



Notice is hereby given that an Extraordinary Meeting of the Finance and Assurance Committee will be held on:

Date: Tuesday, 20 October 2020
Time: 4pm
Meeting Room: Committee Room
Venue: 15 Forth Street
Invercargill

Extraordinary Finance and Assurance Committee Agenda OPEN

MEMBERSHIP

Chairperson	Mr Bruce Robertson (external member) Mayor Gary Tong
Deputy Chair Councillors	Ebel Kremer Don Byars John Douglas Paul Duffy Julie Keast

IN ATTENDANCE

Chief Financial Officer	Anne Robson
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.

Terms of Reference – Finance and Assurance Committee

TYPE OF COMMITTEE	Council standing committee
RESPONSIBLE TO	Council
SUBCOMMITTEES	None
LEGISLATIVE BASIS	Committee constituted by Council as per schedule 7, clause 30 (1)(a), LGA 2002. Committee delegated powers by Council as per schedule 7, clause 32, LGA 2002.
MEMBERSHIP	Mayor, three councillors and one external appointee
FREQUENCY OF MEETINGS	Quarterly or as required
QUORUM	Three members
SCOPE OF ACTIVITIES	<p>The Finance and Assurance Committee is responsible for:</p> <ul style="list-style-type: none"> ensuring that Council has appropriate financial, risk management and internal control systems in place that provide: <ul style="list-style-type: none"> an overview of the financial and non-financial performance of the organisation effective management of potential opportunities and adverse effects reasonable assurance as to the integrity and reliability of Council's financial and non-financial reporting. exercising active oversight of information technology systems exercising active oversight of Council's health and safety policies, processes, compliance, results and frameworks relationships with external, internal auditors, banking institutions and insurance brokers. <p>The Finance and Assurance Committee will monitor and assess the following:</p> <ul style="list-style-type: none"> the financial and non-financial performance of Council against budgeted and forecasted outcomes consideration of forecasted changes to financial outcomes Council's compliance with legislative requirements Council's risk management framework Council's control framework Council's compliance with its treasury responsibilities Council's compliance with its Fraud Policy.
DELEGATIONS	<p>The Finance and Assurance Committee shall have the following delegated powers and be accountable to Council for the exercising of these powers.</p> <p>In exercising the delegated powers, the Finance and Assurance Committee will operate within:</p>

- policies, plans, standards or guidelines that have been established and approved by Council
- the overall priorities of Council
- the needs of the local communities
- the approved budgets for the activity.

The Finance and Assurance Committee will have responsibility and delegated authority in the following areas:

Financial and Performance Monitoring

- a) monitoring financial performance to budgets
- b) monitoring service level performance to key performance indicators.

Internal Control Framework

- a) reviewing whether Council's approach to maintaining an effective internal control framework is sound and effective
- b) reviewing whether Council has taken steps to embed a culture that is committed to probity and ethical behaviour
- c) reviewing whether there are appropriate systems, processes and controls in place to prevent, detect and effectively investigate fraud.

Internal Reporting

- a) to consider the processes for ensuring the completeness and quality of financial and operational information being provided to Council
- b) to seek advice periodically from internal and external auditors regarding the completeness and quality of financial and operational information that is provided to the Council.

External Reporting and Accountability

- a) agreeing the appropriateness of Council's existing accounting policies and principles and any proposed change
- b) enquiring of internal and external auditors for any information that affects the quality and clarity of Council's financial statements and statements of service performance, and assess whether appropriate action has been taken by management in response to the above
- c) satisfying itself that the financial statements and statements of service performance are supported by appropriate management signoff on the statements and on the adequacy of the systems of internal control (ie letters of representation), and recommend signing of the financial statements by the chief executive/mayor and adoption of the Annual Report, Annual Plans, Long Term Plans

Risk Management

- a) reviewing whether Council has in place a current, comprehensive and effective risk management framework and associated procedures for effective identification and management of the Council's significant risks

- b) considering whether appropriate action is being taken to mitigate Council's significant risks.

Health and Safety

- a) review, monitor and make recommendations to Council on the organisations health and safety risk management framework and policies to ensure that the organisation has clearly set out its commitments to manage health and safety matters effectively.
- b) review and make recommendations for Council approval on strategies for achieving health and safety objectives
- c) review and recommend for Council approval targets for health and safety performance and assess performance against those targets
- d) monitor the organisation's compliance with health and safety policies and relevant applicable law
- e) ensure that the systems used to identify and manage health and safety risks are fit for purpose, being effectively implemented, regularly reviewed and continuously improved. This includes ensuring that Council is properly and regularly informed and updated on matters relating to health and safety risks
- f) seek assurance that the organisation is effectively structured to manage health and safety risks, including having competent workers, adequate communication procedures and proper documentation
- g) review health and safety related incidents and consider appropriate actions to minimise the risk of recurrence
- h) make recommendations to Council regarding the appropriateness of resources available for operating the health and safety management systems and programmes
- i) any other duties and responsibilities which have been assigned to it from time to time by Council.

Internal Audit

- a) approve appointment of the internal auditor, internal audit engagement letter and letter of understanding
 - b) reviewing and approving the internal audit coverage and annual work plans, ensuring these plans are based on Council's risk profile
 - c) reviewing the adequacy of management's implementation of internal audit recommendations
 - d) reviewing the internal audit charter to ensure appropriate organisational structures, authority, access, independence, resourcing and reporting arrangements are in place.
-

External Audit

- a) confirming the terms of the engagement, including the nature and scope of the audit, timetable and fees, with the external auditor at the start of each audit
- b) receiving the external audit report(s) and review action(s) to be taken by management on significant issues and audit recommendations raised within
- c) enquiring of management and the independent auditor about significant business, political, financial and control risks or exposure to such risks.

Compliance with Legislation, Standards and Best Practice Guidelines

- a) reviewing the effectiveness of the system for monitoring Council's compliance with laws (including governance legislation, regulations and associated government policies), with Council's own standards, and best practice guidelines as applicable
- b) conducting and monitoring special investigations, in accordance with Council policy, and reporting the findings to Council
- c) monitoring the performance of Council organisations, in accordance with the Local Government Act.

Business Case Review

- a) review of the business case of work, services, supplies, where the value of these or the project exceeds \$2 million or the value over the term of the contract exceeds \$2 million.

Insurance

- a) consider Council's insurance requirements, considering its risk profile
- b) approving the annual insurance renewal requirements

Treasury

- a) oversee the treasury function of Council ensuring compliance with the relevant Council policies and plans
- b) ensuring compliance with the requirements of Council's trust deeds are met
- c) recommend to Council treasury policies.

Fraud Policy

- a) receive and consider reports relating to the investigation of suspected fraud
- b) monitor the implementation of the Fraud Policy.

Power to Recommend

The Finance and Assurance Committee is responsible for considering and making recommendations to Council regarding:

- a) policies relating to risk management, rating, loans, funding and purchasing

	<p>b) accounting treatments, changes in generally accepted accounting practice, and new accounting and reporting requirements</p> <p>c) the approval of financial and non-financial performance statements including adoption of the Annual Report, Annual Plans and Long Term Plans.</p> <p>The Finance and Assurance Committee is responsible for considering and making recommendations to the Services and Assets Committee on business cases completed under the 'Power to Act' section above.</p>
FINANCIAL DELEGATIONS	<p>Council authorises the following delegated authority of financial powers to Council committees in regard to matters within each committee's jurisdiction.</p> <p>Contract Acceptance:</p> <ul style="list-style-type: none"> accept or decline any contract for the purchase of goods, services, capital works or other assets where the total value of the lump sum contract does not exceed the sum allocated in the Long Term Plan/Annual Plan and the contract relates to an activity that is within the scope of activities relating to the work of the Finance and Assurance Committee accept or decline any contract for the disposal of goods, plant or other assets other than property or land that is provided for in the Long Term Plan <p>Budget Reallocation.</p> <p>The committee is authorised to reallocate funds from one existing budget item to another. Reallocation of this kind must not impact on current or future levels of service and must be:</p> <ul style="list-style-type: none"> funded by way of savings on existing budget items within the jurisdiction of the committee consistent with the Revenue and Financing Policy.
LIMITS TO DELEGATIONS	<p>Matters that must be processed by way of recommendation to Council include:</p> <ul style="list-style-type: none"> amendment to fees and charges relating to all activities powers that cannot be delegated to committees as per the Local Government Act 2002 and sections 2.4 and 2.5 of this manual. <p>Delegated authority is within the financial limits in section 9 of this manual.</p>
RELATIONSHIPS WITH OTHER PARTIES	<p>The committee shall maintain relationships with each of the nine community boards.</p> <p>Professional advisors to the committee shall be invited to attend all meetings of the committee including:</p> <ul style="list-style-type: none"> external auditor internal auditor/risk advisor (if appointed) chief financial officer.

	<p>At each meeting, the chairperson will provide the external auditor and the internal auditor/risk advisor (if appointed) with an opportunity to discuss any matters with the committee without management being present. The chairperson shall request the chief executive and staff in attendance to leave the meeting for the duration of the discussion. The chairperson will provide minutes for that part of the meeting.</p> <p>The chief executive and the chief financial officer shall be responsible for drawing to the committee's immediate attention any material matter that relates to the financial condition of Council, material breakdown in internal controls and any material event of fraud.</p> <p>The committee shall provide guidance and feedback to Council on financial performance, risk and compliance issues.</p> <p>The committee will report to Council as it deems appropriate but no less than twice a year.</p>
CONTACT WITH MEDIA	<p>The committee chairperson is the authorised spokesperson for the committee in all matters where the committee has authority or a particular interest.</p> <p>Committee members, including the chairperson, do not have delegated authority to speak to the media and/or outside agencies on behalf of Council on matters outside of the committee's delegations.</p> <p>The chief financial officer will manage the formal communications between the committee and its constituents and for the committee in the exercise of its business. Correspondence with central government, other local government agencies or other official agencies will only take place through Council staff and will be undertaken under the name of Southland District Council.</p>

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Apologies

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

1 Leave of absence

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

2 Conflict of Interest

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

3 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.

4 Extraordinary/Urgent Items

To consider, and if thought fit, to pass a resolution to permit the committee 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 Minutes

6.1 Meeting minutes of Finance and Assurance Committee, 11 September 2020

Finance and Assurance Committee

OPEN MINUTES

Minutes of a meeting of Finance and Assurance Committee held in the Council Chamber, 15 Forth Street, Invercargill on Friday, 11 September 2020 at 9.01am. (9.01am – 10.46am, 11.02am – 12.35pm, 1.05pm – 2.10pm (PE 12.22pm – 12.35pm, 1.05pm – 2.10pm)).

PRESENT

Chairperson	Bruce Robertson Mayor Gary Tong (9.01am – 9.51am, 9.56am – 10.46am, 11.02am – 12.35pm, 1.05pm – 1.54pm))
Deputy Chair	Ebel Kremer (9.01am – 10.46am, 11.02am – 12.35pm, 1.05pm – 1.54pm)
Councillors	Don Byars John Douglas Paul Duffy Julie Keast

APOLOGIES

Mayor Tong (early departure)
Councillor Kremer (early departure)

IN ATTENDANCE

Councillor Menzies (9.02am – 9.46am, 10.45am – 11.54am, 12.13pm – 12.35pm)
Chief Financial Officer - Anne Robson
Committee Advisor - Fiona Dunlop

1 Apologies

Mayor Tong and Councillor Kremer advised that they would be early departures from the meeting.

Moved Cr Douglas, seconded Deputy Chairperson Kremer **and resolved:**

That the Finance and Assurance Committee accept the apologies.

(Councillor Menzies joined the meeting at 9.02am.)

2 Leave of absence

There were no requests for leave of absence.

3 Conflict of Interest

There were no conflicts of interest declared.

4 Public Forum

There was no public forum.

5 Extraordinary/Urgent Items

There were no Extraordinary/Urgent items.

6 Confirmation of Minutes

Resolution

Moved Deputy Chairperson Kremer, seconded Cr Douglas **and resolved:**

That the Finance and Assurance Committee confirms the minutes of the meeting held on 22 June 2020 as a true and correct record of that meeting.

Reports

7.1 Finance & Assurance Committee Work plan for the year ended 30 June 2021

Record No: R/20/9/49837

Chief Financial Officer Anne Robson was in attendance for this item.

Resolution

Moved Mayor Tong, seconded Cr Keast **recommendations a and b (with changes as indicated with ~~striketrough~~ and underline) and resolved:**

That the Finance and Assurance Committee:

- a) **Receives the report titled "Finance & Assurance Committee Work plan for the year ended 30 June 2021" dated 4 September 2020.**
- b) **Notes the changes made to the Finance and Assurance ~~Audit~~ Committee Work plan for the year ended 30 June 2021 since the last meeting.**

7.4 Interim Performance Report - Period three - 1 July 2019 to 30 June 2020

Record No: R/20/8/47187

Planning and Reporting Analyst – Shannon Oliver was in attendance for this item.

Miss Oliver advised that the purpose of the report was to provide the Committee with the Interim Performance Report for the period 1 July 2019 to 30 June 2020 for review.

(During discussion on the report Mayor Tong left the meeting at 9.51am and returned at 9.56am.)

Resolution

Moved Chairperson Robertson, seconded Deputy Chairperson Kremer **and resolved:**

That the Finance and Assurance Committee:

- a) **Receives the report titled "Interim Performance Report - Period three - 1 July 2019 to 30 June 2020" dated 7 September 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.**

7.3 Draft unaudited Annual Report 2019/2020 for Endorsement

Record No: R/20/8/47696

Planning and Reporting Analyst – Shannon Oliver and Financial Accountant – Sheree Marrah were in attendance for this item.

Miss Oliver and Mrs Marrah advised that the purpose of the report was for the Committee to provide feedback and endorse the release of the draft unaudited Annual Report for the year ended 30 June 2020 to Audit New Zealand for their review.

(During discussion on the report Councillor Menzies left the meeting at 9.46am.)

(During discussion on the report Mayor Tong left the meeting at 9.51am and returned at 9.56am.)

(Councillor Menzies returned to the meeting at 10.45am.)

Resolution

Moved Chairperson Robertson, seconded Deputy Chairperson Kremer **recommendations a to c, d and e with deletions (as indicated) and e with changes (as indicated with strikethrough and underline) and resolved:**

That the Finance and Assurance Committee:

- a) **Receives the report titled “Draft unaudited Annual Report 2019/2020 for Endorsement” dated 7 September 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) **Endorses the draft unaudited Annual Report for the year ended 30 June 2020; ~~including any amendments agreed at this meeting.~~**
- e) **Approves release of the draft unaudited Annual Report for the year ended 30 June 2020 to Audit New Zealand, ~~once any agreed amendments from this meeting have been incorporated.~~**
- f) **Delegate authority to the chief executive/acting chief executive to approve any further amendments to the draft unaudited Annual Report for the year ended 30 June 2020 subsequent to this meeting, and prior to final review by the Committee when it recommends adoption at its meeting on 16 October 2020.**

(The meeting adjourned for morning tea 10.46am and reconvened at 11.02am.)

(Mayor Tong, Chair Mr Bruce Robertson, Councillors Byars, Douglas, Duffy, Keast, Kremer and Menzies were present when the meeting reconvened.)

7.5 Quarterly risk management report - September 2020

Record No: R/20/6/23169

Policy Analyst – Jane Edwards and Strategy and Policy Manager – Michelle Stevenson were in attendance for this item.

Mrs Edwards advised that the purpose of the report was to advise the of the September 2020 Quarterly Risk Management report for consideration by the Committee

Resolution

Moved Mayor Tong, seconded Cr Douglas **and resolved:**

That the Finance and Assurance Committee:

- a) **Receives the report titled “Quarterly risk management report - September 2020” dated 7 September 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.**

7.6 Draft Policy on Development and Financial Contributions

Record No: R/20/8/32315

Intermediate Policy Analyst – Carrie Adams and Senior Management Accountant – Susan McNamara were in attendance for this item.

Mrs Adams advised that the purpose of the report was for the Committee to consider the draft Policy on Development and Financial Contributions prior to Council agreeing to the draft being released for public consultation.

Resolution

Moved Deputy Chairperson Kremer, seconded Cr Douglas **and resolved:**

That the Finance and Assurance Committee:

- a) **Receives the report titled “Draft Policy on Development and Financial Contributions” dated 7 September 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) **Considers the draft Policy on Development and Financial Contributions and provides feedback.**
- e) **Endorses the draft Policy on Development and Financial Contributions.**
- f) **Recommends to Council that it release the draft Policy on Development and Financial Contributions for public consultation in accordance with section 82 of the Local Government Act 2002, from 4 November to 4 December 2020.**

7.7 Draft Procurement Policy

Record No: R/20/8/47416

Policy Analyst – Robyn Rout and Commercial Infrastructure Manager – Ashby Brown were in attendance for this item.

Mrs Rout advised that the purpose of the report was for the Committee to consider the draft Procurement Policy prior to Council agreeing the release for public consultation.

(Councillor Menzies left the meeting at 11.54am and returned at 12.13pm.)

Resolution

Moved Mayor Tong, seconded Cr Duffy **and resolved:**

That the Finance and Assurance Committee:

- a) **Receives the report titled “Draft Procurement Policy” dated 11 September 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) **Considers the draft Procurement Policy and provides feedback.**

- e) **Recommends to Council that it 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.**

7.2 Health and Safety Update

Record No: R/20/8/32317

People and Capability Manager – Janet Ellis and Health Safety and Wellbeing Advisor – Teri Black was in attendance for this item.

Resolution

Moved Chairperson Robertson, seconded Cr Keast **and resolved:**

That the Finance and Assurance Committee:

- a) **Receives the report titled “Health and Safety Update” dated 21 August 2020.**

Public Excluded

Exclusion of the Public: Local Government Official Information and Meetings Act 1987

Resolution

Moved Chairperson Robertson, seconded Deputy Chairperson Kremer **and resolved:**

That the public be excluded from the following part(s) of the proceedings of this meeting.

C8.1 Health and Safety Events

C8.2 Milford Opportunities Project contract update

C8.3 Southland District Council Resurfacing Tender Award - Contract 19/54 and 19/55

C8.4 Award of Contact for the Provision of Power Supply to Stewart Island/Rakiura

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Health and Safety Events	<p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</p> <p>s7(2)(d) - The withholding of the information is necessary to avoid prejudice to measures protecting the health and safety of members of the public.</p>	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.

Milford Opportunities Project contract update	<p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.</p> <p>s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.
Southland District Council Resurfacing Tender Award - Contract 19/54 and 19/55	s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.
Award of Contact for the Provision of Power Supply to Stewart Island/Rakiura	<p>s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p> <p>s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.

That the Chief Executive – Steve Ruru, Group Manager, Environmental Services – Fran Mikulicic, Group Manager, Community and Futures – Rex Capil, Chief Financial Officer – Anne Robson, People and Capability Manager – Janet Ellis, Group Manager, Communications Manager – Louise Pagan and Committee Advisor – Fiona Dunlop be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the items C8.1 Health and Safety Events, C8.2 Milford Opportunities Project contract update, C8.3 Southland District Council Resurfacing Tender Award - Contract 19/54 and 19/55 and C8.4 Award of Contact for the Provision of Power Supply to Stewart Island/Rakiura. This knowledge, which will be of assistance in relation to the matters to be discussed, is relevant to those matters because of their knowledge on the issues discussed and meeting procedure.

