



Notice is hereby given that a meeting of the Finance and Assurance Committee will be held on:

Date: Wednesday, 14 February 2024
Time: 9.30am
Meeting room: Council Chamber
Venue: Level 2
20 Don Street
Invercargill

Finance and Assurance Committee Agenda OPEN

MEMBERSHIP

Chairperson	Mr Bruce Robertson (external member)
Mayor	Rob Scott
Councillors	Jaspreet Boparai Don Byars Derek Chamberlain Paul Duffy Darren Frazer Sarah Greaney Julie Keast Christine Menzies Tom O'Brien Margie Ruddenklau Jon Spraggon Matt Wilson

IN ATTENDANCE

Chief financial officer	Anne Robson
Committee advisor	Rachael Poole

Contact telephone: 0800 732 732
Postal address: PO Box 903, Invercargill 9840
Email: emailsdc@southlanddc.govt.nz
Website: www.southlanddc.govt.nz
Online: [Southland District Council YouTube](https://www.youtube.com/watch?v=9W3333333333)

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.

Health and safety – emergency procedures

Toilets – The toilets are located outside of the chamber, directly down the hall on the right.

Evacuation – Should there be an evacuation for any reason please exit down the stairwell to the assembly point, which is the entrance to the carpark on Spey Street. Please do not use the lift.

Earthquake – Drop, cover and hold applies in this situation and, if necessary, once the shaking has stopped we will evacuate down the stairwell without using the lift, meeting again in the carpark on Spey Street.

Phones – Please turn your mobile devices to silent mode.

Recording - These proceedings are being recorded for the purpose of live video, both live streaming and downloading. By remaining in this meeting, you are consenting to being filmed for viewing by the public.

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	The mayor, all councillors and one external appointee.
FREQUENCY OF MEETINGS	Quarterly or as required
QUORUM	Seven 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> <ul style="list-style-type: none"> policies, plans, standards or guidelines that have been established and approved by Council

	<ul style="list-style-type: none"> • the overall priorities of Council • the needs of the local communities • the approved budgets for the activity. <p>The Finance and Assurance committee will have responsibility and delegated authority in the following areas:</p> <p>Financial and performance monitoring</p> <ol style="list-style-type: none"> a) monitoring financial performance to budgets b) monitoring service level performance to key performance indicators. <p>Internal control framework</p> <ol style="list-style-type: none"> 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. <p>Internal reporting</p> <ol style="list-style-type: none"> 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. <p>External reporting and accountability</p> <ol style="list-style-type: none"> 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 <p>Risk management</p> <ol style="list-style-type: none"> 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.
--	--

	<p>Health and safety</p> <ul style="list-style-type: none"> 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. <p>Internal audit</p> <ul style="list-style-type: none"> 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. <p>External audit</p> <ul style="list-style-type: none"> 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
--	---

	<p>b) receiving the external audit report(s) and review action(s) to be taken by management on significant issues and audit recommendations raised within</p> <p>c) enquiring of management and the independent auditor about significant business, political, financial and control risks or exposure to such risks.</p> <p>Compliance with legislation, standards and best practice guidelines</p> <p>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</p> <p>b) conducting and monitoring special investigations, in accordance with Council policy, and reporting the findings to Council</p> <p>c) monitoring the performance of Council organisations, in accordance with the Local Government Act.</p> <p>Business case review</p> <p>a) review of the business case of work, services, supplies, where the value of these or the project exceeds \$2 million (GST exclusive) or the value over the term of the contract exceeds \$2 million (GST exclusive).</p> <p>Insurance</p> <p>a) consider Council's insurance requirements, considering its risk profile</p> <p>b) approving the annual insurance renewal requirements</p> <p>Treasury</p> <p>a) oversee the treasury function of Council ensuring compliance with the relevant Council policies and plans</p> <p>b) ensuring compliance with the requirements of Council's trust deeds are met</p> <p>c) recommend to Council treasury policies at least every three years.</p> <p>d) approve debt, interest rate and external investment management strategy.</p> <p>Fraud Policy</p> <p>a) receive and consider reports relating to the investigation of suspected fraud</p> <p>b) monitor the implementation of the Fraud Policy.</p> <p>Power to recommend</p> <p>The Finance and Assurance committee is responsible for considering and making recommendations to Council regarding:</p> <p>a) policies relating to risk management, rating, loans, funding and purchasing</p>
--	--

		<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 Council 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 DELEGATIONS	TO	<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</p>

	<p>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>

TABLE OF CONTENTS

ITEM	PAGE
PROCEDURAL	
1 Apologies	11
2 Leave of absence	11
3 Conflict of interest	11
4 Extraordinary/urgent items	11
5 Confirmation of minutes	12
6 Public participation	11
REPORTS	
7.1 Finance and Assurance Committee work plan to 30 June 2024	25
7.2 Commercial infrastructure - forestry estate - carbon investment	33
7.3 Draft revenue and financing policy for long term plan 2024-2034	39
7.4 Supporting Documentation - Long Term Plan 2024-2034	115

1 Apologies

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

2 Leave of absence

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

3 Conflict of interest

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.

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.”

5 Confirmation of minutes

5.1 Meeting minutes of Finance and Assurance Committee, 06 December 2023

6 Public participation

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



Finance and Assurance Committee

OPEN MINUTES

UNCONFIRMED

Minutes of a meeting of Finance and Assurance Committee held in the Council Chamber, Level 2, 20 Don Street, Invercargill on Wednesday 6 December 2023 at 9.30am. (9.30am – 11.12am, 11.19am - 12.52pm (PE 12.44pm – 12.52pm))

PRESENT

Chairperson	Mr Bruce Robertson (external member) Mayor Rob Scott
Councillors	Don Byars (9.30am - 10.57am, 11am – 11.20am, 11.32am- 11.40am, 11.42am – 12.52pm) Derek Chamberlain Paul Duffy Darren Frazer Sarah Greaney (9.30am – 11.19am, 11.22am – 12.52pm) Julie Keast Christine Menzies Tom O'Brien Margie Ruddenklau (9.30am - 10.58am, 11am – 12.52pm) Jon Spraggon (9.56am – 12.52pm) Matt Wilson

APOLOGIES

Councillor Jaspreet Boparai

IN ATTENDANCE

Chief financial officer	Anne Robson
Committee advisor	Rachael Poole

1 Apologies

There was an apology from Councillor Boparai who had a leave of absence for this meeting.

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

That the Finance and Assurance Committee accept the apology.

2 Leave of absence

There were no requests for leave of absence.

3 Conflict of interest

There were no conflicts of interest declared.

4 Extraordinary/urgent items

Chair Robertson advised that there was a late item of Interim performance report – period one – 1 July 2023 – 31 October 2023.

The reason why the report was late was due to technical issues with compiling the agenda and the reason why it can't wait until a further meeting is that if the item waits for the next meeting, it will be redundant.

Chair Robertson also advised that the meeting would consider item 7.8 - Environmental services business improvement plan (17A review) – quarterly update after item 7.2 – Legal matter – next steps, due to chief executive advisor, Jane Parfitt being available for a video link and speaking to both items.

Moved Chairperson Robertson, seconded Mayor Scott and **resolved:**

That the Finance and Assurance Committee, pursuant to section 46A of the Local Government Information and Meetings Act 1987, considers the late item 7.12 - Interim performance report – period one – 1 July 2023 – 31 October 2023.

5 Confirmation of minutes

Resolution

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

That the Finance and Assurance Committee confirms the minutes of the meeting held on 15 November 2023 as a true and correct record of that meeting.

6 Public participation

There was no public participation.

Reports

7.1 Finance and Assurance Committee work plan to 30 June 2024

Record No: R/23/11/51778

GM finance and assurance, Anne Robson 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 “Finance and Assurance Committee work plan to 30 June 2024”.**
- b) notes the changes made to the Finance and Assurance Committee Work plan for the year ended 30 June 2023 since the last meeting.**

7.2 Legal matter - next steps

Record No: R/23/11/56536

Chief executive advisor, Jane Parfitt was in attendance via video link for this item.

The purpose of the report was to present a draft implementation plan and options for a monitoring regime to address the following resolution of Council from its extraordinary meeting of 15 November 2023:

That the Chief executive and his executive leadership team develop a timebound implementation plan with clear accountabilities for delivery of the twelve recommendations and:

- (i) that the time bound draft implementation plan is reported to the FAAC on 6 December 2023 and;
- (ii) a regular monitoring regime of at least quarterly updates is put in place to the Finance and Assurance Committee.

This also incorporates the funding envelope which Council allocated to this exercise.

Resolution

Moved Cr Menzies, seconded Cr Greaney **and resolved:**

That the Finance and Assurance Committee:

- a) Receives the report titled “Legal matter - next steps”.**

- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Notes that the draft 12 point action plan attached as Appendix A (of the officers report) is based on Council's current legal obligations.**
- e) **Notes that there may be changes to how the budget is allocated and some of the proposed actions and timeframes depending on the impact the incoming government's policies but the funding envelope will remain the same.**
- f) **Notes that the chief executive will appoint a steering team with clear terms of reference to guide the implementation of the draft action plan and provide quarterly reports to the Finance and Assurance Committee.**

(Councillor Chamberlain and Councillor Byars requested that their dissenting votes be recorded.)

7.8 Environmental services business improvement plan (17A review) - quarterly update

Record No: R/23/11/51458

Project manager, environmental services continuous improvement - Sue Chappell and chief executive advisor - Jane Parfitt (video link) were in attendance for this item.

The purpose of the report was to change the dates against ten of the actions that have been reviewed as part of the implementation plan.

At its meeting on 6 September 2023, Council received the updated implementation plan and reviewed the status of the actions. A more logical ordering of the actions was recommended and this has been completed.

Staff circulated to the meeting the Environmental Services research executive summary to the Committee. This is attached to the minutes as appendix A.

This is the third quarterly report.

Resolution

Moved Cr Ruddenklau, seconded Mayor Scott **recommendations a - c and a new d (as indicated) and resolved:**

That the Finance and Assurance Committee:

- a) **receives the report titled "Environmental services business improvement plan (17A review) - quarterly update".**

- 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) **Receives the environmental services research executive summary (attached to the minutes appendix A.**
~~Reviews and agrees to the recommendations regarding changes to due dates for those actions where the level of work required is greater than the initial estimate.~~

7.3 Long Term Plan Project plan timeline update

Record No: R/23/11/55639

Corporate performance lead, Robyn Laidlaw was in attendance for this item.

The purpose of the report was to update the Finance and Assurance Committee on the progress of the Long Term Plan (LTP) through the project plan timeline

Resolution

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

That the Finance and Assurance Committee:

- a) **receives the report titled “Long Term Plan Project plan timeline update ”.**

(Councillor Byars left the meeting at 10.57am.)

(Councillor Ruddenklau left the meeting at 10.58am.)

7.4 Draft ~~Audit~~ NZ Deloitte Engagement Letter for the Long Term Plan 2024-2034

Record No: R/23/11/55579

Assurance advisory partner, Mike Hawken from Deloitte was present (via video link) and GM finance and assurance - Anne Robson were in attendance for this item.

The purpose of the report was to seek approval for the signing of the draft audit arrangements letter for the 2024-2034 Long Term Plan, subject to fee discussions and review of audit timing.

(During discussion Councillors Byars and Ruddenklau returned to the meeting at 11am.)

Resolution

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

That the Finance and Assurance Committee:

- a) **receives the report titled “Draft Audit NZ Engagement Letter for the Long Term Plan 2024-2034 dated 1 December 2023.**
- b) **determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **agrees to accept the terms, scope, approach, areas of audit emphasis and arrangements as set out in the 2024-2034 Long Term audit engagement letter attached including any amendments discussed at the meeting.**
- e) **notes that fees have yet to be agreed further to correspondence from the Office of the Auditor General and discussion with Councils Deloitte audit partner.**
- f) **delegates to the Mayor and the Chair Finance and Assurance to agree the fee for the audit of the 2024-2034 Long Term Plan.**
- g) **delegates authority to the Mayor to sign the 2024 - 2034 Long Term Plan audit engagement letter as attached including any amendments agreed at this meeting and any minor amendments made subsequent to this meeting including any fee agreed as per resolution (f).**

(The meeting adjourned at 11.12am and reconvened at 11.19am.)

(Councillor Greaney returned the meeting at 11.22am.)

7.5 Review of rates remission and postponement policy

Record No: R/23/11/56853

Finance development co-ordinator, Nicole Taylor was in attendance for this item.

The purpose of the report was to review the draft Rates Remission and Postponement Policy and recommend consultation alongside the other financial policies at the same time as the Long Term Plan 2024-2034.

Resolution

Moved Cr Ruddenklau, seconded Mayor Scott **and resolved:**

That the Finance and Assurance Committee:

- a) **receives the report titled “Review of rates remission and postponement policy”.**
- 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) **endorse the draft Rates Remission and Postponement Policy for consultation.**

(Councillor Byars left the meeting at 11.40am.)

7.6 Draft Policy on Development and Financial Contributions

Record No: R/23/12/57138

Finance development co-ordinator, Nicole Taylor and team leader organisational policy, Chris Rout were in attendance for this item.

The purpose of the report was for the Committee to consider the draft Policy on Development and Financial Contributions.

The committee would recommend to Council that they endorse the draft policy for public consultation.

(During discussion councillor Byars returned to the meeting at 11.42am.)

Resolution

Moved Cr Ruddenklau, seconded Cr Frazer **and resolved:**

That the Finance and Assurance Committee:

- a) **receives the report titled “Draft Policy on Development and Financial Contributions”.**
- 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, subject to any amendments suggested by the committee and updated financial information.**
- f) Recommends to Council that it release the draft Policy on Development and Financial Contributions, subject to any amendments suggested by the committee and updated financial information, for public consultation in accordance with section 82 of the Local Government Act 2002.**

7.7 Financial Report for the period ended 31 October 2023

Record No: R/23/11/55582

Senior accountant, Joanie Neil was in attendance for this item.

The purpose of the report was to provide Council with an overview of the financial results for the four months to 31 October 2023 by Council's seven activity groups, as well as the financial position and the statement of cashflows as at 31 October 2023.

Resolution

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

That Finance and Assurance Committee:

- a) Receives the report titled "Financial Report for the period ended 31 October 2023" dated 1 December 2023.**

7.9 Health and safety update

Record No: R/23/11/53268

Organisational health and safety manager, David McCone was in attendance for this item.

The purpose of this report was to provide an update on health and safety related events and activity over the last quarter.

Chair Robertson requested staff include in the health and safety update information on staff wellbeing and along with the numbers of staff accessing Benestar services that the dominant reasons (private or work related) are included, acknowledging that this will be anonymised data. Staff agreed to include this as part of the quarterly reporting.

Resolution

Moved Cr Ruddenklau, seconded Cr Menzies **and resolved:**

That the Finance and Assurance Committee:

- a) **Receives the report titled "Health and safety update" dated 30 November 2023.**
- 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.**

7.10 Cyber security update - September to November 2023

Record No: R/23/6/28894

Acting manager, information services, Julian Friend was in attendance for this item.

Resolution

Moved Cr Keast, seconded Cr Greaney **and resolved:**

That the Finance and Assurance Committee:

- a) **receives the report titled "Cyber security update - September to November 2023".**

7.11 Risk management - December 2023 quarterly update

Record No: R/23/8/40404

Intermediate policy analyst, Jane Edwards was in attendance for this item.

The purpose of the report was to submit the December 2023 Quarterly Risk Management Report for consideration by the Finance and Assurance Committee.

Flooding is an area of increased risk and this is a risk area that we need to encourage mitigation of through Emergency Management Southland.

Resolution

Moved Mayor Scott, seconded Cr Keast **and resolved:**

That the Finance and Assurance Committee:

- a) **receives the report titled "Risk management - December 2023 quarterly update".**

- b) **determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **notes those risks currently assessed as of significant issue for the December 2023 quarter.**

(Councillor Byars left the meeting at 12.29pm.)

7.12 Interim Performance Report - period one - 1 July 2023 to 31 October 2023

Record No: R/23/11/54516

Corporate performance lead, Robyn Laidlaw was in attendance for this item.

The purpose of the report was to provide the Finance and Assurance Committee with the Interim Performance Report for the period 1 July 2023 to 31 October 2023 for review and feedback.

(During discussion councillor Byars returned to the meeting at 12.32pm.)

Resolution

Moved Cr Frazer, seconded Cr Keast **and resolved:**

That the Finance and Assurance Committee:

- a) **Receives the report titled "Interim Performance Report - period one - 1 July 2023 to 31 October 2023" dated 4 December 2023.**

Public excluded

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

Resolution

Moved Chairperson Robertson, seconded Mayor Scott **and resolved:**

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

C8.1 Follow up audit action points

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
Follow up audit action points	s7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.	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.

Finance and Assurance Committee
6 December 2023

The public were excluded at 12.44pm.

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 concluded at 12.52pm.

CONFIRMED AS A TRUE AND CORRECT RECORD AT A
MEETING OF THE FINANCE AND ASSURANCE
COMMITTEE HELD ON WEDNESDAY 6 DECEMBER
2023.

DATE:.....

CHAIRPERSON:.....

ENVIRONMENTAL SERVICES RESEARCH

EXECUTIVE SUMMARY

December 2023

The recent Section 17A Service Delivery Review of three teams within Environmental Services (Environmental Management, Building Solutions and Environmental Health / Animal Control) determined that performance metrics be established to monitor progress against the business improvement plan. A research programme was designed to provide a baseline, engaging stakeholders and the wider Southland population. Further details of the method and objectives are provided in the full report.

Notes on analysis

- Unless specified, all measures reported include "Don't know" responses.
- The exception is reporting mean score values; these exclude "Don't know" responses.
- Grouped percentages may not add up to 100% due to rounding.
- Note that in the quantitative Stakeholder survey, the base size for Environmental Planning stakeholders is n=16 and therefore, this data should be treated with some caution.

STAKEHOLDER EXPERIENCE

While a number of positive aspects were mentioned, it is important to note that most of the feedback provided by Stakeholders highlights areas for improvement and expresses dissatisfaction with the service received.

The main positive aspects

- prompt response and communication,
- satisfaction with the final outcome,
- improved attitude and cooperation from the planning team,
- good relations with specific staff members and availability of managers for certification renewal.

These aspects sit alongside a recognition of the challenging and busy environment in which the Environmental Services team operates.

The key negative aspects of service delivery from Environmental Services

- delays and poor processing timeframes,
- lack of communication,
- inconsistent interpretation and application of rules,
- excessive complexity and unnecessary conditions,
- lack of staff resources and leadership, and an inefficient invoicing process.

These issues have led to frustration, confusion, and financial and reputational impacts for the respondents.

The key themes highlighted by the Stakeholder research support the recommendations that are under consideration in the Section 17A Service Delivery Review in the areas of:

- Consistency and transparency
- Balance of compliance and customer service
- Availability of information online
- Work prioritisation
- Internal Southland District Council communication

The following baseline metrics were identified as being critical to improvements in the stakeholder experience:





		BUILDING SERVICES	ENVIRONMENTAL PLANNING	ENVIRONMENTAL HEALTH
OVERALL SATISFACTION		32%	6%	54%
		Overall Satisfaction – very satisfied or satisfied		
COMMUNICATION		29%	6%	n/a
		Satisfaction with communications on timelines – very satisfied or satisfied		
		19%	6%	41%
		Keep you informed with regular updates – agree strongly or agree		
		29%	6%	44%
SERVICE		Queries resolved within a realistic time frame – agree strongly or agree		
		29%	13%	54%
		Overall satisfaction with service – very satisfied or satisfied		
		23%	6%	n/a
		Time taken to process consent – very satisfied or satisfied		
		23%	6%	20%
		Permits / consents delivered on time – agree strongly or agree		
INFORMATION		26%	6%	n/a
		Compliance with the timeframes specified by RMA / LGA legislation – very satisfied or satisfied		
		16%	13%	n/a
RELATIONSHIPS		Made aware of changes and updates in a timely manner – agree strongly or agree		
		48%	25%	51%
		Rating of relationship with Environmental Services team – Excellent or Good		
		45%	13%	n/a
		Confident in the skills and expertise of the staff dealing with your application – agree strongly or agree		

RESIDENTS' EXPERIENCE

Interactions with Environmental Services are more limited for the general public of Southland. When residents do engage, the key pain points mirror those of the stakeholders. Focusing on the improvement areas highlighted by stakeholder feedback will likely have a "trickle-down effect" to enhance the general public's experiences with Environmental Services:

- Query resolution.
- Timeliness of processing and delivery.
- Difficulties navigating processes that are perceived to be complex.
- Frustrations with the communications they have with staff.

The following baseline measures were identified as the areas valuable in driving improvement in the resident experience with Environmental Services:

ENGAGEMENT		45% Overall satisfaction with service when contacted Council – very satisfied or satisfied		
		55% Easy to deal with rating of 7 – 10		
SERVICE		42% Enquiry was resolved in a realistic time frame – agree strongly or agree		
		41% Kept you informed during and after the process – agree strongly or agree		
LICENSING AND CONSENTS		25% Charges paid were reasonable and in line with expectations – agree strongly or agree		
		28% Time taken to get license or approval was reasonable – agree strongly or agree		
OVERALL SATISFACTION		3.3 Legal and Compliance	3.0 Resource consents	3.5 Food and alcohol licensing
		3.0 Building consents		3.2 Building compliance
		Satisfaction with services offered – mean scores		

Finance and Assurance Committee work plan to 30 June 2024

Record no: R/24/1/3826

Author: Anne Robson, Group manager finance and assurance

Approved by: Anne Robson, Group manager finance and assurance

☐ Decision

☐ Recommendation

☒ Information

Purpose

1. To update the Committee on the status of the work programme discussed and agreed at the 22 March 2023 meeting for the financial year ending 30 June 2024.
2. As noted at the meeting the adoption of the work plan does not preclude the Committee or staff from including additional reports as and when required.
3. As the year proceeds, the work plan will be updated to incorporate the actual dates reports are being presented where that differs to the work plan adopted. For the committee's information the "X" in red shows the date the report was presented, where this differs from what was approved in the work plan or if it is a new report that will be presented on an annual basis. If there is a black "X" on the same line as a red "X", the black "X" indicates the date agreed by the committee. The "X" in green reflects changes identified to the ongoing work plan since it was adopted. The "X" in blue reflects a report that has been removed permanently.
4. The following reports have been added to the February meeting:
 - Commercial infrastructure – forestry estate – carbon investment, responding to a request from the Committee to discuss the use of carbon credits
 - Draft revenue and financing policy for the Long Term Plan 2024-34, the workplan originally noted all policies were being presented in December 2023
 - Supporting documentation – Long Term Plan 2024-2034, this would of formed part of the report that has been moved to a future date, recommending the draft consultation document to Council.
5. Two reports have been moved from this meeting to a yet to be determined future meeting. These relate to recommending the draft consultation document to Council and the associated audit report. Council staff are currently working on a revised timeline to complete the Long Term Plan due to correspondence received from the Minister of Local Government in mid December 2023.
6. This correspondence, a copy of which is attached, outlined the Government's intention to repeal the water services legislation currently enacted which results in only two years of costs currently being included for this activity in Councils 2024-34 Long Term Plan. The correspondence also outlined options to help Council complete it 2024-34 Long Term Plan and noted some key principles for the future direction of water services.

7. Based on this, a further eight years of costs for water services has been incorporated into the Long Term Plan, and as such there is a need to re-visit the timing of the overall process. The correspondence from the minister notes that they plan to allow a three month extension within the repeal act from 30 June to 30 September 2024. Councils can choose whether to utilise this or not and can choose the timing within this period. This of course is a letter and the act proposed may differ.
8. To inform the revisiting of the current timeline, Council staff are currently working to provide the necessary financial information to the committee and Council on the impact of the inclusion of a further eight years of waters costs. Pending discussions on this and the impact on rate setting, and discussions with the auditors, staff will present to the Committee at its next meeting, a proposed revised timetable for consideration.

Recommendation

That the Finance and Assurance Committee:

- a) **receives the report titled “Finance and Assurance Committee work plan to 30 June 2024”.**
- b) **notes the changes made to the Finance and Assurance Committee Work plan for the year ended 30 June 2023 since the last meeting.**

Attachments

- | | |
|---|--|
| A | Finance and Assurance Committee Workplan to 30 June 2024 (14th February 2024) |
| B | Letter from the Minister of Local Govt to Council re the new direction for water services delivery |

Finance and Assurance Committee Workplan to 30 June 2024

Content	6 Sept 2023	18 Oct 2023	15 Nov 2023	6 Dec 2023	14 Feb 2024	27 Mar 2024	5 Jun 2024
2024/25 Long term plan - accounting policies	X	X					
2024/25 Long term plan - significant forecasting assumptions	X						
2024/25 Long term plan – Deloitte engagement letter	X	X		X			
2024/25 Long term plan - recommend draft to council					X future date to be confirmed		
2024/25 Long term plan - recommend adoption by council							X
2024/24 Long term plan – endorse supporting documentation					X		
2024/25 Long term plan – audit management report					X future date to be confirmed		X
2024/25 Long term plan - policies				X	X		
2024/25 Long term plan – timeline update				X			
2025/26 Annual Plan – accounting policies							X
2025/26 Annual Plan – significant forecasting assumptions							X
Quarterly Risk Report	X			X		X	X
Health & Safety Update including H&S events dashboard	X			X		X	X
Financial Monthly Report	X			X		X	X
Follow up on audit action points	X			X		X	X
2022/23 Annual Report – agree report ready for audit	X						
2022/23 Annual Report – accounting policies	X						
2022/23 Annual Report – management representation letter		X					
2022/23 Annual Report – recommend adoption by Council		X					
2022/23 Annual Report – final audit management report		X					
2023/24 Annual Report – Deloitte engagement letter					X	X	
2023/24 Annual Report – Audit Timetable					X	X	
2023/24 Annual Report – accounting policies							X
2023/24 Debenture Trust Engagement Letter					X	X	
2022/23 Debenture Trust Limited Independent Assurance Report		X					
Analysis of actual results to forecast for year end 30 June 23		X					
Forecast Financial Position						X	
Interim Performance Report	X			X		X	
Financial Transactional Team Update Report to 30 June 2024	X						
Determine Finance & Assurance meeting Content 24/25						X	
Internal Audit Terms of Reference							

Content	6 Sept 2023	18 Oct 2023	15 Nov 2023	6 Dec 2023	14 Feb 2024	27 Mar 2024	5 Jun 2024
Internal Audit Final Report							
Insurance - renewal approval							X
Cyber security update	X			X		X	X
Environmental Services Business Improvement Plan	X			X		X	X
Setting of three-year Internal Audit Program						X	
Internal Audit Terms of Reference						X	
Internal Audit Final Report (Prevention of Bribery & Corruption)				X		X	
Commercial infrastructure – forestry harvest plan 2023/2024	X						
Waimea road alliance contract review for 2022/2023	X						
Budget carry forward requests - 2022/2023 into 2023/2024 financial year	X						
Winton wastewater		X					
Ministry for the environment class 1 landfill audit report		X					
Legal matter – Outcome and next steps			X				
Manapouri water treatment plant upgrade – business case			X				
Legal matter – next steps				X			
Commercial infrastructure – forestry estate – carbon investment					X		

R/23/3/9729

Hon Simeon Brown

MP for Pakuranga

Minister for Energy

Minister for Auckland

Minister of Local Government

Minister of Transport

Deputy Leader of the House



Mayor Rob Scott
Southland District Council
Email: rob.scott@southlanddc.govt.nz

cc. Cameron McIntosh Chief Executive
Email: Cameron.McIntosh@southlanddc.govt.nz

Dear Mayor Scott

New direction for water services delivery

This morning I announced that earlier this week Cabinet agreed to repeal the previous government's water services legislation. I also signalled next steps for implementing our plan for water services, Local Water Done Well.

