence of at least two senior officers one of whom shall be from the Customer and Financial Services area, and the second appointed by the appropriate Group Manager.
10. All tenders received are to be identified and entered into a Tenders Register.
11. The appropriate Group Manager is responsible for selecting the evaluation procedure, and evaluating tenders received or conducting negotiations in accordance with this policy, and any other relevant policies, plans or procedures.
12. At the time the evaluation of tenders is carried out, the appropriate Group Manager will consult in confidence, as they determine appropriate, with Councillors and/or Community Board and/or Community Development Area Subcommittee members on matters relating to submitted tenders.
13. The APAC will treat all tenders as confidential. Decisions made by the APAC may be recorded in open meeting and tenderers notified. Where appropriate, tenderers will be made aware of the dollar range of tenders received and/or scores (eg weighted attributes) as appropriate.
14. Where the APAC does not accept the recommendation of the Group Manager Services and Assets on the acceptance of a roading related tender and wishes to accept an alternative tender:
 - (a) Confirmation by the Council will be necessary.
 - (b) Legal advice may be sought to support Council's deliberations.
 - (c) Successful and unsuccessful tenderers will not be advised until the Council gives its decision.
15. Contracts for all tenders awarded, or direct negotiations completed under 1(a) and 1(b) above shall be signed by the Chief Executive on behalf of Council, and contracts for tenders awarded under 1(c) above shall be signed by the Mayor and Chief Executive under seal.
16. All works eligible for New Zealand Transport Agency funding shall be let in accordance with Agency requirements, as set out in the Agency's Procurement Manual and Council's Roadway Procurement Strategy (as approved by the Agency).

17. Tenders and APAC recommendations are to be reported in GST-exclusive terms to enable direct comparison with estimates and Annual Plan figures.
18. Contracts approved or tenders let shall usually include an appropriate contingency figure to ensure total payments do not exceed the approved contract sum.
19. Any Variation Order form issued shall contain references to the contract sum.
20. Any contract/tender which exceeds the agreed price/estimate is to be considered/approved as follows:
 - (a) Up to \$20,000 by the appropriate Group Manager.
 - (b) Between \$20,000 and \$50,000 by the Chief Executive.
 - (c) Over \$50,000 by the APAC.
21. Bonds are required for physical construction contracts as outlined, unless alternative cover already exists, such as public indemnity insurance:
 - (a) Contracts with an estimated cost of less than \$100,000, no bond is required, unless specified by the Group Manager.
 - (b) Except as set out in (d) below, contracts with an estimated cost in excess of \$100,000, and less than \$1,000,000, a 10% bond is required.
 - (c) Except as set out in (d) below, contracts with an estimated cost in excess of \$1,000,000, a 10% bond on first \$1,000,000 and a 5% bond thereafter is required.
 - (d) For contracts that have very special characteristics such as complexity or for very large maintenance contracts the requirements for additional bonds are at the discretion of the Group Manager Services and Assets.
 - (e) Bonds in lieu of retentions may be used in addition to, or in place of performance bonds, at the discretion of the Group Manager.
22. The authority to make payments for approved purchases shall be in terms of the Financial Delegation schedule as approved by Council.

10. Related Documents/Policies

Partnerships with Private Sector
Activity Management Plans,
LTCCP, Annual Plan
Fraud Policy
Vehicle Policy

Sustainable Procurement Guide
Financial Delegations
Elected Members Remuneration and
Reimbursement Policy

11. Review

This policy will be reviewed every three years. Amendments may also be made in the interim, where there have been substantive developments in best procurement practices and/or capability.

Draft Revenue and Financing Policy and Rating Review

Record No: R/20/10/61172
Author: Nicole Taylor, Finance Development Co-ordinator
Approved by: Anne Robson, Chief Financial Officer

☐ Decision ☒ Recommendation ☐ Information

Purpose

- 1 The purpose of this report is to present the draft Revenue and Financing Policy (the draft policy) and associated rating policies, to Council to endorse for consultation.

Executive summary

- 2 The draft Revenue and Financing Policy sets out the ways Council intends to pay for the operating and capital expenditure of each activity that Council provides and why. The policy provides the framework for how Council will fund its activities and how it will set rates as part of the Long Term Plan 2031 (effective from 1 July 2021).
- 3 The draft policy is included with the report as Attachment A.
- 4 The draft policy will also be presented to the Finance and Assurance Committee on 20 October 2020. Staff are seeking the committee's endorsement of the policy and a recommendation that Council release the draft policy and rating review for public consultation. Given the limited timeframe between meetings, staff will verbally advise Council of the committee's feedback and decisions on the policy at its meeting on 21 October 2020.
- 5 The review of the draft policy and associated rating review is being carried out ahead of the Long Term Plan 2031 (LTP) in order to provide an early opportunity for community input and, to allow Council to model the impact on rates as part of the budgeting process before the LTP consultation document is prepared. Any changes however won't come into effect until 1 July 2021.
- 6 This approach is being taken because Council is proposing changes to how the local activities that community boards oversee could be funded, which has a flow-on effect for the budget and rate setting stages of the LTP 2031.
- 7 Early endorsement of the proposed approach will provide greater certainty around how Council intends to fund its activities when the LTP 2031 is released for consultation. This will reduce the number of issues that the community might be expected to provide feedback on as well as the complexity of the process.
- 8 From a content point of view, a number of changes have been made to the structure of the policy to strengthen the relationship between the policy decisions and the related legislative considerations which inform the policy (such as the assessment of benefit, rationale for funding and modifications of the benefit assessment affecting the funding choices). An assessment of private/public funding splits for each activity has also been included.
- 9 In addition, the detailed activity funding analysis related to the consideration of Section 101(3) of the Local Government Act 2002 has been incorporated into the policy itself. Previously this was provided as a separate supporting document.

- 10 From a policy perspective, there are no substantive or material changes proposed to how the activities are funded compared to the current policy (included in Attachment D).
- 11 The large proportion of changes stem from the process to review Council's approach to rating, originating from the change to Council's community board representation arrangements resulting from the 2018 representation review. As such the changes largely relate to rating approaches for selected activities for which community boards have responsibility for.
- 12 These changes involve moving the funding of some local activities from a targeted rate to the general rate and changing the basis on which some targeted rates are set. In some instances the mix of funding is also changing between the various funding sources.
- 13 If approved, it is intended that the draft policy and associated rating changes will be consulted on via a process which will be run concurrently with the consultation for a number of other Council policies from 4 November to 4 December 2020.

Recommendation

That the Council:

- a) **Receives the report titled "Draft Revenue and Financing Policy and Rating Review" dated 15 October 2020.**
- b) **Determines that this matter or decision be recognised as significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Agrees to consider the draft Revenue and Financing Policy and rating review.**
- e) **Agrees to endorse one of the following options:**
 - i) **Option 1 – endorses and releases the draft Revenue and Financing Policy and associated rating review for consultation in accordance with section 82 and 82A of the Local Government Act 2002, from 4 November to 4 December 2020, or**
 - ii) **Option 2 – that Council delay consultation and propose a different way forward.**
- f) **Agrees that if Council endorses Option1 - delegates authority to the Chief Executive to approve minor amendments to the draft policy before the commencement of the public consultation period.**

Background

- 14 The draft Revenue and Financing Policy sets out the ways Council intends to pay for the operating and capital expenditure of each of the activities that Council provides, and why. It is the first step in the rate-setting process as it identifies the activities that will be funded by rates.
- 15 The current Revenue and Financing Policy was adopted in 2018 in conjunction with the LTP 2018-2028. It is included in this report as Attachment D.
- 16 The policy is intended to be set at a relatively high level and provides the overall framework and guidelines for how Council will fund its activities and, as a result, how it will set rates and fees as part of the Long Term Plan 2031 (effective from 1 July 2021).
- 17 Council is required to review the policy every three years.
- 18 From a policy perspective, there are no substantive or material changes proposed to how the activities are funded compared to the current policy. This is largely because the policy uses ranges rather than specific amounts to describe the funding source for each activity. These ranges provide Council with a fair amount of flexibility to adjust to changing circumstances and as such, staff consider that they remain valid leading into the LTP 2031.
- 19 However Council has been undertaking a review of how it rates for certain activities and this review has necessitated a number of changes to the policy relating to rating approaches for selected activities for which community boards have responsibility for (linked to the changes brought in with the 2018 representation review).
- 20 In addition, staff are proposing a number of changes to the structure of the policy to strengthen the relationship between the policy decisions and the related legislative considerations which inform the policy (such as the assessment of benefit, rationale for funding and modifications of the benefit assessment affecting the funding choices).

The review process to date

- 21 Over the past nine months, aspects of the Revenue and Financing Policy and rating policies have been discussed at various Council and community board workshops. These workshops have provided an opportunity for Council to discuss how it currently rates for certain activities, taking into account the funding principles contained within section 101(3) of the Local Government Act 2002 (LGA).
- 22 Overall it appears that Council is relatively comfortable with the current rating approach, but these workshops have identified a desire to adjust the way Council funds the activities provided by community boards following on from the changes to community board boundaries in 2018. These activities include costs related to parks, litter bins, playgrounds, cemeteries, footpaths, streetlights, streetscapes, halls, stormwater, water facilities, airports and local representation.
- 23 A series of workshops were held with community boards through March – June 2020 to consider in more detail who benefits from the local activities that boards provide, who should pay for these activities and how Council might charge for them.
- 24 This feedback was presented to Council along with an analysis of different options for how these activities could be funded taking into account the feedback from boards and an analysis of the impact that any changes would have on rates.
- 25 Council then identified a series of funding preferences for these activities which was discussed further with community boards at workshops in August – September 2020 with subsequent feedback incorporated into the rating policy changes being proposed in this report.

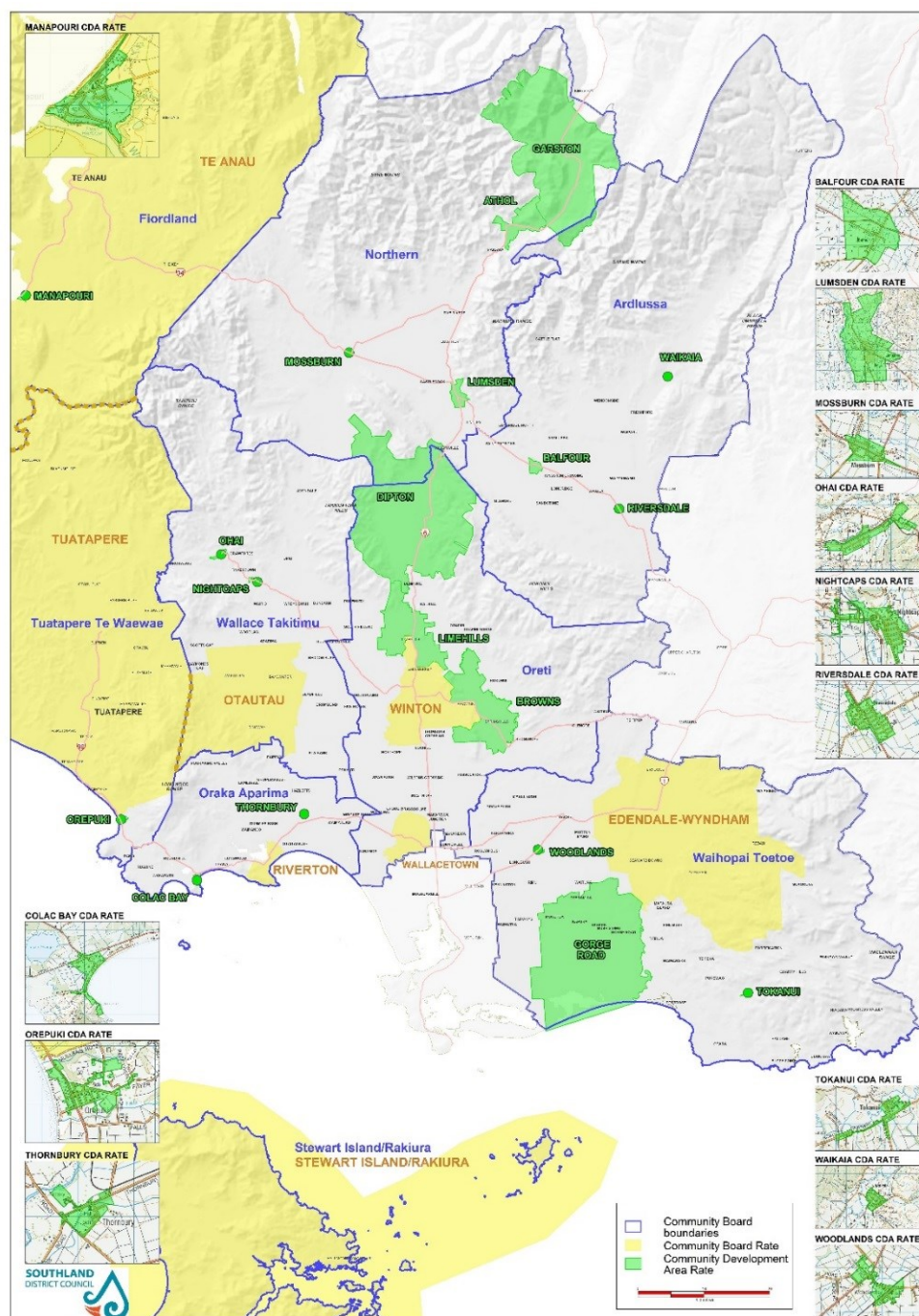
- 26 In addition, in July 2020 Council considered a report on the Southland district rates affordability assessment which identified that while rates are affordable at the community (aggregate) level, there are distributional rate affordability issues, particularly in urban areas with low income levels and a high proportion of fixed rates.
- 27 The information in the rates affordability assessment provides context to assist elected members with considering the impact of the proposed policy and rating review on current and future community wellbeing (Local Government Act 101(3)(b)). This is particularly relevant given that judgements about affordability and fairness of rating is a matter for the subjective policy judgement of elected members.

Issues

- 28 Council has nine community boards that have been delegated responsibility for aspects of Council activities delivered in their respective local areas. These local activities (shown in the pictures below) make up around 7% (\$4.2 million) of Council's total rate (\$56.7 million) in 2020/2021.



- 29 At the moment, most of the rate funding for these activities comes from properties within certain rating boundaries. These boundaries (shown in the following map) align with the eight previous community boards (yellow shading), nineteen community development areas (green shading) and four ward boundaries.



- 30 One of the key issues with Council's current approach is the variation in who is paying for these activities across the district. The changes that are being proposed aim to address these inconsistencies between who is paying for certain activities in different parts of the district and, differences in how (and where) differentials are applied to these rates. The differences include:
- some targeted rates for these activities are only charged on properties in township areas
 - some targeted rates cover large rural areas
 - some targeted rates use commercial, urban and rural differentials (based on rating land use categories) to charge some groups more or less than others, and
 - some township areas receive funding for selected activities from the ward rate and others do not.

- 31 Feedback provided at the workshops suggests there is a need to address these, particularly given that based on the assessment of benefits undertaken by Council and community boards, there is very little difference to justify such a variable rating approach.

An overview of the proposed changes

- 32 The key changes proposed, either as part of the draft policy or proposed approach to rating are detailed below.
- 33 The Council should also note that financial information detailed is based on 2020/2021 Annual Plan budget figures. This approach ensures that the comparison between the different rating options can be shown without the impact of any changes to the rate amounts complicating the analysis. Staff are currently in the process of preparing budgets and programmes for the LTP 2031 which will result in changes to the rate amounts shown.

How local activities are funded

- 34 Eight activity areas in the policy have been identified as requiring a change in how their activity is funded either due to a change in the proposed funding source from a targeted rate to the general rate or a change in how this rate is set.

Local representation

- 35 The proposal is for local representation costs for all community boards (as part of the representation and advocacy activity) to be funded across all properties in the district through the general rate rather than as part of a local rate targeted to individual community board areas. Using the current budgets this would equate to \$17 per property compared to retaining the current rating approach where properties would pay between \$11-\$53, depending on their rating area. This change is being proposed because local community board representation now covers all people/properties in the district and therefore provides benefits for all properties within the district.

Cemeteries

- 36 The proposal is for cemeteries costs to be funded across all properties in the district through the general rate rather than as part of a local rate over the community board area. Using the current budgets this would equate to \$5 per property compared to retaining the current rating approach where properties would pay between \$0-\$96, depending on their rating area. This change is being proposed given that there is a relatively consistent level of service that is provided, particularly in relation to the operation and maintenance approach for cemeteries throughout the district. Council also acknowledges that residents are also likely to travel to cemeteries in different parts of the district to pay respects to family and friends rather than just the cemeteries in their local area.

Open Spaces

- 37 The proposal is for litter bins (as part of the open spaces activity) to be funded across all properties in the District through the general rate rather than as part of a local rate over the community board. Using the current budgets this would equate to \$17 per property compared to retaining the current rating approach where properties would pay between \$0-\$121 depending on their rating area. The change is being proposed given that litter bins are used by everyone who is travelling throughout the district including visitors, tourists, local residents and rural people who live outside of township areas.

Stormwater

- 38 The proposal is for stormwater to be funded through a separate targeted set district wide rate with a differential for “serviced” areas (that pay a full charge) and “unserved” areas (that pay a quarter charge) to reflect that everyone gets a benefit from stormwater (including rural people when they visit township area), with those living in urban areas serviced by stormwater receiving a higher benefit. The serviced and unserved areas are defined by mapped rating boundaries (included in Attachment C). Using the current budgets this would equate to \$46 per property in serviced areas and \$12 per property in rural areas compared to retaining the current rating approach where properties would pay between \$0-\$108 depending on their rating area. The change is being proposed given that the nature of the benefit provided by stormwater is similar across the district and individual communities have less discretion about how this activity can be operated or to what level with increasing environmental and compliance standards being set.

Community Board Rate (to fund open spaces, footpaths/streetlights)

- 39 The proposal is for the establishment of **new targeted community board** rates to fund the remaining activities that the board provides including footpaths and a portion of the open spaces activity related to local parks, playgrounds, and streetscapes and water facilities.
- 40 The new community board rates would also replace the existing targeted ward rates and are proposed to align with the representation boundaries. All properties within these boundaries will pay the rate. A differential would be used to reflect different levels of benefit/use as follows:
- “urban” properties within the defined rating area would pay a full charge
 - “semi-urban” properties within the defined rating area would pay a half charge
 - “rural” areas outside the urban and semi-urban areas would pay a quarter charge.
- 41 The approach proposed reflects that more urban properties have easier access and therefore a higher benefit. The urban, semi-urban and rural areas would be defined by mapped boundaries (included in Attachment C). Urban areas would consist of townships with all or a majority of community board activities that are provided at scale and with larger populations. Semi-urban would consist of townships with most of the activities provided but at a small scale with smaller populations and rural areas would consist of areas with very few local infrastructure/services, if any.
- 42 The amount that properties in each community board area pays would differ depending on the facilities and infrastructure in the area and levels of service to be provided. Using the current budgets this would result in the following rates for each community board:
- Ardlussa (urban: \$116; semi-urban N/A; rural \$29)
 - Fiordland (urban: \$206; semi-urban N/A; rural \$52)
 - Northern (urban: \$224; semi-urban \$112; rural \$56)
 - Oraka Aparima (urban: \$215; semi-urban \$107; rural \$54)
 - Oreti (urban: \$145; semi-urban \$72; rural \$36)
 - Stewart Island/Rakiura (\$231)
 - Tuatapere Te Waewae (urban: \$196; semi-urban \$9; rural \$46)
 - Waihopai Toetoe (urban: \$196; semi-urban \$9; rural \$46)
 - Wallace Takitimu (urban: \$217; semi-urban \$109; rural \$54)

- 43 Table in the Attachment B shows these changes for each community board area.
- 44 Council had a preference for this approach because it:
- addresses inconsistencies in how activities are funded across the District where possible
 - simplifies the approach to rating and funding
 - reflects Council's new representation structures
 - reflects the legislative requirements of Section 101(3) of the LGA including considering who benefits, when the benefits occur, who creates the need for the expenditure and the costs and benefits of funding separately.

Stewart Island/Rakiura Sustainability Review – funding of jetties and electricity supply

- 45 As part of the Stewart Island/Rakiura Service sustainability study presented to Council in February 2020, Council resolved to give specific consideration to the issues and options that might exist in relation to the delivery of services to the Stewart Island/Rakiura community as it progresses its review of the Revenue and Financing Policy for the LTP 2031 and give specific consideration to options for the funding of the jetties activity as part of the policy.
- 46 The report identified that Council faces a number of service sustainability challenges in providing and funding the delivery of services, particularly local activities, to the Stewart Island/Rakiura community. The report identified that as part of the review of the policy Council should have regard to the options available for the funding of each of its activities, including considering the relative merits of a mix of District and local funding for each activity including jetties and SIESA.
- 47 The report suggested that the review of the policy should specifically consider the distribution of benefits for locally funded activities and the extent to which activities such as jetties might have a broader public good through, for example, the provision of access.
- 48 More detail on this is detailed in Attachment E.
- 49 As a result of this, Council is proposing a revised funding mix based on the assessment of benefit and public good (noting that the activity is currently fully funded by fees). The table outlines the broad funding bands that will apply to the activity, with the specific contributions to be determined as part of the LTP 2031 once expenditure has been confirmed.

Proposed funding source	Current funding	Proposed funding	Applied to
Local targeted rate	0%	0-10%	Stewart Island/Rakiura Community Board ratepayers
Fees and charges	100%	60%-70%	Commercial wharf/jetty users
Grants and subsidies	None fixed	0-20%	Visitor levy (subject to discussions) or from other sources
General rate	0%	0-30%	Ratepayers in Southland District

- 50 In addition, Council is also considering amending the funding approach for Stewart Island Electricity Supply (SIESA) which provides electricity on the island. The majority of the funding for this activity currently comes from charges to consumers.
- 51 Council is considering introducing a separate targeted rate with differentials on properties in the electricity supply distribution area to collect a portion of the cost (in addition to fixed and variable consumption charges billed to consumers). Council would set the rate on a differential basis depending on whether the rating unit is either connected (full charge) or able to be connected and not connected to the electricity supply network (half charge).

- 52 While staff are satisfied that the proposed electricity availability charge is able to be levied under the Local Government Rating Act, at the time of writing staff are carrying out further investigations as to whether there are any constraints in relevant electricity legislation and regulations that may prevent a rate from being applied. Staff will present any pertinent findings to Council when this report is presented.

Waste management rate

- 53 Council currently collects a separate District-wide targeted rate for waste management. This rate is used to fund part of the Solid Waste activity which relates to the operation of transfer stations, greenwaste sites and recycling drop-off centres. It also involves dealing with litter and illegal dumping as well as the waste minimisation activities. Council is proposing to remove the waste management targeted rate, with funding to be taken from the general rate. This is because Council does not believe that there is a need for separate funding, particularly given the public good element of the activity and the similar way that the rate is set in line with the general rate. The change will also help to reduce ratepayer confusion with the rubbish and recycling wheelie bin rates.

Te Anau Airport rate – change not yet considered

- 54 Subsequent to Council agreeing the changes proposed to the draft policy, staff have received a request from the Fiordland Community Board requesting that Council consider providing general rate funding for capital expenditure and possibly operating expenditure related to the Te Anau Manapouri Airport activity. This request does not include the current loan for the airport development which the board have indicated would continue to be paid solely by those in the Fiordland area. At this stage staff and Council have not had an opportunity to consider this request. However depending on the views of the Council, this proposal may be included in the policy for consultation. Staff will provide further context about this request at the meeting.

Wastewater – changes considered but not progressed

- 55 As part of the workshops held to discuss the funding for the activities, Council considered the way it funds District wastewater activities in preparation for the LTP 2031. Council's current funding approach for wastewater is as follows:
- i) A full charge per Separately Used or Inhabited Part of a rating unit (SUIP) for any residence that is connected or able to be connected but not connected,
 - ii) A half charge for any non-contiguous vacant land within the boundary which are able to be connected but are not connected, and
 - iii) A full charge per pan/urinal for all other property that is connected or able to be connected but not connected
- 56 Council looked at various options to change the approach including:
- changing the full charge per pan/urinal (iii) to reduce the impact on properties that have multiple pans (by using a half charge or sliding scale of charges depending on the number of pans)
 - increasing the charge on vacant land from a half charge to a three quarter charge.
- 57 However, after considering the relevant legislative funding considerations and the assessment of benefit/use of the network, Council is proposing to retain the current approach.

Factors to consider

Legal and statutory requirements

- 58 Council is required by legislation to adopt and include a Revenue and Financing policy for inclusion in the final adopted LTP, to provide predictability and certainty about sources and levels of funding of Council's activities.
- 59 The statutory provisions relating to the review of a Revenue and Financing Policy are detailed in Section 103 and Section 101(3) Local Government Act (LGA) 2002. The LGA requires local authorities to follow a set process for developing a Revenue and Financing policy.
- 60 The Revenue and Financing Policy (s103) specifies the mix of tools that Council can use to fund activities and the level of funding to be applied from the various sources. This requires a two stage process be followed when making decisions about how activities will be funded (s101(3)).
- 61 Stage 1 is to determine the funding tools to be used for each activity having regard to the five factors in section 101(3)(a) including:
- Council's objectives or community outcomes and how funding supports them (or not)
 - who benefits (community as a whole, parts of the community, individuals)
 - when benefits occur
 - who creates the need for expenditure
 - costs and benefits of funding separately
- 62 Stage 2 is to consider the impact of the overall allocation of revenue liability developed through stage 1 on community well-being (section 101(3)(b)), including rates affordability.

Community views

- 63 Staff have sought feedback on the rating review and funding principles from community boards as detailed earlier in the report. This feedback has been used to develop the proposed rating approach and inform the funding tool selection in the draft policy.
- 64 Staff are also seeking feedback from the Finance and Assurance committee from their meeting to be held 20 October 2020. Given the limited timeframe between meetings, staff will verbally advise Council of the committee's feedback and decisions on the policy at its meeting on 21 October 2020.
- 65 If Council endorses the draft policy and releases it for public consultation at this meeting, staff will make the draft policy and relevant information publicly available (in accordance with sections 82 of the LGA), and encourage people to give feedback on Council's 'make it stick' platform, by:
- placing a piece in 'First Word'
 - placing an advertisement in the Ensign and Southland Express
 - promoting the consultation on Council's Facebook page
 - having the draft policy accessible on Council's website and at all of its offices
 - encouraging community boards to make a submission.
- 66 It is proposed that this consultation process be run parallel to other Council policies.
- 67 The consultation process proposed will allow Council to consider further community views regarding this policy.

Costs and funding

- 68 The draft Policy would impact both the selection of funding mechanisms and the quantum to be funded from each tool, for the activities which are proposed to change. The decision made on each issue outlined in report will have a varying impact on how activities are funded and on the rates allocated to ratepayers. Attachment B provides an overview of the impact based on 2020/2021 rates. Attachment F shows the other options that were modelled for consideration.
- 69 There will only be minor costs associated with progressing the draft policy through the consultation process, including the costs associated with staff time and advertising. These costs will be met within current budgets.

Policy implications

- 70 As outlined earlier in the report, the draft policy as prepared proposes changes to the funding of selected activities to better reflect the assessment of benefit and need for separate funding following feedback provided by community boards and Council. However, these changes are a relatively minor part of the policy with the majority of the draft policy in line with the current policy.
- 71 The Revenue and Financing Policy is also binding – rates and other funding applied in the LTP must be set in line with the policy. As a result, the policy uses ranges rather than specific amounts to describe the funding sources. This provides Council with flexibility to respond to changes in funding circumstances and unexpected events within the parameters of the current policy.
- 72 If adopted, this policy and the related approach to rating would be the basis on which the draft Long Term Plan 2031 (LTP) would be prepared. As such, if there are significant unexpected changes to funding or expenditure levels proposed in the LTP 2031 that would impact the proposed funding mix, there may be a need to further review the policy and proposed rating approach in conjunction with the LTP 2031.
- 73 Council is also undertaking a review of its approach to investment and borrowing which may also have an impact on the proposed funding methods. However, given the relatively broad funding bands detailed in the policy for each activity, staff consider that most changes will be able to be accommodated within the proposed draft policy.
- 74 The Revenue and Financing Policy supports the direction established in the Financial Strategy, particularly around the ability to generate revenue from the funding sources described in the policy. The Financial Strategy lays the foundations that support prudent financial management over the long-term and provides an element of strategic control, containing limits on specific funding sources such as rates, rate limits and debt.

Analysis

Options considered

- 75 There are two options for consideration in this report:
- option 1 – that Council endorse the draft policy and associated rating review for consultation in accordance with section 82 and 82A of the LGA
 - option 2 – that Council propose a different way forward.

Analysis of options

Option 1 – that Council endorse the draft policy and associated rating review for consultation in accordance with section 82 and 82A of the LGA

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> the draft policy reflects the feedback and changes coming out of discussions with community boards the draft policy addresses inconsistencies in the current rating approach for community boards and aligns the approach to the new representation structure the draft policy better reflects the legislative considerations public consultation provides opportunity for stakeholders and members of the public to have their say it is a legislative requirement to consult a small amount of feedback has been received in support of the approach proposed in the draft policy. 	<ul style="list-style-type: none"> there is a risk that the draft policy and LTP 2031 may not be aligned if there are material changes to Council's budgets or funding options that arise between now and when the plan is finalised. However this policy is about how Council intends to spread the cost of services across the District, and across the different groups of ratepayers and not how much is collected or spent.

Option 2 – that Council propose a different way forward.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> would give Council further clarity on the proposed LTP 2031 budgets and funding needs to ensure alignment. may reduce rework. 	<ul style="list-style-type: none"> issues in the draft policy and rating review may overshadow LTP 2031 consultation issues. there is little time to make changes to the LTP 2031 if there are changes to the RFP that need to be incorporated. This may put pressure on timeframes. may result in consultation fatigue in the community.

Assessment of significance

- 76 The draft policy is a fundamental policy of Council. It determines how Council will collect revenue and fund activities, services and assets. The draft policy will affect all ratepayers and raises issues of equity and affordability.
- 77 In relation to Council's Significance and Engagement Policy, the decision to endorse the draft policy is likely to have an impact on all ratepayers in the District (if the Policy is then adopted), and there are likely to be people interest in this matter. This decision has less impact on the other factors that Council must consider when assessing significance.

- 78 The significance of the decisions being made in relation to this report are lessened somewhat at this stage as Council is not adopting a new policy, but putting one out for consultation. Nevertheless, staff still see it as appropriate that Council consider this decision to be significant as they are endorsing the proposed policy.
- 79 Council has undertaken a thorough review of its Revenue and Financing Policy. In relation to the proposed changes to the draft policy, Council has identified all reasonably practicable options and assessed the options in terms of their advantages, disadvantages, and financial implications.

Recommended option

- 80 It is recommended that council proceeds with option 1 that Council endorse the draft policy and associated rating review for consultation in accordance with section 82 and 82A of the LGA.

Next steps

- 81 If Council endorses option 1, staff will undertake a consultation process in accordance with sections 82 and 82A of the LGA from 4 November to 4 December 2020.
- 82 It is intended that the written submissions received will be presented to Council either in December or early 2021 (depending on the level of feedback).
- 83 If, after undertaking consultation, Council endorses the proposed changes in the draft policy, Council would then adopt the policy with it to come into effect on 1 July 2021.
- 84 If the Council proposes a different way forward, staff will outline next steps in line with the approach taken.

Attachments

- A Attachment A - DRAFT Revenue and Financing Policy 2021-2031 [↓](#)
- B Attachment B - Overview of Proposed Local Rate Changes [↓](#)
- C Attachment C - Proposed Rating Boundaries - Community Board rate and Stormwater rate [↓](#)
- D Attachment D - Current Revenue and Financing Policy (2018) [↓](#)
- E Attachment E - an overview of the funding considerations for Stewart Island jetties - consultation [↓](#)
- F Attachment F - Draft Rating Review - Other Options Modelled [↓](#)

DRAFT Revenue and Financing Policy 2021-2031

Group responsible: Finance

Date adopted: XX 2021

Implementation date: 1 July 2021

File no: R/20/10/60770

1 Introduction

Council's Revenue and Financing Policy sets out the ways Council intends to pay for each activity that Council provides and why.

Council is required to have this policy by Section 102 of the Local Government Act 2002 to provide predictability and certainty to residents and ratepayers about the sources and levels of funding for Council's activities.

When read in conjunction with the Funding Impact Statement in Council's long term and annual plans, this policy links the funding decisions with the rates that each ratepayer is required to pay.

2 Policy Details

2.1 Legislative considerations

The purpose of the Revenue and Financing Policy is to describe how Council funds its operating and capital expenses from the funding sources available to it and why it chooses the various mechanisms. Section 103 of the Local Government Act 2002 (LGA) details the funding sources that Council can use to fund its activities including rates, fees, subsidies, borrowing and other revenue.

In addition to identifying the sources of funding, the policy must outline why the Council has decided to fund its activities in this way. These funding decisions follow a two-step funding process outlined in the LGA that involves consideration of a set of funding principles to determine appropriate funding sources for activities (Section 101(3)(a)) and then considering the impact that the resulting allocation of revenue liability has on current and future community wellbeing (Section 101(3)(b)).

Firstly, for each activity, the Council must consider the following matters:

- 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 'beneficiary -pays' principle).
- the period in or over which those benefits are expected to occur (the 'inter-generational equity' principle). For example, the benefits of some activities will occur over the entire life of the asset. This will benefit not only existing generations but future generations who should also contribute towards paying for the cost.

- the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity (the ‘exacerbator-pays’ principle which suggests that exacerbators should meet at least part of the cost of an activity).
- the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities. This particularly relates to transparency and accountability, but may also relate to factors like the financial scale of the activity (e.g. a small activity may not warrant separate funding due to the cost of establishing systems to support cost recovery).

Secondly, following consideration of these elements, the Council must consider the overall impact of any allocation of liability for revenue needs on the community, and to consider if any changes are needed. This involves weighing up the impact of the policy on the community. Such considerations might include:

- affordability - the ability to pay by low income households or small communities;
- barriers to accessing services;
- legal constraints (such as the ability of Council to only receive 30% of Council revenue from rates set on a uniform basis);
- fair treatment of the different sectors - balancing the ability to pay and the benefits actually received.
- alignment with the Council’s objectives and financial strategy which sets limits on rates increases and debt levels.

The Council may, as a final measure, modify the overall mix of funding in response to these considerations. Council’s consideration of these matters is noted under each individual activity in the detailed activity analysis on page 8.

2.2 Our funding approach

Southland District communities are diverse and there are many different users of Council services.

Wherever practical Council aims to maintain a relationship between the benefits received by groups of residents and ratepayers and the contributions they make for those services, especially where communities within the District have differing levels of service (the ‘beneficiary-pays’ principle).

Where the benefits are shared more equally and everyone is expected to make a contribution, or where it is impractical to exclude users or identify groups that principally benefit, it is deemed to be **“public”** and more likely to be collectively funded (e.g. through general rates).

Where individuals/groups receive the direct benefit of the activity exclusively, and the costs of the activity can easily be attributed to that individual/group or, their use of the service excludes others, it is deemed to be **“private”** and more likely to be funded on a user pays basis (e.g. through fees and charges, targeted rates). In principle, Council seeks to recover the maximum amount possible from the direct users of a service (the ‘user-pays’ principle) or from those that create the need for a service (the ‘exacerbator-pays’ principle). However, Council must also ensure that the level of fees or charges (and targeted rates) are not at a point where the cost becomes prohibitive and could potentially impact the community’s use of the service, create detrimental effects or work against the achievement of community outcomes. As such their use needs to be balanced with other funding sources.

Council also seeks to ensure that people pay for services at the time they consume them, (the ‘inter-generational equity’ principle). Costs of service include capital costs, direct operational costs, depreciation, interest and loan repayments. The tools Council uses to achieve inter-generational equity include borrowing and development and financial contributions.

In reality, most Council services sit somewhere on the continuum between providing public and private benefits and most activities have characteristics of both private and public goods. As part of developing this policy, Council has endeavoured to use the public/private benefit to summarise its consideration of the LGA funding principles, initially in relation to each activity around assessing the nature of the benefits and who benefits (the whole community, identifiable parts of the community or individuals) over what period (Section 101(3)(a)) and then again after considering the overall impact on the community (Section 101(3)(b)).

It must be noted that Council's funding approach is a complex assessment of determining where the benefits of Council services apply, what the best methods for funding those services are and how this can be equitably applied across district communities. Council must also consider affordability, both from a ratepayer perspective, and for individuals and groups using Council provided services. Council has considered all of these elements and considers the overall funding approach detailed in this policy to be fair and equitable.

The outcome of these considerations is outlined in the activity funding analysis table in section 2.3.2 and has been used to inform the Council's thinking on what are the most appropriate sources of funding for operating and capital expenditure for each activity.

The indicative funding proportions that have been specified are not intended as an exact realisable proportion, they are intended to be a guideline. It is recognised that within each activity there may be justification for variation from those proportions on a case-by-case basis and in considering the impact that the allocation of liability for revenue has on the whole community.

The approach taken in this policy is to give the reader a high level of understanding of the key funding methods. As such the "key" funding sources are detailed in the indicative funding section of the activity funding analysis on page 8. At times minor costs may be funded from a source not indicated.

2.3 Funding mechanisms

Types of Expenditure

Broadly speaking, Council has two types of expenses: operating expenditure and capital expenditure.

Operating expenditure is used to fund the ongoing day-to-day activities and services of the Council. Operating revenue is set at such a level for the Council to meet its projected operating expenditure, as well as comply with applicable legislation and generally accepted accounting practice.

Capital expenditure is money spent in acquiring or upgrading a business asset such as equipment or buildings. The Council has three categories of capital expenditure spread across its activities:

- **renewals** - Defined as capital expenditure that increases the life of an existing asset with no increase in service level.
- **increased level of service (ILOS)** - Defined as capital expenditure that increases the service level delivered by the asset.
- **additional demand (AD)** - Defined as capital expenditure that is required to provide additional capacity necessary to accommodate growth.

The Council's funding of capital expenditure must comply with applicable legislation and generally accepted accounting practice, and is derived from a mix of revenue sources. The method of funding generally depends on the asset expenditure – whether it is a renewal of an existing asset or an upgrade of an existing asset or a completely new asset.

The major sources of funding for operating and capital expenditure is summarised in Table 1 below.

Table 1: Description of the funding mechanisms and their general application

Funding source	Definition	Rationale for application	Application			
			Opex	Demand (AD)	Capex Levels of service (ILOS)	Renewal
General rates (including UAGC)	General rates are rates that are assessed across all rateable properties in the District. The general rate is set on a rate in the dollar charged on capital value and a Uniform Annual General Charge (UAGC), which is a flat amount levied on each rating unit. The general rate is not set on a differential basis.	<p>General rates are used to fund those services where there is a benefit to the District as a whole. It is typically used when there is a high public benefit in the services provided, when Council considers the community as a whole should meet the costs of the service, and when Council is unable to achieve its user-charge targets and must fund expenditure.</p> <p>Capital value (compared to land value) is seen as the best mechanism because it is easier to calculate given market sales information, is well understood, reflects the total investment in the property and is considered a better proxy for ability to pay and use of services/ infrastructure than other tools.</p> <p>The size of the UAGC is set each year by Council and is used as a levelling tool in the collection of general rates. If the Uniform Annual General Charge (UAGC) were set at zero the effect would be to increase the amount of rates assessed on capital value which would increase the share levied on properties with higher capital values and decrease the share levied on lower capital values. In setting the level of the UAGC, Council balances the impact of high fixed charges (including the UAGC and other fixed charges) on those with low incomes and relatively low property values against the impact of a low UAGC on the relative share of rates levied on high value properties, for example large rural properties.</p>	✓		✓*	✓*
Targeted rates	Targeted rates are set for a specific activity or group of activities and can be charged in a number of different ways as defined in the Local Government (Rating) Act 2002 to collect funds over specific areas of benefit.	<p>Targeted rates are used when the Council considers that transparency is important, or where the location or method of rating makes the use of a targeted rate more appropriate and more equitable or a better match to the benefits of the activity.</p> <p>The Rates Funding Impact Statement in the Long Term Plan or Annual Plan outline the Council's rating policies including details about the how the rate is set and on which properties it will apply to.</p>	✓	✓	✓*	✓*
Grants and subsidies	Funding received from other agencies, usually for a specific purpose.	Council will use grants or subsidies from central government or other organisations where available, usually for a specific purpose. This approach minimises the cost to the community of undertaking projects and activities. Generally these are used for capital expenditure, but may also be used for operating expenditure in certain circumstances.	✓	✓	✓	✓
Fees and Charges	Fees charged to individuals or groups who are directly using Council services.	<p>The Council uses a range of fees and charges to recover a proportion of the costs of providing Council facilities and services. Generally, the greater the degree of identifiable private benefit, the more likely it is that the service costs can be recovered through fees and charges.</p> <p>The Council also considers issues like the affordability of user charges, particularly where the Council believes that setting a charge too high will reduce the use of a service and therefore diminish its value to the community and impose a greater cost on ratepayers.</p>	✓		✓*	✓*

Funding source	Definition	Rationale for application	Application			
			Opex	Demand (AD)	Capex Levels of service (LOS)	Renewal
Investment Income	Income received from any investments (e.g. forestry)	This income is generally used to reduce the amount of rate required or may be added to reserves to future fund projects.	✓	✓	✓	✓
Lump Sum Contributions	Lump Sum contributions are where ratepayers agree to pay a capital (or lump sum) payment towards meeting the cost of providing a particular asset in their community (eg upgrading of a water supply) rather than paying for these capital costs via an annual targeted rate.	These contributions will be used to fund the repayment of debt for specific capital activity from time to time.	✓	✓*	✓*	✓*
Proceeds from Asset Sales	Proceeds from asset sales are the monies received from selling physical assets, such as plant and equipment.	Proceeds from asset sales will be used for the repayment of debt or the acquisition of new assets.		✓	✓	✓
Depreciation Reserves	Depreciation reserves are set to allow for the replacement of Council's capital assets when they reach the end of their useful life.	These reserves are used to fund both the renewal and increased level of service categories of capital expenditure, along with any debt repayment relating to prior year capital expenditure. Council will use depreciation from current and prior years that has not already been applied to fund asset replacements.	✓		✓	✓
Financial and Development Contributions	Financial contributions are a capital charge for works undertaken to mitigate the environmental effects of subdivision, land use and development. Development contributions are a capital charge on development to recover share of the capital costs that development imposes on network/community infrastructure.	Financial or development contributions are used to ensure that a fair proportion of the cost of infrastructure needed to serve growth or capital works needed to mitigate environmental effects is funded by those who cause the need (i.e. the developments leading to growth). Council's Policy on Development Contributions and Financial Contributions sets out the conditions in which contributions are required and the method used to calculate them. Development Contributions are currently in remission under this policy, due to Council's desire to encourage growth in the District.		✓		
Borrowing - internal	Council currently operates an internal treasury function. This means that Council uses cash surpluses from some activities to lend to other activities that need to borrow. This has reduced the overall cost of borrowing. Council charges interest on the funds lent to the borrowing activities, and receives interest on the funds borrowed from the lending activities.	Council will fund short term deficits with internal borrowing where this is considered to be prudent. Interest on reserves is calculated on the average balance of each reserve during the year. Interest is allocated at a prescribed interest rate (as discussed in the Long Term Plan assumptions). Both positive and negative reserves get interest charged or applied. For the majority of reserves held by local communities, this interest is added to the reserve, which has no impact on the rate requirement, these reserves are usually positive and are set aside for future projects. For the majority of District reserves, interest will reduce the rates required or increase the rates required if the reserve has a negative balance.	✓	✓	✓	✓

Funding source	Definition	Rationale for application	Application			
			Opex	Demand (AD)	Capex Levels of service (ILOS)	Renewal
Borrowing – external	Borrowing is not a source of revenue itself. Rather it is a 'bridging' mechanism to assist with the financing required for the construction of long term assets. Debt arising from borrowing still needs to be repaid from other sources of revenue (eg rates).	Borrowing to fund capital expenditure spreads the repayment of that borrowing over several years and helps to ensure fairness or intergenerational equity so that current ratepayers pay for the services they use now, and future ratepayers pay their share too. Generally the Council will not borrow to fund operating cost, however Council may enter into short-term borrowing arrangements for the management of cashflows. More detail about Council's borrowing is set out in its Investment and Liability Policy.	✓	✓	✓	✓
Council Reserves	Reserves are made up of funds that are either received or set aside for a specific activity or savings specific to each activity that may be available to fund expenditure subject to Council approval. This can be used for both private good and public good.	Where past surpluses available these may be used to fund capital expenditure and in some instances operating expenditure at Council's discretion. Reserves will be applied to expenditure in line with the purpose for which the funds were collected or in line with any conditions that were in place when the funds were received. These are typically classified as local reserves (where reserves are for the benefit of specific communities), or district reserves (where reserves are held for the benefit of the wider district).	✓	✓	✓	✓

* Application depends on how the activity to which capital expenditure relates is funded.

Table 2 below outlines the general considerations for funding against the legislative requirements of the Local Government Act (2002) section 101(3)(a).

Table 2: Legislative assessment of funding considerations

LGA s101(3)(a)	Operating funding consideration	Capital funding considerations
Community Outcome	Council needs to take into account whether the proposed funding source will promote or work against the achievement of community outcomes.	
Distribution of benefits	Determining distribution of benefit is subjective and is for Council to determine. Council will consider how the benefit of an activity applies to households, businesses and the community as a whole. Generally, individual benefit leads to fees and charges, location based benefits lead to targeted rates, and community wide benefits leads to general rates or targeted rates applied across the district.	As per operating expenditure unless Council resolves otherwise. Council may also choose to target those people or organisations who primarily benefit through lump sum options or targeted rates.
Period of benefit	For most operating expenditure the benefit is received in the year the expense is incurred. For most activities Council will cash fund depreciation (an operating expense) from revenue sources and this, along with other surplus cashflow, will be used to fund capital expenditure for asset renewal or debt repayments. Some operational expenditure (provisions) may have a benefit over multiple years and so Council may choose to fund the activity over that period.	For most capital projects the benefit is received over the life of the asset. Council will have regard to the equitable distribution of costs to each generation for the building and renewal of the asset. Funding depreciation and borrowing (with associated interest costs) are the primary ways to spread the cost of asset over its life.
Who creates the need	Some things Council must do because the actions or inactions of individuals or groups creates the need to undertake the activity. Council may choose to target these people or organisations through fines, charges or rate.	
Separate funding	Council must consider the practicalities of separate funding along with transparency and accountability. In some cases, while it may be desirable to charge individuals, there may be no practical way of doing so. When considering what rates will be charged, the costs and benefits of separate rating mechanisms for separate activities should be weighed up. Council does not wish to make a complex rating system that is expensive to maintain and confusing to interpret, as this will not contribute to improved transparency and accountability.	

2.3.1 Summary of funding sources

Table 3 shows the indicative percentages from each funding source used to fund operating costs following consideration of the relevant funding principles (summarising the activity funding analysis on page 8)

For operational expenditure, funding portions for each activity are expressed as ranges - **low** (0-33%) **medium** (34-67%) **high** (67-100%).

Capital expenditure funding contributions are also identified in the detailed activity analysis. The proportion of capital costs funded from each source will vary depending on the nature of each capital project.

Table 3: Summary of operating expenditure funding sources by sub-activity

Activity Group	Activity and sub-activity	General rates	Targeted Rates	Fees and Charges	Grants, Subsidies and other funding
Community Resources	Community Facilities				
	Halls		High	Low	Low
	Toilets	High		Low	
	Offices and Buildings	High			Low
	Community Services				
	Cemeteries	High		Low	Low
	Community Housing	Low			High
	Library Services	High		Low	Low
	Open Spaces	Medium	High		Low
	Waste Services	High	Low	Low	Low
	SIESA		Low	High	Low
	Stormwater	Low	High		Low
Transport	Roads, Footpaths and Cycle Trails	Low	High	Low	Low
	Airport		Medium	Low	Low
	Water Facilities	Low	Low	High	Low
Sewerage		Low	High	Low	Low
Water Supply		Low	High	Low	Low
Community Leadership	Representation and Advocacy	High			Low
	Community and Futures	High	Low		Low
	Community Assistance	High	Low	Low	Low
Environment Services	Resource Management	High		Low	Low
	Animal Services	High		High	Low
	Environmental Health	Medium		Medium	Low
	Building Solutions	Low			Low
	Emergency Management	High			Low
Key:					
0-33%		33%-66%	67%-100%		
Low		Medium	High		

Generally the process for funding operating costs of these activities is as follows:

- where it is practical to recover the designated portion of the net operating cost of an activity from a private user or exacerbator, fees and charges are set at levels designed to achieve this, provided there are no legislative constraints.
- operating grants or subsidies for a particular activity are used to reduce the gross cost.
- other income sources that may be appropriate such as interest, reserves and borrowing (largely for financially significant one-off projects that that have extend the life of an asset e.g. painting)
- where a fee or charge is not practical, targeted rates may be set in line with Council's rating policies.
- any net income from investments may then be applied and any residual requirement will be funded through general rates. For the purposes of this policy, any reference to general rates as a funding source is considered to include UAGCs.

More detailed rating policies (including the details of targeted rates and how they are applied, the level of the UAGC, and the details of the differential system) will be outlined in the Funding Impact Statement in the Long Term Plan or Annual Plan, as appropriate.