That the Health, Safety and Well Being Advisor – Teri Black be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the item C8.1 Health and Safety Events. This knowledge, which will be of assistance in relation to the matters to be discussed, is relevant to those matters because of their knowledge on the issues discussed.

That the Community Partnership Leader – Simon Moran be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the item C8.2 Milford Opportunities Project contract update. This knowledge, which will be of assistance in relation to the matters to be discussed, is relevant to those matters because of their knowledge on the issues discussed.

That the Strategic Roding Manager – Hartley Hare be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the item C8.3 Southland District Council Resurfacing Tender Award - Contract 19/54 and 19/55. This knowledge, which will be of assistance in relation to the matters to be discussed, is relevant to those matters because of their knowledge on the issues discussed.

That the Commercial Infrastructure Manager – Ashby Brown be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the item C8.4 Award of Contract for the Provision of Power Supply to Stewart Island/Rakiura. This knowledge, which will be of assistance in relation to the matters to be discussed, is relevant to those matters because of their knowledge on the issues discussed.

The public were excluded at 12.22pm.

Resolutions in relation to the confidential items are recorded in the confidential section of these minutes and are not publicly available unless released here.

The meeting adjourned for lunch at 12.35pm and reconvened at 1.05pm.

(Councillor Menzies left the meeting at 12.35pm.)

(Mayor Tong left the meeting at 1.54pm.)

(Councillor Kremer left the meeting at 1.54pm.)

The meeting concluded at 2.10pm.

CONFIRMED AS A TRUE AND CORRECT RECORD AT A
MEETING OF THE FINANCE AND ASSURANCE
COMMITTEE HELD ON FRIDAY 11 SEPTEMBER 2020

DATE:.....

CHAIRPERSON:.....

Draft Revenue and Financing Policy and Rating Review

Record No: R/20/10/60830
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 for the Finance and Assurance Committee (the committee) to consider the draft Revenue and Financing Policy (the draft policy). This report seeks feedback from the committee.
- 2 It is proposed that the committee recommend to Council that it endorse the draft policy for public consultation.
- 3 The report also outlines a number of related changes to Council's rating policies for certain activities that dovetail into the changes being made to the draft policy. Staff will be seeking Council's endorsement to consult on these changes at the same time that the draft policy is being consulted on.

Executive summary

- 4 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).
- 5 The draft policy is included with the report as Attachment A. This report outlines the draft policy, and proposes that the committee recommend to Council that the draft policy, including any changes the committee or Council may wish to make, be endorsed and released for public consultation.
- 6 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.
- 7 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.
- 8 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.
- 9 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.

- 10 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.
- 11 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).
- 12 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.
- 13 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.
- 14 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 Finance and Assurance Committee:

- 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) **considers the draft Revenue and Financing Policy and rating review and provides feedback**
- e) **endorses the draft Revenue and Financing Policy and rating review**
- f) **recommends to Council that it release the draft Revenue and Financing Policy and rating review for public consultation in accordance with section 82 of the Local Government Act 2002 from 4 November to 4 December 2020 including any amendments agreed at this meeting.**

Background

- 15 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.
- 16 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.
- 17 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).
- 18 Council is required to review the policy every three years.
- 19 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.
- 20 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).
- 21 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

- 22 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).
- 23 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.
- 24 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.
- 25 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.
- 26 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.

- 27 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.
- 28 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.

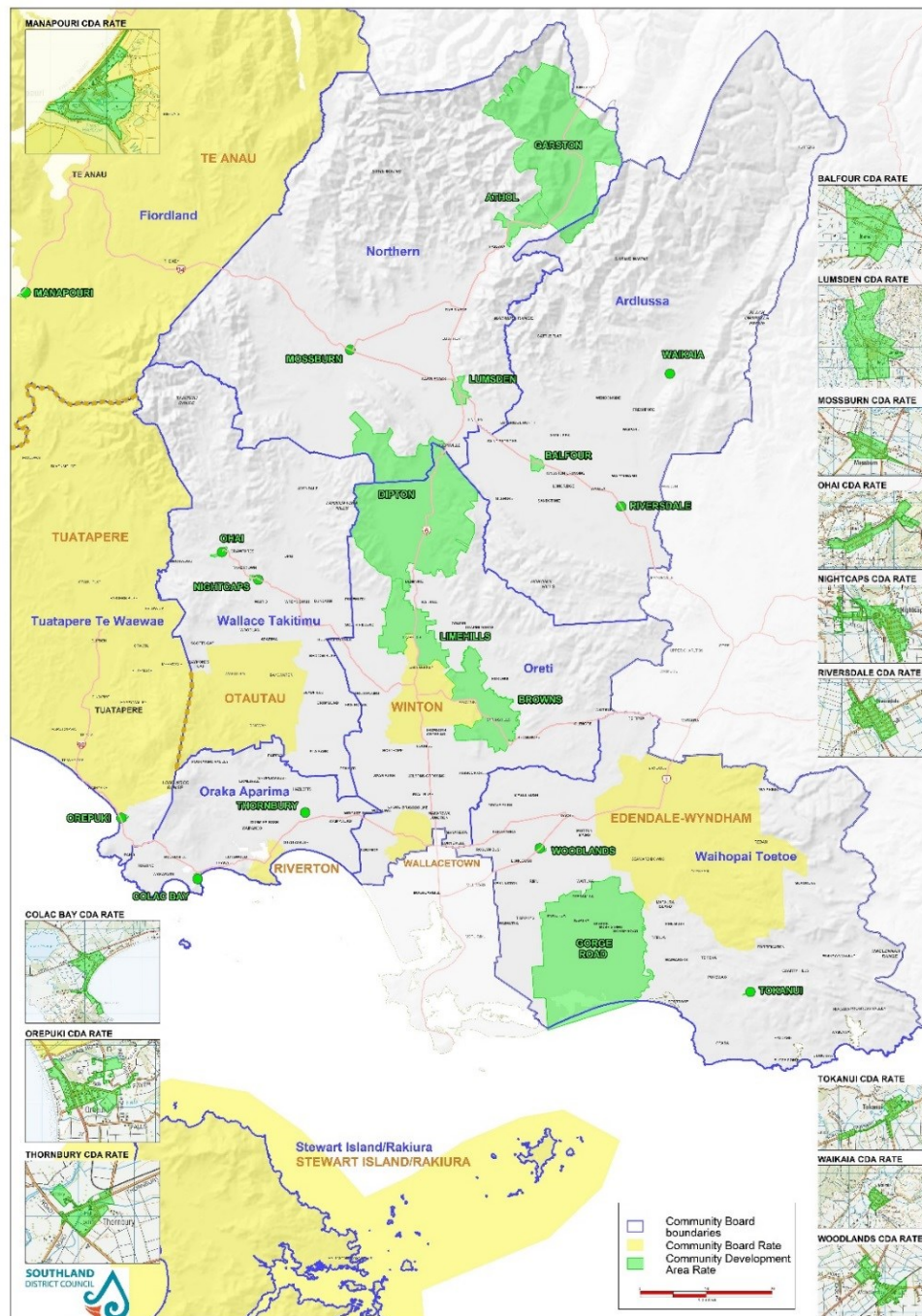
Issues

- 29 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.

- 30 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.



- 31 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.

- 32 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

- 33 The key changes proposed, either as part of the draft policy or proposed approach to rating are detailed below.
- 34 The committee 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

- 35 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

- 36 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

- 37 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

- 38 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

- 39 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)

- 40 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.
- 41 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.
- 42 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.
- 43 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)

44 Table in the Attachment B shows these changes for each community board area.

45 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

46 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.

47 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.

48 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.

49 More detail on this is detailed in Attachment E.

50 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

51 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.

52 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).

- 53 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

- 54 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

- 55 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 Committee and 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

- 56 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
- 57 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.
- 58 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

- 59 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.
- 60 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.
- 61 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)).
- 62 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
- 63 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

- 64 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.
- 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 Financial 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 the committee recommends 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 the committee propose a different way forward.

Analysis of options

Option 1 – that the committee recommends 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 the committee 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 the committee recommends 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 the committee endorses option 1, staff will verbally advise Council of the committee's feedback on the policy at its meeting on 21 October 2021. Staff will prepare the consultation documents in accordance with sections 82 and 82A of the LGA. It is proposed that the consultation process will take place 4 November to 4 December 2020. Council staff are intending to consult on a group of policies at that time.
- 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, the committee 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 committee endorse option 2, staff would action the request of the committee.

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											
<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 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.</p>	<p>Medium</p> <p>The whole community benefits from land and buildings that support the delivery of Council services or that are available for public use.</p>	<p>Medium</p> <p>Parts of the community that have land and buildings that supports the delivery of community services in that location, benefit directly.</p>	<p>Low</p> <p>Property lessees are the direct beneficiaries of the activity and generally the space can only be occupied by one lessee at a time.</p>	Groups and individuals who wish to use buildings or access the services delivered in them or retain them for their economic heritage/memorial value.	<p>Current and future years</p> <p>Community buildings and structures have long useful lives and will benefit both current and future generations.</p>	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%	<p><i>Operational</i></p> <p>General rates (High)</p> <p>Other sources (Low)</p> <p><i>Capital</i></p> <p>General</p> <p>Borrowing</p> <p>Proceeds from Asset Sales</p> <p>Other sources including reserves</p>
Activity: Community Services											
Cemeteries											
<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 a memorial space where family and friends can remember others as well as a record of a community’s history and heritage.</p> <p>The activity also ensures interments are managed in a way to minimise any environmental or public health impacts.</p>	<p>Low-Medium</p> <p>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.</p> <p>Records of interment are linked to the history of the community and are of public benefit.</p> <p>Facilities are spread widely across the district.</p>	<p>Low-Medium</p> <p>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.</p>	<p>Medium-High</p> <p>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.</p>	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.	<p>Current and future years</p> <p>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.</p>	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%	<p><i>Operational</i></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>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		
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><i>Operational</i></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><i>Operational</i></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>

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. 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><div>Current and future years</div><div>Sewerage infrastructure has a long useful life and will benefit both current and future generations.</div></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><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><div><div>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.</div><div>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.</div></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><div>People who are connected to the water schemes primarily create the need.</div><div>Commercial and industrial enterprise and other high users can place extra burden on the supply.</div><div>Growth in certain areas of the District can also contribute to the need and require expansion of infrastructure.</div></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><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.</div><div>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.</div><div>Supply of water in excess of residential volumes, causes additional costs and will be charged for via metered water rates or fees and charges.</div></div></td> <td><div><div>30%</div><div>70%</div><div>0%-30%</div><div>70%-100%</div></div><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.</div><div>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.</div><div>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.</div><div>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.</div></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><div>People who are connected to the water schemes primarily create the need.</div><div>Commercial and industrial enterprise and other high users can place extra burden on the supply.</div><div>Growth in certain areas of the District can also contribute to the need and require expansion of infrastructure.</div></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><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.</div><div>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.</div><div>Supply of water in excess of residential volumes, causes additional costs and will be charged for via metered water rates or fees and charges.</div></div>	<div><div>30%</div><div>70%</div><div>0%-30%</div><div>70%-100%</div></div> <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.</div><div>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.</div><div>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.</div><div>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.</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> <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. 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> <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. 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. Considerable time can also be spent dealing with individual appeals and objections e.g. where a property owner disputes that a resource consent is required.	<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> <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)</div><div>Fees and Charges (High)</div><div>Capital</div><div>General rates</div><div>Fees and Charges</div><div>Borrowing</div><div>Proceeds from Asset Sales</div><div>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 Roothing Rate Model

The steps below outline how Council allocates roading rates.

1. The total roading rate required is identified through the Long Term Plan or Annual Plan process.
2. Roothing 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 roading 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 roading 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 roading 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 roading 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 roading network)
4. The remaining roading rates were then allocated to all rating units
 - The remaining roading 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.

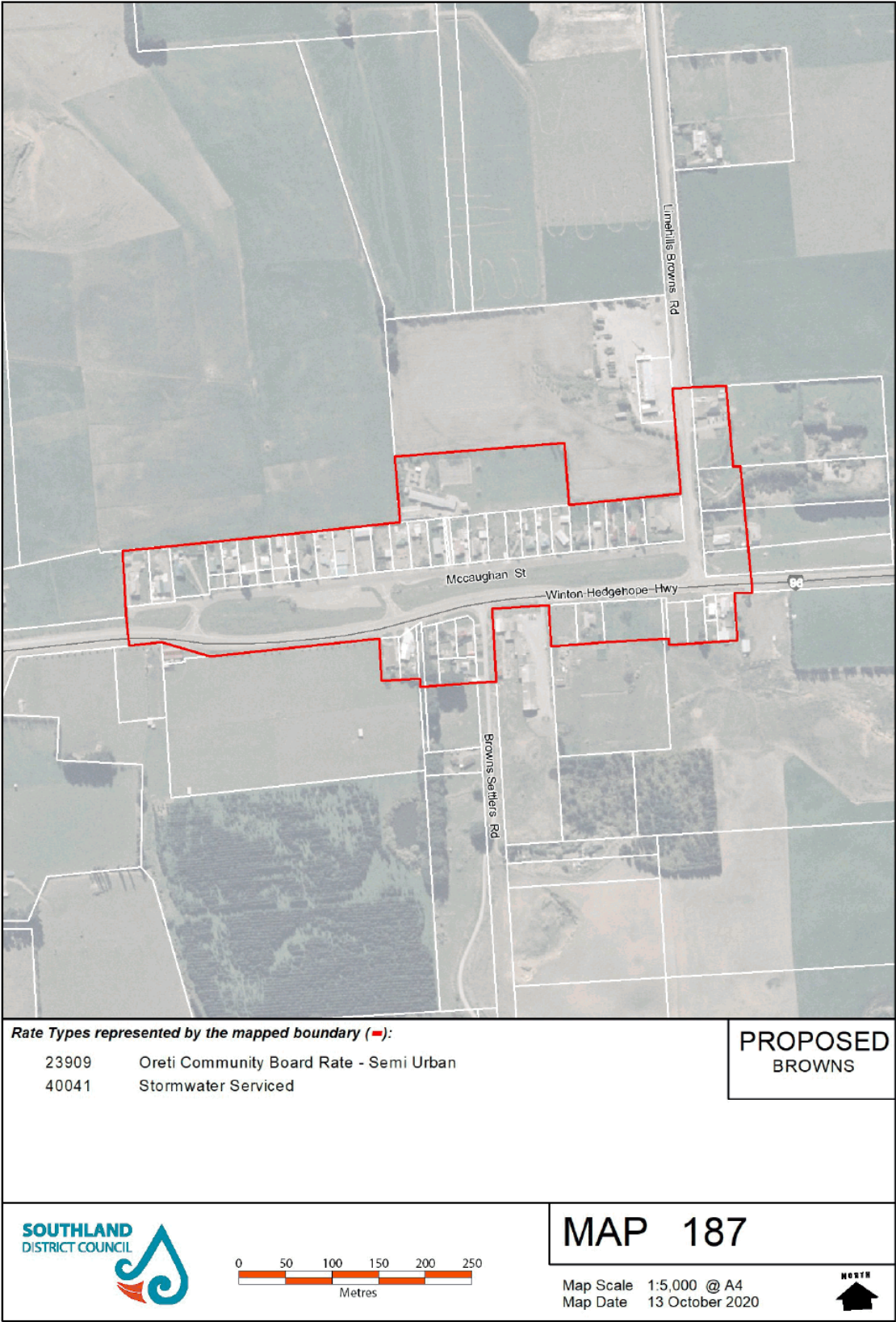
How the model allocates sector rates (2020/2021)		
Sector (Landuse)	Total \$M (excluding GST)	%
Dairy	\$4,559	35.5%
Forestry	\$792	6.2%
Farming (non-dairy)	\$4,128	32.1%
Industrial	\$404	3.1%
Commercial	\$413	3.2%
Residential	\$1,493	11.6%
Lifestyle	\$674	5.2%
Other	\$125	1.0%
Mining	\$259	2.0%
Total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

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

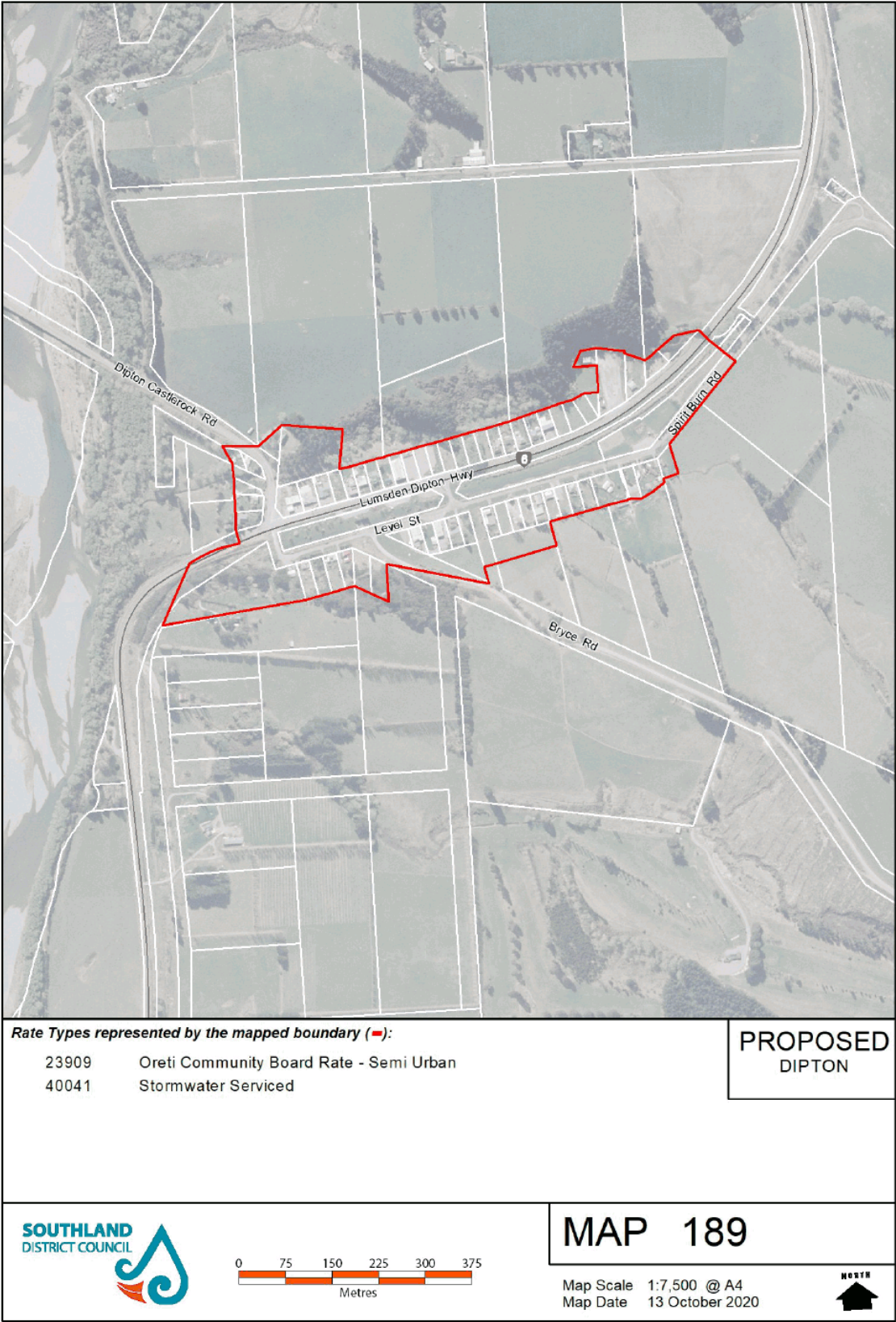
Community Board	Area	Differential Classification (new Community Board rate - urban, semi urban or rural and Stormwater rate - serviced or unserviced)	Differential to be applied (urban stormwater)	Current Local Rate - excluding local representation costs* (CB/CDA + Average Ward Rate)	Revised Community 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