I wish to provide you with further information about three key aspects of our plan, to ensure you have the clarity and certainty you need as you develop your council's 2024-34 long-term plan and prepare for your next financial year:

1. Repeal of the previous government's water services legislation
2. Options to help your council complete its 2024-34 long-term plan
3. Local Water Done Well – key principles of our future direction for water services.

I want to acknowledge that councils across the country are facing multiple challenges, including pressures with water infrastructure. I also want to acknowledge that many councils have done a good job of managing their water infrastructure, and that there is not a one size fits all solution to moving to more financially sustainable water services.

The Government is committed to addressing the longstanding challenges this country is facing with our water services infrastructure.

Our Local Water Done Well approach recognises the importance of local decision making and flexibility for communities and councils to determine how their water services will be delivered in future. We will do this while ensuring a strong emphasis on meeting rules for water quality and investment in infrastructure.

1. Repealing the previous Government's water services legislation

Cabinet has agreed to introduce a repeal bill that will restore council ownership and control of water infrastructure and services. The bill makes the following changes:

- All legislation relating to water services entities will be repealed (Water Services Entities Act 2022, Water Services Entities Amendment Act 2023, and Water Services Legislation Act 2023).
- Previous legislation related to the provision of water services will be reinstated (including local government legislation). This will restore continued council ownership and control of water services, and responsibility for service delivery.

Private Bag 18041, Parliament Buildings, Wellington 6160 New Zealand
+64 4 817 6804 | s.brown@ministers.govt.nz | www.beehive.govt.nz

- The Northland and Auckland Water Services Entity (the only entity that had been legally established under the Water Services Entities Act 2022) will be disestablished and any outstanding work on the entity's set-up will cease.
- Councils will need to add and integrate information about water services into their 2024 long-term plans. Some transitional support options are available to assist you (below).

The repeal bill is expected to be introduced in February 2024 and enacted as soon as possible.

2. Options to help your council complete its 2024-34 long-term plan

I have heard that councils are seeking legislative certainty for your 2024-34 long-term plan and are seeking direction and support for how to continue to plan for and finance water services.

I am also conscious that different councils will have different needs and preferences and will be at various stages of developing their long-term plans.

To provide flexibility for these local circumstances, Cabinet has agreed the repeal bill will include temporary modifications to local government legislation for the transitional period affecting the 2024 long-term plans. Once the bill is passed, these options will be available for councils to use, as appropriate.

I recognise a few councils are preparing an unaudited three-year plan, with a focus on cyclone recovery, rather than a standard 10-year plan. As such, some of the proposed modifications may be less relevant to you.

If your council is...	Options available
Starting to prepare or consult on long-term planning material that includes water services information – ahead of the repeal bill being enacted	<p>The enacted provisions clarify that the council can include water services material in the final plan, without re-consulting, but:</p> <ul style="list-style-type: none"> • Must include new/updated information on water services in its final plan – to reflect the continuation of its responsibilities; • Must consider the views and preferences of affected and interested persons as it considers appropriate; and • Does not have to delay the adoption of its long-term plan past 30 June 2024 (in order to provide opportunities for public consultation on its revised proposals). <p>Transitional provisions will also help ensure the risks of future legal challenge (associated with concerns about possible issues in process) will be minimised.</p>

If your council is...	Options available
Needing more time to develop and consult on long-term planning material	<p>The statutory deadline by which the 2024 long-term plan must be adopted will be extended by three months – to 30 September 2024.</p> <p>This flexibility may be desirable to smaller councils with fewer resources, or those councils that would prefer to wait until the repeal legislation is enacted before starting consultation.</p> <p>The deadline for adopting the 2023/24 annual reports will also be extended, to reflect the possible overlap in auditing processes if councils are taking longer than usual to finalise the long-term plan.</p>
	<p>Councils will be permitted to have unaudited long-term plan consultation documents.</p> <p>This would allow auditing of the final long-term plan to proceed in tandem with consultation, to help achieve statutory deadlines.</p>

3. Local Water Done Well – key principles of our future direction for water services

With Local Water Done Well we are going to do things in a way that recognises the importance of local decision making and flexibility for communities and councils to determine how their water services will be delivered in future. We will do this while ensuring a strong emphasis on meeting rules for water quality and investment in infrastructure.

We want to enable councils and communities to determine what works best for them, while establishing clear expectations and bottom lines.

Key principles of our future plan for the delivery of water services include:

- Introducing greater central government oversight, economic and quality regulation.
- Fit-for-purpose service delivery models and financing tools, such as improving the current council-controlled organisation model and developing a new class of financially separate council-owned organisation.
- Setting rules for water services and infrastructure investment.
- Ensuring water services are financially sustainable. Financial sustainability means revenue sufficiency, balance sheet separation, ring-fencing and funding for growth.

I intend to work with all councils on the development of our Local Water Done Well policy to ensure it reflects your local needs and circumstances.

I look forward to working with you in the New Year to refine our approach to water services delivery.

Yours sincerely,



Hon Simeon Brown
Minister of Local Government

Commercial infrastructure - forestry estate - carbon investment

Record no: R/23/9/46034

Author: Stuart O'Neill, Commercial infrastructure manager

Approved by: Fran Mikulicic, Group manager infrastructure and capital delivery

☒ Decision

☐ Recommendation

☒ Information

Purpose

- 1 The purpose of this report is to inform the Finance and Assurance Committee of the current market environment for New Zealand Emission Units (NZUs) held in the Emissions Trading Scheme (ETS) and provide options and a recommendation on the best use of Southland District Council's NZUs.

Executive summary

- 2 Council holds New Zealand Emission Units (NZUs) registered with the governments Emissions Trading Scheme (ETS) within the forestry investment portfolio.
- 3 NZUs contribute a considerable sum to the overall balance sheet and in its own right are a considerable financial asset. However, the liquidity of the asset is not solely measured by the mechanisms of the ETS but more the Investment and Liability Management Policy which outlines how Council will manage its investments such as NTUs held in the ETS, and also including what Council will invest in, and how that investment risk will be assessed and managed.
- 4 The Investment and Liability Management Policy determines that when Council assesses the risk of investment in the forestry portfolio, Council's primary objective must be the protection of its initial investment and generating a commercial return on strategic investments is considered a secondary objective. Therefore, the implications of any sale of NZUs for any purpose needs to thoroughly satisfy Council's strategic objectives and the financial risks of owning the investment.
- 5 Central government policy outcomes have signalled further investment in forestry conversion is unlikely to be registered into the ETS. Therefore, this position discourages any short-term future investment in forestry in Southland where the ETS and NZU's are considered as part of the investment option.

Recommendation

That the Finance and Assurance Committee:

- a) **Receives the report titled “Commercial infrastructure - forestry estate - carbon investment”.**
- b) **Determines that this matter or decision be recognised not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Agrees that Southland District Council does not sell the Southland District Council forestry estate NZUs and retains these NZUs in the ETS.**

Background

- 6 The forestry portfolio has traditionally held a single purpose which is to create returns through harvesting operations to support rating movement. Council also holds New Zealand Emission Units (NZUs) registered with the governments Emissions Trading Scheme (ETS) within the forestry portfolio which provides further commercial advantage as well as supporting wider strategic initiatives such as positioning Council to play a pivotal role in our community adapting to a low carbon economy.
- 7 Council undertakes a carbon valuation for the Southland District Council (SDC) forest estate each year based on the spot price of NZUs on 30 June on the given year. On 30 June 2023 the value of NZUs was \$41.75. Since 30 June the value of NZUs has risen to a current spot price of \$73.00. For the purposes of this report the value of \$73.00 per NZU has been used to value the SDC forest estates carbon portfolio.
- 8 Council holds two types of NZUs in its forestry estate, with a total balance of 109,673 NZUs. Both types of NZU's have different liabilities at harvest.
- 9 The first type of NZUs are forestry allocation units that were awarded as compensation for land defined as pre-1990. Pre-1990 land is land which had a forest crop in place prior to 1990 and continued to be in forest at 1 Jan 2008, which was when the ETS commenced. Council has a balance of 82,914 NZUs held in the Southland District Council estate for this type of NZU. In today's market these pre-1990 NZUs are valued at approximately \$6,053,000. Future carbon liabilities at harvest are not affected regardless of whether these units are sold or retained.
- 10 The second type of NZUs are held in the post-1989 forests. These NZUs are awarded against tree crops registered in the ETS and grown on land that was not forested at 1 January 1990. The growth and harvest of these crops must be reported in the NZ ETS register. Council has a balance of 26,759 NZUs held in the Southland District Council estate for this type of NZU. If SDC were to harvest these forests then we would be paying the majority of these NZUs back at the time of harvest. Caution would need to apply if Council were to sell these units ahead of the harvest schedule with the understanding that Council would need to pay any NZU liabilities at the time of harvest.

- 11 Therefore, if Council were to sell any NZUs, consideration could be given to only selling those NZUs that are awarded as free allocation (pre-1990) units because we do not need to report a harvest liability against these.

Issues

- 12 Recent consultations put out by the current government have proposed major changes to how the ETS functions. These options range from using the existing tools to manipulate supply and demand of NZU's through to complete removal of forestry from the ETS and making the government the only purchaser of forestry generated NZU's. This central government initiative is focused at reducing afforestation levels to avoid a perceived potential oversupply of ETS units which may turn up in the 2030's. The National Party have released policies that are also likely to significantly reduce afforestation investment in the Southland region.
- 13 The net outcome of central government policy initiatives is that further investment in forestry conversion is unlikely to be registered into the ETS. This position discourages any short term future investment in forestry in Southland where the ETS and NZU's are considered as part of the investment option.

Factors to consider

Legal and statutory requirements

- 14 Under Section 102 of the Local Government Act 2002 (LGA 2002), Council is required to have an Investment Policy. Southland District Council has merged an Investment Policy and a Liability Management Policy into one document (the policy) due to their similar nature.
- 15 The forestry business unit is subject to the Investment and Liability Management Policy which outlines how Council will manage its investments such as NTUs held in the ETS, and also including what Council will invest in, and how that investment risk will be assessed and managed.

Community views

- 16 No specific process has been carried out to assess community views on the proposed recommendation.

Costs and funding

- 17 There are no costs associated with the recommended option of not selling SDC forestry estate NZUs and retain these NZUs in the ETS.
- 18 Any option to sell NZUs and invest in some other option is likely to incur costs for which a business case would need to be made, as well as those cost associated with any acquisition involved with any option.

Policy implications

- 19 Any option other than retaining the NTUs in the ETS which is the status quo, would require a business case to be developed that would be assessed against the Investment and Liability Management Policy. Currently forestry is considered to exceed the Council's risk tolerance which is moderate.
- 20 Council is a risk conscious entity and does not wish to incur additional risk from its investment activities. Accordingly, Council's primary objective when investing is the protection of its initial investment and generating a commercial return on strategic investments is considered a secondary objective. Therefore, the implications of any sale of NZUs for any purpose needs to thoroughly satisfy Council's strategic objectives and the financial risks of owning the investment.

Analysis

Options considered

Option 1 – Do not sell SDC forestry estate NZUs and retain these NZUs in the ETS.

Option 2 – Sell NZUs at a forward fixed value.

Option 3 – Sell NZUs and invest in forestry.

Option 4 – Sell NZUs and invest in some other area.

Analysis of Options

Option 1 – Do not sell SDC forestry estate NZU's and retain these NZUs in the ETS

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> we hold the ETUs as they are with the possibility they may appreciate in value the value of NZUs is currently appreciating at approximately 7% pa on the futures markets. Unless SDC invests in a project to create more NZUs or, that a project was significantly above a 7% return, then we should retain the NZUs as they are in the ETS. 	<ul style="list-style-type: none"> the risk being the ETS review and central government policy may move the value downward.

Option 2 – Sell NZU's at a forward fixed value

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> sell at the spot price or sell at a forward fixed value the ETS allows SDC to lock in a forward sale of NZUs anywhere between 2024 to 2028 Currently a forward fixed sale in 2028 would return \$99.76. This would mean a sale of NZUs to a value of \$8,271,500 unless SDC invests in a project to create more NZUs or, that a project was significantly above a 7% return, then we should retain the NZUs as they are in the ETS. 	<ul style="list-style-type: none"> to justify the sale Council would need to satisfy that the new investment project was significantly above a 7% return this option would require the matters relevant to the Investment and liability policy were satisfied.

Option 3 – Sell NZUs and invest in forestry

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • selling NZU's at the current rate of \$73.00 would provide \$6,053,000 • current modelling shows investing in forestry for log returns is still net positive, however sitting at around 2-4% return per annum • investing in forestry is consistent with the nature of the investment as specified in the Investment and Liability Policy. 	<ul style="list-style-type: none"> • significant uncertainty in central government policy regarding the forestry in the ETS • we would need to manage a perception of investing in forestry when a majority of the industry is looking to place investment on hold • regional planning matters and land classification by regional government is impacting on how or where we would allow afforestation further, which would limit where a commercial forestry investment could occur.

Option 4 – Sell NZUs and invest in some other area

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • selling NZU's at the spot price of \$73.00 would provide \$6,053,000. 	<ul style="list-style-type: none"> • to justify the sale Council would need to satisfy that the new investment project was significantly above a 7% return. • this option would require the matters relevant to the Investment and liability policy were satisfied. • using the sale of forestry NZUs to invest in some other project or investment may be inconsistent with the nature of the investment as specified in the Investment and Liability Policy, and therefore may conflict with the Policy

Assessment of significance

- 21 The proposed recommendation is not considered to have any impact of significance.

Recommended option

- 22 Option 1 - Do not sell SDC forestry estate NZUs and retain these NZUs in the ETS.

Next steps

- 23 Continue to monitor the forestry carbon market and provide a further update at 10 April 2024 Finance and Assurance Committee meeting.

Attachments

There are no attachments for this report.

Draft revenue and financing policy for long term plan 2024-2034

Record no: R/24/2/5133

Author: Nicole Taylor, Finance development co-ordinator

Approved by: Anne Robson, Group manager finance and assurance

☐ Decision

☒ Recommendation

☐ Information

Purpose

- 1 The purpose of this report is for the Finance and Assurance Committee (the committee) to consider and provide feedback on the draft Revenue and Financing Policy (the draft policy) and recommend to Council that it endorse the draft policy for consultation.
- 2 The report also outlines a number of related changes to Council's rating for certain activities that dovetail into the changes being made to the draft policy. For simplicity, staff will be seeking Council's endorsement to consult on these changes concurrently with the draft policy and the Long Term Plan (LTP) 2024-2034.

Executive summary

- 3 The Revenue and Financing Policy outlines how Council will fund the operating and capital expenses of the various activities and services it provides for the community and provides the framework for how Council will set rates as part of the LTP.
- 4 A copy of the draft policy is included as attachment A, noting final proofing is to be completed.
- 5 This report explains the content of the policy and details the proposed changes. It has been prepared by staff taking into account the feedback obtained over the past ten months from Council and community boards during LTP workshops/meetings. This feedback has indicated that Council's current funding and rating approach continue to be appropriate, with some minor adjustments as outlined in this report.
- 6 As such the draft policy keeps most of the funding sources and rating methods fundamentally unchanged. However, changes made to LTP budgets, sub-activity groupings and a reallocation of overhead costs (due to changes in the organisational structure) has modified the operating funding source ranges for five sub-activities (refer paragraph 26).
- 7 The policy also includes several consultation options related to general rate funding of the Te Anau airport – Manapouri which is one of the key issues in the LTP consultation document.
- 8 This report also highlights a number of proposed adjustments to how certain targeted rates will be set. While the details of these targeted rates are not included in the policy, they are linked to the funding choices and how the rates will be set and will have an impact on the distribution of rates.
- 9 Changes to certain targeted rates includes proposals from community boards and Council subcommittees to adjust several local targeted rates including the removal of SIESA rate half charge, redistribution of two hall rating boundaries and removal of Te Anau Rural Water Supply rate 7.7 unit charge.
- 10 It also includes proposed adjustments to how roading costs are allocated across sectors for the roading rate over the next three years. This change is being proposed to ensure that land use sectors

associated with heavy vehicle freight continue to pay an appropriate share of the roading rate, particularly given the significant increases in roading expenditure forecast in the LTP.

- 11 The committee should also note that the rating impacts outlined in the report may also change with the financial information for the LTP still being finalised at the time of writing. Staff will update the information for any material changes as part of the next steps.
- 12 If endorsed, it is intended that the draft policy and associated rating changes will be presented to Council and consulted on via a process which will take place alongside the LTP and other financial policies (including Development and Financial Contributions Policy and Rate Remission and Postponement Policy).
- 13 Consultation is scheduled to be carried out from late March to April, however staff are currently assessing the impact of the expected repeal of three waters reforms (announced in December) on the financial information. This may impact the LTP consultation and adoption timing. The impact on the draft policy is expected to be minimal at this stage given the use of wide funding bands in the policy.

Recommendation

That the Finance and Assurance Committee:

- a) receives the report titled “Draft revenue and financing policy for long term plan 2024-2034”.
- 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 Revenue and Financing Policy, as attached, subject to amendments suggested by the committee and any updated financial information.
- e) endorses the proposed rating changes for consultation, subject to amendments suggested by the committee and any updated financial information including:
 - i) five options for general rate funding of Te Anau – Manapouri airport (as outlined in the draft policy) as resolved by Council at its meeting 22 November 2023.
 - ii) proposed adjustments to the model used to calculate the roading rate differential including:
 - increasing the \$ per tonne for heavy vehicle sectors by \$0.25 (excl GST) per year for three years and increasing this from \$1.10 to \$1.35 (excl GST) in year one
 - increasing the fixed uniform targeted roading rate by \$10 (excl GST) per year for three years and increasing this from \$80 to \$90 (excl GST) in year one
 - moving non-commercial protected/indigenous native forests from the roading rate “forestry” differential category to “other”.
 - iii) removing the SIESA half charge rate and charging all properties within the Stewart Island Electricity Supply network area the SIESA full charge rate.
 - iv) reallocating the Te Anau Rural Water Supply 7.7 unit charge to the half and full charge rates.
 - v) expanding the Tokanui and Waimahaka hall rating boundaries to include properties in the closed Fortose hall rating boundary.
 - vi) expanding the Wrights Bush and Waianiwa hall rating boundaries to include properties in the closed Otahuti hall rating boundary.
- f) recommends to Council that it release the draft Revenue and Financing Policy and associated rating changes for public consultation in accordance with section 82 of the Local Government Act 2002.

- g) notes that consultation will take place alongside other financial policies and the LTP 2024-2034 with dates to be confirmed.**

Background

- 14 The Local Government Act (LGA) 2002 requires councils to adopt a Revenue and Financing Policy (policy) that provides details on how Council will fund operational and capital expenditure. This policy contributes to providing predictability and certainty about sources and levels of funding (section 102). Sources of funding include rates, fees and charges, borrowing and external funding sources such as NZ Transport Agency (NZTA Waka Kotahi) subsidies.
- 15 The policy sets out the:
- funding tools available to use e.g. rates, user fees and charges, grants, borrowing, reserves etc
 - factors considered when deciding which tool to use
 - choices Council has made on how to fund the operating and capital expenses of each activity.
- 16 This includes considering which sectors of the community should help fund the various activities and services with a view to achieving an appropriate funding mix for the community as a whole.
- 17 Staff have reviewed the policy in accordance with the requirements of the LGA.
- 18 Under the LGA a review of the policy is a two-step process.
- 19 The first step, in accordance with LGA section 101(3)(a), is to consider each of the following in relation to each of the Council's activities:
- (i) the community outcomes to which the activity primarily contributes
 - (ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals
 - (iii) the period in or over which those benefits are expected to occur
 - (iv) the extent to which the actions or inaction of particular individuals, or a group contribute to the need to undertake the activity
 - (v) the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.
- 20 The second step, in accordance with LGA section 101(3)(b), requires the Council to consider the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural wellbeing of the community.
- 21 These considerations form part of the policy (attachment A) with the thinking outlined for each activity in section 3.2.2 and more generally in section 3.1.
- 22 The current 2021 policy is included in attachment B. Council is required to review the policy at least every three years as part of the LTP process.

Issues

- 23 From a policy perspective, there are few substantive or material changes proposed to how the activities are funded compared to the current policy (shown in the table below). 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.
- 24 While there is no change proposed to the proportions of funding sources for LTP activity groupings, there are changes proposed to the sub-activities. These are primarily the result of changes in the LTP budgets, sub-groupings and a reallocation of overhead costs (due to changes in the organisational structure). In addition, some funding that was previously included in "fees and

Finance and Assurance Committee

14 February 2024

charges” (rentals and general recoveries) has now been included in “other sources” to align with how the funds are shown in the LTP financial statements.

- 25 The table below shows the indicative operating funding percentages for LTP activity groups and associated activities/sub activities. It shows in yellow highlighting where the funding source bands are proposed to change from the previous policy with the reasons for the changes described in more detail below.

- 26 **Table 3.2.1 Summary of activity operational funding sources** (with changes from 2021 policy)

Activity Group & Activity	Sub-activity	General rate	Targeted Rates	Fees and Charges	Other Sources (incl subsidies/grants)
Community Resources*		Medium	Medium	Low	Low
Community Facilities	Halls		High	Low	Low
	Toilets	High		Low	
	Council / community buildings	Medium	Low		Medium
Community Services	Cemeteries	High		Medium (was Low)	Low
	Community Housing	Low			High
	Library Services	High		Low	Low
Open Spaces		Medium	High		Low
Waste Services		Low	Medium	Low	Low
Electricity Supply (SIESA)			Low	High	Low
Stormwater Drainage*		Low	High		Low
Transport*		Low	High	Low	Low
Roads, Footpaths, Airport and Cycle Trails	Roads, Footpaths and Cycle Trails	Low	High	Low	Low
	Airport	Consultation options: 1+2: Low 3: Medium 4: High			
Water Facilities		Low	High (was Low)	Low (was High)	High (was Low)
Sewerage*		Low	High	Low	Low
Water Supply*		Low	High	Low	Low
Community Leadership*		High	Low		Low
Representation and Advocacy		High			Low
Community and Futures		High	(was Low)		Low
Community Assistance		Low (was Medium)	Medium		Low
Environment Services*		Medium		Medium	Low
Environment Services	Resource Management	High		Low	Low
	Animal Services	Low		High	Low
	Environmental Health	Medium		Low (was Medium)	Low
	Building Solutions	Low		High	Low
Emergency Management		High			

Funding band key:

Low (<33%)

Medium (33% to ≤ 66%)

High (>66%)

* Non-direct corporate overhead costs (for corporate functions like people and capability, finance, customer service and strategy and policy) are allocated at the activity group* level only (grey shading). These costs are largely funded by the General rate.

27 The main reasons for the changes are:

- **cemeteries** - an increase in the portion of fees and charge funding for cemeteries as a result of increases in the direct cost of interments
- **airport** - showing the options around the mix of general and targeted rate funding as per consultation
- **water facilities** - annual rental fees for wharf/jetty users are now included in other sources of funding rather than fees and charges. This has resulted in the policy showing a decrease in fee funding (high to low). The LTP also includes a number loan funded capital expenditure projects for wharf and jetty renewals in Stewart Island/Rakiura and Riverton where the interest and principal repayments are currently budgeted to be repaid by targeted rates and/or user fees. This need to fund the repayment of loans has increased the targeted rate funding source (low to high). While alternative funding sources are being pursued to complete the capital programme with an expectation that loans (and higher targeted rates) might not be required, the policy funding bands reflect the current LTP budgets excluding any additional grants that may be secured.
- **community and futures > community assistance** - movement of funding for community board grants between the two sub-activities which has altered the proportion of targeted rate funding for both activities.
- **environmental health** – the policy shows a decrease in the proportion of fees and charges (medium to low). While a 2% inflationary increase is included in the fees for this service, changes in the organisational structure and resulting allocation of overhead costs has increased the funding required to for this activity over and above the inflationary increase.

Proposed changes to the policy for consultation

(A) Allowing a greater proportion of airport operating costs to be funded by general rates (which everyone pays).

- 28 This proposal is to increase the current policy general rate allowance from 30% as indicated by the “low” band (up to 33%) to either 50% indicated by “medium” band (33% to <66%) or 100% indicated by “high” band (66% and above).
- 29 While Council’s current policy allows for the airport to receive up to 33% general rate funding (low band), no amount of general rate funding has actually been allocated in the past or in the current draft LTP budgets. Up until now airport operational costs have been funded by a combination of lease and rental income, fees from landings, ground handling and parking landing fees with any shortfall funded by a targeted airport rate across all ratepayers in the Fiordland area. Airport operating costs are currently budgeted to be \$395,000 (excl GST) in 2024/25 and range between \$346,000 to \$460,000 over the next ten years. The budgeted shortfall in 2024/25 is \$295,000 rising to maximum of \$389,000 in 2029/2030.
- 30 In 2023 the Fiordland Community Board requested that Council consider fully funding any airport operating shortfall from general rates in the 2024 LTP. The request follows the board’s 2023 review of airport operations (refer to Council agenda 22 November 2023 and Fiordland Community Board agenda 30 October 2023). The review found that while there is potential to increase the commercial operation of the airport to increase revenue, a district-wide rate (rather than local targeted Fiordland rate) should be used to fund the operating cost shortfall as an interim approach until the airport is able to become self-funding. The board has suggested this approach given the airport is a strategic asset providing a critical part of Southland’s emergency

management preparedness and has wider economic and social benefits for the whole district by facilitating access to Fiordland which is a key destination attracting people to either tour through Southland or move here. The board has also indicated that this would reduce the financial burden of the airport on Fiordland ratepayers in the short-term (given any shortfall is funded by the local targeted rate), with the longer term aim to reduce the rate burden overall by becoming self-funding.