2.3.2 Activity funding analysis

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment				Indicative Funding (% and source based on Funding Impact Statement categories)
	Whole community	Identifiable parts of the community	Individuals				Initial		Adjusted		
							Public	Private	Public	Private	
GROUP: COMMUNITY RESOURCES											
Activity: Community Facilities											
Halls											
<p>► Inclusive connected communities</p> <p>► A diverse economy creating healthy and affordable lifestyles</p> <p>The activity provides spaces for people to come together, which strengthens social connections within communities.</p> <p>The activity also provides common spaces where people can carry out recreational and physical activity.</p>	<p>Low</p> <p>The whole community benefits from the option they have to use halls which are available for public use.</p> <p>Facilities are spread widely across the district and have a range of community uses.</p> <p>The Council also supports some privately owned halls.</p>	<p>Medium</p> <p>Parts of the community that have a hall nearby have easier access and may experience a greater benefit than those who have to travel a longer distance to use a facility, particularly where other options are unavailable.</p>	<p>Medium</p> <p>Groups and individuals that use halls for community and recreational use experience a direct benefit.</p>	<p>Groups and individuals who wish to use facilities for events and activities in their community or to provide a focal point for communities.</p> <p>People wanting to use a hall pay a hire charge. In some cases, vandalism and accidental damage may cause additional costs. Where possible, costs will be recovered.</p>	<p>Current and future years</p> <p>Halls have long useful lives and will benefit both current and future generations.</p> <p>Council does not currently fund the depreciation on halls, with decisions on how to fund replacements or renewals to be made once individual halls reach the end of their useful life.</p> <p>Council may look to divest where ownership is not critical to the provision of the activity, or the community feedback/usage indicates the hall is no longer needed.</p>	<p>While halls are a relatively small part of Council’s overall expenditure, Council is aware that each community generally has a stronger connection to the halls in their local area compared to those in other parts of the District. For this reason Council has chosen to amalgamate the overall funding of this activity under the community resources activity whilst retaining separate targeted rates for individual halls. This provides clarity over the funding needs of individual halls and reflects the variations in the types of halls and levels of service provided across the district.</p>	50%	50%	80%-100%	0%-20%	<p><i>Operational</i></p> <p>Targeted rates (High)</p> <p>Fees and Charges (Low)</p> <p>Other sources (Low)</p> <p><i>Capital</i></p> <p>Targeted rates</p> <p>Fees and Charges</p> <p>Grants and Subsidies</p> <p>Borrowing</p> <p>Proceeds from Asset Sales</p> <p>Other sources including reserves</p>
Public Toilets											
<p>► Kaitiakitanga for future generations</p> <p>► Empowered communities with the right tools to deliver the best outcomes</p> <p>The activity provides clean, safe and sanitary toilet facilities for visitors and residents along key travel routes and in high public use areas such as commercial zones, parks, beaches, playgrounds and freedom camping areas.</p> <p>The activity also ensures that human waste is appropriately dealt with to minimise any environmental or public health impacts.</p>	<p>High</p> <p>The whole community benefits because all people from within and outside of the District have the ability to use public toilets. There are also wider public health and environmental benefits through providing facilities for sanitary purposes.</p> <p>Facilities are spread widely across the district.</p>	<p>Medium</p> <p>Parts of the community that have a high number of visitor with toilet facilities nearby may experience a greater benefit. Shops located near to public toilets may also benefit indirectly.</p>	<p>High</p> <p>Visitors and residents that use toilet facilities experience a direct benefit.</p>	<p>Visitors and residents. While there are benefits to individuals who use the facilities, charging them for use may act as a disincentive and result in negative outcomes.</p> <p>In some cases, vandalism may cause additional costs. Where possible, costs will be recovered if perpetrators are caught.</p>	<p>Current and future years</p> <p>Public toilets have long useful lives and will benefit both current and future generations.</p>	<p>Toilets make up a small part of Council’s overall expenditure. Given this and that toilets are generally maintained to a consistent standard across the District, there is no benefit perceived from separate funding. For this reason Council has chosen to amalgamate the overall funding of this activity under the community resources activity with the rating mechanism to be funded by a District-wide rate to reduce collection costs.</p>	50%	50%	80%-100%	0-20%	<p><i>Operational</i></p> <p>General rates (High)</p> <p>Fees and Charges (Low)</p> <p><i>Capital</i></p> <p>General rates</p> <p>Fees and Charges</p> <p>Grants and Subsidies</p> <p>Borrowing</p> <p>Other sources including reserves</p>

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment of Benefit				Indicative Funding (% and source based on Funding Impact Statement categories)
	Whole community	Identifiable parts of the community	Individuals				Initial		Adjusted		
							Public	Private	Public	Private	
Council/community buildings											
<div><div><div>► Kaitiakitanga for future generations</div><div>► Inclusive connected communities</div><div>► Empowered communities with the right tools to deliver the best outcomes</div></div><div>The activity involves the maintenance and management of other Council properties which support the provision of Council services (like libraries) and other community delivered services (like maternity services or communication services). Some of the buildings and structures have a tourism/economic or heritage/memorial value.</div></div>	Medium The whole community benefits from land and buildings that support the delivery of Council services or that are available for public use.	Medium Parts of the community that have land and buildings that supports the delivery of community services in that location, benefit directly.	Low Property lessees are the direct beneficiaries of the activity and generally the space can only be occupied by one lessee at a time.	Groups and individuals who wish to use buildings or access the services delivered in them or retain them for their economic heritage/memorial value.	Current and future years Community buildings and structures have long useful lives and will benefit both current and future generations.	Given that the majority of these buildings support the delivery of other services there is no benefit perceived from separate funding other than rents. For this reason, Council has chosen to amalgamate the overall funding of this activity under the community resources activity with the rating mechanism to be funded by a district-wide rate or relevant local targeted rate.	50%	50%	80%-100%	0-20%	<div>Operational General rates (High) Other sources (Low)</div> <div>Capital General Borrowing Proceeds from Asset Sales Other sources including reserves</div>
Activity: Community Services											
Cemeteries											
<div><div><div>► Kaitiakitanga for future generations</div><div>► Inclusive connected communities</div><div>► Empowered communities with the right tools to deliver the best outcomes</div></div><div>The activity provides a memorial space where family and friends can remember others as well as a record of a community’s history and heritage. The activity also ensures interments are managed in a way to minimise any environmental or public health impacts.</div></div>	Low-Medium The whole community benefits from the provision of an interment system that remembers and respects those who have passed away and maintains public health and environmental standards through safe disposal of human remains. Records of interment are linked to the history of the community and are of public benefit. Facilities are spread widely across the district.	Low-Medium Parts of the community that have a council owned and operated cemetery nearby may experience a greater benefit from being able to have family members buried nearby.	Medium-High Families and friends of the deceased (from within and outside of the District) are the direct beneficiaries of the service with individual gravesites provided for remembrance and burial as well as cemetery records which are available to those researching family history.	People wanting to be buried in the district pay interment fees. In some cases, vandalism and failure to maintain headstones may cause additional costs. Where possible, costs will be recovered if perpetrators are caught.	Current and future years Cemeteries have long useful lives and will benefit both current and future generations. The cemeteries do have limited capacity and extensions are required when existing capacity is exhausted.	Cemeteries make up a small part of Council’s overall expenditure. Given this and that cemeteries are generally maintained to a consistent standard across the district, there is no benefit perceived from separate funding. For this reason Council has chosen to amalgamate the overall funding of this activity under the community resources activity with the rating mechanism to be funded by a district-wide rate to reduce collection costs.	60%	40%	80%-100%	0%-20%	<div>Operational General rates (High) Fees and Charges (Low) Grants and Subsidies (Low) Other sources (Low)</div> <div>Capital General rates Grants and Subsidies Borrowing Proceeds from Asset Sales Other sources including reserves</div>

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment of Benefit				Indicative Funding (% and source based on Funding Impact Statement categories)	
	Whole community	Identifiable parts of the community	Individuals				Initial		Adjusted			
							Public	Private	Public	Private		
Community Housing												
<p>► Inclusive connected communities</p> <p>► A diverse economy creating healthy and affordable lifestyles</p> <p>► Empowered communities with the right tools to deliver the best outcomes</p> <p>This activity provides good quality affordable housing to people in need enabling them, where possible, to remain socially connected and living in their local community.</p>	<p>Low</p> <p>The whole community benefits as the provision of low cost housing provides comfort to the wider community that vulnerable groups are being assisted supporting the current and future social and economic wellbeing of the District.</p>	<p>Low</p> <p>Vulnerable groups in the community can access affordable housing to remain living in their local community where this is provided. Parts of the community that have council owned and operated housing nearby may experience a greater benefit from having friends and family living nearby. Facilities are available at key locations in the District.</p>	<p>High</p> <p>Occupants of the housing units and their friends and family.</p>	<p>People who have a need for assistance with accommodation with either limited financial means or living in communities with limited housing availability.</p>	<p>Current and future years</p> <p>Housing units have long useful lives and will benefit both current and future generations but require ongoing repairs and maintenance. Council does not currently fund the depreciation on community housing, with decisions on how to fund replacements or renewals to be made once units reach the end of their useful life.</p>	<p>Community housing makes up a small part of Council’s overall expenditure and is largely funded from rent. Given this, there is no benefit perceived from separate funding. For this reason, Council has chosen to amalgamate the overall funding of this activity under the community resources activity with the rating mechanism to be funded by a district-wide rate.</p>	<p>10%</p> <p>90%</p> <p>0%-20%</p> <p>80%-100%</p> <p>Rationale</p> <p>Given that the main benefit of providing the activity is to the tenants (private benefit) Council believes the activity would be largely funded from fees (rents) as users are easily identifiable and excludable and user fees can be easily administered. A small portion of indirect costs (such general inquiries and related support activities) are funded by general rates reflecting public benefit.</p> <p>Operational costs are funded through a mix of fees and rates, reflecting the private and public good components of this activity.</p> <p>Capital expenditure will be funded by reserves or by borrowing to match funding to the expected life of the asset for intergenerational equity and to smooth funding input. Repayment of any borrowings will be via user fees (rents). Grants may be available from time to time but are difficult to predict. Asset sales may also be used.</p>	<p>Operational</p> <p>General rates (Low)</p> <p>Other sources (High)</p> <p><i>Capital</i></p> <p>General rates</p> <p>Borrowing</p> <p>Proceeds from Asset Sales</p> <p>Other sources including reserves</p>				
Library Services												
<p>► Kaitiakitanga for future generations</p> <p>► Inclusive connected communities</p> <p>► Empowered communities with the right tools to deliver the best outcomes</p> <p>The activity provides access to printed and digital resources for education and recreation which promotes literacy and supports people to be more socially connected through the exchange of thoughts and ideas. They also provide access to resources to help with family or local history research and act as a community hub.</p>	<p>Medium</p> <p>The activity benefits the whole community by building the knowledge and skills of residents, providing for their general enjoyment and social interaction. These resources are available and accessible to all. Facilities (including the bookbus) are available throughout the district and online.</p>	<p>Medium</p> <p>Parts of the community that have a library nearby have easier access and may experience a greater benefit than those who have to travel a longer distance to use a facility.</p>	<p>High</p> <p>Individuals who use the educational, recreational and information resources provided receive a direct benefit.</p>	<p>Library members and other users who access books, computers and other library resources. In addition, visitors who use library computers, resources and staff knowledge. In some instances Council incurs costs where people do not return items on time. In these instances Council will charge penalties (i.e. overdue fines).</p>	<p>Current and future years</p> <p>The library resources have relatively short useful lives and are renewed and replenished on a rolling basis. The benefits to individuals accessing information and learning are ongoing.</p>	<p>There is limited benefit from perceived from separate funding. For this reason, Council has chosen to amalgamate the overall funding of this activity under the community resources activity with the rating mechanism to be funded by a district-wide rate to reduce collection costs.</p>	<p>50%</p> <p>50%</p> <p>80%-100%</p> <p>0%-20%</p> <p>Rationale</p> <p>While users of the service can easily be identified and a strong user pays approach could be implemented, the fees required might deter people from using libraries. Instead, Council charges for the use of some services (such as photocopying and DVDs):-</p> <p>It is recognised there are wider community benefits from the availability of libraries and the resources they provide in terms of social/cultural outcomes which, on balance, merits funding the majority of costs from rates to ensure resources are available to all regardless of whether they use it.</p> <p>Operational costs of this activity are funded mainly through the general rate to reflect the public good component of this activity. Fees and charges are also used but not to a level in keeping with the private good component of the activity.</p> <p>Capital expenditure primarily related to book replacement is funded annually from the general rate.</p>	<p>Operational</p> <p>General rates (High)</p> <p>Fees and Charges (Low)</p> <p>Grants and Subsidies (Low)</p> <p>Other sources (Low)</p> <p><i>Capital</i></p> <p>General rates</p> <p>Grants and Subsidies</p> <p>Borrowing</p> <p>Other sources including reserves</p>				

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment of Benefit				Indicative Funding (% and source based on Funding Impact Statement categories)
	Whole community	Identifiable parts of the community	Individuals				Initial		Adjusted		
							Public	Private	Public	Private	
Activity: Open Spaces											
Parks, reserves, playgrounds and streetscapes											
<div><div><div><div>► Inclusive connected communities</div><div>► Kaitiakitanga for future generations</div><div>► Empowered communities with the right tools to deliver the best outcomes</div><div>► A diverse economy creating healthy and affordable lifestyles</div></div><div>The activity provides open spaces where people can relax, connect and participate in sport and recreation, contributing to community health and wellbeing. Green spaces, landscapes and streetscapes are restful and enhance and maintain the visual appeal of areas and increase appreciation of natural areas.</div></div></div>	<div><div>High</div><div>The whole community benefits through the provision of open spaces. Individuals and groups can pursue active and passive leisure pursuits and learn about the natural environment. This can enhance community pride, contribute to community health and wellbeing, and generate positive perceptions of the District. Facilities are available throughout the District.</div></div>	<div><div>High</div><div>Parts of the community that have open spaces in their local area have easy access and may experience a greater benefit than those who have to travel a longer distance to use a facility. Open spaces and streetscapes also contribute to each community's sense of place. There may also be some benefit to business by having open spaces that attract and provide for visitors.</div></div>	<div><div>Yes</div><div>Individuals and groups receive private benefit through their use of parks and sportsfields for recreational pursuits, events and organised sport. Some facilities are leased to sporting, recreational, cultural and community groups, who may have exclusive rights to use them.</div></div>	<div>The community in general creates the need, with some specific groups creating a need for particular facilities (sportsfields, playgrounds). Visitors who appreciate the aesthetic aspects and utilise the spaces and facilities also create a need. Those who dispose of rubbish to litter bins and vandals also create a need. Development may also create a need for additional open spaces.</div>	<div>Current and future years</div> <div>Parks, reserves, playgrounds and streetscapes have long useful lives and will benefit both current and future generations. These also require ongoing repairs and maintenance annually.</div>	<div>While open spaces are available across the District, there are differences in the scale and level of service provided in different areas. For this reason, Council will use a mix of rating mechanisms. Costs associated with local facilities provided in local areas will be funded from local targeted rates. Costs associated with facilities provided outside of these local areas or that have significance for the District will be amalgamated into the general rate. Where spaces are leased to clubs and community groups, Council will charge fees. As this activity makes up a relatively small amount of overall expenditure, Council has chosen to amalgamate the overall funding of this activity under the community resources activity.</div>	<div>80%</div> <div>20%</div> <div>80%-100%</div> <div>0%-20%</div> <div><div>Rationale</div><div>Generally, access to open spaces is unrestricted and charging individuals for their enjoyment of open spaces is not practical or desirable. In addition, while fees (through leases and rental agreements) may apply where individuals or groups enjoy exclusive access or have additional requirements over and above standard maintenance, these are set at a level to ensure people are not deterred from using facilities. Charging those who use litter bins or vandalize open spaces is not practical and as such these costs will be funded through rates. While the whole community benefits from this activity, those in communities with open spaces should pay more via a targeted rate because of the direct benefits received. This acknowledges the private benefit to these communities and the properties within these areas that receive the benefit and reflects a user pays approach. The wider public benefits also mean that a proportion of the costs should be paid by all properties in the District. Operational costs of this activity are funded mainly through targeted rates and the general rate to reflect the public good component of this activity. Capital expenditure will be funded by reserves or by borrowing to match funding to the expected life of the asset for intergenerational equity and to smooth funding input. Grants may be available from time to time but are difficult to predict. Financial and development contributions from developers may also be used to fund expenditure related to providing additional capacity.</div></div>	<div>Operational</div> <div>General rates (Medium)</div> <div>Targeted rates (High)</div> <div>Grants and Subsidies (Low)</div> <div>Other sources (Low)</div> <div>Capital</div> <div>General and targeted rates</div> <div>Grants and Subsidies</div> <div>Borrowing</div> <div>Proceeds from Asset Sales</div> <div>Development and/or Financial Contributions</div> <div>Other sources including reserves</div>			

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment of Benefit				Indicative Funding (% and source based on Funding Impact Statement categories)	
	Whole community	Identifiable parts of the community	Individuals				Initial		Adjusted			
							Public	Private	Public	Private		
Activity: Waste Services												
Refuse, Recycling, Transfer Stations, Greenwaste, Wheelie Bins												
<p>► Kaitiakitanga for future generations</p> <p>This activity provides a range of solid waste management facilities including transfer stations, recycling/greenwaste sites and wheelie bin collections that enable people to dispose of their waste appropriately. The activity also supports waste reduction, reuse and recycling facilities and initiatives that help to maintain the health of the community and the natural environment.</p>	<p>Medium</p> <p>The whole community benefits from facilities that enable the community to dispose of waste appropriately. This helps to protect public health, maintains the attractiveness of areas and reduces environmental contamination from incorrect waste disposal.</p> <p>Education and recycling programmes benefit the environment and society in general.</p> <p>Facilities are available throughout the District.</p>	<p>Medium</p> <p>Parts of the community that have solid waste facilities or kerbside collection services in their local area have easy access and may experience a greater benefit than those who have to travel a longer distance to use a facility, particularly rural properties.</p>	<p>High</p> <p>Individual users (households / businesses / visitors) of the various Council-provided services, particularly kerbside bin collections, transfer stations and recycling / greenwaste sites.</p>	<p>The community in general creates the need by producing waste. In some cases, inappropriate disposal of hazardous waste and illegal dumping-causes additional costs to the community. Costs will be recovered if it is possible and economically viable to do so.</p>	<p>Current and future years</p> <p>There are intergenerational benefits to the community of facilities that have long useful lives. The activity also protects the environment from the adverse impacts of waste which can have a longer term benefit.</p>	<p>While Council has chosen to amalgamate the overall funding of this activity under the community resources activity, given the high degree of private benefit for some parts of the activity, Council has chosen to set targeted rates and separate fees for parts of the activity (wheelie bin collections, transfer stations) to ensure users are contributing towards the true cost of collection and disposal. The remaining costs are funded by a district-wide rate to reduce collection costs.</p>	<p>30%</p>	<p>70%</p>	<p>0%-20%</p>	<p>80%-100%</p>	<p>Rationale</p> <p>The private good components are largely paid for through targeted rates on households, businesses and communities where recycling and wheelie bin collection services are provided as well as fees and charges for users of the transfer stations. This approach ensures direct beneficiaries are contributing towards costs and also encourages users to minimise the amount of waste they produce. While a stronger user pays approach could be implemented, it is considered that this would result in a level of fees and charges that would deter users from disposing of their waste safely and appropriately.</p> <p>General rates are used to fund the public benefit aspects of this activity associated with managing waste appropriately and safely including costs associated with the landfill, community recycling centres and waste minimisation.</p> <p>Operational costs are primarily funded through a mix of targeted rates, general rates and fees and charges. Council also receives income from waste disposal levies which can be used to fund waste reduction initiatives.</p> <p>Capital expenditure will be funded by reserves or by borrowing to match funding to the expected life of the asset for intergenerational equity and to smooth funding input. Grants may be available from time to time but are difficult to predict and asset sales may be used to fund specific costs.</p>	<p><i>Operational</i></p> <p>General rates (High)</p> <p>Targeted rates (Low)</p> <p>Fees and Charges (Low)</p> <p>Grants and Subsidies (Low)</p> <p>Other sources (Low)</p> <p><i>Capital</i></p> <p>General and targeted rates</p> <p>Fees and Charges</p> <p>Grants and Subsidies</p> <p>Borrowing</p> <p>Proceeds from Asset Sales</p> <p>Other sources including reserves</p>

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment of Benefit				Indicative Funding (% and source based on Funding Impact Statement categories)
	Whole community	Identifiable parts of the community	Individuals				Initial		Adjusted		
							Public	Private	Public	Private	
Activity: Electricity Supply											
Stewart island Electricity Supply (SIESA)											
<p>► Kaitiakitanga for future generations</p> <p>► A diverse economy creating healthy and affordable lifestyles</p> <p>► Empowered communities with the right tools to deliver the best outcomes</p> <p>This activity generates and supplies a convenient and reliable source of electricity, which is essential for business, industry and residential needs on Stewart Island/Rakiura. The activity also operates waste collection services for the island.</p>	<p>Low</p> <p>The whole community benefits because the electricity supply supports the island. As a key tourism destination, there is also a flow-on economic benefit to the rest of the District when visitors also choose to travel to other areas of the District. A coordinated supply also reduces the impact on the unique natural environment, which is located within a conservation estate.</p>	<p>Medium/High</p> <p>SIESA provides electricity services for the Stewart Island/Rakiura community and supports the community’s economic and social wellbeing by providing an essential service to local residents, businesses and visitors.</p> <p>The single generation source of electricity and waste management practice also reduces the impact on the local environment and protects amenity values for residents.</p>	<p>High</p> <p>Individual property owners and businesses that are connected or able to connect to the supply receive a private benefit.</p>	<p>Residents, businesses and visitors create the need.</p>	<p>Current and future years</p> <p>The electricity lines have long useful lives and will benefit current and future generations. The current diesel generators have shorter lives.</p>	<p>While Council has chosen to amalgamate the overall funding of this activity under the community resources activity, given the high degree of private benefit, Council has chosen to set fees and charges for consumers to reflect a user pays approach to ensure consumers are aware of the costs associated with their use. A portion of the costs may also be collected through a local targeted rate to reflect the public benefit in having a supply available for properties to connect to.</p>	<p>0%</p>	<p>100%</p>	<p>0%-30%</p>	<p>70%-100%-</p>	<p><i>Operational</i></p> <p>Targeted rates (Low)</p> <p>Fees and Charges (High)</p> <p>Grants and Subsidies (Low)</p> <p>Other sources (Low)</p> <p><i>Capital</i></p> <p>Targeted rates</p> <p>Fees and Charges</p> <p>Grants and Subsidies</p> <p>Borrowing</p> <p>Proceeds from Asset Sales</p> <p>Development and/or Financial Contributions</p> <p>Other sources including reserves</p>

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment of Benefit				Indicative Funding (% and source based on Funding Impact Statement categories)
	Whole community	Identifiable parts of the community	Individuals				Initial		Adjusted		
							Public	Private	Public	Private	
GROUP: STORMWATER DRAINAGE											
Activity: Stormwater											
Stormwater											
<p>► Kaitiakitanga for future generations</p> <p>► A diverse economy creating healthy and affordable lifestyles</p> <p>► Empowered communities with the right tools to deliver the best outcomes</p> <p>This activity provides a safeguard for public health/safety also helps to maintain access to properties during periods of wet weather. The activity also protects the environment by controlling pollutants and sediments in stormwater discharged to waterways or coastal areas.</p>	<p>Medium</p> <p>The whole community benefits because of the decrease in the risk from flooding, the protection of community infrastructure, the treatment of stormwater to protect the environment, and the maintaining safe transport links and accessibility during rainfall events.</p>	<p>High</p> <p>Parts of the community where a stormwater network is provided (typically urban areas) are likely to experience a greater benefit because these people, their land and their property are better protected from flooding. Property owners downstream and people who visit these areas or use services in these areas also benefit, but to a lesser extent.</p>	<p>High</p> <p>Individual property owners connected to a scheme benefit from the safe and efficient management of stormwater away from their properties.</p>	<p>. Urban development reduces the amount of permeable land area available for stormwater removal, which exacerbates the need for this activity. Changing weather patterns and increased rainfall also exacerbate the need for stormwater.</p>	<p>Current and future years</p> <p>Stormwater infrastructure has a long useful life and will benefit both current and future generations. Council does not currently fund the depreciation on stormwater, with decisions on how to fund replacements or renewals to be made once individual assets reach the end of their useful life.</p>	<p>Because this activity provides predominantly community benefits to specific locations, it is appropriate to fund the activity separately, as this allows Council to specifically charge those in the serviced areas. Given the increasing importance and increasing financial significance of this activity, ratepayers should be able to clearly identify the costs associated with the activity.</p>	<p>20%</p>	<p>80%</p>	<p>0%-20%</p>	<p>80%-100%</p>	<p>Rationale</p> <p>While the whole community benefits from this activity, those in communities serviced for stormwater should pay more because of the direct benefits received. This acknowledges the private benefit to these communities and the properties within these areas and reflects a user pays approach.</p> <p>The public benefit aspects of the activity also mean that a proportion of the costs should be paid by all properties in the District.</p> <p>Although each stormwater scheme has different costs to maintain and operate, schemes across the District have been amalgamated for funding purposes, rather than each scheme paying for its own costs. This means that all properties in communities serviced by stormwater, pay the same regardless of the costs related to each individual scheme. In general, this benefits smaller schemes that have a higher per ratepayer cost.</p> <p>Operational costs of this activity are funded through a District wide targeted rate with funding coming from two amalgamated funding streams. These are either communities serviced by stormwater across the District or properties that are outside of these serviced areas. Rural roading stormwater systems are funded through the roading activity. User fees may apply to recover costs of new connections to the stormwater system.</p> <p>Capital expenditure will be funded by reserves or by borrowing to match funding to the expected life of the asset for intergenerational equity and to smooth funding input. Grants may be available from time to time but are difficult to predict.</p>

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment of Benefit				Indicative Funding (% and source based on Funding Impact Statement categories)	
	Whole community	Identifiable parts of the community	Individuals				Initial		Adjusted			
							Public	Private	Public	Private		
GROUP: TRANSPORT												
Activity: Roads, Footpaths, Airports and Cycle Trails												
Roads, Footpaths (including Around the Mountains Cycle Trail)												
<p>► A diverse economy creating healthy and affordable lifestyles</p> <p>► Inclusive connected communities</p> <p>► Empowered communities with the right tools to deliver the best outcomes</p> <p>This activity provides and maintains transport networks (such as roads, footpaths and bridges), and traffic control mechanisms (such as signage, lighting and road markings). This activity provides for the safe and efficient movement of goods, services and people throughout the District which helps the community to remain connected and have active lifestyles and supports the local economy. The activity also provides for the Around the Mountain Cycle trail, which provides accessibility, tourism and recreational opportunities.</p>	<p>Medium</p> <p>The whole community benefits from accessibility of the District and ease of transportation, connections to other transport networks, as well as property location/identification.</p>	<p>High</p> <p>Rural landowners, industries and businesses benefit from being able to efficiently transport goods, services, customers and employees to and from their properties as well as visitors and tourists. Pedestrians in communities where footpaths and streetlights are provided (typically urban areas) have easy access and may experience a greater benefit than those who live in areas without footpaths.</p>	<p>High</p> <p>Individuals, groups and businesses using the roading and footpath network to carry out their day-to-day business and activities.</p> <p>Utility networks that use the road corridor for their services.</p>	<p>The community in general creates the need and an extensive network is needed to service urban and rural areas. Heavy vehicles transporting freight have a significant impact and are a significant cost driver with these vehicles causing most of the structural pavement damage requiring maintenance and renewal.</p> <p>Weather, climate and heavy vehicles can shorten the lives of portions of the network</p> <p>In some cases, additional costs may be caused to Council through vandalism and accidents.</p>	<p>Current and future years</p> <p>Road and footpath infrastructure has a long useful life and will benefit both current and future generations. Council does not currently fund the depreciation on footpaths, with decisions on how to fund replacements or renewals to be made once individual assets reach the end of their useful life.</p>	<p>The scale of the activity means that it is appropriate to fund the activity separately. Given the importance and financial scale of the activity a District level targeted rate has been set for roading to aid accountability and transparency.</p> <p>Footpaths make up a small amount of expenditure in this activity. While footpaths are available across the district, there are differences in the scale and level of service provided in different areas. As such costs associated with footpaths provided in local areas will be funded from local targeted rates with funding overall amalgamated in to roading activity.</p>	<p>30%</p>	<p>70%</p>	<p>0%-30%</p>	<p>70%-100%</p>	<p>Rationale</p> <p>Roads/Bridges: While the whole community benefits, some sectors benefit more or create additional costs for the activity. To reflect the differences in benefit and support a user pays approach, Council has chosen to use a targeted rate for roading that uses a sectorial approach to recognise the impact that different land uses sectors and the heavy vehicle movements that they create, can have on the network. The rate establishes a base contribution for access to the network (to reflect public benefit) and also allocates a higher share of the costs to the sectors that cause more damage to the network by allocating an amount per tonne (to reflect the exacerbator pays). A summary of the model used is included in Appendix A on page 23. A small amount of fees and charges may also be charged for activities that benefit individual properties. A portion of the private benefit is also collected via fuel taxes and road user charges by the government and allocated by a grant through NZ Transport Agency.</p> <p>Footpaths/Streetlights: Communities that have footpaths and streetlights should pay more because of the direct benefit received. This acknowledges the private benefit to these communities and the properties within these areas, and reflects a user pays approach through a local targeted rate. The wider public benefit means that is also appropriate for other properties in the District to contribute towards these costs, albeit at a lower level.</p> <p>Operational costs of these activities are partially funded by subsidies from the New Zealand Transport Agency, which provides funding toward the operating and capital costs of this activity with the remainder of the costs funded through a District wide targeted rate and local targeted rates.</p> <p>Capital expenditure will also be funded by subsidies from the New Zealand Transport Agency, reserves or by borrowing to match funding to the expected life of the asset for intergenerational equity and to smooth funding input. Grants may be available from time to time for specific projects but are difficult to predict. Financial contributions are used for funding the additional capacity of capital projects and to mitigate the effect of new developments.</p>	<p><i>Operational</i></p> <p>General rates (Low)</p> <p>Targeted rates (High)</p> <p>Fees and Charges (Low)</p> <p>Grants and Subsidies (Low)</p> <p>Other sources (Low)</p> <p><i>Capital</i></p> <p>General and targeted rates</p> <p>Grants and Subsidies</p> <p>Borrowing</p> <p>Development and/or Financial Contributions</p> <p>Other sources including reserves</p>

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment of Benefit				Indicative Funding (% and source based on Funding Impact Statement categories)
	Whole community	Identifiable parts of the community	Individuals				Initial		Adjusted		
							Public	Private	Public	Private	
Airports											
<p>► A diverse economy creating healthy and affordable lifestyles</p> <p>► Inclusive connected communities</p> <p>► Empowered communities with the right tools to deliver the best outcomes</p> <p>The Te Anau Manapouri airport provides aerodrome services (landing, take off and ground handling facilities) for scheduled airline services as well as locally based commercial, aero medical, agricultural, training and recreational aviation. The facility also provides a function center.</p>	<p>Low</p> <p>The whole community benefits from having an alternative transportation option that connects Fiordland with the rest of New Zealand and the world, and provides convenient access for visitors and businesses with flow-on economic benefits to the District when visitors also choose to travel to other areas.</p>	<p>Medium/High</p> <p>The airport provides aerodrome services for the local Fiordland community and supports the local economy by providing a transportation service to local tourism operators, aviation businesses and residents. The activity also provides an alternative transportation option in the event of an emergency.</p>	<p>Medium/High</p> <p>Recreational pilots and commercial users who use the airport for their business, and individuals who hire the facilities for events, receive a private benefit from the activity.</p>	<p>Aircraft operators, businesses and the rural sector use the airport for their operations and individuals who use the airport for recreation. To an extent, the presence of the Fiordland community also generates a need to provide flight connections to the area.</p>	<p>Current and future years</p> <p>The airport buildings and runway have long useful lives and will benefit current and future generations.</p>	<p>The airport is a relatively small part of Council’s overall expenditure and Council has chosen to amalgamate the overall funding of this activity under the transport activity. As the activity predominantly provides benefits to the Fiordland area, it is appropriate to fund the activity through a separate local targeted rate to properties within this area. This provides transparency to the community about the costs associated with the activity.</p>	<p>10%</p> <p>Rationale</p> <p>The private good component reflects benefits received by individual users, clubs and commercial users. The public good component recognises that there is a benefit to local residents and businesses and a small benefit to the district.</p> <p>Operational costs are funded through a mix of fees and charges (e.g. landing fees and hire fees) to reflect the private benefit and a local targeted rate reflects the public component of the activity.</p> <p>Capital expenditure will primarily be funded by borrowing to match funding to the expected life of the asset for intergenerational equity and to smooth rates input. Repayment of any borrowings will be via the local targeted rate and fees and charges. Grants may be available from time to time for specific projects but are difficult to predict.</p>	<p>90%</p>	<p>0%-15%</p>	<p>85%-100%</p>	<p><i>Operational</i></p> <p>Targeted rates (Medium)</p> <p>Fees and Charges (Low)</p> <p>Other sources (Low)</p> <p><i>Capital</i></p> <p>Targeted rates</p> <p>Fees and Charges</p> <p>Grants and Subsidies</p> <p>Borrowing</p> <p>Other sources including reserves</p>
Water facilities											
<p>► Kaitiakitanga for future generations</p> <p>► A diverse economy creating healthy and affordable lifestyles</p> <p>► Inclusive connected communities</p> <p>► Empowered communities with the right tools to deliver the best outcomes</p> <p>Water infrastructure like boat ramps, jetties, wharves and navigation aids enable recreational and commercial access to waterways as well as the ability for residents and visitors to access critical services/goods where the only practical access is available by water. Water facilities provide residents and visitors with easier access to special parts of the District, which enables appreciation of unique natural environments.</p>	<p>Medium</p> <p>The whole community benefits because the infrastructure is part of the larger transportation network that allows for the movement of people and goods throughout the District. The infrastructure also facilitates recreational activities and access to unique natural environments with flow-on economic and tourism benefits. Control structures (i.e. navigation aids, stop banks and marine walls) also support the environment (by protecting from flooding) and help ensure public safety (by having aids that improve navigation).</p>	<p>Medium</p> <p>The parts of the community that have water facilities and boats have easier access and may receive a more direct benefit - with flow-on recreational on economic benefits to the local area where facilities are provided. The activity also provides alternative transportation options to remote areas in the event of an emergency.</p>	<p>Medium/High</p> <p>Recreational and commercial users who use water facilities receive a private benefit from the activity. Commercial use includes vessel mooring and transporting goods/services/visitors. Facilities are also used by the fishing/aquaculture industry for employees to access work locations. Recreational use includes boating, fishing, and access for hunting and tramping.</p>	<p>Commercial and recreational marine users create the need for the activity. In some cases, additional costs may be caused by damage from vessels. Council may be able to recover damage-related costs where liability is able to be determined.</p>	<p>Current and future years</p> <p>Infrastructure associated with water facilities has a long useful life and will benefit current and future generations.</p>	<p>As water facilities are a relatively small part of Council’s overall expenditure, Council has chosen to amalgamate the overall funding of this activity under the transport activity. As the activity predominantly provides benefits to specific communities, and as there are differences in the scale and level of service provided in different areas, it is considered appropriate to fund the activity as part of local rates targeted to properties within these areas.</p>	<p>30%</p> <p>Rationale</p> <p>The private good component reflects the benefit received by individual and commercial users. Where it is practical and efficient to do so, Council recovers costs from private users for commercial use, berthing/mooring or for damage caused. While a stronger user pays approach could be implemented, it is considered that this would deter users and increase costs of recovery.</p> <p>Any funding shortfall will be funded by local targeted rates to reflect the public benefit component of having water facilities available. Some costs associated with the facilities that have national/District significance and provide critical transport infrastructure for the community, may also be funded from the general rate, particularly where the infrastructure places a large and unaffordable burden onto a local community (e.g. Stewart Island jetties). The Council recognises this approach is inconsistent with the funding for the rest of this activity, but considers it necessary to ease the rating burden on this community.</p> <p>Operational costs are funded through a mix of fees and charges, local targeted rates and general rates. Capital expenditure will primarily be funded by borrowing to match funding to the expected life of the asset for intergenerational equity and to smooth rates input. Repayment of any borrowings will be via the rates and fees and charges. Grants may be available from time to time for specific projects but are difficult to predict.</p>	<p>70%</p>	<p>0%-30%</p>	<p>70%-100%</p>	<p><i>Operational</i></p> <p>General rates (Low)</p> <p>Targeted rates (Low)</p> <p>Fees and Charges (High)</p> <p>Grants and Subsidies (Low)</p> <p>Other sources (Low)</p> <p><i>Capital</i></p> <p>General and targeted rates</p> <p>Fees and Charges</p> <p>Grants and Subsidies</p> <p>Borrowing</p> <p>Other sources including reserves</p>

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment of Benefit				Indicative Funding (% and source based on Funding Impact Statement categories)
	Whole community	Identifiable parts of the community	Individuals				Initial		Adjusted		
							Public	Private	Public	Private	
GROUP: SEWERAGE AND THE TREATMENT AND DISPOSAL OF SEWAGE											
Activity: Sewerage											
Sewerage											
<div><div><div>▶ Kaitiakitanga for future generations</div><div>▶ A diverse economy creating healthy and affordable lifestyles</div></div><div>The activity provides a sewage disposal service to consumers who are able to connect to a scheme within the District, which helps to protect the environment, public health and facilitate economic development.</div></div>	<div><div>Low</div><div>The whole community benefits from the appropriate management of sewage and wastewater as this helps to protect public health and prevent environmental pollution. It also supports commercial and industrial businesses, which has flow-on benefits to the wider economy.</div></div>	<div><div>Medium</div><div>People, properties and businesses in the serviced areas benefit because the collection and treatment of sewage reduces the possibility of health problems in high density communities where on-site systems are not effective. The activity also ensures the disposal of sewage does not negatively impact the amenity value of an area or effect nearby waterways. It also enables commercial and industrial businesses in these areas to dispose of their trade waste.</div></div>	<div><div>High</div><div>Individual consumers who want to and are able to connect to a Council scheme can be identified as the beneficiaries as they can dispose of their wastewater safely and conveniently. Tankered waste businesses, whilst not connected, are able to discharge their effluent at treatment plants and therefore also benefit.</div></div>	<div>Premises with multiple pans and commercial and industrial enterprise create trade wastes which can impact/increase the load on treatment facilities. Growth in certain areas of the District can also contribute to the need, and require expansion of infrastructure.</div>	<div>Current and future years</div> <div>Sewerage infrastructure has a long useful life and will benefit both current and future generations.</div>	<div>There are benefits in funding the activity separately as this allows Council to specifically charge those in serviced areas. These properties can be readily identified and charged. Given the importance and financial scale of the activity, a targeted rate has been used to clearly identify the costs associated with the wastewater activity. Trade waste discharges cause additional costs and will be charged for via trade waste rates and fees and charges.</div>	30%	70%	0%-30%	70%-100%	<div><div>Rationale</div><div>The private good component reflects the private benefit received by individual households and businesses. A user pays philosophy applies given that the users of this activity can be easily identified and it is administratively efficient to apply targeted rates. The exacerbator pays principle also supports Council's approach of charging multiple pan charges to non-residential users who have more than one pan/urinal. Operational costs are funded through targeted rates (targeted to properties where connection to a scheme is possible) and through fees and charges (for the trade waste component and costs of new connections). Although each sewerage scheme has different costs to maintain and operate, sewerage schemes across the District have been amalgamated for funding purposes, rather than each scheme paying for its own costs. This means that everyone receiving a similar service (of having access to a scheme), pays the same amount regardless of the costs related to each individual scheme. In general, this benefits those who contribute to smaller schemes, which have a higher per ratepayer cost. While the majority of the costs are funded by those connected to the schemes, a portion of the overhead costs associated with the administration of the wastewater activity is funded by the general rate. Capital expenditure will be funded by reserves or by borrowing to match funding to the expected life of the asset for intergenerational equity purposes and to smooth funding input. Grants may be available from time to time but are difficult to predict. Development contributions may be used for funding the additional capacity of capital projects if the Council decides to take these out of remission.</div></div>
<div><div>Operational</div><div>General rates (Low)</div><div>Targeted rates (High)</div><div>Fees and Charges (Low)</div><div>Grants and Subsidies (Low)</div><div>Other sources (Low)</div><div>Capital</div><div>Targeted rates</div><div>Grants and Subsidies</div><div>Borrowing</div><div>Proceeds from Asset Sales</div><div>Development and/or Financial Contributions</div><div>Other sources including reserves</div></div>											

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment of Benefit				Indicative Funding (% and source based on Funding Impact Statement categories)
	Whole community	Identifiable parts of the community	Individuals				Initial		Adjusted		
							Public	Private	Public	Private	
GROUP: WATER SUPPLY											
Activity: Water Supply											
Water supply											
<div><div><div>▶ Kaitiakitanga for future generations</div><div>▶ A diverse economy creating healthy and affordable lifestyles</div><div>▶ Empowered communities with the right tools to deliver the best outcomes</div></div><div><p>The activity provides a safe and reliable water supply for people to drink and clean with. This, and the firefighting capability of the water supply helps to protect public health and property and supports a healthy environment.</p><p>The activity also supports a productive economy by providing commercial, industrial and in some instances farms (via stock water supplies) with access to clean water for their activities.</p></div></div> <td><div><div>Low</div><div>The whole community benefits from the provision of potable water, which provides public health and sanitation benefits. It also enables commercial and industrial businesses to have access to clean water for their activities which has flow-on benefits to the wider economy.</div></div></td> <td><div><div>Medium</div><div>People, properties and businesses in the serviced areas benefit from the availability of a safe and reliable water supply and the provision of firefighting capacity.</div></div></td> <td><div><div>High</div><div>Individual consumers connected to a Council serviced water supply get a direct benefit by having access to potable drinking water for domestic, business, industrial and stockwater uses.</div></div></td> <td><div><p>People who are connected to the water schemes primarily create the need.</p><p>Commercial and industrial enterprise and other high users can place extra burden on the supply.</p><p>Growth in certain areas of the District can also contribute to the need and require expansion of infrastructure.</p></div></td> <td><div><div>Current and future years</div><div>Water supply infrastructure has a long useful life and will benefit both current and future generations.</div></div></td> <td><div><p>There are benefits in funding the activity separately as this allows Council to specifically charge those in serviced areas. These properties can be readily identified and charged.</p><p>Given the importance and financial scale of the activity, a targeted rate has been used to clearly identify the costs associated with the supply of water.</p><p>Supply of water in excess of residential volumes, causes additional costs and will be charged for via metered water rates or fees and charges.</p></div></td> <td><div><div>30%</div><div>70%</div><div>0%-30%</div><div>70%-100%</div></div><div><p>The private good component reflects the private benefit received by individual households and businesses. A user pays philosophy applies given that the users of this activity can be easily identified and it is administratively efficient to apply targeted rates.</p><p>Operational costs are funded though targeted rates to those properties connected or able to be connected to a scheme and through fees and charges (water tanker charges). Council also charges metered water targeted rates to commercial or industrial properties with high water use. Water supply schemes across the District are amalgamated for funding purposes, rather than each scheme paying for its own costs. This means that everyone receiving a similar service (of having access to a scheme), pays the same regardless of the costs related to each individual scheme. In general, this benefits the smaller schemes that have a higher per ratepayer cost.</p><p>While the majority of the costs are funded by those connected to the schemes, a portion of the overhead costs associated with the administration of the water supply activity is funded by the general rate.</p><p>Capital expenditure will be funded by reserves or by borrowing to match funding to the expected life of the asset for intergenerational equity and to smooth funding input. Grants may be available from time to time but are difficult to predict. Development contributions may be used for funding the additional capacity of capital projects if the Council decides to take these out of remission.</p></div></td> <td><div><div>Operational</div><div>General rates (Low)</div><div>Targeted rates (High)</div><div>Fees and Charges (Low)</div><div>Grants and Subsidies (Low)</div><div>Other sources (Low)</div></div><div><div>Capital</div><div>Targeted rates</div><div>Grants and Subsidies</div><div>Borrowing</div><div>Proceeds from Asset Sales</div><div>Development and/or Financial Contributions</div><div>Other sources including reserves</div></div></td>	<div><div>Low</div><div>The whole community benefits from the provision of potable water, which provides public health and sanitation benefits. It also enables commercial and industrial businesses to have access to clean water for their activities which has flow-on benefits to the wider economy.</div></div>	<div><div>Medium</div><div>People, properties and businesses in the serviced areas benefit from the availability of a safe and reliable water supply and the provision of firefighting capacity.</div></div>	<div><div>High</div><div>Individual consumers connected to a Council serviced water supply get a direct benefit by having access to potable drinking water for domestic, business, industrial and stockwater uses.</div></div>	<div><p>People who are connected to the water schemes primarily create the need.</p><p>Commercial and industrial enterprise and other high users can place extra burden on the supply.</p><p>Growth in certain areas of the District can also contribute to the need and require expansion of infrastructure.</p></div>	<div><div>Current and future years</div><div>Water supply infrastructure has a long useful life and will benefit both current and future generations.</div></div>	<div><p>There are benefits in funding the activity separately as this allows Council to specifically charge those in serviced areas. These properties can be readily identified and charged.</p><p>Given the importance and financial scale of the activity, a targeted rate has been used to clearly identify the costs associated with the supply of water.</p><p>Supply of water in excess of residential volumes, causes additional costs and will be charged for via metered water rates or fees and charges.</p></div>	<div><div>30%</div><div>70%</div><div>0%-30%</div><div>70%-100%</div></div> <div><p>The private good component reflects the private benefit received by individual households and businesses. A user pays philosophy applies given that the users of this activity can be easily identified and it is administratively efficient to apply targeted rates.</p><p>Operational costs are funded though targeted rates to those properties connected or able to be connected to a scheme and through fees and charges (water tanker charges). Council also charges metered water targeted rates to commercial or industrial properties with high water use. Water supply schemes across the District are amalgamated for funding purposes, rather than each scheme paying for its own costs. This means that everyone receiving a similar service (of having access to a scheme), pays the same regardless of the costs related to each individual scheme. In general, this benefits the smaller schemes that have a higher per ratepayer cost.</p><p>While the majority of the costs are funded by those connected to the schemes, a portion of the overhead costs associated with the administration of the water supply activity is funded by the general rate.</p><p>Capital expenditure will be funded by reserves or by borrowing to match funding to the expected life of the asset for intergenerational equity and to smooth funding input. Grants may be available from time to time but are difficult to predict. Development contributions may be used for funding the additional capacity of capital projects if the Council decides to take these out of remission.</p></div>	<div><div>Operational</div><div>General rates (Low)</div><div>Targeted rates (High)</div><div>Fees and Charges (Low)</div><div>Grants and Subsidies (Low)</div><div>Other sources (Low)</div></div> <div><div>Capital</div><div>Targeted rates</div><div>Grants and Subsidies</div><div>Borrowing</div><div>Proceeds from Asset Sales</div><div>Development and/or Financial Contributions</div><div>Other sources including reserves</div></div>			

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment of Benefit				Indicative Funding (% and source based on Funding Impact Statement categories)	
	Whole community	Identifiable parts of the community	Individuals				Initial		Adjusted			
							Public	Private	Public	Private		
GROUP: COMMUNITY LEADERSHIP												
Activity: Community Leadership												
Representation and Advocacy												
<div><div><div>▶ Empowered communities with the right tools to deliver the best outcomes</div><div>▶ Inclusive connected communities</div></div><div>This activity provides for the ability to elect local representatives and supports elected members to be effective, responsible and accountable decision-makers and advocates for their community. This contributes to the open, transparent and accountable democratic process of local government.</div></div>	<div><div>High</div><div>The whole community benefits as council and community boards are the vehicles for making decisions affecting the whole District. Enabling decision-making at a range of levels helps to ensure as far as practical that those benefitting from services have an opportunity to have an input into decisions.</div></div>	<div><div>Medium</div><div>Community boards and other local committees represent particular areas or interests within the District.</div></div>	<div><div>Low</div><div>Individuals who interact directly with Council and engage in decision-making processes get a direct benefit.</div></div>	<div><div>Living in a democratic society contributes to the need for this activity.</div></div>	<div><div>Current year</div><div>The benefits of this expenditure on this activity are generally experienced in the current year. Advocacy on specific issues may, however have longer-term impacts for the community.</div></div>	<div><div>Given the high degree of public benefit there is limited benefit perceived from separate funding. For this reason, Council has chosen to amalgamate the overall funding of this activity under the community leadership activity with the rating mechanism to be amalgamated with other activities to reduce collection costs.</div></div>	<div><div>95%</div><div>5%</div><div>100%</div><div>0%</div></div> <div><div>Rationale</div><div>Given the high degree of public benefit and considering that Council and Community Boards cover the whole District, the majority of the activity will be funded from the general rate.</div><div>It would not be appropriate to charge for the private benefit as the activity plays a key part in a democracy.</div><div>Operational costs are funded predominantly through general rates reflecting the public good component of this activity.</div></div>	<div><div>Operational</div><div>General rates (High)</div><div>Other sources (Low)</div></div> <div><div>Capital</div><div>General rates</div><div>Borrowing</div><div>Other sources including reserves</div></div>				
Community Futures												
<div><div><div>▶ Kaitiakitanga for future generations</div><div>▶ A diverse economy creating healthy and affordable lifestyles</div><div>▶ Inclusive connected communities</div><div>▶ Empowered communities with the right tools to deliver the best outcomes</div></div><div>This activity supports building the capacity and capability for communities to have greater resilience to change and helps people to understand the issues surrounding Council activities. It also provides opportunities to participate meaningfully in shaping the District. The activity supports benefits from improved economic activity, choice, employment opportunities and incomes.</div></div>	<div><div>High</div><div>The whole community benefits from having strong communities and encouraging collaboration and partnerships. Benefits from regional economic development and District promotions accrue largely to the community. This is due to the ongoing economic benefits created from business support, promotion, visitor spending, creation of employment and investment in the potential of the District.</div></div>	<div><div>Low-Medium</div><div>The activity does benefit particular communities or groups in some instances (e.g. youth, clubs, volunteer groups, retailers, tourist operators, accommodation providers). However it is often impractical and undesirable to target funding from these groups.</div></div>	<div><div>Medium</div><div>Some benefits may accrue to businesses or individuals using these services or involved in particular initiatives (e.g. community organisations or tourism operators) or people who gain employment.</div></div>	<div><div>All businesses, individuals, agencies, visitors and community groups in the District create the need.</div></div>	<div><div>Current year and future years</div><div>The benefits of this expenditure on this activity are generally experienced in the current year. The outcomes of community led development, planning and engagement and regional economic development may, however have longer term benefits.</div></div>	<div><div>Given the high degree of public benefit there is limited merit perceived from separate funding. For this reason, Council has chosen to amalgamate the overall funding of this activity under the community leadership activity, with the rating mechanism to be amalgamated with other activities to reduce collection costs.</div></div>	<div><div>70%</div><div>30%</div><div>80%-100%</div><div>0%-20%</div></div> <div><div>Rationale</div><div>The whole community benefits from the social, cultural and economic returns from this activity. Given the high degree of public benefit and considering that activities cover the whole District (and in some instances the region), the majority of the activity will be funded from the general rate.</div><div>Charging fees for private benefit would be inconsistent with the overall aim of the activity and may prevent the community from making use of these services.</div><div>Operational costs are funded predominantly through general rates, reflecting the public good component of this activity.</div></div>	<div><div>Operational</div><div>General rates (High)</div><div>Targeted rates (Low)</div><div>Other sources (Low)</div></div> <div><div>Capital</div><div>General rates</div><div>Other sources including reserves</div></div>				

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment of Benefit				Indicative Funding (% and source based on Funding Impact Statement categories)
	Whole community	Identifiable parts of the community	Individuals				Initial		Adjusted		
							Public	Private	Public	Private	
Community Assistance											
<div><div><div>▶ Kaitiakitanga for future generations</div><div>▶ Empowered communities with the right tools to deliver the best outcomes</div><div>▶ Inclusive connected communities</div><div>▶ A diverse economy creating healthy and affordable lifestyles</div></div><div>This activity supports various individuals and organisations to undertake a range of social, cultural and economic initiatives throughout the District, which benefit the wellbeing of the community.</div></div>	<div><div>Medium</div><div>The whole community benefits from funding provided to organisations that deliver services and activities to meet the social, cultural and economic needs of the community.</div><div>Support is provided to organisations throughout the District.</div></div>	<div><div>Medium</div><div>Groups and organisations can receive benefit, through the receipt of funding to support their activities.</div></div>	<div><div>Medium</div><div>Individuals receive benefit, through the receipt of funding to support their activities.</div><div>Individuals who use any of the facilities/services offered by organisations that receive funding from Council, also will benefit.</div></div>	Individual community groups that are seeking assistance create the need. The community also create the need by requiring various services.	<div><div>Current year</div><div>The benefits of this expenditure on this activity are generally experienced in the current year. The outcomes of funding (in terms of the impact on people and communities) may have longer term benefits, particularly where community facilities are built.</div></div>	Given the high degree of public benefit there is limited merit perceived from separate funding. For this reason, Council has chosen to amalgamate the overall funding of this activity under the community leadership activity, with the rating mechanism to be amalgamated with other activities to reduce collection costs.	50%	50%	80%-100%	0%-20%	<div><div>Operational</div><div>General rates (High)</div><div>Targeted rates (Low)</div><div>Fees and Charges (Low)</div><div>Grants and Subsidies (Low)</div><div>Capital</div><div>General and targeted rates</div><div>Other sources including reserves</div></div>
GROUP: ENVIRONMENTAL SERVICES											
Activity: Environmental Services											
Resource Management											
<div><div><div>▶ Kaitiakitanga for future generations</div><div>▶ Empowered communities with the right tools to deliver the best outcomes</div><div>▶ Inclusive connected communities</div><div>▶ A diverse economy creating healthy and affordable lifestyles</div></div><div>The activity controls the development of the District and provides for the sustainable management and enhancement of the environment for current and future generations.</div></div>	<div><div>High</div><div>The whole community benefits from the sustainable management of the District’s natural and physical resources and the appropriate development of land and buildings.</div><div>Individuals also benefit from general planning advice relating to potential resource consents or resource management, as well as from resource consent monitoring and enforcement activities.</div></div>	<div><div>Low</div><div>The parts of the community where development occurs are protected from the adverse effects that development could create e.g. loss of privacy, inundation, local road congestion.</div></div>	<div><div>Medium</div><div>Benefits accrue to individuals who use these services (i.e resource consent applicants) who are provided with legal certainty to undertake an activity.</div><div>There is also often a direct economic benefit received by the applicant (e.g. developers).</div></div>	Individuals seeking concerns. There are also costs incurred in responding to those who do not comply with the rules or consent conditions. Some of the costs related to inspections and enforcement can be recovered.	<div><div>Current year and future years</div><div>The benefits of this expenditure on this activity are generally experienced in the current year. However there are intergenerational benefits to the community through protection from adverse environmental impacts.</div></div>	While Council has chosen to amalgamate the overall funding of this activity under the environmental services activity, given the high degree of private benefit, Council uses fees to ensure users are contributing towards the cost of the service (with the rating mechanism to be amalgamated with other activities to reduce collection costs).	60%	40%	70%-100%	0-30%	<div><div>Operational</div><div>General rates (High)</div><div>Fees and Charges (Low)</div><div>Other sources (Low)</div><div>Capital</div><div>General rates</div><div>Fees and Charges</div><div>Grants and Subsidies</div><div>Borrowing</div><div>Proceeds from Asset Sales</div><div>Other sources including reserves</div></div>

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment of Benefit				Indicative Funding (% and source based on Funding Impact Statement categories)	
	Whole community	Identifiable parts of the community	Individuals				Initial		Adjusted			
							Public	Private	Public	Private		
Animal Services												
<p>► Empowered communities with the right tools to deliver the best outcomes</p> <p>This activity protects human safety and health through the registration, and through the enforcement of legislation, bylaws and policies.</p>	<p>Low</p> <p>The whole community benefits from the general advice and education provided about animals, and through animal management practices ensuring public safety.</p>	<p>Low</p> <p>Urban parts of the community with housing in close proximity may receive a greater benefit because of the higher probability of animal control complaints related to barking and wandering dogs.</p>	<p>High</p> <p>Benefits from the activity accrue mainly to animal owners, from the provision of a service.</p>	<p>Animal owners who do not manage their animals appropriately create additional costs associated with investigating complaints, impounding of stock and prosecution of offenders.</p> <p>The general public, who have an expectation and desired standard for animal care and control, also create a need.</p>	<p>Current year</p> <p>The activity is primarily an operating activity, where the benefits are generally experienced in the current year.</p>	<p>While Council has chosen to amalgamate the overall funding of this activity under the environmental services activity, given the high degree of private benefit, Council uses fees to ensure users are contributing towards the cost of the service with the rating mechanism to be amalgamated with other activities, to reduce collection costs.</p>	<p>10%</p>	<p>90%</p>	<p>0%-30%</p>	<p>70%-100%</p>	<p>Rationale</p> <p>A significant portion of the costs should be borne by animal owners as the majority of the activity relates to their actions or inactions. No particular group or individual benefits more than others so the residual cost should be allocated to the whole District as part of the general rate which reflects the public good associated with providing this activity.</p> <p>Operational costs are funded mainly through fees and charges to reflect private benefit, with some general rate input to reflect the public component of the activity.</p>	<p><i>Operational</i></p> <p>General rates (Low)</p> <p>Fees and Charges (High)</p> <p>Grants and Subsidies (Low)</p> <p>Other sources (Low)</p> <p><i>Capital</i></p> <p>General rates</p> <p>Fees and Charges</p> <p>Grants and Subsidies</p> <p>Borrowing</p> <p>Proceeds from Asset Sales</p> <p>Other sources including reserves</p>
Environmental Health												
<p>► Empowered communities with the right tools to deliver the best outcomes</p> <p>► A diverse economy creating healthy and affordable lifestyles</p> <p>This activity provides confidence to the public and visitors that activities that may affect public health and safety (e.g. food premises, hairdressers, licensed premises) are safe and comply with the law. It also ensures nuisances that could have a negative impact on community wellbeing, are dealt with.</p>	<p>Medium</p> <p>The whole community benefits from the activity, as it ensures that facilities that have the potential to impact public health/wellbeing meet relevant standards and are safe, healthy and hygienic for the public to use. The activity also ensures nuisances will be responded to.</p>	<p>Low</p> <p>Parts of the community may benefit more than others from bylaws which regulate issues in specific areas.</p>	<p>Medium</p> <p>Individuals, businesses and organisations benefit directly from the assurance that premises are of an acceptable and healthy standard to the consumer and meet other legislative requirements (e.g. liquor licensing). Individuals also benefit from the investigation and resolution of nuisances.</p>	<p>Consumers of food, alcohol and other personal health services create the need for this activity. Suppliers who do not comply with the rules or who create nuisances, also create the need for the activity.</p>	<p>Current year</p> <p>The activity is primarily an operating activity where the benefits are generally experienced in the current year.</p>	<p>While Council has chosen to amalgamate the overall funding of this activity under the environmental services activity, given the high degree of private benefit, Council uses fees to ensure users are contributing towards the cost of the service with the rating mechanism to be amalgamated with other activities to reduce collection costs.</p>	<p>40%</p>	<p>60%</p>	<p>0%-50%</p>	<p>50%-100%</p>	<p>Rationale</p> <p>A significant portion of the costs should be borne by licensed businesses given the benefit they receive from being able to operate their business. Direct inspections of premises are user fees, but some fees are set by government legislation and therefore full cost recovery is not always possible.</p> <p>For health and liquor licensing there is a moderate level of public good in the general health monitoring and advisory service provided to the community. The public at large also benefit from the activity through the general health monitoring and through Council responding to nuisances, when it is often difficult to identify offenders or impractical to recover costs.</p> <p>As such, residual cost should be allocated to the whole District as part of the general rate.</p> <p>Operational costs are funded mainly through fees and charges to reflect the private benefit, with some general rate input to reflect the public component of the activity.</p>	<p><i>Operational</i></p> <p>General rates (Medium)</p> <p>Fees and Charges (Medium)</p> <p>Other sources (Low)</p> <p><i>Capital</i></p> <p>General rates</p> <p>Fees and Charges</p> <p>Grants and Subsidies</p> <p>Borrowing</p> <p>Proceeds from Asset Sales</p> <p>Other sources including reserves</p>

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment of Benefit				Indicative Funding (% and source based on Funding Impact Statement categories)
	Whole community	Identifiable parts of the community	Individuals				Initial		Adjusted		
							Public	Private	Public	Private	
Building Solutions											
<div><div><div>▶ Kaitiakitanga for future generations</div><div>▶ A diverse economy creating healthy and affordable lifestyles</div><div>▶ Empowered communities with the right tools to deliver the best outcomes</div></div><div>This activity ensures that buildings and structures are safe and sanitary, reducing risks to people and other property.</div></div>	<div><div>Medium</div><div>The whole community and visitors to the District benefit through the enforcement of regulations that ensure safe, sanitary and accessible buildings. The activity also provides general public benefit through projects, such as identifying insanitary and earthquake prone buildings and providing advice to the public.</div></div>	<div><div>Low</div><div>Parts of the community which are growing may have a greater demand for the services of the building activity. There is some benefit to the construction industry and its customers.</div></div>	<div><div>High</div><div>Individuals (i.e. people who apply for consents and build or alter buildings) receive a direct benefit from ensuring that their building meets requirements.</div></div>	People undertaking building work create the need. There are also costs incurred in responding to illegal building work or unsafe and insanitary buildings. Some of the costs related to inspections and enforcement can be recovered.	<div><div>Current year</div><div>The activity is primarily an operating activity where the benefits are generally experienced in the current year. However the input into the quality of buildings being constructed are likely to have longer term benefits.</div></div>	While council has chosen to amalgamate the overall funding of this activity under the environmental services activity, given the high degree of private benefit, Council uses fees to ensure users are contributing towards the cost of the service with the rating mechanism to be amalgamated with other activities to reduce collection costs.	20%	90%	0%-30%	70%-100%	<div><div>Operational</div><div>General rates (Low) Fees and Charges (High)</div><div>Capital</div><div>General rates Fees and Charges Borrowing Proceeds from Asset Sales Other sources including reserves</div></div>
Activity: Emergency Management											
Emergency Management											
<div><div><div>▶ A diverse economy creating healthy and affordable lifestyles</div><div>▶ Empowered communities with the right tools to deliver the best outcomes</div><div>▶ Inclusive connected communities</div></div><div>This activity builds the capacity of the community to effectively prepare, respond to and recover quickly from emergency events.</div></div>	<div><div>High</div><div>The whole community benefits from having measures in place to prepare the community for disasters and to be able to respond and recover from them.</div></div>	<div><div>Medium</div><div>Certain parts of the community may be involved in emergency events and receive support during and after the event.</div></div>	<div><div>Low</div><div>There is private benefit to those who are assisted directly in the event of an emergency.</div></div>	People in the district and particularly those living in high risk areas. The need for the activity is largely driven by natural disasters or weather events and the community expectation that relevant authorities will provide assistance during these events.	<div><div>Current year</div><div>The activity is primarily an operating activity where the benefits are generally experienced in the current year. The outcomes of building resilience in communities however may have longer term benefits.</div></div>	Given the high degree of public benefit there is limited benefit perceived from separate funding. For this reason, Council has chosen to amalgamate the overall funding of this activity under the environmental services activity, with the rating mechanism to be amalgamated with other activities to reduce collection costs	90%	10%	100%	0%	<div><div>Operational</div><div>General rates (High)</div><div>Capital</div><div>N/A</div></div>

Appendix A

Overview of the Roding Rate Model

The steps below outline how Council allocates roding rates.