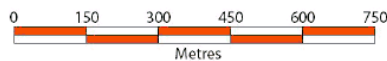




Rate Types represented by the mapped boundary (—):

22107 Waihopai Toetoe Community Board Rate - Urban
40041 Stormwater Serviced

**PROPOSED
EDENDALE**

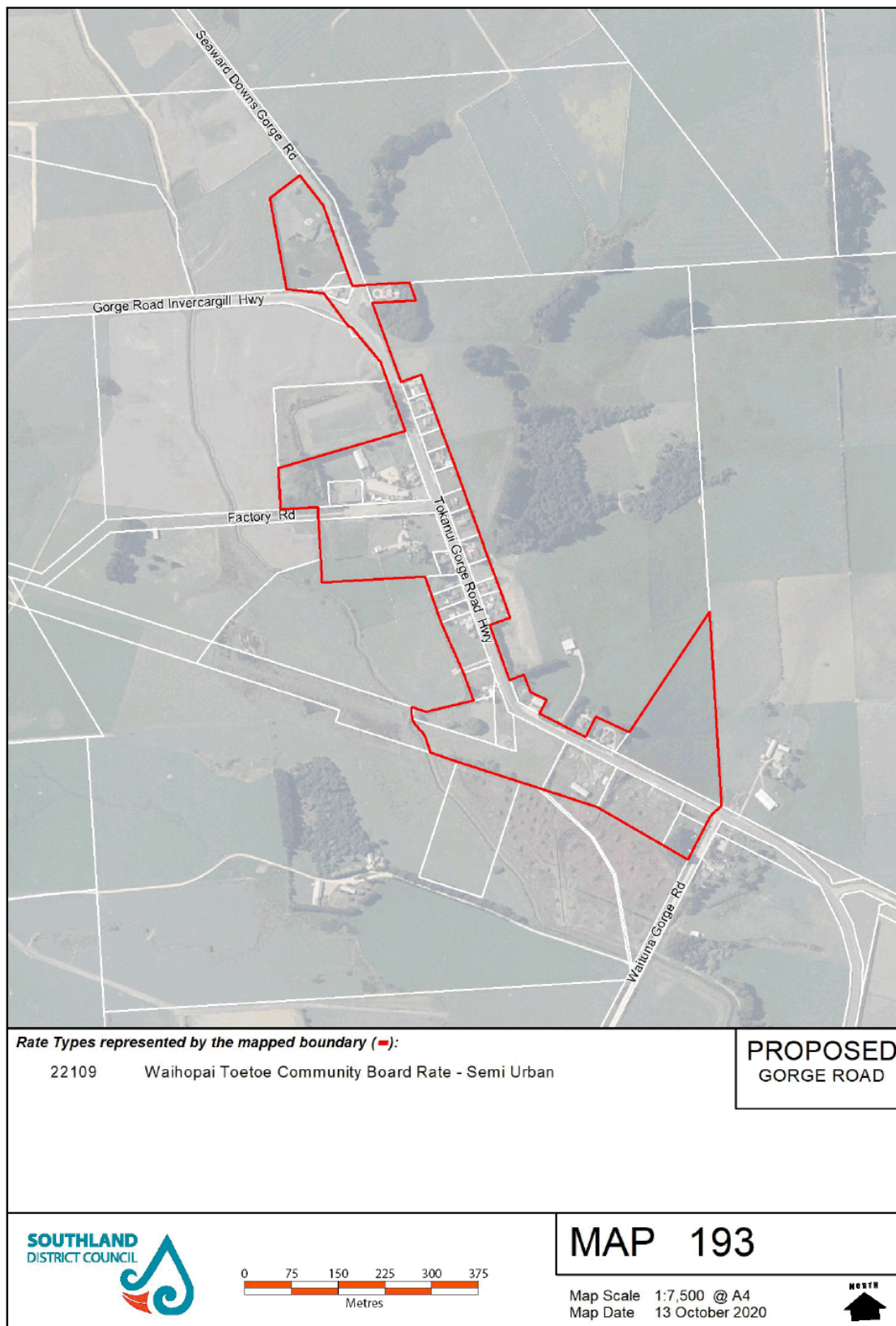


MAP 191

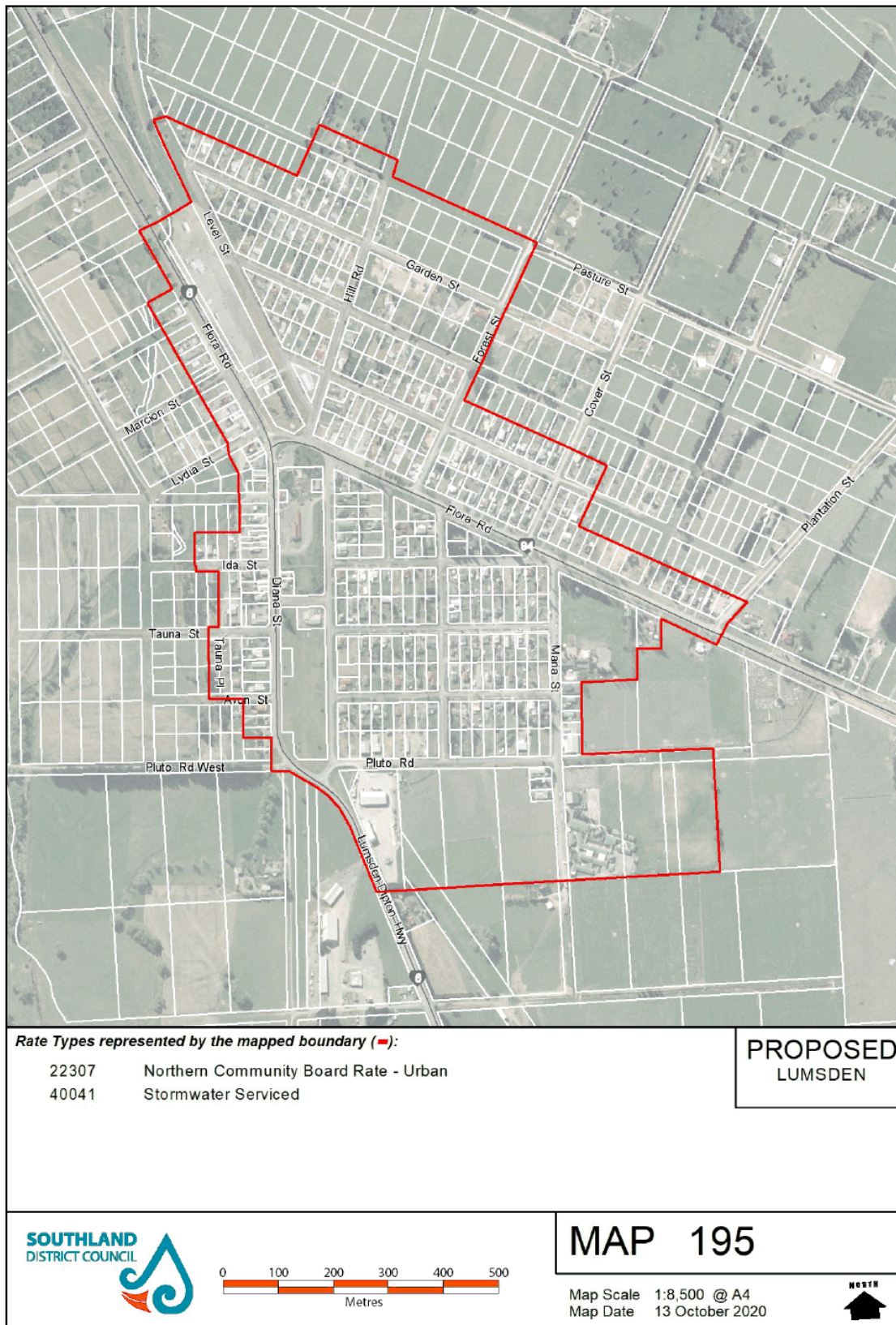
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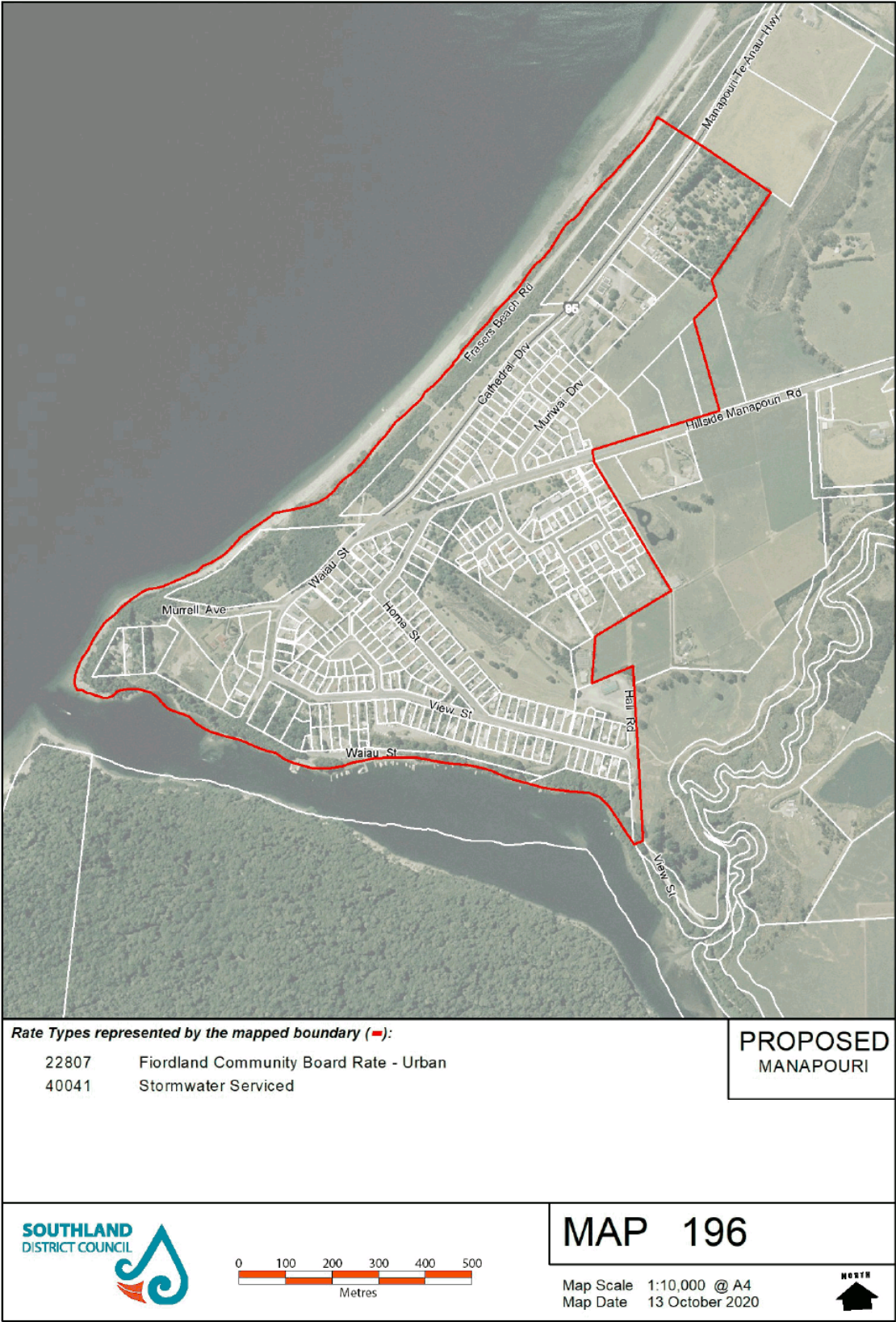