- 31 Given the request, at its November 2023 meeting Council agreed to seek feedback from the wider community about what portion of general rate funding should be used to fund airport operating costs from 2024/25 onwards.
- 32 General rates are paid by all ratepayers across the district and are made up of a fixed portion for each property (UAGC) and a portion based on the capital value of the property. General rates are typically used to fund activities where there is a general benefit being provided or where Council has considered that it isn't feasible or appropriate to fully fund the activity from user charges.
- 33 In November 2023, Council resolved to consult on five options for the level of general rate funding of the airport as shown in the table below.

Airport general rate funding Consultation options	% airport funded by general rate in LTP	Revenue and financing policy general rate funding
Option 1: no general rate funding	0%	Low (<33%)
Option 2: allocate general rate funding	30%	Low (<33%)
Option 3: allocate + increase general rate funding	50%	Medium (33% to ≤66%)
Option 4: full general rate funding	100%	High (>66%)
Option 5: other suggestion	open for suggestion	dependent on suggestion

- 34 The impact of the consultation options on rates will vary for ratepayers in Fiordland compared to other areas because the shortfall is currently fully funded from a targeted airport rate on properties in Fiordland. The table below shows the rate change for both groups. Any portion of the shortfall not funded from the general rate will continue to be funded from the targeted airport rate paid only by Fiordland ratepayers. To provide an example, a district property valued at \$350,000 would pay between \$3.54 and \$11.80 more in rates for option 2-4 than option 1 with the same value Fiordland property paying between \$29.56 to \$98.53 less in rates for option 2-4 than option 1.

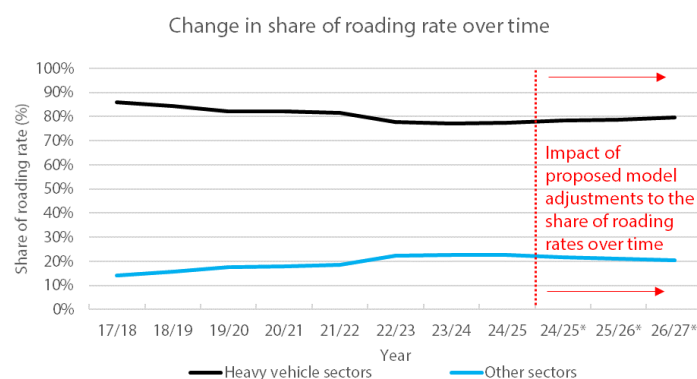
\$ increase/(decrease) in rates for different property capital values (2024/25) incl GST								
Capital value (CV)	Change for all ratepayers				Change for Fiordland ratepayers only			
	\$200k	\$350k	\$700k	\$4m	\$200k	\$350k	\$700k	\$4m
Option 1: 0% general rate	\$0 (no current contribution)				\$0 (airport rate \$110.33 per rating unit)			
Option 2: 30% general rate	\$3.19	\$3.54	\$4.36	\$12.11	(\$29.91)	(\$29.56)	(\$28.74)	(\$20.99)
Option 3: 50% general rate	\$5.31	\$5.90	\$7.27	\$20.18	(\$49.85)	(\$49.27)	(\$47.90)	(\$34.99)
Option 4: 100% general rate	\$10.63	\$11.80	\$14.54	\$40.36	(\$99.70)	(\$98.53)	(\$95.79)	(\$69.97)
Option 5: Other	dependent on suggestions				dependent on suggestions			

(B) Changing the allocation for roading rates

- 35 This proposal sees a change in the model used to allocate roading rates to ensure that land use sectors associated with heavy vehicle freight continue to pay an appropriate share of the roading rate given the significant increases in roading expenditure forecast in the LTP.
- 36 Council provides a network of local roads throughout the district. Most roading costs (e.g. roading renewals) are subsidised by the government through the NZTA (Waka Kotahi) while some costs aren't (e.g. mowing verges, street trees). Of the costs that are subsidised, NZTA pays 55% through money they get from fuel taxes and vehicle registrations, and Council funds the rest

largely through rates. Council then allocates its share of the cost between different land use sectors using a roading rate differential based on land use categories. The differential recognises that some land use sectors associated with heavy freight cartage (dairy, forestry, farming, mining, industrial, commercial) have more of an impact on the roading network and therefore should pay a larger portion of roading costs.

- 37 The LTP 2024-2034 forecasts a \$16.8 million (27%) increase in roading expenditure in the next three years. This is due to higher road maintenance costs (high inflation and fuel costs) and the need to increase the amount of road and bridge renewals to maintain the network. All of these extra costs mean that the roading rate will need to go up by \$8.4 million (50%) over the next three years, with a \$4.5 million (27%) increase in year one.
- 38 Council has used a roading rate model for a number of years to calculate the differential that determines the amount of the roading rate that an individual property pays. The model links the revenue and financing policy with how rates are applied in the LTP by using a differential to charge a higher proportion of roading costs to land use categories more likely to use heavy vehicles and cause damage to roads. The proposal is to continue using this approach to set roading rates in the LTP, but making several adjustments to gradually increase the proportion that heavy vehicle sectors pay.
- 39 Currently 77% of the roading rate is allocated to these heavy vehicle land use sectors (dairy, farming, forestry, mining, commercial, industrial) and 23% to other sectors (residential, lifestyle, other). **The changes proposed below will gradually increase the heavy vehicle sector share to 80% by year three.** This will bring the proposed heavy vehicle sector share closer to the 82%-86% allocated in previous years (shown in the graph below).



- 40 Three adjustments are proposed to gradually adjust the allocations between sectors by:
- 41 *(i) Adjusting the \$ per tonne in the model to allocate more of the roading rate to heavy vehicle sectors by \$0.25 (excl GST) per year for three years.* This change is proposed because the cost of renewing roads has gone up meaning the heavy vehicle allocation also needs to increase to better reflect how we spend the roading budget. Council currently charges each heavy vehicle sector \$1.10 per tonne of freight moved (to attribute roading rates to each sector, based on the damage it is causing to the roads more by allocating). The current LTP budgets and most recent tonnage data indicate that this should actually \$1.75 in 2024/2025 reaching \$1.85 within the next three years and \$2.10 in ten years. Council is proposing to transition towards the higher allocation by increasing the tonnage charge by \$0.25 per year for three years taking it from the current \$1.10 to \$1.35 in 2024/2025, reaching \$1.85 by 2026/2027. Gradually increasing the \$ per tonne will help to ensure that heavy vehicle sectors pay an appropriate share of the higher roading costs.

- 42 *(ii) Increasing the uniform targeted roading (UTR) rate by \$10 (excl GST) per year for three years.* This rate is a fixed amount that all properties pay to ensure all ratepayers contribute given everyone benefits from having access to the roading network. Given the increase in roading costs, the proposal also increases the fixed rate by \$10 per year for three years taking it from the current \$80 to \$90 in 2024/2025 to reach \$110 by year three.
- 43 *(iii) Adjusting the “forestry” roading differential category definition to exclude non-commercial protected and indigenous native forests and include these in the “other” roading differential land use category.* Because the “other” category is charged a lower rate in dollar of capital value (0.3 v 1.0) after the \$ per tonne and UTR are accounted for, this change will reduce the roading rate for these types of non-commercial native forestry land and increase rates for the remaining exotic and vacant land in the “forestry” category. The “other” category is allocated a lower share given that properties in this sector tend to have high capital values but are either used to provide community “good” services (e.g. churches, schools etc) or are utility services (e.g. electricity generators) which have significantly higher capital values than other properties.
- 44 The current forestry differential category includes all land that is used for forestry (refer to the table below). Given that there is allowable native tree logging in the “forestry indigenous” subcategory, it is intended to only move what is considered to be non-commercial native forests in this differential category to “other” – being those which are not logged or intended to be logged.

Forestry land use subcategory ¹	Description	Rateable Capital Value	Rating Units
Exotic forests (FE)	Most plantation forestry (douglas fir, pine)	\$200m	152
Vacant (FV)	Land suitable for planting	\$2.5m	1
Protected (FP)	Protected forests including native trees/ bush protected under district plan, Reserves Act/Conservation Land	\$2.8m	2
Indigenous forests (FI)	Natives tree with allowable logging	\$11.2m	19

- 45 The table below shows the proposed changes to the definition of the roading rate differential land use category to be included in the LTP rates funding impact statement.

Land use differential category	Definition
Forestry	All land that is used for forestry, including land either in production or currently available for planting and protected forest areas. It does not include forest nurseries or non-commercial protected/indigenous native forests.
Other	Uses not covered by any other category, and including utility assets and non-commercial protected/ indigenous native forests (being those not logged or intended to be logged).

- 46 Council is proposing this change for several reasons:
- to support wider objectives for protection of significant indigenous vegetation and habitats of indigenous fauna. This includes limiting the likelihood of indigenous forest owners being compelled to log native trees in order pay the higher roading rate. In addition, it would reduce the rate burden on protected/non-commercial indigenous native forestry land which could enable additional investment in the restoration or improvement of these areas
 - to address issues of fairness and equity where owners of protected/non-commercial indigenous native forests are unlikely to be logging and using heavy vehicles that damage roads (part of the

¹ The definition of forestry properties is based on national valuation rules which Council’s valuation service provider uses when valuing property.

intent of the rating differential). It will also be more in line with how most reserve land and conservation/protected land (QE11 covenant or Ngā Whenua Rāhui kawenata) is rated, most of which is fully non-rateable.

- to support the principles in the Preamble to Te Ture Whenua Maori Act 1993 to assist Māori to retain and use their land. A number of indigenous forestry properties are owned by Maori and held for conservation/cultural reasons. In most instances the land is not logged or used for commercial gain, meaning the application of the roading rate at the same level as a commercial exotic forest could undermine the principles of the act.

47 With this proposal staff also considered the option of introducing a new rate remission for protected/non-commercial native forests instead of changing the differential categories. Using a remission wouldn't necessarily change the result, but rather the way that the rate reduction is processed. While there are advantages and disadvantages of each approach, staff are recommending the proposal to change the differential as noted above in order to minimise administration.

48 **Column C** in the table below shows how the proposed model adjustments alter how the roading rate is allocated between the various land use categories in year one. Column D and E have been included for information to show the combined impact of the proposed model adjustments and the updated LTP budget, rating and tonnage data. **Column C shows that the proposed model adjustments will put more of the roading costs onto dairy, forestry, mining, commercial and industrial rating units.**

Please note that the information in this table reflects the required rates and model inputs at the time the draft budgets were prepared and this information will change again when final rates are set. The “\$m” and “%” shows the proportion of the overall roading rate that will be paid by each land use category. The rate “per \$100k CV” gives an indication of what the roading rate capital value portion would be for every \$100k of capital value (CV). For example, in 2023/2024 a residential property with a capital value of \$400,000 would pay approximately \$192 (4 x \$48) towards the capital value portion of the roading rate (column A). The proposed model adjustments (column C) would the residential property rates reduce by \$24 (4 x \$6). However, when combined with the roading cost increases in the LTP, overall the roading rate for this property would increase by \$40 (4 x \$10) (column D) to total \$232 (4 x \$58) (column E). Column E shows how the combined rating model adjustments and budget changes affect how the roading rate is shared out amongst the sectors.

Land use Category	A			B			C			D			E		
	23/24 Rate Allocation (excl GST) (current model with 23/24 budget)			Change due to 24/25 budget/data inputs (excl GST) (current model with 24/25 budget/ rating unit/tonnage)			Change due to model adjustment (excl GST) (adjusted model with proposed changes to \$ per tonne, UTR, forestry differential)			Total Change (B + C) (excl GST)			Proposed 24/25 Rate Allocation (A + B + C) (excl GST) (adjusted model with updated 24/25 budget, rating unit and tonnage data)		
	\$m	%	\$ per \$100k CV	\$m	% share	\$ per \$100k CV	\$m	% share	\$ per \$100k CV	\$m	% share	\$ per \$100k CV	\$m	% share	\$ per \$100k CV
Dairy	\$5,416	32.3%	\$88	\$1,370	(0.4%)	\$22	\$276	1.3%	\$4	\$1,647	0.9%	\$27	\$7,063	33.2%	\$114
Forestry	\$848	5.1%	\$387	\$483	1.2%	\$221	\$246	1.2%	\$164	\$729	2.3%	\$385	\$1,577	7.4%	\$772
Farming	\$5,448	32.5%	\$54	\$1,598	0.6%	\$17	(\$398)	(1.9%)	(\$4)	\$1,200	(1.3%)	\$12	\$6,648	31.2%	\$66
Mining	\$261	1.6%	\$1,797	(\$77)	(0.7%)	\$24	\$40	0.2%	\$393	(\$38)	(0.5%)	\$417	\$223	1.0%	\$2,214
Industrial	\$489	2.9%	\$107	\$69	(0.3%)	\$16	\$35	0.2%	\$7	\$104	(0.1%)	\$23	\$593	2.8%	\$130
Commercial	\$481	2.9%	\$111	\$65	(0.3%)	\$16	\$38	0.2%	\$8	\$103	(0.1%)	\$24	\$584	2.7%	\$136

Finance and Assurance Committee

14 February 2024

Residential	\$2,503	14.9%	\$48	\$629	(0.2%)	\$16	(\$139)	(0.7%)	(\$6)	\$490	(0.9%)	\$10	\$2,993	14.1%	\$58
Lifestyle	\$1,151	6.9%	\$48	\$347	0.2%	\$16	(\$88)	(0.4%)	(\$6)	\$259	(0.2%)	\$10	\$1,410	6.6%	\$58
Other	\$166	1.0%	\$14	\$45	0.0%	\$5	(\$10)	(0.0%)	(\$2)	\$35	(0.0%)	\$3	\$201	0.9%	\$17
	\$16,763			\$4,529						\$4,529			\$21,292		

The table below gives examples of the impact on different property types for a range of capital values. Column C shows the rate difference due to the proposed model adjustments with column D showing the combined change resulting from the budget and proposed model changes. Column E shows the proposed 24/25 total rate. **This table shows that while proposed model changes will reduce rates for residential, lifestyle and farming, when combined the proposed budget increase and tonnage data changes, all sectors will have an increase with forestry, mining and dairy sectors having the largest increases.**

		A	B	C	D	E
Land use Category	Capital value (CV)	23/24 Rate (incl GST)	Annual change due to 24/25 budget/data inputs (incl GST)	Annual change due to model adjustment (incl GST)	Total annual change (B + C + D) (incl GST)	Proposed 24/25 Rate (B + E) (incl GST)
Dairy	\$2,500,000	\$2,611	\$636	\$137	\$774	\$3,384
	\$6,500,000	\$6,641	\$1,654	\$339	\$1,993	\$8,634
	\$8,000,000	\$8,152	\$2,036	\$414	\$2,450	\$10,602
Forestry	\$250,000	\$1,205	\$636	\$483	\$1,119	\$2,324
	\$700,000	\$3,209	\$1,781	\$1,331	\$3,111	\$6,320
	\$2,000,000	\$8,998	\$5,088	\$3,780	\$8,868	\$17,866
Farming	\$1,000,000	\$716	\$191	(\$40)	\$152	\$868
	\$2,500,000	\$1,652	\$478	(\$117)	\$362	\$2,014
	\$5,000,000	\$3,212	\$957	(\$245)	\$712	\$3,924
Industrial	\$250,000	\$398	\$46	\$32	\$78	\$476
	\$450,000	\$643	\$82	\$49	\$131	\$775
	\$800,000	\$1,072	\$146	\$78	\$225	\$1,297
Commercial	\$250,000	\$412	\$46	\$36	\$81	\$494
	\$450,000	\$669	\$82	\$55	\$137	\$806
	\$800,000	\$1,118	\$146	\$89	\$234	\$1,352
Mining	\$200,000	\$4,225	\$56	\$916	\$972	\$5,196
	\$1,000,000	\$20,756	\$278	\$4,535	\$4,812	\$25,568
Residential	\$250,000	\$230	\$46	(\$6)	\$40	\$271
	\$390,000	\$308	\$72	(\$15)	\$56	\$364
	\$550,000	\$396	\$101	(\$26)	\$75	\$471
Lifestyle	\$300,000	\$258	\$55	(\$9)	\$46	\$304
	\$600,000	\$424	\$110	(\$30)	\$80	\$504
	\$800,000	\$535	\$147	(\$44)	\$103	\$638
Other	\$200,000	\$125	\$11	\$7	\$18	\$144
	\$400,000	\$158	\$22	\$3	\$25	\$184

(C) Removing the \$100 SIESA half charge rate to be replaced by the \$200 SIESA full charge rate

- 49 All properties on Stewart Island that are within the Stewart Island electricity network area currently pay a targeted SIESA rate which funds a small portion of the costs to manage and operate the electricity supply network on the island with the remaining funds from electricity charges. The SIESA rate is currently set on a differential basis. All rating units within the network area that are not vacant pay a full charge (\$200 incl GST) and vacant rating units pay a half charge (\$100 incl GST). The Stewart Island/Rakiura Community Board has requested that the half charge be eliminated entirely so that all rating units within the network area pay the \$200 full charge (including vacant rating units). The board is suggesting this because electricity infrastructure (lines and generation capacity) is accessible to all properties in the defined network area, and they believe it is appropriate that properties in this area contribute equally regardless of whether a section has been built on or not.

- 50 The table below shows the impact with the 108 vacant properties having a \$100 increase in rates.

Rate	Current Structure			Proposed Structure			
	Units	Unit Charge (incl GST)	Total Collected (incl GST)	Units	Unit Charge (incl GST)	Total Collected (incl GST)	Variance
SIESA Full Charge	383	\$200	\$76,600	491	\$200	\$98,200	\$21,600
SIESA Half Charge	108	\$100	\$10,800	-	-	-	(\$10,800)
Total	491	-	\$87,400	491	-	\$98,200	\$10,800

(D) Removing the 7.7 unit rate for Te Anau Rural Water to be replaced by the existing full and half charge rate

- 51 This proposal involves removing the Te Anau rural water 7.7 charge and reallocating these units to the Te Anau rural water annual, full and half charge rates. This will see each user of the Te Anau Basin water supply scheme allocated with updated units that will be used to calculate their rate. The updated units will be prorated so that they are close to what each user is currently being charged through the combination of annual, full, half and 7.7 charge. This change is expected to have a minimal impact on each consumer's total share of the overall costs as shown in column C. The change has been proposed to simplify the system to help ensure users are being charged correctly by making it easier to match the rating data against the units in the asset management system (which is used to manage the supply). The Te Anau Basin Water Supply Subcommittee (who represent users of the scheme) supports the proposed change. The main reason for the overall rate increase is due to the 29.7% increase in water supply operating costs budgeted in the LTP (\$170,000).

	A	B	C	D	E
Te Anau Rural Water Rate	23/24 Rate per unit (incl GST)	Annual change due to budget change (incl GST)	Annual change due removal of 7.7 unit (incl GST)	Total annual change (B + C) (incl GST)	Proposed 24/25 Rate per unit (A + D) (incl GST)
Full charge	\$576	\$171	\$8	\$179	\$755
Half charge	\$288	\$85	\$4	\$89	\$377
7.7 charge	\$4,432	\$1,316	(\$5,748)	(\$4,432)	\$0
Annual charge	\$863	\$256	\$12	\$268	\$1,131

(E) Expanding existing hall boundaries to include properties that used to pay for a neighbouring hall which have now closed

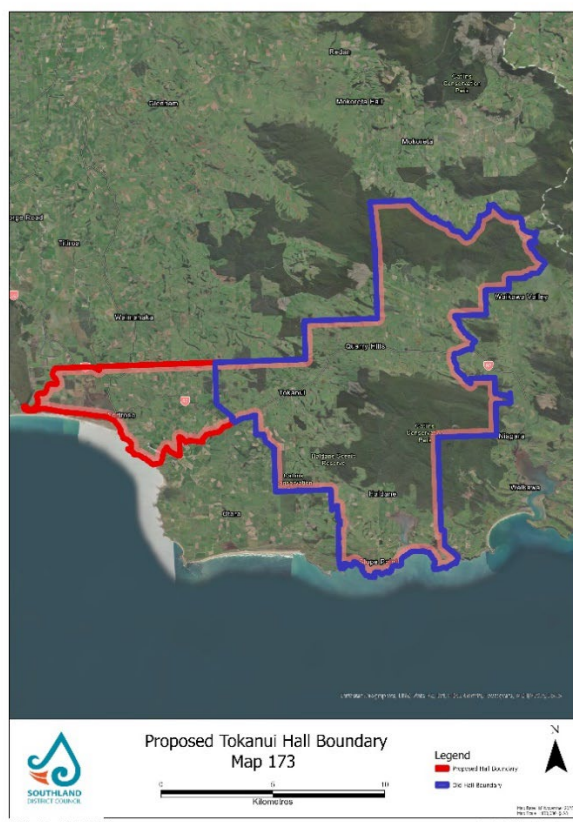
- 52 Hall rating boundaries are used by Council to define the properties paying rates to fund the operation of local halls in the district. They have been in place for many years and are a way of ensuring that the properties in an area that has community hall available contribute toward the cost. Usually only a portion of the hall costs come from rates with the rest funded by hire fees and local committee fundraising. With the closure of two halls in the district (Fortrose and Otahuti) the proposal is to include properties in the old rating boundaries for these halls into neighbouring hall rating areas. The proposed boundary changes are shown on the maps below and in attachment C. The blue lines on the maps show the old hall rating boundaries. The red lines with the thick red border overlay the new rating boundary.

(i) Expansion of Tokanui and Waimahaka hall rating boundaries (Fortrose hall closure)

- 53 This involves expanding the Tokanui hall and Waimahaka hall boundaries to add in parts of the old Fortrose Domain hall rating area following the closure of the hall. The proposed changes will add 65 units into the Tokanui hall area (as shown in map 173) and 2 units into the Waimahaka hall

area (shown in map 103). The table below shows the rate impact with a lower hall rate for properties in the existing hall areas (blue boundary) and a higher hall rate for properties in the old Fortrose hall area (noting that the Fortrose hall rate has been set low at \$11.50 for the past two years given the hall closure). The proposed boundary changes have been discussed with the Waihopai Toetoe Community Board chair on behalf of the board.

Hal boundary	Proposed 24/25 rate per unit (incl GST)		Impact of the boundary adjustment per unit (incl GST)	
	Existing boundary (blue)	Extend boundary (red)	Change for properties in existing blue boundary	Change for properties in red boundary extension (ex fortrose)
	\$160 136 units	\$108 201 units	(\$52)	\$97
	\$68 102 units	\$67 104 units	(\$1)	\$55

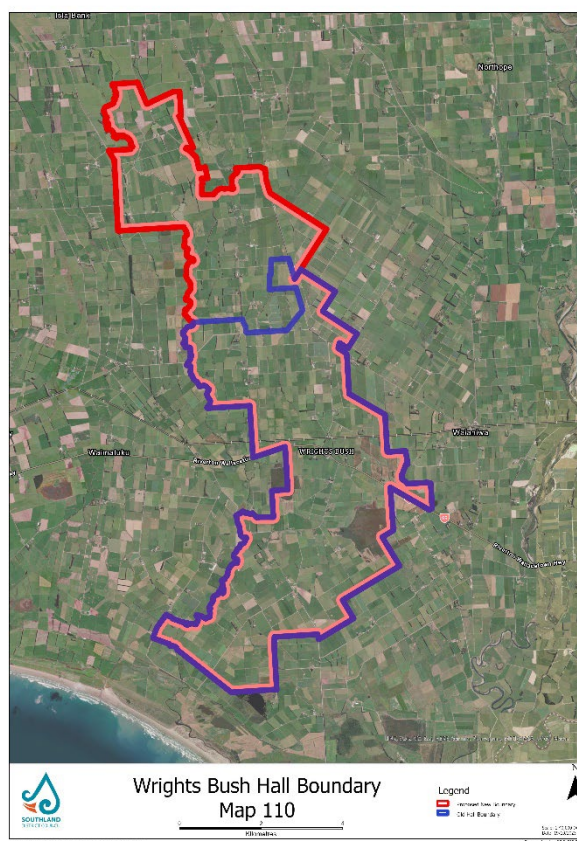
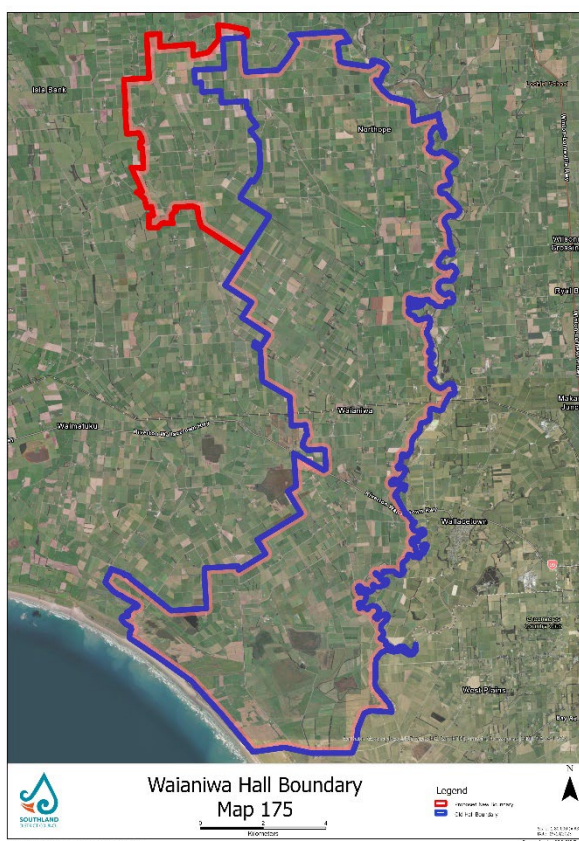


(ii) Expansion of Waianiwa and Wrights Bush hall rating boundaries (Otahuti hall sale)

- 54 This involves expanding the Waianiwa hall and Wrights Bush hall boundaries to add in parts of the old Otahuti hall rating area following the sale of the hall. The proposed changes will add 31 units into the Waianiwa hall area (as shown in map 175) and 21 units into the Wrights Bush hall area (shown in map 110). The table below shows the rate impact with a lower hall rate for properties in the existing hall areas (blue boundary) and a higher hall rate for properties in the old Otahuti hall area (noting that the Otahuti hall rate was not charged in 2023/2024 given the hall sale). The proposed changes have been developed by staff and reviewed by the Wallace Takitimu Community Board for consultation as part of the LTP.