1. The total roding rate required is identified through the Long Term Plan or Annual Plan process.
2. Roding rates are first allocated for heavy vehicle usage (excludes Residential, Lifestyle and Other sectors)
 - \$1.10 is allocated to each sector per tonne of freight moved (to attribute roding rates to each sector, based on the damage it is causing to the roads)
 - Tonnage information is provided by an independent third party
 - A multiplier is applied to the tonnage amount for some sectors (to try and more fairly attribute roding rates to each sector, based on the damage it is causing to the roads (this takes into tonnage not otherwise captured, concentrated road usage at the outer reaches of the roding network and the equivalent standard axles used))
 - The multipliers are 1.2 for Forestry and 1.15 for both Dairy and Non-Dairy farming
 - Minimum tonnage amounts are set for the Industrial, Mining and Commercial sectors (230,000 tonnes) (also to try and fairly attribute roding rates to each sector, based on the damage it is causing to the roads)
3. A uniform annual charge is then allocated to all rating units
 - The uniform annual charge is set at a fixed value of \$80 + GST (as all ratepayers benefit from having access to the roding network)
4. The remaining roding rates were then allocated to all rating units
 - The remaining roding rates are allocated based on a consistent rate in the dollar for all sectors
 - The rate in the dollar is obtained using the total capital value of all applicable rating units
 - A differential factor of 0.3 is applied to the 'Other' industry sector for the general rate in the dollar component of the model

The table below illustrates the resulting allocation of sector rates for 2020/2021.

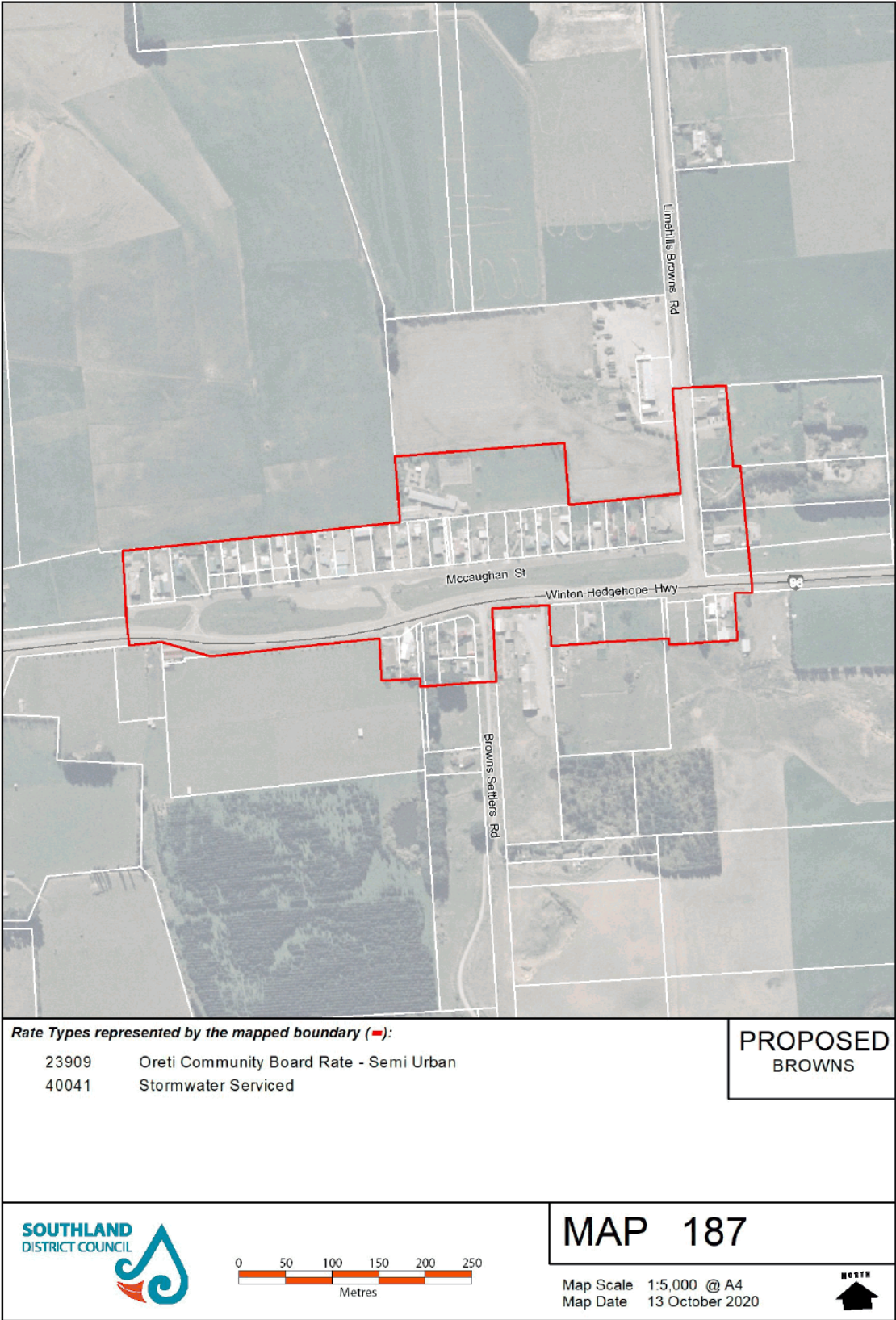
How the model allocates sector rates (2020/2021)		
Sector (Landuse)	Total \$M (excluding GST)	%
Dairy	\$4,559	35.5%
Forestry	\$792	6.2%
Farming (non-dairy)	\$4,128	32.1%
Industrial	\$404	3.1%
Commercial	\$413	3.2%
Residential	\$1,493	11.6%
Lifestyle	\$674	5.2%
Other	\$125	1.0%
Mining	\$259	2.0%
Total	\$12,849	100%

Overview of the proposed local targeted rate changes (*based on 2020/2021 budget/rates data)

Community Board	Area	Differential Classification (new Community Board rate - urban, semi urban or rural and Stormwater rate - serviced or unserviced)	Differential to be applied (urban stormwater)	Current Local Rate - excluding local representation costs* (CB/CDA + Average Ward Rate)	Revised Community Board rate*	Rates to be funded from general rate (excluding local representation)*		Stormwater to be funded from district wide targeted rate	Total Rate* (excluding local representation costs)	Total Rate *(including local representation costs)
						Litter bins*	Cemeteries*			
Ardlussa	Balfour	Urban and Serviced (SW)	1	\$219	\$116	\$16	\$5	\$47	\$184	\$201
	Riversdale	Urban and Serviced (SW)	1	\$165	\$116	\$16	\$5	\$47	\$184	\$201
	Waikaia	Urban and Serviced (SW)	1	\$148	\$116	\$16	\$5	\$47	\$184	\$201
	Rural	Rural and Unserviced (SW)	0.25	\$55	\$29	\$16	\$5	\$12	\$62	\$79
Fiordland	Manapouri	Urban and Serviced (SW)	1	\$298	\$206	\$16	\$5	\$47	\$274	\$291
	Te Anau	Urban and Serviced (SW)	1	\$256	\$206	\$16	\$5	\$47	\$274	\$291
	Rural	Rural and Unserviced (SW)	0.25	\$90	\$52	\$16	\$5	\$12	\$84	\$101
Northern	Athol	Semi Urban and Unserviced (SW)	0.5 0.25	\$56	\$112	\$16	\$5	\$12	\$145	\$162
	Garston	Semi Urban and Unserviced (SW)	0.5 0.25	\$51	\$112	\$16	\$5	\$12	\$145	\$162
	Lumsden	Urban and Serviced (SW)	1	\$304	\$224	\$16	\$5	\$47	\$292	\$309
	Mossburn	Urban and Unserviced (SW)	1 0.25	\$328	\$224	\$16	\$5	\$12	\$256	\$273
	Rural	Rural and Unserviced (SW)	0.25	\$55	\$56	\$16	\$5	\$12	\$89	\$106
Oraka Aparima	Colac Bay	Semi Urban and Serviced (SW)	0.5 1	\$94	\$107	\$16	\$5	\$47	\$176	\$193
	Riverton/Aparima	Urban and Serviced (SW)	1	\$297	\$215	\$16	\$5	\$47	\$283	\$300
	Thornbury	Semi Urban and Serviced (SW)	0.5 1	\$193	\$107	\$16	\$5	\$47	\$176	\$193
	Rural	Rural and Unserviced (SW)	0.25	\$71	\$54	\$16	\$5	\$12	\$86	\$103
Oreti	Browns	Semi Urban and Serviced (SW)	0.5 1	\$210	\$72	\$16	\$5	\$47	\$140	\$157
	Dipton	Semi Urban and Serviced (SW)	0.5 1	\$106	\$72	\$16	\$5	\$47	\$140	\$157
	Limehills	Semi Urban and Serviced (SW)	0.5 1	\$84	\$72	\$16	\$5	\$47	\$140	\$157
	Waianiwa	Rural and Serviced (SW)	0.25 / 1	\$2	\$36	\$16	\$5	\$47	\$104	\$121
	Wallacetown	Urban and Serviced (SW)	1	\$144	\$145	\$16	\$5	\$47	\$213	\$230
	Winton	Urban and Serviced (SW)	1	\$224	\$145	\$16	\$5	\$47	\$213	\$230
	Rural	Rural and Unserviced (SW)	0.25	\$18	\$36	\$16	\$5	\$12	\$69	\$86
Stewart Island/Rakiura	Stewart Island/Rakiura	Urban and Serviced (SW)	1	\$231	\$146	\$16	\$5	\$47	\$214	\$231
Tuatapere Te Waewae	Monowai	Semi Urban and Serviced (SW)	0.5 1	\$212	\$98	\$16	\$5	\$47	\$166	\$183
	Orepuki	Semi Urban and Serviced (SW)	0.5 1	\$101	\$98	\$16	\$5	\$47	\$166	\$183
	Tuatapere	Urban and Serviced (SW)	1	\$212	\$196	\$16	\$5	\$47	\$264	\$281
	Rural	Rural and Unserviced (SW)	0.25	\$79	\$49	\$16	\$5	\$12	\$82	\$99
Waihopai Toetoe	Gorge Road	Semi Urban and Unserviced (SW)	0.5 0.25	\$29	\$98	\$16	\$5	\$12	\$131	\$148
	Edendale	Urban and Serviced (SW)	1	\$165	\$196	\$16	\$5	\$47	\$264	\$281
	Tokanui	Urban and Serviced (SW)	1	\$217	\$196	\$16	\$5	\$47	\$264	\$281
	Woodlands	Semi Urban and Serviced (SW)	0.5 1	\$185	\$98	\$16	\$5	\$47	\$166	\$183
	Wyndham	Urban and Serviced (SW)	1	\$165	\$196	\$16	\$5	\$47	\$264	\$281
	Rural	Rural and Unserviced (SW)	0.25	\$41	\$49	\$16	\$5	\$12	\$82	\$99
Wallace Takitimu	Drummond Village	Rural and Unserviced (SW)	0.25	\$51	\$54	\$16	\$5	\$12	\$87	\$104
	Nightcaps	Urban and Serviced (SW)	1	\$194	\$217	\$16	\$5	\$47	\$286	\$303
	Wairio	Semi Urban and Unserviced (SW)	0.5 0.25	\$2	\$109	\$16	\$5	\$12	\$142	\$159
	Ohai	Urban and Serviced (SW)	1	\$257	\$217	\$16	\$5	\$47	\$286	\$303
	Otautau	Urban and Serviced (SW)	1	\$298	\$217	\$16	\$5	\$47	\$286	\$303
	Rural	Rural and Unserviced (SW)	0.25	\$126	\$54	\$16	\$5	\$12	\$87	\$104





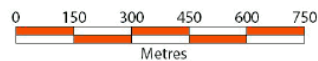




Rate Types represented by the mapped boundary (—):

22609	Oraka Aparima Community Board Rate - Semi Urban
40041	Stormwater Serviced

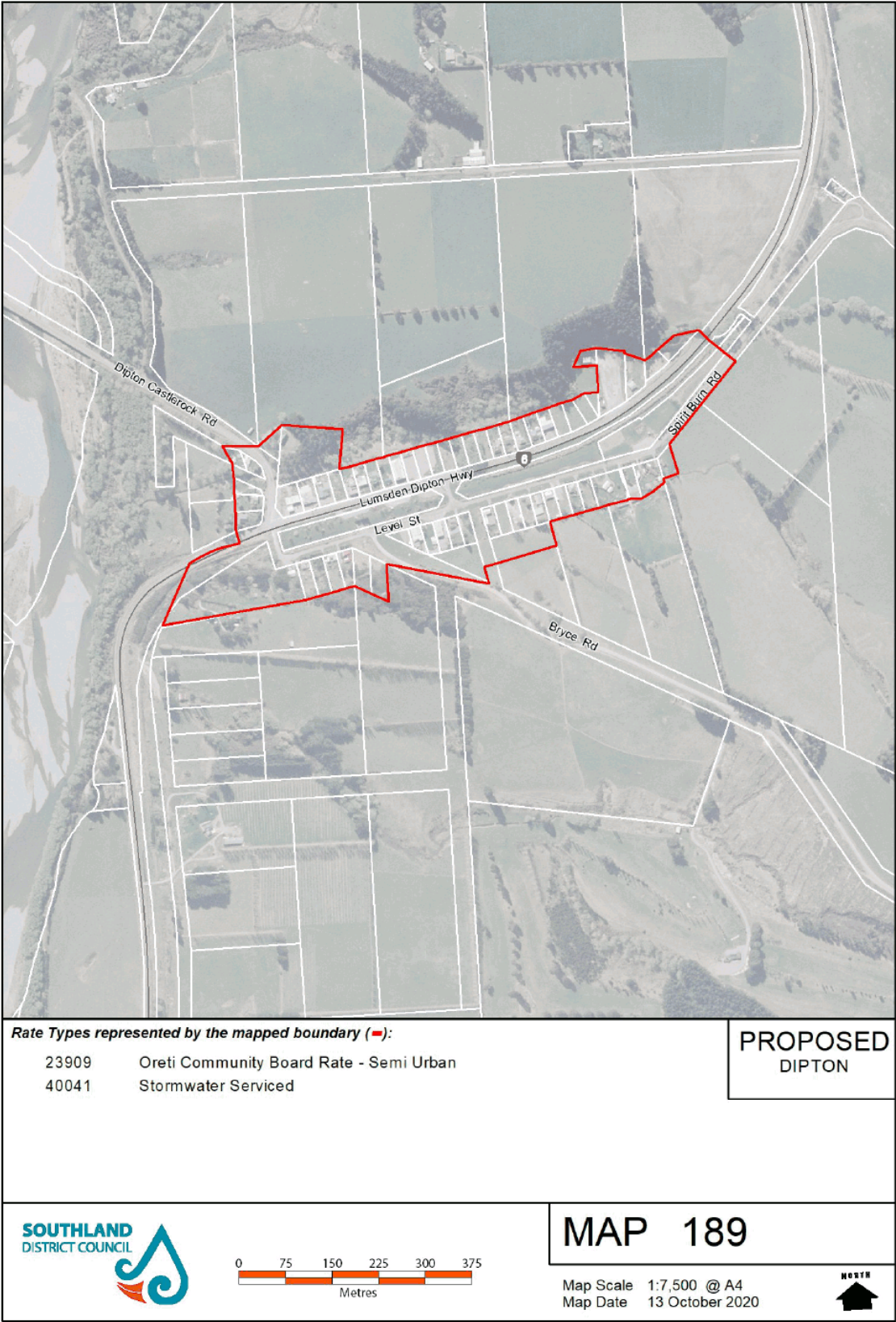
PROPOSED
COLAC BAY /
ORAKA



MAP 188

Map Scale 1:15,000 @ A4
Map Date 13 October 2020



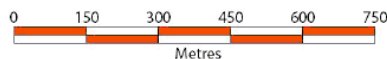




Rate Types represented by the mapped boundary (—):

22107 Waihopai Toetoe Community Board Rate - Urban
40041 Stormwater Serviced

PROPOSED
EDENDALE

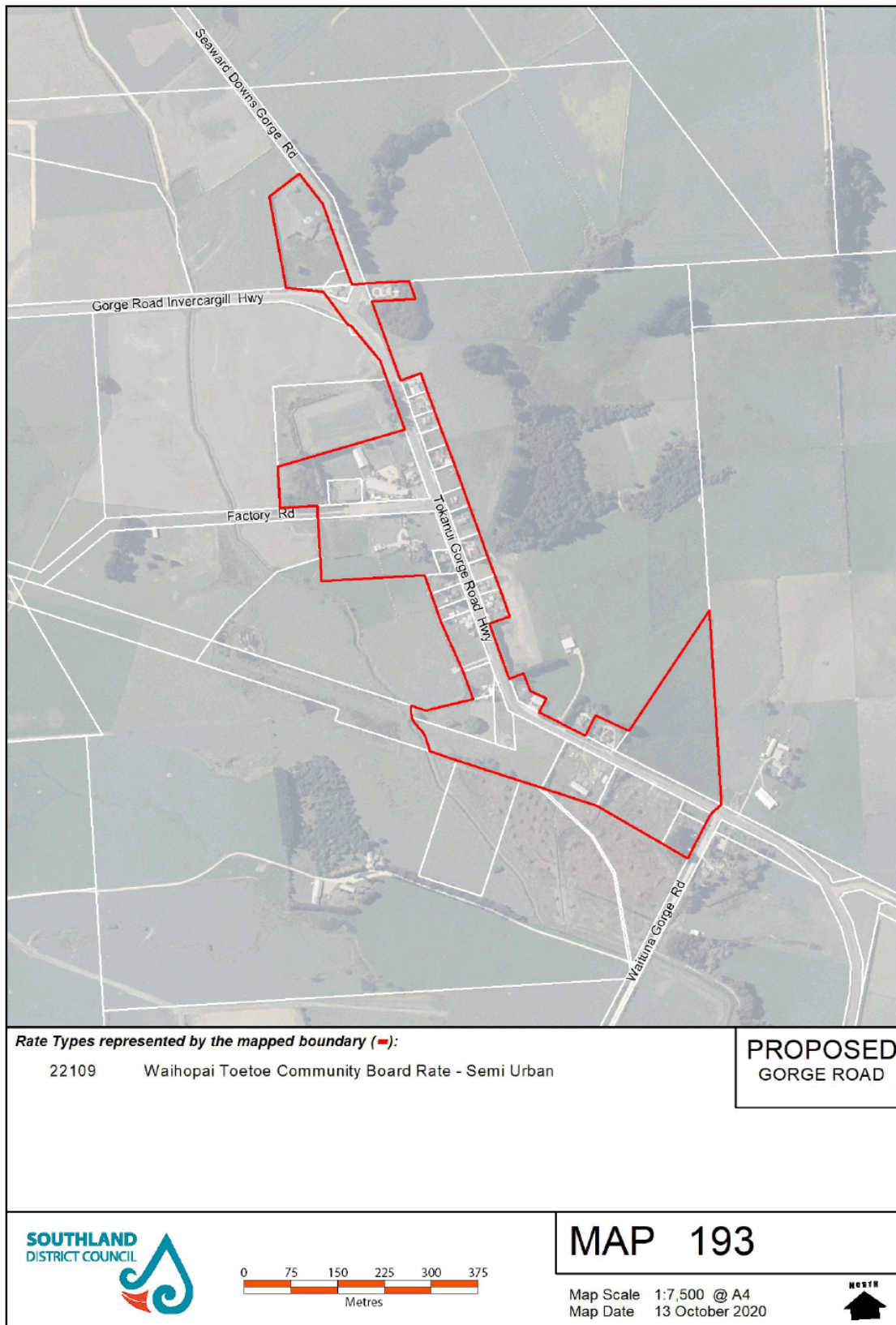


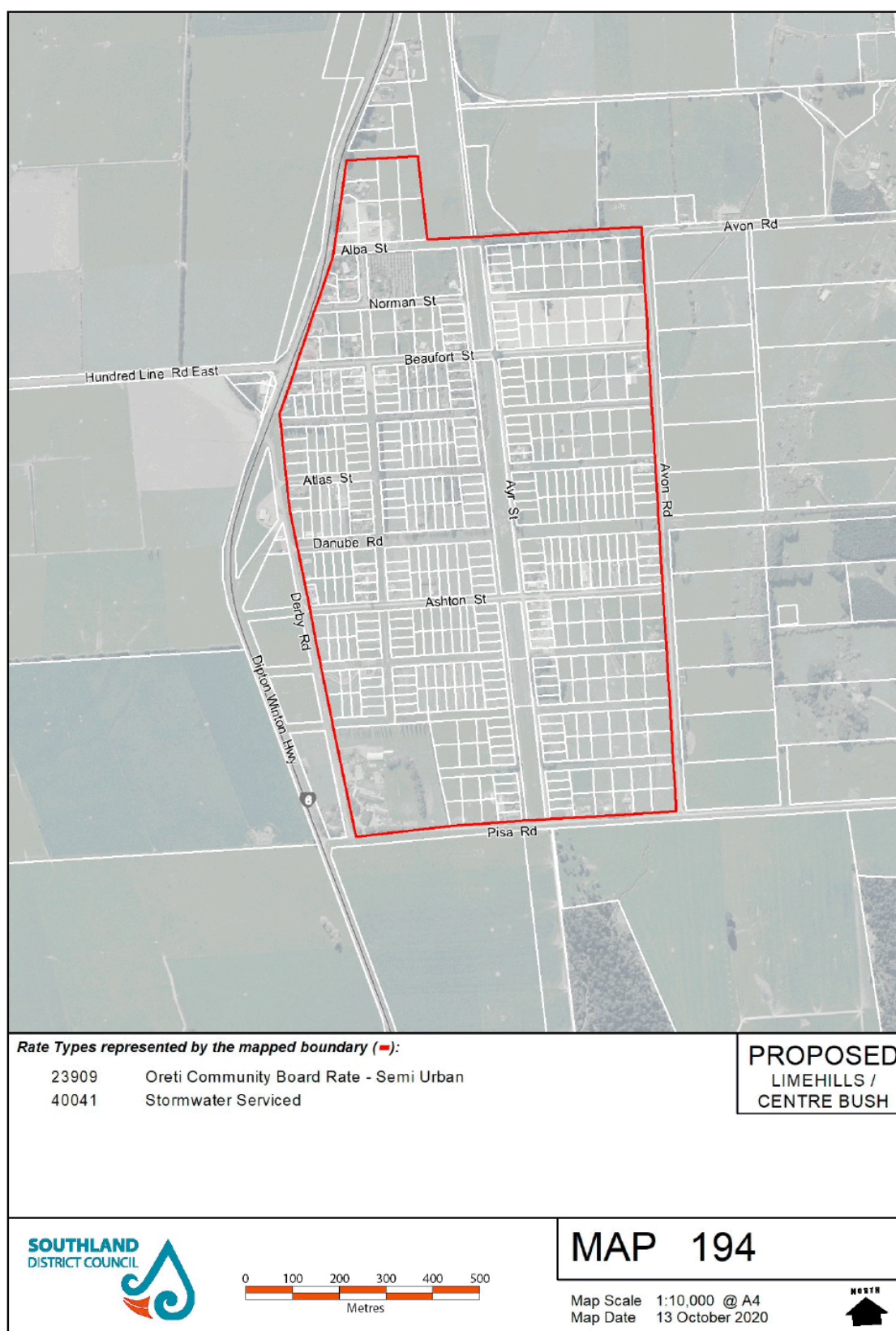
MAP 191

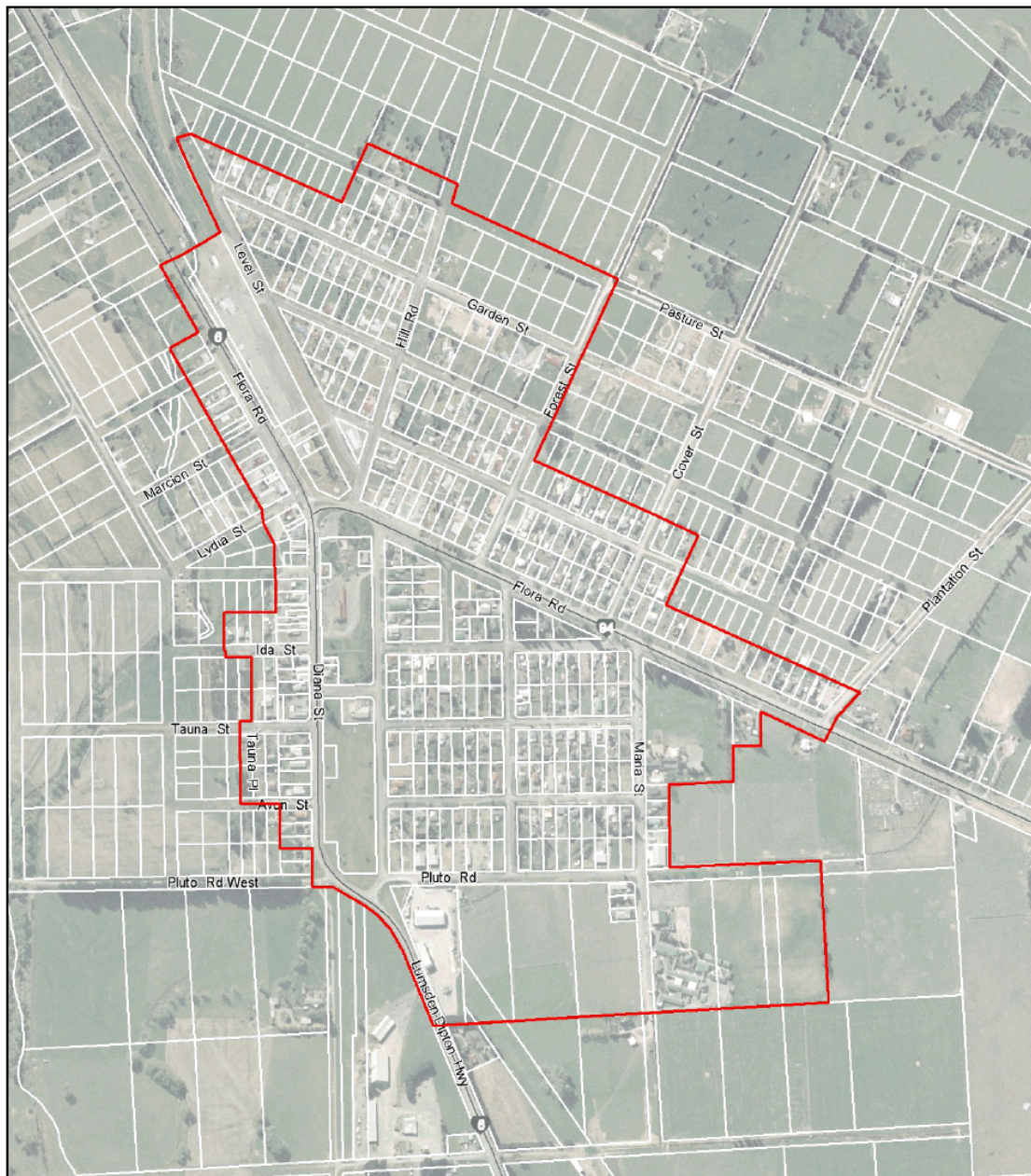
Map Scale 1:12,000 @ A4
Map Date 13 October 2020







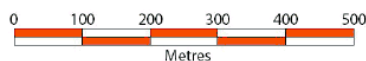




Rate Types represented by the mapped boundary (—):

22307 Northern Community Board Rate - Urban
40041 Stormwater Serviced

**PROPOSED
LUMSDEN**



MAP 195

Map Scale 1:8,500 @ A4
Map Date 13 October 2020



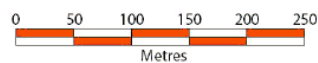




Rate Types represented by the mapped boundary (■):

22909	Tuatapere Te Waewae Community Board Rate - Semi Urban
40041	Stormwater Serviced

PROPOSED
MONOWAI



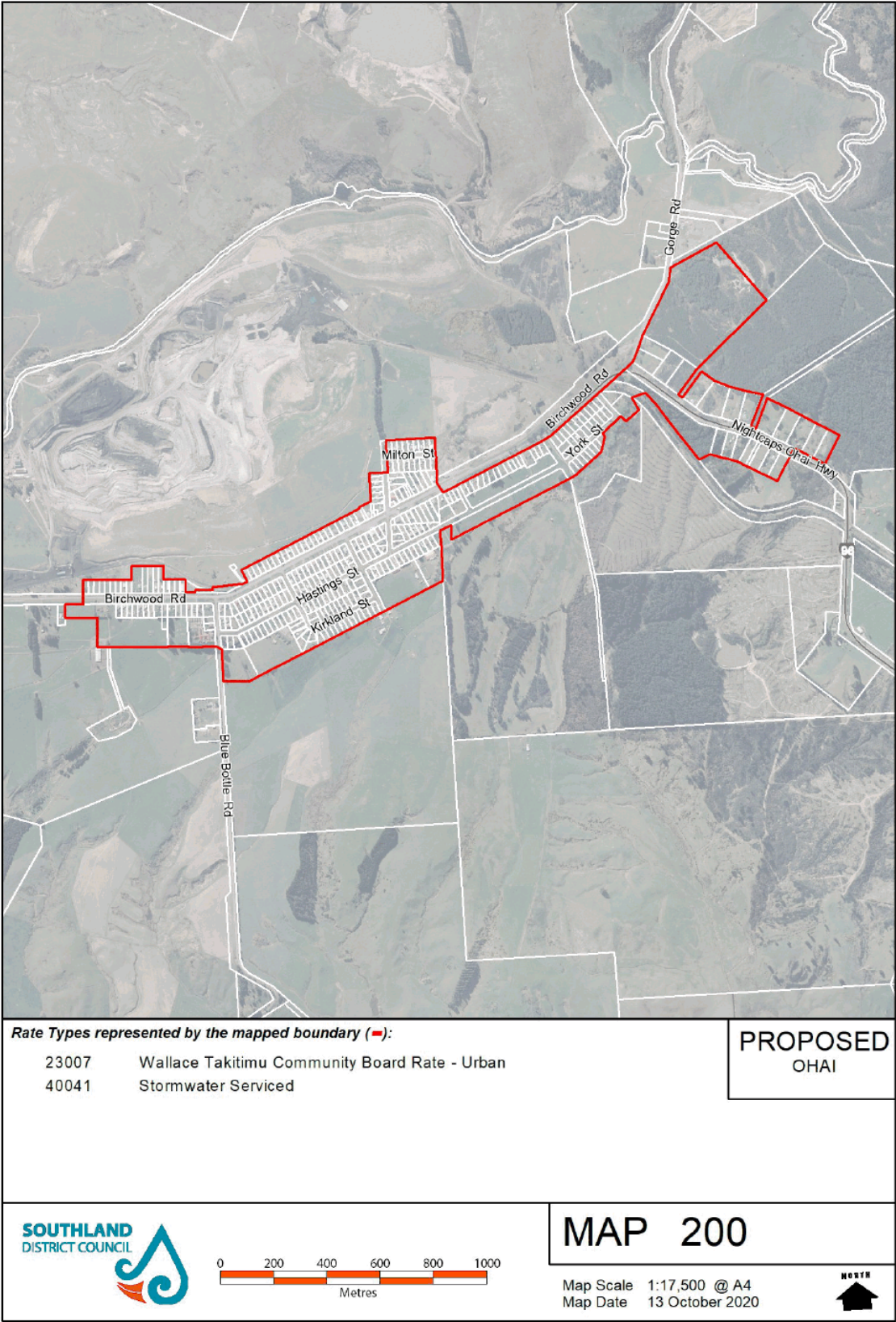
MAP 197

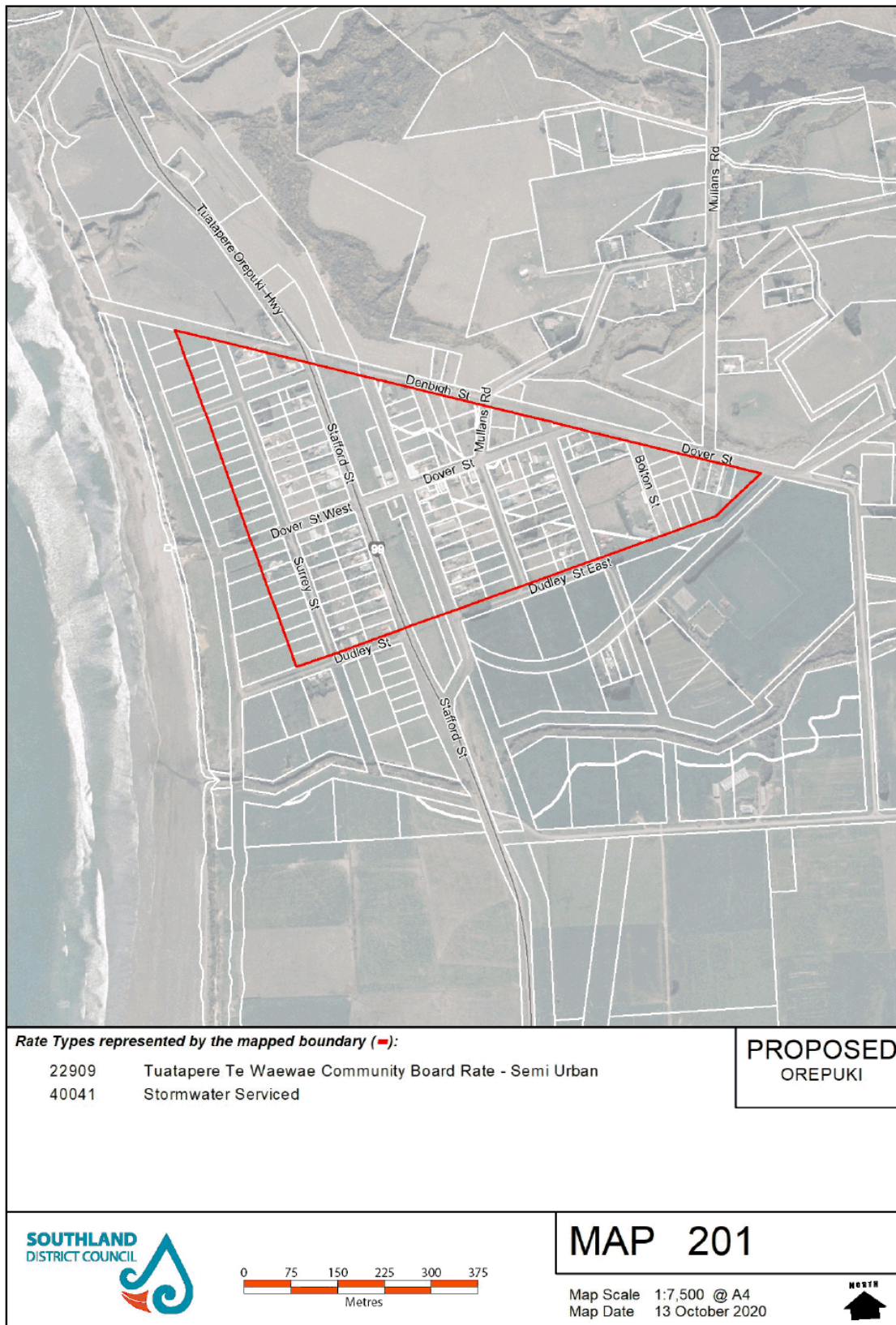
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Map Date 13 October 2020

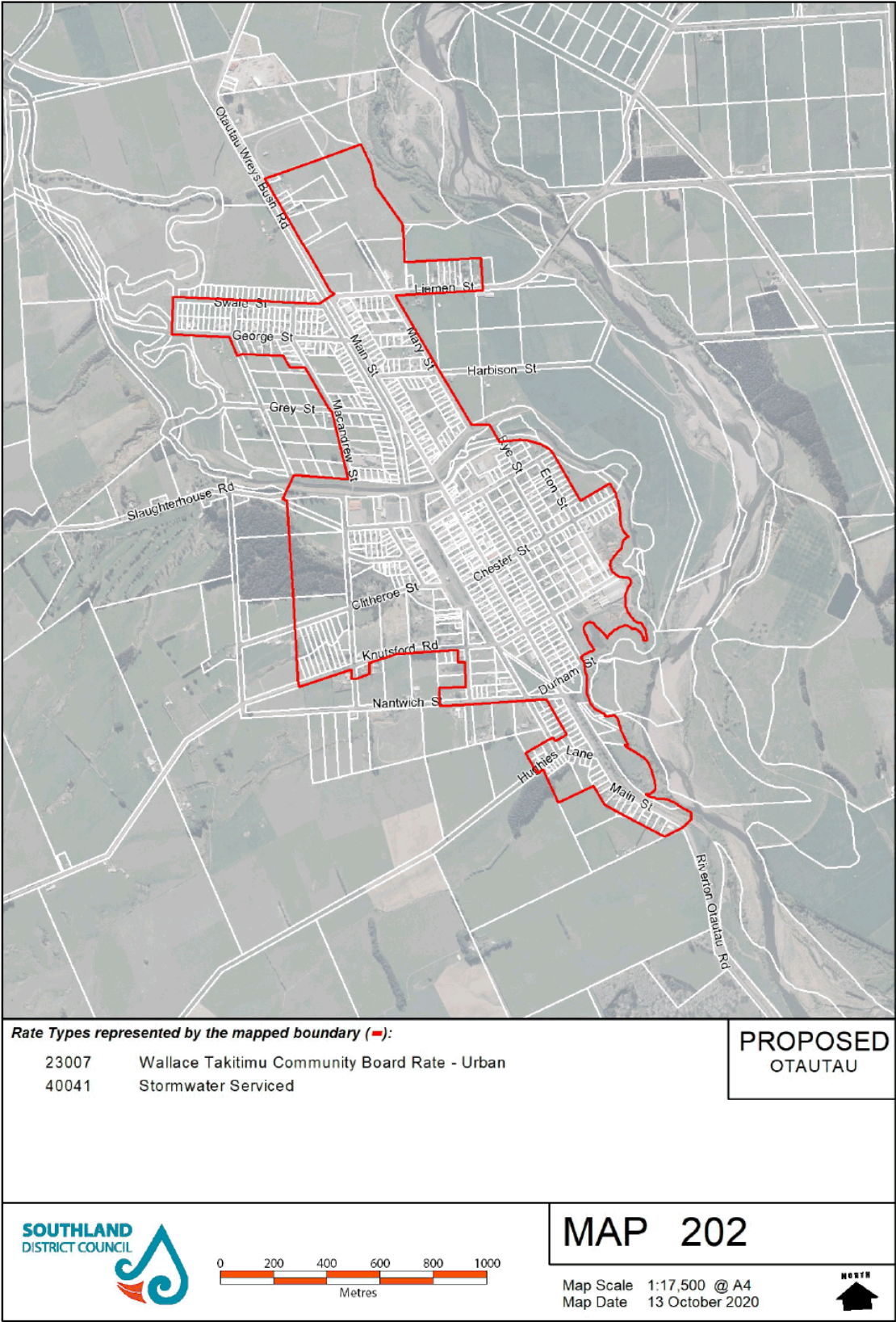


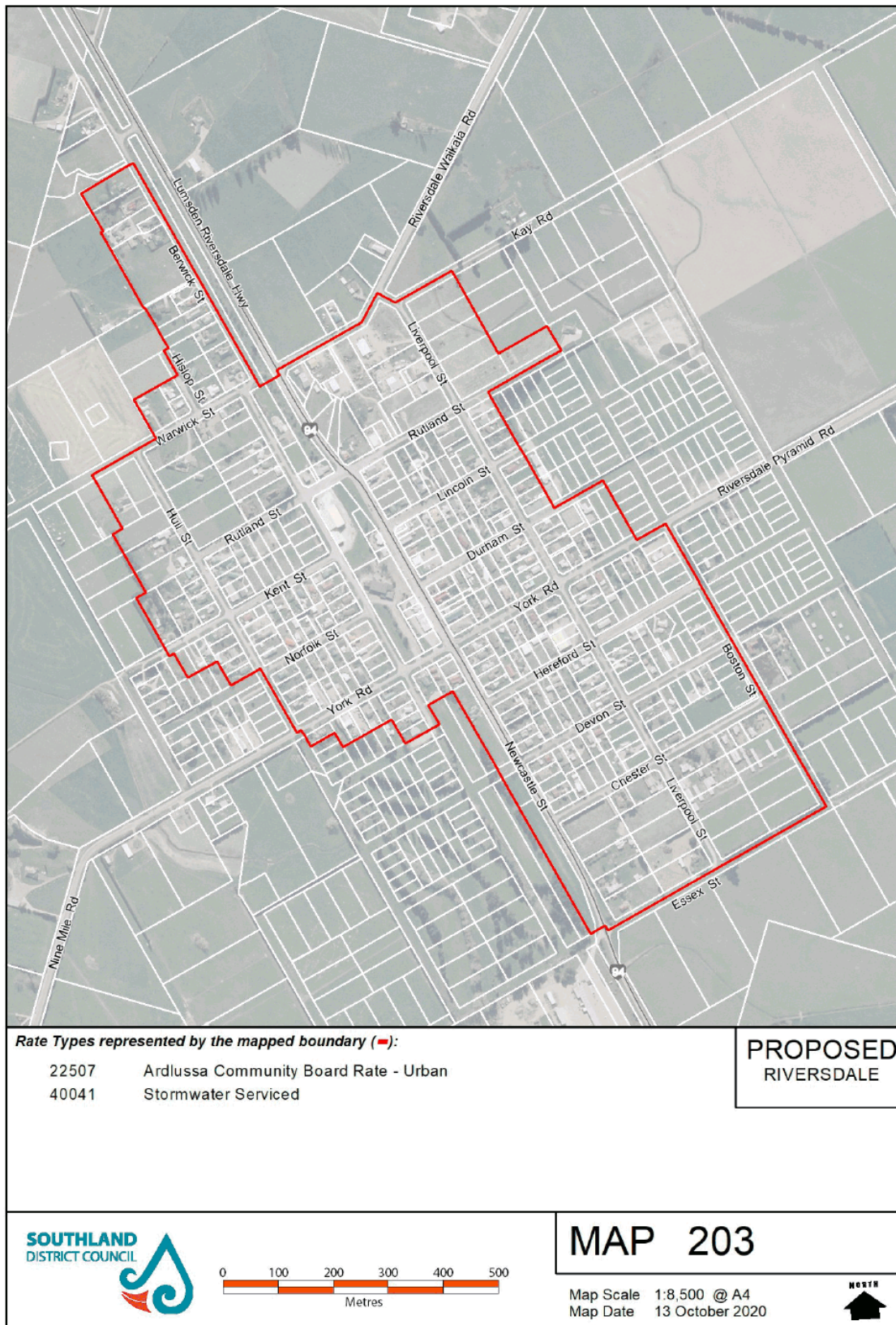






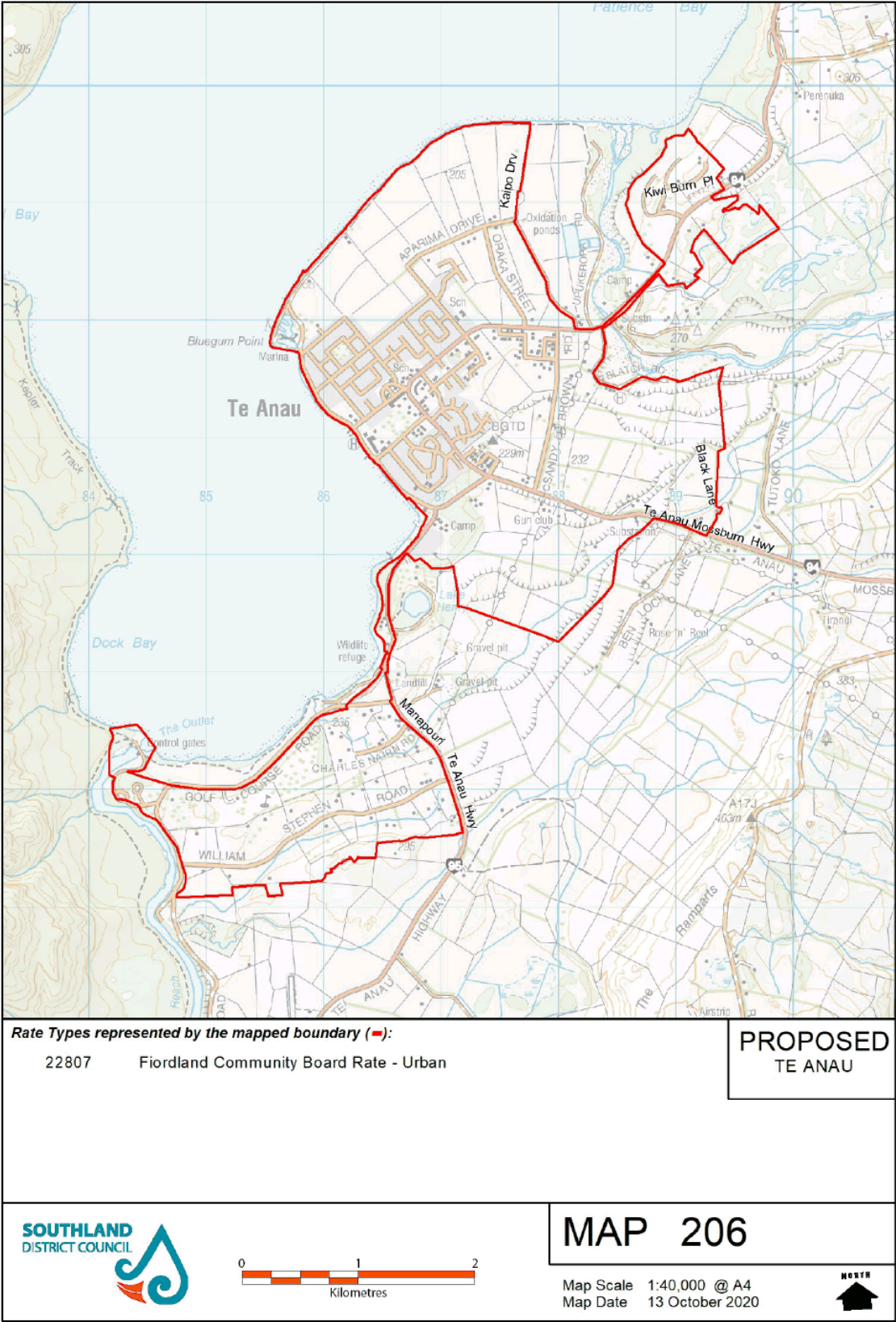


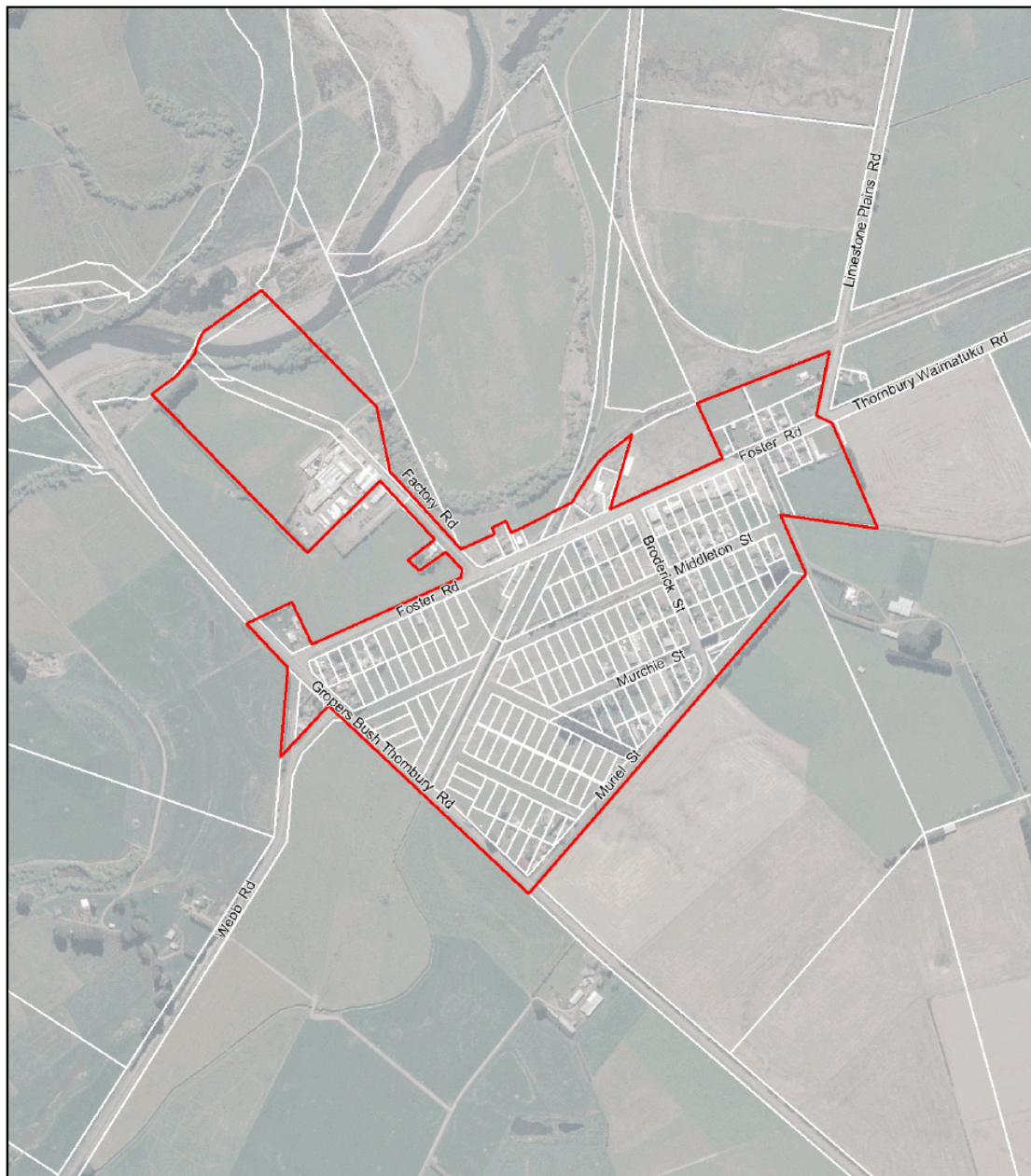








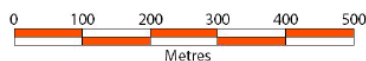




Rate Types represented by the mapped boundary (■):