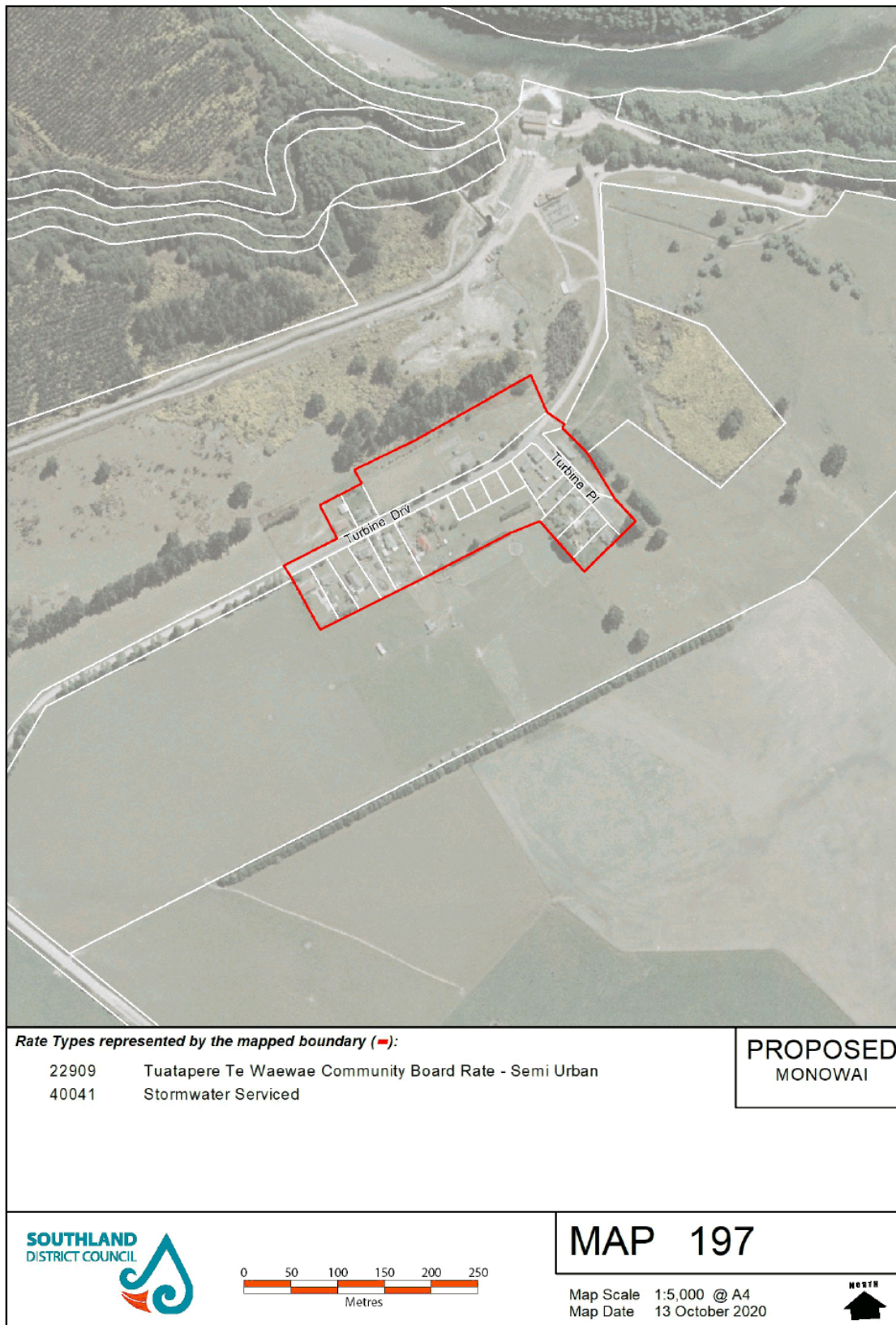




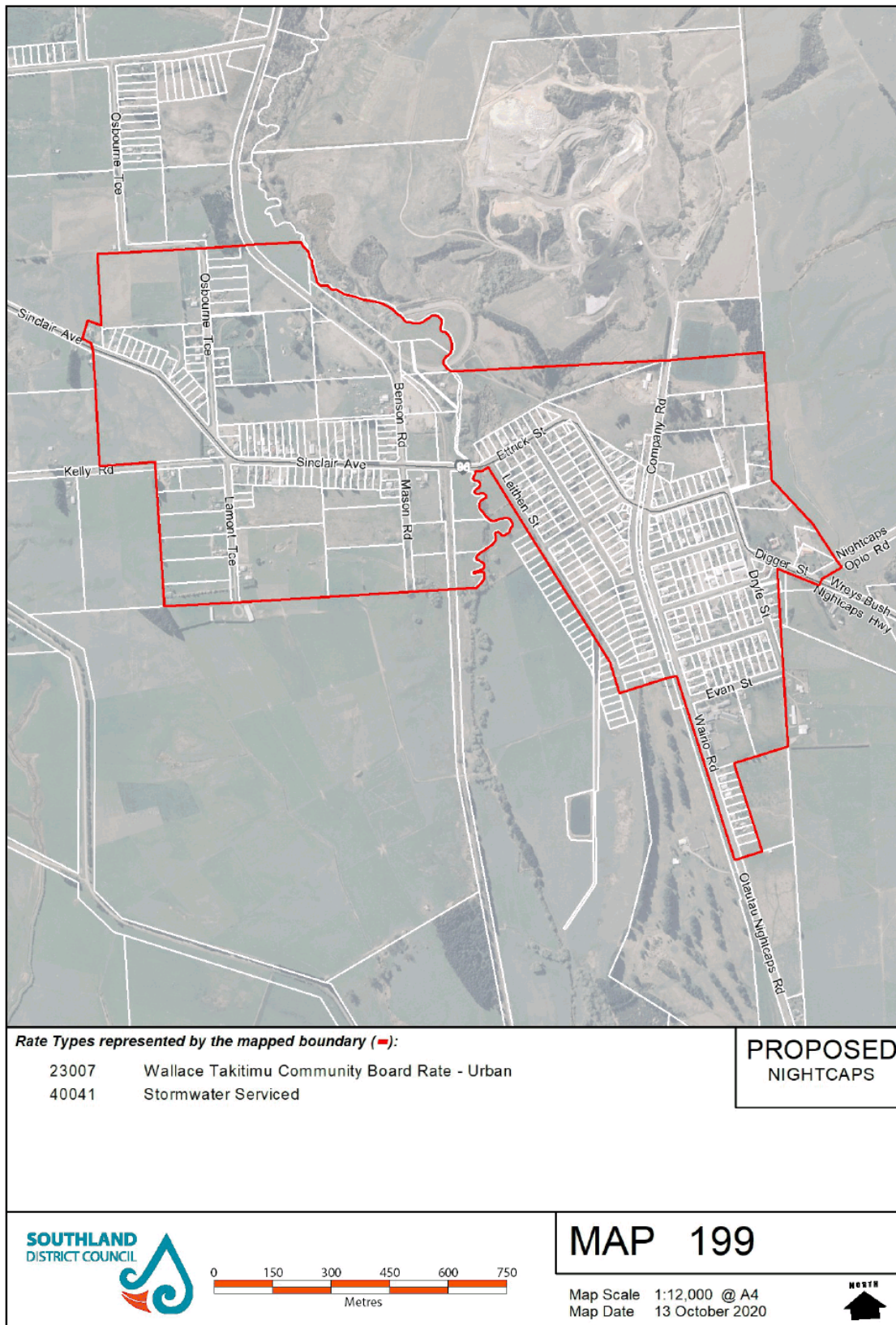


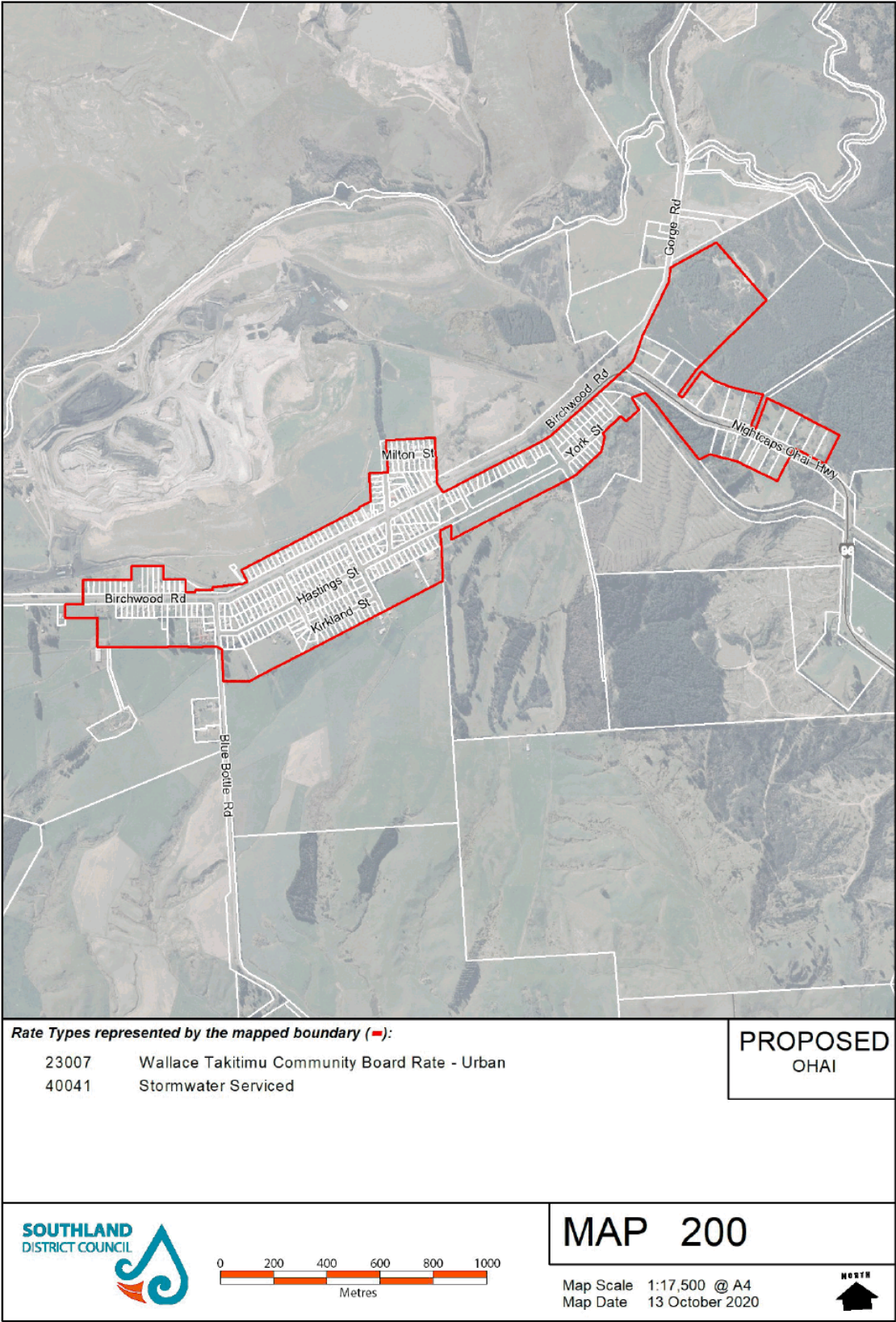


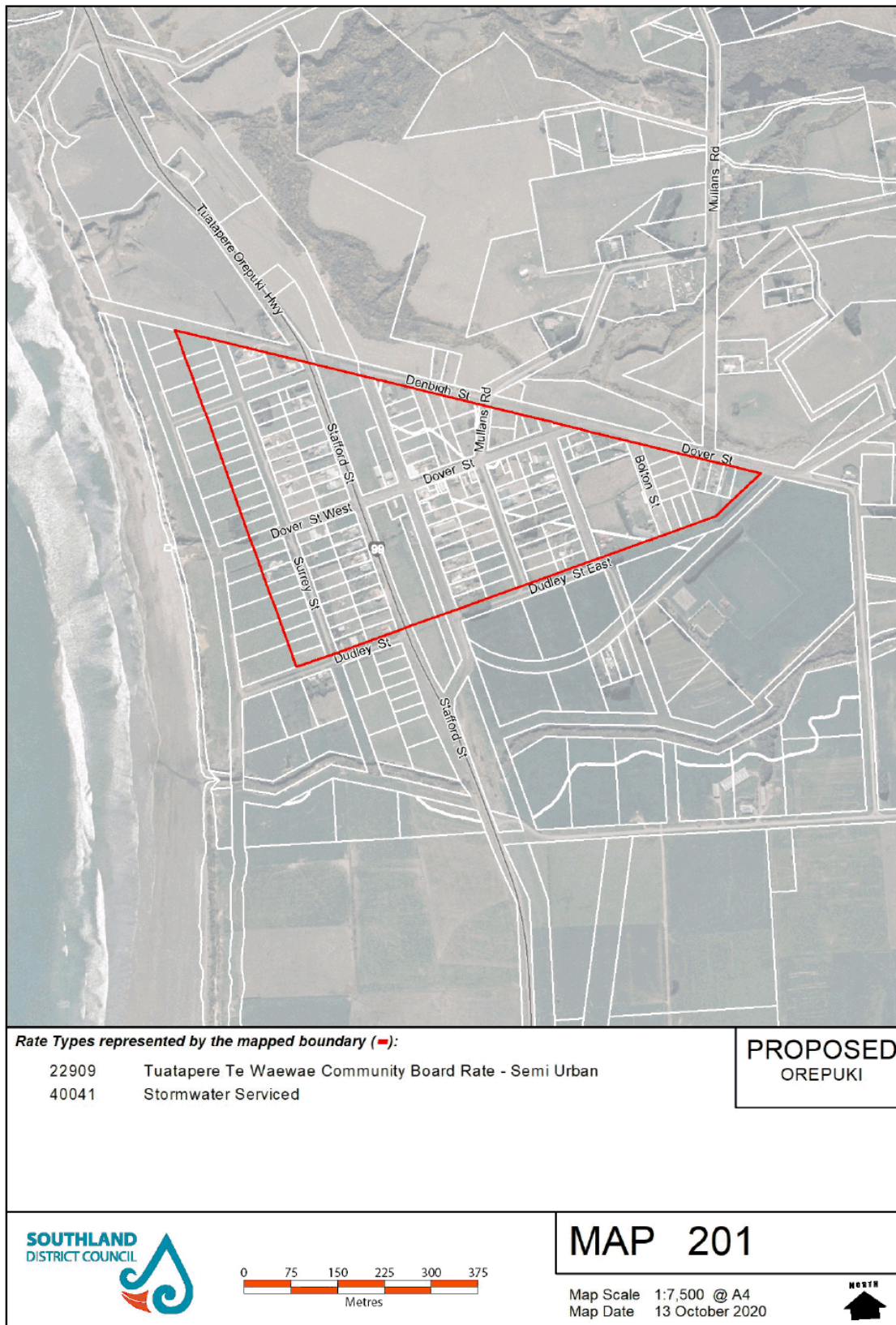


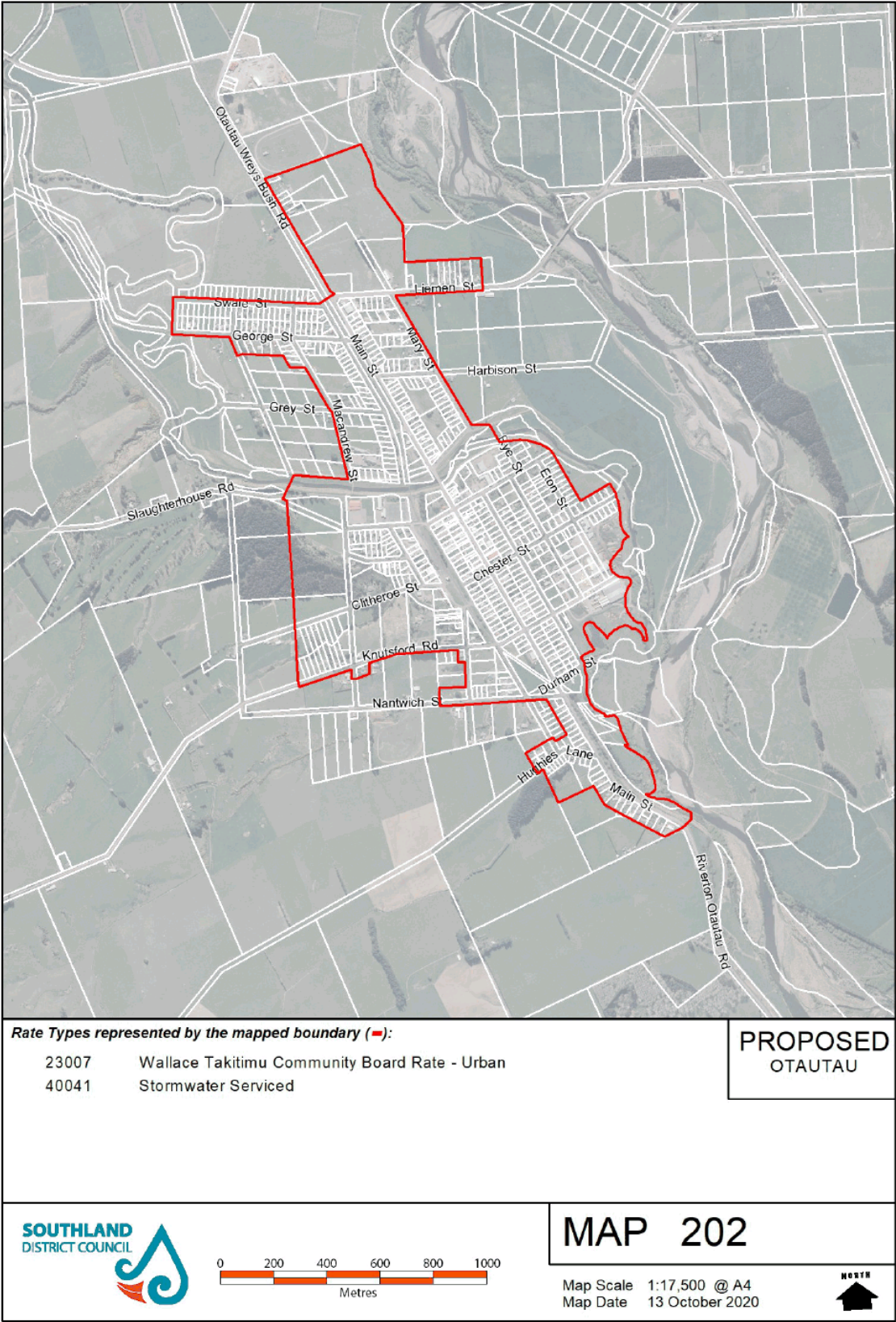


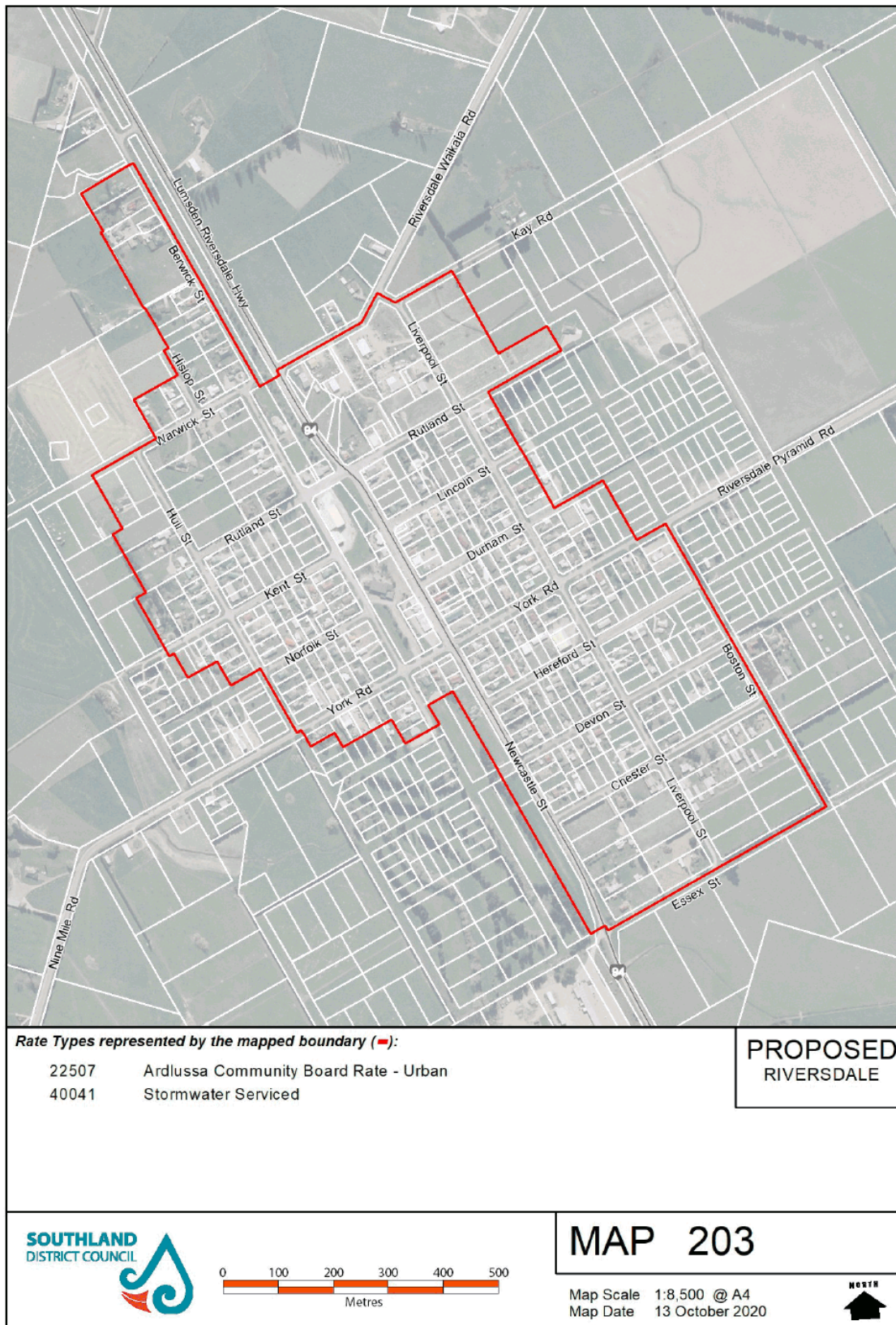


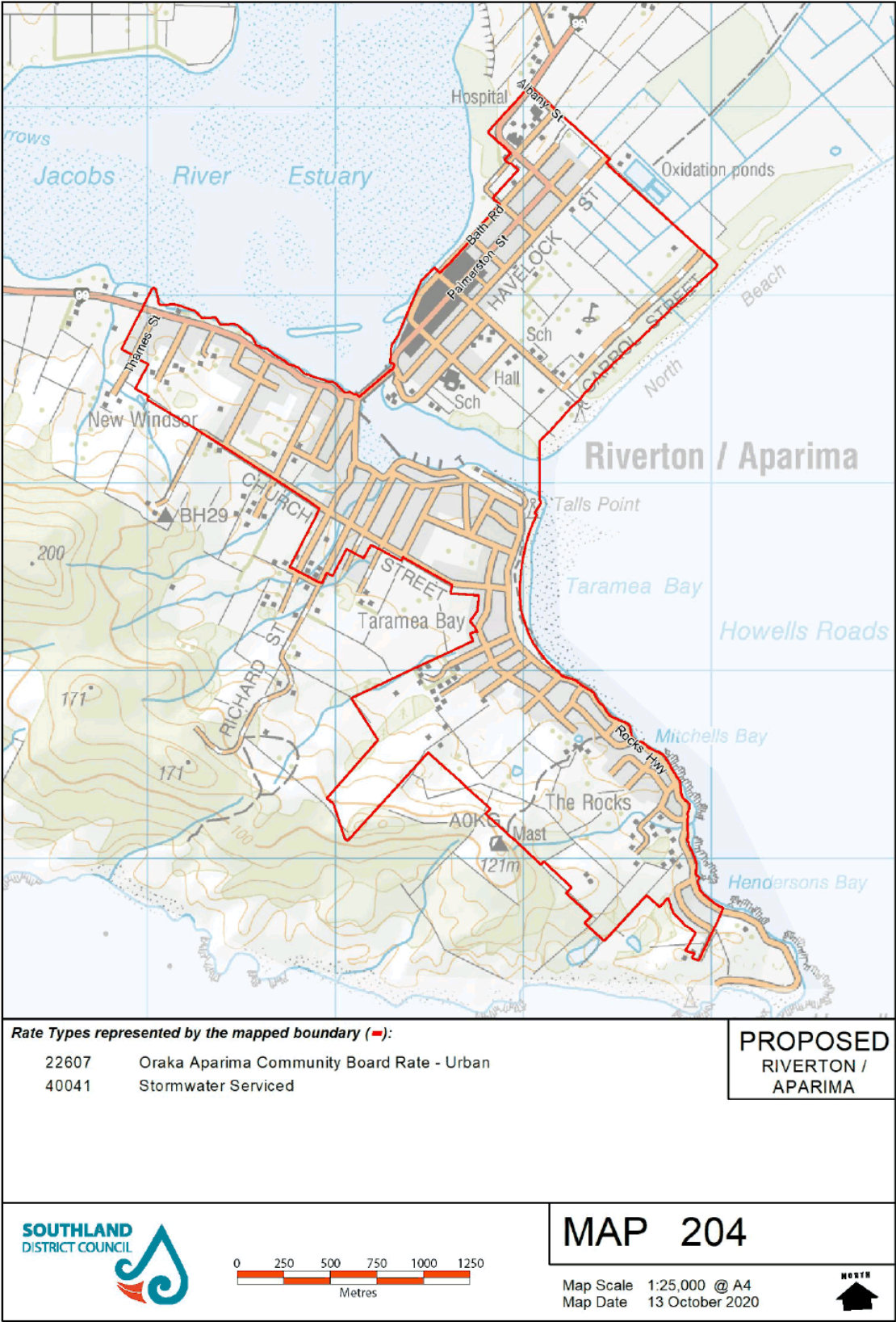