Hall boundary	Proposed 24/25 rate per unit (incl GST)	Impact of the boundary adjustment per unit (incl GST)
---------------	---	---

	Existing boundary (blue)	Extend boundary (red)	Change for properties in existing blue boundary	Change for properties in red boundary extension (ex otahuiti)
	\$102 152 units	\$85 183 units	(\$17)	\$85
	\$31 59 units	\$23 80 units	(\$8)	\$23



Other wording and structure changes

55 Various wording and structure changes have been made throughout the policy to reflect legislative changes and make the policy more readable. This includes:

- inclusion of a policy background section which covers what the legislation requires when choosing activity funding sources
- specifically referring to the Stewart Island Visitor Levy revenue as a grant/subsidy source of funding to reflect that the Southland District Council (Stewart Island/Rakiura Visitor Levy) Empowering Act 2012 identifies the levies as an additional source of funding for the Revenue and Financing Policy under s 103(2) of the LGA
- describing in more detail Council's approach to depreciation funding which is used to fund operating expenses and work towards maintaining a balanced budget in section 3.2 of the policy. The policy notes the extended timeline for funding depreciation on water and wastewater assets given the significant increase in the value of these assets in the LTP 2024 and resulting impact on rates. Council is still to confirm the timeline to when it will fully fund depreciation on water and wastewater assets

- updating the activity funding needs analysis in section 3.2.2 of the policy to consider funding sources in relation to Council's new LTP 2024-2034 community outcomes
- specifically noting how Council has provided the ability to make funding refinements after considering the overall impact on the current and future social, economic, environmental and cultural wellbeing of the community. This is discussed in the policy overall in section 3.1 and by sub-activity through the funding choice assessment rationale in section 3.2.2

This also includes considering how funding choices support the principles set out in the Preamble to Te Ture Whenua Maori Act 1993 to recognise land as a taonga tuku iho of special significance to Maori and to support Māori to retain and use their land and to protect wahi tapu (now required by LGA section 102(3A)). Around 1% of Southland district's rating units are categorised as Maori freehold land. The Council's continued use of capital value as a general rate source goes some way to supporting the principles by ensuring that any undeveloped land rating units (including any Maori owned land) have a lower rating burden than the same sized area of developed land. Council's proposed changes to the forestry differential category used to set the targeted roading rate (noted above) also supports the principles by reducing the roading rate for non-commercial protected and indigenous native forestry properties, some of which will be owned by Maori.

Confirming how the general rate will be set

- 56 Where Council proposes to use general rates as a source of funding, it must also set out in the policy the choice of valuation system (land, capital or annual value) including the details of any differentials to be applied and whether there is an intention to set a uniform annual general charge (UAGC). The UAGC is a fixed amount levied on each rating unit.
- 57 Currently Council sets the value based portion of its general rate using capital value with no differentials. 55% of the general rate is collected using capital value (with no differential) with the remaining 45% is collected through the UAGC.
- 58 The potential impact of changing to land value, introducing general differentials or adjusting the proportion of funding from CV and UAGC was considered as part of the LTP development. However, the policy proposes to retain capital value with no differentials as it provides the best mechanism for creating a stable and resilient rate base over time, particularly considering the potential impact that the 2024/2025 budget changes are expected to have on the overall distribution of rates.
- 59 The policy does leave room to adjust the portion of general rates set on CV and UAGC where Council wants to alter the overall distribution of rates (via the LTP or Annual Plan). This might be to lower the UAGC to reduce rates on low value properties or lowering the CV portion which reduces rates on high value properties. This decision is still to be finalised by Council as part of the process of finalising the LTP 2024-2034.

Other changes considered but not progressed

Increasing user fees for environmental services (including consenting activities)

- 60 As part of meetings and workshops held to discuss the funding for the activities, Council considered whether it should increase user fees and charges for environmental service activities above the standard 2% inflationary adjustment already allowed in order to recover a greater portion of the cost of consenting activities. However, at this stage Council is not proposing to further increase any user fee funding until improvements to these services are made. This will be reviewed as part of the future annual plans.

- 61 Overall, in terms of user fees, the policy recognises that in addition to providing a direct benefit to users, these activities also have wider community benefits, making a rates contribution appropriate to recognise the wider community wellbeing aspect of the service. The policy also recognises that it is not always feasible to recover the full cost of the service from fees and charges as this may make these services unaffordable or result in unintended consequences (e.g. raising building consent fees beyond a tolerable amount may result in increased un-consented work). For these types of services, a rates contribution enables Council to continue to offer the service and/or recognises the wider community benefit provided by that service.

Factors to consider

Legal and statutory requirements

- 62 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 (LGA s102(2)).
- 63 The policy must specify the mix of tools that Council can use to fund activities and the level of funding to be applied from the various sources (LGA s103). This requires a two stage process be followed when making decisions about how activities will be funded (s101(3)).
- 64 The policy must now also consider how to support the principles in the Preamble to Te Ture Whenua Maori Act 1993. Refer to paragraph 55 for more detail.

Community views

- 65 The draft policy has been prepared taking into account feedback gathered from Council and community boards at LTP meetings and workshops over the past ten months. The proposed changes to the forestry differential also respond to regular ratepayer queries about the fairness of rating non-commercial indigenous forestry properties the same as exotic forests. All of this feedback, has been used to inform the proposed changes and inform the funding tool selection in the draft policy.
- 66 If the committee endorses the draft policy for consultation, staff are proposing to undertake consultation alongside the other financial policies at the same time as the LTP.
- 67 Staff will prepare a consultation document/statement of proposal incorporating the draft policy (and related information for the other policies) which it will make publicly available (in accordance with s.82A of the Act), and encourage people to give feedback in conjunction with LTP consultation.
- 68 Staff are also working with the Whenua Advisory Service in Te Puni Kōkiri to engage directly with local rūnanga and Māori landowners to obtain their feedback on the proposed changes and more generally to help inform future reviews.
- 69 The joint consultation process will allow Council to consider community views regarding this policy.

Costs and funding

- 70 As noted, the policy outlines how Council will fund its activities and services and which sectors of the community will contribute and how.
- 71 The decision made on each issue outlined in the report will have a varying impact on how activities are funded including any rates required. The information in the issues section of the report for each proposed change shows the rating impact based on proposed 2024/2025 rates.

72 The proposed changes to the way roading rates are allocated will have the greatest impact across the district of all the policy changes. However, the significant increases in roading, wastewater and water costs proposed in the LTP overshadows much of the proposed policy and rating changes in this report, particularly given the impact these increases will have on all properties.

73 In addition, with the financial information for the LTP still being finalised, the rating impacts may change from what is included in this report. Staff will update the information for any material changes as part of the next steps.

Policy implications

74 As outlined earlier in the report, the draft policy as prepared proposes minor changes to the funding of selected sub-activities with the majority of the funding sources unchanged.

75 Given that rates and other funding applied in the LTP must be set in line with the policy (unless Council resolves otherwise) it 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.

76 This policy and the related rating approach links to the draft LTP activity and rates funding impact statements. As such, if there are significant unexpected changes to funding or expenditure levels proposed in the LTP that would impact the proposed funding mix, there may be a need to further review the policy and proposed rating approach.

77 The policy also supports the financial strategy to deliver prudent financial management over the long-term by providing for funding sources that enable Council to operate a balanced budget by funding operating expenses from operating revenue.

Analysis

Options considered

78 There are two options for consideration in this report:

- option 1 – that the committee endorse the draft policy to Council for consultation subject to any amendments suggested and updated financial information
- option 2 – that the committee propose a different way forward.

Analysis of Options

Option 1 – that the committee endorse the draft policy to Council for consultation subject to any amendments suggested and updated financial information

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • the draft policy has been updated and reflects prior discussions and directives of Council (e.g. options to increase general rate funding of Te Anau airport – Manapouri; roading rate changes) • the draft policy reflects the feedback and changes coming out of discussions with community boards and ratepayers 	<ul style="list-style-type: none"> • may not reflect elected members views on the policy • there is a risk that the draft policy and LTP 2024-2034 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 for consultation. However, given this policy is about how Council intends to fund the cost of services rather than how much is

<ul style="list-style-type: none"> the draft policy 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. 	collected or spent, the risk of any misalignment is likely to be minimal.
--	---

Option 2 – that the committee propose a different way forward.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> would give further clarity on elected members views regarding the policy. 	<ul style="list-style-type: none"> may put pressure on procedural preference to review the policy prior to 2024-34 LTP consultation.

Assessment of significance

- 79 The policy sets the framework for funding Council’s activities and identifies which sectors of the community contribute and how (i.e. via rates, fees and charges or by using past reserves or loans). Given that, the policy has implications for all ratepayers and residents and is considered significant. The individual changes being proposed are not considered to be a significant shift from the current policy but will impact every ratepayer and resident differently depending on the type and value of the property they own or pay rates on and what services they use (user fees).
- 80 Given the significance of the policy, community members interested in the proposed changes will be provided with an opportunity to provide feedback as part of the consultation. This will take place in manner that complies with LGA s82.

Recommended option

- 81 It is recommended that the committee proceed with Option 1 and recommend that Council endorse the draft policy for consultation.

Next steps

- 82 If the committee endorses Option 1, staff will make any recommended changes and undertake any other necessary steps in order to present the draft policy and associated consultation document/statement of proposal to Council in March 2024.
- 83 It is proposed that the consultation, submission and adoption process will take place alongside the LTP and other financial policies with dates for this to be confirmed.
- 84 Any changes to the policy following consultation will come into effect once Council adopts the final policy and associated LTP.
- 85 If the committee endorse option 2, staff would action the request of the committee and outline the implications of any changes in the next report to Council.

Attachments

- A Draft Revenue and Financing Policy 2024 v1
 B 2021 Revenue and Financing Policy
 C Maps of proposed hall rating boundary extensions 2024

DRAFT - Revenue and Financing Policy 2024-2034

Group responsible:	Finance
Date adopted:	TBC
Implementation date:	1 July 2024
File no:	R/23/11/54528

1 Introduction

Council's Revenue and Financing Policy sets out the ways Council intends to pay for the operating and capital expenses of its activities and why Council considers these funding choices appropriate.

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

- the statutory requirements for the policy (what the law requires)
- the general approach to funding operating expenses (day-to-day costs like electricity and maintenance) and capital expenses (costs to replace or build new physical assets like piping networks and roads)
- the different sources of funding for the activities (where the money comes from)
- Council's activities, services and facilities and who uses, benefits and pays for activities and services.

When read in conjunction with the financial strategy, funding impact statement and activity statements in Council's Long Term Plan (LTP), the policy links the Council's activities and associated funding decisions with the rates that each ratepayer is required to pay.

2 Policy Background

2.1 Funding principles

Deciding the most appropriate way to fund activities is complex. It involves balancing a range of matters and exercising judgement around what is appropriate for community wellbeing now and in the future. To help with these choices Council has considered a set of funding principles that incorporate the matters set out in Section 101 of the LGA. This has involved considering for each activity the factors under section 101(3)(a) including:

- the community outcomes to which the activity primarily contributes and whether the funding sources for each activity support the achievement of the outcomes;
- the distribution of benefits between the community as a whole, any identifiable parts of the community, and individuals (the 'beneficiary -pays' principle) and to what extent the activity funding should target those who benefit;

- the period over which the benefits are expected to occur (the ‘inter-generational equity’ principle) and how the funding sources share costs out over that time period. Generally, the benefit of operating expenses is received in the year the expense is incurred. The benefit of capital expenditure and some maintenance projects are received over multiple years (for the duration of the life of the asset) making it appropriate for current and future generations to contribute.
- who is creating the need (the ‘exacerbator pays’ principle) and to what extent the activity funding should target those whose actions or inactions create the need for the activity.
- the need for separate funding by considering the costs and benefits (including consequences for transparency and accountability) of funding the activity distinctly from other activities. This includes considering how Council’s funding choices are:
 - best communicated to the community in a way that is easy to understand (e.g. via separate funding mechanisms or by using other communication tools/documents)
 - administratively efficient to collect considering the scale/importance of the activity (a small activity may not warrant separate funding due to the cost of establishing systems to support cost recovery).

Council has then weighed up the overall impact of the proposed funding sources on the current and future social, economic, environmental and cultural wellbeing of the community including looking at:

- fairness and equity including affordability for different parts of the community;
- whether the funding choices create barriers to accessing services or unintended consequences (e.g. the principle of paying for benefits received may call for a high degree of user pays, but this may have unintended consequences with people trying to avoid paying);
- any legal constraints which might constrain the funding options (such as the ability of Council to only receive 30% of Council revenue from rates set on a uniform basis);
- alignment with the Council’s objectives and financial strategy which sets limits on rates increases and debt levels;
- how funding choices support the principles set out in the Preamble to Te Ture Whenua Maori Act 1993 to recognise land as a taonga tuku iho of special significance to Maori and to support Māori to retain and use their land and to protect wahi tapu.

Council’s overall consideration of these principles is detailed below and in more detail in the sub-activity table from page 10.

3 Policy details

3.1 Our funding approach

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

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 services and 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 more likely to be of “general” benefit and collectively funded by the community (e.g. through the general or a district wide rate).

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, or the nature

of the benefit differs across the community, it is deemed to be **“targeted”** and more likely to be funded on a user pays basis (e.g. through fees and charges or 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 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). Day to day costs which make up annual operating expenditure provide benefits every year and are best funded from annual operating revenue like rates, fees etc. Some costs, mainly capital expenditure on assets, provide benefits that last for more than year. Council uses depreciation funding or borrowing (funded by annual loan interest/principal repayments) to share out the cost of these long-life assets over time.

In reality, most services sit somewhere on the continuum between providing general and targeted benefits and most activities have characteristics of both. As part of developing this policy, Council has endeavoured to use the general/targeted assessment to summarise its consideration of the LGA funding principles, initially in relation to each activity (section 101(3)(a)) and then again after considering the overall impact on the community (section 101(3)(b)).

Council’s funding approach is a complex assessment of determining where the benefits apply, what the best methods for funding those services are and how this can be equitably and fairly applied across district communities. The detailed activity funding analysis table in section 3.2.2 explains Council’s consideration of these factors in determining the appropriate sources of funding. The table also shows where funding adjustments have been made to specific activities to recognise wider wellbeing considerations. The policy also provides for adjustments to be made to the overall funding source mix by:

- providing flexibility to set the proportion of general rate funding annually between a rate on dollar of capital value (which places a greater share of costs on high value properties) and uniform annual general charge UAGC (which places a greater share of costs on low value properties) and balance ability to pay/rates affordability;
- providing the ability to adjust targeted rate differentials (roading, stormwater, community board rates) to shift funding between sectors where required;
- supporting the financial sustainability of small townships by continuing to fund water, wastewater and stormwater collectively across the district irrespective of each individual scheme cost in order to deliver economies of scale by sharing costs out across greater number of ratepayers;
- providing the ability to use general rate funding to assist communities with critical infrastructure projects which would otherwise create rates affordability issues (particularly for small communities with few ratepayers (e.g. airport and water structure funding on Stewart Island/Rakiura);
- funding a portion of overall corporate support/overhead/administration costs from general rates which reduces the proportion of targeted rate/user fees funding required for certain activities. This recognises the wider community wellbeing benefits and the fact that it is not always feasible to recover the full cost of the service as this may make these services unaffordable or result in unintended considering the overall balance of rates paid by urban and rural sector over time;
- providing the ability to reduce or delay payment of rates for particular social, cultural, environmental or economic reasons as provided for in rate remission and postponement policies;

- consequences (e.g. raising building consent fees beyond a tolerable amount may result in increased unconsented work).
- using unallocated reserves accumulated from prior year operating surpluses to fund maintenance project type operating costs rather than increasing rates.

3.2 Sources of funding for expenditure

Types of Expenditure

Broadly speaking, Council has two types of expenses to fund - operating and capital expenditure.

Operating expenditure (opex) is spending on the ongoing day-to-day planned and unplanned routine expenses required for the operation of Council facilities, services and activities. Operating revenue is generally set at a level to meet Council's projected operating expenditure to maintain a balanced budget.

To do this, Council aims to fully fund operating cash requirements (payments to staff, suppliers, and interest on debt) from operating revenue. As part of this Council is working towards fully rate funding depreciation on core infrastructure¹ assets. **For the LTP 2024-2034 Council depreciation on water and wastewater assets will initially be funded at 65%², increasing by 5% per year to reach 100% by 2031/2032 (three years later than originally planned).** Depreciation on all other core assets will be funded at 100%, noting that roading depreciation is funded at 45% by Council with the remaining 55% from NZ Transport Agency (NZTA Waka Kotahi) capital subsidies. Fully funding depreciation from rates and current revenue means that over the long run, Council would not need to rely on borrowing as much to fund asset replacements, working towards a more sustainable funding approach.

At times, Council may decide that it's not financially prudent to fully fund depreciation, particularly where:

- Council has elected not to replace an asset at the end of its useful life
- the replacement of the asset is expected to be funded by a grant/subsidy from a separate organisation
- a third party has a contractual obligation to maintain the asset or replace it at the end of its useful life
- fully funding depreciation in the short-term will result in an unreasonable burden on ratepayers and create a conflict between funding principles (e.g. financial sustainability and rates affordability), making it prudent to extend the timeframe to reach full funding of depreciation
- the deficit can be funded from prior year operating surpluses (reserves).

The approximate proportion of the operational funding sources for each activity is shown in

¹ Core infrastructure assets include those associated with roading and cycle trails, water, wastewater, waste services, public toilets, electricity supply, Council offices/buildings, computer equipment and vehicles. It excludes assets which Council may opt not to replace in the future including the following activity assets - water facilities (e.g. boat ramps), stormwater, footpaths, airport, furniture, other plant/buildings (e.g. wheelie bins, playgrounds, community housing, halls, library books).

² The proportion of depreciation funded is less than proposed in prior LTP's due to a significant increase in the value of water and wastewater assets in 2023 which resulted in the actual depreciation being considerably greater than the budgeted depreciation. The 2021 LTP budgeted for depreciation on core infrastructure to be fully funded by 2028/2029.

Table 2.

Capital expenditure (capex) is spending to acquire new or upgrade/enhance existing assets (such as pipes and buildings). The method of funding generally depends on the type of asset expenditure. Council has three categories of capital expenditure spread across its activities:

- **renewal expenditure (REN)** - defined as capital expenditure to replace or restore existing assets to the original size, capacity and condition with no change in service level. Renewals of major assets are usually funded from a combination of grants/subsidies (where these are available), reserves (including depreciation reserves) and borrowing (repaid through rates). Smaller regular asset renewals (e.g. library book replacements) are usually funded from rates or reserves. Some financial contributions charged on the development of land may also be used.
- **level of service expenditure (LOS)** - defined as capital expenditure on new assets or improvements to existing assets that improves the service level delivered which is beyond the original design capacity and estimated life. This is generally funded from reserves (including depreciation reserves), grants/subsidies (where these are available) and borrowing (repaid through rates). Some financial contributions charged on the development of land may also be used.
- **demand expenditure (DEM)** - defined as capital expenditure on new assets or improvements to existing assets to provide additional capacity necessary to accommodate growth or changes in demand. This is generally funded from reserves, grants/subsidies (where these are available) and borrowing (repaid through rates). Some development or financial contributions charged on the development of land may also be used.

The key sources of funding and their application against expenses are summarised in Table 1.

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

Funding source	Definition	Rationale for application	Application			
			Opex	Capex		
				DEM	LOS	REN
General Rates (including UAGC)	General rates are a property tax to fund local government activities. General rates are those assessed across all rateable properties in the district and include both the general rate set on a rate in the dollar charged on capital value (with no differential) and the Uniform Annual General Charge (UAGC), which is a flat amount levied on each rating unit.	<p>These 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 general 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 (CV), compared to land value (LV) is seen as the best mechanism for creating a stable and resilient rate base over time. This is because of the wider availability of market sales information and given that CV reflects the total investment in the property and provides a better proxy for use of services/infrastructure than other rating tools. Properties with higher capital values are also considered to be more able to bear the costs of a proportionally higher general rate given the higher value of improvements or ability to generate income (particularly business/farm/forestry land). Further, Council considers that CV does more to support Maori to retain their land given that a sizeable portion of Maori freehold land is vacant and undeveloped and would pay less under CV than a similarly sized developed property.</p> <p>The size of the UAGC is set each year by Council and is used as a levelling tool in combination with the general rate. If the UAGC were set at zero the effect would be to increase the amount of rates assessed on CV which would</p>	✓		✓*	✓*

Funding source	Definition	Rationale for application	Application			
			Opex	Capex		
				DEM	LOS	REN
		increase rates on higher value properties and decrease rates on lower value properties. Council may use the UAGC to balance the impact of high fixed charges (including the UAGC and other fixed charges) on those with low incomes and property values against the impact of a low UAGC on the relative share of rates levied on high value properties, such as large rural properties.				
Targeted rates	Targeted rates are a property tax to fund local government activities. Targeted rates are set for a specific activity or group of activities and can be charged in a number of different ways to collect funds over specific groups of rating units.	Targeted rates are used when Council considers that transparency is important, or where the location or method of rating makes the use of a targeted rate more appropriate, equitable or a better match to the benefits of the activity. The the Long Term Plan or Annual Plan rates funding impact statement details how the rate is charged.	✓	✓	✓*	✓*
Grants and subsidies	Funding received from other agencies, usually for a specific purpose including funds collected from Stewart Island/Rakiura visitor levy revenue and roading subsidies from NZTA (Waka Kotahi).	Council will use grants or subsidies from central government (e.g. NZTA Waka Kotahi), organisations and Stewart Island/Rakiura visitor levy revenue 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 (e.g. building consent fees).	Council uses a range of fees and charges where the users of a service can be identified and charged according to their use of the service (and those that do not pay are denied access to the service). This is based on the user-pays principle where the user pays for the benefits received. Fees are also appropriate where an individual's action or inaction creates the need for an activity (cost causation). For example, infringement fees for owners of wandering dogs. In setting fees Council also considers issues like the affordability of the charges, particularly where 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 longer-term.	✓		✓*	✓*
Investment Income	Income received from any investments (e.g. forestry)	This income is generally used to reduce rates 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 (e.g. 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 generally be used for the repayment of debt or the acquisition of new assets but may be used to fund project related operating costs from time to time.	✓	✓	✓	✓
Depreciation Reserves	Assets lose value over time through use, wear and tear, age, obsolescence and must be replaced. Depreciation is an accounting method to spread the replacement cost of an asset	Depreciation reserves are used to fund the replacement of capital assets when they reach the end of their useful life. These reserves are used to fund both capital expenditure for renewals and increased level of service, along with any debt repayment relating to prior years capital expenditure. Council will use depreciation from current and prior years that has not	✓		✓	✓

Funding source	Definition	Rationale for application	Application			
			Opex	Capex		
				DEM	LOS	REN
	over its working life. Depreciation reserves are accumulated from rates and other operating revenue.	already been applied to fund asset replacements. Council's current approach is to prioritise phasing in full depreciation funding of core infrastructure assets (refer page 4) with other assets to be considered in the future once core assets are fully funded.				
Council Reserves	Reserves are made up of funds that have been put aside to replace assets or for a specific activity in the future or accumulated from unspent rates/income.	Where past surpluses are 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).	✓	✓	✓	✓
Financial and/or Development Contributions	Financial contributions are a capital charge for works carried out to mitigate 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 mitigate environmental effects) is funded by those who cause the need (i.e. land sub-dividers). Council's Policy on Development and Financial Contributions sets out the conditions in which contributions are required, the method used to calculate them and how they can be used.		✓	✓	✓
Borrowing – internal	Council uses cash surpluses from some activities to lend to other activities that need to borrow. This reduces the overall cost of borrowing. Council charges interest on the funds lent to the borrowing activities, and receive 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 as 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.	✓	✓	✓	✓
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 (e.g. 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 also pay their share. Generally Council will not borrow to fund operating costs, however Council may enter into short-term borrowing arrangements to manage cashflows. More detail about Council's borrowing is set out in the Investment and Liability Policy.	✓	✓	✓	✓

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

3.2.1 Summary of funding sources

Table 2 shows the resulting likely proportions of funding from each source that will be used to fund operating expenditure for LTP activity groups and activities/sub activities. This summarises the outcomes of the funding needs analysis in section 3.2.2. Non-direct corporate support costs (for overhead functions like people/capability, finance, strategy/policy and customer service) are allocated at the activity group* level only (grey shading) and are largely funded by general rates.

For **operational expenditure**, funding proportions for each activity are expressed as ranges - **low** (<33%); **medium** (33 to ≤66%); **high** (>66%). The resulting funding proportions are not intended as an exact realisable proportion. Rather they provide an indication of the main sources of funding over ten years. At times minor costs may be funded from a source not indicated.

Capital expenditure funding contributions are identified in section 3.2.2. The proportion of capital costs funded from each source will vary depending on the type of project and the funding available.