22609	Oraka Aparima Community Board Rate - Semi Urban
40041	Stormwater Serviced

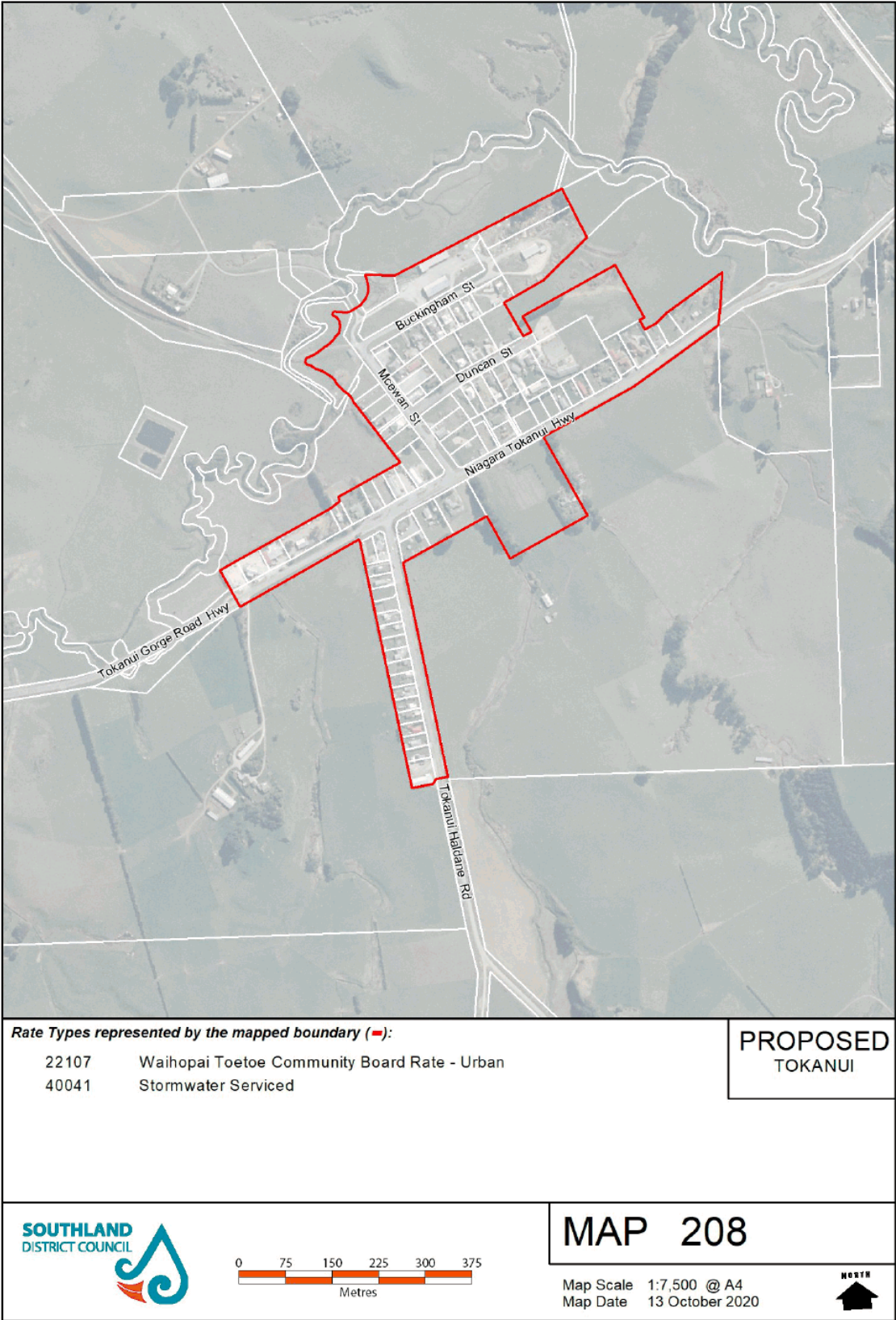
**PROPOSED
THORNBURY**

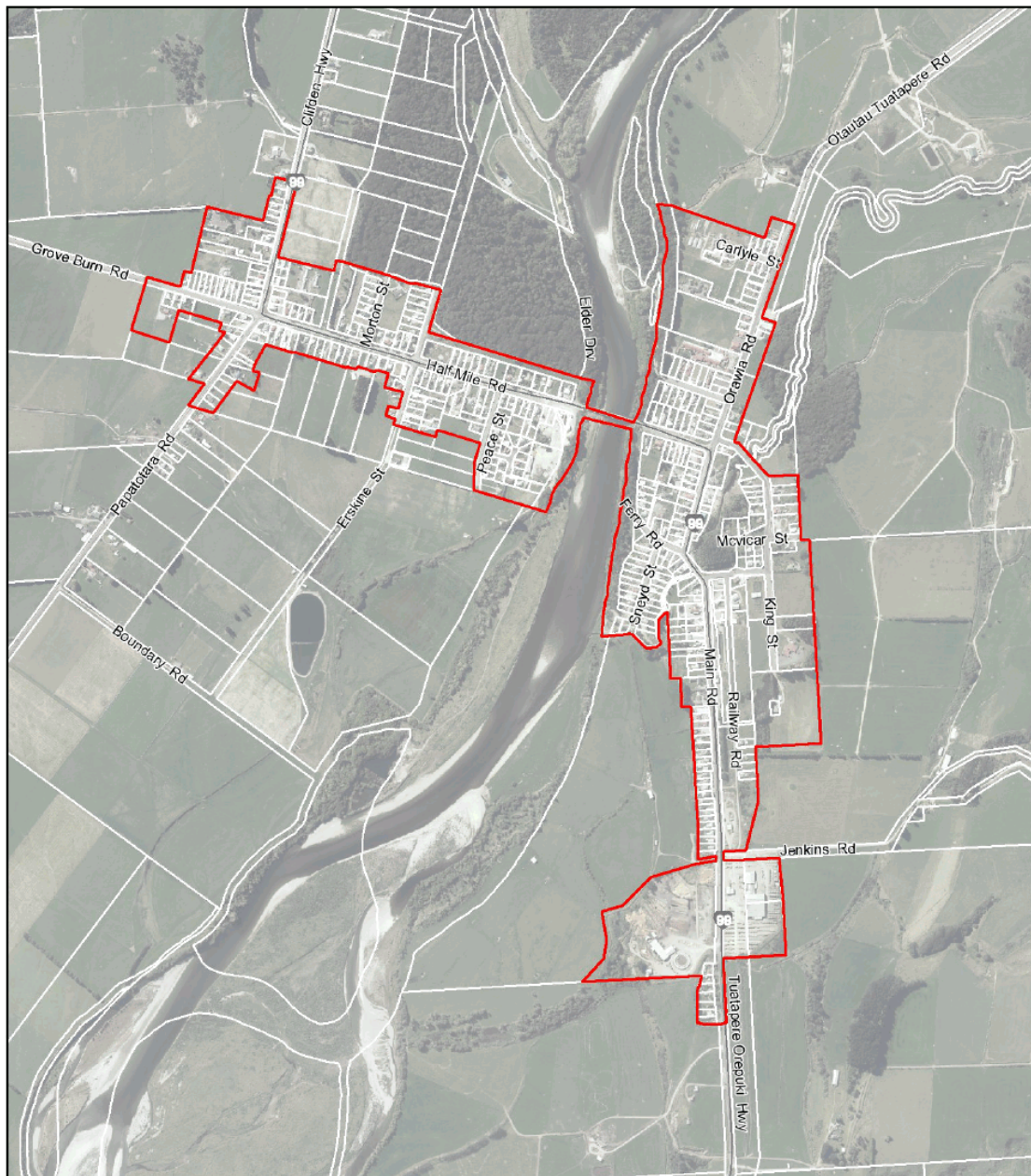


MAP 207

Map Scale 1:8,500 @ A4
Map Date 13 October 2020



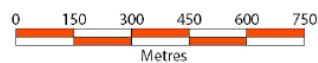




Rate Types represented by the mapped boundary (—):

22907 Tuatapere Te Waewae Community Board Rate - Urban
40041 Stormwater Serviced

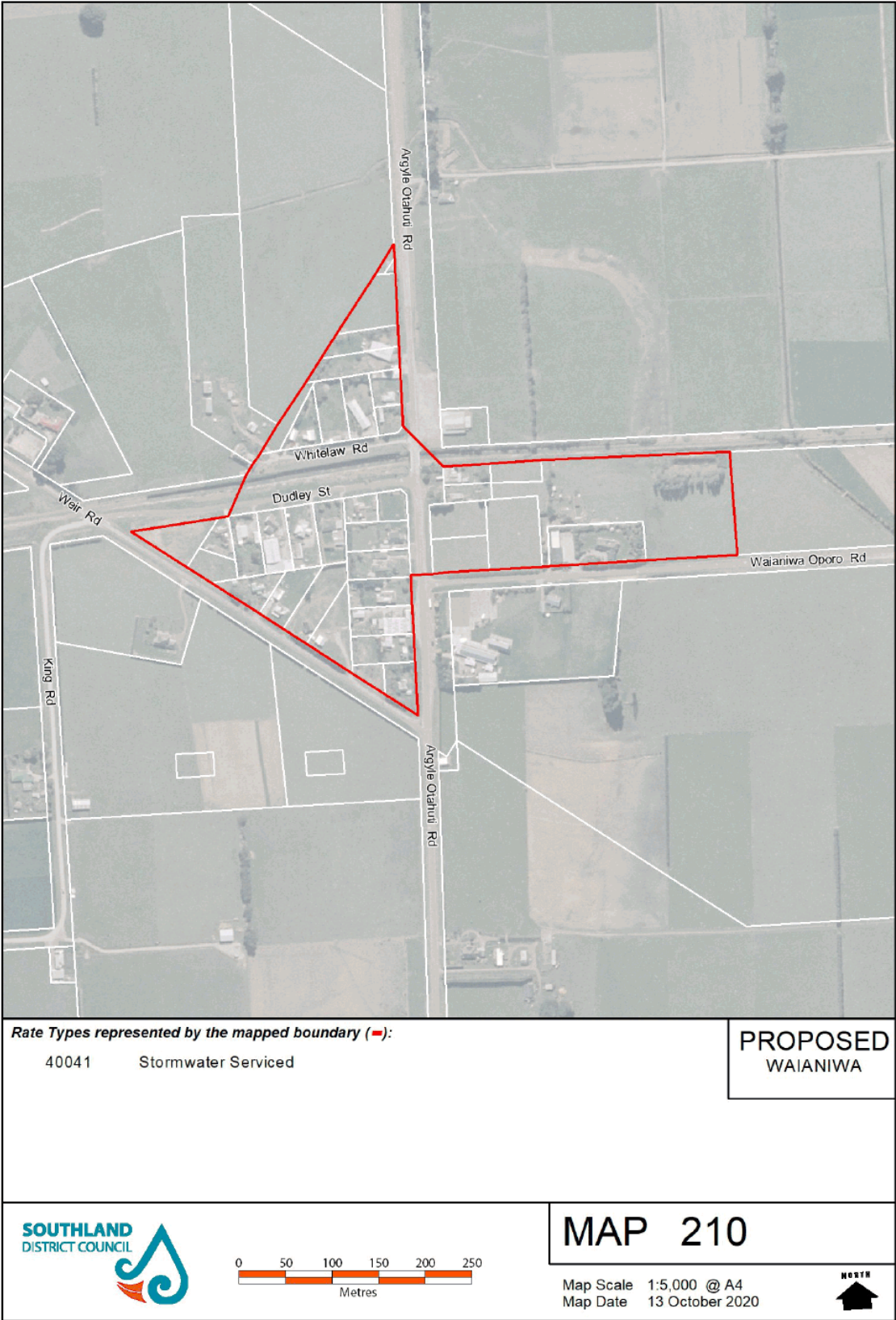
**PROPOSED
TUATAPERE**



MAP 209

Map Scale 1:15,000 @ A4
Map Date 13 October 2020



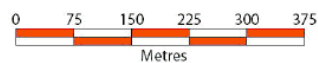




Rate Types represented by the mapped boundary (—):

22507 Ardlussa Community Board Rate - Urban
40041 Stormwater Serviced

**PROPOSED
WAIKAIA**



MAP 211

Map Scale 1:7,500 @ A4
Map Date 13 October 2020



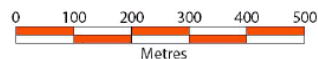




Rate Types represented by the mapped boundary (■):

23907	Oreti Community Board Rate - Urban
40041	Stormwater Serviced

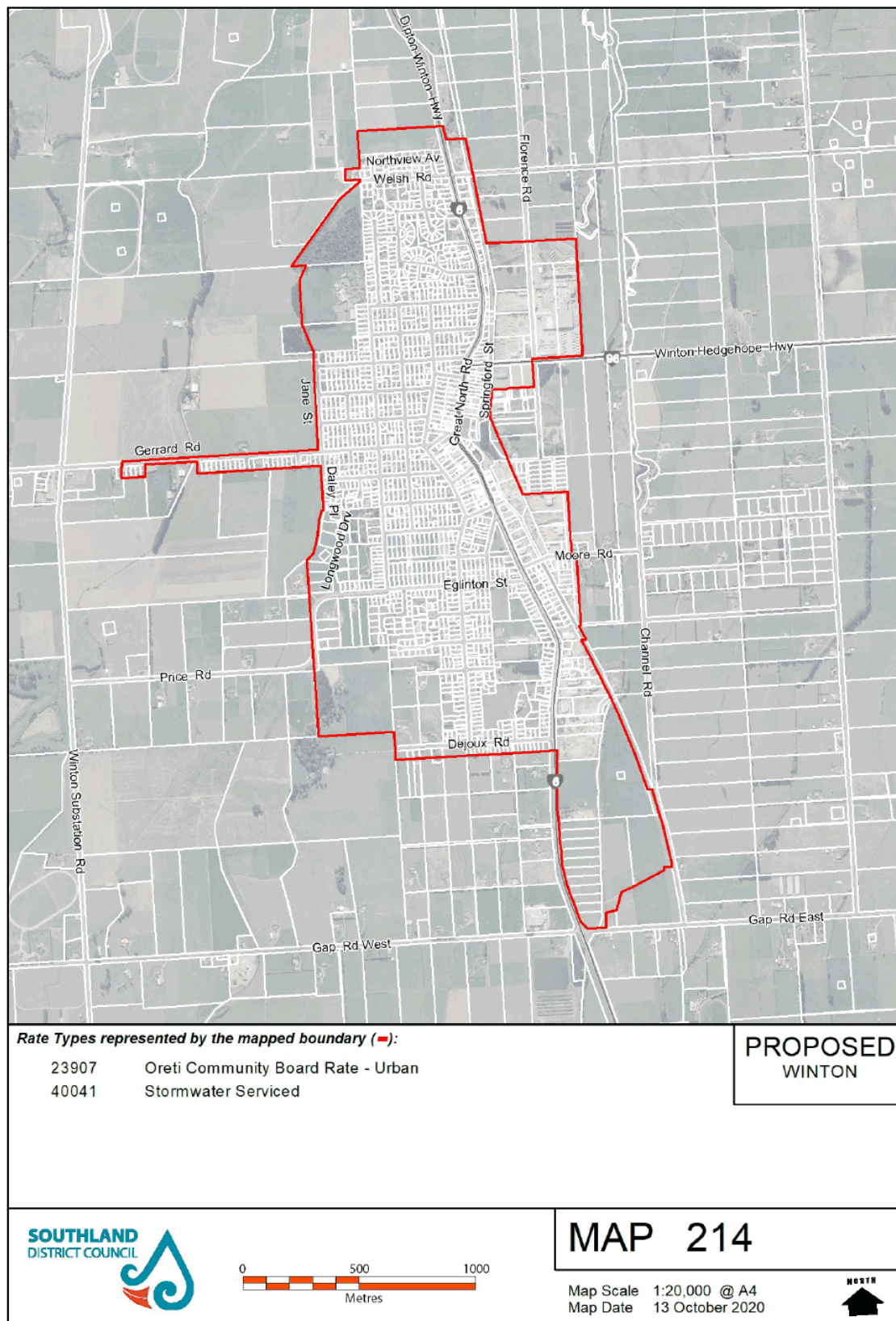
**PROPOSED
WALLACETOWN**



MAP 213

Map Scale 1:10,000 @ A4
Map Date 13 October 2020



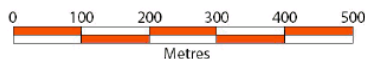




Rate Types represented by the mapped boundary (—):

22109	Waihopai Toetoe Community Board Rate - Semi Urban
40041	Stormwater Serviced

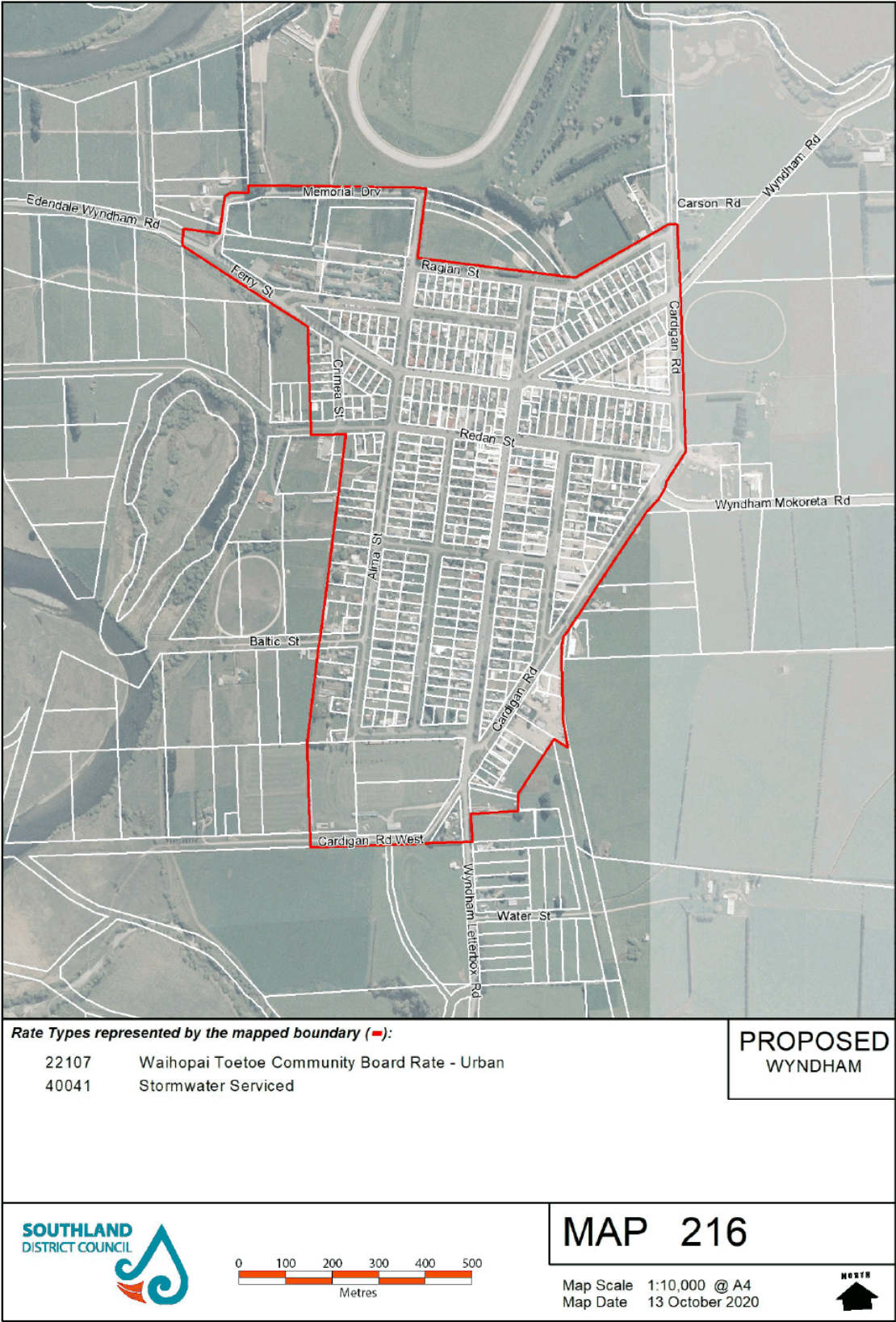
**PROPOSED
WOODLANDS**

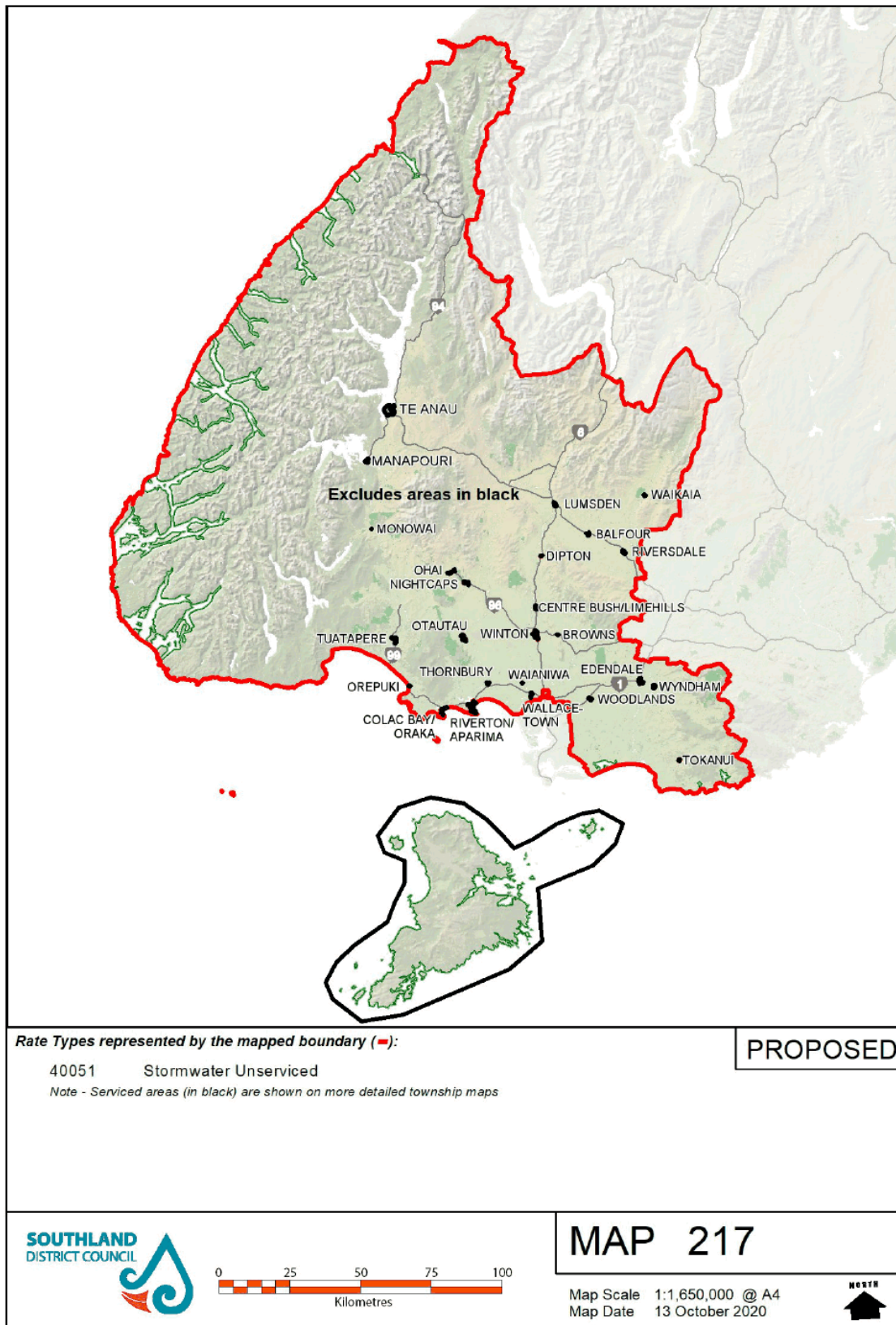


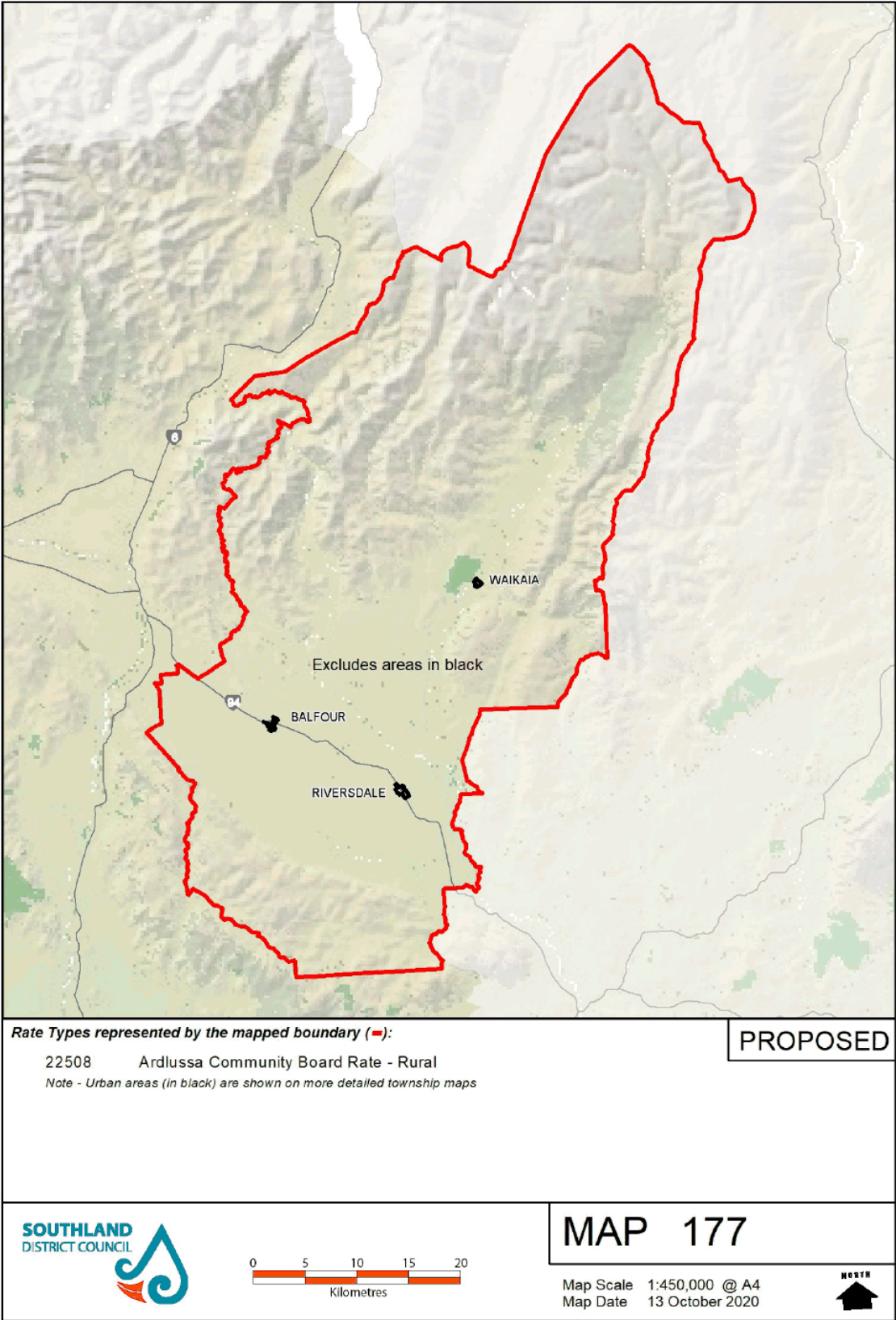
MAP 215

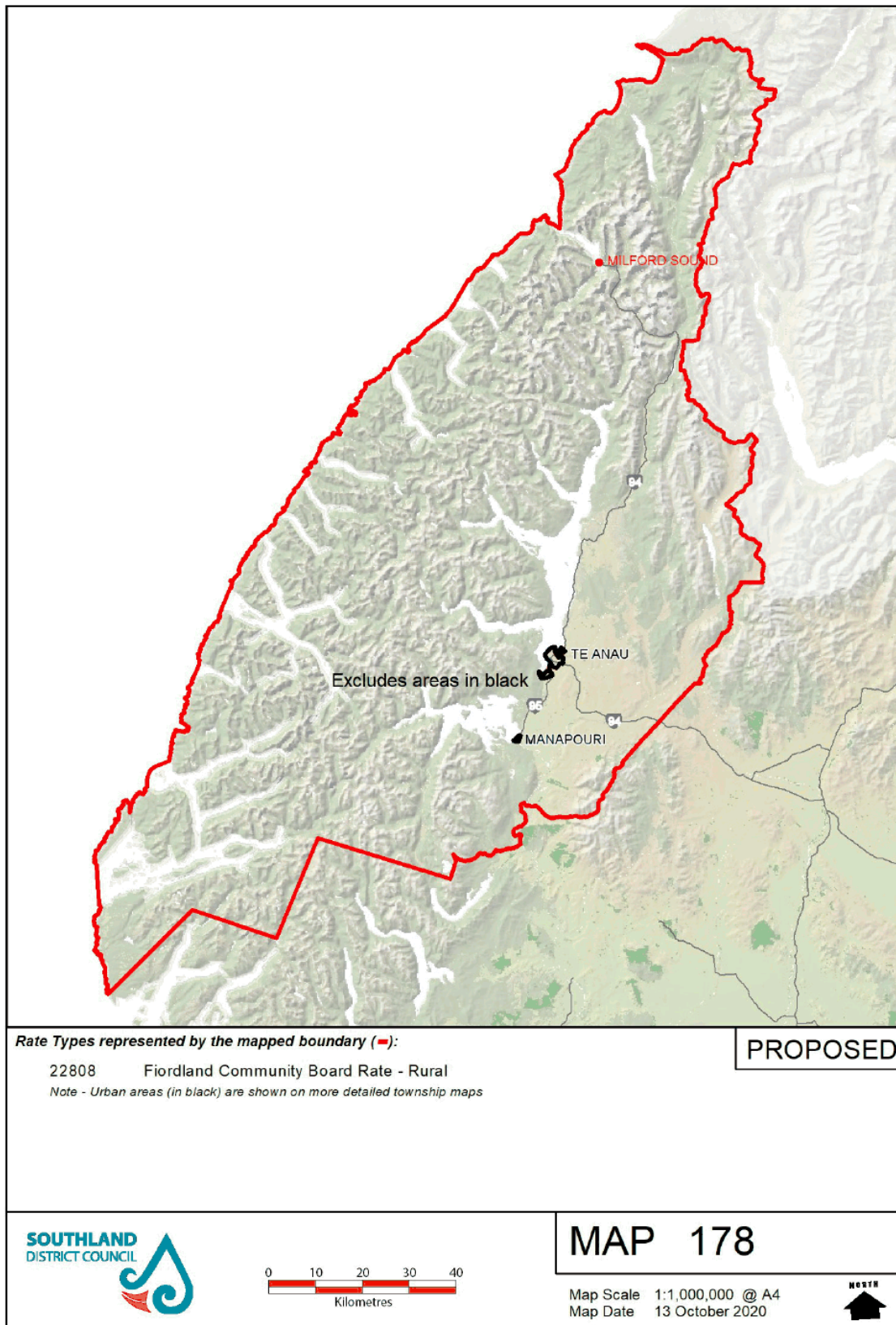
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Map Date 13 October 2020

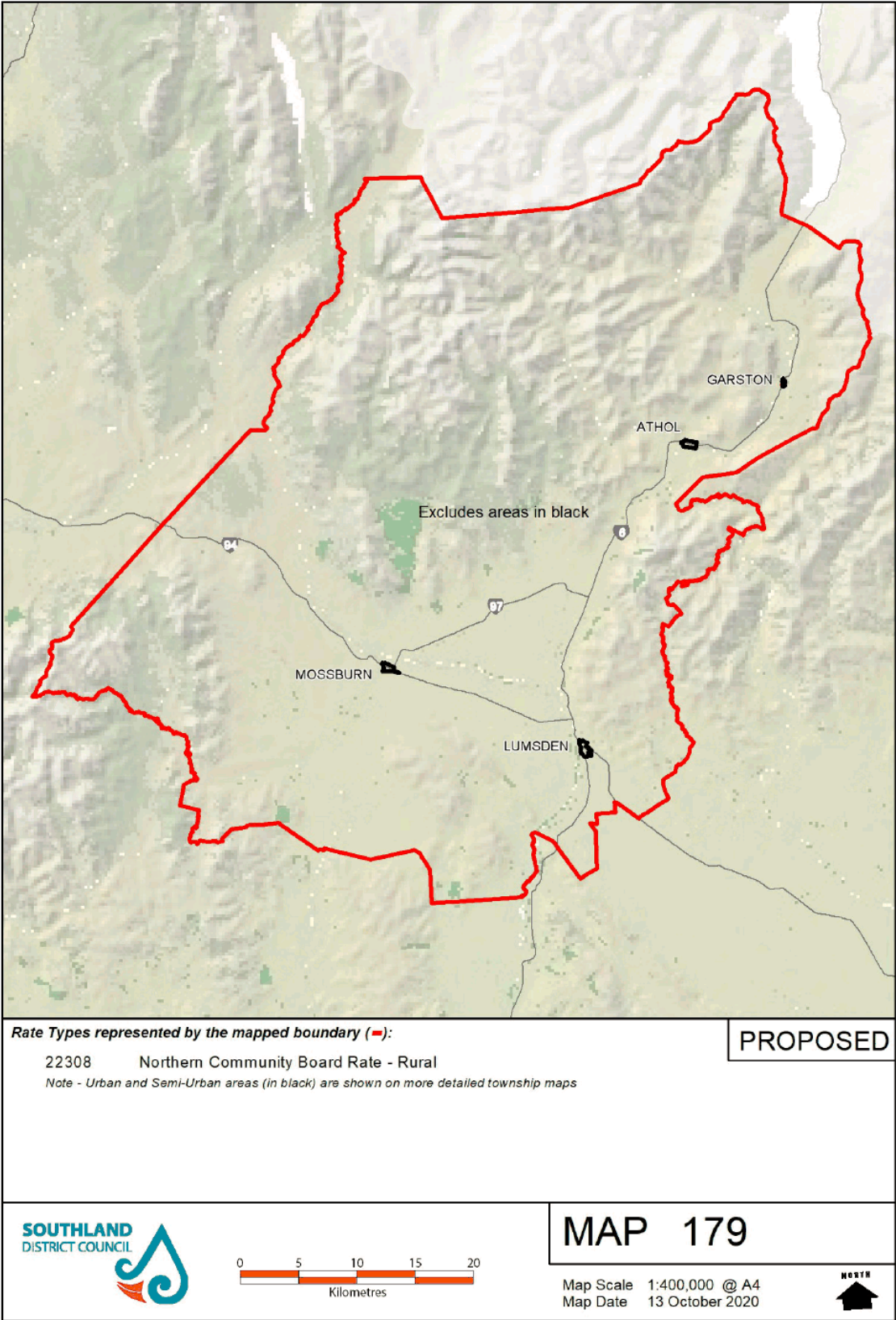


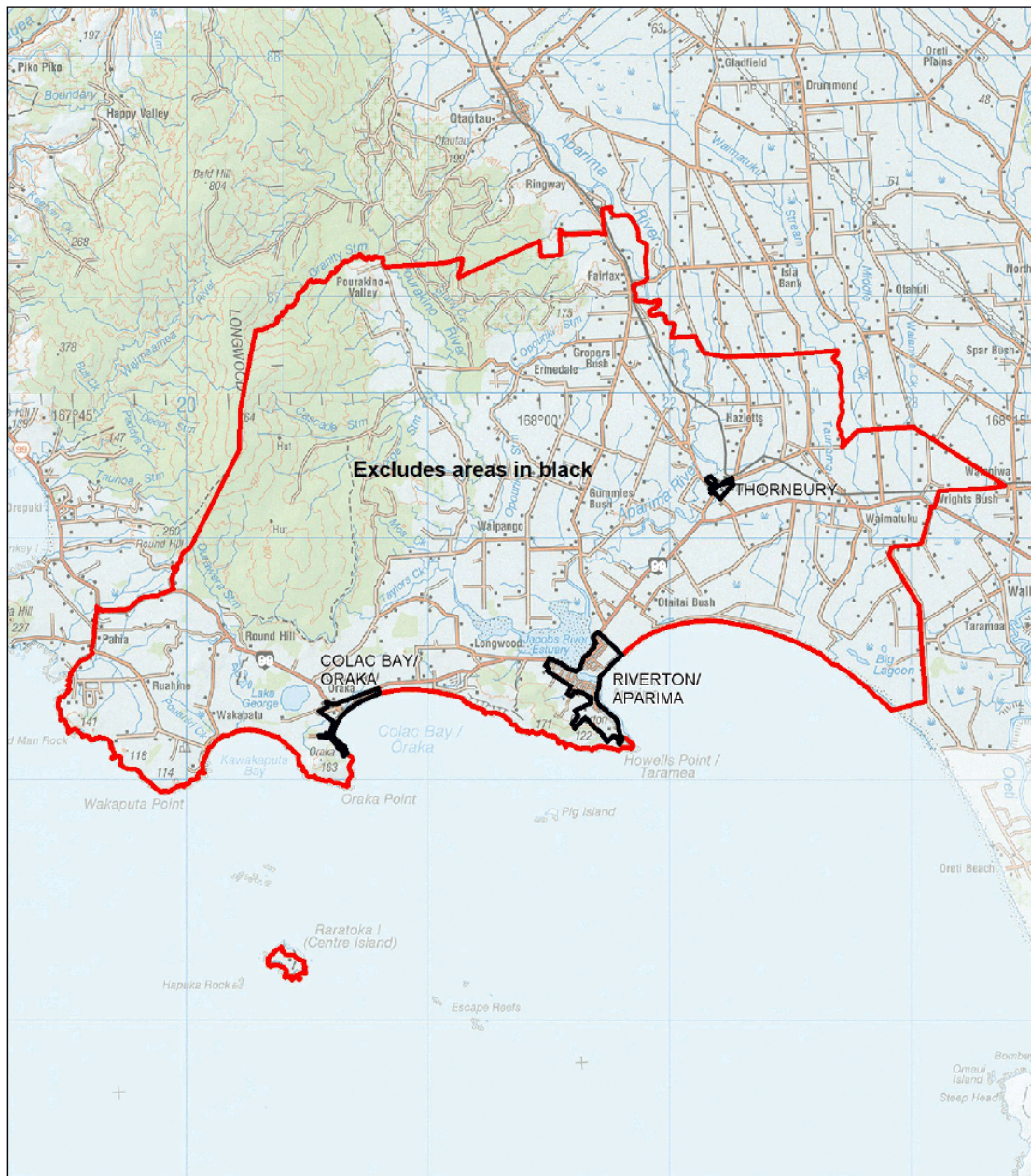










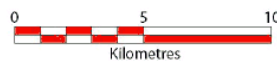


Rate Types represented by the mapped boundary (—):

22608 Oraka Aparima Community Board Rate - Rural

Note - Urban and Semi-Urban areas (in black) are shown on more detailed township maps

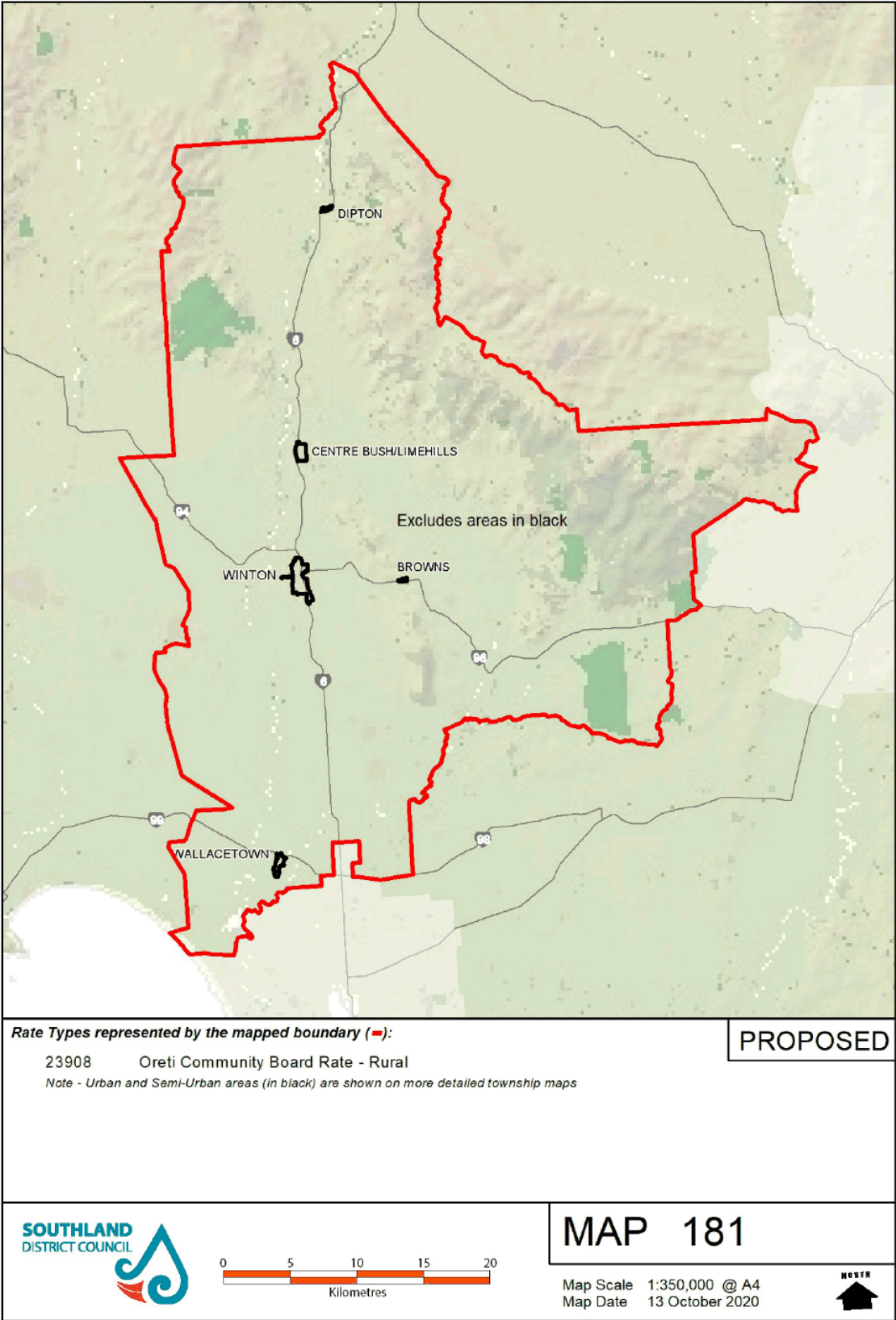
PROPOSED

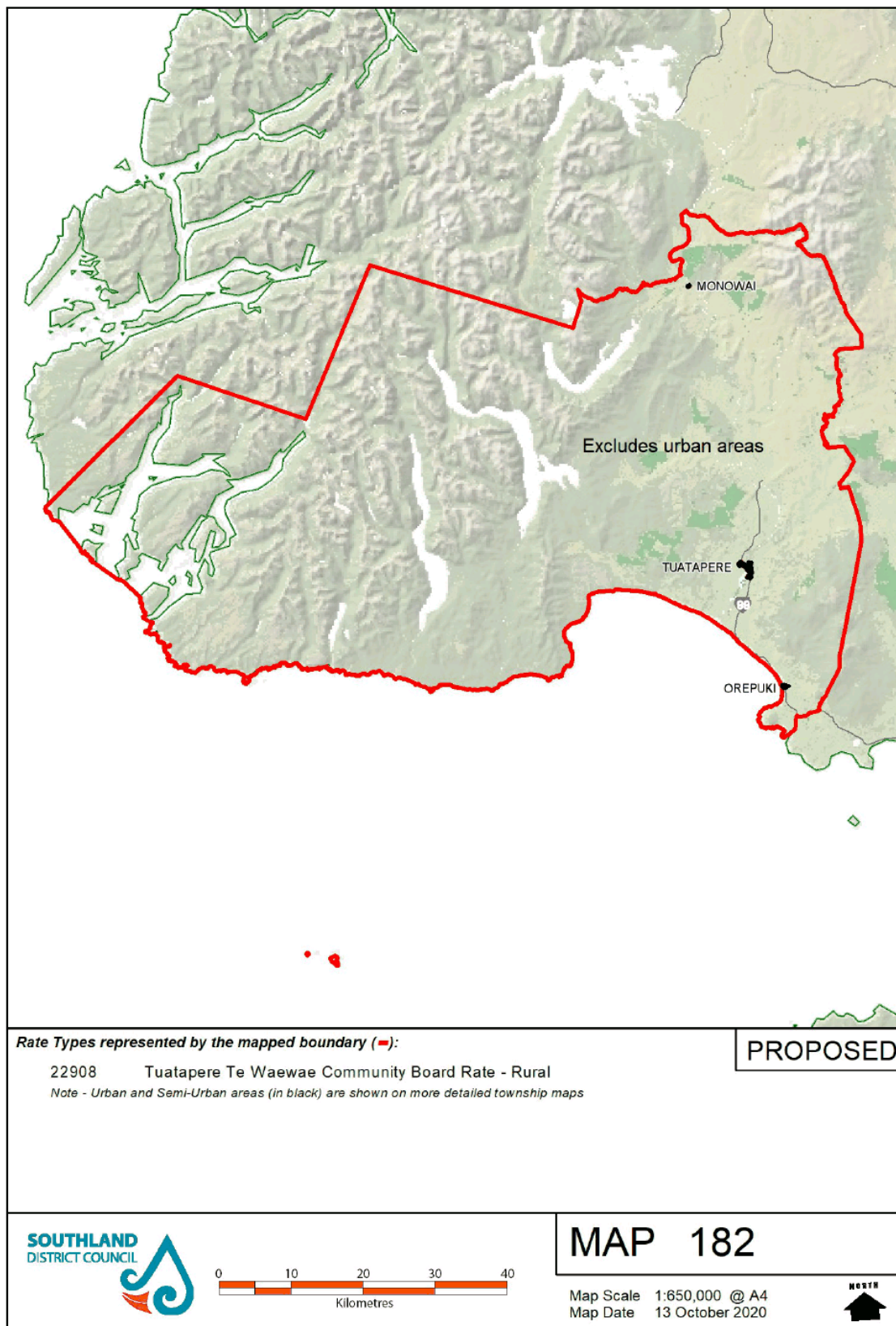


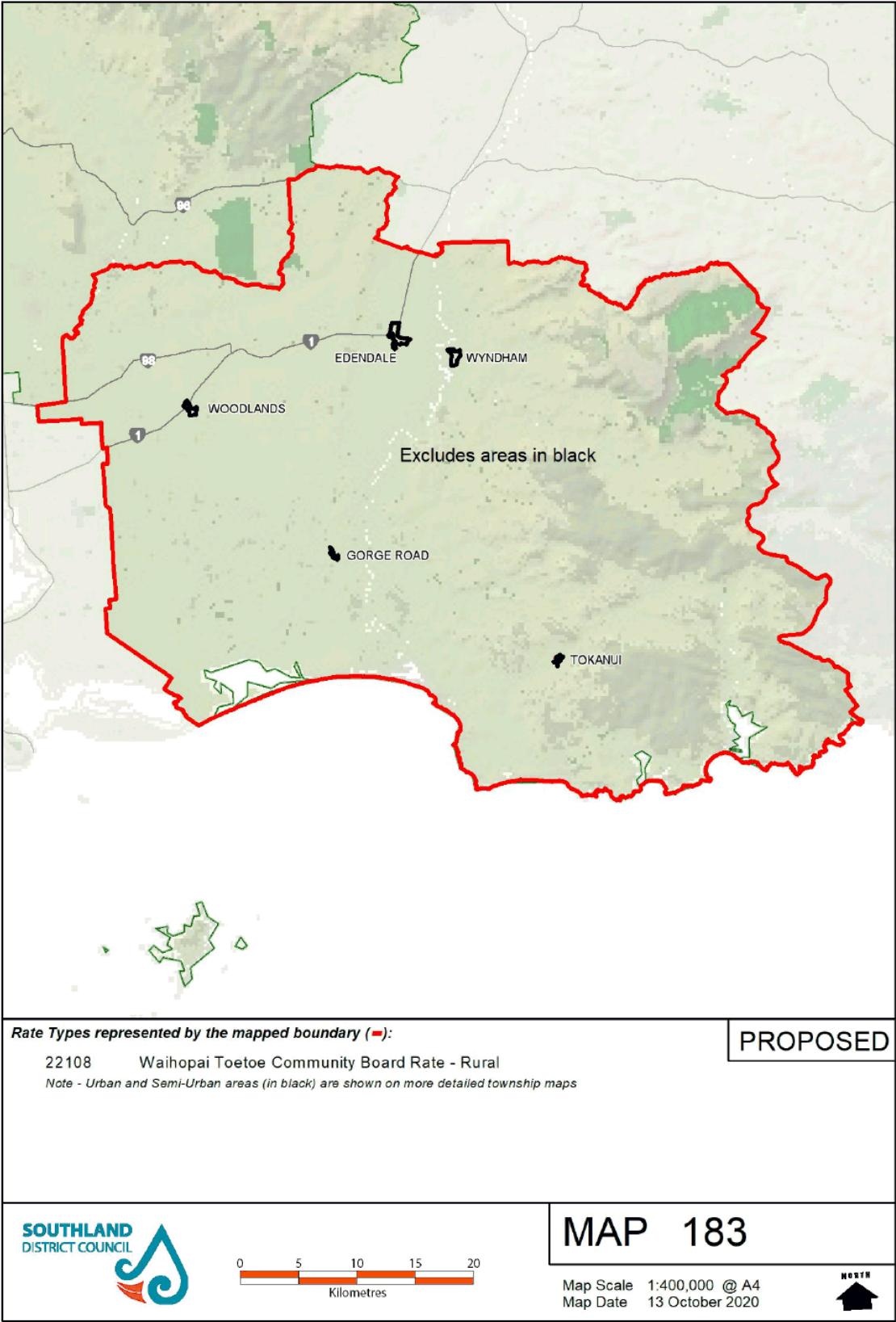
MAP 180

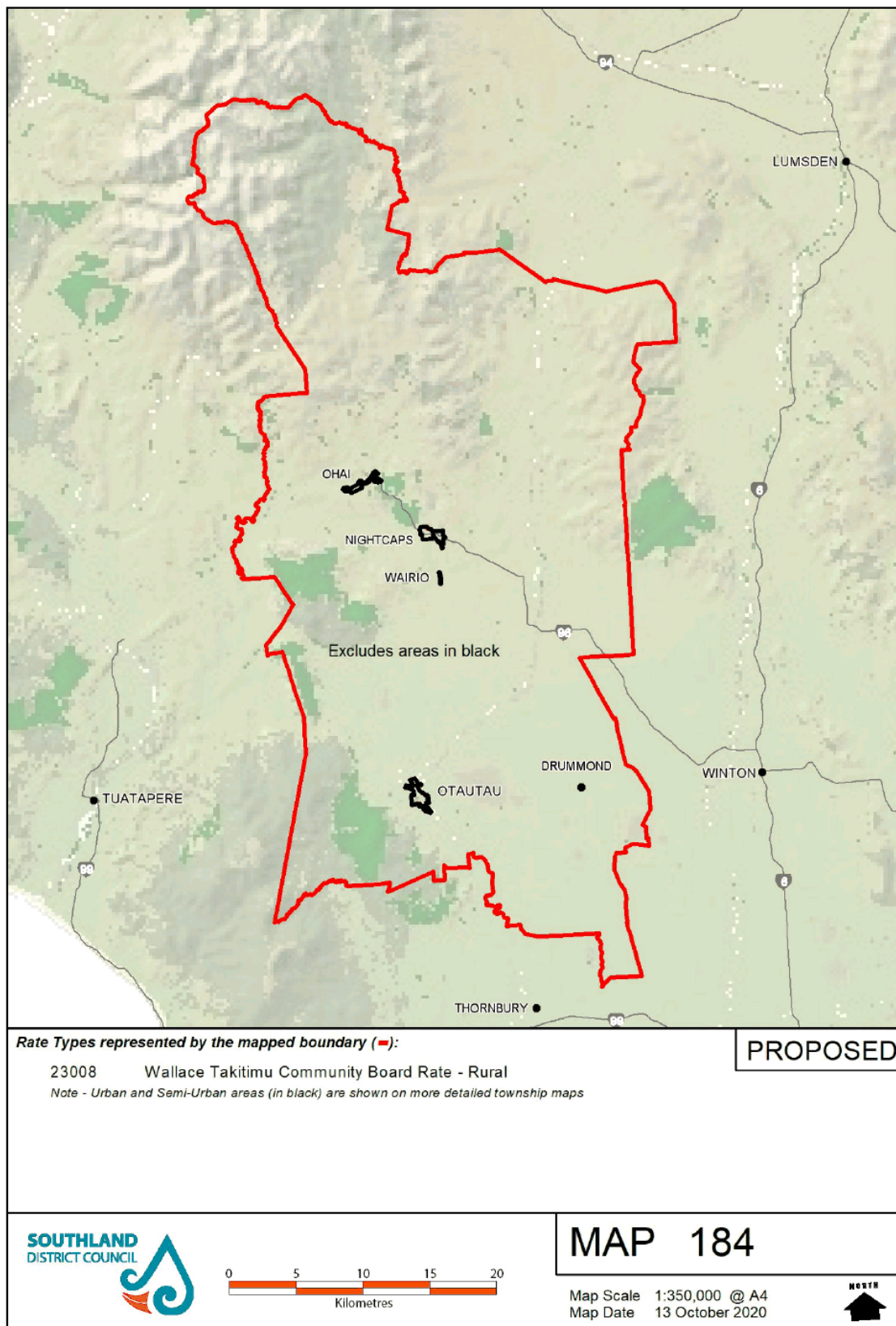
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Map Date 13 October 2020

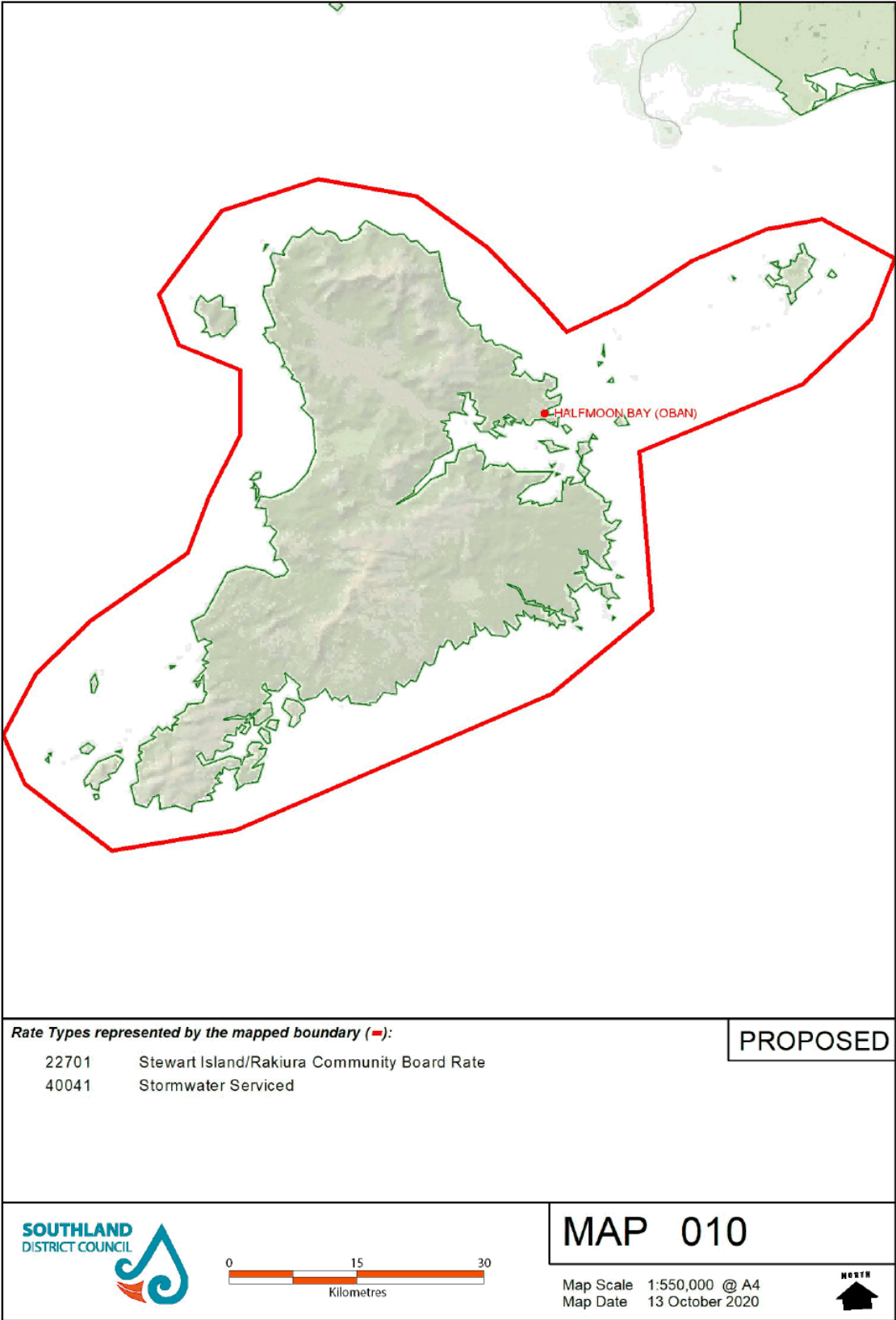












Revenue and Financing Policy

Group Responsible: Finance

Date Approved: 1 July 2018

File No: r/17/8/18227

1 Purpose

The Revenue and Financing Policy sets out how the Council funds each of its activities and why it funds them in the way it does. The Council is required by Section 102 of the Local Government Act 2002 to have this Policy, among others, in order to provide predictability and certainty to residents and ratepayers about the sources and levels of funding.