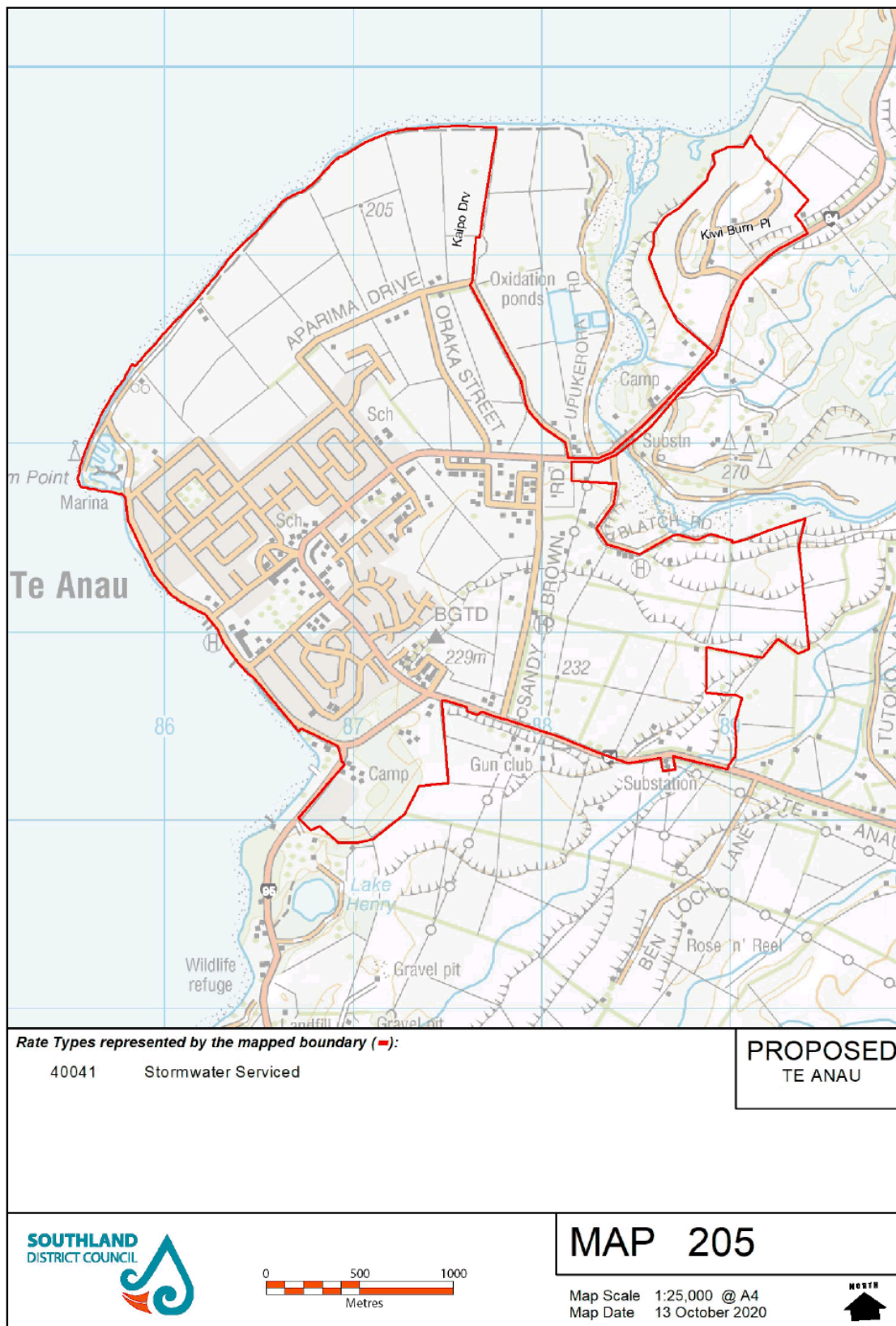


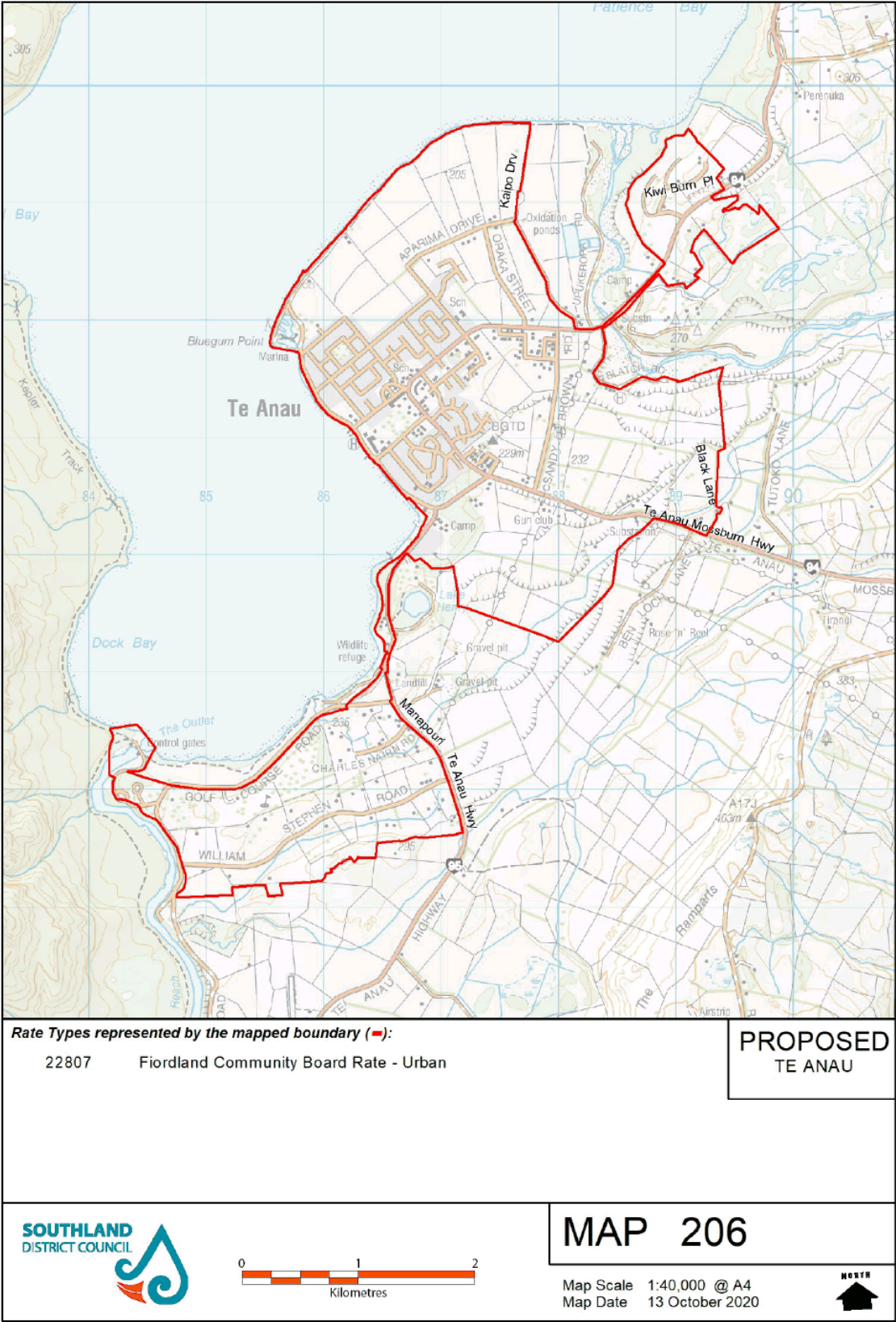


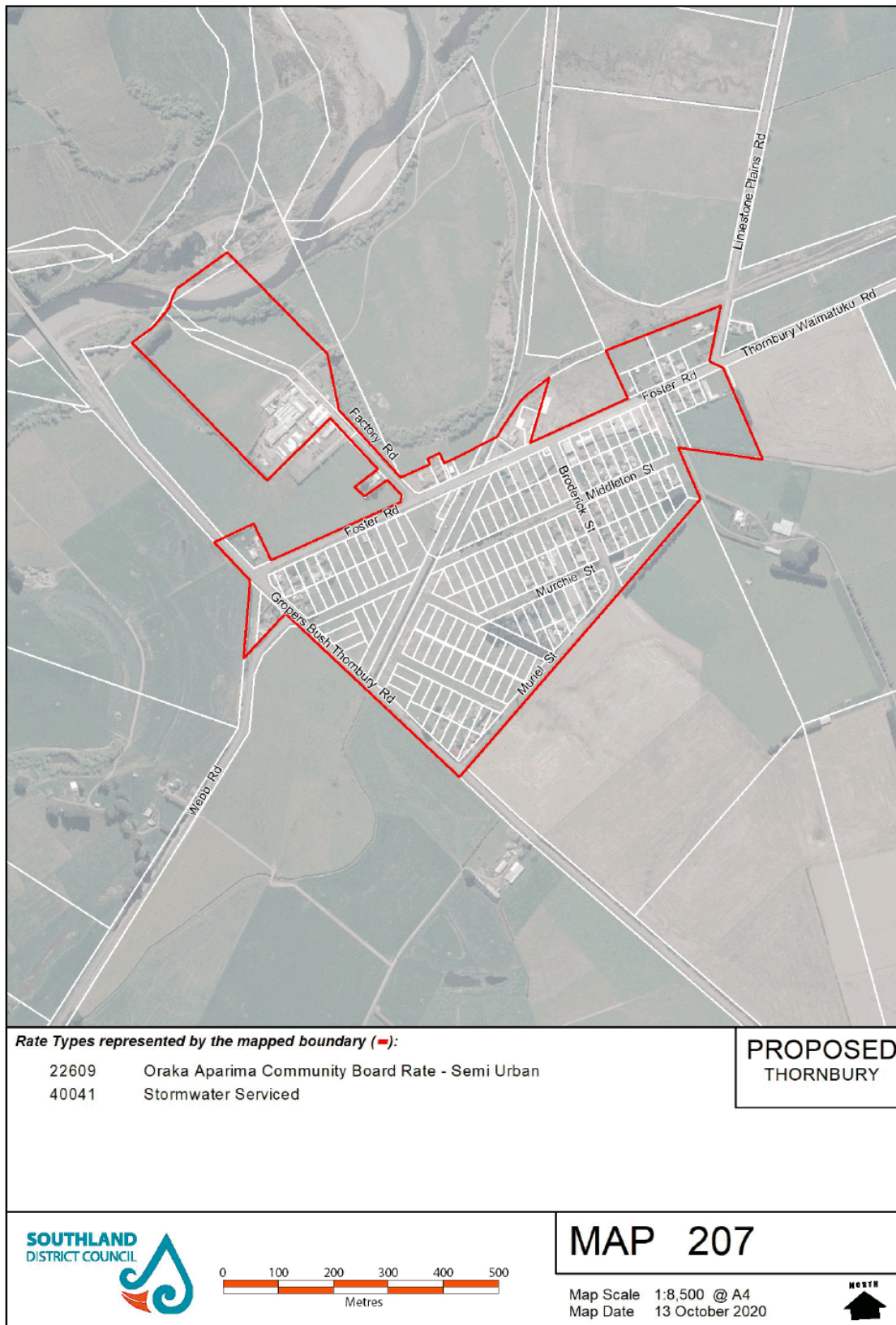


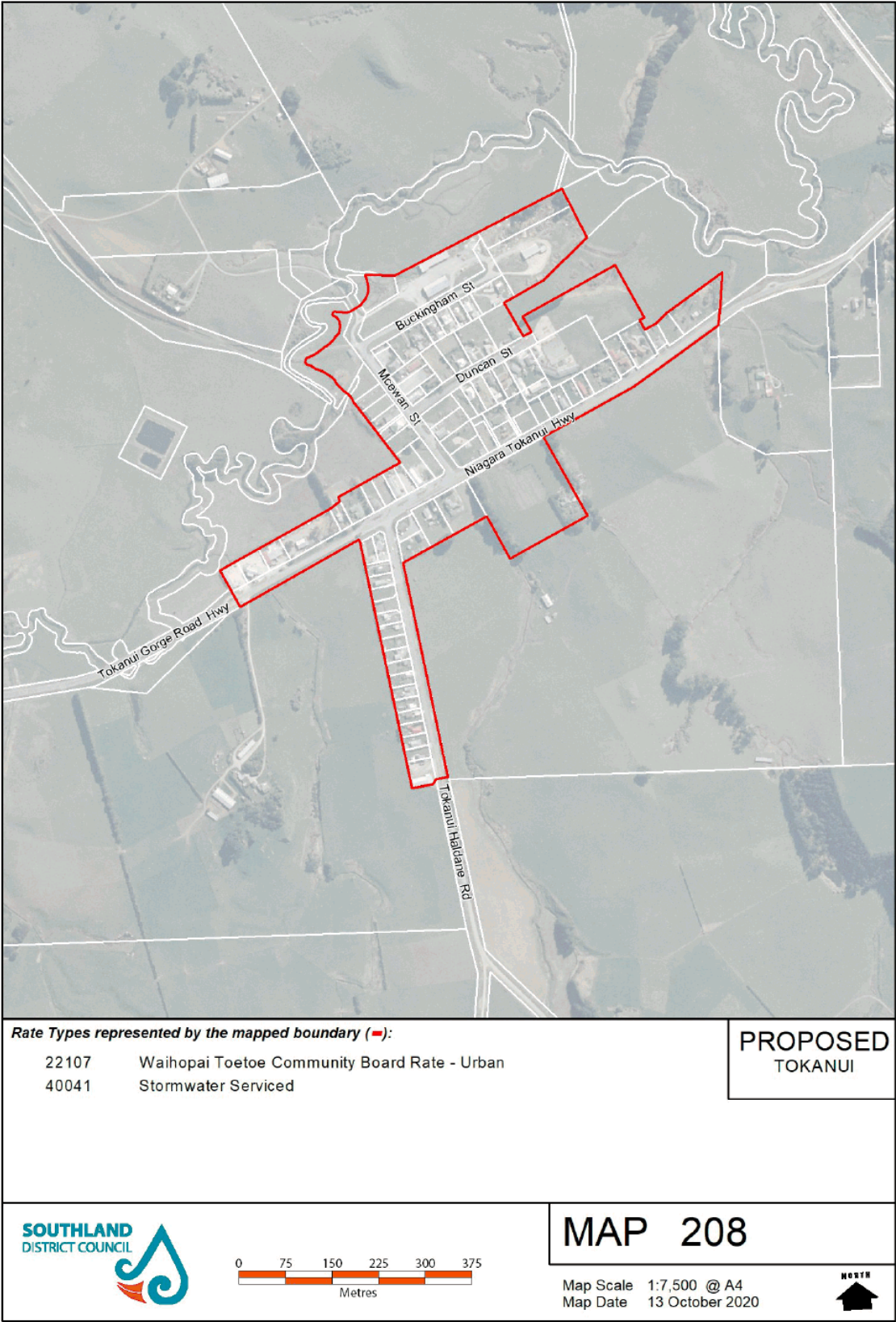


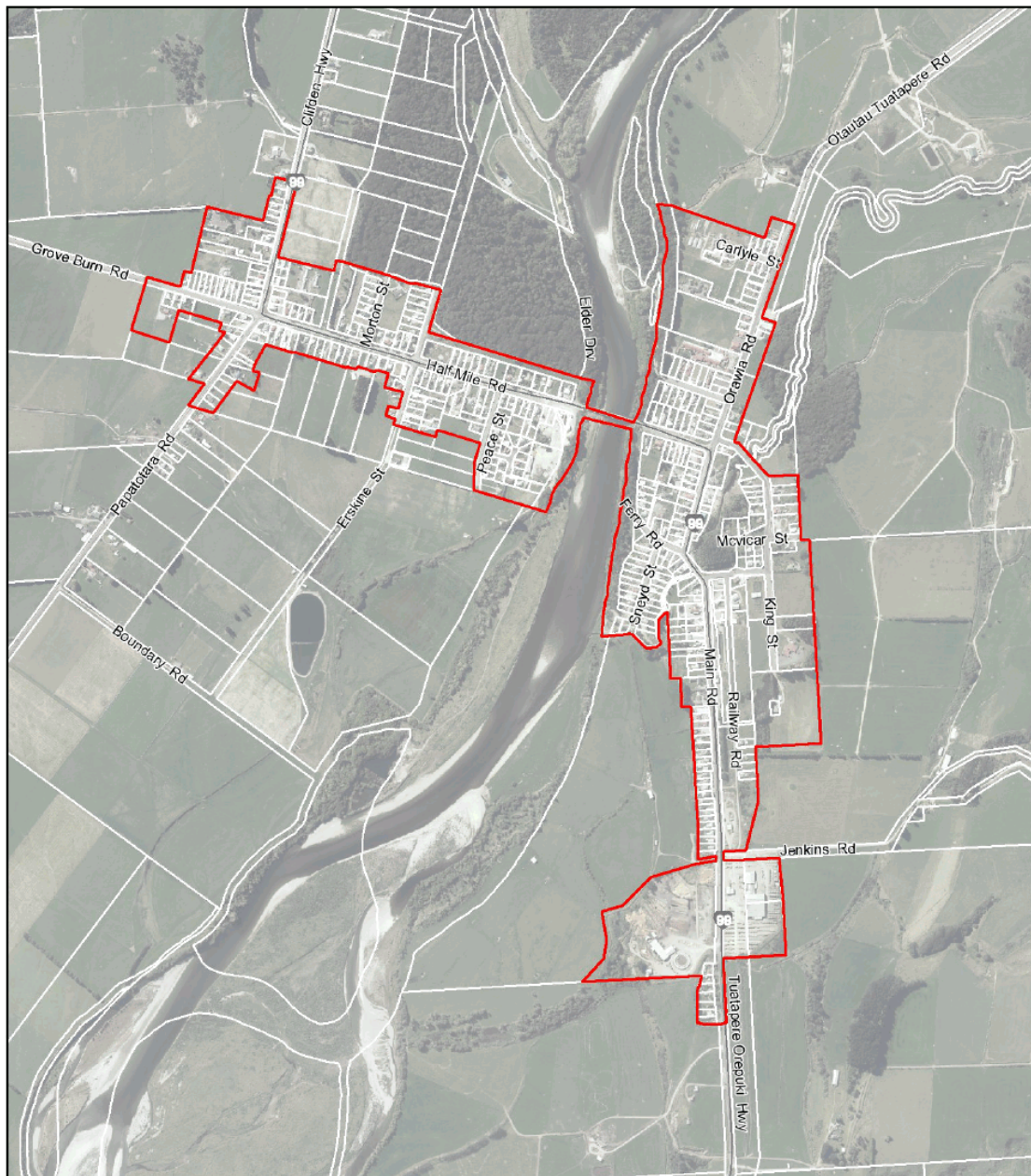








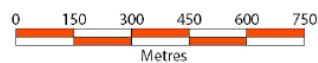




Rate Types represented by the mapped boundary (—):