Table 2: Summary of operating expenditure funding sources by activity group* and sub-activity (showing proposed changes)

Activity Group & Activity	Sub-activity	General rate	Targeted Rates	Fees and Charges	Other Sources (incl subsidies/grants)
Community Resources*		Medium	Medium	Low	Low
Community Facilities	Halls		High	Low	Low
	Toilets	High		Low	
	Council / community buildings	Medium	Low		Medium
Community Services	Cemeteries	High		Medium (was Low)	Low
	Community Housing	Low			High
	Library Services	High		Low	Low
Open Spaces		Medium	High		Low
Waste Services		Low	Medium	Low	Low
Electricity Supply (SIESA)			Low	High	Low
Stormwater Drainage*		Low	High		Low
Transport*		Low	High	Low	Low
Roads, Footpaths, Airport and Cycle Trails	Roads, Footpaths and Cycle Trails	Low	High	Low	Low
	Airport	Consultation options:			
		1+2: Low 3: Medium 4: High	High Medium Low	Low Low Low	Low Low Low
Water Facilities		Low	High (was Low)	Low (was High)	High (was Low)
Sewerage*		Low	High	Low	Low
Water Supply*		Low	High	Low	Low
Community Leadership*		High	Low		Low
Representation and Advocacy		High			Low
Community and Futures		High	(was Low)		Low
Community Assistance		Low (was Medium)	Medium		Low
Environment Services*		Medium		Medium	Low
Environment Services	Resource Management	High		Low	Low
	Animal Services	Low		High	Low
	Environmental Health	Medium		Low (was Medium)	Low
	Building Solutions	Low		High	Low
Emergency Management		High			
Funding band key:		Low (<33%)	Medium (33% to ≤ 66%)	High (>66%)	

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

- recover the full designated portion of operating costs from users fees and charges provided there are no legislative or practical constraints;
- use operating grants or subsidies to reduce the gross cost to be funded;
- apply any other relevant funding available such as interest, reserves and borrowing (largely for financially significant one-off projects that extend the life of an asset e.g. painting);
- where it is not practical to charge users a fee or charge but users still need to contribute, targeted rates may be set;
- any net income from investments may then be applied and any residual requirement will be funded through general rates.

More detail about Council's rating policies (including the details of targeted rates and how they are applied, the level of the UAGC, and the details of any differentials) are outlined in the LTP Rates Funding Impact Statement.

3.2.2 Detailed activity funding needs analysis (sub-activity level)

The detailed sub-activity funding analysis below demonstrates Council's consideration of the factors in s 101(3) of the LGA in terms of its funding source choice. It excludes the non-direct corporate support costs.

Table 3: How to read the activity funding needs analysis table

Community outcomes s101(3)(a)(i)	Distribution of benefits s101(3)(a)(ii)			Whose act creates need s101(3)(a)(iv)	Benefit Period s101(3)(a)(iii)	Costs and Benefits of Separate Funding s101(3)(a)(v)	Funding Choice Assessment LGA s101(3)(b)				Indicative Funding Source (funding range) - catchment(s) for rate
	Whole community	Identifiable parts of the community	Individuals				Step 1: Initial		Step 2: Refined		
							General	Targeted	General	Targeted	
GROUP: This is the broad grouping of activities as shown in the LTP (e.g. Community Resources)											
Activity: This is the set of activity functions under the broader Activity Group e.g. "Community Facilities"											
Sub activity: This is the specific groups of business units under each activity e.g. "Halls"											
These are the community outcomes that the activity contributes to and which Council considers when assessing whether the proposed funding source will promote or work against the achievement of community outcomes. This may result in an adjustment to the proposed funding sources.	<p>This briefly describes who benefits from the activity.</p> <p>For operating expenditure 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.</p> <p>For capital expenditure the benefit distribution is similar to 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.</p>	This identifies whether the activity has to be done because the actions or inactions of individuals or groups creates the need to undertake the activity (e.g. nuisances / polluters). Council may choose to target these people or organisations through fines, charges or targeted rates.	<p>This describes the timeframe over which that the benefits are delivered (e.g. one-off, ongoing or intergenerational).</p> <p>For most operating expenditure the benefit is received in the year the expense is incurred making it appropriate to fund through annual operating revenues (rates, fees etc). Some operational expenditure may have a benefit over multiple years and Council may choose to fund the activity over a longer period (by borrowing).</p> <p>For most capital projects the benefit is intergenerational and 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 (through rates and annual operating revenue) and borrowing (with associated interest costs) are the primary ways to spread the costs over the life of assets.</p>	<p>This considers the costs and benefits funding of the activity separately including consequences for providing transparency and accountability to the community about the costs. 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 or funding system that is expensive to maintain and confusing to interpret, as this will not contribute to improved transparency and accountability. In addition, Council may prefer to use other communication tools to demonstrate to the community how activities are funded.</p>	<p>Rationale</p> <p>This sums up Council's consideration of all of the factors to identify the proportion of the activity that should be funded generally (through general rates, district wide rates or other community wide mechanisms), or through targeted means (targeted rates, fees, charges etc). It signals whether Council has made adjustments to refine this general/targeted allocation as a result of considering the overall impacts on current and future community wellbeing of the proposed funding sources.</p>	This section identifies the proposed funding sources of operating and capital expenditure, including the indicative proportion of funding for each source of operating expenditure funding. For operational expenditure, funding proportions for each activity are expressed as ranges - low (<33%); medium (33 to ≤66%); high (>66%). Where rates are used as a funding source this section identifies the likely catchments for the rates (generally across the district or targeted to specific areas or services). More detail on the rate catchments are included in the LTP Funding Impact Statement (Rates).					

Community outcomes s101(3)(a)(i)	Distribution of benefits s101(3)(a)(ii)			Whose act creates need s101(3)(a)(iv)	Benefit Period s101(3)(a)(iii)	Costs and Benefits of Separate Funding s101(3)(a)(v)	Funding Choice Assessment s101(3)(b)				Indicative Funding Source (funding range) - catchment(s) for rate	
	Whole community	Identifiable parts of the community	Individuals				Step 1: Initial		Step 2: Refined			
							General	Targeted	General	Targeted		
GROUP: COMMUNITY RESOURCES												
Activity: Community Facilities												
Halls												
<p>► Communities with a sense of belonging for all</p> <p>► Communities which are connected and have an affordable and attractive lifestyle</p> <p>Communities with the infrastructure to grow</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>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 ownership where this 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, each community generally has a stronger connection to the halls in their local area compared to those in other parts of the district. As such, while the funding of this activity is included under community resources, targeted rates enable the different funding needs of each hall to be shown and allows for variations in the type of hall and level of service provided to various communities across the district.</p>	<p>10%</p> <p>90%</p> <p>0%-20%</p> <p>80%-100%</p>	<p>Rationale</p> <p>While users of the service can easily be identified and a strong user pays approach could be implemented, it is considered that this would deter people from using Council provided halls and would provide insufficient funding to maintain halls at an appropriate level. As such, those who use the facilities should pay a reasonable charge that is set at a level to encourage use.</p> <p>It is recognised there are wider community benefits from the availability of halls in terms of social/cultural outcomes which, on balance, merits funding the majority of costs from rates.</p> <p>Operational costs are predominantly funded through targeted rates as well as fees and charges. Capital costs will primarily be funded by borrowing to match funding to the expected life of the asset for intergenerational equity and to smooth rates input. Grants may also be available from time to time, but are difficult to predict.</p>	<p><i>Operational</i></p> <p>Targeted rates (High) - Area of service</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>			
Toilets												
<p>► Communities committed to the protection of our land and water</p> <p>► Communities which are connected and have an affordable and attractive lifestyle</p> <p>► Communities with the infrastructure to grow</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 areas, 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 visitors with toilet facilities nearby may experience a greater benefit. Shops located near 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.</p>	<p>Current and future years</p> <p>Public toilets have long useful lives and will benefit both current and future generations.</p> <p>Council does fund depreciation on public toilets.</p>	<p>Toilets make up a small part of Council's overall expenditure and are generally maintained to a consistent standard across the district. As such it is appropriate to amalgamate funding under community resources and use community wide funding sources (general rates) to minimise collection costs.</p>	<p>50%</p> <p>50%</p> <p>80%-100%</p> <p>0%-20%</p>	<p>Rationale</p> <p>While users of the service can easily be identified and a strong user pays approach could be implemented, it is considered that this would deter people from using public toilets and have negative public health and environmental consequences.</p> <p>Toilets could also benefit nearby shop owners as when people stop to use toilets they quite often take a break and visit cafes etc. The benefit is not easily measurable and could be seen as negligible. Given this it is appropriate that the majority of costs be funded from rates.</p> <p>Operational costs are predominantly funded through general rates with a small portion funded by fees charged at a small number of facilities (e.g. shower facilities at toilets).</p> <p>Capital costs will primarily be funded by reserves or borrowing (to match funding to the expected life of the asset for intergenerational equity and to smooth rates input). Grants may also be available from time to time but are difficult to predict.</p>	<p><i>Operational</i></p> <p>General rate (High) - District</p> <p>Fees and charges (Low)</p> <p><i>Capital</i></p> <p>General rate</p> <p>Fees and charges</p> <p>Grants and subsidies</p> <p>Borrowing</p> <p>Other sources including reserves</p>			

Community outcomes s101(3)(a)(i)	Distribution of benefits s101(3)(a)(ii)			Whose act creates need s101(3)(a)(iv)	Benefit Period s101(3)(a)(iii)	Costs and Benefits of Separate Funding s101(3)(a)(v)	Funding Choice Assessment s101(3)(b)				Indicative Funding Source (funding range) - likely catchment(s) for rate	
	Whole community	Identifiable parts of the community	Individuals				Step 1: Initial		Step 2: Refined			
							General	Targeted	General	Targeted		
Council/community buildings												
<div>► Communities which are connected and have an affordable and attractive lifestyle</div> <div>► Communities with a sense of belonging for all</div> <div>► Communities committed to the protection of our land and water</div> <div>► Communities with the infrastructure to grow</div> <div>The activity involves the maintenance and management of other Council properties which support the provision of Council services (like libraries) and other community delivered services (like maternity services or communication services). Some of the buildings and structures have a tourism/economic or heritage/memorial value.</div>	Medium The whole community benefits from land and buildings that support the delivery of Council services or facilities that are available for public use.	Medium Parts of the community that have land and buildings that support the delivery of community services in that location, benefit directly.	Low Property lessees are the direct beneficiaries of the activity and generally the space can only be occupied by one lessee at a time.	Groups and individuals who wish to use buildings or access the services delivered in them or retain them for their economic heritage/memorial value.	Current and future years Community buildings and structures have long useful lives and will benefit both current and future generations. Council does fund depreciation on some facilities like Council offices with decisions on how to fund replacements or renewals of other buildings to be made once facilities reach the end of their useful life.	Given that most of these buildings are offices and used to support the delivery of all services, it is appropriate to amalgamate funding of under community resources with the majority of funding from community wide sources (general rates). A small portion of targeted rates are also used to fund local buildings used to provide community services in each area.	50%	50%	50%-100%	0%-50%	<i>Operational</i> General rate (Medium) - District Targeted rate (Low) – Areas of service Other sources (Medium) <i>Capital</i> General and targeted rates Borrowing Proceeds from asset sales Other sources including reserves	
Activity: Community Services												
Cemeteries												
<div>► Communities which are connected and have an affordable and attractive lifestyle</div> <div>► Communities with a sense of belonging for all</div> <div>► Communities committed to the protection of our land and water</div> <div>The activity provides a memorial space where family and friends can remember others as well as a record of community history and heritage.</div> <div>The activity also ensures interments are managed in a way to minimise any environmental or public health impacts.</div>	Low-Medium The whole community benefits from the provision of an interment system that remembers and respects those who have passed away and maintains public health and environmental standards through safe disposal of human remains. Records of interment are linked to the history of the community and are of public benefit. Facilities are spread widely across the district.	Low-Medium Parts of the community that have a council owned and operated cemetery nearby may experience a greater benefit from being able to have family members buried nearby.	Medium-High Families and friends of the deceased (from within and outside of the district) are the direct beneficiaries of the service with individual gravesites provided for remembrance and burial as well as cemetery records which are available to those researching family history.	People wanting to be buried in the district pay interment fees. In some cases, vandalism and failure to maintain headstones may cause additional costs. Where possible, costs will be recovered.	Current and future years Cemeteries have long useful lives and will benefit both current and future generations. The cemeteries do have limited capacity and extensions are required when existing capacity is exhausted.	Cemeteries make up a small part of Council's overall expenditure. Given this and that cemeteries are generally maintained to a consistent standard across the district, it is appropriate to amalgamate funding under community resources and use community wide funding sources (general rates) to minimise collection costs.	60%	40%	50%-75%	25%-50%	<i>Operational</i> General rate (High) - District Fees and charges (Medium) Other sources (Low) <i>Capital</i> General and targeted rates Grants and subsidies Borrowing Proceeds from asset sales Other sources including reserves	

Community outcomes s101(3)(a)(i)	Distribution of benefits s101(3)(a)(ii)			Whose act creates need s101(3)(a)(iv)	Benefit Period s101(3)(a)(iii)	Costs and Benefits of Separate Funding s101(3)(a)(v)	Funding Choice Assessment s101(3)(b)				Indicative Funding Source (funding range) - likely catchment(s) for rate	
	Whole community	Identifiable parts of the community	Individuals				Step 1: Initial		Step 2: Refined			
							General	Targeted	General	Targeted		
Community Housing												
<p>► Communities which are connected and have an affordable and attractive lifestyle</p> <p>► Communities with a sense of belonging for all</p> <p>► Communities with the infrastructure to grow</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.</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 rents. As such it is appropriate to amalgamate funding under the community resources activity and use targeted funding sources.</p>	<p>10%</p>	<p>90%</p>	<p>0%-20%</p>	<p>80%-100%</p>	<p><i>Operational</i></p> <p>General rate (Low) - District</p> <p>Other sources (High)</p> <p><i>Capital</i></p> <p>General rate</p> <p>Borrowing</p> <p>Proceeds from asset sales</p> <p>Other sources including reserves</p>	
Library Services												
<p>► Communities which are connected and have an affordable and attractive lifestyle</p> <p>► Communities with a sense of belonging for all</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 resources provided receive a direct benefit.</p>	<p>Library members and visitors who access books, computers and other library resources and staff knowledge. In some instances Council incurs costs where people do not return items with fines charged where possible.</p>	<p>Current and future years</p> <p>Library resources like books and computers have relatively short useful lives and are renewed and replenished on a rolling basis. However, there is also an on-going intergenerational benefit from these resources as centres of learning and knowledge.</p>	<p>Library services make up a small part of Council's overall expenditure. As such it is appropriate to amalgamate funding under community resources and use community wide funding sources (general rates) to minimise collection costs.</p>	<p>50%</p>	<p>50%</p>	<p>80%-100%</p>	<p>0%-20%</p>	<p><i>Operational</i></p> <p>General rate (High) - District</p> <p>Fees and charges (Low)</p> <p>Other sources (Low)</p> <p><i>Capital</i></p> <p>General rate</p> <p>Grants and subsidies</p> <p>Borrowing</p> <p>Proceeds from asset sales</p> <p>Other sources including reserves</p>	

Community outcomes s101(3)(a)(i)	Distribution of benefits s101(3)(a)(ii)			Whose act creates need s101(3)(a)(iv)	Benefit Period s101(3)(a)(iii)	Costs and Benefits of Separate Funding s101(3)(a)(v)	Funding Choice Assessment s101(3)(b)				Indicative Funding Source (funding range) - likely catchment(s) for rate	
	Whole community	Identifiable parts of the community	Individuals				Step 1: Initial		Step 2: Refined			
							General	Targeted	General	Targeted		
Activity: Open Spaces												
Parks, reserves, playgrounds and street litter bins s												
<p>► Communities which are connected and have an affordable and attractive lifestyle</p> <p>► Communities with a sense of belonging for all</p> <p>► Communities committed to the protection of our land and water</p> <p>► Communities with the infrastructure to grow</p> <p>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/maintain the visual appeal of areas and increase appreciation of natural areas.</p>	<p>High</p> <p>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.</p> <p>Facilities are available throughout the district.</p>	<p>High</p> <p>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.</p> <p>Open spaces and streetscapes also contribute to each community's sense of place.</p> <p>There may also be some benefit to business by having open spaces that attract and provide for visitors.</p>	<p>Medium-High</p> <p>Individuals and groups receive private benefit through their use of parks and sportsfields for recreational pursuits, events and organised sport.</p> <p>Some facilities are leased to sporting, recreational, cultural and community groups, who may have exclusive rights to use them.</p>	<p>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.</p> <p>Council also incurs costs for disposing of rubbish from people using reserves as well as occasional vandalism. Where possible Council will look to recover the costs of vandalism.</p> <p>New development may also create a need for additional open spaces.</p>	<p>Current and future years</p> <p>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.</p> <p>Council does not currently fund the depreciation on open space assets, with decisions on how to fund replacements or renewals to be made once units reach the end of their useful life.</p>	<p>As this activity makes up a relatively small amount of overall expenditure, it is appropriate to amalgamate under community resources. However, while open spaces are available across the district, there are differences in the scale and level of service provided in different areas making it appropriate to use a mix of funding sources with targeted funding of local facilities and community wide funding sources (general rates) used for facilities that have significance/value for the entire district. Where spaces are leased to clubs and community groups, fees will be charged.</p>	20%	80%	30%-60%	40%-70%	<p>Rationale</p> <p>Generally, access to open spaces is unrestricted and charging individuals for their enjoyment of open spaces is not practical or desirable. In addition, while lease and rental income 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 cause vandalism is not practical and as such these costs will largely be funded through rates.</p> <p>Those living in communities nearer open spaces have easier access making it appropriate to fund the majority of these spaces via targeted rates in these locations. In addition, it is also appropriate that all properties in the district also contribute to reflect the wider community wellbeing benefit from being able to access open spaces.</p> <p>Operational costs of this activity are funded mainly through targeted rates and the general rate.</p> <p>Capital expenditure will be funded by reserves or by borrowing to match funding to the expected life of the asset for intergenerational equity and to smooth funding input. Grants may be available from time to time but are difficult to predict. Financial and development contributions from developers may also be used to fund capital expenditure to mitigate the effect of developments or providing additional capacity.</p>	

Community outcomes s101(3)(a)(i)	Distribution of benefits s101(3)(a)(ii)			Whose act creates need s101(3)(a)(iv)	Benefit Period s101(3)(a)(iii)	Costs and Benefits of Separate Funding s101(3)(a)(v)	Funding Choice Assessment s101(3)(b)				Indicative Funding Source (funding range) - likely catchment(s) for rate	
	Whole community	Identifiable parts of the community	Individuals				Step 1: Initial		Step 2: Refined			
							General	Targeted	General	Targeted		
Activity: Waste Services												
Refuse, Recycling, Transfer Stations, Greenwaste, Wheelie Bins												
<p>► Communities committed to the protection of our land and water</p> <p>► Communities with the infrastructure to grow</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 which will be recovered if 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>Council does fund depreciation on waste assets excluding wheelie bins.</p>	<p>As this activity makes up a relatively small amount of overall expenditure, it is appropriate to amalgamate funding under community resources. Targeted funding sources (targeted district-wide wheelie bin rates and transfer stations fees) ensure users are funding the majority of collection and disposal costs. The remaining costs of waste minimisation (including recycling centres and greenwaste sites) and transfer stations are funded from community wide funding sources (general rates) to encourage use of the services and reduce landfill material given the wider environmental and community benefits.</p>	<p>30%</p>	<p>70%</p>	<p>0%-40%</p>	<p>60%-100%</p>	<p><i>Operational</i></p> <p>General rate (Low) - District</p> <p>Targeted rates (Medium) - Area of service</p> <p>Fees and charges (Low)</p> <p>Other sources (Low)</p> <p><i>Capital</i></p> <p>General and targeted rates</p> <p>Fees and charges</p> <p>Grants and subsidies</p> <p>Borrowing</p> <p>Proceeds from asset sales</p> <p>Other sources including reserves</p>	

Community outcomes s101(3)(a)(i)	Distribution of benefits s101(3)(a)(ii)			Whose act creates need s101(3)(a)(iv)	Benefit Period s101(3)(a)(iii)	Costs and Benefits of Separate Funding s101(3)(a)(v)	Funding Choice Assessment s101(3)(b)				Indicative Funding Source (funding range) - likely catchment(s) for rate	
	Whole community	Identifiable parts of the community	Individuals				Step 1: Initial		Step 2: Refined			
							General	Targeted	General	Targeted		
Activity: Electricity Supply												
Stewart Island Electricity Supply (SIESA)												
<p>► Communities which are connected and have an affordable and attractive lifestyle</p> <p>► Communities committed to the protection of our land and water</p> <p>► Communities with the infrastructure to grow</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. 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. Diesel generators have shorter lives. Council does fund depreciation on SIESA assets.</p>	<p>As this activity makes up a relatively small amount of overall expenditure, it is appropriate to amalgamate funding under community resources. A mix of targeted funding sources (electricity charges and targeted rates) are used to reflect a user pays approach and ensure electricity consumers are aware of the costs associated with their use and to reflect the general benefit to island properties of having a reliable electricity network available.</p>	<p>5%</p> <p>Rationale</p> <p>The majority of the costs will be funded from fees and charges to reflect the targeted benefit received by individual properties connected to the supply.</p> <p>A small portion of the costs are funded by rates recognising the flow-on benefits to the district from this activity (tourism and conservation of the unique island environment). Rate funding also recognises that there is a general community benefit from having a reliable and convenient supply of electricity that people choosing to live/build on the Island can connect to.</p> <p>Operational costs are mainly funded through a mix of fees and charges (e.g. fixed monthly charge, consumption charges and connection charges) and a contribution from a targeted rate.</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. Grants may be available from time to time for specific projects but are difficult to predict</p>	<p>95%</p>	<p>0%-10%</p>	<p>90%-100%-</p>	<p><i>Operational</i></p> <p>Targeted rates (Low) - Area of service</p> <p>Fees and charges (High)</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>Financial and/or development contributions</p> <p>Other sources including reserves</p>	

Community outcomes s101(3)(a)(i)	Distribution of benefits s101(3)(a)(ii)			Whose act creates need s101(3)(a)(iv)	Benefit Period s101(3)(a)(iii)	Costs and Benefits of Separate Funding s101(3)(a)(v)	Funding Choice Assessment s101(3)(b)				Indicative Funding Source (funding range) - likely catchment(s) for rate	
	Whole community	Identifiable parts of the community	Individuals				Step 1: Initial		Step 2: Refined			
							General	Targeted	General	Targeted		
GROUP: STORMWATER DRAINAGE												
Activity: Stormwater												
Stormwater Drainage												
<p>► Communities which are connected and have an affordable and attractive lifestyle</p> <p>► Communities committed to the protection of our land and water</p> <p>► Communities with the infrastructure to grow</p> <p>This activity provides a safeguard for public health/safety and 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 discharges to waterways or coastal areas.</p>	<p>Medium</p> <p>The whole community benefits because of the decreased risk to community infrastructure of flooding, 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 creates the need for this activity. Changing weather patterns and increased rainfall also contribute to 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>While this activity makes up a relatively small portion of overall expenditure, given legislative requirements and the increasing importance of stormwater, it is appropriate to show funding of this activity separately. A mix of community wide funding sources (district-wide targeted and general rates) provide transparency around the costs associated, with general rates used to fund some of the corporate support costs allocated to the activity.</p>	<p>20%</p>	<p>80%</p>	<p>0%-20%</p>	<p>80%-100%</p>	<p><i>Operational</i></p> <p>General rate (Low) - District</p> <p>Targeted rates (High) - Area of service</p> <p>Other sources (Low)</p> <p><i>Capital</i></p> <p>Targeted rates</p> <p>Grants and subsidies</p> <p>Borrowing</p> <p>Other sources including reserves</p>	

Community outcomes s101(3)(a)(i)	Distribution of benefits s101(3)(a)(ii)			Whose act creates need s101(3)(a)(iv)	Benefit Period s101(3)(a)(iii)	Costs and Benefits of Separate Funding s101(3)(a)(v)	Funding Choice Assessment s101(3)(b)				Indicative Funding Source (funding range) - likely catchment(s) for rate	
	Whole community	Identifiable parts of the community	Individuals				Step 1: Initial		Step 2: Refined			
							General	Targeted	General	Targeted		
GROUP: TRANSPORT												
Activity: Roads, Footpaths, Airports and Cycle Trails												
Roads, Footpaths (including Around the Mountains Cycle Trail)												
<p>► Communities which are connected and have an affordable and attractive lifestyle</p> <p>► Communities with a sense of belonging for all</p> <p>► Communities with the infrastructure to grow</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/streetlights</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. 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. Weather, climate and heavy vehicles can shorten the lives of portions of the network. In some cases, additional costs may be created through vandalism and accidents.</p>	<p>Current and future years</p> <p>Road, footpath and cycle trail infrastructure has a long useful life and will benefit both current and future generations. Council does fund depreciation on roads and cycle trail assets but 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>Given legislative requirements and the importance/financial scale of the activity, it is appropriate to fund the activity separately. The use of community wide funding sources (district-wide targeted rates) reflects the consistent standard and management approach taken across the district and provides transparency around road funding.</p> <p>Given that footpaths, streetlights and cycle trails make up a small amount of expenditure, it is appropriate to amalgamate these with roading under the transport activity. However, because of differences in the scale and level of service provided in various parts of the district, targeted rates enable variable funding levels for each area.</p>	<p>30%</p>	<p>70%</p>	<p>0%-30%</p>	<p>70%-100%</p>	<p><i>Operational</i></p> <p>General rate (Low) - District</p> <p>Targeted rates (High) - District + Area of service</p> <p>Fees and charges (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>Proceeds from asset sales</p> <p>Financial and/or development contributions</p> <p>Other sources including reserves</p>	