The purpose of the Revenue and Financing Policy is to describe how Council funds its operating and capital expenses from the funding sources available to it and why it chooses the various mechanisms to fund the operating and capital expenditure of the Council.

The Act requires that the Revenue and Financing Policy is included as part of the Long Term Plan. Other funding and financial policies required by Section 102(2) of the Act do not need to be included as part of the Council's Long Term Plan.

2 Policy Details

2.1 Our Funding Approach

In determining how activities are funded, Council has considered the requirements of the Local Government Act 2002 Section 101(3). The Council is obliged to share the costs of delivering services across different users including across generations. In deciding how to fund each activity, Council takes into account:

- the community outcomes to which an activity primarily contributes
- the distribution of benefits between the community as a whole, identifiable parts of the community and individuals
- the period during which the benefits are expected to occur
- the extent to which actions, or inactions, of individuals or groups contribute to the need to undertake the activity
- the costs and benefits of funding the activity separately from other activities.

It then considers the overall impact of any allocation of liability for revenue needs on the District.

Deciding on who should pay for an activity, asset or service is more complex than simply allocating costs to primary users. Some activities result in benefits for the wider community as well as specifically for the individuals who use them. For example, recreational facilities contribute to proud connected communities and have impacts on community health, well-being and sustainability. Council also considers that people

should not be excluded from using a service or engaging in an activity because of affordability. For these reasons, Council has decided to fund several activities using a general rate or a combination of targeted and general rates.

For a full analysis of Section 101(3) of the Local Government Act 2002 requirements for each activity, please refer to the **Activity Funding Needs Analysis**, which can be found on Council's website (www.southlanddc.govt.nz).

2.2 Description of Funding Mechanisms

Types of Expenditure

Broadly speaking, Council has two types of expenses: operating expenditure and capital expenditure.

Operating expenditure is used to fund the ongoing day-to-day activities and services of the Council.

Capital expenditure is money spent in acquiring or upgrading a business asset such as equipment or buildings. The Council has three categories of capital expenditure spread across its activities:

- **renewals** - Defined as capital expenditure that increases the life of an existing asset with no increase in service level.
- **increased level of service (ILOS)** - Defined as capital expenditure that increases the service level delivered by the asset.
- **additional demand (AD)** - Defined as capital expenditure that is required to provide additional capacity necessary to accommodate growth, in whole or part under Council's Development and Financial Contributions Policy.

Funding Mechanisms

Council uses different funding sources for different types of expenditure. The Council funds its expenditure using the funding mechanisms outlined below.

User Fees and Charges

User Fees and Charges apply to individuals or groups who are directly using a Council service. Where user fees and charges apply, there is a direct benefit to an individual. When a decision is made to fund an activity through user fees and charges, the beneficiaries must be able to be identified and charged directly for the service they receive. The Council also considers issues like the affordability of user charges or how they compare to the market rate for services. In some cases, user fees and charges may be balanced with other funding sources. This may occur where the Council believes that setting a charge too high will reduce the use of a service and therefore diminish its value to the community and impose a greater cost on ratepayers.

Rates

There are two main types of rates:

- Rates with general effect:
 - General Rate
 - Uniform Annual General Charge (UAGC); and
- Targeted Rates

A General Rate is a rate assessed across all rateable properties in the District based on a property valuation system. It is used to fund those services where Council believes there is a public benefit to the whole of the community across the District.

A Uniform Annual General Charge (UAGC) is a rate assessed across all rateable properties in the District. It is used to fund those services where the Council believes there is an equal public benefit across the District.

For clarity, the portion of General Rate and the Uniform Annual General Charge will be based on the percentages indicated below. The category correlates to the relevant sub-activities within each of Council's nine activity groupings.

Category	General Rate	Uniform Annual General Charge
Building Control	100%	
Civil Defence & Emergency Management	100%	
Community Housing	85%	15%
Council Facilities	85%	15%
Community Futures	25%	75%
District Support	85%	15%
Animal Control		100%
Environment Health		100%
Grants & Donations		100%
Library Services		100%
Parks & Reserves	85%	15%
Public Toilets		100%
Representation & Advocacy	25%	75%
Resource Management	90%	10%
Roads & Footpaths		100%
Strategy & Communications	90%	10%
Work Schemes	85%	15%

When using the General Rate, the Local Government (Rating) Act 2002 only allows a choice of one valuation system from three options:

1. The annual value of the land; or
2. The capital value of the land; or
3. The land value.

Council has chosen to set a General Rate which is assessed on a capital value basis. The general rate is not set on a differential basis. Council has a Uniform Annual General Charge which is assessed per rating unit.

A Targeted Rate is a rate set for a specific activity or group of activities. Some targeted rates are charged to all ratepayers in the District. Targeted Rates can be set in a number of different ways including:

- Capital Value

- Land Value
- Value of improvements
- Property Location (Rating Boundary)
- Land Use (as defined by Council's Valuation Service Provider)
- Per Rating Unit (Fixed Charge)
- Per Separately Used or Inhabited Part of a Rating Unit (Fixed Charge)
- Per supply of service (bins, water, sewerage etc).

Financial and Development Contributions

The Council's Policy on Development Contributions and Financial Contributions sets out the conditions in which contributions are required and the method used to calculate them. Development Contributions are currently in remission under this policy, due to Council's desire to encourage growth in the District. This position will be reviewed again in conjunction with the 2021-2031 Long Term Plan.

Financial Contributions are underpinned by the Operative District Plan. Development Contributions required under the Local Government Act 2002 are generally used to fund growth related capital expenditure on infrastructure provided by the Council as part of its normal capital works programme.

Financial Contributions are required under the Resource Management Act 1991. They are imposed to address the effects of activities for which resource consent is sought.

Although Council can require both development contributions and financial contributions, it cannot require both from the same development for the same purpose.

Grant and Subsidies

Grants and Subsidies are funding received from other agencies, usually for a specific purpose. As such, they are used to fund those purposes.

Other sources including Reserves

These are funds for specific purposes.

- **retained earnings** are used to fund operating or capital expenses at Council's discretion, an example is depreciation reserves.
- **reserves** will be used to fund either operating or capital expenses according to the policy applying to those reserves. These are typically classified as local reserves (where reserves are for the benefit of specific communities), or district reserves (where reserves are held for the benefit of the wider district).

Investment Interest/Dividends and Interest on Reserves

Net Investment interest and dividends are used to reduce the amount of General rate and/or Uniform Annual General Charge rate required.

Interest on reserves is calculated on the average balance of each reserve during the year. Interest is allocated at a prescribed interest rate (typically based on the Reserve Bank rates for six month term deposits over a 12 month period). Both positive and negative reserves get interest charged or applied. For the majority of reserves held by local communities, this interest is added to the reserve, which has no impact on the rate requirement, these reserves are usually positive and are set aside for future projects. For the majority of District reserves, the interest is allocated to the relevant business unit, which in turn will reduce the rates required or increase the rates required if the reserve has a negative balance.

Borrowing

Borrowing is not a source of revenue itself. Rather it is a 'bridging' mechanism to assist with the financing required for the construction of long term assets. Debt arising from borrowing still needs to be repaid from other sources of revenue (eg rates). The use of debt allows Council to enjoy the asset in the present while paying the debt back over time. Borrowing is usually called upon to fund capital works and assets built or provided now before future new consumers use those services. It is used to ensure fairness or intergenerational equity so that current ratepayers pay for the services they use now, and future ratepayers pay their share too.

Lump Sum Contributions

Lump Sum contributions are where ratepayers agree to pay a capital (or lump sum) payment towards meeting the cost of providing a particular asset in their community (eg upgrading of a water supply) rather than paying for these capital costs via an annual targeted rate.

These contributions will be used to fund the retirement of debt for specific capital activity from time to time.

Proceeds from Asset Sales

Proceeds from asset sales are the monies received from selling physical assets, such as plant and equipment. They are initially used to repay borrowings associated with that asset. Any remaining proceeds will be used to fund a replacement asset or fund other capital expenditure within an activity that was funded by the same funding source of the asset sold.

Depreciation Reserves

Depreciation reserves are funds in which the probable replacement cost of equipment is accumulated each year over the life of the asset, so that it can be replaced readily when it becomes obsolete. These reserves are used to fund both the renewal and increased level of service categories of capital expenditure.

2.3 Application of Funding Mechanism to Expenditure

Funding Mechanism	Operating Expenditure	Capital Expenditure		
User Fees and Charges	✓		✓*	✓*
General Rates (incl. UAGC)	✓		✓*	✓*
Targeted Rates	✓	✓	✓*	✓*
Financial Contributions		✓		
Development Contributions		✓		
Grants and Subsidies	✓	✓	✓	✓
Other Sources, including Reserves	✓	✓	✓	✓
Investment Interest/Dividends and Interest on Reserves	✓	✓	✓	✓
Borrowing		✓	✓	✓

Funding Mechanism	Operating Expenditure	Capital Expenditure		
Lump Sum Contributions	✓	*	✓*	✓*
Proceeds from Asset Sales			✓	✓
Depreciation Reserves			✓	✓

* Application depends on how the activity to which capital expenditure relates is funded

2.4 Funding of Activities

The Council has considered how to apply the available funding mechanisms to its activities. The following table is a summary of this approach. A copy of the detailed assessment, titled Activity Funding Needs Analysis is available on Council's website (www.southlanddc.govt.nz).

For operational expenditure, funding portions contributing to each activity are expressed as ranges, from low to high. These ranges equate to the following percentages:

Low: 0-33 percent

Medium: 34-66 percent

High: 67-100 percent

Capital expenditure funding contributions are also identified. The proportion of capital costs funded from each source will vary depending upon the nature of each capital works project.

Activity Group	Activity	Funding of Operating Expenditure				Funding of Capital Expenditure	Catchment(s)**	Detail and Rationale
		General Rates (including UAGC)	Targeted Rates	Fees and Charges	Grants Subsidies and other Funding Sources			
Community Services	Community Assistance (includes: Grants and Donations, Work Schemes)	High	Low		Med/Low	General rate, Targeted rates, Borrowing, Asset Sales, Depreciation, Reserves, Other Sources.	District	District Grants are funded via General rate (high) in recognition of the broad public benefits provided. Local Grants are funded via Targeted Local Rates (low). All in the District benefit from Council providing this activity as it contributes to the social and economic well-being of our communities. Grants subsidies and other funding Sources - (med/low). Funding is sourced from the users of the work scheme service with some government grants provided. Capital expenditure relates to work schemes.
Community Services	Parks and Reserves	Low	High	Low		General Rate, Targeted Rates, Borrowing, Development and Financial Contributions, Grants and Subsidies, Reserves.	District, Area of Service	District reserves are funded from General Rate (low) in recognition of the district wide public benefits provided by these reserves. Targeted Local Rates - (high). Each community decides whether to charge their local rate on the basis of a fixed charge per rating unit or a rate in the dollar on land value.

Activity Group	Activity	Funding of Operating Expenditure				Funding of Capital Expenditure	Catchment(s)**	Detail and Rationale
		General Rates (including UAGC)	Targeted Rates	Fees and Charges	Grants Subsidies and other Funding Sources			
								Each community funds its own parks and reserves in recognition of the local benefit. Some limited user fees (low) are received from groups that occupy Council reserve.
Community Services	Cemeteries		Med	Med	Low	Targeted Rates, Borrowing, Financial Contributions, Grants and Subsidies, Reserves.	Area of Service	Targeted Local Rate (med). Each community decides whether to charge their local rate on the basis of a fixed charge per rating unit or a rate in the dollar on land value. This allocation recognises broader community benefits from having a local service. Fees and Charges (med) for the direct costs of burial and other associated costs through internment fees. This recognises the private benefit to the users of these facilities. Grants and Subsidies (low) may be received from time to time and used for this activity.
Community Services	Community Facilities (includes: Council Buildings, Community Centres, and Water Structures)	Low	Med	Med	Low	General and Targeted Rates, Borrowing, Grants and Subsidies, Reserves.	District for Council Facilities/ buildings and Area of Service for Community Centres.	Council Facilities/Buildings are funded via General rate (low) recognising the district functions performed by Council. Community Centres funded via Targeted Rate (med) recognising the benefit to local communities.

Activity Group	Activity	Funding of Operating Expenditure				Funding of Capital Expenditure	Catchment(s)**	Detail and Rationale
		General Rates (including UAGC)	Targeted Rates	Fees and Charges	Grants Subsidies and other Funding Sources			
								<p>Fees and Charges - (med) are received from users of the facilities in the form of rental charges</p> <p>Grants and Subsidies (low) may be received from time to time and used for this activity.</p>
Community Services	Community Housing	Low		High		General Rate, Borrowing, Asset Sales, Grants and Subsidies, Reserves.	District	<p>General rate - (low) in recognition of broader social benefits associated with this activity.</p> <p>Fees and Charges - (high) for direct operating costs funded from tenant rent. These recognise the private benefit provided to tenants.</p>
Community Services	Library Services	High		Low	Low	General Rate, Borrowing, Asset Sales, Reserves.	District	<p>General Rate (high)</p> <p>This reflects that this service provides a benefit that is available to all ratepayers.</p> <p>Fees and Charges - (low) Service fees for library activities.</p> <p>Other funding (low) includes fines for late return and contributions to library activities.</p>
Community Services	Public Toilets	High		Low		General Rate, Depreciation, Borrowing, Grants and Subsidies, Reserves.	District	<p>General Rate (high) reflecting the widespread public benefits associated with this activity.</p>

Activity Group	Activity	Funding of Operating Expenditure				Funding of Capital Expenditure	Catchment(s)**	Detail and Rationale
		General Rates (including UAGC)	Targeted Rates	Fees and Charges	Grants Subsidies and other Funding Sources			
								Fees and Charges - (low) charges for maintenance of high level of service facilities.
Community Services	Airports		High	Low		Targeted Rate, Borrowing, Reserves.	Area of Service	Local Targeted rate fixed charge per rating unit - (area of service) - (high) recognising that the economic benefits primarily flow to the local community. Fees and Charges - (low) operating costs aim to be funded via user charges given that they are readily identifiable.
Community Services	Electricity Supply (SIESA)			High		Borrowing, Asset Sales, Reserves.	Area of Service	Fees and Charges - (high). Electricity generation, distribution, general operations and maintenance are recovered through user pay fees applicable to consumers who are using the supply.
District Leadership	Representation and Advocacy	High	Low		Low	General Rate, Borrowing, Asset Sales, Depreciation, Reserves.	District	General Rate (high). All in the District benefit from Council providing this activity and have the opportunity to contact their local elected members and/or Council. Targeted Local Rate - (low). This is used to fund CDA and Community Board costs reflecting the local community benefit of these services. Other funding sources – (low) is from

Activity Group	Activity	Funding of Operating Expenditure				Funding of Capital Expenditure	Catchment(s)**	Detail and Rationale
		General Rates (including UAGC)	Targeted Rates	Fees and Charges	Grants Subsidies and other Funding Sources			
								professional services provided to external parties.
District Leadership	Community Futures (includes Community Partnerships, District Economic Development, Visitor Experiences, Stewart Island Visitors Levy, Museum Services)	High		Low	Low	Not applicable	District	General Rate (high) reflecting the public benefits that flow from this activity. Fees and charges – (low) are from the levy charged to visitors to Stewart Island. Other funding sources – (low) is from grants and subsidies.
District Leadership	District Support (includes: Customer service, Secretarial support for local communities)	High	Low		Low	General Rate, Targeted Rate, Borrowing, Asset Sales, Reserves.	District, Area of Service	General Rate (high) reflecting the desirability of Council providing a district wide customer service centre network. Set as a fixed charge plus rate in the dollar on capital value. All ratepayers benefit from this activity. Targeted Local Rate - (low) funds the costs of providing support to local Community Boards and CDAs. Other funding sources – (low) is from sundry rental income received across a number of local communities.

Activity Group	Activity	Funding of Operating Expenditure				Funding of Capital Expenditure	Catchment(s)**	Detail and Rationale
		General Rates (including UAGC)	Targeted Rates	Fees and Charges	Grants Subsidies and other Funding Sources			
District Leadership	Corporate Support (includes: Strategy, Communication and Engagement, People and Capability, Information Management, Finance)	High		Low		General Rate, Borrowing, Asset Sales, Depreciation, Reserves	District	General Rate - (high) reflecting the public benefits associated with this activity. Fees and charges – (low) are from rental fees and financial service cost recoveries.
District Leadership	Forestry				High	Borrowing, Asset Sales, Reserves.	District	Other funding – (high) is from proceeds from harvesting.
Emergency Management	Emergency Management Southland	High				Not applicable	District	General Rate (high). All people in the District derive a benefit from having appropriate emergency management capability in place.
Regulatory Services	Building Control (includes: Regulation of building work)	Low		High		General Rate, Asset Sales, Borrowing, Depreciation, Reserves.	District	General Rate - (low) This links the level of development of a property to its liability for the targeted rate. Fees and Charges - (high) are the main funding source for this activity reflecting that the users are readily identifiable.
Regulatory Services	Resource Management (includes: District Plan, Resource Consents)	High		Low		General Rate, Borrowing, Reserves.	District	General Rate - (high). All ratepayers benefit from this activity given the desirability of managing land use across the district.

Activity Group	Activity	Funding of Operating Expenditure				Funding of Capital Expenditure	Catchment(s)**	Detail and Rationale
		General Rates (including UAGC)	Targeted Rates	Fees and Charges	Grants Subsidies and other Funding Sources			
								Fees and Charges - (low) recognises that the users are readily identifiable.
Regulatory Services	Animal Control	Low		High	Low	General Rate, Fees and charges, Borrowing, Asset Sales, Depreciation, Reserves	District	General Rate - (low) - recognises the public benefit to all ratepayers. Fees and charges – (high) are applied to ensure that service users fund the majority of this service as they are readily identifiable. Other funding – (low) income is received from other sources (ie fines and grants/contributions).
Regulatory Services	Environmental Health (includes: Registration and inspection of licenced premises, noise control, liquor licensing, freedom camping)	Low		High		General Rate Borrowing, Asset Sales, Depreciation, Reserves	District	General Rate - (low) recognises that there is a level of public benefit to all ratepayers from having these activities managed. Fees and charges – (high) are applied to ensure that service users fund the majority of this service as they are readily identifiable.
Roads and Footpaths	Roads and Footpaths (Includes: Around the Mountains Cycle Trail)	Low	High		Low	Targeted Rates, Borrowing, Asset Sales, Development and Financial Contributions, Depreciation, Grants and Subsidies, Reserves.	District, Area of Service	General Rate - (low) recognises that there is a level of public benefit to all ratepayers from the Around the Mountain Cycle Trail. The General rate only funds the repayments of the loan associated with the capital cost of Stage One.

Activity Group	Activity	Funding of Operating Expenditure				Funding of Capital Expenditure	Catchment(s)**	Detail and Rationale
		General Rates (including UAGC)	Targeted Rates	Fees and Charges	Grants Subsidies and other Funding Sources			
								District Wide Targeted Rate - (high). Fixed charge per rating unit plus a differentiated rate in the dollar on capital value. The district wide rate recognises the public benefits associated with having a district wide transportation network that allows for development of the district as a whole. The differentiated targeted rate recognises the exacerbator costs created by heavy vehicles.
								<p>There are also local targeted rates charged to fund local roading activity (ie footpaths) which delivers benefits specific to those local communities.</p> <p>Other funding – (low) this activity attracts NZTA funding for roading maintenance and capital work.</p> <p>The funding policy for this activity is applied to the balance of the rating requirement, following the NZTA subsidy.</p>
Solid Waste	Solid Waste Management		High	Low	Low	Targeted Rates, Borrowing, Asset Sales, Grants and Subsidies,	Area of Service	Targeted Rate – (high) to fund solid waste and landfill rehabilitation costs given the public benefit of this aspect of the activity across the majority of the

Activity Group	Activity	Funding of Operating Expenditure				Funding of Capital Expenditure	Catchment(s)**	Detail and Rationale
		General Rates (including UAGC)	Targeted Rates	Fees and Charges	Grants Subsidies and other Funding Sources			
						Depreciation, Reserves.		district (excluding Stewart Island). In addition there is a targeted rate based on supply of service for bins as the users are readily identifiable. Fixed charge per bin. User charges - (low) collected via transfer stations as users are readily identifiable. Other funding – (low) collected from grants and subsidies.
Stormwater	Stormwater		High			Targeted Rates, Borrowing, Depreciation, Reserves.	Area of Service	Local Targeted Rate – (high) reflecting that the benefits are primarily derived by the local communities in which the schemes are located. This activity does not have its own rate but is collected as part of the Community Board and Community Development Area Rates as it is not economic to collect as a separate rate.
Wastewater	Wastewater		High		Low	Targeted Rates, Lump Sum contributions, Borrowing, Asset Sales, Development Contributions, Depreciation, Reserves.	Area of Service (scheme)	District-wide Targeted Rate – (high) for operating expenditure reflecting the benefits that those connected or able to connect receive from the service provided. Local Targeted rates for capital costs funded via lump sum contributions reflecting the

Activity Group	Activity	Funding of Operating Expenditure				Funding of Capital Expenditure	Catchment(s)**	Detail and Rationale
		General Rates (including UAGC)	Targeted Rates	Fees and Charges	Grants Subsidies and other Funding Sources			
								benefit that those connected or able to connect receive. Local Targeted Rate for septic tank cleaning reflecting that the beneficiaries of this service are easily identified. All rates fixed charged per unit of service. Rating units outside of the range of reticulation networks or septic tank area of service are not charged these rates. This enables the costs to be passed onto the ratepayers that benefit from the activity. Other funding – (low) is from rentals associated with this activity.
Water Supply	Water Supply		High			Targeted Rates, Lump Sum Contributions, Borrowing, Asset Sales, Development Contributions, Depreciation, Reserves,	Area of Service (Scheme)	District-wide Targeted Rate – (high) for operating expenditure reflecting that those connected or able to connect directly benefit from the service being provided by Council. Some water supplies are metred. Some water charging is via a direct contractual arrangement with the user.

* There is a variety of Targeted Rates

** Unless otherwise stated, Development Contribution catchments are the same as the capital expenditure catchments indicated in the table

Explanatory Note:

Separately Used or Inhabited Part (SUIP)

A Separately Used or Inhabited Part of a rating unit includes any portion inhabited or used by the owner/a person other than the owner, and who has the right to use or inhabit that portion by virtue of a tenancy, lease, licence, or other agreement. Examples of a SUIP are listed below: For the purposes of this definition, vacant land is not a SUIP.

Background

Under the Local Government (Rating) Act 2002 charging Separately Used or Inhabited Parts of a Rating Unit is an option for both a Uniform Annual General Charge and for targeted rates. The following are examples of where, under the Council's definition of a SUIP, there may be application of multiple charges for Separately Used or Inhabited Parts of a Rating Unit:

- single dwelling with a flat attached
- two or more houses, flats or apartments on one Certificate of Title (Rating Unit)
- business premise with flat above
- commercial building leased to multiple tenants.
- farm property with more than one dwelling.

3 Roles and Responsibilities

Party/Parties	Roles and Responsibilities
Chief Financial Officer	Ensure compliance with the Revenue and Financing Policy.
Finance Manager	Implement and monitor the Revenue and Financing Policy in relation to Rating and other Funding.

4 Associated Documents

- Local Government Act (2002).
- Local Government (Rating) Act (2002).
- Development and Financial Contributions Policy (r/17/10/24438).

5 Revision Record

The Revenue and Financing Policy will be reviewed three yearly as part of the Long Term Plan process.

Date	Version	Revision Description
23 November 2017	Version 1	Draft version for Council review
13 December 2017	Version 2	Final Draft version for Council to approve for public consultation
9 February 2018	Version 3	Final draft amended as requested by Audit NZ
2 May 2018	Version 4	Final Draft incorporating amendments from submissions
20 June	Final	Adopted by Council



Funding of Stewart Island Jetties (part of the Council's Water Facilities activity)

An overview of the funding considerations

Through its Revenue and Financing Policy (RFP), Council determines how it will fund each of its activities from the range of available funding tools. In developing its policy, Council must consider for each activity:

- council's objectives/outcomes and how funding supports them
- the distribution of benefits between community as a whole, identifiable parts and individuals
- the period over which benefits occur
- the extent to which the actions or inaction of some contribute to the need for the activity/expenditure
- the costs/benefits of funding separately for transparency and accountability

Council must then consider the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community. In doing this Council considers the affordability of its proposals and may make adjustments to its funding approaches as a result.

Council is required to review this policy as part of each Long Term Plan (LTP) and as such is currently completing this exercise for consultation ahead of the 2021 LTP.

In February 2020 Council received a report on the Stewart Island Rakiura Service Sustainability Study which contained a number of recommendations which were endorsed by Council that relate specifically to the RFP and funding of Stewart Island/Rakiura jetties.

The report identified that Council faces a number of service sustainability challenges in providing and funding the delivery of services, particularly local activities, to the Stewart Island/Rakiura community.

The study identified the need for further work to be progressed including:

- a review of the specific services, particularly SIESA and jetties that have specific funding challenges under the current funding regime
- a review of the quantum and policy upon which the visitor levy is collected and distributed
- a review of whether there are alternative revenue stream options (e.g. grants and increased user fees) available to assist with funding some activities
- a review of the way in which different activities are funded as part of the Revenue and Financing Policy review process.

The February report identified that as part of the review of the RFP, Council should have regard to the particular challenges relating to the delivery of services on Stewart Island/Rakiura as it considers the options available for the funding of each of its activities, including:

- considering the relative merits of a mix of District and local funding for each activity including jetties and SIESA
- a review of the distribution of benefits for locally funded activities and the extent to which activities such as jetties might have a broader public good through, for example, the provision of access
- consideration of the extent to which other external funding sources, including government grants, Environment Southland marine levy and the visitor levy might constitute appropriate funding tools for some activities.

Staff held a workshop with the Stewart Island Community Board to discuss the review of the policy. As part of the workshop, members discussed funding of Stewart Island Jetties and provided feedback to staff about their view on the distribution of benefits that jetties have in order to inform the thinking of how the jetties should be funded.

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The board advised that the jetties have a mix of benefits and staff have used these as a basis to define the public good and private benefits of the activity (largely access and economic benefit) as follows:

- Public good:
 - jetties are critical infrastructure like roads that link the various parts of the island as well as the island with the rest of New Zealand for both local residents (some of whom depend on jetties for access to their residence), businesses and visitors
 - jetties enable people from the wider Southland area and national/international visitors to access different parts of the island for recreation (boating/tramping/hunting) and to appreciate the conservation estate with flow-on social, cultural and economic benefits
 - as an important tourism destination in New Zealand, Stewart Island/Rakiura attracts a range of visitors to the southern part of New Zealand and likely results in visitors travelling to other parts of the Southland region providing flow-on economic benefits
 - jetties enable staff to access the conservation estate to carry out conservation activities which ultimately provides wider environmental benefits
 - it is difficult to exclude people from using jetties (noting that in the majority of cases users must have access to a boat).
- Private good:
 - jetties provide a direct benefit for commercial users who operate businesses transporting visitors and goods/services around the island as well as businesses who use the jetties for their workers to access locations for their work (e.g. fishing/aquaculture)
 - there is a limit to the number of boats/users who can physically use a single jetty at any one time which indicates that jetty's have an aspect of private benefit.

At the June workshop the board talked about their assessment of the benefit (discussed above) as well as their assessment of affordability given the potential for increased costs to place large and unaffordable burden on local community (given small number of residents and commercial users). Their concern was that the increased costs were likely to make the activity financially unsustainable given the current reliance on commercial user fees with some local rate input. In considering the importance that the community placed on the retention of jetties during consultation, they indicated that they would like Council to consider providing funding from a district rate (in addition to a local community board rate) to assist them with the cost of operating and renewing jetties on the Island when the RFP and LTP are being reviewed.

The board suggested that costs be funded as follows:

FUNDING SOURCE	OPEX	CAPEX (RENEWAL PROJECTS)
Licence fees	80%	
Local Community Board Rate	10%	
District Rate	10%	0-100%
Grants/SI Visitor Levy		0-50%

At its workshops in July and August 2020 initial discussions were held with Council about funding sources for the activity and providing district rate input with some support for this. Council requested that staff work through a principles based approach around benefit at a more detailed level to help inform their thinking about an appropriate level of funding from the various sources (including district rates).

This was discussed at the Community Board workshop in September 2020. When discussing the benefits of each jetty, the board indicated that the users were as follows:

Use / Direct Benefit				
Funding Source	Recreational users		Commercial users (Real Journeys/Water Taxis) + DOC	
	Others	SI residents		
Port William	85%		15%	High usage (oyster season)
Ulva Island	10%		90%	High usage
Little Glory	30%		70%	High usage
Freds Camp	20%		80%	Low usage
Millers Beach	70%	10%	20%	Low usage (higher at Christmas/holidays)
Overall	43%	2%	55%	

The board also commented that the ongoing need for any district funding may be reduced if the Council used district funds to upgrade the jetties to an acceptable standard now (noting some are in very poor condition) with the ongoing maintenance and renewal then able to be fully funded from other sources. The board also noted that visitor levy funding is not a reliable funding source and user pays is variable.

Following this workshop, staff developed an overall funding proposal for consideration by Council based on the benefit/affordability considerations detailed earlier in the report and taking into account the usage information and earlier funding suggestions made by the board as well as wharf usage feedback contained in the 2017 Community Engagement report.

The resulting approach proposed in the table was considered during the Council workshop in September 2020. Council generally supported this for inclusion in the draft RFP for consultation, noting that the decision on the specific level of funding from rates/grants/fees (incorporating the charging mechanism) will need to be considered further as part of the budget finalisation for the LTP 2021-2031.

The full draft Revenue and Financial Policy incorporates this approach and details the Council's consideration of the section 101(3) principles for the Stewart Island Jetties as part of the Water Structures activity.

Proposed Draft Revenue and Financing Policy 2021-2031 funding approach – Stewart Island Jetties

PROPOSED FUNDING SOURCE	CURRENT FUNDING	PROPOSED FUNDING	APPLIED TO
Local Targeted Rate	0%	0-10%	Stewart Island/Rakiura Community Board ratepayers
Fees and Charges	100%	60%-70%	Commercial wharf/jetty users
Grants and subsidies	None fixed	0-20%	Visitor levy (subject to discussions) or from other sources
General Rate	0%	0-30%	Ratepayers in Southland District



2020 Rating Review - Options

Rates Modelling Tables

The tables on the following pages show the impact of the different approaches on rates in the various Community Board areas and across the district using the 2020/2021 Annual Plan budget information. This information represents the other approaches considered by Council as part of the rating review.

- The Council's preferred option is shaded in red with white writing e.g. **\$xxx**
- Column **A** (yellow) shows current rates for the activity for the properties in each CB/CDA area and what the rate would be if the existing rates were combined across the new community board area and the district (bottom row)
- Column **B** (grey) shows what the rate would be if the costs were shared out evenly amongst all properties in the new community board area or across the district (bottom row)
- Column **C** (pink) shows what the rate would be if the costs were shared out evenly amongst urban properties only in the new community board area or across the district (bottom row)
- Column **D** (green) shows what the rate would be if the costs were shared out using a differential for all urban (RIGHT) and rural (LEFT) properties in the new board community area or across the district (bottom row).

The bottom row shows what the rate would be if it was collected across all properties in the district (district-wide rate or funded through the General rate).

The highlighted rows within the table are what the rate would be if it was collected across all properties in the new community board area as a new community board rate to replace the existing CB/CDA/Ward rates.

Table 1: Stormwater Rate Modelling Options

New CB Area	CB / CDA Area	(A)	(B)	(C)	(D)	
		Current Approach Current share of local CB/CDA area (fixed for stormwater)	Flat across new CB New community board (fixed charge, urban & rural)	Urban/serviced only Revised new urban boundary (fixed charge)	Differential – Urban/Serviced vs Rural/Unserviced New rural boundary share (fixed charge) (0.25)	New urban share (fixed charge) (1.00)
	Balfour	\$54		\$61	\$10	\$39
	Riversdale	\$25		\$25	\$5	\$21
	Waikaia	\$36		\$37	\$7	\$29
Ardlussa Community Board Rate		\$34	\$17	\$35	\$7	\$27
	Manapouri	\$90		\$90		
	Te Anau	\$24		\$27		
Fiordland Community Board Rate		\$28	\$28	\$34	\$8	\$33
	Athol	\$0		\$0		
	Garston	\$0		\$0		
	Lumsden	\$37		\$43		
	Mossburn	\$40		\$41		
Northern Community Board Rate		\$29	\$18	\$36	\$7	\$29
	Colac Bay	\$7		\$8		
	Riverton	\$72		\$78		
	Thornbury	\$0		\$0		
Oraka Aparima Community Board Rate		\$64	\$51	\$69	\$16	\$63
	Browns	\$46		\$41		
	Dipton	\$26		\$162		
	Limehills	\$52		\$112		
	Wallacetown	\$25		\$38		
	Winton	\$71		\$97		
Oreti Community Board Rate		\$58	\$39	\$88	\$17	\$67
	Stewart Island / Rakiura	\$41		\$42		
Stewart Island / Rakiura Community Board Rate		\$41	\$41	\$42	\$10	\$41
	Orepuki	\$12		\$16		
	Tuatapere	\$37		\$52		
Tuatapere Te Waewae Community Board Rate		\$20	\$18	\$46	\$8	\$33
	Edendale - Wyndham	\$24		\$47		
	Gorge Road	\$0		\$0		
	Tokanui	\$45		\$46		
	Woodlands	\$15		\$15		
Waihopai Toetoe Community Board Rate		\$21	\$11	\$43	\$6	\$25
	Drummond	\$0		\$0		
	Nightcaps	\$108		\$112		
	Ohai	\$97		\$99		
	Otautau	\$46		\$65		
Wallace Takitimu Community Board Rate		\$66	\$47	\$82	\$17	\$69
District Wide	Total	\$42	\$31	\$56	\$12	\$46

Table 2: New Community Board Rate Modelling Options (Parks, Playgrounds, Footpaths, Ward Costs) with combined impact of local representation, cemeteries and litter bin activities being funded from the General rate and Stormwater funded as a separate District-wide rate

New CB Area	CB / CDA Area	(A) Current Approach	(B) Flat across new CB	(C) Urban/serviced only	(D) Differential – Urban/Serviced vs Rural/Unserviced	
		Current local CB/CDA area rated (fixed rate)	New community board (fixed charge, urban & rural)	Revised new urban boundary (fixed charge)	New rural boundary share (fixed charge) (0.25)	New urban share (fixed charge) (1.00)
	Balfour	\$217		\$206		\$131
	Riversdale	\$163		\$136		\$113
	Waikaia	\$146		\$133		\$105
Ardlussa Community Board Rate		\$167	\$68	\$146	\$28	\$114
	Manapouri			\$167		
	Te Anau			\$229		
Fiordland Community Board Rate		\$235	\$180	\$222	\$52	\$210
	Athol			\$153		
	Garston			\$1,552		
	Lumsden			\$229		
	Mossburn			\$272		
Northern Community Board Rate		\$248	\$133	\$258	\$52	\$209
	Colac Bay			\$137		
	Riverton			\$228		
	Thornbury			\$423		
Oraka Aparima Community Board Rate		\$270	\$167	\$226	\$52	\$208
	Browns			\$311		
	Dipton			\$376		
	Limehills			\$120		
	Wallacetown			\$178		
	Winton			\$185		
Oreti Community Board Rate		\$192	\$84	\$188	\$36	\$143
	Stewart Island / Rakiura			\$148		
Stewart Island / Rakiura Community Board Rate		\$231	\$145	\$148	\$37	\$147
	Orepuki			\$219		
	Tuatapere			\$263		
Tuatapere Te Waewae Community Board Rate		\$118	\$100	\$255	\$46	\$183
	Edendale - Wyndham			\$312		
	Gorge Road			\$780		
	Tokanui			\$400		
	Woodlands			\$228		
Waihopai Toetoe Community Board Rate		\$147	\$84	\$324	\$47	\$189
	Drummond			\$265		
	Nightcaps			\$98		
	Ohai			\$207		
	Otautau			\$355		
Wallace Takitimu Community Board Rate		\$254	\$146	\$255	\$54	\$215
District Wide	Total	\$211	\$122	\$223	\$46	\$184

Table 3: Local representation / elected members options

		(A) Current Approach	(B) Flat across new CB	(C) Urban/serviced only	(D) Differential – Urban vs Rural	
		Current local CB/CDA area (fixed) for remuneration	New community board (fixed U+R)	Revised new urban boundary (fixed)	New rural boundary share (fixed 0.25)	New urban share (fixed 1.0))
Ardlussa Community Board Rate		\$53	\$26	\$55	\$11	\$43
Fiordland Community Board Rate		\$11	\$11	\$14	\$3	\$13
Northern Community Board Rate		\$41	\$29	\$61	\$12	\$47
Oraka Aparima Community Board Rate		\$19	\$16	\$21	\$5	\$20
Oreti Community Board Rate		\$17	\$12	\$26	\$5	\$20
Stewart Island / Rakiura Community Board Rate		\$28	\$28	\$29	\$7	\$28
Tuatapere Te Waewae Community Board Rate		\$29	\$26	\$66	\$12	\$48
Waihopai Toetoe Community Board Rate		\$28	\$14	\$56	\$8	\$33
Wallace Takitimu Community Board Rate		\$29	\$21	\$38	\$8	\$32
District Wide	Total	\$22	\$17	\$31	\$6	\$25

Table 4: Cemetery options

New CB Area	Township	(A) Current Approach Current local CB/CDA area (fixed) for cemeteries	(B) Flat across new CB New community board (fixed U+R)	(C) Urban/service d only Revised new urban boundary (fixed)	(D) Differential – Urban vs Rural New rural boundary share (fixed 0.25) New urban share (fixed 1.0)	
	Balfour	\$0		\$0		
	Riversdale	\$0		\$0		
	Waikaia	\$3		\$3		
Ardlussa Community Board Rate		\$1	\$1	\$1	\$1	\$0
	Manapouri	\$0		\$0		
	Te Anau	\$1		\$1		
Fiordland Community Board Rate		\$1	\$1	\$1	\$1	\$0
	Athol	\$6		\$7		
	Garston	\$0		\$0		
	Lumsden	\$13		\$15		
	Mossburn	\$7		\$7		
Northern Community Board Rate		\$9	\$9	\$6	\$12	\$2
	Colac Bay	\$0		\$0		
	Riverton	\$13		\$14		
	Thornbury	\$0		\$0		
Oraka Aparima Community Board Rate		\$11	\$11	\$9	\$12	\$3
	Browns	\$0		\$0		
	Dipton	\$16		\$99		
	Limehills	\$0		\$0		
	Wallacetown	\$6		\$10		
	Winton	\$5		\$7		
Oreti Community Board Rate		\$6	\$6	\$4	\$9	\$2
	Stewart Island / Rakiura	\$23		\$23		
Stewart Island / Rakiura Community Board Rate		\$23	\$23	\$22	\$23	\$6
	Orepuki	\$0		\$0		
	Tuatapere	\$0		\$0		
Tuatapere Te Waewae Community Board Rate		\$0	\$0	\$0	\$0	\$0
	Edendale - Wyndham	\$9		\$18		
	Gorge Road	\$0		\$0		
	Tokanui	\$0		\$0		
	Woodlands	\$96		\$96		
Waihopai Toetoe Community Board Rate		\$12	\$12	\$6	\$24	\$3
	Drummond	\$0		\$0		
	Nightcaps	\$0		\$0		
	Ohai	\$0		\$0		
	Otautau	\$17		\$24		
Wallace Takitimu Community Board Rate		\$10	\$10	\$7	\$12	\$3
District Wide	Total	\$7	\$5	\$9	\$2	\$7

Table 5: Litter Bins options

New CB Area	Township	(A) Current Approach Current local CB/CDA area (fixed) for cemeteries	(B) Flat across new CB New community board (fixed U+R)	(C) Urban/service d only Revised new urban boundary (fixed)	(D) Differential – Urban vs Rural New rural boundary share (fixed 0.25) New urban share (fixed 1.0)	
	Balfour	\$12		\$14		
	Riversdale	\$22		\$22		
	Waikaia	\$0		\$0		
Ardlussa Community Board Rate		\$12	\$6	\$13	\$2	\$10
	Manapouri	\$52		\$52		
	Te Anau	\$28		\$31		
Fiordland Community Board Rate		\$28	\$28	\$34	\$8	\$32
	Athol	\$0		\$0		
	Garston	\$0		\$0		
	Lumsden	\$100		\$116		
	Mossburn	\$121		\$124		
Northern Community Board Rate		\$80	\$51	\$99	\$20	\$80
	Colac Bay	\$51		\$53		
	Riverton	\$21		\$23		
	Thornbury	\$36		\$34		
Oraka Aparima Community Board Rate		\$24	\$19	\$26	\$6	\$24
	Browns	\$0		\$0		
	Dipton	\$6		\$35		
	Limehills	\$0		\$0		
	Wallacetown	\$13		\$20		
	Winton	\$20		\$27		
Oreti Community Board Rate		\$16	\$11	\$25	\$5	\$19
	Stewart Island / Rakiura	\$1		\$1		
Stewart Island / Rakiura Community Board Rate		\$1	\$1	\$1	\$0	\$1
	Orepuki	\$36		\$46		
	Tuatapere	\$16		\$23		
Tuatapere Te Waewae Community Board Rate		\$12	\$12	\$34	\$6	\$23
	Edendale - Wyndham	\$8		\$16		
	Gorge Road	\$0		\$0		
	Tokanui	\$14		\$14		
	Woodlands	\$22		\$22		
Waihopai Toetoe Community Board Rate		\$8	\$4	\$16	\$2	\$9
	Drummond	\$11		\$18		
	Nightcaps	\$30		\$31		
	Ohai	\$29		\$29		
	Otautau	\$18		\$25		
Wallace Takitimu Community Board Rate		\$22	\$1	\$27	\$6	\$23
District Wide	Total	\$22	\$17	\$30	\$6	\$24

Integrated management under the National Policy Statement for Freshwater Management

Record No: R/20/10/60481

Author: Olivia Stirling, Graduate Resource Management Planner

Approved by: Fran Mikulicic, Group Manager Environmental Services

☒ Decision

☐ Recommendation

☐ Information

Purpose

- 1 The purpose of this report is to provide an update on the implications that the National Policy Statement for Freshwater Management 2020 (NPS-FM 2020) will have on Southland District Council planning documents. This report relates only to the NPS-FM 2020 and has not considered the implications resulting from the Resource Management (National Environmental Standards for Freshwater) Regulations 2020 (Freshwater NES).

Executive Summary

- 2 The NPS-FM 2020 came into effect on 3 September 2020 to replace the amended 2014 NPS-FM (2017) after a period of consultation, and was introduced as part of an Essential Freshwater package.
- 3 Whilst the NPS-FM 2020 predominantly impacts the regional councils' resource management documents, there will be implications for the Southland District Plan 2018.
- 4 The Southland District Plan 2018 will need to be reviewed which will necessitate time, finances, staff resource and public consultation. There is an evident governmental push for integrated management through this legislation, which will impact the relationship between Environment Southland and Southland District Council.

Recommendation

That the Council:

- a) **Receives the report titled “Integrated management under the National Policy Statement for Freshwater Management ” dated 14 October 2020.**
- b) **Determines that this matter or decision be recognised not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Agrees to endorse that Southland District Council staff meet regularly with Environment Southland to discuss how the national direction towards further integrating the resource management system might impact the Southland region.**
- e) **Agrees to schedule the review of land use activity and urban development into the 5 year Southland District Plan review programme. Specifically relating to how activities will impact water quality, quantity, habitat, aquatic life and ecological processes.**
- f) **Notes that increased resource, finance and community engagement will be required for plan review and implementation.**
- g) **Agrees to discuss relevant plan changes and implementation methods with Environment Southland at an early stage to prevent policy duplication and public confusion.**
- h) **Agrees to prioritise resources to enable the review of how the Southland District Council three waters services will be impacted by the National Policy Statement for Freshwater Management 2020 and assesses any complications resulting from intensified monitoring and implementation requirements resulting from the National Policy Statement for Freshwater Management 2020.**

Background

- 5 The principal legislation for water governance in New Zealand is the Resource Management Act 1991. National Policy Statements (NPS) are instruments under sections 45 to 55 of the Resource Management Act 1991 that identify matters of national significance and provide national direction for local authorities. In 2018, freshwater degradation was identified as one of New Zealand’s leading environmental concerns. The implementation of the NPS-FM 2020 was a central government response to this concern.
- 6 The Southland Regional Policy Statement 2017 presently outlines Southland District Council’s obligations for water quality. These requirements are reflected through the Southland District

Plan 2018 which addresses water quality through stormwater, drinking water and wastewater (three waters), land use activity including earthworks and subdivisions.

- 7 Given that Environment Southland holds significant knowledge in the freshwater space it would make sense for them to work with Southland District Council to create an integrated approach to implementing the NPS-FM 2020. Southland District Council have had initial discussions with Environment Southland regarding the implementation of the Freshwater NES and the NPS-FM 2020, they have not raised any specific matters at this stage. However, given the very recent nature of the policy release Environment Southland are still grappling with the potential implications themselves.
- 8 The fundamental concept of the NPS-FM 2020 is Te Mana o te Wai, which is an integrated management approach that considers the health and well-being of water, the ecosystem and the surrounding land. Integrated water resource management creates an opportunity for collaboration with iwi, gives effect to the Māori holistic view on the environment and is an effective method for managing freshwater outcomes. It is evident that the framework of the resource management system in New Zealand will become further integrated.
- 9 Three primary objectives are set out in a hierarchal structure in the NPS-FM 2020 which regional and territorial authorities are required to implement to give effect to Te Mana o te Wai: firstly, the holistic wellbeing of freshwater ecosystems, and water bodies, secondly, human needs including drinking water and thirdly, the use of water bodies for the social, cultural and economic needs of communities in the short and long term.

Issues

- 10 The district plan review process will be complicated as the NPS-FM 2020 has not defined land use activity and urban development. Determining if the scope for land use activity and urban development in the Southland District Plan 2018 has changed through the implementation of the NPS-FM 2020 is, therefore, up to interpretation.
- 11 The integrated management approach introduced by the NPS-FM 2020, may consequently confuse implementation at a local level as both Southland District Council and Environment Southland will have a role in water quality outcomes. As Southland District Council and Environment Southland resource management documents are both required to be consistent with the NPS-FM 2020, duplication of policy is possible (see table in PowerPoint presentation).
- 12 The NPS-FM 2020 will create implications for Southland District Council's reticulated three waters systems through more extensive consenting, reporting and implementation requirements.

Factors to Consider

Legal and Statutory Requirements

- 13 The NPS-FM 2020 states that every local authority must give effect to the National Policy Statement as soon as reasonably practicable. To meet legislative requirements, water quality outcomes in the Southland District Plan 2018 need to be reviewed and evaluated. This is to ensure that the current policies, objectives and methods relating to land use and urban development give effect to Te Mana o te Wai and biophysical components including water quality, quantity, habitat, aquatic life and ecological process.

- 14 Southland District Council will have consultation requirements with tangata whenua and communities for the implementation of the NPS-FM 2020.

Community Views

- 15 Deep concerns have been expressed in the rural Southland community regarding the impacts of the Essential Freshwater Package including the NES-FM 2020 and the NPS-FM 2020. Although, the community are passionate about good freshwater outcomes, changes to policies, objectives and methods relating to land use activity and urban development can be a sensitive topic where private property is involved.

Costs and Funding

- 16 Work quantifying the level of investment in resource management policy has been initiated and is part of the discussions around the Long Term Planning for this area.

Policy Implications

- 17 The NPS-FM 2020 does not define land use and development. There is more scope for Southland District Council to address effects on freshwater quality and surrounding environments resulting from land use and development activities in the Southland District Plan 2018.
- 18 As the Southland District Council and Environment Southland resource management documents are both required to be consistent with the NPS-FM 2020, duplication of policy is possible.

Analysis

Options Considered

- 19 The options considered are to schedule this work against the existing priorities of the resource management policy team alongside or after the landscapes and biodiversity policy work has progressed sufficiently, or to secure additional resources, or to work collaboratively with Environment Southland and draft provisions within planning documents that are consistent across Southland.

Option 1 – To schedule this work against the existing priorities of the resource management policy team, alongside or after the landscapes and biodiversity policy work has progressed sufficiently

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Eventually meet legislative requirements and achieve national freshwater outcomes.• Prioritisation allows important policy work to be progressed that predominantly impacts Council's legislative requirements and the needs of the community.• Policy staff can focus their time and resource into already established projects to progress them prior to starting work on freshwater legislation.	<ul style="list-style-type: none">• The work will need to be prioritised against landscapes and biodiversity policy work.• There will be a period where planning documents may not meet legislative requirements relating to freshwater management.• Not meeting national legislative requirements in a timely manner.• Could impact the ability to proactively address integrated management.

Option 2 – To secure additional resources to undertake the work

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Shows Council's commitment to freshwater outcomes and integrated management.• Meet freshwater legislative requirements and freshwater outcomes.• Enable the strengthening of relationships with Environment Southland and the community.• Work on the NPS-FM 2020 will be completed in a timely manner.	<ul style="list-style-type: none">• Additional staff resource and finance will be required for the ongoing review and implementation of freshwater outcomes.

Option 3 – Work collaboratively with Environment Southland and to draft provisions within planning documents that are consistent across Southland.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Addressing freshwater outcomes to meet legislative requirements.• Collaboratively work with communities and join resources.• A proactive approach to give effect to integrated management and recognise the national direction towards an integrated management resource management system, as identified in the Resource Management Act Randerson report.	<ul style="list-style-type: none">• Additional resource may be required.

Assessment of Significance

- 20 As per the recommendations above, this matter is not considered significant in terms of the relevant criteria of the Local Government 2002.

Recommended Option

- 21 Option 3 – Council supports working collaboratively with Environment Southland and to draft of provisions within planning documents that are consistent across Southland. This option allows integrated management work to be undertaken in a timely manner whilst ensuring that existing policy priorities are maintained.

Next Steps

- 22 The Essential Freshwater Package requires immediate action from Councils. Staff will provide regular updates as part of the policy reporting cycle on how the review of the NPS-FM 2020 impacts Southland District Council planning documents. Once staff have undertaken further analysis a workshop will be held with elected representatives focusing on options and solutions to the changes ahead.

Attachments

- A Discussion Document - Implementation of the National Policy Statement for Freshwater Management 2020 [↓](#)

Discussion document on the implementation of the National Policy Statement for Freshwater Management 2020

Olivia Stirling

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1. Introduction

This report prepared for the Southland District Council (SDC), details the implications that the National Policy Statement for Freshwater Management (NPS-FM) 2020 will have on the Southland Regional Council (Environment Southland) and SDC. It draws on the Southland Regional Policy Statement 2017, the Proposed Southland Water and Land Plan 2020, the operative Southland Water Plan 2010 and the Southland District Plan 2018.

Plentiful, clean water is one of New Zealand's greatest economic assets, is a key part of New Zealand's environmental identity, and contributes to the livelihood of residents (Dingfelder, 2016). The cultural significance of water in New Zealand is demonstrated by Māori and their belief that water is taonga a treasured possession. As freshwater has national significance, the NPS-FM 2020 is framed to provide direction for local governments on how to manage freshwater (Ministry for the Environment, 2020a). It is a legislative requirement under the Resource Management Act 1991 (RMA), that regional and territorial authorities (city and district councils) give effect to the NPS-FM 2020 through their planning documents. However, the implementation of the NPS-FM 2020 has implications for Environment Southland. The Proposed Southland Water and Land Plan 2020 is presently in the formal plan change process and has not been given legal effect to yet in full. The NPS-FM 2020 introduces intensive monitoring and baseline requirements that are not provided for in the Proposed Southland Water and Land Plan 2020, which will delay the plan change process and subsequently affect ratepayers, Southland communities and risk freshwater initiatives that have been implemented to improve the water quality in Southland. As freshwater management has previously primarily been a regional council responsibility, the NPS-FM 2020 has implications for SDC. To meet the legislative requirements the District Plan will need to be reviewed which will necessitate resources and finances as land use activity will have more scope. There is an evident governmental push for integrated management through this legislation, which will impact the relationship between Environment Southland and SDC and will cause duplication of policy and community confusion if plan changes are not discussed at an early stage.

2 Background

2.1 The requirement for freshwater national direction

Agricultural intensification and urban sprawl have contributed to the diminishing quality of water in New Zealand throughout recent decades (Larned et al., 2016). In Southland between 1990 and 1999, the number of dairy cattle rapidly increased from 38,000 to 233,000 (Hamill & McBride, 2003). This has implications for freshwater as nitrate leaching is much greater in dairy pasture than sheep or

deer pasture, resulting in polluted groundwater, rivers, streams, lakes and wetlands (Monaghan et al., 2010). Between 2001 and 2016, Southland lost a minimum of 214 wetlands (approximately 1,247 hectares) resulting from climate change and agricultural activity (Belliss, Shepherd, Newsome, & Dymond, 2017). Additionally, monitoring by Environment Southland shows that Southland's lowland waterways are degrading from intensive agricultural use (Monaghan et al., 2007).

2.2 Water management within New Zealand's current institutional arrangements

The management of water at a river basin level has been applied internationally to resolve water problems through the concept of Integrated Water Resource Management (IWRM) (Davis & Threlfall, 2006). IWRM recognises the interconnectivity between land use, water use and nature, whilst promoting the management of water through integrated governance systems (Molle, 2008). In 1989, New Zealand used an IWRM method to restructure the water and regulatory governance institutions at a local level to accommodate the boundaries of natural catchments in the local government reforms (Davis & Threlfall, 2006). Environment Southland was one of the 11 regional councils that were created over this period and is structured around four catchments: the Aparima, Oreti, Waiau and Maitai.

The Local Government Act 2002 (LGA) provides the legislative framework for councils in New Zealand (Smith & Crawford, 2020). In general terms, the role of district councils is to regulate and control the effects of land use activity on the environment, whereas, the primary role of regional councils is to manage natural and physical resources, public transport and co-ordinate emergency response management (McNeill, 2011).

The institutional arrangement for water governance is complicated in New Zealand as it encompasses multiple governmental agencies and policies (Eppel, 2014). However, the principal legislation for water governance is the Resource Management Act 1991 (RMA). The RMA has a hierarchical structure which is influenced by the Treaty of Waitangi (see Figure A1 for further detail). Under the RMA framework, planning documents in Southland are required to be consistent with Te Tangi a Taurua the Iwi Management Plan 2008, which represents Ngāi Tahu values, the Māori holistic view of the environment and environmental management issues (Environment Southland, 2020a).