- | | |
|-------|--|
| 22907 | Tuatapere Te Waewae Community Board Rate - Urban |
| 40041 | Stormwater Serviced |

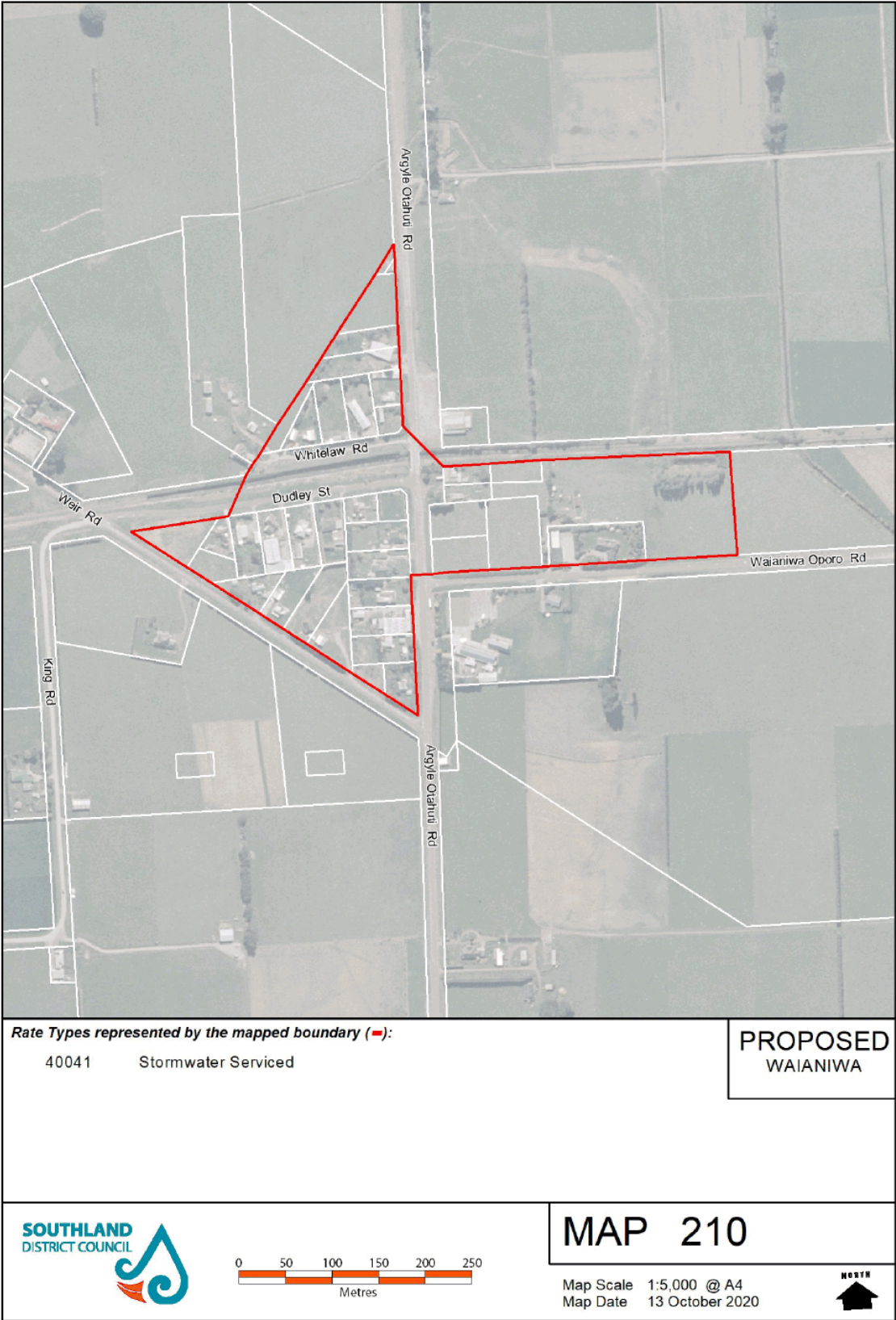
**PROPOSED
TUATAPERE**



MAP 209

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



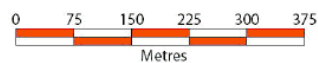




Rate Types represented by the mapped boundary (—):

22507 Ardlussa Community Board Rate - Urban
40041 Stormwater Serviced

**PROPOSED
WAIKAIA**



MAP 211

Map Scale 1:7,500 @ A4
Map Date 13 October 2020



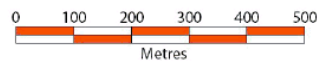




Rate Types represented by the mapped boundary (—):

23907 Oreti Community Board Rate - Urban
40041 Stormwater Serviced

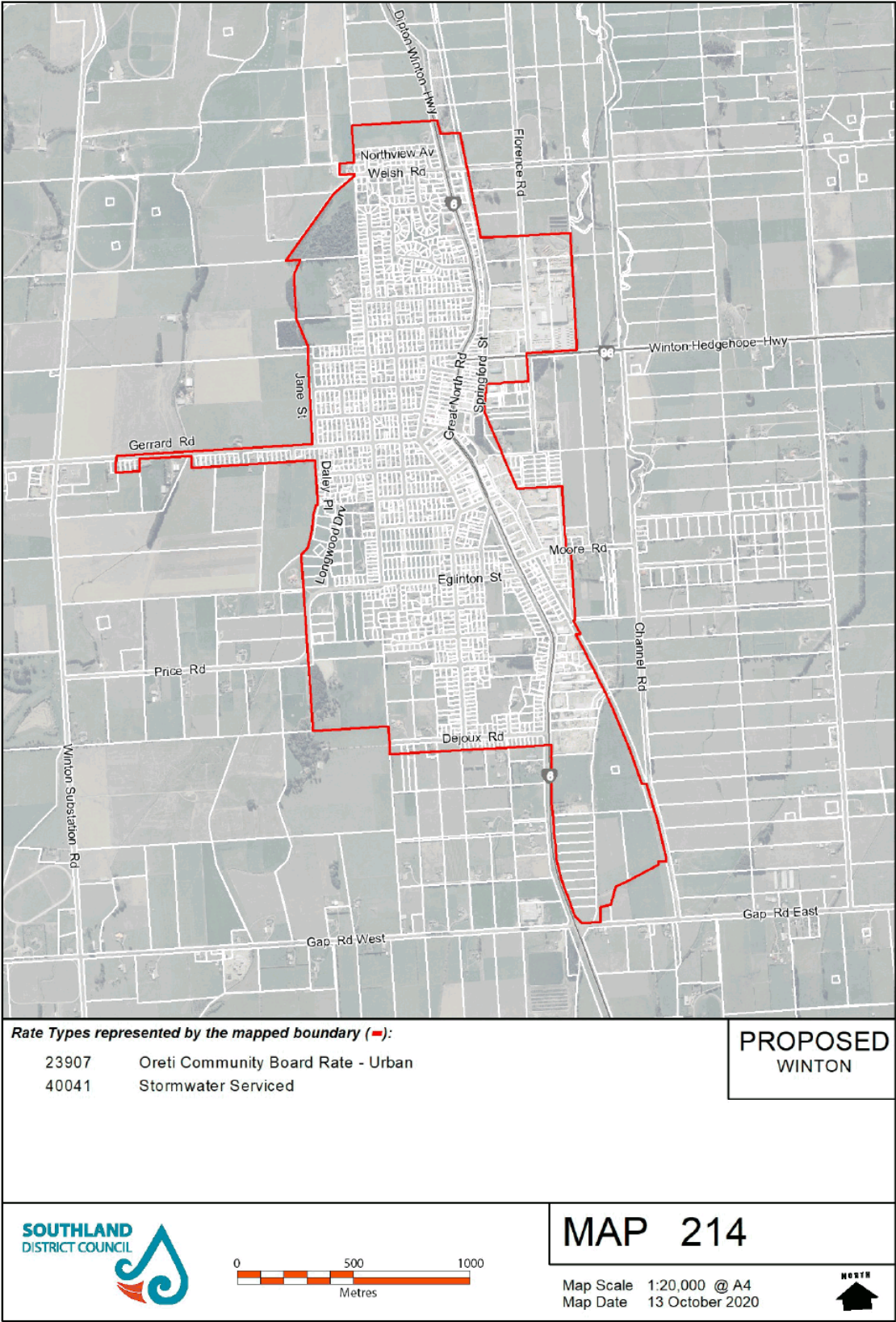
**PROPOSED
WALLACETOWN**



MAP 213

Map Scale 1:10,000 @ A4
Map Date 13 October 2020



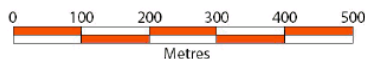




Rate Types represented by the mapped boundary (■):