Community outcomes s101(3)(a)(i)	Distribution of benefits s101(3)(a)(ii)			Whose act creates need s101(3)(a)(iv)	Benefit Period s101(3)(a)(iii)	Costs and Benefits of Separate Funding s101(3)(a)(v)	Funding Choice Assessment s101(3)(b)				Indicative Funding Source (funding range showing proposed consultation options) - likely catchment(s) for rate	
	Whole community	Identifiable parts of the community	Individuals				Step 1: Initial		Step 2: Refined (showing proposed consultation options)			
							General	Targeted	General	Targeted		
Airports												
<p>► Communities which are connected and have an affordable and attractive lifestyle</p> <p>► Communities with the infrastructure to grow</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. As such the facility supports access to Fiordland, provides transport options for tourism and other businesses and provides a social space for residents.</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 create the need. 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. Council does not currently fund the depreciation on airport assets, with decisions on how to fund replacements or renewals to be made once individual assets reach the end of their useful life.</p>	<p>Given the airport is a relatively small part of Council's overall expenditure and primarily provides access to and from Fiordland, it is appropriate to amalgamate funding under transport and use a targeted rate to provide transparency to the community about the activity costs.</p>	10%	90%	<p>Option 1: 0%-15% (Current)</p> <p>Option 2: 0%-30%</p> <p>Option 3: 0%-50%</p> <p>Option 4: 100%</p> <p>Option 5: Other</p>	<p>85%-100% (Current)</p> <p>70% to 100%</p> <p>0%-50%</p> <p>0%</p> <p>Other</p>	<p><i>Operational</i></p> <p>Option 1+2: General rate (Low) – District Targeted rates (High) – Area of service</p> <p>Option 3: General rate (Medium) – District Targeted rates (Medium) – Area of service</p> <p>Option 4: General rate (High) – District Targeted rates (Low) - Area of service</p> <p>Option 5: General rate (TBC) – District Targeted rates (TBC) - Area of service</p> <p>Fees and charges (Low)</p> <p>Other sources (Low)</p> <p><i>Capital</i></p> <p>General and targeted rates</p> <p>Fees and charges</p> <p>Grants and subsidies</p> <p>Borrowing</p> <p>Proceeds from asset sales</p> <p>Other sources including reserves</p>	

Community outcomes s101(3)(a)(i)	Distribution of benefits s101(3)(a)(ii)			Whose act creates need s101(3)(a)(iv)	Benefit Period s101(3)(a)(iii)	Costs and Benefits of Separate Funding s101(3)(a)(v)	Funding Choice Assessment s101(3)(b)				Indicative Funding Source (funding range) - likely catchment(s) for rate	
	Whole community	Identifiable parts of the community	Individuals				Step 1: Initial		Step 2: Refined			
							General	Targeted	General	Targeted		
Water facilities												
<p>► Communities which are connected and have an affordable and attractive lifestyle</p> <p>► Communities committed to the protection of our land and water</p> <p>► Communities with the infrastructure to grow</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. Council does not currently fund the depreciation on water facilities, with decisions on how to fund replacements or renewals to be made once individual assets reach the end of their useful life.</p>	<p>As water facilities are a relatively small part of Council’s overall expenditure, it is appropriate to amalgamate funding of under transport. Because these facilities predominantly provide benefits to specific communities, and, given the differences in the scale and level of service provided in different areas, it is also appropriate to fund the activity via targeted rates.</p>	<p>Rationale</p> <p>Where it is practical and efficient to do so, Council recovers costs from private users for commercial use, berthing/mooring or for damage caused from fees and charges. While a stronger user pays approach could be implemented, it is considered that this would deter users and increase costs of recovery.</p> <p>Given this and the general benefit that comes from having water facilities available, Council considers it appropriate to use targeted rates to fund a portion of the activity costs. General rates may also be used for facilities that have national/district significance and provide critical transport infrastructure for the community where the infrastructure places a large and unaffordable burden onto the local community (e.g Stewart Island/Rakiura jetties). While this approach may be inconsistent with the funding for other water facilities, Council considers this to be an appropriate funding source given the unique combination of the small number of Island ratepayers and the scale/replacement cost of its water facilities.</p> <p>Operational costs are funded through a mix of fees and charges, targeted rates with the ability for a portion of general rate funding to also be used.</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. Grants may be available from time to time for specific projects but are difficult to predict.</p>	<p>30%</p>	<p>70%</p>	<p>0%-30%</p>	<p>70%-100%</p>	<p><i>Operational</i></p> <p>General rate (Low) - District</p> <p>Targeted rates (High) - Area of service</p> <p>Fees and charges (Low)</p> <p>Other sources (High)</p> <p><i>Capital</i></p> <p>General and targeted rates</p> <p>Fees and charges</p> <p>Grants and subsidies</p> <p>Borrowing</p> <p>Proceeds from asset sales</p> <p>Other sources including reserves</p>

Community outcomes s101(3)(a)(i)	Distribution of benefits s101(3)(a)(ii)			Whose act creates need s101(3)(a)(iv)	Benefit Period s101(3)(a)(iii)	Costs and Benefits of Separate Funding s101(3)(a)(v)	Funding Choice Assessment s101(3)(b)				Indicative Funding Source (funding range) - likely catchment(s) for rate	
	Whole community	Identifiable parts of the community	Individuals				Step 1: Initial		Step 2: Refined			
							General	Targeted	General	Targeted		
GROUP: SEWERAGE AND THE TREATMENT AND DISPOSAL OF SEWAGE												
Activity: Wastewater (sewerage)												
Wastewater (sewerage)												
<p>► Communities committed to the protection of our land and water</p> <p>► Communities with the infrastructure to grow</p> <p>► Communities which are connected and have an affordable and attractive lifestyle</p> <p>The activity provides a sewage disposal service to built up areas within the district, which helps to protect the environment, public health in built up areas and maintain the attractiveness of urban areas as well as enabling economic development by managing wastewater produced by local businesses and industries.</p>	<p>Low</p> <p>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.</p>	<p>Medium</p> <p>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.</p>	<p>High</p> <p>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.</p>	<p>Premises with greater sewage production (e.g. multiple toilets/pans or commercial and industrial enterprises creating trade wastes) 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.</p>	<p>Current and future years</p> <p>Sewerage infrastructure has a long useful life and will benefit both current and future generations. Council does fund depreciation on wastewater assets.</p>	<p>Given legislative requirements and the importance/financial scale of the activity, it is appropriate to show the funding of this activity separately. A mix of community wide funding sources (targeted and general rates) provide transparency around the costs associated, with general rates used to fund some of the corporate support costs allocated to the activity. In addition, a small portion of other income (charges to trade waste producers) also targets some of the costs.</p>	30%	70%	0%-30%	70%-100%	<p>Rationale</p> <p>Council believes that is appropriate that the majority of funding is targeted to properties in areas where sewerage services are provided. 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. 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. 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. A portion of the costs is also paid by all properties in the district (through general rates) given the general benefits of having sewerage systems in place to treat and dispose of sewage in built up areas. General rate funding contributes to asset management and corporate support costs to ensure the services are well managed across the district.</p> <p>The majority of operational costs are funded through targeted rates with a small portion funded from the general rate and charges for trade waste and connection components.</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 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.</p>	
<p><i>Operational</i></p> <p>General rate (Low) - District</p> <p>Targeted rates (High) - Area of service</p> <p>Fees and charges (Low)</p> <p>Other sources (Low)</p> <p><i>Capital</i></p> <p>Targeted rates</p> <p>Grants and subsidies</p> <p>Borrowing</p> <p>Proceeds from asset sales</p> <p>Financial and/or development contributions</p> <p>Other sources including reserves</p>												

Community outcomes s101(3)(a)(i)	Distribution of benefits s101(3)(a)(ii)			Whose act creates need s101(3)(a)(iv)	Benefit Period s101(3)(a)(iii)	Costs and Benefits of Separate Funding s101(3)(a)(v)	Funding Choice Assessment s101(3)(b)				Indicative Funding Source (funding range) - likely catchment(s) for rate				
	Whole community	Identifiable parts of the community	Individuals				Step 1: Initial		Step 2: Refined						
							General	Targeted	General	Targeted					
GROUP: WATER SUPPLY															
Activity: Water Supply															
Water supply															
<p>► Communities committed to the protection of our land and water</p> <p>► Communities with the infrastructure to grow</p> <p>► Communities which are connected and have an affordable and attractive lifestyle</p> <p>The activity provides a safe and reliable water supply for people to drink and clean with. This, and the firefighting capability of the water supply helps to protect public health in built up areas and property and supports a healthy environment.</p> <p>The activity also supports a productive economy by providing commercial, industrial and in some instances farms (via stock water supplies) with access to clean water for their activities.</p>	<p>Low</p> <p>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.</p>	<p>Medium</p> <p>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.</p>	<p>High</p> <p>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.</p>	<p>People who are connected to the water schemes primarily create the need.</p> <p>Commercial and industrial enterprise and other high users can place extra burden on the supply.</p> <p>Dry areas of the district and areas with a greater number of visitors can also create peaks in demand for water and create additional costs to treat and supply a greater quantity of water or the need for new water sources.</p> <p>Growth in certain areas of the district can also contribute to the need and require expansion of infrastructure.</p>	<p>Current and future years</p> <p>Water supply infrastructure has a long useful life and will benefit both current and future generations.</p> <p>Council does fund depreciation on water assets.</p>	<p>Given legislative requirements and the importance/financial scale of the activity, it is appropriate to show the funding of this activity separately. A mix of community wide funding sources (targeted and general rates) provide transparency around the costs associated, with general rates used to fund some of the corporate support costs allocated to the activity. In addition, a small portion of other income (charged for high/extraordinary water use) also targets some of the cost.</p>	30%	70%	0%-30%	70%-100%	<p><i>Operational</i></p> <p>General rate (Low) - District</p> <p>Targeted rates (High) - Area of service</p> <p>Fees and charges (Low)</p> <p>Other sources (Low)</p> <p><i>Capital</i></p> <p>Targeted rates</p> <p>Grants and subsidies</p> <p>Borrowing</p> <p>Proceeds from asset sales</p> <p>Financial and/or development contributions</p> <p>Other sources including reserves</p>				

Community outcomes s101(3)(a)(i)	Distribution of benefits s101(3)(a)(ii)			Whose act creates need s101(3)(a)(iv)	Benefit Period s101(3)(a)(iii)	Costs and Benefits of Separate Funding s101(3)(a)(v)	Funding Choice Assessment s101(3)(b)				Indicative Funding Source (funding range) - likely catchment(s) for rate	
	Whole community	Identifiable parts of the community	Individuals				Step 1: Initial		Step 2: Refined			
							General	Targeted	General	Targeted		
GROUP: COMMUNITY LEADERSHIP												
Activity: Community Leadership												
Representation and Advocacy												
<p>► Communities which are connected and have an affordable and attractive lifestyle</p> <p>► Communities with a sense of belonging for all</p> <p>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.</p>	<p>High</p> <p>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.</p>	<p>Medium</p> <p>Community boards and other local committees represent particular areas or interests within the district.</p>	<p>Low</p> <p>Individuals who interact directly with Council and engage in decision-making processes get a direct benefit.</p>	<p>Living in a democratic society contributes to the need for this activity.</p>	<p>Current year</p> <p>The benefit of this expenditure is generally experienced annually by the current generation. Advocacy on specific long-term issues may also benefit future generations.</p>	<p>Given the governance role that this activity provides across all Council operations, it is appropriate to amalgamate funding under community leadership and use community wide funding sources (general rates) to minimise collection costs.</p>	<p>95%</p>	<p>5%</p>	<p>100%</p>	<p>0%</p>	<p><i>Operational</i></p> <p>General rate (High) - District</p> <p>Other sources (Low)</p> <p><i>Capital</i></p> <p>General rate</p> <p>Borrowing</p> <p>Proceeds from asset sales</p> <p>Other sources including reserves</p>	
Community and Futures												
<p>► Communities which are connected and have an affordable and attractive lifestyle</p> <p>► Communities with a sense of belonging for all</p> <p>► Communities committed to the protection of our land and water</p> <p>► Communities with the infrastructure to grow</p> <p>This activity works with community groups, other agencies and across Council to grow partnerships that improve community wellbeing overall by building the community capacity and capability. It also provides opportunities to participate meaningfully in shaping the district and supports economic development activities to increase employment/incomes and improve the long-term economic sustainability of the district.</p>	<p>High</p> <p>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.</p>	<p>Low-Medium</p> <p>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.</p>	<p>Medium</p> <p>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.</p>	<p>All businesses, individuals, agencies, visitors and community groups in the district create the need.</p>	<p>Current year and future years</p> <p>The benefits of this expenditure is generally experienced annually by the current generation. The outcomes of community led development, planning and engagement and regional economic development may, however have longer term impacts that also benefit future generations.</p>	<p>Given the wider role that this activity plays in building community capability, it is appropriate to amalgamate funding under community leadership and use community wide funding sources (general rates) to minimise collection costs.</p>	<p>70%</p>	<p>30%</p>	<p>80%-100%</p>	<p>0%-20%</p>	<p><i>Operational</i></p> <p>General rate (High) – District</p> <p><i>Capital</i></p> <p>General rate and targeted rates</p> <p>Proceeds from asset sales</p> <p>Other sources including reserves</p>	

Community outcomes s101(3)(a)(i)	Distribution of benefits s101(3)(a)(ii)			Whose act creates need s101(3)(a)(iv)	Benefit Period s101(3)(a)(iii)	Costs and Benefits of Separate Funding s101(3)(a)(v)	Funding Choice Assessment s101(3)(b)				Indicative Funding Source (funding range) - likely catchment(s) for rate	
	Whole community	Identifiable parts of the community	Individuals				Step 1: Initial		Step 2: Refined			
							General	Targeted	General	Targeted		
Community Assistance												
<p>► Communities which are connected and have an affordable and attractive lifestyle</p> <p>► Communities with a sense of belonging for all</p> <p>► Communities committed to the protection of our land and water</p> <p>► Communities with the infrastructure to grow</p> <p>This activity provides funding support to various individuals and organisations to undertake a range of social, cultural and economic initiatives throughout the district, which benefit the wellbeing of the community.</p>	<p>Medium</p> <p>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.</p> <p>Support is provided to organisations throughout the district.</p>	<p>Medium</p> <p>Groups and organisations can receive benefit, through the receipt of funding to support their activities.</p>	<p>Medium</p> <p>Individuals receive benefit, through the receipt of funding to support their activities.</p> <p>Individuals who use any of the facilities/services offered by organisations that receive funding from Council, also will benefit.</p>	<p>Individual community groups that are seeking assistance create the need. The community also creates the need by requiring various services.</p>	<p>Current year</p> <p>The benefits of this expenditure is generally experienced annually by the current generation. The outcomes of funding (in terms of the impact on people and communities) may have longer term impacts that benefit future generations, particularly where community facilities are built.</p>	<p>Given the wide role that this activity plays in supporting many parts of the community, it is appropriate to amalgamate funding under community leadership and use a mix of community wide funding sources (general and district-wide targeted rates). In addition location specific targeted rates enable local boards to provide additional grants or community support in their respective areas.</p>	50%	50%	50%-100%	0%-50%	<p>Rationale</p> <p>Although most of the direct benefits accrue to the groups and individuals who are recipients of funding, there is also a general benefit to the wider community of supporting groups to undertake activities which improve and make a contribution to community wellbeing overall.</p> <p>Given this, Council believes that it is appropriate for the majority of funding of the activity operational and limited capital costs to be funded from either general and district-wide targeted rates. Some funding may also be provided from other targeted rates in specific areas where individual communities have chosen to provide rate funded grants to support initiatives or facilities within their community. In addition, Stewart Island Visitor Levy revenue also provides a source of operational and capital grant activity funding specifically related to supporting visitors to the Island. Other external grant funds are available from time to time, but this cannot generally be anticipated in advance.</p>	<p><i>Operational</i></p> <p>General rate (Low) - District</p> <p>Targeted rates (Medium) - District / Area of service</p> <p>Other sources (Low)</p> <p><i>Capital</i></p> <p>General and targeted rates</p> <p>Proceeds from asset sales</p> <p>Other sources including reserves</p>
GROUP: ENVIRONMENTAL SERVICES												
Activity: Environmental Services												
Resource Management												
<p>► Communities which are connected and have an affordable and attractive lifestyle</p> <p>► Communities committed to the protection of our land and water</p> <p>► Communities with the infrastructure to grow</p> <p>The activity controls the development of the district and provides for the sustainable management and enhancement of the environment and protection of the physical and natural attributes that the community values.</p>	<p>High</p> <p>The whole community benefits from the sustainable management of the district's natural and physical resources and the appropriate development of land and buildings. The community also benefits from having clear guidelines on how land can be developed which helps to limit the likelihood of conflict as well as potential environmental, social, cultural impacts of developments. Resource consent monitoring and enforcement activities also help to ensure that actual developments comply with consent conditions.</p>	<p>Low</p> <p>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.</p>	<p>Medium</p> <p>Benefits accrue to individuals who want to develop land and use these services (i.e resource consent applicants). The activity provides guidelines for development which gives a level of certainty to landowners.</p> <p>There is also often a direct economic benefit received by the applicant (e.g. developers).</p>	<p>Individuals seeking to develop land create the need as well as the wider community who expect there to be appropriate controls over land development. Enforcement costs may also be incurred responding to land owners 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.</p>	<p>Current year and future years</p> <p>The benefits of expenditure on this activity are generally experienced in the current year. However, there are intergenerational benefits of resource management policy and strategy work (including the District Plan and regional climate change strategy) which look to ensure sustainable and appropriate management of land for current and future generations.</p>	<p>Given the commonality with other regulation type activities it is appropriate to amalgamate funding under environmental services with targeted funding sources (fees and charges) applied to ensure users contribute towards the cost. Community wide funding sources (general rates) are also used to fund costs which are unable to be recovered by fees including resource management policies and strategies (e.g District Plan) as well as a portion of corporate support costs where full recovery via fees would likely result in undesirable consequences (e.g. developers not applying for consents to avoid paying fees).</p>	40%	60%	60%-100%	0%-40%	<p>Rationale</p> <p>The activity recognises that the enabling and managing growth and environmental effects in the district is of wider benefit to the community. No particular group or individual benefits more than others from the resource management policy and strategy work or from the provision of general information, monitoring and enforcement activities. As such Council believes that it is appropriate to fund this portion of the activity from general rates with the remainder funded from fees and charges to reflect the direct benefit to property owners and developers.</p> <p>Operational costs are primarily funded through a mix of fees and charges, general rates and fines where recoverable.</p> <p>Capital costs are limited and are generally funded in line with operational costs. Council may use borrowing or reserves to fund some intergenerational costs like District Plan reviews in order to spread the cost over the life of the plan.</p>	<p><i>Operational</i></p> <p>General rate (High) - District</p> <p>Fees and charges (Low)</p> <p>Other sources (Low)</p> <p><i>Capital</i></p> <p>General rate</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 s101(3)(a)(i)	Distribution of benefits s101(3)(a)(ii)			Whose act creates need s101(3)(a)(iv)	Benefit Period s101(3)(a)(iii)	Costs and Benefits of Separate Funding s101(3)(a)(v)	Funding Choice Assessment s101(3)(b)				Indicative Funding Source (funding range) - likely catchment(s) for rate	
	Whole community	Identifiable parts of the community	Individuals				Step 1: Initial		Step 2: Refined			
							General	Targeted	General	Targeted		
Animal Services												
<p>► Communities which are connected and have an affordable and attractive lifestyle</p> <p>This activity protects human safety and health by reducing nuisances caused by animals through the dog registration and enforcing relevant animal legislation, bylaws and policies relating to dogs and stock.</p>	<p>Low</p> <p>The whole community benefits from the general advice and education provided about dog/stock animal management and through animal control practices which help to protect 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>Animal owners, particularly dog owners, are the main beneficiaries of the activity.</p>	<p>Owners who do not manage their animals appropriately create additional costs associated with investigating complaints, impounding 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 through complaints.</p>	<p>Current year</p> <p>The benefits of the activity are generally experienced in the current year.</p>	<p>Given animal services is a relatively small part of Council's overall expenditure, it is appropriate to amalgamate funding under environmental services with targeted funding sources (fees and charges) applied to ensure that dog and stock owners contribute towards the cost. A small portion of community wide funding sources (general rates) are also used to reflect the general benefit.</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. Given that the service also helps to make the district safer from dangerous animals and reduces public nuisances caused by animals, it is appropriate for a small portion of the costs to be allocated across the district using general rates.</p> <p>Operational costs and the limited capital costs are funded mainly through fees and charges with some general rates input to reflect the wider general benefit of the activity.</p>	<p><i>Operational</i></p> <p>General rate (Low) - District</p> <p>Fees and charges (High)</p> <p>Other sources (Low)</p> <p><i>Capital</i></p> <p>General rate</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>► Communities which are connected and have an affordable and attractive lifestyle</p> <p>► Communities committed to the protection of our land and water</p> <p>► Communities with the infrastructure to grow</p> <p>This activity promotes safe and healthy public environments by ensuring that activities that may affect public health and safety (e.g. food premises, hairdressers, licensed premises, campgrounds) are safe, comply with the law and any nuisances or risks that could have a negative impact on the community or environment, are dealt with.</p>	<p>Medium</p> <p>The whole community benefits from the activity, as it ensures that facilities and services that have the potential to impact public health and safety 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 or other regulations which regulate issues (like noise levels, trade waste, hazardous substances) in specific areas.</p>	<p>Medium</p> <p>Customers and owners of the businesses we license/monitor benefit directly from the assurance that premises are of an acceptable and healthy standard and meet 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. Operators that do not comply with the rules or create nuisances, also create the need for the activity.</p>	<p>Current year</p> <p>The benefits of the activity are generally experienced in the current year.</p>	<p>Given environmental health is a relatively small part of Council's overall expenditure and similar to other regulatory activities, it is appropriate to amalgamate funding under environmental services. Targeted funding sources (fees and charges) are applied to ensure businesses and the customers who use their services contribute towards the cost. Community wide funding sources (general rates) are also used to reflect the general benefit.</p>	<p>40%</p>	<p>60%</p>	<p>0%-50%</p>	<p>50%-100%</p>	<p>Rationale</p> <p>Part of the costs should be borne by licensed businesses and their customers 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. Given that the service also helps to ensure safe and healthy environments through monitoring and licensing, it is appropriate that a portion of the costs be allocated across the district using general rates.</p> <p>Operational costs and the limited capital costs are funded mainly through user fees and charges with some general rates input to reflect the wider general benefit of the activity.</p>	<p><i>Operational</i></p> <p>General rate (Medium) - District</p> <p>Fees and charges (Low)</p> <p>Other sources (Low)</p> <p><i>Capital</i></p> <p>General rate</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 s101(3)(a)(i)	Distribution of benefits s101(3)(a)(ii)			Whose act creates need s101(3)(a)(iv)	Benefit Period s101(3)(a)(iii)	Costs and Benefits of Separate Funding s101(3)(a)(v)	Funding Choice Assessment s101(3)(b)				Indicative Funding Source (funding range) - likely catchment(s) for rate	
	Whole community	Identifiable parts of the community	Individuals				Step 1: Initial		Step 2: Refined			
							General	Targeted	General	Targeted		
Building Solutions												
<div>► Communities which are connected and have an affordable and attractive lifestyle</div> <div>► Communities committed to the protection of our land and water</div> <div>► Communities with the infrastructure to grow</div> <div>This activity ensures that buildings and structures are safe and sanitary, reducing risks to people and other property.</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.</div> <div>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>Low</div> <div>Parts of the community which are growing may have a greater demand for the services of the building activity.</div> <div>There is some benefit to the construction industry and its customers.</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.</div> <div>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 benefits are generally experienced in the current year.</div> <div>However the outcomes of ensuring safe and good quality buildings are constructed are likely to have longer term benefits.</div>	<div>Given the commonality with other regulation type activities it is appropriate to amalgamate funding under environmental services. Targeted funding sources (fees and charges) are applied to ensure builders and the customers who use their services contribute towards the cost.</div> <div>Community wide funding sources (general rates) are also used to reflect the general benefit and where there are constraints in Council's ability to recover costs.</div>	20%	90%	0%-30%	70%-100%	<div>Operational</div> <div>General rate (Low) - District</div> <div>Fees and charges (High)</div> <div>Other sources (Low)</div> <div>Capital</div> <div>General rate</div> <div>Fees and charges</div> <div>Borrowing</div> <div>Proceeds from asset sales</div> <div>Other sources including reserves</div>	
Activity: Emergency Management												
Emergency Management												
<div>► Communities which are connected and have an affordable and attractive lifestyle</div> <div>► Communities with a sense of belonging for all</div> <div>► Communities committed to the protection of our land and water</div> <div>► Communities with the infrastructure to grow</div> <div>This activity builds the capacity of the community to effectively prepare, respond to and recover quickly from emergency events which involves facilitating ongoing links and relationships between emergency services, community organization and government organisations.</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>Medium</div> <div>Certain parts of the community may be involved in emergency events and receive support during and after the event.</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.</div> <div>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 benefits are generally experienced in the current year.</div> <div>The outcomes of building resilience in communities however may have longer term benefits.</div>	<div>Given this is a relatively small part of Council's overall expenditure and similar in nature to other regulatory activities which provide for public health/safety, it is appropriate to amalgamate funding under environmental services. Community wide funding sources (general rates) are also used given the general benefit to the whole community.</div>	90%	10%	100%	0%	<div>Operational</div> <div>General rate (High) - District</div> <div>Capital</div> <div>N/A</div>	

Appendix A – Explaining the allocation of roading rates

Overview of the Roothing Rate Model

Provided for explanatory purposes and does not form part of the Policy

The steps below outline how Council allocates roading rates.

1. The total roading rate required is identified through the LTP or Annual Plan process.
2. Roothing rates are first allocated to the sectors with heavy vehicle usage (Dairy, Farming, Forestry, Mining, Commercial, Industrial) by allocating \$ per tonne 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).

The amount per tonne is indexed against a portion of renewal costs in the roading budget for sealed/gravel roads and bridges, particularly given that heavy vehicle use is one of the main factors influencing the need to renew and replace roads and bridges.

Change proposal 1:

With the LTP projecting a significant increase in roading renewal expenditure, particularly in the next three years, Council is proposing to increase the \$ per tonne by \$0.25 per year (from \$1.10 + GST) in order to reach \$1.85 by 2026/2027. This increase is needed because roading renewal expenditure continues to increase over the remaining seven years of the LTP with projections indicating the \$ per tonne would need to be around \$2.10 by 2033/2034. Gradually increasing the \$ per tonne will help to ensure that heavy vehicle sectors continue to pay an appropriate share of the higher roading costs.

Tonnage information in the model is provided by an independent third party and 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 account 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 and Commercial sectors (230,000 tonnes) as well as Mining (160,000). These minimum tonnages are used to adjust known gaps in the available tonnage data and Council is unable to obtain data or the cost of obtaining information would be prohibitive.

The minimum Mining tonnage has been adjusted down by 30% from 230,000 to 160,000 in 2024 following the closure of a large mine in Obai in 2023 which now has a farming rating landuse. This property previously made up 30% of the total capital value of mining properties across the district. This change has been made to ensure that the remaining mining properties are not allocated an unfair proportion of roading tonnage costs following the mine closure.