2.3 The national direction for freshwater protection

National Policy Statements (NPS) are instruments under sections 45 to 55 of the RMA that identify matters of national significance and provide national direction for local authorities (Resource Management Act, 1991). In 2018, freshwater degradation was identified as one of New Zealand's leading environmental concerns (Statistics Zealand, 2019). The implementation of the NPS-FM 2020

was a political response to the concern, which came into effect on the 3 September 2020 to replace the amended 2014 NPS-FM (2017).

The fundamental concept of the NPS-FM 2020 is Te Mana o te Wai, which is an integrated management approach that considers the health and well-being of water, the ecosystem and the surrounding land (Aho, 2018). The concept refers to the importance of water bodies and recognises restoration, protection and preservation of water in New Zealand. Three primary objectives are set out in a hierarchical structure in the NPS-FM 2020 which regional and territorial authorities are required to implement to give effect to Te Mana o te Wai: firstly, the holistic wellbeing of freshwater ecosystems, and water bodies, secondly, human needs including drinking water and thirdly, the use of water bodies for the social, cultural, economic needs of communities in the short and long term (National Policy Statement for Freshwater Management, 2020).

Additionally, Te Mana o te Wai is required to be given effect to through the implementation of the NPS-FM 2020 National Objectives Framework (NOF). The NOF sets out how councils should implement policies, objectives and rules to improve the overall health of waterways and ecosystems (Ministry for the Environment, 2020b). This is done by recognising the highest risks to waterways and ecosystems, identifying bottom line measures and setting monitoring requirements.

2.4 The NPS-FM 2020 and Environment Southland

The Southland Regional Policy Statement 2017 (SRPS), the Operative Regional Water Plan 2010 and the proposed Southland Water and Land Plan 2020 are tools that Environment Southland utilise to deliver their responsibilities under the RMA. Both a regional plan and a district plan are required to be consistent with the regional policy statement, as per the RMA hierarchical structure. However, the Proposed Southland Water and Land Plan 2020 is presently in the formal Environment Court hearing process to hear from the appellants and has not been given legal effect to yet in full (Environment Southland, 2020b).

The SRPS is already consistent with the requirements of the NPS-FM 2020 (see Table A1 for detail on the specific NPS-FM 2020 SRPS requirements) (Environment Southland, 2018). However, the Regional Water Plan 2010 is outdated and does not provide for intensive agricultural use and land use change (Ministry for the Environment, 2017). Before the NPS-FM 2020 was implemented a Progressive Implementation Programme was adopted by Environment Southland to work with communities to give effect to the regional council legislative requirements under the amended 2014 NPS-FM (2017).

Under the NOF Environment Southland is required to identify freshwater management units (FMU) which are regionally recognised water bodies. These FMU's are required to be monitored against the biophysical components that are identified in the NPS-FM 2020 and contribute to the ecosystem: water quality, water quantity, habitat, aquatic life and ecological processes. In Southland, there are five catchments that are identified as FMU's and therefore, are required to meet the nationally consistent bottom lines and objectives (Environment Southland, 2019).

2.5 The Southland District Councils interest in waterways

The SRPS outlines SDC's obligations for water quality, where SDC are required to manage any adverse effects of subdivision, land use and development on water quality. These requirements are reflected through the Southland District Plan 2018 which presently addresses water quality through stormwater, drinking water and wastewater (three waters), land use activity including earthworks and subdivisions, (see Table A2 for references to water quality in the Southland District Plan). Additionally, SDC is required to obtain consents from Environment Southland for discharges at SDC's wastewater treatment plants.

The responsibility for territorial authorities under the amended 2014 NPS-FM (2017) was for the involvement of iwi within freshwater decisions and that tangata whenua values would be reflected through the management of freshwater. However, the role of territorial authorities has increased through the NPS-FM (2020). District plans are required to be consistent with the provisions of the NPS-FM 2020. Additionally, all district plans must include policies, objectives and methods that promote positive environmental effects and avoid, remedy or mitigate any adverse effects of land use activity and urban development that compromise the well-being or health of freshwater bodies, ecosystems and the receiving environments.

3. Discussion

3.1 The NPS resolving water quality at a national level

The degrading freshwater in New Zealand demonstrates that the current framework for freshwater protection is not achieving the required environmental outcomes. Despite the increased pollution within the Southland catchments resulting from agricultural and other land use activity, there remains a lack of monitoring of changing land use and its impact on freshwater (Dingfelder, 2016). The national direction for freshwater is essential for regional councils, including Environment Southland to have the institutional backing to ensure the ongoing protection and enhancement of New Zealand's freshwater resources and eco-systems. The NPS-FM 2020 will have both advantages and disadvantages for implementation at a local level in Southland (see Table A3 for detail).

3.2 Implications for Environment Southland

The Proposed Southland Water and Land Plan 2020 has undergone extensive community engagement and has occupied time, finances and resource. The Proposed Southland Water and Land Plan 2020 was developed with the primary intention of improving Southland's water quality, however, it does not meet the legislative requirements and freshwater objectives under the amended 2014 NPS-FM (2017) (Environment Southland, 2018). The existing progressive implementation programme that was executed to achieve the regulations under the amended 2014 NPS-FM (2017), is the most efficient way of achieving prompt water outcomes in Southland (Environment Southland, 2018). However, now that the requirements of the NPS-FM 2020 need to be efficiently met, Environment Southland resource, time and finances will need to be focused towards amending the proposed plan and reviewing implications for communities to meet the legislative requirements. This places the Southland catchments at further risk of degradation whilst the Southland Water Plan 2010 is still operative and does not achieve freshwater outcomes.

The NOF in the NPS-FM 2020 increases regional councils' responsibilities (see Table A4 for the comparison between the amended 2014 NPS-FM (2017) and the NPS-FM 2020). However, it is unrealistic for Southland to meet nationally consistent bottom lines for their five identified FMU's (Environment Southland, 2019). Although it is recognised that the well-being and health of waterways and ecosystems are the priority in the NPS-FM 2020 to give effect to Te Mana o te Wai, regional councils require community support, time and consultation to implement the increased measures.

3.3 Implications for Southland District Council

The hierarchal RMA structure already ensures integrated sustainable management outcomes and that the management of natural and physical resources is consistent though policy implementation at a local level (Davis & Threlfall, 2006). However, as Te Mana o te Wai is the fundamental concept of the NPS-FM 2020, it is evident that the framework of the resource management system in New Zealand will become further integrated. IWRM creates an opportunity for collaboration with iwi, gives effect to the Māori holistic view on the environment and is an effective method for managing freshwater outcomes.

Territorial authorities' role in water management outcomes through legislation has not historically been significant. In the amended 2014 NPS-FM (2017) the role of territorial authorities was minimal. However, under the NPS-FM 2020 territorial authorities have a responsibility for promoting positive effects on water quality and mitigating adverse water quality effects associated with land use and

urban development. Although the role of district and regional councils differ, the integrated management approach introduced by the NPS-FM 2020, may consequently cause confusion at a local level as both SDC and Environment Southland will have a role in water quality outcomes. Therefore, the duplication of policies, objectives and rules between SDC and Environment Southland could occur.

To meet legislative requirements, water quality outcomes in the Southland District Plan 2018 need to be reviewed and evaluated. This is to ensure that the current policies, objectives and methods relating to land use and urban development give effect to Te Mana o te Wai and biophysical components including water quality, quantity, habitat, aquatic life and ecological process. However, the plan review process will be complicated as the NPS-FM 2020 has not defined land use activity and urban development. Determining if the scope for land use activity and urban development in the Southland District Plan 2018 has changed through the implementation of the NPS-FM 2020 is, therefore, up to interpretation. This review of the Southland District Plan 2018 and subsequent implementation will come as a cost to Southland District ratepayers, as resource and finance will be required. Although, the New Zealand community are passionate about freshwater outcomes, changes to policies, objectives and methods relating to land use activity and urban development will impact the wider community and can be a sensitive topic where private property is involved (Johnson, 1992). Therefore, SDC will have consultation requirements with tangata whenua and communities' and additional resource will be required for this process.

The NPS-FM 2020 will create implications for SDC's reticulated three waters systems through more extensive consenting, reporting and implementation requirements. This may have flow on effects for Southland communities that rely on these systems and will result in additional cost for ratepayers if the systems are required to be upgraded and do not meet the new requirements set out in the NPS-FM 2020.

4. Conclusion

1. Integrated management is a key component of the NPS-FM 2020. It would be proactive to address how integrated management will affect the relationship between SDC and Environment Southland in the future.
2. The NPS-FM 2020 does not define land use and development. There is more scope for SDC to address effects on freshwater quality and surrounding environments resulting from land use and development activities in the Southland District Plan 2018.

3. The proposed Southland Water and Land Plan 2020 and the Southland Water Plan 2010, not meeting the legislative requirements of the amended 2014 NPS-FM (2017), demonstrates, the significance of the freshwater issues and national obligations in Southland. Therefore, if SDC reviews the Southland District Plan 2018 in response to their obligations under the NPS-FM 2020, time, finances, resource and extensive public consultation will be required.
4. As the Southland District Plan 2018 and the Southland Water and Land Plan 2020 are both required to be consistent with the NPS-FM 2020, duplication of policy is possible.
5. SDC will have increased implications for obtaining discharge consents for their three waters functions in the future as the NPS-FM 2020 requires more extensive monitoring, enforcing and regulating requirements through the NOF. This will impact reticulated services within communities.

5. Recommendations

It is recommended that Southland District Council:

1. meet with Environment Southland regularly to discuss the future of integrated management and how the national direction towards further integrating the resource management system might impact the Southland region
2. review the definition of land use activity and urban development in the Southland District Plan 2018 relating to how activities will impact water quality, quantity, habitat, aquatic life and ecological processes
3. note that increased resource, finance and community engagement will be required for plan review and implementation
4. discuss relevant plan changes and implementation methods with Environment Southland at an early stage to prevent policy duplication and public confusion
5. review if SDC three waters services will be impacted by the NPS-FM 2020 and assess any complications resulting from intensified monitoring and implementation requirements resulting from the NPS-FM 2020

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aa)

7. Appendices

Figure A1.

Resource Management Act 1991 Hierarchical framework and Iwi involvement (Saunders, 2017, p. 8)

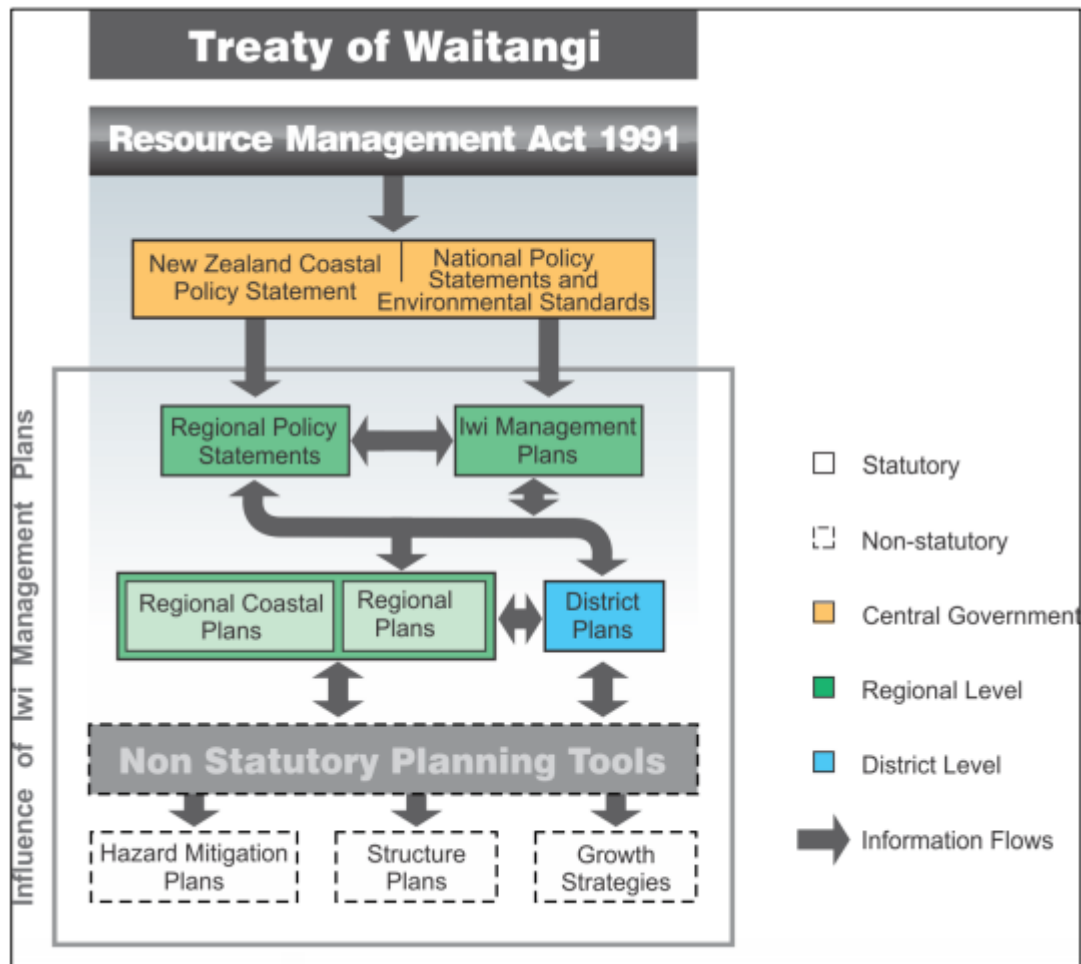


Table A1.

Comparison between the Regional Policy Statement (RPS) and the NPS-FM 2020

NPS-FM 2020	Consistency with the Southland Regional Policy Statement 2017
Part 3 Subpart 1 3.2 - Include objectives in the RPS that outlines how the management for freshwater will give effect to Te Mana o te Wai	This is consistent with the SRPS. There are various objectives throughout the SRPS that give effect to Te Mana o te Wai.
Part 3 Subpart 1 3.3 - Include long term visions for freshwater in the RPS	This is consistent with the SRPS. The SRPS already set out the sustainable management of freshwater and addresses long term risk management.
Part 3 Subpart 1 3.4 – Actively involve tangata whenua in any decision making through the RPS	This is consistent with the SRPS framework, through the implementation of the Iwi Management Plan, and various objectives, policies and methods throughout the RPS.
Part 3 Subpart 3.5 – Change the RPS to provide for the integrated management of land use effects on freshwater	This is consistent with the SRPS. The SRPS already provides direction for both the district and regional councils for the integrated management of natural and physical resources.

Table A2.

Reference to water quality outcomes in the operative Southland District Plan 2018 Reference

Section 2.2 Biodiversity Reference - development and land use can affect freshwater habitats and indigenous aquatic life.
Section 2.6 Subdivision Policy SUB.7 reference to the requirement of water supply, wastewater and stormwater disposal if reticulated service is not provided. Policy Sub.10 reference to subdividing affecting esplanade mechanisms and the maintenance of water quality and aquatic habitats.
Section 2.13 Water and Surface Activities Objective WATER.1, Policy WATER.1 and Policy WATER.2, on managing adverse effects of land use, development and subdivisions on water quality and quantity. Water Non-Regulatory Methods: Method WATER.1, Method WATER.2 and WATER.3 – Provide education on water conservation measures, promote measures to manage water contamination, collaborate with the relevant agencies to manage land use activity and their effects on the quality of drinking water.
Section 3.1 Rural Zone Policy RURAL.8 reference to earthworks and water quality.
Section 3.2 Urban Zone Policy URB.6 reference to stormwater flows and water quality.
Section 3.3 Te Anau Residential Zone B Policy TRB.1 reference to sewage disposal and impacts on the water.
Section 3.5 Fiordland/ Rakiura Zone Policy FRZ.5 reference to earthworks and the effects on water quality.
Section 3.6 Eweburn Zone Objective EWB.1 reference to the maintenance and enhancement of ecological values.

Table A3.

The advantages and disadvantages of the NPS-FM 2020 implementation for the Southland Region

Benefits of the NPS-FM 2020 Implementation	Disadvantages of the NPS-FM 2020 Implementation
<p>Integrated management/ Te Mana o te Wa</p> <ul style="list-style-type: none"> - The implementation of an internationally recognised concept allows New Zealand to manage its waterways effectively. - Recognition of the holistic health and well-being of water. - Cultural significance - Giving effect to a concept with proven benefits. 	<p>Increased regional obligations under the National Objectives Framework</p> <ul style="list-style-type: none"> - Additional resourcing required for monitoring and enforcement - Added cost to ratepayers for obtaining the top monitoring equipment that is required - The effects on the community and the economy as certain activities may not be possible under the national baseline measures. - No transitional period for declining FMU's is an impossible task.
<p>National protection of freshwater</p> <ul style="list-style-type: none"> - National backing for Southland to implement measures to ensure the ongoing protection of freshwater. - Economic benefits through ongoing tourism. - Long term environmental outcomes - Placing responsibility back on to the community through consenting requirements. 	<p>Amending the Southland Water and Land Plan 2020 prior to it becoming operative</p> <ul style="list-style-type: none"> - Community engagement - A plan change process is timely, amending the proposed plan will result in additional delay to the plan becoming operative. - Freshwater decline in the meantime, as resource and time is needed to focus on meeting the requirements under the NPS-FM 2020.
<p>Promoting tangata whenua involvement in the SRPS and regional plan(s) and supporting partnership with iwi.</p>	<p>The timeframe</p> <ul style="list-style-type: none"> - There is no transitional period, therefore, the finances and resources are required immediately. - Added consenting and enforcement requirements.

Table A4.

Changes to from the amended 2014 NPS-FM (2017 to the NPS-FM as it relates to the National Objectives Framework

The amended 2014 NPS-FM (2017)	NPS-FM 2020
Objective CA1 – Establish freshwater objectives that are nationally consistent and recognise circumstances at a regional and local level.	Part 3 Subpart 2 3.7- 3.11 – Regional Council must, engage with communities and tangata whenua, identify FMU's and values, set environmental outcomes for each FMU, set limits and targets to achieve environmental outcomes, monitor water bodies and freshwater ecosystems, take action when degradation is evident.
Policy CA1 - Regional Councils to identify freshwater management units (FMU).	Part 3 Subpart 2 3.12 and 3.15 – In order to achieve targets every regional council shall include limits and rules in its regional plan(s), can prepare an action plan or impose conditions on resource consents.
Policy CA2 – Through consultation with communities and tangata whenua, identify and formulate objectives for all FMUs to maintain water quality and assess the minimum acceptable states of the FMU's.	Part 3 Subpart 2 3.13 – Every regional council shall at a minimum set an appropriate instream concentrations and exceedance criteria for nitrogen and phosphorus.
Policy CA3 – Ensuring the objectives set are above the national bottom lines.	Part 3 Subpart 2 3.14 – Limits on resource may apply to any land use activity at any scale, and can be expressed by input, output, or land-use controls. Every Council must have regard to long term plans, the best information available and freshwater accounting systems.
Policy CA4 – Objectives below bottom lines may only be set for a transitional period.	Part 3 Subpart 2 3.16 and 3.17 – Each regional council must set rules in the regional plan(s) that sets flows and levels for every FMU, and identify take limits, where existing water permits will be reviewed to comply with the flow and levels.
	Part 3 Subpart 2 3.18- 3.20 – Each regional council, shall monitor to achieve targets and assess trends. Where degradation is detected in an FMU, immediate action is required to halt or reverse degradation.

Request for unbudgeted expenditure approval for the concrete footpath installation on Main Road Oban, from Department of Conservation to Dundee Street.

Record No: R/20/9/53242
Author: Brendan Gray, Projects Manager
Approved by: Matt Russell, Group Manager Services and Assets

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 After the construction of the new Rakiura Heritage Centre, the community board agreed with the Museum Trust to reconstruct the existing footpaths adjacent to the Heritage Centre and install kerbing and car parking. This project was approved and is to be delivered under an existing minor works contract 20/13.
- 2 As an extension to this project the Stewart Island/Rakiura Community Board now wish to continue the concrete footpath construction along Main Road from outside the of the Department of Conservation office (DOC), up to Dundee Street.

Executive summary

- 3 This report will outline the project, and further seeks approval from Council to undertake this project outside the annual plan programme of works and approve the unbudgeted expenditure required.

Recommendation

That Council:

- a) **receives the report titled “Request for unbudgeted expenditure approval for the concrete footpath installation on Main Road Oban, from Department of Conservation to Dundee Street.” dated 7 October 2020**
- b) **determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002**
- c) **determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter**
- d) **approves the project for the additional concrete footpath to be installed on Main Road, Stewart Island/Rakiura from outside the Department of Conservation office up to Dundee Street**
- e) **approves the unbudgeted expenditure of \$41,800.00 made up of \$31,000 from the successful Stewart Island Visitor Levy application and up to \$10,800.00 from Stewart Island general reserves.**

Background

- 4 After the construction of the new Rakiura Heritage Centre, the community board agreed with the Museum Trust to reconstruct the existing footpaths adjacent to the Heritage Centre and install kerbing and car parking. This project has been approved and has been awarded under minor works contract 20/13.
- 5 The Stewart Island/Rakiura Community Board would now like to continue the concrete footpath on Main Road from outside the DOC office up to Dundee Street. This additional project is outside the annual plan and is over the Community Board financial delegation.
- 6 This additional footpath project was discussed and agreed at a community board workshop held 9 December 2019.
- 7 The Stewart Island/Rakiura Community Board approached a local contractor on Stewart Island and received an estimate quote to complete the additional footpath work. This was estimated at \$31,000 and the Stewart Island/Rakiura Community Board subsequently applied to the SIVL for funding and were awarded \$31,000 towards the project.

Issues

- 8 On discussion with the Southland District Council roading and 3 waters teams, it was determined that the scope of work priced by the local contractor had some elements omitted from the pricing. The original contractor and two other local contractors were given an opportunity to reprice this revised scope of work.

- 9 The original contractor declined to reprice but two prices were received, at \$38,000 and \$39,000 by Duncan Earthworks and Excavation and RDR Builders respectively.
- 10 As the original funding applied for through the Stewart Island Visitor Levy was \$31,000, the Stewart Island/Rakiura Community Board have insufficient funding to complete the project without the addition of \$7,000 of funding from Stewart Island general reserves.
- 11 Although the additional \$7,000 would fund the project, it does not allow for any contingency value if for some reason the project encounters unknown issues.
- 12 A 10% contingency value on top of the quoted price should be allowed which would take the total project costs up to \$41,800.

Factors to consider

Legal and statutory requirements

- 13 None

Community views

- 14 The community board have committed to upgrading the footpath and parking facilities outside the new Heritage Centre and also to improve the footpath and drainage issues that exist outside the DOC office by raising the footpath. The community are aware of the footpath and drainage issues and support the project.

Costs and funding

- 15 The Stewart Island/Rakiura Community Board wish to accept the quote from Duncan Earthworks and Excavation for \$38,000 of which \$31,000 would be funded from the successful Stewart Island Visitor Levy application, and \$7,000 to be funded from Stewart Island general reserves, with no contingency.
- 16 Having a nil contingency is not a sensible option therefore it is proposed that an additional 10% be allowed for on top of the quoted value. This would require an additional up to \$3,800.00 for any incidental costs meaning the total of Stewart Island general reserves which could be utilised would be up to \$10,800.00.
- 17 The current Stewart Island general reserve balance is \$251,181 of which \$53,658 is currently committed.

Policy implications

- 18 None

Analysis

Options considered

- 19 There are two options which can be considered in this instance. To approve the unbudgeted expenditure to complete the project, or not approve the unbudgeted expenditure to complete the project.

Analysis of options

Option 1 – Approve the additional concrete footpath construction project and the unbudgeted expenditure of up to \$41,800.00

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• majority of funding is already approved from the SIVL• project has community support• project has been scoped and priced• enhances visitor experience by making it safe and enjoyable.• completes the block of concrete footpath replacement on Main Road.	<ul style="list-style-type: none">• additional project has to be fitted into an existing work program.

Option 2 – Do not approve the project or the unbudgeted expenditure

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• funding can be returned to the Stewart Island visitor levy and used for other projects.	<ul style="list-style-type: none">• drainage issues will remain outside DOC• community will be disappointed• only half of the footpath will be concrete and the remainder will be gravel• unpleasant for users walking to accommodation providers with suitcases.

Assessment of significance

- 20 This decision has been determined as not significant.

Recommended option

- 21 The recommendation is to proceed with option 1, to approve the project and unbudgeted expenditure and continue with the project.

Next steps

- 22 If this report is approved, the project delivery team will award the additional footpath project with a minor works contract to Duncan Earthworks & Excavation who are an approved Southland District Council subcontractor.

Attachments

- A Community Board workshop 9 December 2019 [↓](#)

Stewart Island Rakiura Community Board workshop – 9 December 2019

Present: A Geeson, S Lawrence, R Herzhoff, J Spraggon, G Leask, B Ford, A Conner.

Notes by K Hicks

Butterfields Beach development:

Images of the BBQ and the shelter were circulated. Discussion on LPG vs electric for BBQ. Is there a special connection option where this would not be liable for the new connection fee or monthly charges? The Board are supportive of this project but want more detail on future plans. Possibly this could be part of a future cleaning contract.

Contracts coming up for tender:

Mowing, gardening and cleaning contracts are all coming up for renewal. There is widespread discontent with the contractor who does the mowing and cleaning. The CB would like to see these contracts before they are advertised, and also wish to have input on the standards of service. We need to ensure that the contracts are advertised on the noticeboard and facebook page. RFS are the best way to proceed with any complaints in the meantime.

SIESA fees:

Is the CB able to bypass fees (e.g. if installing an electric BBQ at Butterfields)?

Who actually gets the \$1500 new connection fee?

Bollard street lights:

○ Where are these?

Power pole Ringaringa Road:

Photo of existing pole on a dangerous angle, by the slip. Apparently ducting will be put into the new road, the preparation. Why can't the cable be installed now, to avoid what could be a lengthy outage. This should only involve material costs as the labour component is already accounted for.

Mowing required:

Strange strip by the new museum building. Also from the 4 Square to the top of the hill by Kamahi Road and the dress circle. RFS.

Boat Park, Ayr Street:

The rubbish has been cleaned up by volunteers. There has been no further progress. Parking in front of this area cannot yet be legally enforced.

Parking:

All CB members should be thinking about time limits or other restrictions in preparation for the bylaw being up for review in 2020.

Rubbish collection:

Why are there 2 vehicles doing this (which means one is rented)? Why can't rubbish days be Tuesday for one area and Thursday for another? Then the same vehicle could be used for both runs. Ian Evans will be here end of January, so will be asked to explain then.

Museum street frontage:

Stormwater drainage is an ongoing issue. The museum will have the footpaths in before Christmas. Drainage will have to be done at a later date. The Board want the new car park to be similar to that recently put in Argyle Street (curb and channel). This should incorporate a well-designed footpath replacing the deteriorating old footpath to Dundee Street. This would give the Main Road shopping precinct a planned, pleasant appearance rather than an ad hoc approach. The Board see this as an urgent issue, and are willing to part fund from reserves, and seek visitor levy funds also. This is a very well used area, and many visitors struggle moving their luggage around here. Can pricing/scoping be undertaken asap please? The Board would hold an extraordinary meeting to approve this.

RRRC burning facility:

Evidently Rural Fire were horrified at the condition of the current burner.

Bragg Bay consent:

The consent for the greenwaste area at Bragg Bay must've been approved, but nothing has been officially received. This area is a huge eyesore. Rotting timber and rusting steel fuel tanks will never have a use, and should be permanently disposed of.

Halfmoon Bay waterfront:

The dinghies and kayaks seem to be migrating down towards the war memorial. They need to be kept down by the post office end of the beach.

Proposed One Way:

Nothing has been heard on this for some time. Can staff please follow this up?

Footpath from Kamahi Road to concrete bridge at Mill Creek:

Still some discussion on which side of the road this should be. Cr Ford will ask for boundaries of roading reserve. He has declared an interest in this due to his ownership of some of the affected property.

Moturau Moana:

Discussion regarding finding a replacement for Elaine Hamilton. Last year's successful Visitor Levy application was for signage and maintenance, not wages. Any person would need a job description and contract. It was agreed this should be advertised rather than one person selected. They would be responsible for organising the annual volunteer week.

Tracks:

Who owns the old walking tracks from Ringaringa Road to Evening Cove, and Deep Bay to Traill Bay? Why are they no longer being maintained?

40 acres SIESA owned land:

Are there plans for this area? Can some of this land be used for storage, boat park etc? This could generate some long term income.

Zones:

Is there an industrial zone here? Why do we have a rural and residential zone?

David Parker visit:

The Board wish to write thanking Minister Parker for coming to the Island to announce the wind generation venture. They look forward to seeing this project proceed, and would appreciate any updates.

Helicopter pad:

Currently the emergency helicopter lands at Traill Park. Martin Pepers (Nurse) has suggested that a hard landing pad would be beneficial, with access that makes wheeling a stretcher easier. The Board felt there are other, possibly more appropriate sites available (airstrip & helipad). This concern should come through the Health Committee.

Unbudgeted Expenditure - Don Street Dark Fibre Connection

Record No: R/20/10/59516
Author: Jock Hale, Business Solutions Manager
Approved by: Trudie Hurst, Group Manager Customer Delivery

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 The purpose of this report is to seek approval from Council for the unbudgeted expenditure required to install a private fibre (dark fibre) network between the new Don Street offices and the Forth Street office.

Executive Summary

- 2 This request is not for additional funding and there is no impact on rates. This request is to reallocate part of the business solutions networking operational budget to cover the capital cost of installing dark fibre. As per schedule 7 32(1)c of the Local Government 2002, any asset purchase requires approval from Council. While this work could be classified as operational, it was determined by Southland District Council (SDC) finance department to be capital works as it creates an improvement or benefit, and SDC would have sufficient control over the network infrastructure.
- 3 This report contains several technical terms related to computer networking. An explanation of these terms is provided in the section below called "Technical Terms". In general terms we can think of a network connection being similar to a water pipe. The diameter of the pipe determines the volume of water that can pass through the pipe and in networking this is referred to as throughput or speed. The length of the pipe determines how much time it takes for water to start flowing after you turn the tap on, and in networking this is referred to as latency or lag.
- 4 Council have moved their main operations from a single site at 15 Forth Street to now include two new offices in Don Street.
- 5 The current network connection method between the Don Street sites and Forth Street data centre is Virtual Private Network (VPN) tunnels running over standard shared business fibre connection. A VPN tunnel is a technology that allows us to securely connect our offices while using a public network like the internet. The maximum theoretical throughput for this connection is 900 megabits per second (Mbps) but operational speeds are typically 400Mbps with average latency time on these connections of 50 milliseconds (ms). Average latency at Forth Street is 1ms.
- 6 Don Street users are negatively affected by the high latency when using key software products like our document management system (RM8), Geographical Information System (GIS) used for managing spatial data in the form of maps, Infocouncil agenda management software, Pathway, and data reporting and management tools.
- 7 Invercargill City Council (ICC) can provide a private fibre connection (dark fibre) between the Don Street sites and Forth Street. This would provide network speeds of 10 gigabits per second

(Gbps) and average latency of 2ms. The use of a private fibre connection will result in long-term cost savings and ensure Don Street staff can effectively use SDC systems.

Recommendation

That the Council:

- a) Receives the report titled “Unbudgeted Expenditure - Don Street Dark Fibre Connection” dated 14 October 2020.**
- b) Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) Notes that users at Don Street are experiencing speed and latency problems.**
- e) Approves the unbudgeted expenditure amount of \$39,586.25 excluding GST, for the installation and setup of a dark fibre network and that the cost is funded by a three-year loan, with repayments from the existing networking operational budget.**

Technical Terms

8 The technical terms used in the report are explained as follows:

- Throughput: this is the rate of data transfer across a given path.
- Megabits per second (Mbps): this is a measure of throughput or speed in a network connection. One million bits = one megabit.
- Gigabits per second (Gbps): one thousand megabits = one gigabit.
- Latency (lag): the amount of time it takes for a packet of data to be captured, transmitted, processed and received at its destination and decoded.
- Millisecond (ms): a way to measure latency. The lower the time the more responsive the network typically is.
- Virtual Private Network (VPN): a technology used to encrypt the network connection over the Internet from a device to a device. The encrypted connection helps ensure that sensitive data is safely transmitted. It prevents unauthorised people from eavesdropping on the traffic and allows the user to conduct work from remote locations.
- Dark fibre: A fibre connection that is not owned and operated by a telecommunications provider. For the purpose of this report it is a private fibre connection owned by ICC.

Background

- 9 In February 2020 Council approved the operation of alternative corporate administration space to allow approximately 85 staff to relocate from the earthquake prone sections of the Forth Street office. New office space was leased at 20 and 42 Don Street, Invercargill.
- 10 The main data centre for Southland District Council (SDC) is located in the server room at Forth Street.
- 11 Business solutions department has an ongoing operational budget to provide network access for all SDC offices.
- 12 The business solutions team investigated different commercially available connection options for connecting the Don Street sites to Forth Street data centre. The most viable options were a shared business fibre connection or a dedicated fibre connection.
- 13 SDC chose the shared business fibre connection for both Don Street sites as it had the least cost and was thought to be sufficient for staff requirements at these sites. Shared business fibre connections are already being used successfully at our Winton and Te Anau area offices.
- 14 A VPN tunnel over the shared business fibre connection provides secure access for SDC staff to the core systems and data located at the Forth Street data centre.
- 15 The shared business fibre connection has a maximum theoretical throughput of 900Mbps, but operationally the throughput is typically 300Mbps. Average network latency time on these connections is 51ms, compared to the average network latency at Forth Street of 1ms.
- 16 Staff from the business solutions, knowledge management, strategy and policy, governance, property, and people and capability teams moved into 42 Don at the start of September 2020. Within days of operating at the 42 Don Street site it became apparent that some of the applications used by staff were running very slowly. The I.T team investigated the issues and identified that the problem related to high latency but was made worse when multiple staff were concurrently accessing resources from the Forth Street data centre.
- 17 Don Street users are negatively affected by the high latency when using key software products like our document management system (RM8), Infocouncil, Pathway and database management tools. Copying of large documents is also negatively affected.
- 18 Staff productivity has been impacted due to the extra time it takes for applications to open and for data to move between sites. As an example, the time to save or open a one-megabyte word file at Forth Street is two seconds compared to 13 seconds at Don Street.
- 19 It is expected that the project delivery, community and facility, communications, community partnership, commercial infrastructure and executive support will encounter the same network issues as staff at 42 Don Street when they relocate to 20 Don Street. The effect on the communications team is likely to be most significant due to the large multimedia files that they create and store at Forth Street data centre.
- 20 SDC could upgrade the shared business fibre connection to a dedicated fibre connection with Spark. While investigating this option the business solutions team became aware of the possibility to use the ICC dark fibre at Don Street sites, which would provide higher throughputs than the Spark dedicated fibre at a lower long-term cost.

- 21 SDC currently has a dark fibre connection between Forth Street and ICC. This connection is used as part of the data backup strategy where a copy of SDC data is stored in the shared services environment at the Invercargill city library. ICC are able to extend the dark fibre network to the Don Street sites.
- 22 Dedicated fibre connections provide the lowest latency as network traffic remains within the Invercargill boundary. Shared business fibre connections typically travel to the telecommunication provider's central infrastructure, normally Wellington or Auckland. This means that data has to travel from Invercargill to Auckland and then back to Invercargill.

Issues

- 23 Loss of staff productivity due to network congestion and high network latency. This means tasks that take a few seconds to complete at Forth Street are taking minutes to complete at Don Street.
- 24 Staff frustration when using SDC systems at Don Street sites.

Factors to Consider

Legal and Statutory Requirements

- 25 The Local Government Act 2002 schedule 7 clause 32(1)(c) requires that any asset purchase requires approval from Council.

Community Views

- 26 No community views have been specifically sort as this is an internal operational issue.

Costs and Funding

- 27 The installation and setup of a dark fibre network will be funded by a three-year loan, with repayments coming from our existing networking operational budget. The three-year loan will be subject to an internal interest rate of 4.65%. Annual repayments will be approx. \$14,214.
- 28 The long-term operating budget for networking already includes and allocation of \$7,200 per year to provide networking to the Don Street sites. The recent introduction of fibre in the Te Anau area office has resulted in networking cost savings which could be used to offset the initial cost.
- 29 Lost productivity at each Don Street office, due to the use of a shared fibre connection, is conservatively calculated as 90 minutes per week.

30 Costs for Don Street connection options as shown below.

42 Don Street	Shared fibre lost productivity	Shared fibre	Commercial dedicated	Private dedicated
Year 1	\$3,120	\$1,320	\$4,000	\$19,793
Year 2	\$3,120	\$1,386	\$0	\$0
Year 3	\$3,120	\$1,455	\$0	\$0
Year 4	\$3,120	\$1,529	\$0	\$0
Year 5	\$3,120	\$1,604	\$0	\$0
20 Don Street				
Year 1	\$3,120	\$1,320	\$16,832	\$19,793
Year 2	\$3,120	\$1,386	\$15,573	\$0
Year 3	\$3,120	\$1,455	\$16,352	\$0
Year 4	\$3,120	\$1,529	\$17,170	\$0
Year 5	\$3,120	\$1,604	\$18,028	\$0
Don Street totals		Shared fibre	Commercial dedicated	Private dedicated
Year 1		\$8,880	\$20,832	\$39,586
Year 2		\$9,012	\$15,573	\$0
Year 3		\$9,150	\$16,352	\$0
3 Year total		\$27,042	\$52,757	\$39,586
Year 4		\$9,298	\$17,170	\$0
Year 5		\$9,448	\$18,028	\$0
5 Year total		\$45,788	\$87,955	\$39,586

Policy Implications

- 31 There is no current capital expenditure included within Council's current 2018-2028 Long Term Plan, and this report seeks approval for the unbudgeted expenditure.
- 32 Our strategic framework says we will –
- we will constantly look for better ways
 - find efficiencies and don't waste money or resources
 - regularly review activities, services, assets and contracts to ensure efficient and effective management and delivery.

Analysis

Options Considered

33 The following three options have been considered.

- shared business fibre connection
- commercial dedicated fibre connection
- private dedicated fibre connection

Analysis of Options

Option 1 – Private Dedicated Fibre Connection

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• highest speed (10Gbps), low latency• no ongoing costs• lowest total cost of ownership over five year• dedicated and private connection• able to make changes to the connection without requiring external resources• best user experience for Invercargill staff• no cost to stop using the connection• no extra costs if SDC remains at the Don Street sites for more than five years.	<ul style="list-style-type: none">• requires capital expenditure, purchase must be funded up front• ICC and SDC technical staff are responsible for supporting and managing this connection.

Option 2 –Commercial Dedicated Fibre Connections

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• high Speed (1Gbps), low latency• managed and supported by Spark• dedicated and private connection.	<ul style="list-style-type: none">• most expensive option over the five-year lifetime• SDC will incur extra costs if we need to modify the connection• SDC will incur extra costs if we exit the service while under contract.

Option 3 –Shared Business Fibre Connections

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• lowest network connection cost.	<ul style="list-style-type: none">• loss of staff productivity• staff frustration with SDC system• requires work arounds for some SDC systems to work correctly• highest latency and lowest speed.

Assessment of Significance

- 34 This project is not assessed as significant as per Council's current significance and engagement policy.

Recommended Option

- 35 Option 1 approve unbudgeted expenditure of \$39,586.
- 36 Option 1 provides the best financial outcome for SDC in the long term, as well as providing the best connection for staff at the Don Street sites.

Next Steps

- 37 Install and setup dark fibre connections.

Attachments

There are no attachments for this report.

Projects from 2019/2020 to be carried forward into the 2020/2021 financial year

Record No: R/20/9/51628
Author: Susan McNamara, Management Accountant
Approved by: Anne Robson, Chief Financial Officer

☒ Decision

☐ Recommendation

☐ Information

Purpose

- 1 To inform Council of the projects approved for delivery in the 2019/2020 year that were not completed by year end and to seek approval from Council to carry forward these projects or dollars related to these projects to the 2020/2021 year.
- 2 Please note – this list is not a complete list of all projects that were not complete in 2019/2020. Some projects included in 2019/2010 were deferred to a year later than 2020/2021 or were considered not required to be completed and deleted from the work programmer entirely and are disclosed in the Annual Report for 2019/2020. Projects moving to 2020/2021 or later will be included in the Long Term Plan 2021-2031.

Executive Summary

- 3 Every year as part of the Annual Plan/Long Term Plan process, Council staff and elected members identify projects to be undertaken and the funding needed to complete the work. Due to various reasons, these projects are not always completed in the financial year they were budgeted to occur in and need to be carried forward.
- 4 The projects identified by staff as needing to be carried forward, along with the reason the work has not been completed, are included in the list in Attachment A. We ask Council to consider this request and approve appropriately.
- 5 As you are aware, as part of the forecasting process Council undertakes in November and March each year, staff identify projects that potentially won't be completed and these are incorporated in to the Annual Plan for the next year. Where the actual amount spent in 2019/2020 was higher than the remaining funds available in 2019/2020 for the project, a negative amount has been included in Attachment A. This is to ensure that the overall project budget remains the same.

Recommendation

That Council:

- a) **Receives the report titled "Projects from 2019/2020 to be carried forward into the 2020/2021 financial year" dated 14 October 2020.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Approves the projects/expenditure below to be carried forward into the 2019/2020 financial year to be funded from the sources indicated in Attachment A.**

Category/town	Project name	Amount
Capital - other		
Airport	Condition rating of runway	\$30,000
District	Library book renewal	\$30,000
District	Around the Mountain cycle trail to NZTA standard	\$213,822
District	Roading network and asset management	\$136,131
District	Accelerated bridge programme	\$1,283,759
District	Alternative coastal route seal extension	\$100,000
District	Sealed road resurfacing	\$707,128
District	Traffic services	\$360,647
District	Unsealed road metalling	\$257,196
District	Sealed road rehabilitation	(\$962,553)
Te Anau Rural Water	Flow meter replacements - rural schemes	\$29,194
Ohai	Ohai Hall equipment	\$10,000
Operational		
District	Open spaces planner	\$25,990
District	Community Awards Night	\$10,000
District	Museum services funding	\$38,105
District	General projects community leadership	\$64,000
District	Stewart Island Opportunities project through MBIE	\$19,120
Gorge Road	Tree work at Gorge Road reserve	\$9,340
Waihopai Toetoes	Waituna lagoon grant	\$7,458
Waihopai Toetoes	Wyndham memorial archway	\$19,372
Waihopai Toetoes	Tokanui heritage/tramline project	\$2,245
Waihopai Toetoes	Contribution to Gorge Road bell tower installation	\$10,000
District	Removal of ouvea premix	\$72,500
District	Resource Management - resourcing	\$76,604
District	Regional LIDAR project	\$111,396
District	Resource management - policy development	\$248,779
District	Around the Mountain cycle trail flood repairs	\$369,722

Manapouri	Grant for replacement of heating of Manapouri pool	\$15,000
Stewart Island	Moturau gardens maintenance	\$7,500
Winton Wallacetown ward	Grant for Limehills community centre upgrade	\$10,242
SIESA	Wind power - pre development	(\$19,851)
Operational project		
Balfour	Footpath/Kerb and channel replacement	\$2,149
Browns	Footpath/Kerb and channel replacement	\$3,500
Colac Bay	Footpath/Kerb and channel replacement	\$552
Dipton	Footpath/Kerb and channel replacement	\$1,075
Gorge Road	Footpath/Kerb and channel replacement	\$966
Mossburn	Footpath/Kerb and channel replacement	\$2,149
Nightcaps	Footpath/Kerb and channel replacement	\$5,086
Ohai	Footpath/Kerb and channel replacement	\$550
Orepuki	Footpath/Kerb and channel replacement	\$3,826
Otauatu	Footpath/Kerb and channel replacement	\$872
Winton	Footpath/Kerb and channel replacement	\$10,269
Garston	New Garston fingerpost sign	\$2,530
Projects by activity		
Winton	New Information Kiosk at East Winton Cemetery	\$15,744
Limehills	Upgrade of Kitchen	\$10,418
Athol	Railway Project	\$6,424
Riverton/Aparima	Removal of trees and provision of walking track along estuary on railway line	\$46,142
Te Anau	Sign for gateway to Fiordland	\$10,000
District Reserves	Ivon Wilson Car Park Extension	\$35,770
Tuatapere	Additional playground equipment	\$19,946
Mossburn	Mossburn toilets upgrade	\$20,000
Monkey Island	Monkey Island Toilets	\$77,747
Wyndham	Wyndham toilet	\$55,000
SIESA	Fuel tanks (2x20,000L) replacement	\$26,914
Stewart Island Jetties	Rebuild Ulva Island Jetty	\$98,473
District leadership	Equipment Renewal	\$155,570
District leadership	Core Systems Replacement	\$316,430
District leadership	Upgrade Phone System	\$29,659
Gorge Road	Install bell at war memorial	\$10,000
Stewart Island	Construct new access on Ringa Ringa Road	\$132,874
Orepuki	Footpath improvements	\$7,589
Riverton/Aparima	New footpaths in the Riverton township	\$100,000
Riverton/Aparima	Footpaths	\$200,992
Riverton/Aparima	New dump station at Bath Road	\$15,135
Stewart Island	New walking track horseshoe Bay Road part 1	\$52,583
Stewart Island	Install new streetlights on the waterfront in Oban, Stewart Island	\$1,686
Stewart Island	Install power point on foreshore, Stewart Island	\$5,000
Stewart Island	Improving footpath and carparking at Argyle Street, Stewart Island	\$20,000
Te Anau	New footpath walkways	\$77,100
Te Anau	CCTV in Te Anau Town Centre	\$15,070
District	Inflow project to comply with Consent limits	\$105,740
Ohai	New UV/Treatment Plant upgrade	(\$3,295)
Ohai	Seals and arms to both trickling filters	\$61,500

Stewart Island	Scheme Capacity Upgrade	\$32,498
Te Anau	Scheme Capacity Upgrade	\$1,565,490
Te Anau	Consent - Upukerora extension	\$81,809
Tokanui	Embankment work to ponds	\$42,433
Tokanui	Consent renewal preparation & treatment upgrade	\$47,468
Winton	Consent Renewal Preparation	\$58,988
District	District wide oxidation pond security fencing	\$182,758
District	Well head improvements and seal off old wells	\$13,997
Manapouri	Lateral to Possum Lodge replace with 50mm to assist pressure	\$100,000
Riverton/Aparima	Additional UV disinfection	\$243,996
Te Anau	Te Anau water main renewal	\$946,674
Te Anau Rural Water	Consent Renewal Preparation (Ramparts)	\$7,063
Te Anau Rural Water	Consent Renewal Preparation (Kakapo)	\$1,499
Otautau	Otautau Main Street watermain	\$207,676
Lumsden	Lumsden Falling Main Replacement	\$71,858
Motor Vehicle		
District	Nine vehicle replacements	\$309,400

Background

- 6 Every year Council staff carry out projects as planned in the Annual Plan/Long Term Plan. Although many are completed in the financial year they were budgeted in, a number of projects are delayed for varying reasons, but are still identified as needed by the community. These projects are generally carried forward into the next financial year, whether they are a project in progress or not started. Typically only projects of a maintenance or capital nature are carried forward, but occasionally budget managers request operational expenditure to be carried forward as well.
- 7 The second round of forecasting occurred in March during the final drafting of the Annual Plan. During forecasting some projects were identified that would not be completed/started during 2019/2020. These were included in the working version of the Annual Plan for 2020/2021 and were included in the final plan that was adopted by Council in June 2020. Managers may have identified projects during the first round of forecasting and included these in the initial budgets for the Annual Plan discussed with Council prior to Christmas.
- 8 The completion of the Annual Report for 2019/2020 is the last stage of identifying projects and costs to carry forward. This final step requires managers to consider whether the project is still required and to make a request for approval to carry forward along with the budget. The projects are considered and approved by the relevant group manager before finance completes the final check on the budget available to be carried forward, given any actual costs during the year, before including them in this report. Any requests to carry forward operational expenditure are also considered and approved by the chief executive.
- 9 During the Annual Report process a review of projects included in the 2020/2021 Annual Plan was completed to determine if any funds were used during 2019/2020 that had not been anticipated. This review has resulted in negative amounts included in attachment A for three projects.
- 10 The list in attachment A has 91 items proposed to be carried forward to the 2020/2021 financial year with a net value of \$8,966,187.

- 11 There is included in the list a number of capital items for roading programme to bring the Council budget in line with the expected delivery of the three year programme with Waka Kotahi NZ Transport Agency. The roading team expect to deliver the program during the current year.

Issues

- 12 Projects carried forward into the next financial year are considered to be unbudgeted in the 2020/2021 year. Approval is required from Council to undertake the work.

Factors to Consider

Legal and Statutory Requirements

- 13 Section 32 of the Local Government Act 2002 requires Council to approve the purchase or disposal of assets where it is not in accordance with the Long Term Plan. A number of the items proposed to be carried forward relate to expenditure on assets and therefore require Council's approval.

Community Views

- 14 All projects discussed in this report have been consulted on as part of the Annual Plan or Long Term Plan when they are originally budgeted to occur. Communities are informed via the community board throughout the year on the status of projects and often include the rationale for why projects need to be carried forward.

Costs and Funding

- 15 All overall budgeted costs associated with projects to be carried forward have previously been approved by Council and in total have not changed as part of the carry forward process. The approval from Council may have been by inclusion in the 2018-2028 Long Term Plan or Annual Plan 2019/2020, approved as a carried forward project from 2018/2019 or approval for unbudgeted expenditure during the year.
- 16 If projects were to be funded from rates, the unspent rates will be retained in a relevant reserve and then utilised to fund the project costs when incurred. If a project is to be funded by a loan or reserves, the draw down does not take place until the actual costs are incurred.

Policy Implications

- 17 Council has provided delegated authority to the chief executive to approve expenditure for capital items and goods and services within the current estimates. The chief executive can also purchase operating expenditure items not within estimates up to \$10,000 if suitable funding is available. Council retains the authority to approve the estimates (the Annual Plan or Long Term Plan) and unbudgeted items greater than \$10,000.

Analysis

Options Considered

- 18 Council has the discretion to approve or decline individually or in aggregate, the proposed carry forward projects.
- 19 It is assumed, in regards to the options below, that Council will approve the carry forward of projects that have already been started. The items listed as operational expenditure, motor vehicle expenditure and library book replacements can be considered as not being started.

Analysis of Options

Option 1 – Approve all expenditure to be carried forward (as per the attached list)

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• projects can be completed/undertaken although later than originally planned.	<ul style="list-style-type: none">• risk associated with forecast costs increasing as a result of the delay/deferral in undertaking the project.

Option 2 – Approve selected expenditure only

- 20 Council can choose which expenditure is to be carried forward. It is recommended that should Council consider this option, that consideration is given to how this is done.
- 21 Councillors can identify what the different types of expenditure are in Attachment A using the heading along with the total amount for each category.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• selected expenditure and projects can be undertaken, although later than originally planned.	<ul style="list-style-type: none">• projects originally planned do not get completed or undertaken (when they have not commenced). These may need to be reconsidered as part of the next Annual Plan/Long Term Plan process• risk associated with forecast costs increasing as a result of the delay/deferral. Although managers have indicated for these projects that any change will not be significant at this stage• rates may have been collected for projects that were not completed• selection process for which projects are carried forward could be queried.

Option 3 – Approve all projects but decline all other expenditure

- 22 Only projects budgeted in 2020/2021 or already started in 2019/2020 will be undertaken.
- 23 Where the expenditure was funded from rates, the surplus funds will be retained in a reserve for future use.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Councils priorities may have changed enabling funds set aside for these being re-directed as appropriate.	<ul style="list-style-type: none">• projects originally planned do not get completed or undertaken (when they have not commenced), will need to be reconsidered as part of the next Annual Plan/Long Term Plan process• rates may have been collected for projects that were not completed.

Assessment of Significance

- 24 When considering the factors to assess in the Significance and Engagement Policy, the carry forwards in this report are not deemed significant.
- 25 When assessing significance, consideration has been given to the impact and consequences of the items being carried forward on the future of the District, people who are likely to be particularly interested in the items and the capacity of Council to perform its role.
- 26 The majority of the items have been consulted on in the 2018-2028 Long Term Plan process and prior Annual Plans, or are unbudgeted expenditure specifically approved during the year by Council. Individually or in aggregate the items do not have a significant impact on any one community or the whole District or the level of services in any one activity.

Recommended Option

- 27 Option 1 – approve all projects to be carried forward (as per the attached list).

Next Steps

- 28 Action Council's recommendation, including amending financial forecasts for project approved to be carried forward and advising Council staff and communities of projects approved to be carried forward.