22109	Waihopa Toetoe Community Board Rate - Semi Urban
40041	Stormwater Serviced

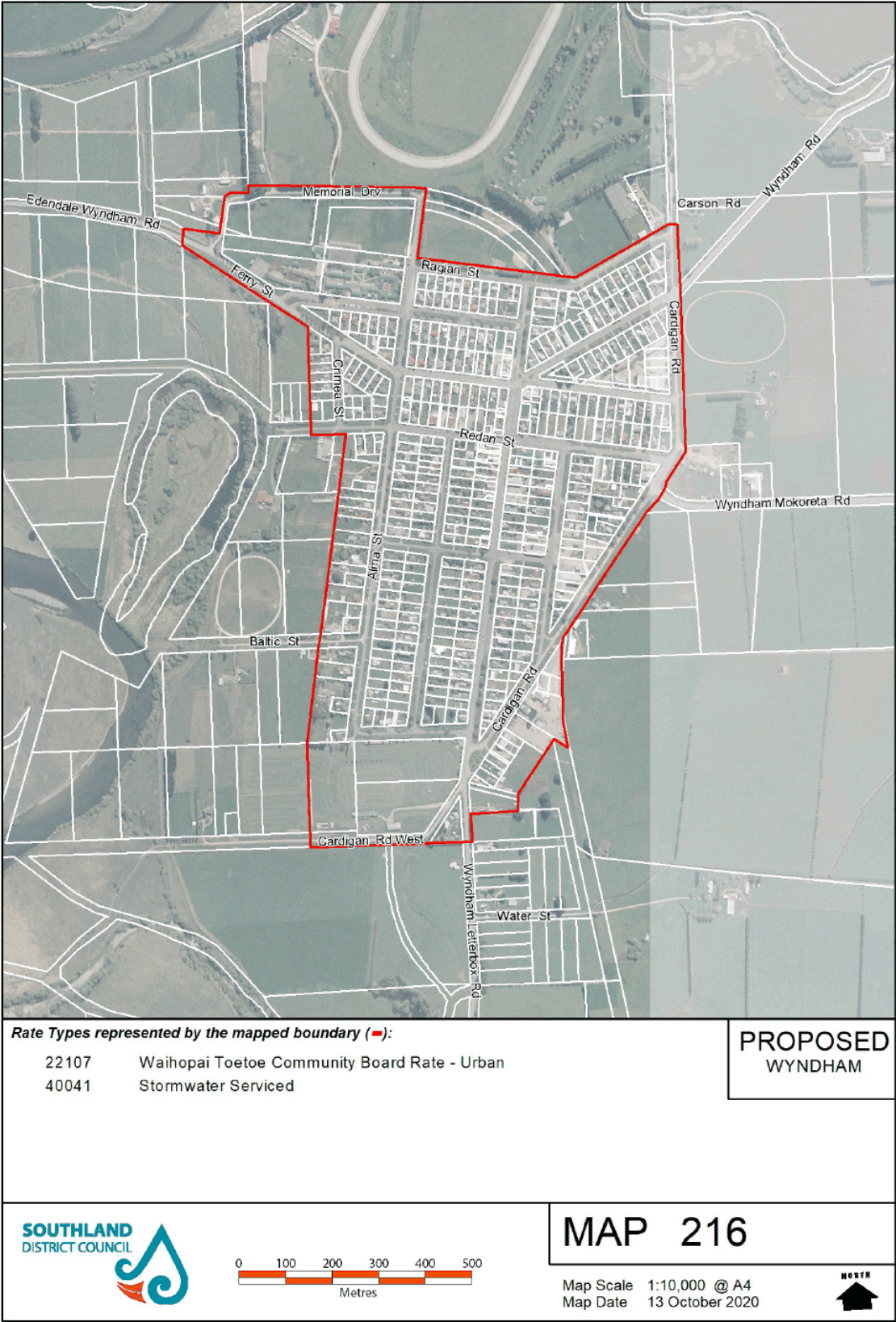
**PROPOSED
WOODLANDS**

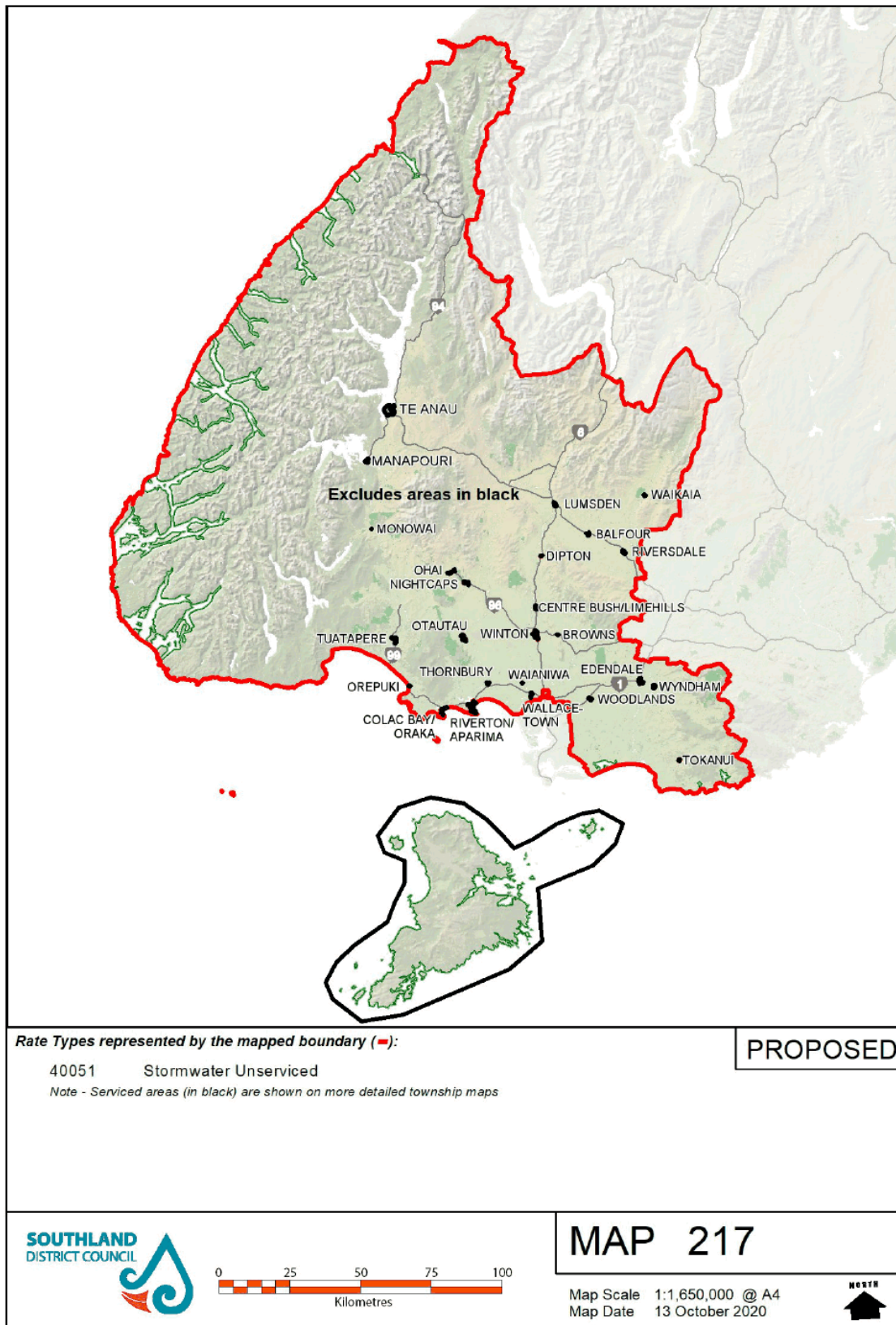


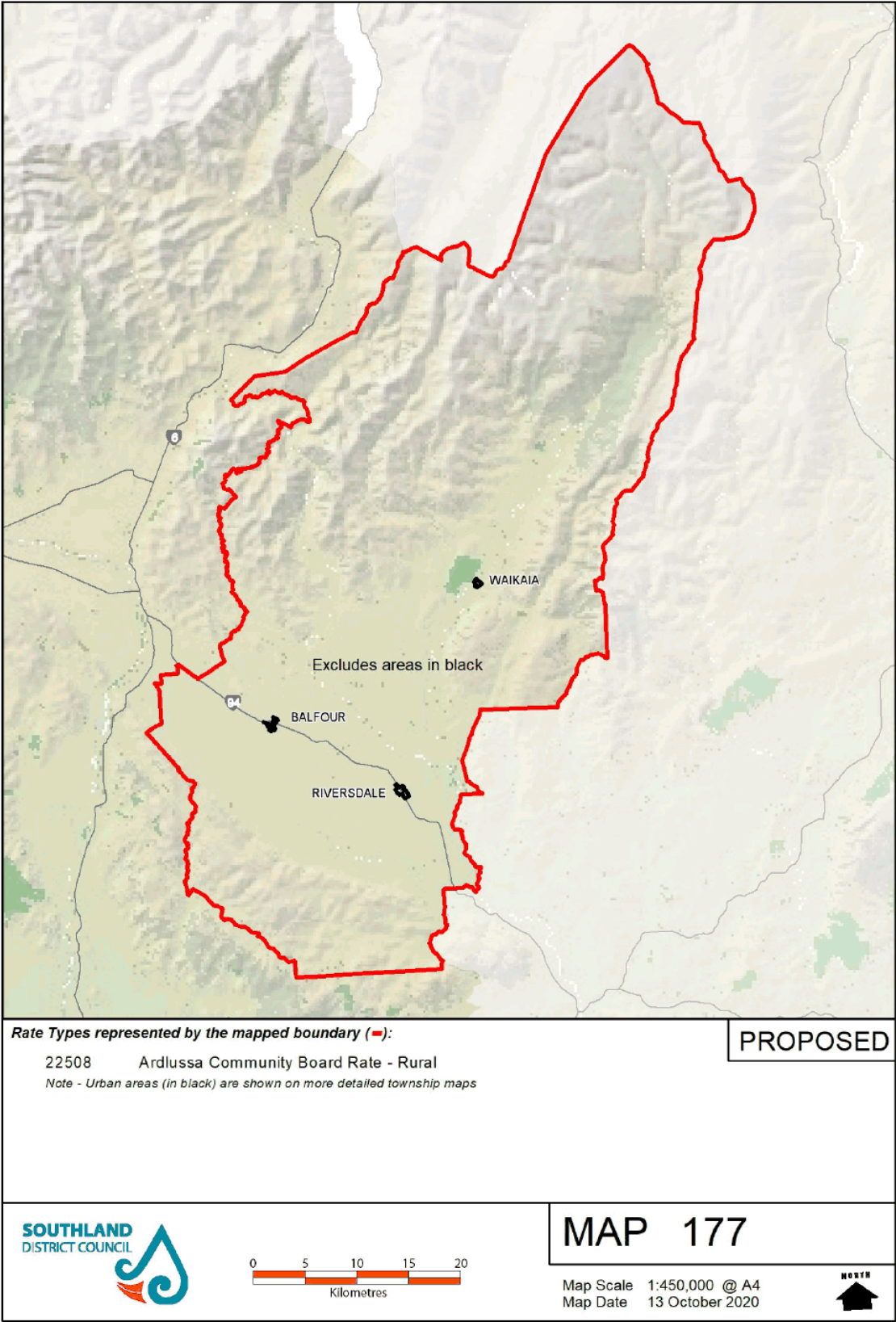
MAP 215

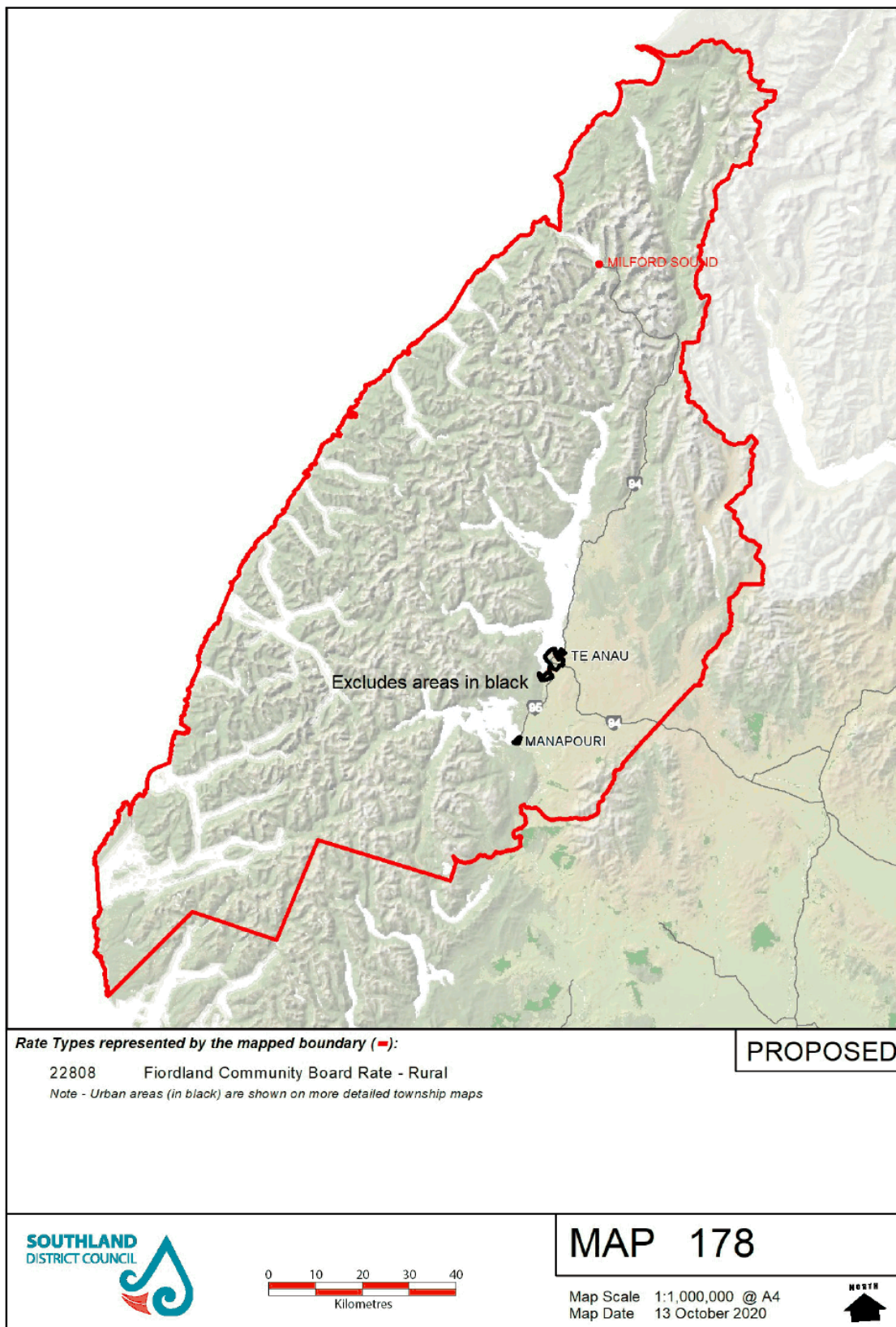
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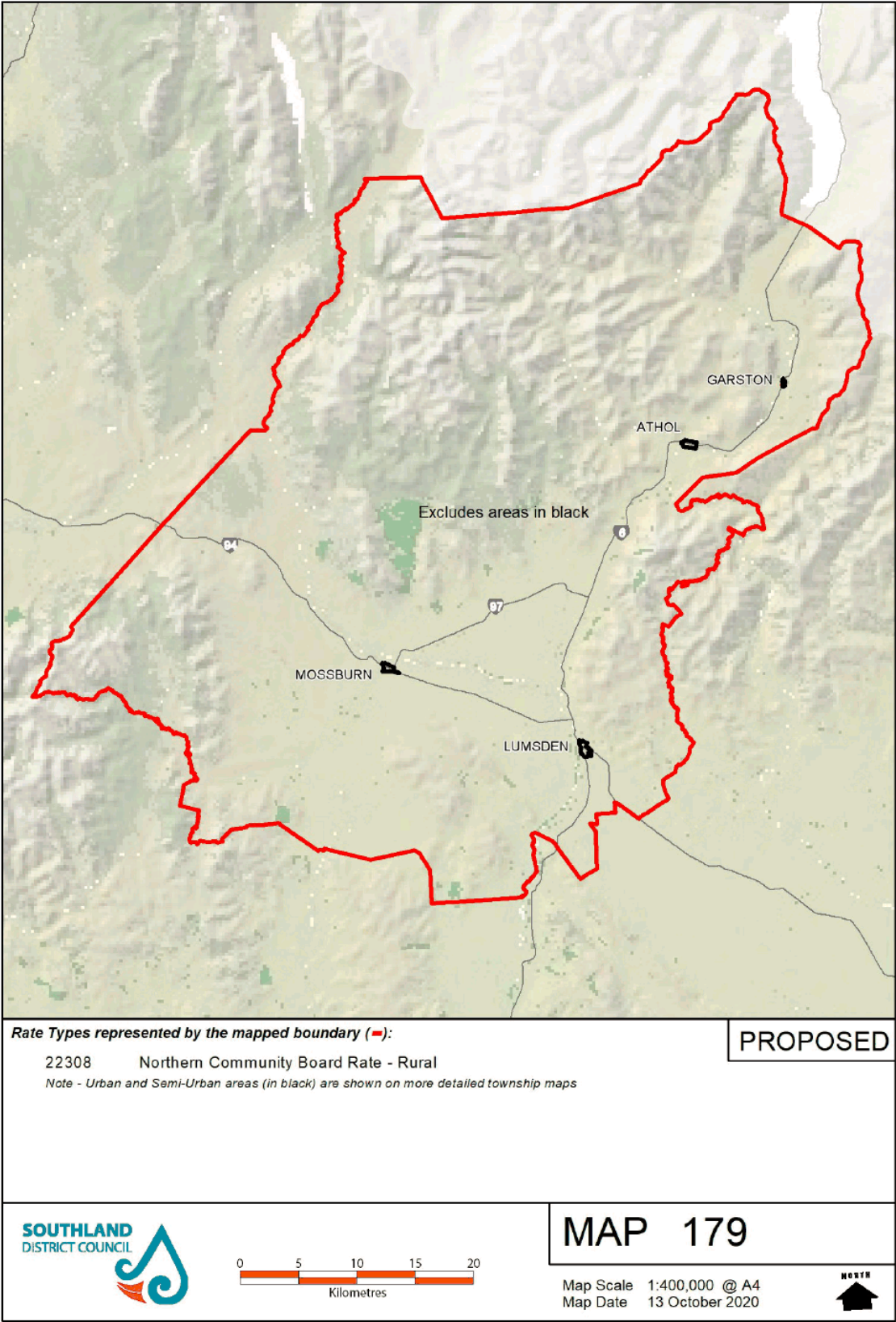