3. A uniform targeted rate (UTR) is then allocated to all rating units to ensure all ratepayers contribute to a minimum amount given that everyone benefits from having access to the roading network. The uniform targeted rate is set at a fixed amount.

Change proposal 2:

Given the increase in roading expenditure, Council is also proposing to increase the UTR this by \$10 per year (from \$80 + GST) in order to reach \$110 by 2026/2027.

4. Any remaining roading rates are then allocated to all rating units based on a consistent rate in the dollar of capital value 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 to reduce the rate amount given that properties in this sector tend to have higher capital values but are used to provide community "good" services (e.g. churches, schools etc) or are utility services (e.g. electricity generators)

which have significantly higher capital values than other properties. The 0.3 differential is used to reduce the rate in the dollar of capital value that these properties pay compared to other sectors.

Change proposal 3:

Council is proposing to adjust the "forestry" roading differential category definition to exclude non-commercial protected and indigenous native forests and include these in the "other" roading differential land use category. This change is proposed to encourage protection of indigenous vegetation, address issues of fairness and equity where non-commercial indigenous forests are currently rated the same as commercial exotic forests and support the principles on the Preamble to Te Ture Whenua Maori Act 1993.

The table below illustrates the resulting allocation of sector rates proposed for 2024/2025 compared to 2023/2024. Please note that the information in this table reflects the required rates and model inputs at a certain point in time and will change for future LTP and Annual Plans.

How the model allocates sector rates (2023/2024 compared to proposed 2024/2025)

Land use Sector	2023/2024 rate allocation		2024/2025 proposed rate allocation		Total change	
	\$ million (excl GST)	%	\$ million (excl GST)	%	\$ million (excl GST)	%
Dairy	\$5,416	32.3%	\$7,063	33.2%	\$1,647	0.9%
Forestry	\$848	5.1%	\$1,577	7.4%	\$729	2.3%
Farming	\$5,448	32.5%	\$6,648	31.2%	\$1,200	(1.3%)
Mining	\$261	1.6%	\$223	1.0%	(\$38)	(0.5%)
Industrial	\$489	2.9%	\$593	2.8%	\$104	(0.1%)
Commercial	\$481	2.9%	\$584	2.7%	\$103	(0.1%)
Residential	\$2,503	14.9%	\$2,993	14.1%	\$490	(0.9%)
Lifestyle	\$1,151	6.9%	\$1,410	6.6%	\$259	(0.2%)
Other	\$166	1.0%	\$201	0.9%	\$35	(0.0%)
Total	\$16,763	100%	\$21,292	100%	\$4,529	

4 Related Documents and Legislation

- Long Term Plan (LTP) 2024-2034 Funding Impact Statement and Financial Strategy
- Local Government Act (2002)
- Local Government (Rating) Act (2002)
- Development and Financial Contributions Policy
- Rate Remission and Postponement Policy (General and Maori Freehold Land)
- Te Ture Whenua Maori Act (1993)
- Local Government (Rating of Whenua Maori) Amendment Act (2021)

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
February 2023	Draft (Version 1)	Draft Revenue and Financing Policy presented to Finance and Assurance Committee
28 January 2021	Final	Revenue and Financing Policy adopted by Council
21 October 2020	Version 1	Draft Revenue and Financing Policy for Council to approve for public consultation

Revenue and Financing Policy 2021-2031

Group responsible:	Finance
Date adopted:	28 January 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 from page 9.

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 rate).

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, or the nature of the benefit differs across the community, 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 depreciation funding.

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 9. 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 or demand.

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 operating (opex) and capital expenditure (capex) is summarised in Table 1.

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 rate (including UAGC)	The General rate is 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>The General rate is 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 the 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 property values against the impact of a low UAGC on the relative share of rates levied on high value properties, such as 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 outlines the Council's rating policies including details about 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 /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>	✓		✓*	✓*
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.	✓	✓	✓	✓

Funding source	Definition	Rationale for application	Application			
			Opex	Demand (AD)	Capex Levels of service (LOS)	Renewal
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. Council's current approach is to phase in funding depreciation of roading, streetlights, water, wastewater, solid waste, computers and vehicle assets. Once this is completed Council will consider funding depreciation for other assets.	✓		✓	✓
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. 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 reduces 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 as 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 costs, however Council may enter into short-term borrowing arrangements to manage 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 are 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 targeted 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 from page 9).

The table includes information related to the LTP activity groups as well as the sub-activities which make these up. Non-direct corporate overhead costs (for corporate functions like information management, people and capability, finance and customer service) are allocated at the activity group* level only (grey shading). These costs are largely funded by the General rate.

For operational expenditure, funding portions for each activity are expressed as ranges - **low** (<33%); **medium** (33-66%); **high** (>66%).

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 activity group* and sub-activity

Activity Group Activity	Sub-activity	General rate	Targeted Rates	Fees and Charges	Other Sources (including grants and subsidies)
Community Resources*		Medium	Medium	Low	Low
Community Facilities	Halls		High	Low	Low
	Toilets	High		Low	
	Council/community buildings	Medium	Low		Medium
Community Services	Cemeteries	High		Low	Low
	Community Housing	Low			High
	Library Services	High		Low	Low
Open Spaces		Medium	High		Low
Waste Services		Low	Medium	Low	Low
Electricity Supply (SIESA)			Low	High	Low
Stormwater Drainage*		Low	High		Low
Transport*		Low	High	Low	Low
Roads, Footpaths, Airport and Cycle Trails	Roads, Footpaths and Cycle Trails	Low	High	Low	Low
	Airport	Low	High	Low	Low
	Water Facilities	Low	Low	High	Low
Sewerage*		Low	High	Low	Low
Water Supply*		Low	High	Low	Low
Community Leadership*		High	Low		Low
Representation and Advocacy		High			Low
Community and Futures		High	Low		Low
Community Assistance		Medium	Medium		Low
Environment Services*		Medium		Medium	Low
Environment Services	Resource Management	High		Low	Low
	Animal Services	Low		High	Low
	Environmental Health	Medium		Medium	Low
	Building Solutions	Low		High	Low
Emergency Management		High			
Key:					
<33%		33% to <66%		≥66%	
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 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 the General rate. For the purposes of this policy, any reference to the General rate as a funding source is considered to include the Uniform Annual General Charge (UAGC).

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

2.3.2 Detailed activity funding analysis (sub-activity level)

The detailed sub-activity funding analysis below excludes the non-direct corporate overhead costs.

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment				Indicative Funding Source based on Funding Impact Statement categories (funding range) - Catchment(s) for rate	
	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 ownership where this 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>Rationale</p> <p>While users of the service can easily be identified and a strong user pays approach could be implemented, it is considered that this would deter people from using the Council provided halls and would provide insufficient funding to maintain halls at an appropriate level. As such, those who use the facilities should pay a reasonable charge that is set at a level to encourage use.</p> <p>It is recognised there are wider community benefits from the availability of halls in terms of social/cultural outcomes which, on balance, merits funding the majority of costs from rates.</p> <p>Operational costs are predominantly funded through targeted rates, reflecting the public good component of this activity. Operational costs are also funded through fees and charges which recognises the private benefit component of this activity.</p> <p>Capital costs will primarily be funded by borrowing to match funding to the expected life of the asset for intergenerational equity and to smooth rates input. Grants may also be available from time to time, but are difficult to predict.</p>	
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 areas, 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>Rationale</p> <p>While users of the service can easily be identified and a strong user pays approach could be implemented, it is considered that this would deter people from using public toilets and have negative public health and environmental consequences. Toilets could also benefit nearby shop owners as when people stop to use toilets they quite often take a break and visit cafes etc. The benefit is not easily measurable and could be seen as negligible. Given this and the general public benefit overall, the majority of costs should be funded from rates.</p> <p>Operational costs are predominantly funded through the General rate, reflecting the public good component of this activity with a small portion funded by fees charged at a small number of facilities.</p> <p>Capital costs will primarily be funded by reserves or borrowing (to match funding to the expected life of the asset for intergenerational equity and to smooth</p>	

							rates input). Grants may also be available from time to time but are difficult to predict.				
Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment of Benefit				Indicative Funding
	Whole community	Identifiable parts of the community	Individuals				Initial		Adjusted		Source based on Funding Impact Statement categories (funding range) - Catchment(s) for rate
							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>	<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>	<p>Current and future years</p> <p>Community buildings and structures have long useful lives and will benefit both current and future generations.</p>	<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.</p>	<p>50%</p> <p>50%</p> <p>80%-100%</p> <p>0-20%</p> <p>Rationale</p> <p>Most of these buildings and structures are used to support the delivery of other Council services and as such are funded from rates. The remainder, where there is exclusive use of community buildings, are funded via community organisation or individual leases. Some leases are at subsidised rates to ‘not for profit’ organisations, considering the positive impacts of these organisations on the community. Operational costs are funded through the General rate as well as rental/lease income.</p> <p>Capital expenditure will primarily be funded by reserves or borrowing to match funding to the expected life of the asset for intergenerational equity and to smooth rates input.</p>	<p><i>Operational</i></p> <p>General rate (Medium) - District</p> <p>Targeted rate (Low) - Areas of Service</p> <p>Other sources (Medium)</p> <p><i>Capital</i></p> <p>General and targeted rates</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>	<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.</p>	<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>	<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.</p>	<p>60%</p> <p>40%</p> <p>80%-100%</p> <p>0%-20%</p> <p>Rationale</p> <p>While the main beneficiaries of the activity are those who use the service for interments, there are also a number of costs related maintaining cemetery grounds and interment records.</p> <p>Council believes that the costs of interments should be borne by the users through fees. The costs of providing and maintaining cemetery grounds and interment records have wider public benefit and should be funded from the General rate, particularly given that there is limited ability to charge for future maintenance costs through interment fees.</p> <p>Operational costs are funded through a mix of fees and rates, reflecting the private and public good components of this activity.</p> <p>Capital costs will primarily be funded by borrowing to match funding to the expected life of the asset for intergenerational equity and to smooth rates input. Some communities may also choose to provide grant funding for specific discretionary projects for cemeteries in their area.</p>	<p><i>Operational</i></p> <p>General rate (High) - District</p> <p>Fees and Charges (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>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 Source based on Funding Impact Statement categories (funding range) - Catchment(s) for rate	
	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.</p> <p>Parts of the community that have council owned and operated housing nearby may experience a greater benefit from having friends and family living nearby.</p> <p>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.</p> <p>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 make 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 rate (Low) - District</p> <p>Other sources (High)</p> <p><i>Capital</i></p> <p>General rate</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.</p> <p>These resources are available and accessible to all.</p> <p>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 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.</p> <p>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 rate (High) - District</p> <p>Fees and Charges (Low)</p> <p>Other sources (Low)</p> <p><i>Capital</i></p> <p>General rate</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 Source based on Funding Impact Statement categories (funding range) - Catchment(s) for rate
	Whole community	Identifiable parts of the community	Individuals				Initial		Adjusted		
							Public	Private	Public	Private	
Activity: Open Spaces											
Parks, reserves, playgrounds and streetscapes											
<p>► Inclusive connected communities</p> <p>► Kaitiakitanga for future generations</p> <p>► Empowered communities with the right tools to deliver the best outcomes</p> <p>► A diverse economy creating healthy and affordable lifestyles</p> <p>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/maintain the visual appeal of areas and increase appreciation of natural areas.</p>	<p>High</p> <p>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.</p>	<p>High</p> <p>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.</p>	<p>Yes</p> <p>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.</p>	<p>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. New development may also create a need for additional open spaces.</p>	<p>Current and future years</p> <p>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.</p>	<p>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.</p> <p>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.</p>	80%	20%	80%-100%	0%-20%	<p>Rationale</p> <p>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.</p> <p>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.</p> <p>The wider public benefits also mean that a proportion of the costs should be paid by all properties in the district.</p> <p>Operational costs of this activity are funded mainly through targeted rates and the General rate to reflect the public good component of this activity.</p> <p>Capital expenditure will be funded by reserves or by borrowing to match funding to the expected life of the asset for intergenerational equity and to smooth funding input. 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 capital expenditure to mitigate the effect of developments or providing additional capacity.</p>
<p><i>Operational</i></p> <p>General rate (Medium) - District</p> <p>Targeted rates (High) - Area of Service</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>Proceeds from Asset Sales</p> <p>Development and/or Financial Contributions</p> <p>Other sources including reserves</p>											

Operational
General rate (Medium) - District
Targeted rates (High) - Area of Service
Other sources (Low)

Capital
General and targeted rates
Grants and Subsidies
Borrowing
Proceeds from Asset Sales
Development and/or Financial Contributions
Other sources including reserves

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment of Benefit				Indicative Funding Source based on Funding Impact Statement categories (funding range) - Catchment(s) for rate	
	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>	30%	70%	0%-20%	80%-100%	<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>The General rate is 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 (wheelie bin collections and Stewart Island/Rakiura Waste Management rate), General rate and fees and charges. Council also receives income from waste disposal levies which can be used to fund waste reduction initiatives.</p> <p>Capital expenditure will be funded by reserves or by borrowing to match funding to the expected life of the asset for intergenerational equity and to smooth funding input. Grants may be available from time to time but are difficult to predict and asset sales may be used to fund specific costs.</p>	<p><i>Operational</i></p> <p>General rate (Low) - District</p> <p>Targeted rates (Medium) - Area of Service</p> <p>Fees and Charges (Low)</p> <p>Other sources (Low)</p> <p><i>Capital</i></p> <p>General and targeted rates</p> <p>Fees and Charges</p> <p>Grants and Subsidies</p> <p>Borrowing</p> <p>Proceeds from Asset Sales</p> <p>Other sources including reserves</p>

Operational
General rate (Low) - District
Targeted rates (Medium) - Area of Service
Fees and Charges (Low)
Other sources (Low)

Capital
General and targeted rates
Fees and Charges
Grants and Subsidies
Borrowing
Proceeds from Asset Sales
Other sources including reserves

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment of Benefit				Indicative Funding Source based on Funding Impact Statement categories (funding range) - Catchment(s) for rate	
	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 is also 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>Rationale</p> <p>The private good component reflects the direct benefit received by individual properties connected to the supply.</p> <p>The public good component of this activity, which funds a small portion of this activity, recognises the flow-on benefits to the district from this activity (tourism, conservation of unique environment in the district), as well as the cost to provide infrastructure on the island and the benefit associated with having a reliable and convenient supply of electricity that people choosing to live/build on the Island can connect to.</p> <p>Operational costs are mainly funded through a mix of fees and charges (e.g. fixed monthly charge, consumption charges and connection charges) to reflect the private benefit and a contribution from a local targeted rate to reflect 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><i>Operational</i></p> <p>Targeted rates (Low) - Area of Service Fees and Charges (High)</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 Source based on Funding Impact Statement categories (funding range) - Catchment(s) for rate
	Whole community	Identifiable parts of the community	Individuals				Initial		Adjusted		
							Public	Private	Public	Private	
GROUP: STORMWATER DRAINAGE											
Activity: Stormwater											
Stormwater Drainage											
<div><div><div>► Kaitiakitanga for future generations</div><div>► A diverse economy creating healthy and affordable lifestyles</div><div>► Empowered communities with the right tools to deliver the best outcomes</div></div><div><p>This activity provides a safeguard for public health/safety and 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 discharges to waterways or coastal areas.</p></div></div>	<div><div>Medium</div><div>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.</div></div>	<div><div>High</div><div>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.</div></div>	<div><div>High</div><div>Individual property owners connected to a scheme benefit from the safe and efficient management of stormwater away from their properties.</div></div>	<div><p>Urban development reduces the amount of permeable land area available for stormwater removal, which exacerbates the need for this activity.</p><p>Changing weather patterns and increased rainfall also exacerbate the need for stormwater.</p></div>	<div><div>Current and future years</div><div>Stormwater infrastructure has a long useful life and will benefit both current and future generations.</div><div>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.</div></div>	<div><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></div>	20%	80%	0%-20%	80%-100%	<div><div>Operational</div><div>General rate (Low) - District Targeted rates (High) - Area of Service Other sources (Low)</div><div>Capital</div><div>Targeted rates Grants and Subsidies Borrowing Other sources including reserves</div></div>

Operational
General rate (Low) - District
Targeted rates (High) - Area of Service
Other sources (Low)

Capital
Targeted rates
Grants and Subsidies
Borrowing
Other sources including reserves

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment of Benefit				Indicative Funding Source based on Funding Impact Statement categories (funding range) - Catchment(s) for rate
	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)											
<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>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.</div>	<div>Medium</div> <div>The whole community benefits from accessibility of the district and ease of transportation, connections to other transport networks, as well as property location/identification.</div>	<div>High</div> <div>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/streetlights</div>	<div>High</div> <div>Individuals, groups and businesses using the roading and footpath network to carry out their day-to-day business and activities. Utility networks that use the road corridor for their services.</div>	<div>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. Weather, climate and heavy vehicles can shorten the lives of portions of the network</div> <div>In some cases, additional costs may be caused to Council through vandalism and accidents.</div>	<div>Current and future years</div> <div>Road, footpath and cycle trail infrastructure has a long useful life and will benefit both current and future generations. unexpectedly. 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.</div>	<div>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-wide level targeted rate has been set for roading to aid accountability and transparency. Footpaths and streetlights 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 and streetlights provided in local areas will be funded from local targeted rates with funding overall amalgamated in to roading activity.</div>	30%	70%	0%-30%	70%-100%	<div>Rationale</div> <div>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 24. 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.</div> <div>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.</div> <div>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. Cycle trail costs are funded district-wide through the General rate.</div> <div>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 and development contributions are used for funding the additional capacity of projects and to mitigate the effect of developments.</div>

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment of Benefit				Indicative Funding Source based on Funding Impact Statement categories (funding range) - Catchment(s) for rate	
	Whole community	Identifiable parts of the community	Individuals				Initial		Adjusted			
							Public	Private	Public	Private		
Airports												
<div><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>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.</div></div>	<div><div>Low</div><div>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.</div></div>	<div><div>Medium/High</div><div>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.</div><div>The activity also provides an alternative transportation option in the event of an emergency.</div></div>	<div><div>Medium/High</div><div>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.</div></div>	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.	<div><div>Current and future years</div><div>The airport buildings and runway have long useful lives and will benefit current and future generations.</div></div>	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.	10%	90%	0%-15%	85%-100%	<div><div>Operational</div><div>General rate (Low) - District Targeted rates (High) - Area of Service Fees and Charges (Low) Other sources (Low)</div><div><div>Capital</div><div>General and targeted rates Fees and Charges Grants and Subsidies Borrowing Other sources including reserves</div></div></div>	
Water facilities												
<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>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.</div></div>	<div><div>Medium</div><div>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).</div></div>	<div><div>Medium</div><div>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.</div><div>The activity also provides alternative transportation options to remote areas in the event of an emergency.</div></div>	<div><div>Medium/High</div><div>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.</div></div>	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.	<div><div>Current and future years</div><div>Infrastructure associated with water facilities has a long useful life and will benefit current and future generations.</div></div>	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.	30%	70%	0%-30%	70%-100%	<div><div>Operational</div><div>General rate (Low) - District Targeted rates (Low) - Area of Service Fees and Charges (High) Other sources (Low)</div><div><div>Capital</div><div>General and targeted rates Fees and Charges Grants and Subsidies Borrowing Other sources including reserves</div></div></div>	

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment of Benefit				Indicative Funding Source based on Funding Impact Statement categories (funding range) - Catchment(s) for rate	
	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												
<p>► Kaitiakitanga for future generations</p> <p>► A diverse economy creating healthy and affordable lifestyles</p> <p>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.</p>	<p>Low</p> <p>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.</p>	<p>Medium</p> <p>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.</p>	<p>High</p> <p>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.</p>	<p>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.</p>	<p>Current and future years</p> <p>Sewerage infrastructure has a long useful life and will benefit both current and future generations.</p>	<p>There are benefits in funding the activity separately as this allows Council to specifically charge those in serviced areas. These properties can be readily identified and charged. 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.</p>	30%	70%	0%-30%	70%-100%	<p>Rationale</p> <p>The private good component reflects the private benefit received by individual households and businesses. A user pays philosophy applies given that the users of this activity can be easily identified and it is administratively efficient to apply targeted rates. 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.</p> <p>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.</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 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.</p>	<p><i>Operational</i></p> <p>General rate (Low) - District</p> <p>Targeted rates (High) - Area of Service (scheme)</p> <p>Fees and Charges (Low)</p> <p>Other sources (Low)</p> <p><i>Capital</i></p> <p>Targeted rates</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 Source based on Funding Impact Statement categories (funding range) - Catchment(s) for rate
	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><p>The activity provides a safe and reliable water supply for people to drink and clean with. This, and the firefighting capability of the water supply helps to protect public health and property and supports a healthy environment.</p><p>The activity also supports a productive economy by providing commercial, industrial and in some instances farms (via stock water supplies) with access to clean water for their activities.</p></div></div></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>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>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>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>Current and future years</div> <div>Water supply infrastructure has a long useful life and will benefit both current and future generations.</div> <div>There are benefits in funding the activity separately as this allows Council to specifically charge those in serviced areas. These properties can be readily identified and charged.</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>30%</div> <div>70%</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>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.</div> <div>Operational</div> <div>General rate (Low) - District</div> <div>Targeted rates (High) - Area of Service (scheme)</div> <div>Fees and Charges (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>											

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment of Benefit				Indicative Funding Source based on Funding Impact Statement categories (funding range) - Catchment(s) for rate	
	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>	Living in a democratic society contributes to the need for this activity.	<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>	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.	95%	5%	100%	0%	<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. It would not be appropriate to charge for the private benefit as the activity plays a key part in a democracy. Operational costs are funded predominantly through the General rate reflecting the public good component of this activity.</div></div> <div><div>Operational</div><div>General rate (High) - District Other sources (Low)</div><div><div>Capital</div><div>General rate Borrowing Other sources including reserves</div></div></div>	
Community and 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>	All businesses, individuals, agencies, visitors and community groups in the district create the need.	<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>	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.	70%	30%	80%-100%	0%-20%	<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. 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. Operational costs are funded predominantly through the General rate, reflecting the public good component of this activity.</div></div> <div><div>Operational</div><div>General rate (High) - District Targeted rates (Low) - Area of Service Other sources (Low)</div><div><div>Capital</div><div>General rate and targeted rates Other sources including reserves</div></div></div>	

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment of Benefit				Indicative Funding Source based on Funding Impact Statement categories (funding range) - Catchment(s) for rate	
	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 provides funding support to 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 rate (Medium) - District Targeted rates (Medium) - District / Area of Service Other sources (Low)</div><div><div>Capital</div><div>General and targeted rates Other sources including reserves</div></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. 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 rate (High) - District Fees and Charges (Low) Other sources (Low)</div><div><div>Capital</div><div>General rate Fees and Charges Grants and Subsidies Borrowing Proceeds from Asset Sales Other sources including reserves</div></div></div>	

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment of Benefit				Indicative Funding Source based on Funding Impact Statement categories (funding range) - Catchment(s) for rate	
	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 rate (Low) - District</p> <p>Fees and Charges (High)</p> <p>Other sources (Low)</p> <p><i>Capital</i></p> <p>General rate</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).</p> <p>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 rate (Medium) - District</p> <p>Fees and Charges (Medium)</p> <p>Other sources (Low)</p> <p><i>Capital</i></p> <p>General rate</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 Source based on Funding Impact Statement categories (funding range) - Catchment(s) for rate
	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>	Medium 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.	Low 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.	High Individuals (i.e. people who apply for consents and build or alter buildings) receive a direct benefit from ensuring that their building meets requirements.	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.	Current year 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.	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>Operational General rate (Low) - District Fees and Charges (High) Other sources (Low)</div> <div>Capital General rate Fees and Charges Borrowing Proceeds from Asset Sales Other sources including reserves</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>	High 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.	Medium Certain parts of the community may be involved in emergency events and receive support during and after the event.	Low There is private benefit to those who are assisted directly in the event of an emergency.	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.	Current year 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.	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>Operational General rate (High) - District</div> <div>Capital N/A</div>

Appendix A

Overview of the Roothing Rate Model

Provided for explanatory purposes and does not form part of the Policy

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 are 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. Please note that the information in this table reflects the required rates and model inputs at a certain point in time and will change in relation to future annual and long term plan rates funding impact statements.

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%

3 Roles and Responsibilities

Party/Parties	Roles and Responsibilities
Chief Financial Officer	Ensure compliance with the Revenue and Financing Policy.