Attachments

- A 2019 2020 proposed carry forwards into 2020 2021 [↓](#)

Council
21 October 2020

Type	Town	Activity Group	Activity	Project Name	Financial Year/Start Year	Funded From	Reason for carry forward (ex form)	Actual Carry forward
Capital - other								
Capital - other	Airport	Community services	Airport	Condition rating of runway		Reserve	Deferred due to completion of inspection report and long term works programme, which replaced this scope.	\$ 30,000
Capital - other	District	Community services	Libraries	Library book renewal		Reserve	Covid has disrupted supply lines and many titles have been pushed into 2021	\$ 30,000
Capital - other	District	Roads & footpaths	Roads & Footpaths	Around the Mountain cycle trail up to NZCT standard		Loan	Final works required to bring the trail up to NZCT standards, including easements, gates, signage and landscaping.	\$ 213,822
Capital - other	District	Roads & footpaths	Roads & Footpaths	Roading network and asset management		Reserve	Structure professional contract work was not completed in 2019/2020 and will now be completed in 2020/2021	\$ 136,131
Capital - other	District	Roads & footpaths	Roads & Footpaths	Accelerated bridge programme		Loan	Delays to the start of construction on contracts due to Covid-19 lockdown	\$ 1,283,759
Capital - other	District	Roads & footpaths	Roads & Footpaths	Alternative coastal route seal extension		Loan	Land legalization has been more complex and time consuming than originally planned; now down to final few properties.	\$ 100,000
Capital - other	District	Roads & footpaths	Roads & Footpaths	Sealed road resurfacing		Reserve	Direct result of Covid-19 lockdown and the work cannot be carried out in winter months	\$ 707,128
Capital - other	District	Roads & footpaths	Roads & Footpaths	Traffic services		Reserve	Combination of weather and covid-19. Pavement marking was not completed due to these and works will need to be completed in 2020/2021	\$ 360,647
Capital - other	District	Roads & footpaths	Roads & Footpaths	Unsealed road metalling		Reserve	Impact of covid combined with increase work programme from February flood repairs has resulted in the need to carry forward works.	\$ 257,196
Capital - other	District	Roads & footpaths	Roads & Footpaths	Sealed road rehabilitation		Reserve	The three year programme has a high final year; with work being completed earlier.	-\$ 962,553
Capital - other	Te Anau Rural Water	Water supply	Water Supply	Flow meter replacements - rural schemes		Loan	Unbudgeted expenditure request was approved in June, but no work was able to be carried out that month to get budget spent.	\$ 29,194
Capital - other	Ohai	Community services	Community Centres	Ohai Hall equipment		Loan	Funds were only granted on 5 June which did not allow time to order the equipment before the end of the 2019/20 financial year.	\$ 10,000
Total Capital - other								\$ 2,195,324
Operational								
Operational	District	Community services	Parks & Reserves	Open spaces planner		Reserves	Open spaces planner position has yet to be filled.	\$ 25,990
Operational	District	District leadership	Corporate services	Community Awards Night		Reserve	Awards night did not happen again because of covid and workload	\$ 10,000

Type	Town	Activity Group	Activity	Project Name	Financial Year/Start Year	Funded From	Reason for carry forward (ex form)	Actual Carry forward
Operational	District	District leadership	District development	Museum services funding		Reserve	More external funding received in 2019/2020 than budgeted so Council contribution not required and put into District operations, this may need to be available for the 2020/2021 year	\$ 38,105
Operational	District	District leadership	District development	General projects community leadership		Reserve	Volunteered reduction to assist with expenditure decrease for Annual Plan 2020/2021. To carry over of unfinished strategy and research work for 2020/2021 as a result of reprioritisation in March - June 2020.	\$ 64,000
Operational	District	District leadership	District development	Stewart Island Opportunities consultants		Grants Government	MBIE agreed that due to Covid-19 this project completion would be extended to September 2020.	\$ 19,120
Operational	Gorge Road	District leadership	District Leadership	Tree work at Gorge Road reserve		Reserves	Work delayed re Covid waiting on appropriate weather	\$ 9,340
Operational	Waihopai Toetoes	District leadership	District Support	Waituna lagoon grant		Reserve	Ward contribution to Waituna Lagoon to be carried forward as requested by Cr Duffy	\$ 7,458
Operational	Waihopai Toetoes	District leadership	District Support	Wyndham memorial archway		Reserve/other	Ward has funded \$10,000. Contributions have to be sourced from external sources of \$9,372. Additional funding will be required and the work will need to be requested.	\$ 19,372
Operational	Waihopai Toetoes	District leadership	District Support	Tokanui heritage/tramline project		Reserve	Community led project, that hasn't progressed in 2019/2020 so to retain funds to contribute in 2020/2021.	\$ 2,245
Operational	Waihopai Toetoes	District leadership	District Support	Contribution to Gorge Road bell tower installation		Reserve	Funding for project being carried forward to 2020/2021	\$ 10,000
Operational	District	District leadership	Representation and	Removal of Ouvea premiss		Reserves	Agreement to pay share of removal of premiss; removal has not yet been completed	\$ 72,500
Operational	District	Regulatory services	Regulatory management	Resource Management - resourcing e		Fees & Charges	During 2019/2020 financial year we had a developing team (filled roles at a lower level than anticipated) which impacted on our ability to deliver KPIs and also we did not have any capacity to undertake consent, complaint or environmental monitoring or enforcement. A business case has been submitted to add 1 FTE (enforcement officer) and vehicle to the team to improve capability and environmental best practice. By agreeing to this carry forward it will minimise the potential cost of this role in 2020/2021.	\$ 76,604

Council
21 October 2020

Type	Town	Activity Group	Activity	Project Name	Financial Year/Start Year	Funded From	Reason for carry forward (ex form)	Actual Carry forward
Operational	District	Regulatory services	Regulatory management	Regional LIDAR project		Reserves	Council resolution in 2019/2020 for this unbudgeted expenditure however the actual work will be undertaken in 2020/2021 financial year	\$ 111,396
Operational	District	Regulatory services	Regulatory management	Resource management - policy development		Reserves	This amount has been used for undertaking initial policy work which will inform the review of the Southland District Plan. In 2019/2020 financial year Council agreed to bring forward a review of the landscapes section of the district plan which was not anticipated. The budget is anticipated to be used for additional policy staff, projects and the plan change process. Additional significant policy work is anticipated in the 2020/2021 financial year and beyond with implementing incoming national direction such as biodiversity, climate change, water and landscapes.	\$ 248,779
Operational	District	Roads & footpaths	Roads & Footpaths	Around the Mountain cycle trail flood repairs		Grants Government	MBIE funding received at end of 2019/2020. Only a small amount spent on bridge repairs with eh major repairs to be undertaken in 2020/2021	\$ 369,722
Operational	Manapouri	Community services	Parks & Reserves	Grant for replacement of heating of Manapouri pool		Reserve	Unbudgeted expenditure approved that has not yet been spend, as invoice for funds still to be received.	\$ 15,000
Operational	Stewart Island	Community services	Parks & Reserves	Moturau gardens maintenance		Grants	A wall that was thought to be unsafe has been looked at and there is a rock wall behind it. Covid held this work up.	\$ 7,500
Operational	Winton Wallacetown w	District leadership	District support	Grant for Limehills community centre upgrade		Reserve	Funding for the Limeshills community centre kitchen upgrade	\$ 10,242
Operational	SIESA	SIESA	SIESA	Wind power - pre development		Government grants	Negative carry forward as spending in advance of budget in 2020/2021	-\$ 19,851
Total Operational								\$ 1,097,522
Operational - project								
Operational - project	Balfour	Roads & footpaths	Roads & Footpaths	Footpath/Kerb and channel replacement		Reserve	Work program to be combined for greater effect	\$ 2,149
Operational - project	Browns	Roads & footpaths	Roads & Footpaths	Footpath/Kerb and channel replacement		Reserve	Work program to be combined for greater effect	\$ 3,500
Operational - project	Colac Bay	Roads & footpaths	Roads & Footpaths	Footpath/Kerb and channel replacement		Reserve	Work program to be combined for greater effect	\$ 552
Operational - project	Dipton	Roads & footpaths	Roads & Footpaths	Footpath/Kerb and channel replacement		Reserve	Work program to be combined for greater effect	\$ 1,075

Type	Town	Activity Group	Activity	Project Name	Financial Year/Start Year	Funded From	Reason for carry forward (ex form)	Actual Carry forward
Operational - project	Gorge Road	Roads & footpaths	Roads & Footpaths	Footpath/Kerb and channel replacement		Reserve	Work program to be combined for greater effect	\$ 966
Operational - project	Mossburn	Roads & footpaths	Roads & Footpaths	Footpath/Kerb and channel replacement		Reserve	Work program to be combined for greater effect	\$ 2,149
Operational - project	Nightcaps	Roads & footpaths	Roads & Footpaths	Footpath/Kerb and channel replacement		Reserve	Work program to be combined for greater effect	\$ 5,086
Operational - project	Ohai	Roads & footpaths	Roads & Footpaths	Footpath/Kerb and channel replacement		Reserve	Work program to be combined for greater effect	\$ 550
Operational - project	Orepuki	Roads & footpaths	Roads & Footpaths	Footpath/Kerb and channel replacement		Reserve	Work program to be combined for greater effect	\$ 3,826
Operational - project	Otatutau	Roads & footpaths	Roads & Footpaths	Footpath/Kerb and channel replacement		Reserve	Work program to be combined for greater effect	\$ 872
Operational - project	Winton	Roads & footpaths	Roads & Footpaths	Footpath/Kerb and channel replacement		Reserve	Work program to be combined for greater effect	\$ 10,269
Operational - project	Garston	Community services	Parks & Reserves	New Garston fingerpost sign		Reserve	Project delayed due to Covid-19 and waiting on township population numbers from Stats New Zealand.	\$ 2,530
Total Operational project								\$ 33,524
Total Project								
Project	Winton	Community services	Cemetery	New Information Kiosk at East Winton Cemetery	2017/18	Dev Cont	Sign with community for checking and decision on structure	\$ 15,744
Project	Limehills	Community services	Community Centres	Upgrade of Kitchen	2019/20	Internal grant	Delay on local agreement on design etc due to Covid-19	\$ 10,418
Project	Athol	Community services	Parks & Reserves	Railway Project	2016/17	Reserves	Project was delayed due to Covid-19	\$ 6,424
Project	Riverton/Aparima	Community services	Parks & Reserves	Removal of trees and provision of walking track along estuary on railway line	2019/20	Reserve	Project has been delayed due not having a proper scope.	\$ 46,142
Project	Te Anau	Community services	Parks & Reserves	Sign for gateway to Fiordland	2018/19	Reserve	Project is awaiting a response from the Community Board before progressing.	\$ 10,000
Project	District Reserves	Community services	Parks & Reserves	Ivan Wilson Car Park Extension	2019/20	Reserve	Rescoped, repriced and added as a variation to an existing project. Delayed start with Covid shutdown.	\$ 35,770
Project	Tuatapere	Community services	Parks & Reserves	Additional playground equipment	2019/20	Reserve	Project to be completed in August. Delay due to Covid-19 and international freight delays.	\$ 19,946
Project	Mossburn	Community services	Public Toilets	Mossburn toilets upgrade	2019/20	Loan	Budget was approved as part of the February forecasting round and was unable to be completed by year end	\$ 20,000
Project	Monkey Island	Community services	Public Toilets	Monkey Island Toilets	2018/19	Grants Government & Loan	Community consultation took longer than expected	\$ 77,747
Project	Wyndham	Community services	Public Toilets	Wyndham toilet	2019/20	Loan	This project has been held up due to Covid-19.	\$ 55,000

Type	Town	Activity Group	Activity	Project Name	Financial Year/Start Year	Funded From	Reason for carry forward (ex form)	Actual Carry forward
Project	SIESA	Community services	SIESA	Fuel tanks (2x20,000L) replacement	2015/16	Reserve	Placement of tanks/installation delayed due to Covid.	\$ 26,914
Project	Stewart Island Jetties	Community services	Water Structures	Rebuild Ulva Island Jetty	2019/20	Reserves, grants & contributions	Scope and location could not be agreed, a report was provided to the Community Board at the end of June seeking approval for the revised scope.	\$ 98,473
Project	District	District leadership	District Leadership	Computer equipment Renewal	2018/19	Loan	Lack of available resources to deliver all of the planned activities.	\$ 155,570
Project	District	District leadership	District Leadership	Core Systems Replacement	Multi-Year	Loan	Lack of available resources to deliver all of the planned projects.	\$ 316,430
Project	District	District leadership	District Leadership	Upgrade Phone System	2018/19	Loan	Project has one outstanding item to complete. This is the reporting solution for the RCC component of the project.	\$ 29,659
Project	Gorge Road	District leadership	District Leadership	Install bell at war memorial	2017/18	Internal grant	The Waihopai Toetoe requested confirmation from the community with regards to the scope of work for this project before committing to its continuation.	\$ 10,000
Project	Stewart Island	Roads & footpaths	Roads & Footpaths	Construct new access on Ringa Ringa Road	2018/19	Rates & NZTA	Final completion delayed due to Covid	\$ 132,874
Project	Orepuki	Roads & footpaths	Roads & Footpaths	Footpaths Improvements	2018/19	Reserve	Contract awarded late May. No opportunity to deliver within 2019/2020 year.	\$ 7,589
Project	Riverton/Aparima	Roads & footpaths	Roads & Footpaths	New footpaths in the Riverton township	2019/20	Reserves	Timing between financial years. Works started but not complete	\$ 100,000
Project	Riverton/Aparima	Roads & footpaths	Roads & Footpaths	Footpaths	Multi-Year	Rates	Contract awarded late May. No opportunity to deliver within 2019/2020 year.	\$ 200,992
Project	Riverton/Aparima	Roads & footpaths	Roads & Footpaths	New dump station at Bath Road	2019/20	Reserve	Project has been delayed due to having no scope.	\$ 15,135
Project	Stewart Island	Roads & footpaths	Roads & Footpaths	New walking track horseshoe Bay Road part 1	2018/19	Grants	Construction start delayed due to Covid lockdown	\$ 52,583
Project	Stewart Island	Roads & footpaths	Roads & footpaths	Install new streetlights on the waterfront	2019/20	Reserve	Negotiation with Powernet for installation taking longer than anticipated	\$ 1,686
Project	Stewart Island	Roads & footpaths	Roads & footpaths	Install power point on foreshore, Stewart Island	2019/20	Grants	Negotiation with Powernet for installation taking longer than anticipated	\$ 5,000
Project	Stewart Island	Roads & footpaths	Roads & footpaths	Improving footpath and carparking at Argyle Street, Stewart Island	2019/20	Reserve	Delayed due to Covid	\$ 20,000
Project	Te Anau	Roads & footpaths	Roads & Footpaths	New footpath walkways	2019/20	Reserves	Delayed construction start due to Covid shutdown	\$ 77,100
Project	Te Anau	Roads & footpaths	Roads & Footpaths	CCTV in Te Anau Town Centre	2019/20	Reserve	Project was cancelled by the Community Board but reinstated so procurement and installation has been repriced.	\$ 15,070
Project	District	Wastewater	Wastewater	Inflow project to comply with Consent limits	2018/19	Loan	Residual funds are required to be carried forward to enable project to be completed.	\$ 105,740

Type	Town	Activity Group	Activity	Project Name	Financial Year/Start Year	Funded From	Reason for carry forward (ex form)	Actual Carry forward
Project	Ohai	Wastewater	Wastewater	New UV/Treatment Plant upgrade	2017/18	District Funding - Loan	Project was deferred in 2019/2020 but still incurred some minor spend. Negative carry forward to cover this cost.	-\$ 3,295
Project	Ohai	Wastewater	Wastewater	Seals and arms to both trickling filters	2019/20	District Funding - Loan	Residual funds are required to be carried forward to enable project to be completed. Necessary mechanisms have been built, just needing installation.	\$ 61,500
Project	Stewart Island	Wastewater	Wastewater	Scheme Capacity Upgrade	2012/13	District Funding - Loan	Residual funds are required to be carried forward to enable the project to be designed and completed.	\$ 32,498
Project	Te Anau	Wastewater	Wastewater	Scheme Capacity Upgrade Demand Portion	2018/19	District Funding - Loan	Length of time for procurement has resulted in no construction for membrane & SDI field. Now expected in 2020/2021	\$ 1,565,490
Project	Te Anau	Wastewater	Wastewater	Consent - Upukerora extension	2018/19	District Funding - Loan	Work is ongoing on the required consent renewal; to be combined with the main project budget	\$ 81,809
Project	Tokanui	Wastewater	Wastewater	Embankment work to ponds	2018/19	District Funding - Loan	Residual funds are required to be carried forward to enable project to be completed in conjunction with treatment upgrade	\$ 42,433
Project	Tokanui	Wastewater	Wastewater	Consent renewal preparation & treatment upgrade	2019/20	District Funding - Loan	Residual funds are required to be carried forward to enable project to be completed in conjunction with embankment work to ponds	\$ 47,468
Project	Winton	Wastewater	Wastewater	Consent Renewal Preparation	2018/19	District Funding - Loan	Residual funds are required to be carried forward to enable project in progress.	\$ 58,988
Project	District	Wastewater	Wastewater	District wide oxidation pond security fencing	2019/20	Loan	Residual funds are required to be carried forward to enable project to be completed. Covid-19 halted project which was due to be awarded in March.	\$ 182,758
Project	District	Water supply	Water supply	Well head improvements and seal off old wells	2018/19	Loan	Residual funds are required to be able physical works to be completed	\$ 13,997
Project	Manapouri	Water supply	Water supply	Lateral to Possum Lodge replace with 50mm to assist pressure	2019/20	District Funding - Loan	Budget is required to be carried forward to enable project to be complete. Covid-19 delayed the project starting in the 2019/2020 year.	\$ 100,000
Project	Riverton/Aparima	Water supply	Water Supply	Additional UV disinfection	2019/20	District Funding - Loan	Intended multi-year project. Residual funds are required to be carried forward to enable physical works to be completed. Temporary UV unit installed still requires permanent building and manifold work to be completed.	\$ 243,996

[illegible]

Approval of Scope for Preparation of Community Housing Business Case and Unbudgeted Expenditure for the Project.

Record No: R/20/9/53422
Author: Kevin McNaught, Manager Property Services
Approved by: Matt Russell, Group Manager Services and Assets

☒ Decision

☐ Recommendation

☐ Information

Purpose

- 1 To consider and approve the scope for a business case to be developed for community housing, with the intention of identifying all the issues and options to allow Council to make an informed decision on the future for this activity.

Executive Summary

- 2 Council at its meeting on 27 February 2018 received a report titled 'Service Delivery Review – Community Services' in line with the requirement under Section 17A of the Local Government Act 2002.
- 3 Council resolved to adopt all of the preferred options in the Morrison Low Report in a staged approach, including the development of a Business Case to further inform a decision on the future delivery of the Community Housing activity.
- 4 Council subsequently at its Long Term Plan Workshop on 16 December 2019 gave guidance that it would like the Business Case completed to facilitate the discussion of options for the activity including the cost for rent and refurbishing.
- 5 Attached for approval is the scope proposed for this business case to be undertaken.
- 6 As no funding has been set aside for the project, unbudgeted expenditure approval is also required to enable the project to commence.

Recommendation

That the Council:

- a) **Receives the report titled “Approval of Scope for Preparation of Community Housing Business Case and Unbudgeted Expenditure for the Project.” dated 14 October 2020.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Endorses the attached scope for the Community Housing business case and request that staff proceed to have the business case prepared and reported back to Council once complete.**
- e) **Approves unbudgeted expenditure for the project of up to \$50,000 to be funded from the Community Housing reserve account.**

Background

- 7 Council at its meeting on 27 February 2018 received a report of the Service Delivery Review – Community Services as a result of the requirement under Section 17A of the Local Government Act 2002. The report completed by Morrison Low tentatively identified Council opting out of Community Housing as the preferred option for this activity. However, a recommendation to complete further analysis and reporting was also included.
- 8 Council resolved to adopt all of the preferred options in the Morrison Low Report in a staged approach, including the development of a Business Case to further inform a final decision on the delivery of the Community Housing activity. A copy of the Council report and the relevant extract from the Morrison Low report is included for Councillors information.
- 9 Council subsequently at its Long Term Plan Workshop on 16 December 2019 gave guidance that it would like completed the Business Case to discuss options for the activity including the cost for rent and refurbishing.
- 10 Attached for endorsement is the scope proposed for this business case to be undertaken.
- 11 As no funding has been set aside for the project then unbudgeted expenditure approval is also required to enable the project to commence.
- 12 This scope has been developed to provide appropriate background information, identify the issues and propose options to facilitate an informed discussion and decision-making process by Council.

Issues

- 13 There are a number of issues associated with this activity. Some of these include:
- affordability of managing the activity and maintaining appropriate rental rates;
 - a lack of clarity around need and purpose for the activity;
 - resourcing;
 - suitability of current stock in terms of condition and location; and
 - an increasing legislative / regulatory environment.
- 14 Dealing with these has made the operations and future planning for this activity very challenging. As such the attached scope proposes to consolidate these issues into a business case to aid discussion and decision-making moving forward.

Factors to Consider

Legal and Statutory Requirements

- 15 None identified at this stage as this action is subsequent to the legal requirement to undertake the Section 17A review. Depending on the options presented and subsequently selected by Council, further legal considerations will need to be identified and addressed at that time.
- 16 In that regard community housing as a whole is listed as a strategic asset in Council's Significance and Engagement Policy. The Local Government Act 2002 also states under the definition of a "Strategic Asset" - *any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy*. As such, consultation will be required in regards to any change to the current provision of this activity.

Community Views

- 17 None sought at this stage. However, future community engagement may be required, depending on the options presented and subsequent decision by Council.

Costs and Funding

- 18 There has been no specific budget approved for this project. As such, in order for the business case to be completed unbudgeted expenditure of up to \$50,000 is sought.
- 19 The community housing reserve account currently has \$189,723.00 as its balance as at 30 June 2020 therefore the funding is proposed from this reserve.

Policy Implications

- 20 None identified at this stage.

Analysis

Options Considered

- 21 The consideration of options is anticipated to be undertaken when considering the business case. On that basis the only options at this stage is to approve the scope and complete the business case or not

Analysis of Options

Option 1 – Approve scope and complete business case.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• will identify all options and issues in regards the future of the community housing activity• will allow Council to consider issues in detail and make an informed decision.	<ul style="list-style-type: none">• none identified.

Option 2 – Do not approve scope and not complete business case

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• none identified	<ul style="list-style-type: none">• will not provide Council with further detail required to make a decision in regard to the future of this activity

Assessment of Significance

- 22 This step in the process is not considered significant.

Recommended Option

- 23 Option 1, approve scope and complete business case.

Next Steps

- 24 Procure appropriate resources to undertake the business case.

Attachments

- A Final Draft - business case scope for community housing [↓](#)
B Report to Council 27 February 2018 - Sec 17A Review - Community Services. [↓](#)

Scope for the Preparation of a Business Case for the Southland District Council Community Housing Activity.

Purpose

The purpose of this Business Case is to provide advice and guidance to the Southland District Council as it considers its options for the Community Housing activity.

Background

This Council and its predecessors have been involved in the activity currently described as Community Housing for many years. The activity was previously known as Pensioner Housing.

Council has 69 units located in 10 townships in the district with the age of the units being constructed from 1970 until 1990. The original intention was to provide housing for pensioners to remain living in their local community when their family home and/or yard had become unmanageable for the individuals. At that time there were no Retirement Villages as there are today. There was also a limited number of rest homes available in the District or Region.

The units have continued to be operated and maintained, but like other activities Community Housing is subject to review in accordance with Section 17A of the Local Government Act 2002 (Local Government Act 2002 Amendment Act 2014).

A Section 17A review was undertaken in 2017. This review resulted in a recommended option to Council of exiting the activity.

Council subsequently resolved to request the development of a business case to further inform a final decision on the delivery model for Community Housing going forward. As such, this scoping document seeks to set the parameters for the requested business case.

Activity Detail

Below is an extract from the 2018/2028 LTP advising the location, number, age and condition of the units.

The current rentals range from \$87.50 to \$103.50 per week for single occupancy and higher for double occupancy.

Location	Constructed	Number of units	Overall Condition	Comments
Edendale	1981	10	Good	Buildings structurally sound and maintained. Interior furnishings at varying ages and condition.
Edendale House	1970	1	Good	As above.
Lumsden	1980	4	Good	As above.
Nightcaps	1985	6	Good	As above.
Ohai	1985	5	Good	As above.

Location	Constructed	Number of units	Overall Condition	Comments
Otautau	1976	4	Average	As above.
Otautau House	1970	1	Good	As above. A Lockwood home.
Riversdale	1983	2	Good	Buildings structurally sound and maintained. Interior furnishings at varying ages and condition.
Riverton Trotters Court	1982	8	Good	As above.
Riverton Jacobs Court	1990	4	Good	As above.
Tuatapere	1980	8	Good	As above.
Winton	1975	6	Good	As above.
Wyndham	1980	10	Good	As above.

Valuations:

VG Number	Address	Location	Total Sum Insured Replacement	Rating Valuation Capital Value 1/9/2018
2967015404	10 Pioneer Place	Edendale	\$ 1,456,930	\$ 275,000
2967015403	56 Seaward Road	Edendale	\$ 377,546	\$ 475,000
2925012300	4 Tauna Street	Lumsden	\$ 550,600	\$ 240,000
3048017003	12 Annan Street	Nightcaps	\$ 879,100	\$ 210,000
3046012100	100 Birchwood Road	Ohai	\$ 648,600	\$ 185,000
3064013801	50 King Street	Otautau	\$ 615,276	\$ 240,000
3064013400	1 Rochdale Street	Otautau	\$ 180,652	\$ 75,000
2933007401	48 York Road	Riversdale	\$ 135,668	\$ 180,000
2933007401	48 York Road	Riversdale	\$ 135,668	
3066070301	111 Havelock Street	Riverton	\$ 795,125	\$ 380,000
3066069900	125 Havelock Street	Riverton	\$ 1,213,822	\$ 495,000
3061023302	26 Orawia Road	Tuatapere	\$ 1,138,616	\$ 355,000
2972016000	3 Queen Street	Winton	\$ 881,512	\$ 590,000
2990026300	1 Menzies Court	Wyndham	\$ 1,310,800	\$ 360,000
-	-	-	\$ 10,319,915	\$ 4,060,000

All Capex and Opex is currently funded from rental income. However, this is becoming challenging given the aging stock and increasing legislative requirements for residential housing. It is evident that if Council

were to retain this activity over the long-term, increased investment would be required. There is concern that this increased investment is not able to be funded from the current income source without significant rental increases.

Community Need

The historical and current community need has changed over the period of this activity in three phases.

Originally the units were primarily occupied by the pensioners (those over 60) as people wished to remain living in their local communities and the limitations at that time of Rest Homes or Retirement Villages in the District and Region.

With the development of Rest Homes and Retirement Villages as well as the effect of declining rural towns and communities, it became evident that some pensioners pursued these other options and moved out of the communities, resulting in a lowering of demand. Council subsequently changed the activity name to Community Housing in 2001 to cater for non-pensioners with special needs, as well as allowing standard tenancies to ensure occupancy and cashflow to fund the capex and opex liabilities.

The third phase has been the current lack of housing affordability. In some areas of the district, it is now expected that these units are available for all, not just for pensioners or those with special needs.

Currently, of the 69 units, 5 are vacant (3 ready to re tenant after refurbishment) and 54 are tenanted by pensioners over 60 (78% of units)

Issues

This section seeks to identify the predominant issues associated with the activity:

Purpose

- The evolution away from primarily pensioner occupation has created some operational issues. For example, the activity is at risk of becoming a local version of the former Housing New Zealand portion of Kāinga Ora. This does not align with the purpose for which the activity was originally set up.

Demand

- The demand profile across the district is not well understood in terms of ensuring the current housing is located in the right place. Further, the selection process for occupation has also become convoluted in the process regarding those most in need.

Regulatory

- The current changing regulatory requirements for residential tenancies is creating ongoing compliance obligations that are likely to require significant increases to income.

Funding and Affordability

- In view of both the aging stock coupled with the increasing regulatory requirements and the current funding model, there is the potential for significant rental increases to meet cost demands. The financial capacity of the tenants to meet these increases is concerning.

Staff Resource

- The issues above are also creating significant extra workload and subsequent resource deficiencies for staff involved in this activity. Given, that these staff have responsibility for a number of different activities, it is considered this is not sustainable. It is important to note that any additional resource would come at a cost to be recovered through increased rentals.

Future Ownership / Operating Models

- As part of the Section 17A review process, there were questions posed as to whether Council is best placed to continue with this activity. As such, Council needs to determine whether Community Housing (or a form of housing provision) is considered part of Council core business. If it is determined to be an activity Council wishes to continue with, what sort of operating model is appropriate? If not, what options for divestment are available?

Outcomes Sought

Some of the key outcomes sought from the business case include:

- Further detail and analysis regarding the issues and challenges identified above.
- Identification of options to address these issues
- A cost and benefit analysis in relation to the options
- Indicative timelines and associated processes for each option.

Recommendation

It is anticipated that Council will make a decision on the future for the activity based on the information presented through the business case. A recommended option based on the analysis and outcomes of the identified issues is requested as part of the business case.

Council
27 February 2018



Delivery of Service Review - s17A LG Act - Community Services

Record No: R/18/2/2991
Author: Ian Marshall, Group Manager Services and Assets
Approved by: Ian Marshall, Group Manager Services and Assets

☐ Decision ☒ Recommendation ☐ Information

Purpose

- 1 The purpose of this report is to present the findings of the investigations carried out by Morrison Low into the service delivery models for a number of activities in the Community Services area.
- 2 The further purpose is to seek Council direction and mandate to proceed with more detailed work in accordance with the recommendations of the Morrison Low report which is attached.

Executive Summary

- 3 This report is a covering report, for a report produced by Morrison Low, on delivery of services in the Community Services area. Morrison Low's review was carried out in line with the requirements of a Local Government Act, Section 17A review.
- 4 The Morrison Low report has recommendations on how the services in each of the five activities in the community services area should be delivered.
- 5 For all but Community Housing, the recommendation is for an enhanced status quo model to be used. For Community Housing the recommendation is the Council opt out of the activity. This would need to be investigated in more detail and consulted on as it is a strategic asset.

Council
27 February 2018



Recommendation

That the Council:

- a) **Receives the report titled "Delivery of Service Review - s17A LG Act - Community Services" dated 21 February 2018.**
- b) **Determines that this matter or decision be recognised not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Adopt all of the Preferred Options in the Morrison Low Section 17A Community Services report and take a staged approach to implementing them including the development of a business case to further inform a final decision on the delivery model for Community Housing.**

Background

- 6 Morrison Low were engaged to carry out a review of services in accordance with the requirements of section 17A of the Local Government Act 2002. The services are all within the Community Services Group and those within the scope of the review are:
 - Public Toilets
 - Parks and Reserves
 - Community Housing
 - Community Facilities
 - Cemeteries.

Issues

- 7 The report identifies a number of issues:

Reduction in the number of contracts

- 8 The current delivery of the community services activity involves over 65 out-sourced contracts. This is significant, and requires a lot of time for the contract administrator to create the contracts, keep the contract register up to date, as well as the amount of time for the community engineers to manage the performance of these contracts.

Standardised contracts

- 9 Contracts within and across the services are not standardised. This results in inefficiencies in the drafting, administration and management of contracts.

Council
27 February 2018

Time management and recording

- 10 The real cost to Council in undertaking these administrative functions is not known, Council officers do not fill in time sheets or record time spent creating and managing contracts and procurement processes.

Contractor performance management

- 11 Currently there is no contractor performance management system in place. While complaints are registered as a Request for Service (RFS) in Council's system, this is not a performance management system.

Contractors and payroll

- 12 Some contractors are on the Council payroll rather than submitting an invoice to Council as most contractors would in accordance with their contracts.

Governance arrangements

- 13 The governance structure across Community Services does not lend itself to efficiencies. Services can be funded at the local and/or district level, and there is not consistency in how this is applied. The delegations to community boards, different levels of service, budgets, fees and charges (eg, for hall use) and target rates, all add complexity for the community engineers and contract administrator to manage.

Factors to Consider

Legal and Statutory Requirements

- 14 Service Delivery Reviews are a legislative requirement under Section 17A of the Local Government Act (2002) (the Act). This states:

"A local authority must review the cost-effectiveness of current arrangements for meeting the needs of communities within its district or region for good-quality local infrastructure, local public services, and performance of regulatory functions."

Community Views

- 15 The community views have not been sought on the matters in this report. The report is an investigatory report that is not intended as a consultation document.
- 16 The subsequent issues that may evolve later as options are investigated may lead to specific consultation on service delivery for some of the services.

Costs and Funding

- 17 The costs of the services delivered in these activities was not calculated as part of the report. What is noted in the report is that "...current contracts could be combined to reduce the total number of contracts, there are two other approaches that could be considered:

- ☐ *Geographic approach - grouping all Community Services into one contract by a specified geographic area*
- ☐ *By service approach - where one contract covers the delivery of a particular Community Service across the district*

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27 February 2018

This would not necessarily result in a lower total cost to council but would reduce the risk, create efficiencies for the contract administrator and would free up community engineers' time for higher value work...."

Policy Implications

- 18 The various recommendations in this review have different policy implications. Procurement of services is required to be in line with the Council's Procurement Policy. Rationalising contracts which is suggested in the report as "enhanced status quo" fits well and is in line with the policy.
- 19 Other potential changes such as suggested for Community Housing will involve consideration of other relevant policies if and when a business case for that activity is presented to Council. Community Housing as a whole is identified as a strategic asset in Council's Significance and Engagement policy.

Analysis

Options Considered

- 20 The discussion of options in this report relate to the range of actions that Council could take in response to the attached report.
- 21 The table below summarises the Preferred Options and shows the second ranked Option:

Activity	Preferred Option	2 nd Option
Public Toilets	(D) Enhanced Status quo	(G) Outsourced (e.g. private sector)
Parks and Reserves	(D) Enhanced Status quo	(G) Outsourced (e.g. private sector)
Community Housing	(I) Opting out of the service, SDC does not provide community housing services	(A) Status quo
Community Facilities	(D) Enhanced Status quo	(G) Delivery outsourced (e.g. private sector)
Cemeteries	(D) Enhanced Status quo	(A) Status quo (outsourced)

Analysis of Options

Option 1 - Adopt all of the Preferred Options in the Morrison Low Section 17A Community Services report and take a staged approach to implementing them including the development of a business case to further inform final decisions on the delivery model for Community Housing.

- 22 Develop an integrated implementation plan to make sure that systems and process changes, and contract improvements through standardisation do not conflict with each other.

Advantages	Disadvantages
<ul style="list-style-type: none">Reduction in the number of contractsImproved systems and processesImprovements aligned with common themes across services.	<ul style="list-style-type: none">Potentially less opportunity for local operators for small contractsCommunity Housing as a whole is identified as a strategic asset in Council's

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<ul style="list-style-type: none"> Greater likelihood of standardisation across the District. Continuation of the primary way the service is delivered except for Community Housing. 	Significance and Engagement Policy. The transfer of ownership of a significant strategic asset requires community consultation.
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Option 2 – Make no changes

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> No disruption to business 	<ul style="list-style-type: none"> Opportunity for making improvements missed. Administration of 65 contracts still needed High levels of staff input required. Higher risk of inconsistent standards and performance.

Option 3 – Adopt all the Preferred Options in the Morrison Low Section 17A Community Services report except for Community Housing. Adopt the second preferred option of “status quo” for Community Housing

- 23 Take a staged approach to implementing changes.
- 24 Develop an integrated implementation plan to make sure that systems and process changes, and contract improvements through standardisation do not conflict with each other.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> Reduction in the number of contracts Improved systems and processes Improvements aligned with common themes across services. No consultation needed for Community Housing. 	<ul style="list-style-type: none"> The potential benefits of devolving the Community Housing service will not be realised.

Assessment of Significance

- 25 The decisions proposed in this report are not considered significant. They primarily relate to the way services should be bundled and procured as opposed to whether a service should be delivered or not, except for Community Housing.
- 26 Community Housing as a whole is identified as a strategic asset in Council’s Significance and Engagement Policy. The transfer of ownership of a significant strategic asset requires community consultation.

Recommended Option

- 27 Option one is recommended as it has the potential to produce the most benefits to Council as defined in the Morrison Low report.

Council
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Next Steps

- 28 Develop a staged implementation plan.
- 29 Develop a business case for the delivery of the Community Housing service for Council to make a decision on the preferred delivery model and the consequential community consultation.

Attachments

- A Section 17A Community Services



Community Housing

Current delivery arrangements

SDC current provides 69 housing units in 10 towns across the district. The service is funded at the district level, with delivery outsourced for maintenance and capital works.

SDC provides community housing to:

“Community housing contributes to a healthy community by providing good quality affordable housing to a group with specific needs. It also fosters a compassionate caring community by allowing people, where possible, to remain living in their local community if their family home becomes inappropriate for their individual circumstances.

Activity Aim: Provide affordable community housing where needed.”⁹

Community Housing is managed by Council’s property department.

Table 1 Current Community Housing service delivery

Governance	Funding	Service Delivery
In-house	District and local level	<ul style="list-style-type: none"> Policy, asset management planning and contract management in-house Delivery is outsourced (Maintenance, capital works) through mowing or Alliance contracts

Financial summary

The Community Housing Asset Management Plan 2015-2025 states that “Over the past five years, expenditure on operations, repairs and maintenance has been around \$250,000 per annum. Projected increases... are primarily due to inflation. The strategy to dispose rather than renew at end of life means that depreciation is not funded and rental is only required to cover direct operating and maintenance costs. This enables Council to supply housing at less than market rentals. Forward Capex budgets...allow for refurbishment of houses on average two per year.”¹⁰

A high proportion of operational funding is by fees and charges for direct operating costs via tenant rent. These recognise the private benefit provided to tenants. A low proportion of operational costs are funded by a general rate in recognition of broader social benefits associated with this activity. Capital costs are funded by asset sales, grants and subsidies, reserves and general rates.”¹¹

The operational budget for the community housing activity (including depreciation) was forecast to be approximately \$343,000 for the 2017/18 financial year.

The budget to increase levels of service in the 2017/18 financial year was forecast to be approximately \$4,000, with no allocation for renewals or for capital works to respond to increasing demand.”¹²

⁹ SDC Community Housing Asset Management Plan, page 6

¹⁰ Ibid page 2

¹¹ SDC Long Term Plan 2015-2025, page 228

¹² SDC Community Housing Asset Management Plan 2015-2025 page 16



Local considerations

In considering the options for the delivery of SDC's community housing activity, the following factors have been taken into account:

- the council will not be replacing houses as they come to the end of their life, however it will continue to maintain the properties which will extend the life of the assets
- there is currently no private Community Housing Provider in Southland District who Council could partner with
- Invercargill City Council have a significant community housing stock but are not looking to do anything with that stock at this time
- there may be an opportunity in the future to take advantage of the Income Related Rent Subsidy through a Joint Venture funding if SDC determines that it wishes to remain the community housing market and partner with a community housing provider
- Council policy is that community housing should predominantly be self-funding
- depreciation is not funded
- community housing as a whole is identified as a strategic asset in Council's Significance and Engagement policy. The transfer of ownership of a significant strategic asset requires community consultation.

Options assessment

Nine delivery options were identified. In identifying the options it was agreed that any CCO providing Community Housing services would not have the purpose of making a profit and would therefore not be a CCTO.

In assessing the options, the preferred option was Option I – where council opts out of providing community housing. Option A, the current state was ranked second. A summary of the rankings is shown in Table 2, with the full options assessment shown in Table 4.

Table 2 Summary of options ranking

Governance and funding	Option	Ranking
In-house	(A) Status quo	2
	(B) SDC bring delivery in house	9
	(C) By shared service with another local authority	3
	(D) By CCO/CCTO owned by SDC	5
Joint Committee or other shared governance arrangement	(E) By shared service with another local authority	8
	(F) Delivery outsourced (e.g. private sector)	5
	(G) By CCO/CCTO owned by SDC and another council	7
	(H) By partnership or joint venture between SDC and a Community Housing Provider	3
Other	(I) Opting out of the service, SDC does not provide community housing services	1

***Preferred option – Opting out of the service***

Opting out of providing the service would see council cease to provide community housing at an agreed time. This option ranks the highest because once council exits the service it does not incur any costs which accentuates the final ranking. In this respect it is important to put the cost benefits to one side and look at the non-financial aspects.

Considering the non-financial benefits, this option scores higher than the other options because there are no complex governance arrangements in exiting the service and devolution would remove any risk to council in providing the service (e.g. earthquake risk, maintenance, habitability etc.). SDC would not need to consider consistency or flexibility of the service across the district, or customer satisfaction, but subject to public consultation, may experience community discontent at exiting the service. Exiting the provision of community housing represents a significant change to service levels, which is outside the scope of this section 17 review and should instead be considered more broadly by Council as part of a review of service levels or its community housing policy.

Second ranked option - Status quo

In continuing with the status quo council will be able to continue to deliver community housing in accordance with Council strategy and maintain a community service. There are relatively few contracts in place, so the opportunity for streamlining and improvement is not pronounced; although consistency in contracts and performance management of contractors would improve the way the service is delivered.

It is understood that the current policy is to continue to maintain the assets but not replace them at end of life. It is recommended that a clear definition of what is considered a 'maintenance' activity be formed to assist officers to implement this policy. This could be either in the form of a monetary threshold or specific activities e.g. recladding, "P" decontamination etc.

Watching brief

Given the large portfolio of community housing that Invercargill City Council (ICC) holds, a watching brief should be in place in case ICC look to enter into a partnership or other arrangement with another provider for their community housing that may also provide an opportunity for SDC in the future.

It is recommended that SDC approaches ICC and requests to be kept informed of any work progressed or decisions made with respect to its community housing stock.



Table 4 Full options assessment

Community Housing		Governance and funding in-house						Governance and funding through Joint Committee or other shared governance arrangement			Option 1	
Service delivery options	Weighting	Option A by SDC and shared by SDC and shared	Option B SDC delivery in-house	Option C By shared service with another local authority	Option D By CCO/CCO owned by SDC	Option E By shared service with another local authority	Option F By partnership or joint venture between SDC and other parties (e.g. private sector / another agency)	Option G By CCO/CCO owned by SDC and other Council (Joint CCO)	Option H By partnership or joint venture between SDC and other parties (e.g. private sector / another agency)	Option I By shared service with another local authority	Option J By shared service with another local authority	Option K By shared service with another local authority
		SDC to be the lead provider of the service, with SDC and shared funding. SDC to be the lead provider of the service, with SDC and shared funding. SDC to be the lead provider of the service, with SDC and shared funding.	SDC to be the lead provider of the service, with SDC and shared funding. SDC to be the lead provider of the service, with SDC and shared funding. SDC to be the lead provider of the service, with SDC and shared funding.	SDC to be the lead provider of the service, with SDC and shared funding. SDC to be the lead provider of the service, with SDC and shared funding. SDC to be the lead provider of the service, with SDC and shared funding.	SDC to be the lead provider of the service, with SDC and shared funding. SDC to be the lead provider of the service, with SDC and shared funding. SDC to be the lead provider of the service, with SDC and shared funding.	SDC to be the lead provider of the service, with SDC and shared funding. SDC to be the lead provider of the service, with SDC and shared funding. SDC to be the lead provider of the service, with SDC and shared funding.	SDC to be the lead provider of the service, with SDC and shared funding. SDC to be the lead provider of the service, with SDC and shared funding. SDC to be the lead provider of the service, with SDC and shared funding.	SDC to be the lead provider of the service, with SDC and shared funding. SDC to be the lead provider of the service, with SDC and shared funding. SDC to be the lead provider of the service, with SDC and shared funding.	SDC to be the lead provider of the service, with SDC and shared funding. SDC to be the lead provider of the service, with SDC and shared funding. SDC to be the lead provider of the service, with SDC and shared funding.	SDC to be the lead provider of the service, with SDC and shared funding. SDC to be the lead provider of the service, with SDC and shared funding. SDC to be the lead provider of the service, with SDC and shared funding.	SDC to be the lead provider of the service, with SDC and shared funding. SDC to be the lead provider of the service, with SDC and shared funding. SDC to be the lead provider of the service, with SDC and shared funding.	SDC to be the lead provider of the service, with SDC and shared funding. SDC to be the lead provider of the service, with SDC and shared funding. SDC to be the lead provider of the service, with SDC and shared funding.
Description of option	Operating cost savings	2	1	1	2	1	1	2	1	1	1	1
	Capital cost savings	3	2	2	3	3	3	3	3	3	3	3
	Establishment costs	5	2	2	1	2	2	1	2	2	2	2
	Economies of scale	5	2	2	3	4	3	4	3	3	3	3
	Overhead and governance costs	3	2	2	2	1	1	2	2	1	1	1
	Self-funding	4	4	3	2	1	1	2	2	3	3	3
	Financial score	1.3	0.9	0.85	0.85	0.7	0.75	0.8	1.05	1.6	1.6	1.6
	Non-financial benefits:											
	Consistency in service delivery across the district	3	2	3	4	4	4	4	3	3	3	3
	Customer satisfaction	3	3	3	3	3	4	3	3	3	3	3
	Simplicity of governance arrangements	5	4	3	2	2	3	1	1	1	1	1
	Mitigating risk to council	2	1	3	3	3	3	3	3	3	3	3
	Flexibility to respond to changing requirements	3	4	4	2	2	3	2	3	3	3	3
Non-financial score		1.9	1.6	1.9	1.8	1.8	1.9	1.7	1.6	1.6	1.6	1.6
Total score (out of five)		3.2	2.5	2.8	2.6	2.5	2.6	2.6	2.7	2.7	2.7	2.7
Total score (%)		63%	49%	55%	52%	49%	51%	51%	53%	53%	53%	53%
Rank		2	5	3	4	6	5	7	4	4	4	4

Monthly Financial Report - August 2020

Record No: R/20/10/59372
Author: Lesley Smith, Management Accountant
Approved by: Anne Robson, Chief Financial Officer

☐ Decision ☐ Recommendation ☒ Information

Summary

1. The purpose of this report is to provide Council with an overview of the financial results for the two months to 31st August 2020 by the nine activity groups of Council, as well as the financial position, and the statement of cash flows as at the 31st August 2020.
2. This report summarises Council's financial results for the two months to 31st August 2020.

Recommendation

That the Council:

- a) **Receives the report titled "Monthly Financial Report - August 2020" dated 13 October 2020.**

Attachments

- A Monthly Financial Report August 2020(2) [↓](#)



Monthly financial report

August 2020

Southland District Council
Te Rohe Pōtae o Murihiku

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Executive summary

1. This monthly financial report summarises Council's financial results for the two months to 31 August 2020.
2. The monthly financial report summary consolidates the business units within each of Council's groups of activities.
3. The monthly financial report includes:
 - year to date (YTD) actuals, which are the actual costs incurred
 - year to date (YTD) projection, which is based on the full year projection and is currently the Annual Plan.
 - year to date (YTD) budget, which is based on the full year Annual Plan budget, the adjustments for phasing of budgets has not been processed for the first two months of this financial year.
 - full year (FY) budget, which is the Annual Plan budget figures
 - full year (FY) projection, which is currently the Annual Plan budget figures.
4. Phasing of budgets will occur in September, at forecasting and when one-off costs have actually occurred. This should reduce the number of variance explanations due to timing.
5. Southland District Council summary reports use a materiality threshold to measure, monitor and report on financial performance and position of Council. The materiality threshold adopted by Council, together with the annual budget for 2020/2021 is variances more or less than 10% of the original adopted budget and greater than \$10,000 in value.
6. Report contents:
 - A. Council monthly summary
 - B. Council summary report - income and expenditure and commentary
 - C. statement of comprehensive income
 - D. statement of financial position and movement commentary
 - E. statement of cash flows.

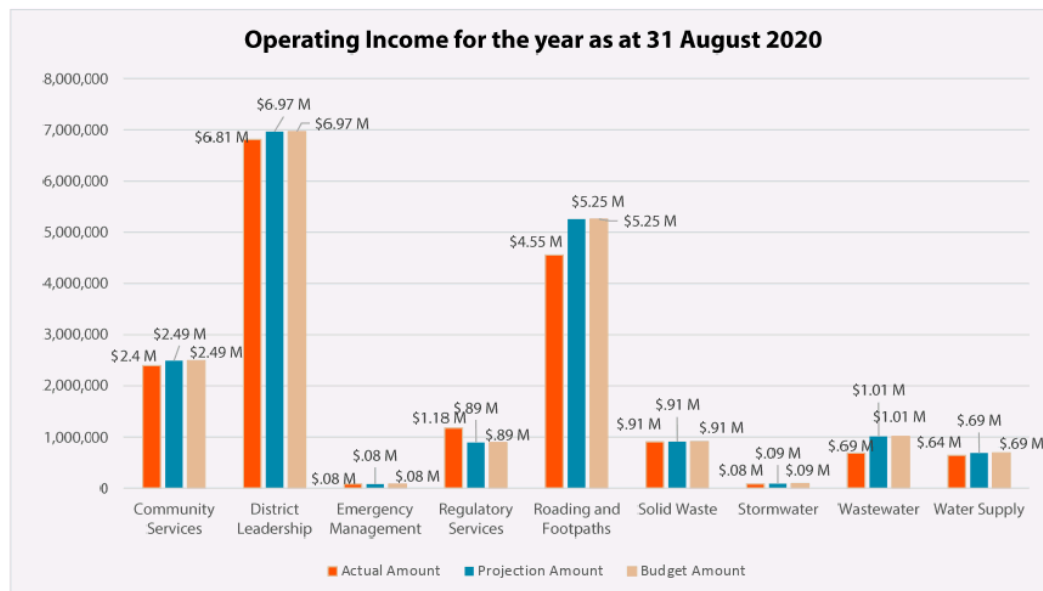
Abbreviation Explanation

Abbreviation	Description
AP	Annual Plan
CAPEX	Capital Expenditure
ELT	Executive Leadership Team
FYB	Full Year Budget
GDC	Gore District Council
GIS	Geographic Information System
GMSE	GeoMedia Smart Client
GST	Goods and Services Tax
ICC	Invercargill City Council
LED	Light Emitting Diode
LTP	Long Term Plan
ME	Month End
NZTA	New Zealand Transport Authority
SDC	Southland District Council
SIESA	Stewart Island Electricity Supply Authority
YE	Year End
YTD	Year To Date
YTD Variance	Comparison of actual results compared to YTD budget
\$M	Millions of dollars

Council monthly summary

Income

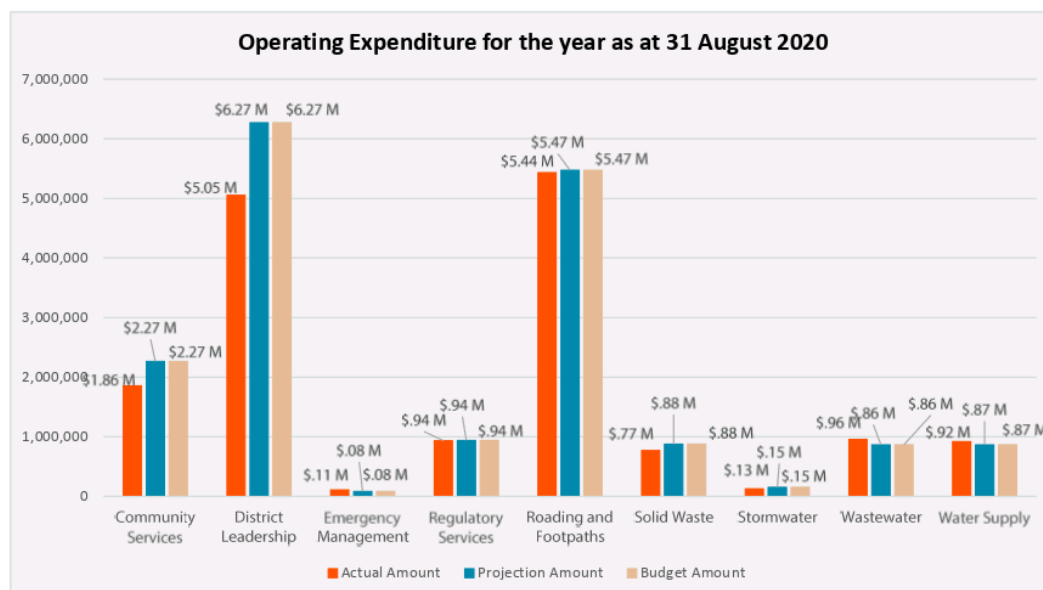
Operating income is \$1.1 million (6%) under projection YTD (\$17.3 million actual vs \$18.4 million projected).



- **Wastewater** is \$326,671 (32%) below budget, this variance is due to the timing of the government grants for the Te Anau wastewater project. The 2020/21 budget includes grant income of \$2 million for this project. \$1 million of this grant income was received in June 2020, the final \$1 million instalment is due on the completion of the project. Currently construction is expected to be completed in June 2021. The amount of the grant will be revised during the forecasting process.
- **Regulatory services** are \$283,049 (32%) ahead of budget, the annual budget for dog registrations is \$683,109 and this budgeted income has currently been spread evenly through the year. Dog registration fees are predominately received in June to August. The budget will be phased to reflect this.
- **Roothing and footpaths** is \$701,049 (13%) below budget, the variance is predominately due to district wide roading being \$621,564 below budget, this is due to the timing of work, in particular capital works. Physical works are more typically completed between October and March, and therefore the variance is deemed to be a timing difference, and phasing will eliminate this variance.

Expenditure

Operating expenditure is \$1.6 million (9%) under projection for the YTD (\$16.2 million actual vs \$17.8 million projection).

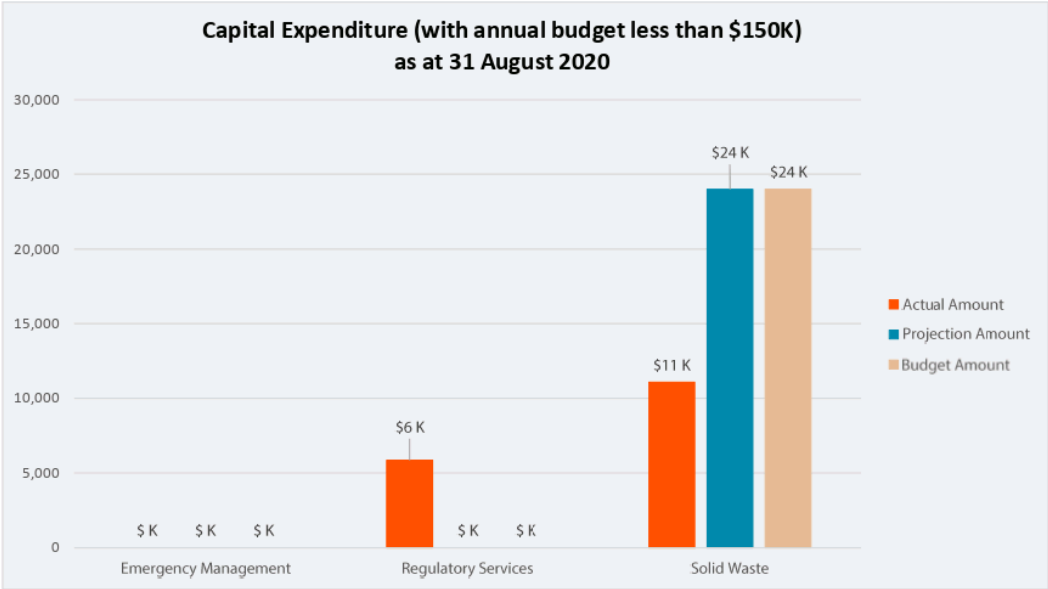


- **Community services** is \$409,715 (18%) below projected spend.
 - **Community centres** are below budget by \$85,301 (63%). Two painting projects for Fortrose and Waianiwa (\$10,000) are on hold due to on-going negotiations with the hall committee and the community board regarding the future of the halls. The exterior re-paint of the Dipton Hall (\$5,000) and the roof replacement project for the Colac Bay Hall (\$5,000) need to be phased to later in the financial year and therefore the budget variance is a timing difference. Additionally, we are awaiting applications from non- Council owned halls, for \$39,000 of rates collected on behalf of these halls.
 - **Grants and donations** are below budget by \$163,936 (67%). At the beginning of the financial year, letters with purchase order numbers are sent out to grantees. During the first two months of the financial year there have not been a significant number of these returned, this variance is a timing difference and will change as organisations send in their invoices.
 - Also included are variances of \$217,785 across a number of business units which will be eliminated when the budgets are phased during September.
- **District leadership** is \$1,217,405 (19%) under budget.
 - **Engineering consultants** is \$55,195 (21%) under budget. Consultants fees are lower than budget along with the internal costs on-charged by other business units.
 - **Forestry** is \$68,573 (25%) below budget mainly due to the phasing of seedling purchase and planting operations in Waikaia.
 - **Governance** is \$49,057 below budget due to current vacancies resulting in lower than anticipated staff costs.