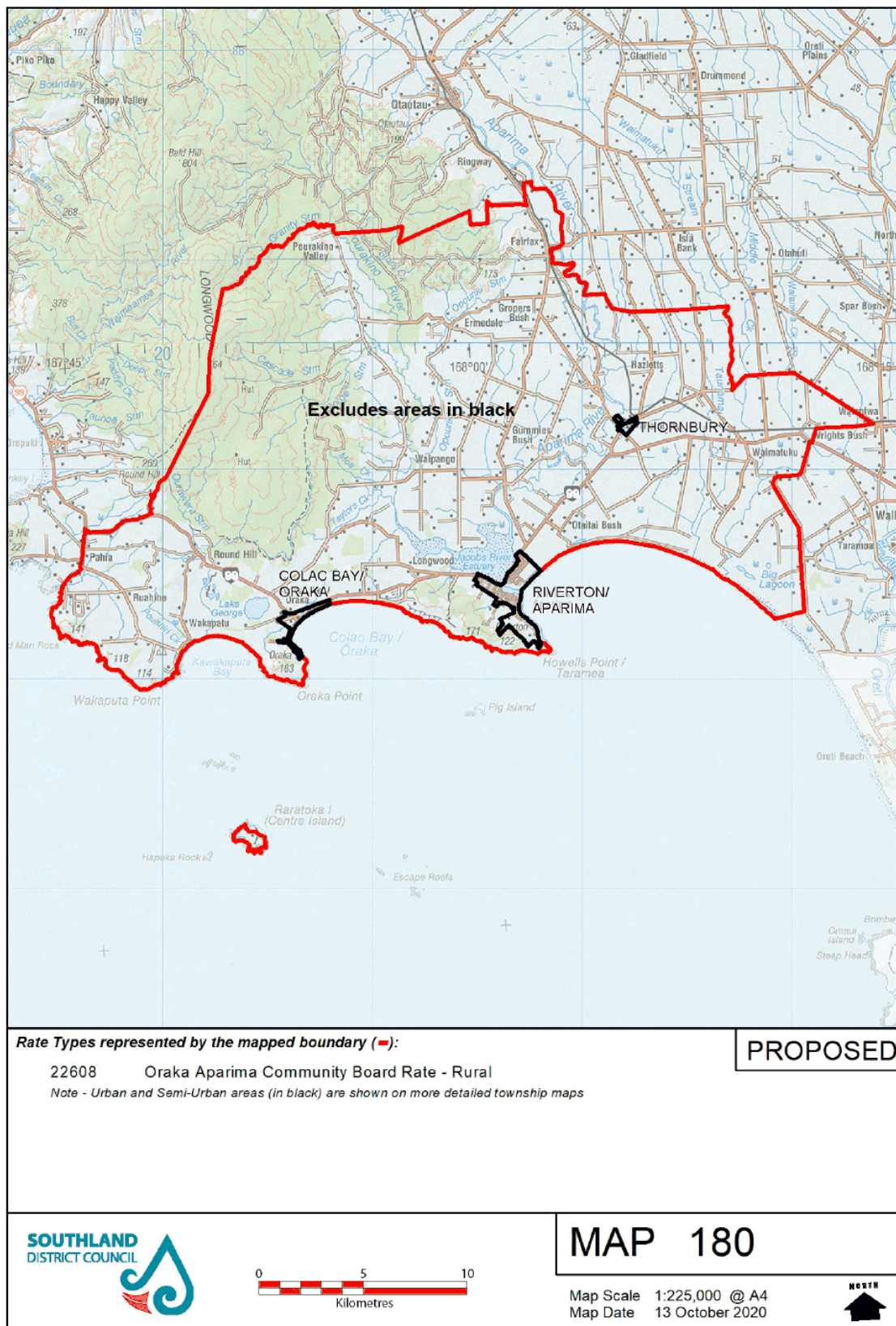


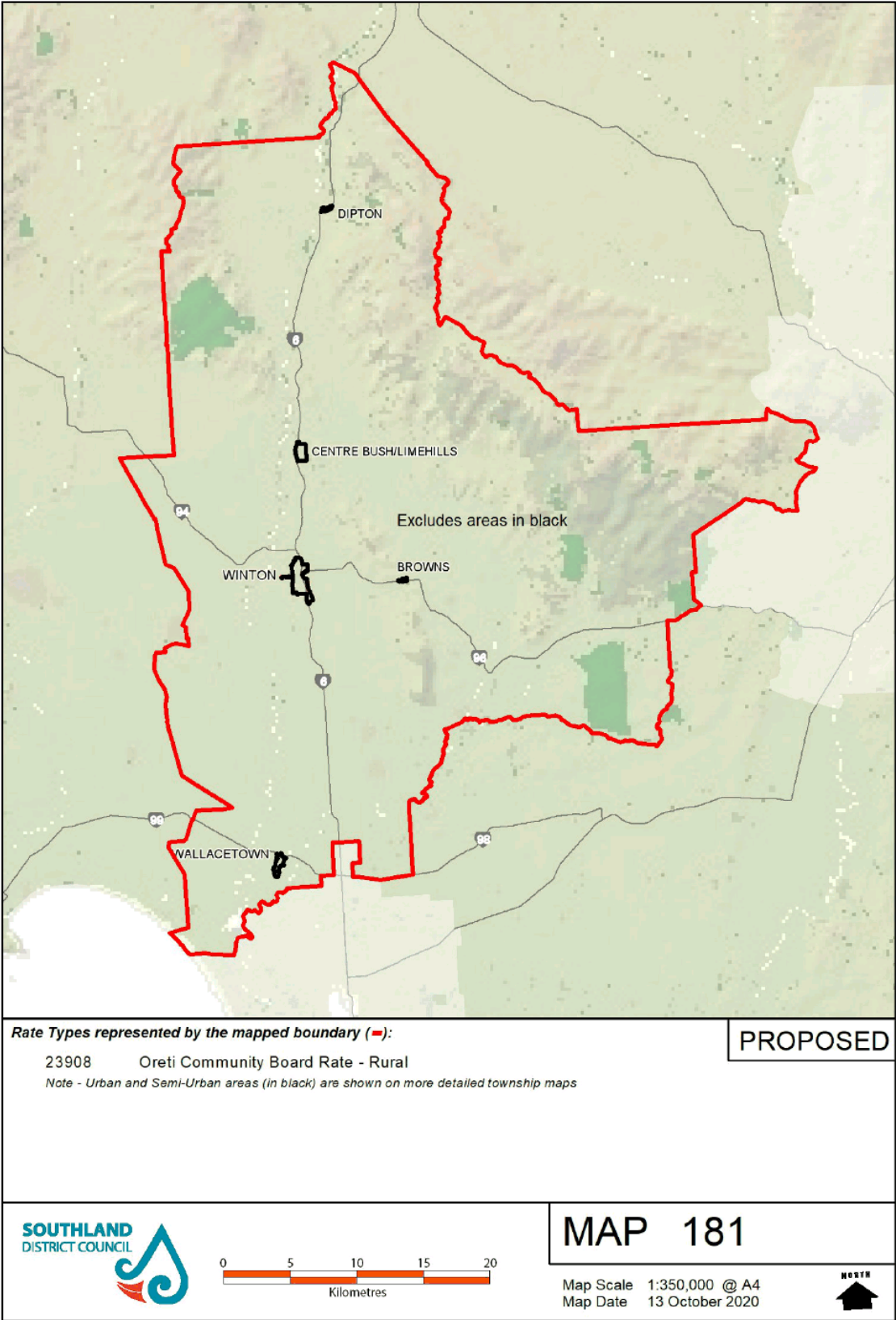


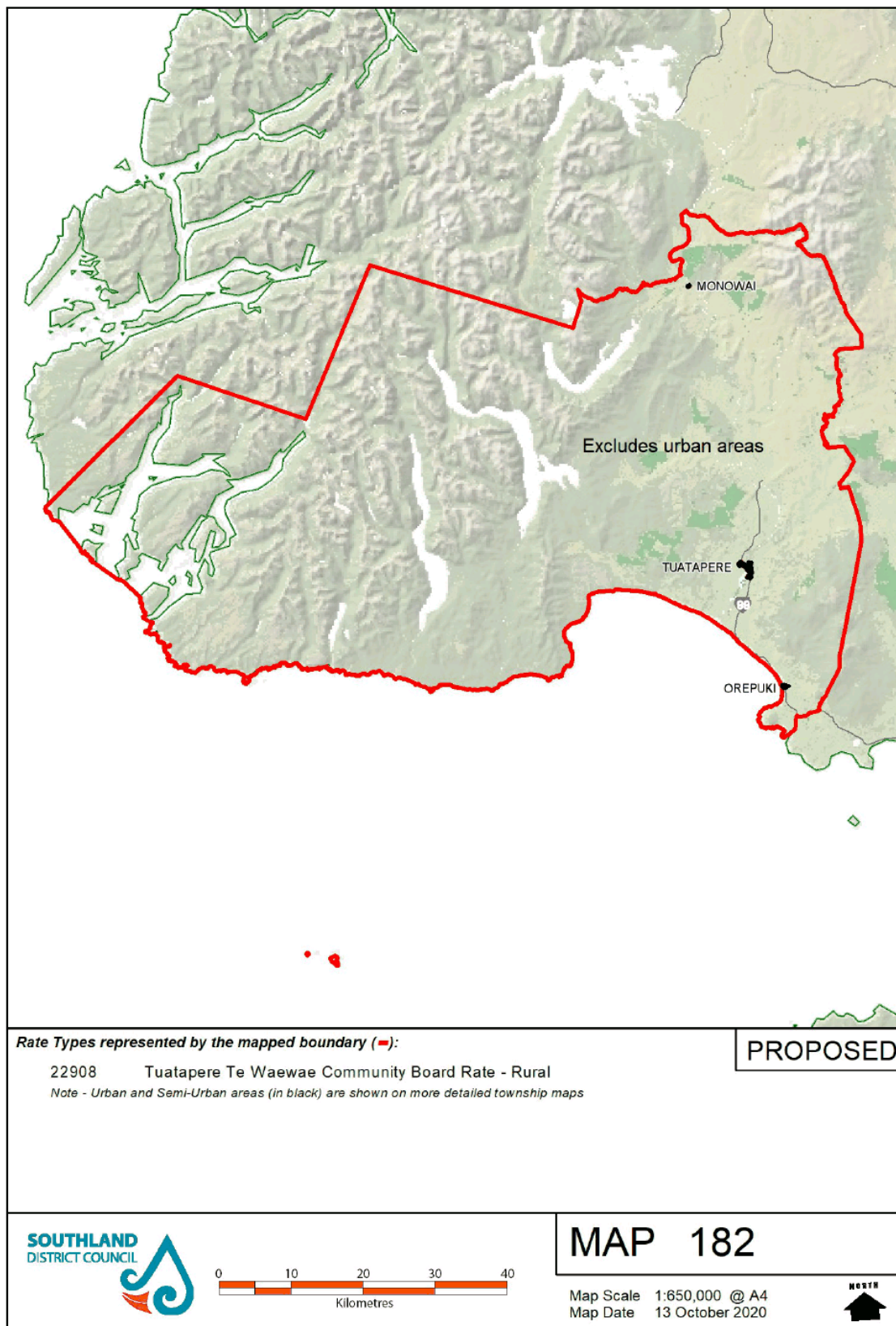


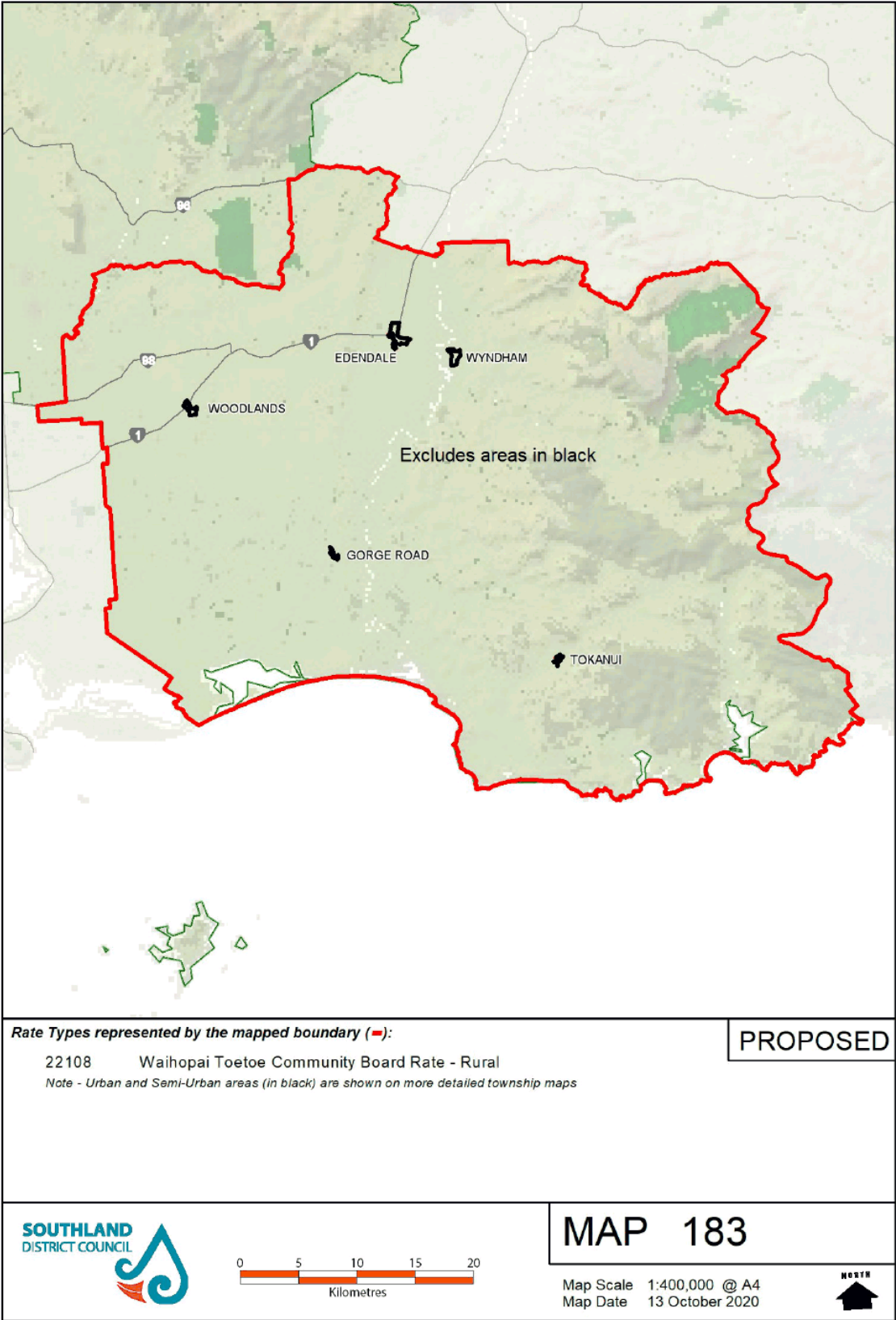


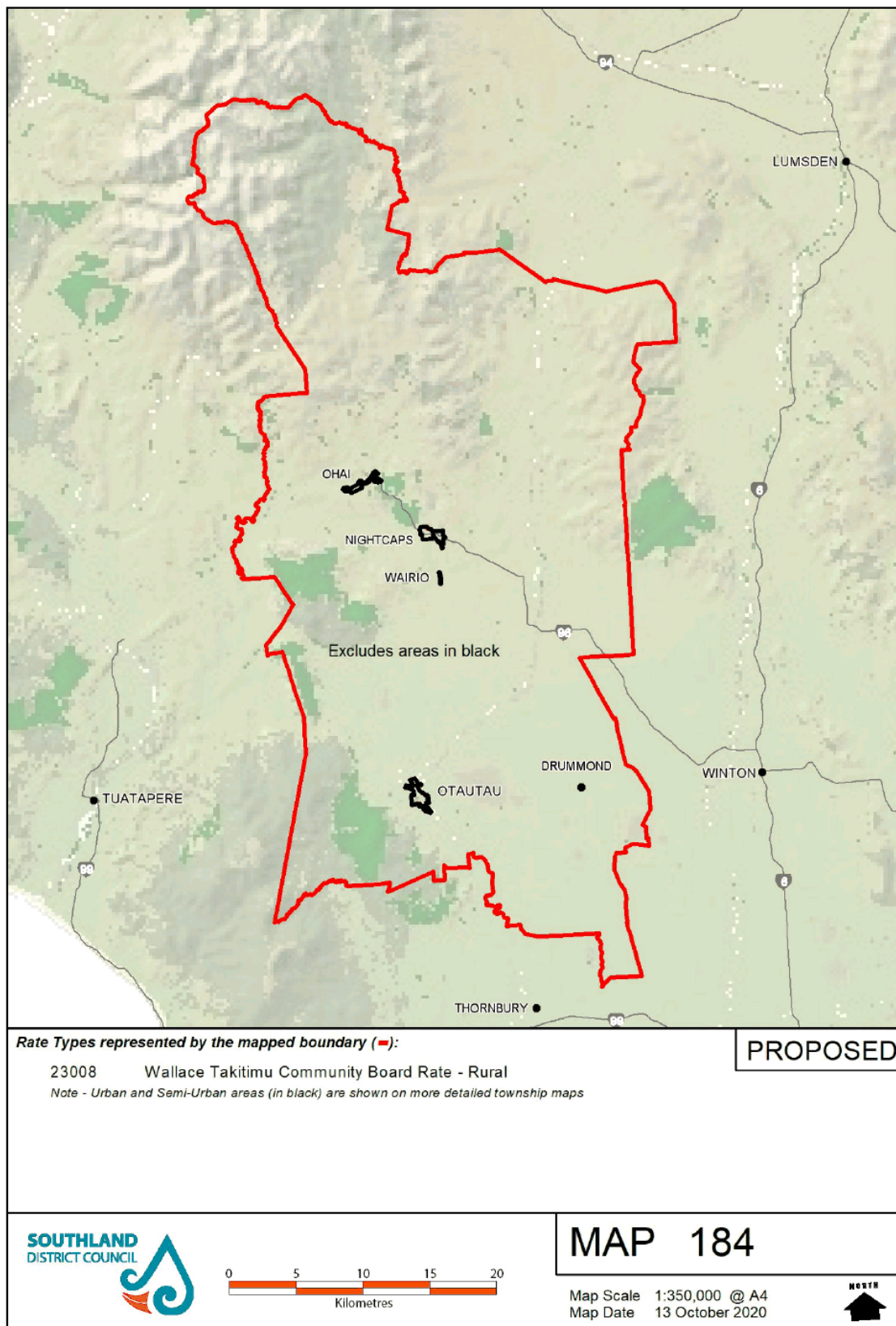


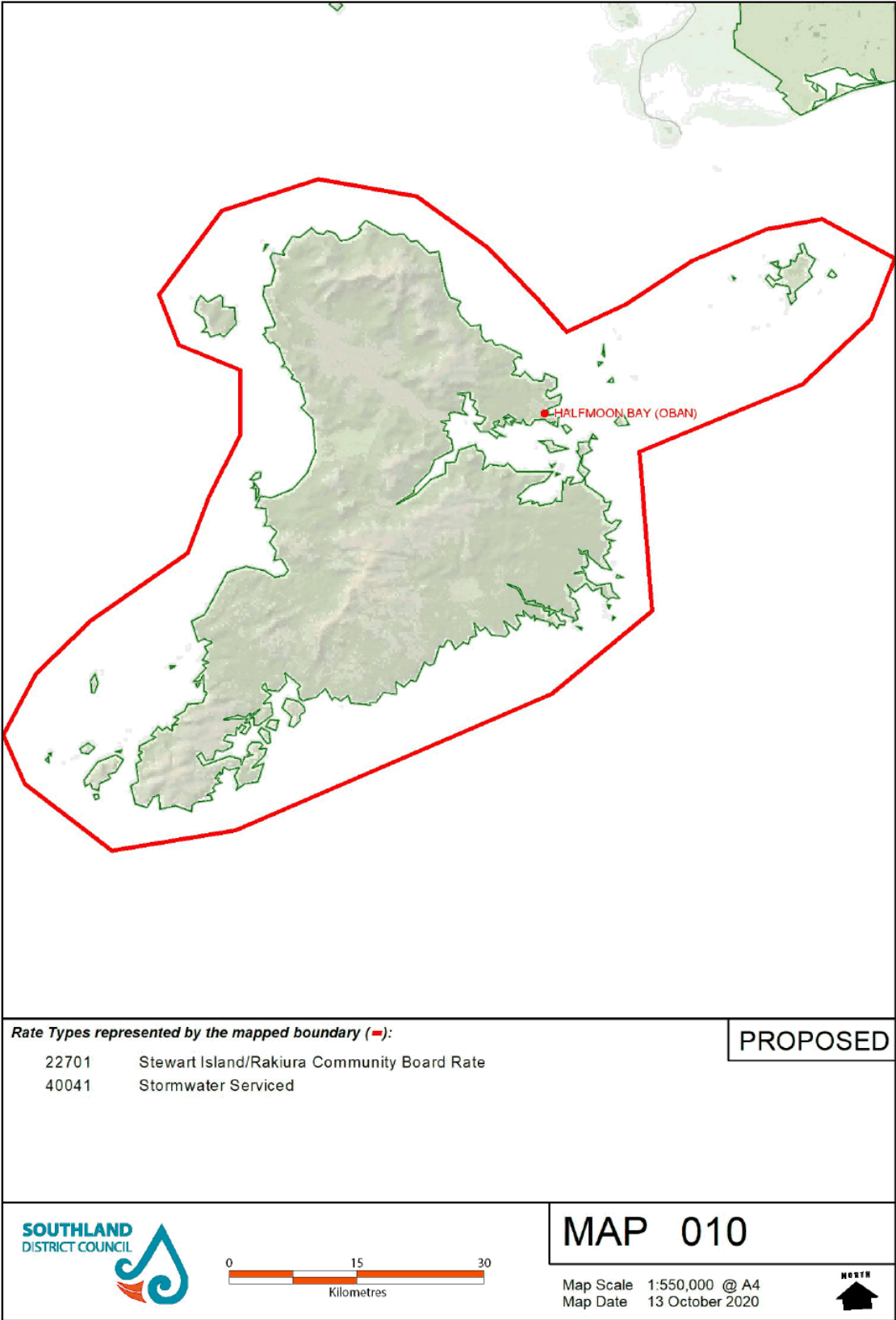












Revenue and Financing Policy

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:

Funding Source	Use / Direct Benefit			
	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

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Attachment 1 - 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

(1) New CB Area	(2) CB / CDA Area	(A) Current Approach		(B) Flat across new CB	(C) Urban/serviced only		(D) Differential – Urban/Serviced vs Rural/Unserviced		
		Current share of local CB/CDA area (fixed for stormwater)	Current local CB/CDA rate as a % of total rates	New community board (fixed charge, urban & rural)	Revised new urban boundary numbers	Revised new urban boundary (fixed charge)	Factor New rural boundary numbers	0.25 New rural boundary share (fixed charge)	1.00 New urban share (fixed charge)
	Balfour	\$54	25%		79	\$61	181	\$10	\$39
	Riversdale	\$25	15%		226	\$25	181	\$5	\$21
	Waikaia	\$36	25%		172	\$37	181	\$7	\$29
Ardlussa Community Board Rate		\$34	20%	\$17	477	\$35	542	\$7	\$27
	Manapouri	\$90	31%		287	\$90			
	Te Anau	\$24	9%		2097	\$27			
Fiordland Community Board Rate		\$28	12%	\$28	2384	\$34	554	\$8	\$33
	Athol	\$0	0%		67	\$0			
	Garston	\$0	0%		11	\$0			
	Lumsden	\$37	12%		299	\$43			
	Mossburn	\$40	12%		118	\$41			
Northern Community Board Rate		\$29	12%	\$18	495	\$36	467	\$7	\$29
	Colac Bay	\$7	8%		119	\$8			
	Riverton	\$72	25%		1203	\$78			
	Thornbury	\$0	0%		45	\$0			
Oraka Aparima Community Board Rate		\$64	24%	\$51	1367	\$69	484	\$16	\$63
	Browns	\$46	22%		28	\$41			
	Dipton	\$26	25%		31	\$162			
	Limehills	\$52	64%		59	\$112			
	Wallacetown	\$25	17%		275	\$38			
	Winton	\$71	32%		1219	\$97			
Oreti Community Board Rate		\$58	30%	\$39	1612	\$88	1990	\$17	\$67
	Stewart Island	\$41	18%		491	\$42			
Stewart Island Community Board Rate		\$41	18%	\$41	491	\$42	9	\$10	\$41
	Orepuki	\$12	12%		67	\$16			
	Tuatapere	\$37	18%		305	\$52			
Tuatapere Te Waewae Community Board Rate		\$20	17%	\$18	372	\$46	580	\$8	\$33
	Edendale - Wyndham	\$24	15%		553	\$47			
	Gorge Road	\$0	0%		20	\$0			
	Tokanui	\$45	21%		58	\$46			
	Woodlands	\$15	8%		68	\$15			
Waihopai Toetoes Community Board Rate		\$21	14%	\$11	699	\$43	2012	\$6	\$25
	Drummond	\$0	0%		31	\$0			
	Nightcaps	\$108	56%		203	\$112			
	Ohai	\$97	38%		188	\$99			
	Otautau	\$46	16%		406	\$65			
Wallace Takitimu Community Board Rate		\$66	26%	\$47	828	\$82	618	\$17	\$69
District Wide	Total	\$42	20%	\$31	8725	\$56	7256	\$12	\$46

Table 2: New Community Board Rate Modelling Options

New CB Area	Township	(A) Current Approach	(B) Flat across new CB	(C) Urban/serviced only		(D) Differential – Urban vs Rural		
		Current local CB/CDA area rated (fixed rate)	Full new community board area (fixed)	Revised new urban boundary numbers	Revised new urban boundary (fixed)	Factor New rural boundary numbers	0.25 New rural boundary share (fixed)	1.00 New urban share (fixed)
	Balfour	\$217		79	\$206	181	\$33	\$131
	Riversdale	\$163		226	\$136	181	\$28	\$113
	Waikaia	\$146		172	\$133	181	\$26	\$105
Ardlussa CB Rate		\$167	\$68	477	\$146	542	\$28	\$114
	Manapouri	\$294		287	\$167			
	Te Anau	\$252		2097	\$229			
Fiordland CB Rate		\$235	\$180	2384	\$222	554	\$52	\$210
	Athol	\$55		67	\$153			
	Garston	\$50		11	\$1,552			
	Lumsden	\$303		299	\$229			
	Mossburn	\$327		118	\$272			
Northern CB Rate		\$248	\$133	495	\$258	467	\$52	\$209
	Colac Bay	\$87		119	\$137			
	Riverton	\$290		1203	\$228			
	Thornbury	\$186		45	\$423			
Oraka Aparima CB Rate		\$270	\$167	1367	\$226	484	\$52	\$208
	Browns	\$208		28	\$311			
	Dipton	\$104		31	\$376			
	Limehills	\$82		59	\$120			
	Wallacetown	\$142		275	\$178			
	Winton	\$222		1219	\$185			
Oreti CB Rate		\$192	\$84	1612	\$188	1990	\$36	\$143
	Stewart Island	\$231		491	\$148			
Stewart Island CB Rate		\$231	\$145	491	\$148	9	\$37	\$147
	Orepuki	\$99		67	\$219			
	Tuatapere	\$210		305	\$263			
Tuatapere Te Waewae CB Rate		\$118	\$100	372	\$255	580	\$46	\$183
	Edendale - Wyndham	\$163		553	\$312			
	Gorge Road	\$27		20	\$780			
	Tokanui	\$215		58	\$400			
	Woodlands	\$183		68	\$228			
Waihopai Toetoes CB Rate		\$147	\$84	699	\$324	2012	\$47	\$189
	Drummond	\$49		31	\$265			
	Nightcaps	\$192		203	\$98			
	Ohai	\$255		188	\$207			
	Otautau	\$296		406	\$355			
Wallace Takitimu CB Rate		\$254	\$146	828	\$255	618	\$54	\$215
District Wide Total		\$211	\$122	8725	\$223	7,256	\$46	\$184

Table 3: Local representation/ elected members options

	(A)		(B)	(C)	(D)	
	Current Approach		Flat across new CB	Urban/serviced only	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 Community Board Rate	\$28		\$28	\$29	\$7	\$28
Tuatapere Te Waewae Community Board Rate	\$29		\$26	\$66	\$12	\$48
Waihopai Toetoes 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

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Table 4: Cemetery options

New CB Area	Township	(A) Current Approach	(B) Flat across new CB	(C) Urban/serviced only	(D) Differential – Urban vs Rural	
		Current local CB/CDA area (fixed) for cemeteries	New community board (fixed U+R)	Revised new urban boundary (fixed)	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	\$23		\$23		
Stewart Island 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 Toetoes 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

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Table 5: Litter Bins options

New CB Area	Township	(A) Current Approach	(B) Flat across new CB	(C) Urban/serviced only	(D) Differential – Urban vs Rural	
		Current local CB/CDA area (fixed) for cemeteries	New community board (fixed U+R)	Revised new urban boundary (fixed)	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	\$1		\$1		
Stewart Island 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 Toetoes 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	\$16	\$27	\$6	\$23
District Wide	Total	\$22	\$17	\$30	\$6	\$24