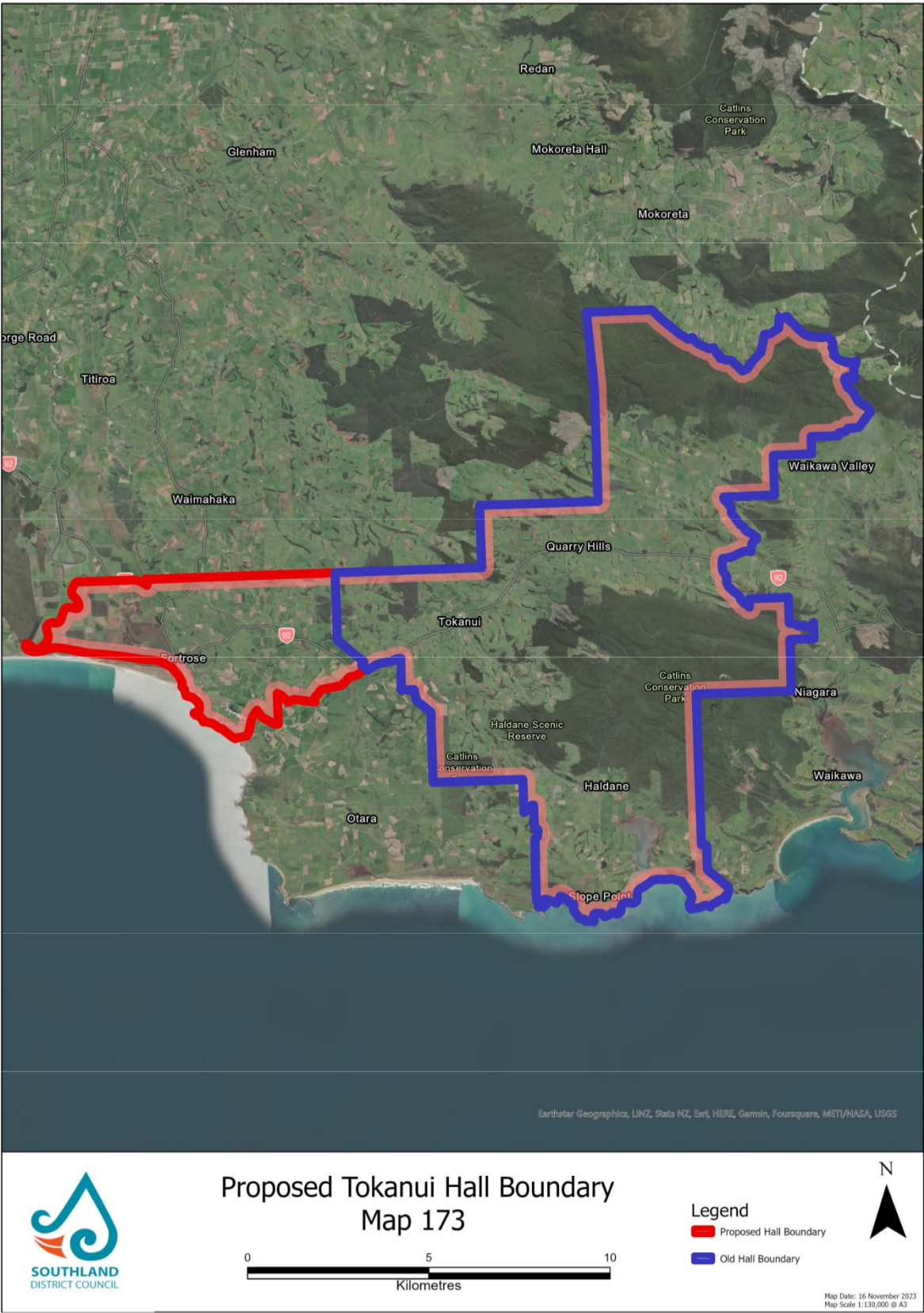
4 Associated Documents

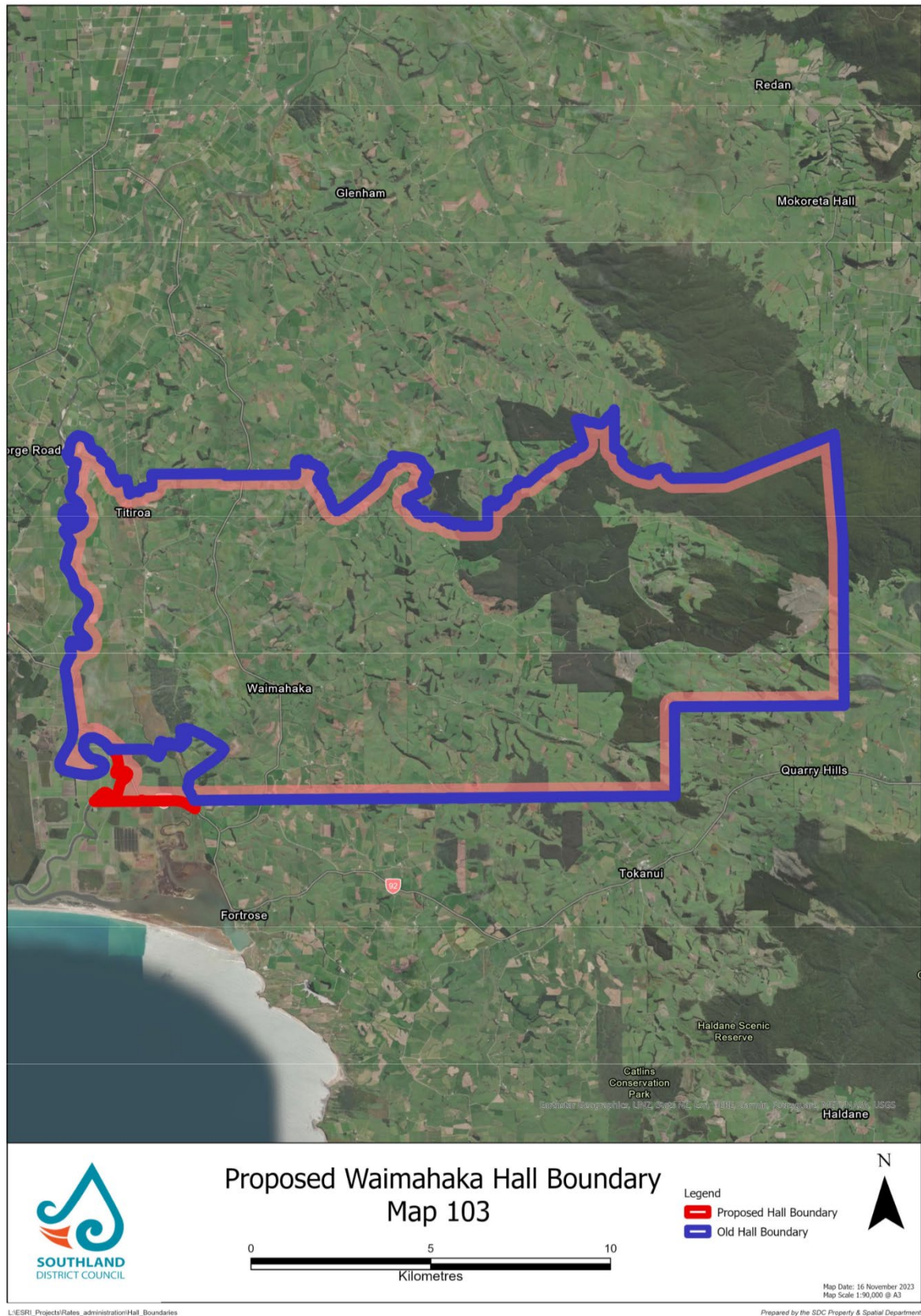
- Local Government Act (2002).
- Local Government (Rating) Act (2002).
- Development and Financial Contributions Policy (R/20/7/30795).

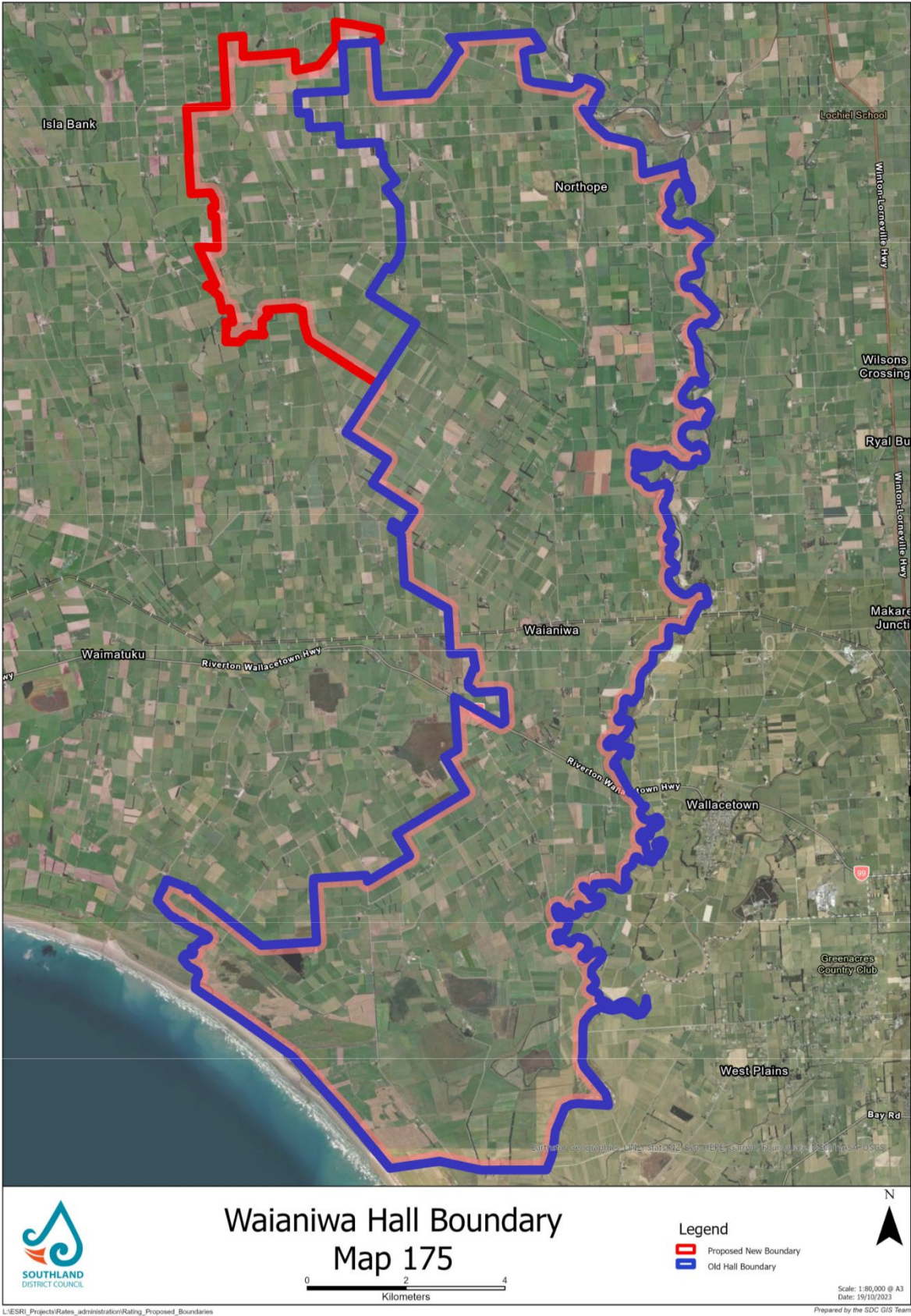
5 Revision Record

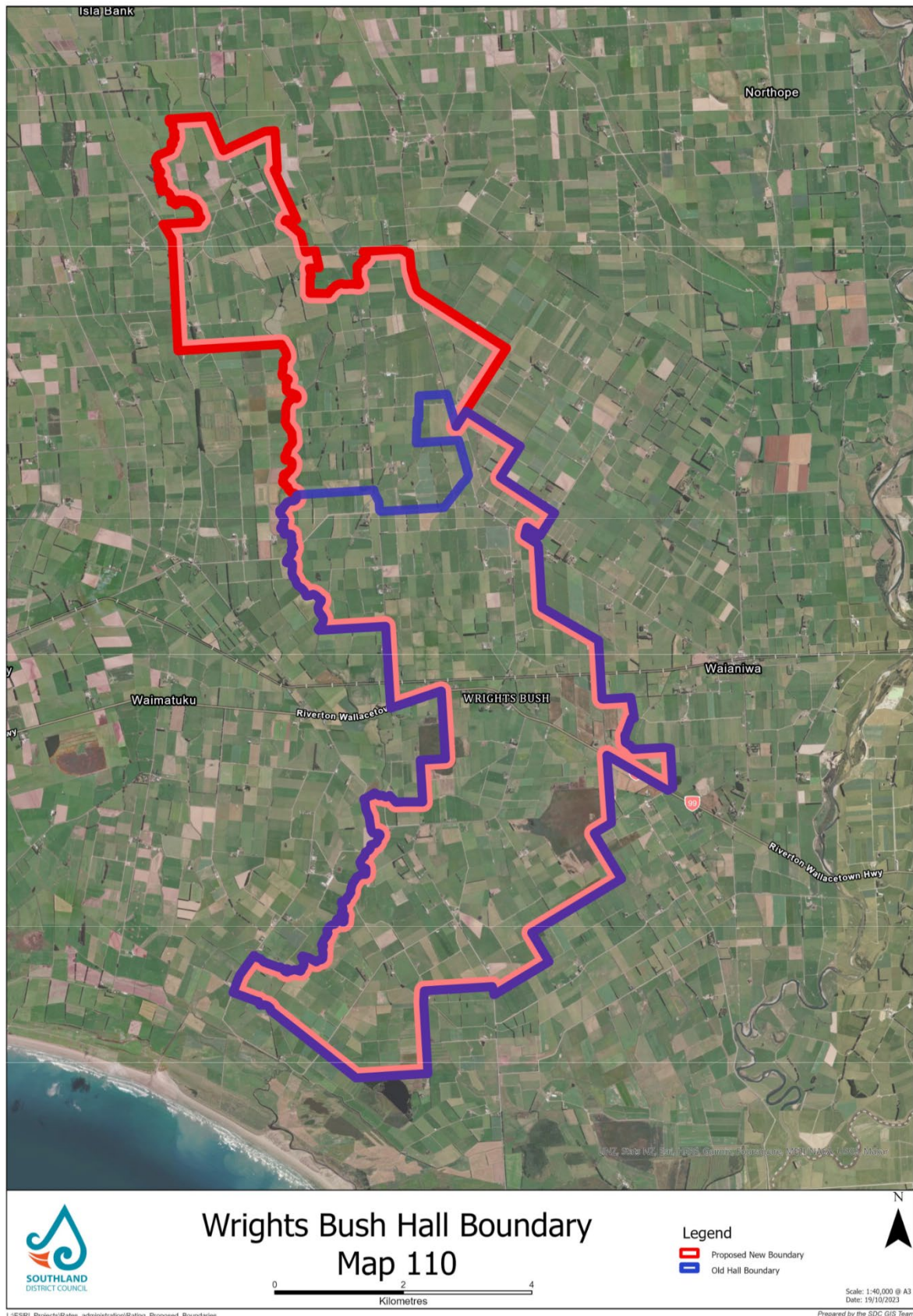
The Revenue and Financing Policy will be reviewed three yearly as part of the Long Term Plan process.

Date	Version	Revision Description
28 January 2021	Final	Revenue and Financing Policy adopted by Council
21 October 2020	Version 1	Draft Revenue and Financing Policy for Council to approve for public consultation









Supporting Documentation - Long Term Plan 2024-2034

Record No: R/23/11/53985

Author: Robyn Laidlaw, Corporate performance lead

Approved by: Anne Robson, Group manager finance and assurance

☒ Decision

☒ Recommendation

☐ Information

Purpose

- 1 This report recommends that the Finance and Assurance committee (the committee) endorses the supporting documents for the Long Term Plan 2024- 2034 (LTP) for release to the Auditors and to support the consultation document.

Executive Summary

- 2 All councils are required by legislation to adopt an LTP and review it every three years. The process to develop Council's LTP began in early 2023.
- 3 Under the Local Government Act 2002, local authorities are required to develop a consultation document for the purpose of consulting with the community as well as making publicly available the information that provides the basis for the preparation of the LTP. Staff have developed a suite of documents that provide information which reflects the decisions and guidance that has been provided by elected members (the supporting information).
- 4 Overall there will be a number of documents that the Committee and Council will be asked to approve to support the Consultation document. Some have already been endorsed in previous Committee and Council meetings. This report includes the majority of the draft activity management plans and the draft performance management framework and recommends these documents be endorsed by the Finance and Assurance Committee. These have been discussed at workshops and resulting direction incorporated.
- 5 The next step in the LTP process is for the consultation document to be finalised, audited, designed and made ready for Council adoption and release for public consultation.
- 6 As a result of ongoing discussion with the Committee and Council over the impact of these documents on the financial information, changes may be proposed in the future.

Recommendation

That Finance and Assurance Committee:

- a) Receives the report titled “Supporting Documentation - Long Term Plan 2024-2034” dated 9 February 2024.**
- 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 and recommends to Council the following draft supporting information for the Long Term Plan consultation document:**
 - Draft performance management framework (Attachment A)**
 - Draft activity management plans (Attachments B and C)**
- e) Notes that the supporting documents will be made publicly available during the consultation period.**
- f) Notes that the draft supporting information may come back to the committee given the work still being carried out to finalise the forecasts as a result of this information.**

Background

- 7 All councils are required by legislation to adopt a Long Term Plan (LTP) and review it every three years. The LTP sets out Council’s activities, plans, budgets and policies and must be adopted before the beginning of the first year it relates to, having used a special consultative procedure to consult with the community
- 8 The process to develop Council’s LTP began in early 2023. The LTP process provides the opportunity for Council to review the direction that it wishes to go in, and ensure Council is delivering the appropriate services for Southland District.
- 9 A number of workshop discussions have been held and reports presented over the eight months to November 2023 in preparation for the LTP. As part of these workshops, the supporting documentation included today have been discussed and reviewed.
- 10 Many of the projects and budgets forming part of the Activity Management Plans (AMPs) were discussed with the Community Boards and Water Supply Subcommittees at their LTP budget meetings held from October to December 2023. As a result of these meetings, some amendments were made to the AMPs.

Finance and Assurance Committee

14 February 2024

- 11 Following the general election held in October 2023 the new coalition government has set out an ambitious 100 day programme of work as its first order of business. As part of that plan there are some legislative changes.
- 12 Those changes include the repeal of the Resource Management Act reform (RMA), the Natural and Built Environment Act (NBE) and the Spatial Planning Act (SPA). Councils have also been directed to stop all work on the NBE and SPA and to also cease work on the Significant Natural Areas (SNA).
- 13 Additionally, government also plans to introduce legislation to repeal the Water Services Entities Act 2022, this is yet to be done however Council is assuming based on the Governments advice the waters assets will remain with council throughout the 10 years of the LTP. Government plans to replace the act with 'Local Water Done Well plan' which will restore council ownership and control, but with stronger central government oversight, set strict rules for water quality, and address the issue of investment in infrastructure to ensure water services are financially sustainable for future generations.
- 14 As such the significant forecasting document will also be updated to incorporate the Government advice post the Act enactment.

LTP supporting information

- 15 Instead of a draft LTP, local authorities are required to develop a consultation document for the purpose of consulting with the community as well as making publicly available the information that provides the basis for the preparation of the LTP.
- 16 Staff have developed the following set of supporting information which provides more detail and context to support the LTP consultation document. This material reflects the decisions and guidance that has been provided by elected members and will be available online through the consultation period. The table below identifies the documents that have already been approved by the committee and those that staff are seeking the committee to approve as part of this report and those planned for a future meeting:

Documents the Finance and Assurance committee will be asked to endorse in this meeting	Documents the Finance and Assurance committee (F&A) and Council has already endorsed
Revenue and financing policy Draft activity management plans Performance management framework	Significant forecasting assumptions 06.09.23 (F&A) Significance and Engagement Policy 13.12.23 (Council) Remission and Postponement of rates 06.12.23 (F&A) Financial and Development contributions 06.12.23 (F&A)
Documents to be endorsed at a future committee meeting	
Infrastructure strategy Financial Strategy Fees and charges Consultation document	

Schedule of projects

Rates information

Prospective financial statements and activity funding impact statements

Water Services activity management plan

Financial prudence benchmarks

Schedule of reserves

Draft activity management plans (AMPS)

- 17 Activity managers have prepared draft AMPS as supporting documents that underpin the LTP. These plans have considered the revised strategic framework confirmed by Council, as well as the direction from Council through workshops. Staff have made changes to AMPS reflecting the complexity of managing assets within the current economic climate and with the change in government.
- 18 Summaries of the draft AMPS were presented to Council at workshops in November 2023. These were discussed with activity managers and provided additional direction for activity budgets.
- 19 While Council is being asked to endorse the draft AMPS today, the AMPS will continue to be living documents and will need to be updated to reflect any future decisions Council makes regarding the LTP and/or any legislative changes from central government.

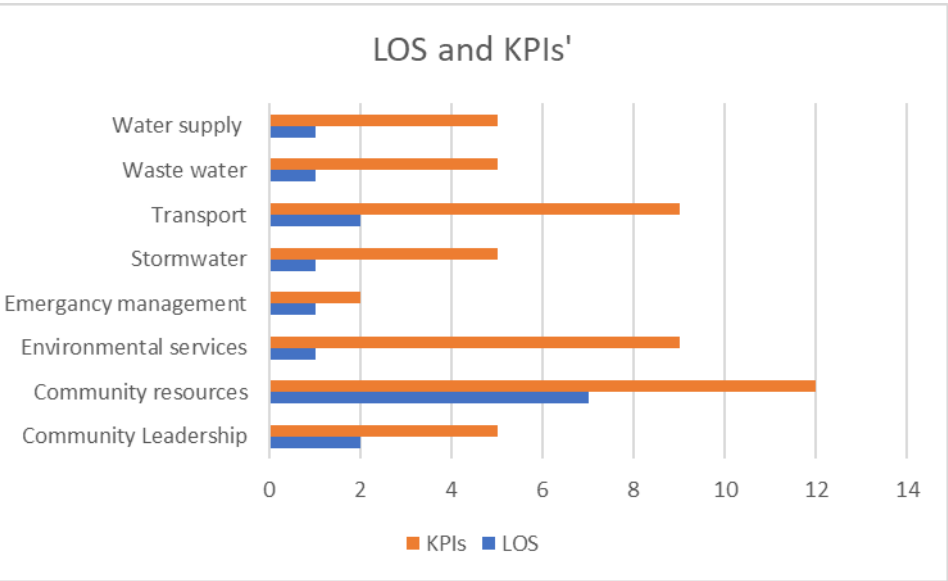
The Transport AMP.

- 20 A lack of certainty around funding means we are planning for what we know we need but we may not get the level of funding required to meet those needs.
- 21 We have based the AMP on confirmed Land Transport Waka Kotahi funding increasing to 55%, this is confirmed for three years, we are assuming the same for the remaining seven years of the plan. Although we have requested funding from New Zealand Land Transport Waka Kotahi, based on the programme developed in the
- 22 The risk to Southland if it is unable to meet the funding needs is the possibility of closure or posting on more bridges, and speed limits on roads that need investment in the sealed surfaces. Both possibilities have an impact on drivers and productivity by a potential increase in time and distance to get to destinations.
- 23 There is an opportunity for Southland with the announcement of 100million over 10 years for bridges across Otago and Southland, however it is still unclear how that funding will be allocated and if that funding will require council to meet the funding with 45% as it does with our roading funding.

Draft performance management framework

- 24 The draft performance management framework is included as **attachment A**.
- 25 The draft performance management framework shows how each activity contributes to the four community outcomes, what levels of service will be provided, how performance will be measured, key performance indicators (KPI) and what Council's targets are.
- 26 Council activities and their grouping is important as it defines the work that Council undertakes and creates transparency in the planning and financial delivery of the services to the community.

There are 16 levels of service (LOS) with 52 key performance indicators (KPI's).



- 27
- Council’s performance management framework has been reviewed by each activity manager and the general managers during the preparation of the activity management plans (AMPs). Members of the LTP project team have also reviewed the proposed measures and targets in more detail. The resulting changes have been presented to council via a workshop November 2023.
- 28
- Deloitte will review the framework along with all the supporting information as part of the audit of the LTP.

Issues

- 29
- The documents attached to this report remain in draft form, to complete the supporting documents the final budgets needed to be confirmed. Additionally changes may be necessary as a result of ongoing discussions around the impact of decisions on the financial results. Which may result in changes to the documents being proposed. If these changes are material they will come back through the committee otherwise it is proposed that Council consider and endorse.
- 30
- Other than the costs and funding outlined below, there are no further issues to resolve around the supporting information documents unless councillors have issues they wish to raise.

Factors to Consider

Legal and Statutory Requirements

- 31
- Before adopting a consultation document, the local authority must prepare and adopt the information that:

 - is relied on by the content of the consultation document adopted under Section 93A; and
 - is necessary to enable the Auditor-General to give the required reports; and
 - provides the basis for the preparation of the Long Term Plan.

Community Views

- 32 As part of preparing the LTP supporting information, consideration of the communities’ view were included. This was facilitated through the direction setting process with all community boards. In addition, discussions occurred with Te Ao Mārama Incorporated on behalf of local iwi.
- 33 The supporting information will be publicly available on Council’s website during the LTP consultation period. As a result of submissions received, Council may decide to amend any of the supporting information documents when it adopts the LTP.

Costs and Funding

- 34 The LTP proposals have been budgeted for and are set out in the activity management plans and LTP prospective financial statements.
- 35 The monetary impact of the directions outlined in the attached activity management plans will be reflected in future reporting to the committee on the perspective financial result.

Policy Implications

- 36 The LTP is Council’s major mechanism to strategically manage and develop the District. A number of policies inform the preparation of the LTP and have therefore been reviewed by Council.

Analysis

Options Considered

- 37 Option 1 - adopt the supporting information, with amendments as required.
- 38 Option 2 – do not adopt the supporting information.

Analysis of Options

Option 1 – Adopt the supporting information, with amendments as required.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">the supporting information provides additional information to the public about the proposals to assist them to provide feedback on the consultation documentmaking the supporting information available will reduce staff time in dealing with requests for additional informationadoption of the supporting information formalises the material and also reduces the amount of work required to prepare the final LTP and time for Council review prior to adoption	<ul style="list-style-type: none">members of the public may find it difficult to understand which piece of supporting information to look at for further informationmembers of the public may want other information which is not available

Option 2 – Do not adopt the supporting information.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• may avoid confusion from members of the public who are not sure what the information relates to	<ul style="list-style-type: none">• the documents would not be available to interested parties to help them find more detail about the activity and how the LTP forecasts have been prepared• Council will not have formally adopted much of the information in the LTP which may require additional time to prepare and review prior to adopting the final LTP.

Assessment of Significance

- 39 The LTP is a significant decision as it is the primary way that Council is held accountable for public expenditure.
- 40 Staff consider the decision to adopt the supporting information to the consultation document as significant in relation to Council's Significance and Engagement Policy and the LGA.
- 41 The likely impact and consequences of the supporting documentation, once adopted and released to the public to support the consultation document, is considered significant for the current and future social, economic, environmental or cultural wellbeing of the District. These documents are critical to help our communities understand the key issues facing the District to provide their views ahead of the final adoption of the LTP.
- 42 An assessment of significance means that the public should be consulted, this is occurring as part of the Long Term Plan process, whereby these documents are provided as supporting information.

Recommended Option

- 43 Staff recommend option 1 that Council adopt the supporting information, with amendments, as required.

Next Steps

- 44 Following Council's adoption of the LTP consultation document, the supporting information will be made available on Council's website www.southland.org.nz.
- 45 Council will consider all the feedback and any changes to the supporting information at its deliberations and hearing meetings in coming months.

Attachments

- A Draft Performance Management Framework (separately enclosed)
- B AMP - transport, water facilities and SIESA (separately enclosed)
- C AMP - community services, community facilities, community leadership, open spaces, waste services, environmental services and emergency management (separately enclosed)