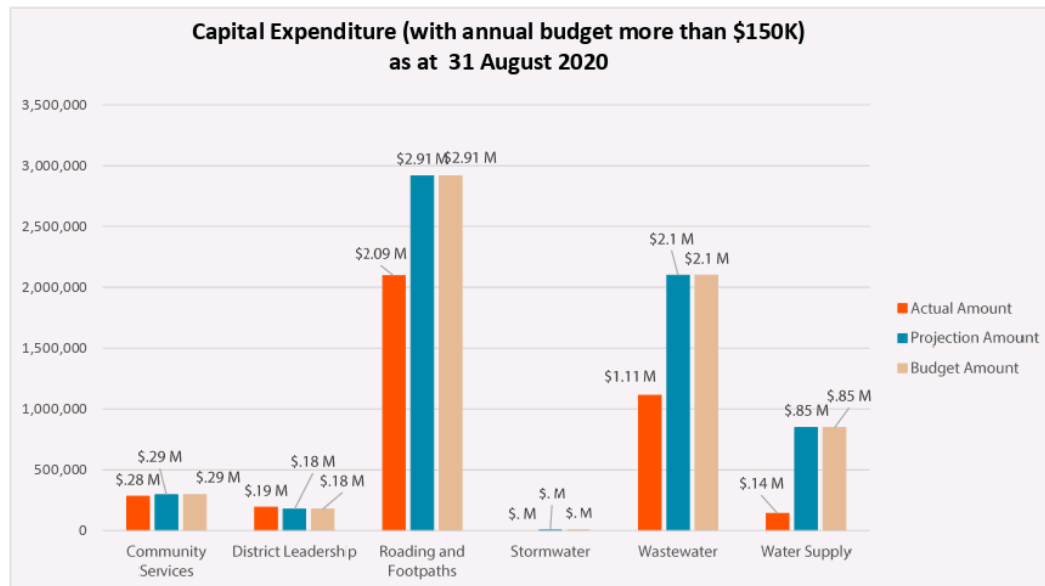
- **SI visitor levy** is \$173,756 less than budget. This is due to the reversal of the grants accrued on the 30 June not being invoiced prior to the end of August.
- Also there are various corporate overhead business units \$733,324 below budget, which will be eliminated when the budgets are phased in September.
- **Emergency management** is \$24,650 (30%) higher than budget. This relates to a grant to Environment Southland and is a timing issue, which will be corrected with phasing.
- **Solid waste management** is \$107,186 (12%) below budget. The current underspend is a result of lower than budgeted expenditure across all transfer stations. This variance includes a seasonal element which will smooth out over the remainder of the financial year.
- **Stormwater** is \$22,686 (15%) under projection due to limited reactive maintenance being undertaken, however this is offset by the resource consent costs that have come through for seventeen towns across the district. Monitoring costs for these consents will be incurred moving forward and further maintenance will be undertaken as required.
- **Wastewater** is \$91,584 (11%) over budget. \$49,187 of this relates to internal rates, and \$25,000 for planned maintenance for which the cost needs to be phased over the financial year, eliminating the variance. There is an accrual for consulting costs of \$24,620, which is no longer required and will be reversed in September.

Capital expenditure (CAPEX)

Capital expenditure is \$2.6 million (40%) under projection year to date (\$3.8 million actual vs \$6.4 million projection).



- **Regulatory services** capital expenditure of \$5,859 is for an upgrade of Pathway to host online applications for new regulatory fees.
- **Solid waste** actual capital expenditure of \$11,000 is for additional wheelie bins that have been supplied. The cost is being met from wheelie bin recoveries.



- **Roading and footpaths** are \$820,467 (28%) under projection.
 - **Roading - district wide** is \$1,046,629 (36%) under budget due to timing of the work, the ideal construction season is October to March. Included in the above variance is sealed road resurfacing which is \$880,000 below budget and pavement rehabilitation which is \$427,000 under budget. These variances are timing differences
 - **Street works** is \$229,728 (1212%) over budget, which is predominantly made up of three footpath projects that had been delayed with Covid-19 and carried forward from the 2019/20 financial year. The projection for the 2020/21 financial year will be updated to reflect the carry forwards from 2019/20 during October.
- **Wastewater** is \$987,676 (47%) under budget to date largely due to the delay in construction of the Te Anau wastewater project, the majority of the construction cost is to be incurred between December and April.
- **Water supply** is \$704,952 (83%) below budget. The variance is a timing difference as the budget is showing as 2/12th for the year and not currently reflecting the timing of the work to be completed. Work is currently progressing at Quintin Drive, Te Anau. The Otautau main replacement project is also nearing completion.

Council summary report

Southland District Council Financial Summary
for the period ending 31 August 2020

Operating Income									
	YTD					FYB			
	Actual Amount	Projection Amount	Budget Amount	Variance	Var %	Projection Amount	Budget Amount	Variance	Var %
Community Services	2,396,718	2,493,551	2,493,551	(96,833)	(4%)	12,711,309	12,711,306	(2)	(0%)
District Leadership	6,813,455	6,965,027	6,965,027	(151,572)	(2%)	38,190,162	38,190,162	0	0%
Emergency Management	83,432	83,239	83,239	193	0%	499,435	499,435	(0)	(0%)
Regulatory Services	1,176,399	893,350	893,350	283,049	32%	5,360,100	5,360,101	0	0%
Roading and Footpaths	4,552,960	5,254,009	5,254,009	(701,049)	(13%)	30,551,021	30,551,021	0	0%
Solid Waste	908,639	913,566	913,566	(4,927)	(1%)	5,481,398	5,481,398	0	0%
Stormwater	82,205	91,185	91,185	(8,981)	(10%)	547,111	547,111	(1)	(0%)
Wastewater	685,793	1,012,464	1,012,464	(326,671)	(32%)	6,074,785	6,074,785	0	0%
Water Supply	642,036	691,384	691,384	(49,348)	(7%)	4,148,304	4,148,304	0	0%
Total	\$17,341,636	\$18,397,776	\$18,397,776	(1,056,140)	6%	\$103,563,624	\$103,563,623	(2)	(0%)

Operating Expenditure									
	YTD					FYB			
	Actual Amount	Projection Amount	Budget Amount	Variance	Var %	Projection Amount	Budget Amount	Variance	Var %
Community Services	1,855,699	2,265,415	2,265,415	(409,715)	(18%)	13,715,803	13,715,805	2	0%
District Leadership	5,052,388	6,269,794	6,269,794	(1,217,405)	(19%)	38,976,808	38,976,808	0	0%
Emergency Management	107,889	83,239	83,239	24,650	30%	499,435	499,435	(0)	(0%)
Regulatory Services	936,503	938,562	938,562	(2,059)	(0%)	5,799,218	5,799,219	1	0%
Roading and Footpaths	5,435,470	5,472,501	5,472,501	(37,031)	(1%)	32,903,715	32,903,715	0	(0%)
Solid Waste	768,835	876,021	876,021	(107,186)	(12%)	5,259,915	5,259,916	1	0%
Stormwater	128,158	150,844	150,844	(22,686)	(15%)	905,065	905,067	2	0%
Wastewater	955,102	863,518	863,518	91,584	11%	5,181,109	5,181,109	(0)	(0%)
Water Supply	918,692	865,605	865,605	53,086	6%	5,193,631	5,193,631	(0)	(0%)
Total	\$16,158,737	\$17,785,499	\$17,785,499	(1,626,762)	(9%)	\$108,434,700	\$108,434,705	5	0%
Net Surplus / Deficit	\$1,182,899	\$612,277	\$612,277	\$70,622	15%	(\$4,871,076)	(\$4,871,083)	(7)	(0%)

Capital Expenditure									
	YTD					FYB			
	Actual Amount	Projection Amount	Budget Amount	Variance	Var %	Projection Amount	Budget Amount	Variance	Var %
Community Services	282,643	293,843	293,843	(11,200)	(4%)	3,258,909	3,258,909	(0)	(0%)
District Leadership	191,358	175,890	175,890	15,468	9%	734,319	734,319	(0)	(0%)
Emergency Management	-	-	0	0	0%	-	-	0	0%
Regulatory Services	5,859	-	0	5,859	0%	73,116	73,116	0	0%
Roading and Footpaths	2,094,378	2,914,845	2,914,845	(820,467)	(28%)	17,489,071	17,489,071	(0)	(0%)
Solid Waste	11,076	23,996	23,996	(12,920)	(54%)	143,974	143,974	0	0%
Stormwater	-	3,333	3,333	(3,333)	(100%)	20,000	20,000	(0)	(0%)
Wastewater	1,110,783	2,098,460	2,098,460	(987,676)	(47%)	12,590,761	12,590,760	(1)	(0%)
Water Supply	140,849	845,801	845,801	(704,952)	(83%)	5,074,806	5,074,805	(1)	(0%)
Total	\$3,836,945	\$6,356,168	\$6,356,168	(2,519,223)	(40%)	\$39,384,957	\$39,384,954	(3)	(0%)

Activities reporting under Groups listed:

COMMUNITY SERVICES	DISTRICT LEADERSHIP	REGULATORY SERVICES
Community Assistance	Representation and Advocacy	Building Control
Parks and Reserves	Community Development	Resource Management
Cemeteries	District Support	Animal Control
Community Facilities	Corporate Support	Environmental Health
Community Groups	Forestry	
Library Services		
Public Toilets		
Airports		
Electricity Supply		

Statement of comprehensive income

Statement of Comprehensive Revenue and Expenses for the period ending 31 August 2020					
	YTD			FYB	
	Actual Amount	Projection Amount	Budget Amount	Projection Amount	Budget Amount
Revenue					
Rates Revenue	7,950,264	8,413,600	8,413,600	49,531,001	49,531,000
Other Revenue	1,758,155	1,386,123	1,386,123	8,316,738	8,316,738
Interest and Dividends	9,726	12,127	12,127	72,763	72,763
NZ Transport Agency Funding	2,088,519	2,584,513	2,584,513	15,507,078	15,507,078
Grants and Subsidies	1,594,230	1,859,290	1,859,290	5,305,740	5,305,740
Other gains/losses	80,442	10,445	10,445	(258,353)	(258,353)
Vested Assets	0	0	0	0	0
Development and financial contributions	1,426	4,069	4,069	24,416	24,416
	13,482,763	14,270,168	14,270,168	78,499,383	78,499,382
Expenditure					
Employee Benefit Expense	1,899,444	2,355,135	2,355,135	15,279,127	15,279,127
Depreciation and Amortisation	3,975,965	3,969,181	3,969,181	23,815,083	23,815,083
Finance Costs	3,508	70,408	70,408	422,445	422,445
Other Council Expenditure	6,420,946	7,263,168	7,263,168	43,853,803	43,853,810
	12,299,864	13,657,891	13,657,891	83,370,459	83,370,465
Total Comprehensive Income	1,182,899	612,277	612,277	(4,871,076)	(4,871,083)

Note:

The revenue and expenditure in the comprehensive income statement does not reconcile to the total income and total expenditure reported in Council summary report on page 10 due to the elimination of the internal transactions. However, the net surplus/deficit (as per Council summary report) matches the total comprehensive income (as per the statement of comprehensive income).

The presentation of the statement of comprehensive income aligns with Council's annual report. The annual report is based on national approved accounting standards. These standards require us to eliminate internal transactions. Council is also required to report by activities. A number of Council functions relate to a number of activities, eg finance. To share these costs, an internal transaction is generated between the finance business unit and the activity business units. Within the annual report, Council also prepare activity funding impact statements. These statements are prepared under the Financial Reporting and Prudence Regulations 2014. This regulation requires internal charges and overheads recovered be disclosed separately. Council summary report is a summary of what these activity funding impact statements will disclose for income and expenditure at year end.

Statement of financial position

Council's financial position as at 31 August 2020 is detailed below. The balance sheet below only includes Southland District Council and SIESA financials. This means that the balance sheet for 30 June 2020 differs from the annual report which includes Venture Southland and Wastenet financials. The 30 June 2020 balance sheet is as presented to the Finance and Audit Committee and has not yet had audit sign off.

SOUTHLAND DISTRICT COUNCIL STATEMENT OF FINANCIAL POSITION as at 31 August 2020

	Actual 31-Aug-20	Actual 30-Jun-20
Equity		
Retained Earnings	720,469,063	719,286,164
Asset Revaluation Reserves	837,648,066	837,648,066
Other Reserves	41,829,476	41,829,476
Share Revaluation	3,576,565	3,576,565
	1,603,523,172	1,602,340,271
Represented by:		
Current Assets		
Cash and Cash Equivalents	11,754,533	11,498,789
Trade and Other Receivables	4,741,741	10,682,710
Inventories	126,512	126,512
Other Financial Assets	2,517,930	2,017,930
Property, Plant and Equipment	-	-
	19,140,716	24,325,942
Non-Current Assets		
Property, Plant and Equipment	1,576,811,786	1,576,611,461
Intangible Assets	3,612,687	3,618,162
Forestry Assets	12,260,000	12,260,000
Internal Loans	35,049,307	35,396,887
Work in Progress	359,662	713,532
Investment in Associates	944,624	944,624
Other Financial Assets	1,967	2,105
	1,629,040,032	1,629,546,771
TOTAL ASSETS	1,648,180,748	1,653,872,712
Current Liabilities		
Trade and Other Payables	5,812,161	9,377,528
Contract Retentions and Deposits	432,247	449,867
Employee Benefit Liabilities	1,529,737	1,984,447
Development and Financial Contributions	1,799,585	1,789,171
Borrowings	-	2,500,000
Provisions	14,000	14,000
	9,587,730	16,115,013
Non-Current Liabilities		
Employment Benefit Liabilities	18,631	18,631
Provisions	1,910	1,910
Internal Loans - Liability	35,049,307	35,396,888
	35,069,847	35,417,429
TOTAL LIABILITIES	44,657,577	51,532,441
NET ASSETS	1,603,523,172	1,602,340,271

Statement of cash flows

Statement of Cashflows for the year ended June 2020

	2020/2021	YTD Actual
Cash Flows from Operating Activities		
Receipts from rates		12,742,148
Receipts from other revenue (including NZTA)		6,391,328
Cash receipts from Interest and Dividends		9,726
Payment to Suppliers		(9,889,371)
Payment to Employees		(2,354,153)
Interest Paid		(3,508)
GST General Ledger (net)		95,939
Net Cash Inflow (Outflow) from Operating Activities		6,992,109
Cash Flows from Investing Activities		
Receipts from sale of PPE		80,442
(Increase)/Decrease Other Financial Assets		(499,862)
Purchase of property, plant and equipment		(3,822,421)
Purchase of Forestry Assets		-
Purchase of Intangible Assets		5,475
Net Cash Inflow (Outflow) from Investing Activities		(4,236,365)
Cash Flows from Financing Activities		
Increase/(Decrease) Term Loans		(2,500,000)
Increase/(Decrease) Finance Leases		-
Net Cash Inflow (Outflow) from Financing Activities		(2,500,000)
Net Increase/(Decrease) in Cash and Cash Equivalents		255,743
Cash and Cash Equivalents at the beginning of the year		11,498,789
Cash and Cash Equivalents at the end of June		11,754,533

Cash and cash equivalents and other financial assets

1. At 31 August 2020, Council had \$7 million invested in three term deposits with maturities as shown in the table below.

SDC Investments - Term Deposits				
Bank	Amount	Interest Rate	Date Invested	Maturity Date
ANZ	\$ 3,000,000	0.48%	31-Aug-20	19-Oct-20
WPC	\$ 2,000,000	1.15%	31-Aug-20	19-Oct-20
WPC	\$ 2,000,000	1.15%	31-Aug-20	19-Nov-20
Total	\$ 7,000,000			

2. At 31 August 2020, SIESA had \$1.57 million invested in five term deposits as follows:

SIESA Investments - Term Deposits				
Bank	Amount	Interest Rate	Date Invested	Maturity Date
BNZ	\$ 370,000	2.66%	2-Mar-20	2-Sep-20
BNZ	\$ 200,000	2.06%	4-May-20	4-Nov-20
BNZ	\$ 350,000	1.49%	23-Jul-20	23-Feb-21
BNZ	\$ 350,000	2.44%	23-Apr-20	25-Jan-21
BNZ	\$ 300,000	1.82%	6-Jul-20	6-Apr-21
BNZ	\$ 250,000	1.30%	2-Jul-20	2-Dec-20
BNZ	\$ 250,000	1.74%	2-Jul-20	2-Feb-21
Total	\$ 2,070,000			

3. Funds on call at 31 August 2020:

Funds on Call				
	Amount	Bank	Account	Interest Rate
SDC	\$ 3,972,819	BNZ	Funds on Call	0.05%
	\$ 10,000	BNZ	Operating Bank Acc	0.05%
	\$ 531,339	BNZ	Restricted Funds Acc	0.05%
SIESA	\$ 238,335	BNZ	Funds on Call	0.05%
Total	\$ 4,752,493			

Council's Investment and Liability Policy states that Council can invest no more than \$10 million with one bank. Investments and funds on call, comply with the SDC Investment Policy.

4. Reconciliation to Statement of Financial Position:

	Amount
Cash and Cash Equivalents	
Note 1 - SDC Investments	\$ 7,000,000
Note 2 - SIESA Investments	\$ 2,070,000
Note 3 - Funds on Call	\$ 4,752,493
Total Cash and cash equivalents	\$ 13,822,493
Add Other Financial Assets	
Cash on Hand	\$ 2,040
Loan Advances - Developers Contributions	\$ 1,967
Loans - Community	\$ 37,108
Civic Assurance Shares	\$ 12,572
Milford Sound Tourism Shares	\$ 398,249
Total Other Financial Assets	\$ 451,937
Total Cash and cash equivalents and other financial assets	\$ 14,274,430
Per the Statement of Financial Position	
Cash & Cash Equivalents	\$ 11,754,533
Other Financial Assets - Current Assets	\$ 2,517,930
Other Financial Assets - Non Current Assets	\$ 1,967
Total per Statement of Financial Position	\$ 14,274,430

Management Report

Record No: R/20/10/60329
Author: Ross McNeil, Interim Chief Executive
Approved by: Ross McNeil, Interim Chief Executive

☐ Decision

☐ Recommendation

☒ Information

Environmental Services

Group Managers Update

1. A Maori cloak (korowai) workshop for Te Hikoi, Riverton with textile conservator Dr Tracey Wedge occurred during August. The Riverton Heritage Society has eight important cloaks with dates ranging from the early 19th to the early 20th centuries as well as kete and other important Maori textiles. This workshop was a follow up to one held in 2015 and funding was obtained from 2017 to continue with a project that will see them housed appropriately for the future. Volunteers were able to assist in surface cleaning and observe relaxing through re-humidification of these fragile and highly significant taonga. Tracey's husband made several boxes for the smaller cloaks.
2. Council took advantage of the visit of textile conservator Dr Tracey Wedge while in the region with the roving museum officer hosting her on Rakiura/Stewart Island where she assessed a highly significant cloak that had just come into the museum. A storage/display unit is being planned with the museum and the depositor of this taonga and funding will be obtained for housing and building the unit once plans have been received.
3. Work is continuing as a priority on the Rakiura museum to ensure the displays are ready for the opening in December 2020.

Predator Free Rakiura project

4. Predator Free Rakiura is an ambitious goal to rid the island of introduced predators – rats, possums, feral cats and hedgehogs. The island is home to more than 20 threatened species whose long-term survival is under threat due to predation. It's also one of the most complex projects of its type anywhere in the world.
5. Workshops to progress the formation of governance were held at Council's Invercargill office on 17 September and on Rakiura on 13 October.
6. The leadership group held a public event in collaboration with the Stewart Island Halfmoon Bay School on 13 October. The event launched the "World Movie Premiere" highlighting the school's guide for protecting Ulva Island, and for the leadership group to announce their success in obtaining crown funding for five years for the Predator Free Rakiura project.
7. This years' funding will be used to establish a strong governance structure, kick-start project design and develop a project plan.

Building Solutions

8. An important correction to last month's report regarding compliance to statutory timeframe has been identified. The newly combined data sets for Pathways and GoGet contained an error. Compliance for August was not 37% as reported it was 55.2%. A lot of work is still needed, however, this is an improvement from the previous month and not a decline as stated.
9. The building team received 69 building consents in September 2020 (a consistent volume to the 70 received September 2019) and issued 82 building consents with 76.9% compliance to statutory timeframes during the month of September 2020. The average working days were 18. This is a significant improvement for the team, however further improvement is needed to reach 100% compliance as required.
10. The successful applicant for the previously advertised Senior Building Consent Officer position has transitioned from a short, fixed term engagement to a permanent position. This is fantastic news for the team, however did not result in expanding the team's capacity in the interim.
11. Recruitment for six vacant positions is underway with the first four roles closing on 15th October and the remaining two roles closing on 30th October.
12. A successful industry engagement evening with the Te Anau based Placemakers members and attendance at the Invercargill based Registered Master Builders Association executive meeting were held in recent weeks and have supported effective two-way communication with the industry.
13. The building team have scheduled two system related training sessions (see flyer attached) as a result of requests at these meetings and are looking to implement text-based inspection confirmations. These are simple changes we can make to better support our community.
14. Conversations with the owners of properties that have received dangerous and insanitary notices are ongoing and monitoring is occurring frequently to ensure that full compliance with each notice is achieved.

Animal Control

15. Following Council's adoption of the Keeping of Animals Bylaw, staff are arranging an article in the Otautau News and Views that all Ohai residents receive, advising of the new permit process; the local community board representative advised that this would be an ideal medium for Council to communicate with the residents.
16. Dog registrations are going well, at the time of writing there are only 253 dogs left to re-register.

Environmental Health

17. MBIE has approved Council's application for funding for freedom camping ambassadors and new signage. Staff are in the process of recruitment for the ambassadors and organising vehicles for them, and will also meet with the Department of Conservation (DOC) and Catlins Coast Inc concerning the signage.

18. This funding will work in well with Council's recent decision concerning the Waikawa designated site, where a new sheltered sign may be installed giving clear information for visitors there.
19. Business solutions is working with the team to introduce online applications for alcohol and food licensing, and this is expected to bring efficiencies and an improved customer experience.

Resource Management

20. Covid-19 has not noticeably affected workloads. Resource consent applications remain consistent with the same period in 2019. There has also been a vacancy within the team which has impacted on getting consents issued within timeframes.
21. Dark Skies Plan Change for Rakiura – the decision on this plan change was released in August and no appeals were received. A report is being drafted to make this plan change operative.
22. Up until the alert level 4 restrictions coming into force, ongoing policy focused work was occurring on the regional work streams for Climate Change, Biodiversity, Landscapes and Natural Character. In the national space, Covid-19 has delayed some anticipated national direction. Particularly the national policy statements on highly productive land and indigenous biodiversity have been delayed and it is anticipated that they will now be released in April 2021.
23. Council has endorsed a report to bring forward the review of the landscapes section of the District Plan. Work is now underway to understand the unique nature of Southland's landscapes, cultural values and local areas of significance. There are a number of pieces of work that will inform a review and also a number of conversations with communities and land owners. An article in First Edition was released in September notifying the community of this work and the next steps. It is anticipated that a plan change will be notified in the middle of 2021.
24. Council was part of the reference group providing feedback to the Ministry of the Environment on the proposed National Policy Statement on Indigenous Biodiversity and the proposed New Zealand Biodiversity Strategy. Consultation on the NPS for Indigenous Biodiversity closed in March 2020.
25. Council submitted stating that in Council's opinion, achieving the requirements of the Statement will require a significant body of work identifying potentially Significant Natural Areas, mapping them and revising rules within the District Plan to protect and enhance them. It is anticipated that there will be a significant cost associated with this. There is estimated to be 1.7 million hectares of potentially significant biodiversity which equates to 57% of our District. Approximately 94,000ha of this area is indicated to be on private land. Council has provided input into the LGNZ submission and the Southland District Council is one of the case study councils forming part of that submission. It was anticipated that the National Policy Statement will likely be gazetted prior to the general election in September but this has been delayed until approximately April 2021.
26. Resource consent data for previous few months:
 - July - 29 applications received, 28 decisions issued.
 - August – 18 applications received, 29 decisions issued.
 - September – 32 applications received, 27 decisions issued.

Community and Futures

Strategy and Policy

Strategy and development plan

27. Staff have identified the national, regional and District strategies that are relevant to Council. Staff will assess the strategies that are necessary to focus work/service delivery and to guide decision making, both from a Council and community perspective. Staff will produce a strategy development plan that will outline an intended work programme, why particular strategies will be prioritised, and the ongoing commitments Council will need to make.

Keeping of Animals, Poultry and Bees Bylaw

28. Council have finished formal consultation on the draft Keeping of Animals, Poultry and Bees Bylaw, and councillors have received the submissions. On 29 September 2020, Council met and adopted the final bylaw.

Jetty usage

29. Council are still reviewing the charging method for non-recreational jetty usage on Stewart Island/Rakiura. Staff will discuss three charging options with the Stewart Island/Rakiura Community Board on 12 October 2020, and then request Council to endorse a charging method to be included and consulted on in the draft Long Term Plan.

Procurement Policy

30. Staff have been revising the Procurement Policy and developing a draft Procurement Manual. On 21 October 2020, staff will seek a decision from Council to release a draft policy for formal consultation from 4 November to 4 December 2020. Any submissions received will be presented to Council in the New Year. The executive leadership team will adopt a procurement manual that implements Council's policy approach, following adoption of the policy.

Other policy work

31. Review of a suite of policies that will inform the Long Term Plan is underway. This includes the Revenue and Finance Policy, the Policy on Development and Financial Contributions, and the Significance and Engagement Policy. Draft policies will be presented to committees in September and to Council on 21 October. Following Council approval, the formal consultation period for these policies is planned for 4 November to 4 December 2020. Staff are also working on the asset management, contract management, risk management and grants and donations policies.

Stewart Island/Rakiura Visitor Levy

32. Strategy and policy are leading the review of the Stewart Island/Rakiura visitor levy. An update on the progression of this work, and a proposed timeframe for completion, will be presented to the Community and Strategy Committee at its November meeting.

Corporate risks

33. Work has begun to undertake the in-depth analysis of Council's top corporate risks. Finance and assurance committee members will discuss in detail selected risks from the top 10 corporate risks in each quarter beginning September 2020. Staff will also begin work on reviewing Council's operational risk framework in the up-coming months.

Annual Report 2019/2020

34. The annual report period is now underway. The Finance and Assurance Committee met on 11 September to review the draft Annual Report 2019/2020 for release to Audit NZ. The report due to be completed by mid-November 2020.

Long Term Plan

35. The Long Term Plan continues to build as we enter the final three months of 2020. Preliminary workshops with Council have been carried out and ongoing engagement with community boards prior to confirmation meetings in late October, early November. The communications and engagement team are now starting the consultation document development process while supporting documents such as the infrastructure and financial strategies, activity management plans and significant forecasting assumptions are further developed.

Community Leadership

Observation Rock application to the Provincial Growth Fund (PGF)

36. The Ministry of Business, Innovation and Employment has advised that the funding application for the platform at Observation Rock on Stewart Island/Rakiura will not be proceeding at this stage due to the Provincial Growth Fund of \$3 billion being almost fully allocated. The volume and value of applications the PGF has received far exceeds the funding available. In addition, our application was not received in time for consideration in the last funding round in order to meet the processing timelines before the election.

Community Partnership Fund

37. The first rounds of the Community Partnership Fund closed recently for the following boards.
- Tuatapere Te Waewae (8 applications received)
 - Northern (9 applications received)
 - Oraka Aparima (12 applications received)
 - Ardlussa (19 applications received)
 - Wallace Takitimu (8 applications received)
 - Oreti (7 applications received)
 - Waihopai Toetoe (14 applications received)
 - Fiordland (11 applications received)
38. A total of 88 applications were received and boards are now in the process of making their allocation decisions.

Waikaia Mountain Bike Track Project

39. Following the decision of the Services and Assets Committee at its meeting on 7 September to allow access for mountain biking in the Council owned Waikaia Forestry block, planning is underway to establish a trust to drive this project.

Milford opportunities

40. The last opportunity for engagement by the public with the Milford Opportunities Project is happening between 5 and 30 October.
41. Over the past two years the project team have talked to many people and collected many ideas from the local community, stakeholders and wider New Zealand. The team has spent a lot of time researching how these ideas could work and created different scenarios. It now wants to know what people think of them.
42. Feedback is important for the project's governance group when it makes decisions in December about what the master plan will say. Feedback can be provided through the website - <https://www.milfordopportunities.nz/get-involved/haveyoursay/>
43. The Governance Group is looking to incorporate an additional workstream (a branding investigation) within the budget scope of the project. A separate report is being prepared for the Community and Strategy Committee meeting scheduled for 11 November.

Services and Assets

Stewart Island Electrical Supply Authority (SIESA)

44. The Services and Assets committee approved award of a new SIESA management agreement with PowerNet, for commencement from 1 October 2020. This contract is pending PowerNet Board approval and signature.
45. Progress on securing either of the two preferred sites for the wind power project has faced setbacks. The viability of alternative turbine site locations options is currently being evaluated in order to establish a path forward for land access.
46. TerraCat recently reviewed the powerhouse and provided a report which contains feedback on specific areas and identifies opportunities for improvement. This includes current proposals for genset replacement and moisture control on the standby genset unit which may be inadequate or ineffective.

Forestry (IFS)

47. The financial year 2020/2021 harvesting programme continues out of Waikaia block 4. The crop age is 30 years and estimated tonnes are 19,000t with a forecast return of \$933,000.
48. The Ardlussa Community Board have proposed establishing mountain bike trails within the Waikaia forest. A report was presented to the Services and Assets committee, outlining the project and seeking a decision on change to public access policy. The proposal passed, subject to establishing a variation with IFS that captures the operational requirements contained in a proposed MOU between Council and a trust proposed to develop and operate the trail.

Around the Mountains Cycle Trail

49. The contract for repairs to the trail, associated with the February flood event, was awarded to The Roding Company and work has progressed well but with some weather delays. Additional MBIE funding has been gained to repair a flood damaged culvert that was not originally identified and this will be added as a variation to the contract.
50. The New Zealand Cycle Trail Board visited Invercargill in September for a board meeting, to visit the trail and engage with a range of stakeholders.
51. A separate flood event has significantly damaged a section of trail near Centre Hill and a solution is being developed to restore the trail and reduce/eliminate the river threat. Given commencement of a new cycle season, this work is urgent and temporary route solutions are being considered.
52. A meeting has been held to explore a new governance structure, specific to the trail activity and embark on a 90 day plan to uplift the user experience over the new season.

Te Anau Manapouri Airport

53. A consultant has prepared a 10 year maintenance works programme which indicates \$1.3 million of pavement rehabilitation capital spending need over financial years 2021/2022 and 2022/2023.
54. Maintenance spending need of \$192,000 is indicated for the 2020/2021 year and includes items such as patch repairs and crack sealing.
55. A workshop was held with the Fiordland Community Board to discuss options for management of this asset over the next LTP. The Board has requested Council consider rating at a District level to address this increase in capital expenditure need.

Property

56. Operating now at 42 Don Street, which has meant a change of operating processes being physically separated from many of the other departments, however challenges create opportunities to review and change.
57. With the significant number of Council properties/tenancies to be managed, together with the number of Council and community projects which involve these properties, queries, advice and actions have increased the workloads significantly which means a lot of the work is now required to be prioritised resulting in some work not getting actioned as timely as preferred.
58. The property disposal of the Ohai bowling club building is underway. The disposal of the former Stewart Island museum and the Hokonui hall has been completed as has the road stopping of the road intersecting the southern dairy hub and the registration of all documents for the realignment and easements for Ringaringa Road on Stewart Island/Rakiura. Finalising the updated landowner consent for the coastal route boundary adjustments and payment of compensations is also almost complete. Once this is done the legalisation Gazette Notice can be issued.
59. The documents with Landcorp relating to the Kepler disposal field for the pipeline and disposal filed are in the process of being finalised. This includes pipeline and access easements, grazing licences, pasture management agreement and offset area agreement.

Strategic Water and Waste

Te Anau Wastewater Discharge Project

60. Following Council resolutions from 23 October 2018 meeting, when it was resolved to proceed with a sub-surface drip irrigation as disposal route, staff have been progressing work on a number of fronts including development of resource consents for the sub-surface drip irrigation field, as well as advancing towards a detailed design.
61. Work on the pipeline element has now been completed with practical completion issued in July.
62. Work is also continuing on detailed design of MF plant and SDFI field following Council approval to award contracts to Downer and Fulton Hogan respectively. These designs underwent further HAZOP and value engineering in September with physical works programmed to get underway early October.
63. The resource consent application for the discharge to the Upukerora has also been lodged with Environment Southland and with affected party approval provided by a number of stakeholders. Currently awaiting approval from Te Ao Marama before a decision on notification is made.

Land and Water Plan Implementation

64. Environment Southland released their proposed Land and Water Plan in 2017.
65. In total 25 appeals were received by Environment Southland of which Council has identified 10, which it will join as a Section 274 party. Council has also lodged an appeal to the decision. The basis of Council's appeal, is largely around the 'non-complying' activity status on wastewater discharges to water. The latest direction issued from the Environment Court outlines a proposed path, where appeals to objectives will be heard ahead of mediation, by grouped topic on policies and rules. Evidence in support of the appeals have been filed with the Environment Court.
66. Interim decisions were released by the Environment Court in late December with a recommendation that further expert conferencing be undertaken in early 2019.
67. A further hearing was held in mid-June 2020 where evidence was presented on additional information that the courts required Environment Southland to provide based on their interpretation of a number of key principles underpinning the plan. Agreement has now been reached on all outstanding appeals related to the objectives and policies with a further hearing planned to cover all outstanding appeals. At this stage the timing of this is not known.

Review of Solid Waste Contract Arrangements

68. Following a series of WasteNet meetings and Council mediation the RFP process was formally ended on 18 December without any award. At this stage each of the WasteNet councils are considering potential short and longer term options to process recycling post 30 June when current contract arrangements expire.
69. Further recent developments are more closely related to the changing nature of the global recycling markets that have resulted in other councils reviewing how they manage recycling operations. Currently there is no market for low grade plastics and limited markets for fibre (paper/cardboard) with a number of councils across the country now opting to discontinue their collection.

70. Agreement was reached with Invercargill City Council in June to handle Council's recyclables through their contract arrangement with their incumbent contractor. This is for an 18 month period, after which alternatives will be considered separate to the ongoing LTP process.

Resourcing for Water and Waste Department

71. Following Council's meeting of 27 September where unbudgeted expenditure for additional resources within the water and waste team was approved, staff have developed a revised structure within the team which has been consulted on and finalised. The revised structure will place a significant focus on development of asset management capability as well as a more defined operations focus.
72. A number of appointments have now been made with the remainder expected to be rounded out in the new financial year.

Review of Waste Disposal Levy

73. On 27 November, Associate Minister for the Environment Eugenie Sage announced a wide-reaching review of the Waste Disposal Levy. The levy introduced through the Waste Minimisation Act 2008 places a charge of \$10 per tonne for all waste disposed at municipal landfill sites. Of the money collected half is returned to TLAs to help fund waste minimisation activities with the remainder going to a contestable fund where any organisation can apply to gain funding to help set up waste minimisation initiatives.
74. The review proposed to both increase the levy (phased over three years) from the current \$10 per tonne to a proposed \$50-\$60 per tonne which brings it more into line with similar levy schemes in Australia and overseas. It is also proposed that the scheme will also be extended to include all landfill types (currently it only applies to those receiving household waste).
75. Revenue raised from the landfill levy is currently around \$36 million per annum. It is estimated that the proposals would result in an increase of levy revenue of around \$220 million by 2023.
76. The consultation document outlined four potential options for transitioning from current arrangements to future arrangements by 2023. The submission prepared by WasteNet was presented to Council on 30 January and formally submitted to MfE on 31 January.
77. In August it was announced that the levy would incrementally increase to \$60 per tonne by July 2024. This has been budgeted for through the LTP process.

Project Delivery Team (PDT)

78. Fortnightly co-ordination meetings with services and assets managers on the works programme is working incredibly well.
79. CAMMS has now provided options for simplified access for community boards and councillors. This is being reviewed internally.
80. TAWW project has now started construction on both sites.
81. Staff at 42 Don Street have now settled in well and the second shift, to 20 Don Street, is planned for early to mid-November.
82. Winton library project is currently seeking tenders for design services.

83. The bridge works programme continues to progress well.
84. Fencing of waste water ponds is now nearly finished with only one site left to complete.

Community Facilities

85. The community facilities team has been working through the third round of the Long Term Plan workshops with community boards and the finance team. This has focused on the implications for the local component of the rates after taking into account the operational and capital increases in the budgets. Meetings to date have been very positive with some robust debate. The work that has preceded these meetings has been very beneficial for staff and board members.
86. Two of the mowing contracts have been awarded. Direct negotiations are in progress with the incumbent contractors for the Ardlussa Community Board. The remainder of the areas have had their contracts extended until the end of the financial year to allow them to be packaged up and put out to tender.
87. We are working with contractors to bring them up to speed with the new STMS and traffic management requirements so that they can meet their approved contractor requirements.
88. The asset manager is now looking at progressing the work to get the community facilities assets into Council's asset management system (IPS). We now have a signed scope of work to have this completed by the end of the calendar year.
89. Community facilities staff are completing projects that were carried forward from last year and starting the projects that are in this year's capital works programme. The adverse weather has been hampering progress on some of these projects.

Strategic Transport

National Land Transport Plan

90. The Government Policy Statement on Land Transport 2021 (GPS) has been released and sets out the Government's priorities for expenditure from the National Land Transport funding.
91. The GPS builds on the direction set in GPS 2018 with the inclusion of climate change as a strategic priority.
92. The four strategic directions set are
 - safety – developing a transport system where no-one is killed or seriously injured
 - better travel options – providing people better transport options to access social and economic opportunities
 - improving freight connections – improving freight connections for economic development
 - climate change – developing a low carbon transport system that supports emissions reductions, while improving safety and inclusive access.
93. The strategic directions largely fit with Council's roading focus when considering the priorities are largely around maintaining and replacing existing assets such as bridges in order to maintain freight connections and getting goods to market.

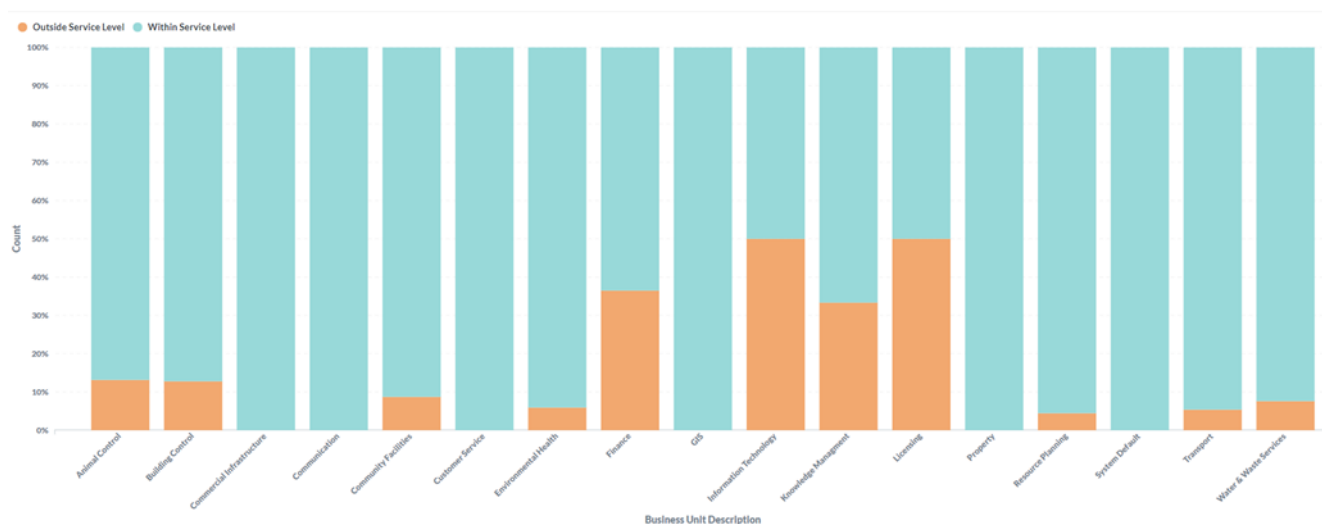
94. From a road safety point of view, the journey Council has started on with the recently completed speed limit review is only part of a wider speed management review with a need for further reviews in the coming years particularly around schools. This is all part of the goal of reducing deaths and serious injuries by 40% by 2030.

District Wide Roding Programme

95. The roding alliances have had a testing time during October with the snow and rain events resulting in large amounts of surface flooding, particularly in the lower half of the District. At this stage there has not been any significant damage to roding assets as a result of the events.
96. Contracts have also been awarded for the first two pavement rehabilitation sites; SouthRoads have been awarded Balfour Ardlussa Road and The Roding Company have been awarded Otapiri Gorge Road.
97. Council hosted a meeting with Waka Kotahi, Ngai Tahu and DOC on the future of the Lower Hollyford in relation to the section of road currently closed post February floods. At the meeting it was agreed that works would be completed to reopen the road to around the 11km mark. The last section of road required further discussion as this will require significantly more investment before it could be reopened.

Customer Delivery

98. The Customer Delivery group has seen the spring rush for property purchases and with the warmer weather the number of calls to Council has decreased. Below is the data relating to request for service received in September 2020.



Business Unit Description	Outside Service Level	Within Service Level
Animal Control	18	62
Building Control	72	151
Commercial Infrastructure	1	1
Community Facilities	15	51
Customer Service	3	31
Environmental Health	9	29
Finance	6	18
GIS	3	17
Information Technology	2	1
Knowledge Management	3	2
Licensing	1	1
Property	1	5
Resource Planning	11	70
System Default		7
Transport	17	200
Water & Waste Services	11	54

Customer Support

99. It has quietened down a little with the team taking 3,693 calls in September with an average wait time of 23 seconds.
100. Dog registrations have continued coming in, with only 253 left to register.
101. Tracey Hunter was the successful applicant for the vacant CSP role. We had 90 applications for this position. We are very excited to have Tracey return to our team, as she brings with her a wealth of knowledge and a real passion for customer service. Her first day with us will be 2 November.
102. Another staff member is due to go on maternity leave in 5 weeks so we will be looking to fill this position in the next few weeks.
103. We have started work on calling customers with multiple phone numbers in the system. Of the first 50 we have contacted, 20% have left the District with another 18% suspected to have left. We have been able to update numbers for 44% of customers. We will continue to work through this list.
104. We have introduced call routing which has made a significant difference in the team. This allows us to have “back-up” people on the queue - so two staff can be logged on and just receive overflow calls and it’s working very well.

Libraries

105. The arrival of alert level 1 has meant a return to business as usual for our library service. Our home delivery options are still proving popular with some elderly members in our community, although demand is not at the same level as it was during alert level 2.
106. Our school holiday programming has been well received with only a slight bump in the road caused by the snowfall in late September, resulting in a postponement for our Riverton programme.
107. We have been busily working at getting ourselves set up with Wheelers Books to start partially operating on a shelf ready distribution model. This has been many years coming and our first

orders (for December) are going through this week. Ordering shelf ready titles will free up staff resources, allowing for more time to be spent by staff with our community.

108. Our RFID tender documentation is almost complete and will soon be ready to go out to tender. This project has been pushed year on year and it will be a great benefit to both our staff and our community once it has been implemented across the District.

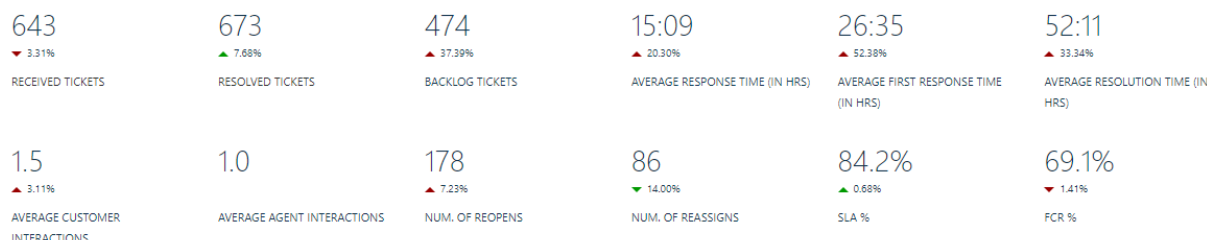
Knowledge Management

109. LIM numbers in September continue the upwards trend with 40 LIMs lodged (compared to 19 in September 2019) and 43 issued (compared with 18 in September 2019). 160 property files were requested during September, averaging seven requests per working day.
110. Progress is continuing with Pathway Records Manager integration. Applications currently being implemented in the test environment for user acceptance testing and data cleansing has been completed for the NAR integration.
111. With the move to 42 Don Street we have been training customer support staff in the processes relating to the opening, scanning and QA of mail. This transition has worked well and has freed up time in the team to undertake additional data cleansing and monitoring in Records Manager.

Business Solutions

112. September continues to be another 600 + request month. The team continues to work through new issues with the relocation to 42 Don Street while also supporting staff in the transition to a 'fat client' environment. The team resolved more tickets than were received.

Service Desk: 1 August 2020 – 31 August 2020



113. Progress on deploying new laptops in September was impacted by staff sickness and holidays.
114. The applications team started a review of Pathway security in preparation for our eventual move to the new UX version next year. This work is allowing us to fully understand and document what access staff had and what access they need. This is an ongoing project.
115. Work started on decommissioning our Citrix environment and retiring our old servers. This is a complex piece of work which will continue for the next eight months
116. The new firewalls have been deployed and are now running as required. This has allowed us to get better visibility into our network traffic and provide a higher level of security. Work continues on refining our security rules, monitoring and alerting. This project was heavily impacted by the lack of documentation which we are addressing as part of this new deployment.
117. Cyber security has become a bigger focus for the team and we are looking at different ways to protect ourselves as well as providing ongoing education to staff.

People and Capability

- 118. Health, safety and wellness continues to be a focus within Council.
- 119. The Health and Safety Plan for 2020/2021 was approved by Council in July 2020. Key areas of focus for 2020 and 2021 include complete implementation of the health, safety and wellbeing training, finalisation of the serious mental harm critical risk control plan, continued work on critical risks and develop an action plan following the external gap analysis undertaken in July.
- 120. Health and safety governance training is scheduled with Council and Community Board chairs on 18 November 2020.
- 121. The recruitment process for a chief executive was finalised and Cameron McIntosh the successful applicant begins in early November 2020.
- 122. Recruitment is currently underway for a significant number of roles across the building, resource management, community facilities and community futures teams. These roles are to support the teams achieve their objectives, statutory timeframes and provide support to our community.

Recommendation

That the Council:

- a) Receives the report titled “Management Report” dated 14 October 2020.**

Attachments

- A Building Training Sessions Flier [↓](#)

Feeling confused about online consent tools?



Southland District Council invites all builders and designers to learn more about the Go Build and Simpli systems.



Join us for a practical session to go through the online consent process.

Te Anau
Te Anau Library - Meeting Room
Wednesday 14 October
7pm-8pm

Winton
Southern REAP - Large Community Room
Tuesday 20 October
7pm-8pm

Learn how to

- Use the Simpli and Go Build systems efficiently
- Apply for building consents online
- Make the most of the technology with tips and tricks



Please bring

- A USB with plans and specifications
- Your building consent number, contact details and site address
- Your laptop or tablet



Registrations essential.

Please RSVP to building-cs@southlanddc.govt.nz by 13 October (Te Anau) or 19 October (Winton)

If you have any questions about Simpli or Go Build please let us know so we can ensure these are answered during the session



Schedule of Meetings for 2021 up to 8 October 2022

Record No: R/20/8/47397
Author: Fiona Dunlop, Committee Advisor
Approved by: Rex Capil, Group Manager Community and Futures

☒ Decision

☐ Recommendation

☐ Information

Purpose

- 1 The purpose of this report is to approve the schedule of meeting dates for the rest of the triennium up to 8 October 2022. This is so the meeting schedule can be publicly notified in accordance with the requirements set by the Local Government Official Information and Meetings Act 1987.

Executive Summary

- 2 The adoption of a meeting schedule allows for reasonable public notice preparation and planning for meeting agendas. The act details the requirements for public notification of meetings.
- 3 The Local Government Act 2002 allows for a schedule which may cover any future period that Council considers appropriate and may be amended. In addition, notification of the schedule or any amendment to that schedule constitutes a notification of every meeting on the schedule or amendment.
- 4 The meeting schedule details dates for Council. It also details dates for the Community and Strategy, Services and Assets, Regulatory and Consents and Finance and Assurance Committees up to the end of the triennium in October 2022. It also lists dates for consideration of the Annual Plan and Long Term Plan.
- 5 Council adopted a schedule of meetings for 2020 at the 1 November 2019 Council meeting.
- 6 The community boards have all adopted a schedule of meetings for the whole of the 2019/2022 triennium.

Recommendation

That Council:

- a) Receives the report titled “Schedule of Meetings for 2021 up to 8 October 2022” dated 14 October 2020.
- b) Determines that this matter or decision be recognised not significant in terms of Section 76 of the Local Government Act 2002.
- c) Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.
- d) Adopts the proposed schedule of Council and committee meetings for 2021/2022 up to 8 October 2022:

Date	Meeting
Thursday 28 January 2021	9am – Council
Tuesday 9 February 2021	9am – Services and Assets Committee 1pm – Community and Strategy Committee
Wednesday 10 February 2021	9am - Regulatory and Consents Committee
Wednesday 24 February 2021	9am – Council (draft Long Term Plan approval for consultation)
Wednesday 3 March 2021	9am - Council
Tuesday 23 March 2021	9am – Services and Assets Committee 1pm – Community and Strategy Committee
Wednesday 24 March 2021	9am - Regulatory and Consents Committee
Thursday 25 March 2021	9am – Finance and Assurance Committee
Wednesday 14 April 2021	9am – Council
Tuesday 20 April 2021 (reserve day of Wednesday 21 April 2021)	9am – Council (draft Long Term Plan hearings)
Wednesday 28 April 2021	9am – Services and Assets Committee 1pm – Community and Strategy Committee
Thursday 29 April 2021	9am - Regulatory and Consents Committee
Thursday 6 May 2021	9am – Council (Long Term Plan deliberations)
Wednesday 19 May 2021	9am – Council
Tuesday 1 June 2021	9am – Services and Assets Committee 1pm – Community and Strategy Committee
Wednesday 2 June 2021	9am - Regulatory and Consents Committee
Tuesday 15 June 2021	9am – Finance and Assurance Committee

Tuesday 22 June 2021	9am – Council meeting (Adopt Long Term Plan)
Tuesday 13 July 2021	9am – Services and Assets Committee 1pm – Community and Strategy Committee
Wednesday 14 July 2021	9am – Regulatory and Consents Committee
Wednesday 4 August 2021	9am – Council
Tuesday 24 August 2021	9am – Services and Assets Committee 1pm – Community and Strategy Committee
Wednesday 25 August 2021	9am – Regulatory and Consents Committee
Thursday 26 August 2021	9am – Finance and Assurance Committee
Wednesday 15 September 2021	9am – Council
Monday 27 September 2021	9am – Finance and Assurance Committee
Tuesday 5 October 2021	9am – Services and Assets Committee 1pm – Community and Strategy Committee
Wednesday 6 October 2021	9am – Regulatory and Consents Committee
Wednesday 27 October 2021	9am – Council
Tuesday 23 November 2021	9am – Services and Assets Committee 1pm – Community and Strategy Committee
Wednesday 24 November 2021	9am – Regulatory and Consents Committee
Tuesday 7 December 2021	9am – Finance and Assurance Committee
Wednesday 15 December 2021	9am – Council
Tuesday 25 January 2022	9am – Council
Tuesday 1 February 2022	9am – Services and Assets Committee 1pm – Community and Strategy Committee
Wednesday 2 February 2022	9am – Regulatory and Consents Committee
Thursday 3 February 2022	9am – Finance and Assurance Committee
Tuesday 22 February 2022	9am – Council (draft Annual Plan approval for consultation)
Tuesday 8 March 2022	9am – Services and Assets Committee 1pm – Community and Strategy Committee
Wednesday 9 March 2022	9am – Regulatory and Consents Committee
Tuesday 29 March 2022	9am – Council
Wednesday 30 March 2022	9am – Finance and Assurance Committee
Tuesday 12 April 2022	9am – Services and Assets Committee 1pm – Community and Strategy Committee
Wednesday 13 April 2022	9am – Regulatory and Consents Committee
Wednesday 27 April 2022 (reserve day of Thursday 28 April 2022)	9am – Council (Annual Plan hearings)
Wednesday 11 May 2022	9am – Council (draft Annual Plan deliberations)
Tuesday 31 May 2022	9am – Services and Assets Committee 1pm – Community and Strategy Committee
Wednesday 1 June 2022	9am – Regulatory and Consents Committee
Wednesday 8 June 2022	9am – Finance and Assurance Committee

Tuesday 21 June 2022	9am – Council meeting (Adopt Annual Plan)
Tuesday 12 July 2022	9am – Services and Assets Committee 1pm – Community and Strategy Committee
Wednesday 13 July 2022	9am – Regulatory and Consents Committee
Tuesday 2 August 2022	9am – Council
Tuesday 23 August 2022	9am – Services and Assets Committee 1pm – Community and Strategy Committee
Wednesday 24 August 2022	9am – Regulatory and Consents Committee
Thursday 25 August 2022	9am – Finance and Assurance Committee
Tuesday 13 September 2022	9am – Council
Monday 26 September 2022	9am – Finance and Assurance Committee
Tuesday 27 September 2022	9am – Services and Assets Committee 1pm – Community and Strategy Committee
Wednesday 28 September 2022	9am – Regulatory and Consents Committee
Wednesday 5 October 2022	9am – Council

- e) **Notes that Council at its meeting on 1 November 2019 agreed that delegated authority be granted to the chief executive (for Council) and the relevant group manager (for Community and Policy, Services and Assets, Regulatory and Consents and Finance and Assurance Committees) following consultation with the mayor (Council) or relevant committee chairs to amend the meeting dates when necessary or required.**

Background

- 7 An approved schedule of meeting dates is required so that meetings can be publicly notified in accordance with the Local Government Official Information and Meetings Act 1987.

Issues

- 8 2021 and 2022 will be busy years as Council will be considering the 2021-2031 Long Term Plan and implementation of.

Factors to Consider

Legal and Statutory Requirements

- 9 The statutory requirements for meetings and their notification of Council, committees and community boards are set out in the Local Government Act 2002 and the Local Government Official Information and Meetings Act 1987.

Community Views

- 10 Having a meeting schedule adopted enables the community to be aware of Council meetings. These will be advertised the month prior to the meeting.

Costs and Funding

- 11 Costs for advertising are provided for in the communications budget.

Policy Implications

- 12 There are no policy implications.

Analysis

Options Considered

- 13 There are two possible options – adopt a meeting schedule or not.

Analysis of Options

Option 1 – Adopt meeting schedule for 2021/2022 up to 8 October 2022

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• elected members and the public are aware of the meeting dates for the year to enable sufficient time to plan and for transparency purposes• the meeting schedule can be amended at a future date if required.	<ul style="list-style-type: none">• potential to create confusion when meetings need to be rescheduled.

Option 2 – Not adopt a meeting schedule for 2021 and up to 8 October 2022

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• allows for a fluid meeting schedule.	<ul style="list-style-type: none">• increasing the risk that Council may not meet its statutory responsibilities in notifying meetings• does not provide for transparency• the public would have no early indication of when meetings may be scheduled.

Assessment of Significance

- 14 Not significant as defined in the Significance and Engagement Policy.

Recommended Option

- 15 Option one is the recommended option.

Next Steps

- 16 If the schedule of meetings for 2021/2022 up to 8 October 2022 is adopted staff will advertise the meetings on a monthly basis.

Attachments

There are no attachments for this report.